

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6811

BILL NUMBER: SB 220

NOTE PREPARED: Feb 16, 2021

BILL AMENDED: Feb 11, 2021

SUBJECT: Worker's Compensation.

FIRST AUTHOR: Sen. Tallian

FIRST SPONSOR: Rep. Lehman

BILL STATUS: As Passed Senate

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that if, after the occurrence of an accident, compensation is paid for temporary total disability or temporary partial disability, then the two year limitation period to file an application for adjustment of claim begins to run on the last date for which such compensation was paid. It increases benefits for injuries and dismemberments by 2% each year for three years, beginning on July 1, 2021. It also makes conforming amendments.

Effective Date: Upon passage; July 1, 2021.

Explanation of State Expenditures: *Workers' Compensation Payments:* The bill would increase total workers' compensation payments to state employees by an estimated \$18,000 in FY 2022 and \$35,000 in FY 2023. Of this total, approximately two-thirds would come from dedicated and federal funds, and approximately one-third would be state General Fund expenditures. The proposal increases the maximum weekly wage used to calculate wage replacement benefits, and it increases payments for permanent partial impairment (PPI). These provisions will impact the state as an employer and provider of worker's compensation benefits. [This bill has the potential to impact all agencies as employers, thus impacting all funds that provide operating funds to agency staff.]

The rate increase for PPI is estimated to increase state expenditures for worker's compensation by approximately \$10,000 in FY 2022 and by \$20,000 in FY 2023 based on state payments to employees for PPI in FY 2020 of \$488,282. The annual increase in wage replacement is estimated to increase the cost of wage replacements for state employees by \$8,000 in FY 2022 and by \$15,000 in FY 2023 based on FY 2020 wage replacement payments for state employees and state staffing data. The benefit increases for wage replacement will only impact individuals with wages above the current maximum.

Additional Information - Based on the October 2020 state staffing report, 22% of state employees earn more than the maximum weekly wage of \$1,170 and would receive an increased wage replacement under this proposal if they were injured on the job and eligible to receive workers' compensation. The proposed changes to the statute of limitations regarding worker's compensation claims represent the current practice of the Worker's Compensation Board.

Degrees of Permanent Partial Impairment (PPI)	1-10	11-35	11-35	50-100
Current	\$1,750	\$1,952	\$3,186	\$4,060
FY 2022	\$1,785	\$1,991	\$3,250	\$4,141
FY 2023	\$1,821	\$2,031	\$3,315	\$4,224
FY 2024	\$1,857	\$2,072	\$3,381	\$4,308

	Maximum Weekly Wage	Wage Replacement: 2/3 Weekly Wages	500 Weeks Maximum Total Benefit
Current	\$1,170	\$780	\$390,000
FY 2022	\$1,193	\$795	\$398,000
FY 2023	\$1,217	\$811	\$406,000
FY 2024	\$1,241	\$827	\$414,000

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*. The bill will impact local units as employers.

Explanation of Local Revenues:

State Agencies Affected: All agencies as employers.

Local Agencies Affected: All units as employers.

Information Sources: JWF Specialty, state staffing data.

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