

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4512-02
Bill No.: HB 2310
Subject: Employees - Employers; Labor and Industrial Relations Department; Workers
Compensation
Type: Original
Date: March 20, 2008

Bill Summary: This proposal terminates benefits under the Second Injury Fund for all claims occurring on or after January 1, 2009.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Second Injury Fund		Unknown over \$100,000	Unknown over \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	Unknown over \$100,000	Unknown over \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this bill prohibits claims against the Second Injury Fund (SIF) on or after January 1, 2009. Except for claims pending prior to January 1, 2009, this bill eliminates the SIF, thereby leaving the SIF responsible for the liability of those claims filed prior to the cut-off date of January 1, 2009. Permanent Total Disability payments (payments for the lifetime of the claimant) would remain as a SIF liability for a longer term. The Department is unable to determine what those liabilities would be. However, a recent actuarial review of the SIF estimated that "...if SIF did not accept claims in which the date of injury were after December 31, 2008, the cost to pay off claims with accident dates December 31, 2008 and prior would be \$992 million." The Department assumes there would be significant savings to the SIF over the long term.

Officials at the **Office of the Attorney General** assume potential cost savings in the long term.

Officials at the **Office of the State Treasurer** assume there will be a fiscal impact for all years out to 2011 with that impact being \$0 (if the fund remains open working for veterans and the STO is still paid out of it) to \$45,069 if not.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume that there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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SECOND INJURY FUND

Savings- DOLIR

Second Injury Fund pay-outs	<u>\$0</u>	<u>Unknown over</u> <u>\$100,000</u>	<u>Unknown over</u> <u>\$100,000</u>
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**ESTIMATED NET EFFECT ON
SECOND INJURY FUND**

<u>\$0</u>	<u>Unknown over</u> <u>\$100,000</u>	<u>Unknown over</u> <u>\$100,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Businesses would have a savings in the amount paid to the state for the Second Injury Fund.

FISCAL DESCRIPTION

This bill specifies that in applying the provisions of the Workers' Compensation Law it is the intent of the legislature to reject and abrogate Schoemehl v. Treasurer of the State of Missouri, 217 S.W.3d 900 (Mo. banc 2007) and all cases interpreting, applying, or following this case. The bill reaffirms that the right for compensation for permanent total disability of an injured employee terminates on the date of the injured employee's death.

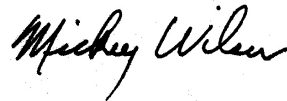
No person will be eligible to receive benefits from the Second Injury Fund for injuries occurring on or after January 1, 2009. The Division of Workers' Compensation within the Department of Labor and Industrial Relations will compute the amount of money needed to award benefits to persons injured prior to January 1, 2009, and assess employers as specified by law.

The bill contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Office of the Attorney General
Office of the Secretary of State
Office of the State Treasurer
Department of Insurance, Financial Institutions and Professional Registration

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 20, 2008