

CARNIVAL SAFETY UPDATES AND FAIR AND FESTIVAL CARNIVAL SAFETY PARTNERSHIP

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bills 4584, 4585, and 4586 as referred to second committee

Analysis available at
<http://www.legislature.mi.gov>

Sponsor: Rep. Thomas A. Albert

1st Committee: Regulatory Reform

2nd Committee for HBs 4584 and 4586: Ways and Means

2nd Committee for HB 4585: Appropriations

Complete to 1-10-20

BRIEF SUMMARY: House Bills 4584 and 4586 would amend the Carnival-Amusement Safety Act of 1966 to create a voluntary “Michigan Safety Amusement Star Program” and to update the operating fees for carnivals, respectively. House Bill 4585 would create a “Fair and Festival Carnival Safety Partnership Act” to reward agricultural fairs and festivals for meeting certain safety standards.

FISCAL IMPACT: The bills would affect the Michigan Department of Licensing and Regulatory Affairs (LARA) and the Michigan Department of Agriculture and Rural Development (MDARD), as described below in **Fiscal Information**.

THE APPARENT PROBLEM:

According to committee testimony, inspection costs for carnival rides far outweigh the funds brought in from application and licensing fees. Last increased in 1982, the fees for inspecting ski areas¹ and amusement parks brought in about \$81,000 in 2018, and expenses were approximately \$850,000. While the bills would be a step in the right direction as far as recouping costs, said representatives of LARA, the fee increase would only cover about half the expenses.

THE CONTENT OF THE BILLS:

House Bill 4584 would require the director of LARA to create and administer a voluntary “Michigan Safety Amusement Star Program” to recognize owners and operators of carnival or amusement rides that met certain safety standards.

The rules promulgated by the LARA director would have to include all of the following:

- A requirement that the owner/operator requesting a star rating submit an application that includes a description of the owner/operator’s staff safety training programs, each program concerning safety hazard prevention and control, and the owner/operator’s emergency response planning and procedures.
- A requirement for payment of a \$350 application fee.

¹ House Fiscal Agency summary of HB 4652, which would increase fees for permits and inspections under the Ski Area Safety Act. <http://www.legislature.mi.gov/documents/2019-2020/billanalysis/House/pdf/2019-HLA-4652-3C451CA5.pdf>

- Eligibility standards for the award of a star rating, including that an owner/operator could only receive a star rating if there were no fatalities or life-altering injuries at a location where he or she operates for one year before and after the application date.
- Any other provisions the LARA director considers necessary or appropriate to implement and administer these requirements.

LARA would also have to provide an owner/operator receiving a star rating with a flag and other promotional materials as determined by LARA and include the owner/operator in a list of star rating recipients on its website.

Finally, the bill would replace references to the Department of Consumer and Industry Services (CIS) with references to LARA. CIS was renamed the Department of Labor and Economic Growth by Executive Reorganization Order 2003-1,² and then renamed the Department of Energy, Labor, and Economic Growth (DELEG) by Executive Order 2008-20,³ before becoming LARA under Executive Order 2011-4.⁴

MCL 408.652 and proposed MCL 408.657a

House Bill 4586 would adjust the fees for carnivals for the first time since 1982 and step up the fees on the following schedule:

Table A

	Current	If paid between 9/30/19 and 10/1/21	If paid between 9/30/21 and 10/1/23	If paid between 9/30/23 and 10/1/25
Permit to operate	\$10	\$15	\$20	\$30
Annual inspection				
• Kiddie rides	\$40	\$60	\$80	\$120
• Fixed coaster	\$90	\$135	\$180	\$270
• Aerial lifts	\$115	\$172.50	\$230	\$345
• Miscellaneous rides	\$50	\$75	\$100	\$150
Reinspection				
• Kiddie rides	\$20	\$30	\$40	\$60
• Fixed coaster	\$75	\$112.50	\$150	\$225
• Aerial lifts	\$75	\$112.50	\$150	\$225
• Miscellaneous rides	\$20	\$30	\$40	\$60
Special inspector commission	\$5	\$7.50	\$10	\$15

