

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4963S.02I
Bill No.: SB 996
Subject: Workers' Compensation
Type: Original
Date: February 3, 2026

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue			

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Worker Compensation Administrative Fund (1652)	\$0 or (\$198,797)	\$0 or (\$236,001)	\$0 or (\$240,394)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (\$198,797)	\$0 or (\$236,001)	\$0 or (\$240,394)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds			

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Worker Compensation Administrative Fund (1652)	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

- ☐ 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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§287.200, 287.470, 287.610, 287.615, 287.812, 287.835, and 621.045-Workers' Compensation

Officials from the **Department of Labor and Industrial Relations-Division of Workers' Compensation (DWC)** assume an additional Administrative Law Judge (ALJ) would be required with this language, §287.610.1. The salary and associated cost will impact the Workers' Compensation Administrative Fund. Costs are required to be paid by DWC if administrative hearing commission does not find grounds for performance management. By increasing the maximum ALJs allowed by statute, it could increase the cost associated with the additional ALJ.

Upon further inquiry, DOLIR assumes the retirement benefits only apply to ALJ's employed prior to 2005, after which ALJ's moved over to the MOSERS retirement plan that other state employees are a part of. There are only three of these ALJ's under the pre-2005 plan and the retirement benefits were accumulated in advance, so in the very unlikely and rare occurrence that any of these three ALJ's are terminated under the provisions of the bill, there would be no effect to the division since it would not have any "savings" in retirement benefits being no longer being received by the ALJ.

Oversight notes §287.610.1 states the Division may appoint additional ALJs for a maximum of 41 (from current 40). Therefore, Oversight will range the impact from \$0 (no additional ALJ appointed) or \$149,539 as estimated by DOLIR in the fiscal note.

Officials from the **Office of the State Courts Administrator (OSCA)** assume there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Missouri State Employee's Retirement System (MOSER)** assume that this proposal, if enacted, would remove §287.835.1 and allow an Administrative Law Judge (ALJ) and the ALJ's beneficiary to remain entitled to ALJ plan retirement benefits if the ALJ were removed from office by impeachment or for misconduct, or disbarred from the practice of law. Fiscal Impact - This proposal would result in an unknown cost as it would allow the ALJ and the ALJ's beneficiaries to receive a benefit that they would not otherwise receive under the current plan provisions.

Oversight assumes that impeachment or disbarment is a rare occurrence. Therefore, Oversight will not show an increase in employer contributions to MOSERS.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Office of Administration (OA)** assume §287.200.3.(2) adds a provision for an award of permanent total disability to suspend the lifetime payment when the employee is restored to his or her regular work or its equivalent. This provision could potentially decrease the cost of a workers' compensation claim. The potential costs to the state are unknown. The amount of cost decrease, if any, cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation.

Oversight does not anticipate a fiscal impact from §287.200.3.(2). Therefore, Oversight will not reflect any cost avoidance in the fiscal note.

Officials from the **Office of Administration – Budget & Planning (B&P)** note:

§287.470.2 is added which allows the name, information, and fee arrangement to be changed on a PTD and/or SIF file so long as written permission is given by both the claimant and attorney. This addition will have no fiscal impact.

§287.610.8 is repealed and 287.610.1 is modified increasing the number of Administrative Law Judges (ALJ) to 41 and requiring ALJs to retire by age 70.

Additionally, §§287.610.2, 287.610.3, 287.610.4 and 287.610.5 are modified allowing the Director of the Division of Workers' Compensation (DWC) to file a complaint against an ALJ for willful neglect of duty or incompetency. The director shall notify the ALJ the reasons for the complaint before filling it with the administrative hearing commission (AHC). The ALJ has 90 days from the date of the complaint to remedy behavior. The director may suspend, discipline, or remove an ALJ from office if the AHC finds grounds for disciplinary action are met,. ALJs may be suspended from duties with pay without notice for acts that are deemed a threat to the administration of provisions in chapter 287, RSMo. These provisions do not impact total state revenues.

