

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 823 - SB 716

March 30, 2021

SUMMARY OF BILL: Increases fines and civil penalties the Department of Commerce and Insurance (DCI) may assess against persons or firms for blasting violations under the *Blasting Standards Act of 1975* (the Act). Decreases the maximum ground vibration authorized at dwellings, public buildings, schools, churches, or commercial buildings normally occupied in blasting operations. Increases, from 21 years of age to 25 years of age, the minimum registration age to be eligible as a blaster or limited blaster. Increases, from 18 years of age to 21 years of age, the minimum registration age to be eligible as a handler. Requires blasting operations at permanent quarries to transmit blasting data to DCI within 24 hours of firing a blast, which the department will post on its website within one business day of receipt of the data. Eliminates the Blasting Advisory Council.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

Net Impact - \$1,400/FY21-22/DCI

Net Impact - \$400/FY22-23 and Subsequent Years/DCI

\$2,600/FY21-22 and Subsequent Years/General Fund

Assumptions:

- Pursuant to Tenn. Code Ann. § 68-105-103(k), a person who will be conducting blasting operations is required to give notice to DCI at least 72 hours before commencing. DCI is authorized to assess a fine, if notice is not received, of \$100 for the first violation and \$500 for the second or each subsequent violation.
- The proposed legislation increases the fine to \$500 for the first violation and \$1,000 for the second or each subsequent violation, beginning January 1, 2022.
- An estimated five occurrences of notice violations annually. An increase in fee revenue per violation of \$400 (\$500 - \$100).
- Fine revenue is retained by DCI to defray the cost of administering the Act.
- A recurring increase in revenue to DCI of \$2,000 (\$400 x 5) in FY22-23 and subsequent years. Due to the January 1, 2022 effective date, the increase in state revenue is estimated to be \$1,000 (\$2,000 x 50.0%) in FY21-22.
- Pursuant to Tenn. Code Ann. § 68-105-109(d), DCI is authorized to assess a civil penalty of \$2,500 for an individual and \$5,000 for a firm for each violation of the Act.

- The proposed legislation increases the civil penalty maximums to \$5,000 for an individual and \$20,000 for a firm for each violation of established blasting standards maximum vibrations in occupied buildings.
- Operations of blasting standards are assumed to adhere to the proposed legislation; therefore, no additional civil penalty revenue to DCI.
- Pursuant to Tenn. Code Ann. § 68-105-106(c), a person must be 21 years old for registration as a blaster or limited blaster and 18 for registration as a handler.
- The proposed legislation increases the age requirements for registration as a blaster or limited blaster and handler to 25 and 21, respectively.
- It is presumed any blaster, limited blaster, or handler currently registered that is younger than the increased age requirement will be prohibited from continuing operation.
- It is estimated the increase in age requirements will prevent 3 blasters, 3 limited blasters and 5 handler registrations annually.
- Initial registration fees for blasters, limited blasters, and handlers are \$315, \$115, and \$115 respectively.
- A recurring decrease in revenue to DCI, beginning in FY21-22 of \$1,865 $[(\$315 \times 3) + (\$115 \times 3) + (\$115 \times 5)]$.
- It is estimated that DCI will be subject to a decrease in renewal revenue beginning in FY21-22 from registered blasters, limited blasters, or handlers that are no longer eligible for registration.
- Renewal fees for blasters, limited blasters, and handlers are \$300, \$100, and \$100 respectively.
- A decrease in renewal revenue to DCI of \$1,700 $[(\$300 \times 3) + (\$100 \times 3) + (\$100 \times 5)]$.
- All registrations require renewal after 3 years.
- An annual decrease in renewal revenue of \$567 $(\$1,700 / 3)$.
- A total recurring decrease in revenue to DCI, beginning in FY21-22, of \$2,432 $(\$1,865 + 567)$.
- A net decrease in revenue to DCI in FY21-22, of \$1,432 $(\$2,432 \text{ registration decrease} - \$1,000 \text{ notice violation increase})$. A net recurring decrease in revenue to DCI, beginning in FY22-23, of \$432 $(\$2,432 \text{ registration decrease} - \$2,000 \text{ notice violation increase})$.
- The proposed legislation requires frequency data from blasting operations at permanent quarries to be measured using Fast Fourier Transform (FFT).
- Operators of permanent quarries are required to submit FFT data to DCI within 24 hours of firing a blast.
- DCI can publish blast data from permanent quarries to its website in one business day within existing resources.
- The Blasting Advisory Council is composed of 12 non-legislative members. The Council is required to meet twice per calendar year.
- It is assumed that members of the Council are reimbursed for mileage expenditures to attend meetings.
- Members receive \$0.47 per mile roundtrip; the average miles travelled per member is estimated to be 234 miles roundtrip.
- The average mileage reimbursement per member for each meeting is estimated to be \$110 $(\$0.47 \text{ per mile} \times 234 \text{ miles})$.

- A recurring decrease in state expenditures, beginning in FY21-22, of \$2,640 (\$110 x 12 members x 2 meetings).

IMPACT TO COMMERCE:

Decrease Business Expenditures –

Net Impact - \$1,400/FY21-22

Net Impact - \$400/FY22-23 and Subsequent Years

Assumptions:

- A net decrease in business expenditures for blasting operators in FY21-22, of \$1,432 (\$2,432 registrations decrease - \$1,000 notice violation increase).
- A net recurring decrease in business expenditures for blasting operators, beginning in FY22-23, of \$432 (\$2,432 registrations decrease - \$2,000 notice violation increase).
- Operators of permanent quarries can submit FFT data to DCI within 24 hours of firing a blast within existing resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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