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FISCAL IMPACT REPORT

ORIGINAL DATE 1-26-2008

SPONSOR Beffort LAST UPDATED _____ HB _____

SHORT TITLE Forest Worker Safety Certification Program SB 439

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$199.5	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workmen's Compensation Administration (WCA)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 439 seeks to appropriate \$199,500 from the general fund to the forestry division of the energy, minerals and natural resources department for expenditure in fiscal year 2009 to support the forest worker safety certification program. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

FISCAL IMPLICATIONS

SB 439 makes a one-time appropriation of \$199,500 to the Forestry Division.

SIGNIFICANT ISSUES

EMNRD advises that the legislation recognizes that high workers' compensation insurance rates limit the growth of the forest management industry in this state. A healthy, stable forest management industry is needed to conduct forest treatments, which include thinning projects around the State's communities at risk from wildland fire, safely and economically. New

Mexico's workers' compensation insurance rates for forest workers have traditionally been higher than any other state. In 2005, employers paid \$79 in premiums for every \$100 of payroll. A new class code for Certified Forest Workers was created, entitling certified forest workers to reduced workers' compensation insurance premiums. The new rate is \$30 for every \$100 of payroll. This is a 60 percent reduction from the 2005 rate.

EMNRD adds that forest workers who have not been certified are still paying higher workers' compensation insurance rates, not carrying any insurance at all, or worse yet, unemployed. Unmet forest worker training and certification needs remain a significant barrier to the safety of New Mexico's forest workers and forest industry. With funding assistance from the 2006 New Mexico State Legislature, the New Mexico Forest Worker Safety Certification Program trained more than 400 New Mexico forest workers in safe work practices. It is estimated that an additional 600 forest workers would benefit from the training.

EMNRD concludes that funding from the 2008 legislative session in combination with existing resources from the USDA Forest Service, will meet the demand for forest worker safety trainings as well as continue the annual recertification courses for currently certified workers, and provide inspection and oversight of certified workers in the field. The appropriation will increase the pool of insured forest workers in New Mexico leading to stabilized lower rates.

WCA supports the Forest Worker Safety Certification Program noting that, "The program allows for reduced workers' compensation premiums when forest workers have been safety certified. Overall, the program has a positive impact on the workers' compensation system and businesses in the State of New Mexico." WCA suggests that if the legislation is not enacted, it "...may negatively impact the functioning of the Forest Worker Safety Certification Program and New Mexico businesses because of elevated workers' compensation premiums. "

ADMINISTRATIVE IMPLICATIONS

EMNRD indicates that the legislation will directly benefit the Forestry Division's efforts in developing a stronger and safer forest-based workforce, protect homes from wildfire and restore forest and watershed health, and create a sustainable wood supply for manufacturing of value-added forest products. Further, that the administrative implications would be minimal. The Forestry Division would develop a Request for Proposals, select a contractor to conduct the training program and oversee the implementation. The Division has one FTE that works to support forest based economic development, including the forest industry.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EMNRD advises that, "If this bill is not enacted, a vast majority of New Mexico forest workers will not be covered by workers' compensation insurance and costs for treating New Mexico's forests and watersheds will remain high.