

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0356S.06P
Bill No.: Perfected SS for SB 45
Subject: Fire Protection; Political Subdivisions
Type: Original
Date: April 21, 2021

Bill Summary: This proposal creates new provisions relating to certain firefighters who have contracted certain types of cancer as a result of employment as a firefighter.

FISCAL SUMMARY

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

*Subsection 320.400.6 allows a pool to apply to the State Fire Marshal (Department of Public Safety – Division of Fire Safety) for a grant for the purpose of establishing a voluntary firefighter cancer benefits pool. This subsection expires on June 30, 2023. Oversight assumes DPS may, depending upon appropriation levels, distribute more than \$250,000 in grants in FY 2022 and/or FY 2023.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on Other 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 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§320.400 – Firefighters who have contracted certain types of cancer

In response to a previous version, officials from the **City of Kansas City** assumed the legislation could have a negative fiscal impact on Kansas City if it leads to an increase of workers' compensation claims. There is a concern in §320.400.02(12) which states that the employer's policies and benefits will treat a cancer diagnosis as on-the-job but that will not affect a workers' compensation determination. The city notes this section of the proposal to be contradictory.

In response to a previous version, officials at the **City of Springfield** estimated the bill will impose additional costs of at least \$1,000,000 per year, although based on the language of the bill, the City cannot make a firm determination. Further, it is not clear how the proposed fund will interact with a political subdivision's insurers.

Oversight contacted the City of Springfield regarding the additional costs in their response. These costs do not relate to workers' compensation claims and the city has also revised their response from \$1,000,000 to \$500,000 in costs per year. This cost would occur should the city participate in a pool.

Oversight assumes this proposal creates new provisions relating to certain firefighters who have contracted certain types of cancer as a result of employment as a firefighter and allows local political subdivisions to set up a voluntary firefighter cancer benefits pools to make contributions into. A board of trustees (board) will oversee the administration of the pool. Oversight assumes actions by the board could result in unknown costs to local political subdivisions. Oversight assumes the local political subdivision would only establish a pool to benefit certain firefighters and the proposal could be absorbed within their current appropriations. Therefore, Oversight will assume a negative fiscal impact to local political subdivisions and will range the fiscal impact from \$0 (no trust established – bill is permissive) to an unknown cost (contributions into and administration of pool).

In response to a previous version, officials from the **Attorney General's Office** assumed 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.

In response to similar legislation from this year, HB 760, officials from the **Department of Labor and Industrial Relations** assumed 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 notes that according to subsection 6 of §320.400, the State Fire Marshall may set up a grant for the purpose of establishing a voluntary firefighter cancer benefits pool. This would be subject to appropriations by the General Assembly and the State Fire Marshall would disburse grants to the trust upon receipts of applications. This subsection will expire on June 30, 2023. Oversight has reflected the potential cost of this grant in the fiscal impact chart below.

In response to a previous version, officials from the cities of **Ballwin, Bland, Corder, and O'Fallon** and the **Rolla Rural Fire Protection District** each assumed 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 these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and fire protection districts 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.

Officials from the **Department of Revenue**, the **Department of Health and Senior Services**, the **Department of Public Safety's Fire Safety** and the **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Fruitland Area Fire Protection District** and the **City of Claycomo** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes 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 their office can sustain within their 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
Transfer Out – potential appropriation of funds to DPS/DFS to set up a grant to establish a voluntary firefighter cancer benefits pools (\$320.400)	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL FIRE DEPARTMENT FUNDS			
<u>Transfer In</u> – grants received for a voluntary firefighter cancer benefits pool fund (§320.400)	\$0 or Unknown	\$0 or Unknown	\$0
<u>Costs</u> – may establish a pool to benefit certain firefighters who have certain types of cancer (§320.400)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – disbursement of funds (§320.400)	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL FIRE DEPARTMENTS	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act allows for the creation of a Voluntary Firefighter Cancer Benefits Pool by three or more political subdivisions. Under the act, any political subdivision may make contributions to a Voluntary Firefighter Cancer Benefits Pool. The board of trustees of any pool created for the purposes of this act is subject to the Sunshine Law. The pool is allowed to make payments to covered individuals based upon the type of cancer with which the covered individual was diagnosed.

Benefits may be reduced by 25% if the covered individual used a tobacco product within the 5 years immediately preceding the cancer diagnosis.

If any individual that receives benefits under this act thereafter receives workers' compensation benefits for the same injury, then the workers' compensation benefits or death benefits shall be reduced 100% by any benefits received from the pool under this act.

Furthermore, the employer in any workers' compensation claim shall be subrogated to the right of the employee or to the dependent or domestic partner to receive benefits from the pool and such employer may recover any amounts which such employee or the dependent or domestic partner would have been entitled to recover from the pool under this act. Any receipt of benefits from the pool under this act shall be treated as an advance payment by the employer, on account of any future installments of workers' compensation benefits.

Any pool created for the purposes of this act may accept or apply for grants or donations from any private or public source. Furthermore, any such pool may apply for grants from the state fire marshal. This provision expires June 30, 2023.

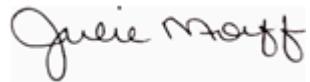
The act also amends a provision of law relating to disbursement of grants to volunteer fire protection association workers' compensation insurance premiums for volunteer firefighters. Current law requires the State Fire Marshal to disburse such grants to any applying association. This act permits such disbursement.

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

City of Kansas City
City of Springfield
Joint Committee on Administrative Rules
Office of the Secretary of State
Department of Health and Senior Services
Department of Public Safety - Fire Safety
Department of Labor and Industrial Relations
Department of Revenue
Attorney General's Office
City of Ballwin
City of Corder
City of O'Fallon
City of Bland
City of Claycomo
Rolla Rural Fire Protection District
Office of the State Treasurer
Fruitland Area Fire Protection District

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