

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3992H.011
 Bill No.: HB 1990
 Subject: Workers Compensation; Employees - Employers; Department of Labor and Industrial Relations; Labor and Management; Drugs and Controlled Substances; Health Care
 Type: Original
 Date: January 16, 2024

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

*Oversight reflects cost associated with the potential legal expenses from the LEF.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Various Federal Funds			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** note their Division of Worker's Compensation believes the impact will be minimal but absorbable.

Oversight notes that additional comments regarding impact were provided by DOLIR, via e-mail, stating:

DOLIR also notes the impact to the Division of Workers' Compensation upon passage of HB 2135 and HB 1990 would be minimal. In the bill, Section 287.120.6(1) stipulates that if marijuana is used in conjunction with the injury sustained in the workplace, the compensation and death benefit shall be reduced by fifty percent, so long as marijuana usage is against company policy. Section 287.120.6(2) states that if marijuana usage is the proximate cause of injury, then the compensation and death benefit is forfeit entirely.

Workers' Compensation insurance carriers and self-insured entities may see a savings in the amount of benefits which are dispersed each year as a result of the above mentioned reduction/forfeiture of benefits. The Division of Workers' Compensation does not pay out workers' compensation benefits (with the exception of Second Injury Fund payments), and would not be affected by the reduction/forfeiture of benefits. In the event that more disputes over workers' compensation claims occur as a result of the law change, the Division may see an increase in adjudications which must be performed by administrative law judges. The Division does not anticipate the volume of any increase in disputes to require additional staffing at this time. If the volume of disputes increases more than anticipated, the Division may request additional appropriations to absorb the impact.

Oversight assumes DOLIR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOLIR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOLIR could request funding through the appropriation process.

Officials from the **Office of Administration (OA)** assume the proposal adding language to include marijuana as a substance that is prohibited for an employee to test positive for while they are in the course and scope of their employment. Potential costs to the state are unknown; as, it would depend on the facts and circumstances of each case.

In additional correspondence from OA, via e-mail, officials from the OA note the actual cost to litigate any such a workers compensation claims will be associated with Legal Expense Fund when defending any such a cases in the courts.

Upon further inquiry, **Oversight** notes OA does not anticipate changes in the payments towards worker compensation cases above the current volume. Therefore, **Oversight** assumes OA could

absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA could request funding through the appropriation process.

Officials from the **Department of Labor and Industrial Relations**, the **Department of Natural Resources**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Office of Administration - Administrative Hearing Commission** each assume the 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 for above respective organizations.

Officials from the **University of Missouri System**, the **Northwest Missouri State University**, and the **University Of Central Missouri** each 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 for above respective organizations.

Officials from the **City of Kansas City** 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 for local political subdivisions.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses could have a higher level of protection in workers compensation cases involving employees using marijuana as a result of this proposal.

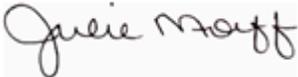
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

Office of Administration
Department of Labor and Industrial Relations
Department of Natural Resources
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration - Administrative Hearing Commission
University of Missouri System
Northwest Missouri State University
University Of Central Missouri
City of Kansas City



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January 16, 2024



Ross Strobe
Assistant Director
January 16, 2024