

Individual State Agency Fiscal Note

Revised

Bill Number: 6600 SB	Title: Construction liability	Agency: 235-Department of Labor and Industries
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

FUND					
Total \$					

Estimated Expenditures from:

	FY 2004	FY 2005	2003-05	2005-07	2007-09
Fund					
Accident Account-Non-Appropriated 608-6	0	10,000,000	10,000,000	5,000,000	5,000,000
Medical Aid Account-Non-Appropriated 609-6	0	10,000,000	10,000,000	5,000,000	5,000,000
Total \$	0	20,000,000	20,000,000	10,000,000	10,000,000

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

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Agency Approval: Melanie Roberts	Phone: 360-902-6961	Date: 02/03/2004
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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1: Eliminates all third party civil actions by workers injured at construction sites. Provides immunity from personal injury liability to all entities at construction sites, including owners, developers, general contractors, sub-contractors, suppliers, material furnishers, or any person performing work at the construction site. It does not give immunity to entities that intentionally injure workers, or manufacturers and product sellers for product liability.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Reduces recovery of expenditures by approximately \$20 Million in the first year*, and \$5 Million annually, thereafter.

*There is an additional cost of \$15 Million in the first year due to the increase in reserves necessary to account for the three years of claim recoveries in the current reserve.

Assumptions:

- 1) Third party reimbursement of benefits paid average \$15 Million annually.
- 2) Approximately one third of recoveries are construction site related.
- 3) Third party recoveries at construction sites will be eliminated.
- 4) In general the recoveries are distributed approximately equally between the Accident Fund and Medical Aid Fund. (Individual claim recoveries may vary)

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2004	FY 2005	2003-05	2005-07	2007-09
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		20,000,000	20,000,000	10,000,000	10,000,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
Total:	\$0	\$20,000,000	\$20,000,000	\$10,000,000	\$10,000,000

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.