MCL 408.658 and 408.667

² <http://legislature.mi.gov/doc.aspx?mcl-445-2011>

³ https://www.michigan.gov/formergovernors/0,4584,7-212-57648_21975-202403--,00.html

⁴ <http://www.legislature.mi.gov/documents/2011-2012/executiveorder/pdf/2011-EO-04.pdf>

House Bill 4585 would create the “Fair and Festival Carnival Safety Partnership Act,” which would require the director of MDARD to create and administer a voluntary program to reward agricultural fairs and festivals that met certain health and safety standards.

Rules promulgated by the MDARD director would have to include the following:

- An application process by which a fair or festival owner/operator could apply for recognition as a safety partner.
- Signing of an agreement by the owner/operator stating that the fair or festival will uphold the standards for partnership recognition.
- Collection of a partnership fee of up to \$300.
- Eligibility standards for awarding recognition, which would have to include demonstrated compliance with all applicable state and federal health and safety laws and standards, identifiable efforts to promote awareness of carnival rider health and safety, and designation of a safety representative.

An awarded partnership would be valid for three years after approval and could be renewed using the same process.

MDARD would have to provide a fair or festival that is awarded recognition with a banner and other promotional materials as determined by MDARD and include the fair or festival in a list of safety partner award recipients on its website.

FISCAL INFORMATION:

House Bill 4584 would require LARA to create and administer the “Michigan Safety Amusement Star Program.” The bill would establish a \$350 fee for applications for the star rating; revenues from this fee would depend on the number of entities applying for the star rating. It is presently indeterminate whether departmental costs would be sufficiently offset by application fee revenues. The department anticipates cost increases of indeterminate magnitude for materials and administrative costs related to the program. The department estimates that, at present, there are approximately 280 entities that would be eligible to participate in the program.

House Bill 4585 would establish specific new program requirements for MDARD. We have not yet obtained an estimate of staffing requirements or related cost estimates. The bill does provide for the collection by the department of a fair or festival partnership fee, not to exceed \$300, that is reasonably calculated to meet the costs of the program.

House Bill 4586 would increase fees assessed for operating permits, annual inspections, reinspections, and special inspector commissions, as provided in Table A, above. LARA estimates that the fee increases would increase revenues from approximately \$130,600 at present to \$195,900 through the end of 2020; \$261,200 in 2021 and 2022; and \$391,700 in 2023 and 2024.

ARGUMENTS:

For:

Proponents argued that the bills would be a step toward adequate funding of carnival inspections. Currently, three inspectors are responsible for inspecting approximately 1,200 to 1,700 devices in a carnival season as well as 300 ski lifts. While even the increased fees would not cover the current costs of inspection, they would represent a significant increase.

Against:

Critics wondered why the fee increases would cease in 2025, meaning that the legislature would at some point need to reassess whether the costs of the program demand higher fees. They instead suggested indexing the fees to inflation so that the effective rate of fees would keep pace with the cost of living.

Opponents also argued that, while the idea of a partnership fee incentivizing safety is well-intended, the fee of \$300 per participant would not cover the cost for MDARD to administer the program. Additionally, while MDARD conducts inspections on animal and food safety, critics stated that it is not in a position to administer the inspection of carnival rides.

POSITIONS:

Representatives of the Department of Licensing and Regulatory Affairs testified in support of HBs 4584 and 4586. (6-4-19)

The Michigan Professional Fire Fighters Union indicated support for the bills. (6-18-19)

The Michigan Fire Inspectors Society indicated support for the bills. (6-18-19)

The Michigan Association of Fairs and Exhibitions indicated support for HBs 4584 and 4585. (6-4-19)

The Michigan Association of Fairs and Exhibitions indicated a neutral position on HB 4586. (6-4-19)

A representative of the Department of Agriculture and Rural Development testified in opposition to HB 4585. (6-18-19)

Legislative Analyst: Jenny McInerney
Fiscal Analysts: Marcus Coffin
William E. Hamilton

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.