

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3704-01  
BILL NO.: SB 840  
SUBJECT: Workers Compensation; Insurance - General; Revenue Department  
TYPE: Original  
DATE: February 7, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Workers Compensation	\$0 to (\$22,167)	\$0 to (\$22,167)	\$0 to (\$22,167)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0 TO (\$22,167)</b>	<b>\$0 TO (\$22,167)</b>	<b>\$0 TO (\$22,167)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Labor and Industrial Relations** and the **Department of Revenue** assume this proposal would not fiscally impact their agencies.

**Department of Insurance (INS)** officials assume that contributions for neighborhood assistance would be made by workers compensation insurers in the same proportion that other insurers have made such contributions. INS states that on an annual basis, insurers took credit for neighborhood assistance of .003% of net premiums. INS states that annually workers compensation insurers during 1996-1998 wrote a mean net premium subject to tax of \$738,916,068. Neighborhood assistance tax credits at a rate of .003% of this figure would be \$22,167 annually. INS estimates a range of \$0 - \$22,167 annually in decreased premium tax is being show as the fiscal impact to the Workers Compensation Fund.

Officials from the **Office of Administration - Budget and Planning** deferred to the revenue estimates provided by INS. The proposal would have no impact to their agency.

<b><u>FISCAL IMPACT - State Government</u></b>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

**WORKERS COMPENSATION FUND**

<b><u>Loss - Department of Insurance</u></b>			
Reduction in premium taxes	<u>\$0 to (\$22,167)</u>	<u>\$0 to (\$22,167)</u>	<u>\$0 to (\$22,167)</u>

<b>ESTIMATED NET EFFECT ON WORKERS COMPENSATION FUND</b>	<b><u>\$0 TO</u></b>	<b><u>\$0 TO</u></b>	<b><u>\$0 TO</u></b>
	<b><u>(\$22,167)</u></b>	<b><u>(\$22,167)</u></b>	<b><u>(\$22,167)</u></b>

<b><u>FISCAL IMPACT - Local Government</u></b>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**FISCAL IMPACT - Small Business**

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

DESCRIPTION

This proposal would allow insurance carriers to take a tax credit on the taxes they pay on net deposits, net premiums or net assets of insurance carriers under the worker's compensation statute.

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  
Division of Budget and Planning  
Department of Insurance  
Department of Labor and Industrial Relations  
Department of Revenue



Jeanne Jarrett, CPA  
Director  
February 7, 2000