

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4335S.01I
Bill No.: SB 935
Subject: Workers' Compensation
Type: Original
Date: February 13, 2024

Bill Summary: This proposal reduces workers' compensation benefits under certain circumstances based upon marijuana usage.

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 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other State Funds</u> | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| | | | |
| | | | |
| 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 to similar proposal, were provided by DOLIR, via e-mail, stating:

DOLIR stated 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 §§287.120 proposes 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.

Oversight notes OA, in response to the similar proposal HB 2135, assumed that at this time the 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 Corrections** defer to the OA for the potential fiscal impact of this proposal.

Officials from the **Missouri Department of Conservation**, the **Missouri Department of Transportation** and the **Department of Natural Resources** each assume the 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 above respective organizations.

Officials from the **City of Kansas City**, **Northwest Missouri State University** and the **University of Central Missouri** both 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.

| <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.

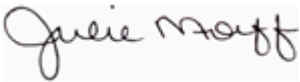
FISCAL DESCRIPTION

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 Transportation
Missouri Department of Conservation
Northwest Missouri State University
University Of Central Missouri
City of Kansas City



Julie Morff
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February 13, 2024



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February 13, 2024