

**FINAL
FISCAL NOTE**

Drafting Number: LLS 14-0115	Date: May 8, 2014
Prime Sponsor(s): Rep. Everett Sen. Harvey	Bill Status: Postponed Indefinitely
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SHORT TITLE: PROHIBIT DISCRIMINATION LABOR UNION PARTICIPATION

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016
State Revenue	Potential minimal increase.	
State Expenditures		
FTE Position Change		
Appropriation Required: None		

Summary of Legislation

This bill prohibits employers from requiring employee membership in a labor organization as a condition of employment, or from requiring employees to pay dues, fees, or other assessments to a labor organization, charity, or other third party. Standing agreements that violate these prohibitions are made void. The bill also defines all-union agreements as unfair labor practices. Violations are considered unclassified misdemeanors and violators are subject to civil and criminal penalties. The attorney general or district attorneys of each judicial district conduct enforcement of the bill. Federal employers and employees are exempted from the bill.

Background

According to the Bureau of Labor Statistics, 2.4 million Coloradans, or 16.4 percent of the state's workforce, held union memberships in 2013.

State Revenue

This fiscal note assumes a high rate of compliance by employers, therefore this bill is estimated to have a minimal impact on state cash fund revenue. While the bill establishes a misdemeanor penalty punishable by a fine of up to \$1,000; the fine is assessed only upon conviction in court. Any fines collected are credited to the Fines Collected Cash Fund within the Judicial Department.

State Expenditures

Beginning in FY 2014-15, this bill could increase the workload at the Attorney General's office, which, in addition to the state District Attorneys, is responsible for investigating and prosecuting complaints associated with employer violations. However, because this fiscal note assumes a high level of employer compliance, it is assumed that this cost will be minimal and therefore can be absorbed within current Department of Law resources. Similarly, this fiscal note assumes a minimal increase in court filings due to employer compliance, which can be absorbed within current Judicial Department resources.

Local Government Impact

This bill may increase the workload at the offices of the 22 District Attorneys, which are charged with investigating and prosecuting complaints associated with employer violations; however, it is assumed these costs can be absorbed within current resources.

The bill establishes a misdemeanor penalty punishable by up to 90 days imprisonment in a county jail. Because the courts have the discretion of incarceration or imposing a fine, the impact at the local level cannot be determined, but is expected to be minimal. The cost to house an offender in county jails varies from \$45 to \$50 per day in smaller rural jails to \$62 to \$65 per day for larger Denver-metro area jails. For the current fiscal year, the state reimburses county jails at a daily rate of \$51.45 to house state inmates.

Counties that currently use collective bargaining agreements will be minimally impacted as they make necessary changes to conform with the law.

Statutory Public Entity Impact

Statutory public entities, insofar as these entities require labor union participation, will be minimally impacted by the bill. The Regional Transportation District (RTD), for example, currently deducts compulsory union dues from their employees' salaries. The fiscal note assumes that the impact will occur as these entities repeal compulsory union membership in accordance with the bill and make updates to their payroll system.

Comparable Crime

Pursuant to Section 2-2-322 (2.5), C.R.S., Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or changes an element of the existing crime that creates a new factual basis for the offense.

House Bill 14-1098 creates a new misdemeanor crime for employers who require participation or payment to a labor organization, charity, or other third party as a condition of employment, punishable by a fine of up to \$1,000, 90 days imprisonment in county jail, or both. Under the bill, the Department of Law is responsible for the documentation, investigation, and enforcement of this crime.

Under current law, violation of any section of the Labor Peace Act (Section 8-3-101, *et seq.*, C.R.S.) constitutes a misdemeanor punishable by fine. The fine is \$50 to \$100 for the first convicted offense, and \$100 to \$500 for subsequent offenses, together with costs. The offices of the Attorney General and the District Attorneys, which are authorized to investigate this crime, report no recent complaints.

Effective Date

The bill was postponed indefinitely on January 29, 2014, by the House State, Veterans, and Military Affairs Committee.

Departments Contacted

Counties
Judicial
Local Affairs
Regulatory Agencies

Education
Labor and Employment
Personnel and Administration

Higher Education
Law
Public Safety