287.615.1(2) repeals the position of chief legal counsel, increases the salary of an ALJ in charge to \$10K over an ALJ, provides that administrative law judge salaries are set by statute and not subject to increase when pay raises for executive employees are appropriated. Additionally, ALJs that are deployed as a member of the national guard shall receive 120 days salary. These provisions do not impact total state revenues.

287.835.1, which prohibits ALJs who are removed from office from receiving benefits, is repealed. These provisions do not impact total state revenues.

621.045.4 is added allowing the AHC to conduct hearings in cases of complaints made by the director of the DWC against ALJs as provided in section 287.610. These provisions do not impact total state revenues.

Officials from the **Department of Commerce and Insurance, Department of Economic Development, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Public Safety (Division of Alcohol and Tobacco Control, Capitol Police, Fire Safety, Missouri Gaming Commission, Missouri Veterans Commission, Office of the Director, State Emergency Management Agency), Department of Revenue, Department of Social Services, Joint Committee on Legislative Research (Legislative Research and Oversight Division), Missouri Consolidated Health Care Plan, Joint Committee on Public Employee Retirement, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Department of Transportation, Missouri Ethics Commission, Missouri House of Representatives, Missouri Lottery Commission, Missouri National Guard, MoDOT & Patrol Employees' Retirement System, Missouri Senate, Office of Administration-Administrative Hearing Commission, Office of the Governor, Office of the State Auditor, Office of the State Public Defender, Office of the State Treasurer and State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **Department of Public Safety – Highway Patrol** defer to the **MODOT** for the potential fiscal impact of this proposal.

Officials from the **Department of Corrections** defer to the DOLIR for the potential fiscal impact of this proposal.

Officials from the **Department of Health and Senior Services, Department of Mental Health, and Department of Natural Resources** each defer to the OA for the potential fiscal impact of this proposal.

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

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. Upon the receipt of additional 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. A general listing of political subdivisions included in our database is available upon request.

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 (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
WORKER COMPENSATION ADMINISTRATIVE FUND (1652)			
<u>Cost – DOLIR (§287.610.1.) p.3</u>	\$0 or...	\$0 or...	\$0 or...
Personnel Service	(\$124,616)	(\$152,529)	(\$155,580)
Fringe Benefits	(\$63,734)	(\$77,683)	(\$78,910)
Expense & Equipment	(\$10,448)	(\$5,789)	(\$5,904)
<u>Total Costs – DOLIR</u>	<u>(\$198,798)</u>	<u>(\$236,001)</u>	<u>(\$240,394)</u>
FTE Change – DOLIR	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON WORKER COMPENSATION ADMINISTRATIVE FUND (1652)	\$0 or <u>(\$198,797)</u>	\$0 or <u>(\$236,001)</u>	\$0 or <u>(\$240,394)</u>
Estimated Net FTE Change on Workers Compensation Administrative Fund	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

CHANGES OF ATTORNEYS IN WORKERS' COMPENSATION CASES (Sections 287.200 and 287.470)

The act permits the Labor and Industrial Relations Commission to change the name, information, or fee arrangement of the attorney or law firm representing a claimant upon the filing of a written agreement, signed by both the claimant and the attorney, with the Commission.

QUALIFICATIONS, COMPLAINTS, DISCIPLINE, AND REMOVAL OF ADMINISTRATIVE LAW JUDGES (Sections 287.610 and 621.045)

The act increases the maximum number of ALJs from 40 to 41. It additionally provides that all administrative law judges shall retire from being an ALJ at 70 years old. Furthermore, ALJs are exempted from the employee at-will doctrine.

Current law requires a retention vote be taken by the Administrative Law Judge Review Committee with respect to each workers' compensation Administrative Law Judge (ALJ). Additionally, the Committee is required to conduct performance audits periodically and make recommendations of confidence or no confidence with respect to each ALJ. This act repeals these requirements and instead creates new provisions for filing complaints against and removing ALJs.

