



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 22-0323	Date:	March 2, 2022
Prime Sponsors:	Rep. Sullivan; Snyder	Bill Status:	House Business
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Bill Topic: SUNSET CONTINUE WORKERS' COMP REGULATIONS

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

Sunset Bill. This bill continues the authority of the Department of Labor and Employment to impose fines on employers for a second failure to carry workers' compensation insurance. This authority is scheduled to repeal July 1, 2022, and is continued until September 1, 2033. State fiscal impacts under the bill include only the continuation of the program's current workload and revenue associated with fines and settlements under the authority continued under the bill.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

This bill continues the authority of the Director of the Division of Workers' Compensation to fine an employer for a second violation of failing to carry workers' compensation insurance until September 1, 2033. This authority allows the director to:

- fine an employer up to the maximum amount if the violation occurs more than seven years after the prior violation;
- enter into a settlement agreement with an employer and accept an amount less than the minimum fine allowed in statute; and
- only impose fines for periods that take place no more than three years prior to the date an employer is notified of a potential violation by the division.

This authority is currently set to expire July 1, 2022.

Background

An employer who fails to carry workers' compensation insurance is subject to a fine of not more than \$250 a day for an initial violation and, for a subsequent violation, no less than \$250 and no more than \$500 a day. Fines collected from an uninsured employer are paid into the Colorado Uninsured Employer to provide financial assistance to workers injured on the job while working for an employer without workers' compensation insurance. For a copy of the 2021 Sunset Review, see: https://drive.google.com/file/d/16jhHZLAXv2MsK3P_VMdqFq-sDWy8b82u/view.

Continuing Program Impacts

The Division of Workers' Compensation does not have staff or resources specifically assigned to settle second or subsequent offense fines, and fine revenue does not support the division. If this bill is enacted, the director will continue to enter into settlement agreements and impose more flexible fines as allowed by this section of statute. If this bill is not enacted, the authority will end on July 1, 2023, following a wind-down period, and state revenue may increase starting in FY 2022-23 to the extent that expiration results in fewer settlement agreements and larger fines up to the maximum amount specified in statute for subsequent violations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Labor