

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6825**  
**BILL NUMBER:** SB 361

**NOTE PREPARED:** Dec 27, 2004  
**BILL AMENDED:**

**SUBJECT:** Licensure of Painters.

**FIRST AUTHOR:** Sen. Broden  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires professional painters to be licensed. It requires the Occupational Safety Standards Commission to adopt rules for licensing requirements for professional painters. The bill also requires the Department of Labor to implement the licensing requirements for professional painters.

**Effective Date:** July 1, 2005.

**Summary of Net State Impact:** The fiscal impact to the Occupational Safety Standards Commission is approximately \$155,500 in FY 2006 and \$155,800 in FY 2007. The fiscal impact to the Department of Labor is approximately \$456,100 in FY 2006 and \$455,900 in FY 2007. Total expenditures needed to implement the provisions of this bill amount to \$611,600 in FY 2006 and \$611,700 in FY 2007.

Based on estimated expenditures and the number of expected licensees, a professional painters license would need to cost \$66 to cover the anticipated expenses in the first year.

**Explanation of State Expenditures:** *Occupational Safety Standards Commission* - The Occupational Safety Standards Commission is required by this bill to: establish requirements for hazardous painting programs; assist contractors and labor organizations with safety programs they propose; establish safety requirements for hazardous painting; and issue citations to painters who perform hazardous painting without obtaining a professional painters license. Hazardous painting is defined by this bill as the application of a substance containing or combined with a toxic or hazardous substance. The Commission is also required to create an application form and establish a fee for the professional painters license.

Additional costs would likely be incurred by the Commission if additional meetings are held due to this bill. For every additional hearing day, the Commission would spend approximately \$900 on per diem and travel expenses for its nine members. The Department of Labor estimates the Commission may require as much as \$49,500 for additional hearing days, depending on the number of investigations that would be brought before the Commission.

Because the Commission is an independent board and not part of the Department, it would need to employ staff to carry out the provisions of this bill. The Commission may need two additional positions, including a PAT I and PAT II, to implement the additional duties of this licensure. However, temporary staff may be utilized initially, leaving fewer full-time staff to maintain the licensure provisions. The costs associated with additional staff include individual salary, fringe benefits, and indirect costs. For two additional positions, the cost would be \$106,000 in FY 2006 and \$106,300 in FY 2007.

The fiscal impact to the Commission is approximately \$155,500 in FY 2006 (i.e., \$49,500 and \$106,000) and \$155,800 in FY 2007.

*Department of Labor* - The Department is required to issue the professional painter license and inspect job sites to make sure painters are licensed and working safely.

*Licensure*: In order to carry out the licensing provisions of this bill, the Department may need two additional staff positions, including a PAT II and COMOT I. However, temporary staff may also be utilized initially, leaving fewer full-time staff to maintain the licensure provisions. For two additional positions, the cost for implementing the licensure requirements would amount to \$91,100 in FY 2006 and \$90,800 in FY 2007.

*Enforcement*: The Department anticipates it will also need additional staff for initiating injunctive proceedings through the court system. Additional staff costs for an Attorney E7 and COMOT I would be approximately \$100,200 in FY 2006 and \$100,300 in FY 2007. It is also expected that the Department will require other staff and resources in order to perform the inspections of work sites to ensure painters are licensed and working safely. The Department estimates it would need about 5% worth of its IOSHA compliance officers' staff time to carry out the enforcement provisions of this bill. Due to limits on using federal OSHA grant funds, the Department would need approximately \$264,800 from a state source of money. The fiscal impact for enforcement is about \$365,000 in FY 2006 (\$100,200 and \$264,800) and \$365,100 in FY 2007.

The cost to the Department for licensure (\$91,100 in FY 2006) and enforcement (\$365,000 in FY 2006) is approximately \$456,100 in FY 2006 and \$455,900 in FY 2007.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. As of December 2004, the Department had 87 full-time employees and 38 vacancies. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Total expenditures needed to implement the provisions of this bill amount to \$611,600 in FY 2006 and \$611,700 in FY 2007.

**Explanation of State Revenues:** *Licensure* - The Department of Labor estimates that over 10,000 painters would fall under this bill, however, due to the fleeting nature of the line of work, the Department estimates that roughly 9,300 licenses would be issued in the first year of licensure. In following years, the Department estimates that approximately 4,000 licenses would be issued annually and 4,500 licenses should be renewed annually starting two years after the first licenses are issued.

Based on estimated expenditures and the number of expected licensees, a professional painters license would need to cost \$66 to cover the anticipated expenses in the first year.

*Court Fee Revenue* - The Commission may impose a civil penalty of \$200 for an initial violation of the statute and up to \$1,000 for subsequent violations. The Department of Labor may initiate injunctive proceedings against a painter who acts as a professional painter without a license. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Court Fee Revenue* - If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

**State Agencies Affected:** Department of Labor; Occupational Safety Standards Commission.

**Local Agencies Affected:** Trial courts, city and town courts.

**Information Sources:** Pete Rimsans, Deputy Commissioner, Department of Labor. *State of Indiana HRM Detail Staffing Report*.

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