The act repeals a requirement that Administrative Law Judge Review Committee members not have any direct or indirect employment or financial connection with a workers' compensation insurance company, claims adjustment company, health care provider nor be a practicing workers' compensation attorney. The act additionally repeals a requirement that all members of the Committee have a working knowledge of workers' compensation.

The act permits the Director of the Division of Workers' Compensation to file a complaint with the Administrative Hearing Commission (AHC) seeking to remove an ALJ from office for one or any combination of the following causes:

- The ALJ has committed any felony or misdemeanor, regardless of whether a criminal charge has been filed;
- The ALJ has been convicted, or has entered a plea of guilty or nolo contendere in a criminal prosecution under the laws of any state, the United States, or of any country, regardless of whether sentence is imposed;
- The ALJ is guilty of misconduct, habitual intoxication, willful neglect of duty, corruption in office, or incompetency; or
- The ALJ has committed any act that involves moral turpitude or oppression in office.

Prior to filing a complaint, the Director shall notify the ALJ in writing of the reasons for the complaint. Special provisions are included if the reason for the complaint is willful neglect of duty or incompetency.

Upon a finding by the AHC that the grounds for disciplinary action are met, the Director may, singly or in combination, issue the disciplinary actions against the ALJ, as provided in the act, including removal or suspension from office.

Upon a finding that there are no grounds for disciplinary action, the ALJ shall immediately resume duties and shall receive any attorney's fees due under current law.

An ALJ may be suspended with pay, without notice, at the discretion of the Director if:

- The ALJ commits a crime for which the ALJ is being held without bond for a period of more than 14 days;
- The ALJ's license to practice law has been suspended or revoked; or
- A declaration of incapacity by a court of competent jurisdiction has been made with respect to the ALJ.

PAYMENT AND RETIREMENT BENEFITS OF ADMINISTRATIVE LAW JUDGES (Sections 287.615 and 287.835)

The act provides that the compensation for ALJs and chief administrative law judges shall be determined solely by the rate outlined in law and shall not increase when pay raises for executive employees are appropriated. The salary premium for chief ALJs is increased from \$5,000 to \$10,000. Moreover, if an ALJ is deployed as a member of the National Guard, the ALJ shall receive up to 120 days of salary, but in no event longer than the period of deployment.

The act furthermore repeals reference to the position of Chief Legal Counsel.

The act repeals a prohibition on the payment of any retirement benefits under workers' compensation law to any administrative law judge who has been removed from office by impeachment or for misconduct, or to any person who has been disbarred from the practice of law, or to the beneficiary of any such persons.

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

Attorney General's Office
Department of Commerce and Insurance
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Public Safety
 Division of Alcohol and Tobacco Control
 Capitol Police, Fire Safety
 Missouri Gaming Commission
 Missouri Veterans Commission
 Office of the Director
 State Emergency Management Agency
Department of Revenue
Department of Social Services
Joint Committee on Administrative Rules
Joint Committee on Legislative Research
 Legislative Research
 Oversight Division
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Ethics Commission
MoDOT & Patrol Employees' Retirement System
Missouri House of Representatives
Missouri Lottery Commission
Missouri National Guard
Missouri Senate
Office of Administration
 Administrative Hearing Commission
 Commissioner's Office
Office of the Governor
Office of the State Auditor

Office of the State Courts Administrator
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
Department of Mental Health
Department of Health and Senior Services
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Office of the State Courts Administrator
Missouri State Employee's Retirement System
Joint Committee on Public Employee Retirement
Office of Administration
City of Kansas City
Missouri University System
Northwest Missouri State University
University of Central Missouri

Julie Morff
Director

A handwritten signature in black ink, appearing to read 'Jessica Harris', with a stylized flourish at the end.

Jessica Harris
Assistant Director
February 3, 2026