

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5299-01
Bill No.: HB 2272
Subject: Employees- Employers; Workers Compensation
Type: Original
Date: March 22, 2010

Bill Summary: Changes the laws regarding workers' compensation and the Second Injury Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Second Injury Fund	Unknown over \$100,000	(Unknown over \$100,000)	(Unknown over \$100,000)
Workers Compensation Fund	(Unknown over \$100,000)	Unknown over \$100,000	Unknown over \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
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 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration, Office of the State Auditor, Office of the Governor, Missouri Senate, Missouri House of Representatives** and the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Missouri Department of Transportation** assume a minimal negative impact of less than \$100,000.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Oversight assumes that changing the surcharge calculation dates from the calendar year to the fiscal year would have no fiscal impact.

Oversight assumes this proposal allows for a transfer of funds from the workers compensation fund to the second injury fund. Oversight has shown that the transfer would occur in fiscal year 2011. The amount of the transfer however is unknown.

Oversight assumes this proposal allows the repayment of the second injury fund loan to be paid back over a period of five years instead of one. Therefore Oversight has shown the repayment in Fiscal years 2012 & 2013. Three more payments will occur outside the fiscal note period.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
SECOND INJURY FUND			
<u>Transfer In- SIF</u>			
loan from workers compensation	Unknown over \$100,000	\$0	\$0
<u>Cost - SIF</u>			
repayment of loan	\$0	(Unknown over \$100,000)	(Unknown over \$100,000)
ESTIMATED NET EFFECT ON SECOND INJURY FUND	<u>Unknown over \$100,000</u>	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>
WORKERS COMPENSATION FUND			
<u>Transfer Out - Work Comp Fund</u>			
loan to second injury fund	(Unknown over \$100,000)	\$0	\$0
<u>Revenue - Work Comp Fund</u>			
repayment of loan	\$0	Unknown over \$100,000	Unknown over \$100,000
ESTIMATED NET EFFECT ON WORKERS COMPENSATION FUND	<u>(Unknown over \$100,000)</u>	<u>Unknown over \$100,000</u>	<u>Unknown over \$100,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

All businesses regardless of size could be effected by the change in the surcharge calculations.

FISCAL DESCRIPTION

This bill allows the Director of the Division of Workers' Compensation within the Department of Labor and Industrial Relations to advance moneys from the Workers' Compensation Fund to the Second Injury Fund and requires the advance to be repaid no later than December 31 of the fifth year following the advance. The outstanding total of moneys advanced from the Workers' Compensation Fund to the Second Injury Fund cannot exceed 33 1/3% of the total amount of the annual surcharge imposed in the year of the advance.

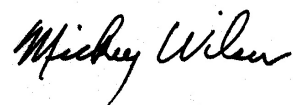
The bill specifies that the Second Injury Fund is to be funded solely by the annual surcharge imposed upon each workers' compensation policyholder and self-insured employer. The funding of both the Workers' Compensation Fund and the Second Injury Fund will be computed and assessed based on a fiscal year rather than a calendar year.

The bill contains an emergency clause for the provisions regarding the advancement of funds from the Workers' Compensation Fund to the Second Injury Fund.

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
Department of Insurance, Financial Institutions and Professional Registration
Office of the Attorney General
Missouri Department of Transportation
Missouri Senate
Office of the Governor
Missouri House of Representatives
Office of the State Auditor



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March 22, 2010

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