

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2219H.01I
Bill No.: HB 1119
Subject: Workers Compensation
Type: Original
Date: March 8, 2021

Bill Summary: This proposal modifies provisions relating to workers' compensation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal would not have a direct fiscal impact on their respective organization.

Additionally, there is the possibility of a slight increase to the cost of workers' compensation premiums for employers covered by the legislation since it makes it more difficult for claimants to sue co-employees in civil court unless the co-employee's act was willful and intentional rather than merely negligent. This would have the net effect of keeping cases of co-employee liability involving negligence within the workers' compensation system, potentially leading to a slight increase in premiums. However, there should also be less likelihood that cases of co-employee liability would be filed in circuit court, potentially shielding employers from the prospect of large civil judgments and unexpected business costs due to litigation.

It should be noted that even when claimants recover damages against liable third parties for their work comp injuries, insurers/employers are entitled to subrogation for a portion of those damages recovered. RSMo. 287.150. It is difficult to determine how often insurers seek subrogation owing to the difficulty of recovery and the possible disruption of the employer/employee relationship with their insured.

Officials from the DOLIR assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Missouri Department of Conservation** assume the proposal would have direct fiscal impact on their respective organization of Unknown negative fiscal impact but likely less than \$250,000.

Oversight notes that as per DOLIR statement it is more difficult for claimants to sue co-employees in civil court unless the co-employee's act was willful and intentional rather than merely negligent. Since this proposal put forward more stringent rules of when the employee is able to file suit against the employer Oversight assume the fiscal impact would be lesser, not larger, than the one shown by MDC. Therefore, Oversight will note zero impact for MODOT for purpose of this fiscal note.

Officials from the **Attorney General's Office, Office of Administration – Budget & Planning, Department of Economic Development, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Natural Resources, Department of Corrections, Department of Revenue Department of Public Safety – Alcohol and Tobacco Control, Department of Public Safety – Capital Police, Department of Public Safety- Fire Safety, Department of Public Safety – Directors Office, Department of Public Safety – National Guard, Department of Public Safety –**

Veterans Commission, Department of Public Safety – State Emergency Management Agency, Missouri Department of Agriculture, Department of Social Services Missouri Ethics Commission, MoDOT & Patrol Employees’ Retirement System.

Officials from the **Missouri Department of Transportation (MODOT)** assume the proposal would not have a direct fiscal impact on their respective organization.

Officials from the MODOT assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Department of Public Safety – Highway Patrol** defer to the **Missouri Department of Transportation** for the potential fiscal impact of this proposal.

Officials from the **Office of Administration – Administrative Hearing Commission, and Office of Administration (OA)** both assume this proposal would have no direct fiscal impact on their respective organization.

In response to the identical proposal, HB 2607 (5589H-0I) 2020, Officials from the **Office of Administration (OA)** assumed the proposal will have no fiscal impact on their respective organization.

Officials from the **Office of Administration-Administrative Hearing Commission** assume the proposal will have no fiscal impact on their respective organization.

Officials from the OA and OA-AHC assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Department of Health and Senior Services** and **Department of Mental Health** both defer to the **Office of Administration (OA)** for the potential fiscal impact of this proposal.

Officials from the **Missouri University, Missouri State University, Northwest Missouri State University, State Technical College of Missouri, and University of Central Missouri** each assume this proposal would not have a direct fiscal impact on their respective organization.

Officials from the **City of Corder, City of Kansas City, City of O’Fallon, City of Springfield, City of Saint Louis – Budget Division, and Springfield R-XII School** each assume this proposal would not have a direct fiscal impact on their respective organization.

Officials from the **Office of the Secretary of State (SOS)** assume [that] many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 our office can sustain with our core budget. Therefore, they reserve 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other state agencies, cities, counties, schools, and colleges were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses could see a slight increase to the cost of workers' compensation premiums for employers covered by the legislation as noted by DOLIR.

FISCAL DESCRIPTION

This bill states that an employee is not to be released from liability if the employee engaged in a willful act with the intent to cause bodily injury or death. Currently, employees are immune for damages involving bodily injury or death unless they commit an affirmative negligent act that causes or increases the risk of injury.

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
Missouri Department of Conservation
Attorney General's Office
Office of Administration – Administrative Hearing Commission
Office of Administration – Budget & Planning
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Natural Resources
Department of Corrections
Department of Revenue
Department of Public Safety

- Alcohol and Tobacco Control
- Capital Police
- Fire Safety
- Directors Office
- National Guard
- Veterans Commission
- Missouri Highway Patrol
- State Emergency Management Agency

Missouri Department of Agriculture
Department of Social Services Missouri Ethics Commission
MoDOT & Patrol Employees' Retirement System
Office of the Secretary of State
Office of Administration
Missouri Department of Transportation
Missouri University
Missouri State University
Northwest Missouri State University
State Technical College of Missouri
University of Central Missouri

L.R. No. 2219H.01I

Bill No. HB 1119

Page 7 of 7

March 8, 2021

City of Corder

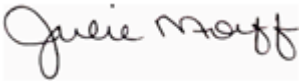
City of Kansas City

City of O'Fallon

City of Springfield

City of Saint Louis – Budget Division

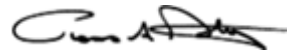
Springfield R-XII School



Julie Morff

Director

March 8, 2021



Ross Strobe

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March 8, 2021