

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4979-02
Bill No.: SCS for SB 613
Subject: Workers' Compensation
Type: Original
Date: April 1, 2016

Bill Summary: This proposal enacts new provisions of law relating to the workers' compensation insurance premiums of volunteer fire departments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$45,725 to Less than \$1,315,725)	(\$52,191 to Less than \$1,322,191)	(\$52,645 to Less than \$1,322,645)
Total Estimated Net Effect on General Revenue	(\$45,725 to Less than \$1,315,725)	(\$52,191 to Less than \$1,322,191)	(\$52,645 to Less than \$1,322,645)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0 or Less than \$1,270,000	\$0 or Less than \$1,270,000	\$0 or Less than \$1,270,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Public Safety - Division Fire Safety** assume this proposal will have a significant fiscal impact on their organization.

The Division of Fire Safety maintains a registration database of all fire departments in the State of Missouri. Currently the Division has 966 total fire departments registered in Missouri – of those 635 are registered as Volunteer Fire Associations and would therefore meet the definition of this proposed legislation. These 635 departments maintain a roll of as many as 21,114 volunteer fire fighters in the State.

Section 287.245 requires the State Fire Marshal (Division of Fire Safety) to disburse grants to volunteer fire protection associations. The amount of the grants is based on the number of workers' compensation claims filed in the previous calendar year, with the maximum benefit of \$2,000. The Division assumes all 635 Volunteer Fire Associations would apply for and qualify for the \$2,000 grant annually. Therefore \$1,270,000 General Revenue support would be needed to fund the grants.

The requirements of §287.245 are new for the Division of Fire Safety and there is no program in any way similar currently within the Division. Therefore the passage of this legislation would necessitate additional staff in the form of one Accountant I to administer this program and the related funds, along with appropriate expense and equipment funding, totaling \$45,725 in FY17.

The Division would need to create an application form, review the applications and other supporting documentation, coordinate with the volunteer fire applications and other supporting documentation, correspond with volunteer fire applicants, review the claims filed, verify the requested monies corresponds with the claims filed with the Division of Workers' Compensation, approve the grant request if appropriate, coordinate the requisition of the funds, and disburse the grant monies to the qualified applicants, etc. Disbursement of the grants would be subject to appropriation.

Therefore, this proposal impacts the 635 volunteer fire associations and approximately 21,114 volunteer fire fighters in our state who are currently registered with the Division of Fire Safety by providing them with grants to be used for workers' compensation insurance premiums. The amount of the grants is based on the number of claims filed in the previous calendar year.

The Division assumes a need for \$1,270,000 (635 x \$2,000) of General Revenue Funds in order to support the grants specified in a full year. In addition, the Division is requesting

ASSUMPTION (continued)

\$45,725 in General Revenue funding for an FTE and expense funds to support this additional program with appropriate increases in following fiscal years. Total funding for this program implementation would be \$1,104,058 in FY17 and \$1,353,941 in FY18.

Officials at the **Department of Labor and Industrial Relations** and the **Department of Insurance, Financial Institutions, and Professional Registration** each assume this proposal will not have a fiscal impact on their respective organizations.

In response to a previous version, officials at the **Office of Administration - Accounting, Facilities Management and Design Construction, General Services, Division of Personnel, and Division of Purchasing, Information Technology Services Division** each assumed the proposal would not have a fiscal impact on their respective organizations.

Officials at the **City of Kansas City**, the **City of Columbia**, and the **City of Fulton** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at **Callaway County** and **St. Louis County** each assume this proposal will not have a fiscal impact on their respective organizations.

In response to a previous version, officials at **Mississippi County** assumed the proposal would not have a fiscal impact on their organization.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to Oversight's request for fiscal impact.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Transfer Out - Division of Fire Safety - Grant</u>			
Disbursements to Qualifying Fire Protection Associations	\$0 or (Less than \$1,270,000)	\$0 or (Less than \$1,270,000)	\$0 or (Less than \$1,270,000)
<u>Costs - Division of Fire Safety - Grant</u>			
Personnel Services	(\$25,820)	(\$31,294)	(\$31,607)
Fringe Benefits	(\$15,464)	(\$18,642)	(\$18,727)
Equipment and Expenses	(\$4,441)	(\$2,255)	(\$2,311)
<u>Total Costs - Division of Fire Safety</u>	<u>(\$45,725)</u>	<u>(\$52,191)</u>	<u>(\$52,645)</u>
FTE Change - Division of Fire Safety	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$45,725 to Less than \$1,315,725)	(\$52,191 to Less than \$1,322,191)	(\$52,645 to Less than \$1,322,645)
Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>			
VOLUNTEER FIRE PROTECTION ASSOCIATIONS			
<u>Transfer In - Division of Fire Safety - Grant</u>	\$0 or Less than \$1,270,000	\$0 or Less than \$1,270,000	\$0 or Less than \$1,270,000
NET EFFECT ON VOLUNTEER FIRE PROTECTION ASSOCIATIONS	\$0 or Less than \$1,270,000	\$0 or Less than \$1,270,000	\$0 or Less than \$1,270,000

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act permits volunteer fire protection associations to apply to the State Fire Marshal for grants for the purpose of funding the workers' compensation insurance premiums for the association's volunteer firefighters. Grants shall be disbursed by the Marshal, subject to appropriations, based upon the number of volunteer firefighters which received workers' compensation benefits from claims arising out of and in the course of the prevention or control of fire or the underwater recovery of drowning victims in the preceding calendar year.

The schedule is as follows:

- Associations which had 0-5 claims shall be eligible for \$2,000;
- Associations which had 6-10 claims shall be eligible for \$1,500;
- Associations which had 11-15 claims shall be eligible for \$1,000; and
- Associations which had 16-20 claims shall be eligible for \$500.

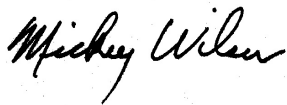
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Department of Public Safety - Fire Safety
Department of Insurance, Financial Institutions, and Professional Registration
Office of Administration
Office of Administration - Accounting
Office of Administration - Facilities Management and Design Construction
Office of Administration - General Services
Office of Administration - Division of Personnel
Office of Administration - Division of Purchasing
Office of Administration - Information Technology Services Division
City of Kansas City

SOURCES OF INFORMATION (continued)

Callaway County
Mississippi County
St. Louis County



Mickey Wilson, CPA
Director
April 1, 2016

Ross Strobe
Assistant Director
April 1, 2016