

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4445-01  
Bill No.: SB 1105  
Subject: Workers' Compensation; Employees - Employers; Labor and Management  
Type: Original  
Date: February 15, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Various	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
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 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **St. Louis County, Jackson County, St. Charles County, Boone County,** and the **City of Independence** did not respond to our fiscal impact request.

Officials from the **City of Springfield (COS)** did not respond to our fiscal impact request. However, in response to a similar proposal from the current session, COS assumed the proposal would not affect revenues, costs, or losses. COS assumed the proposal would result in savings although they do not have the data to accurately project the amount of savings. COS noted, for particular cases, the savings could be substantial.

Officials from the **Department of Conservation, Office of the State Courts Administrator, Central Missouri State University,** and **Truman State University** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **University of Missouri** assume the proposal would positively impact the University although an exact fiscal impact is difficult to measure.

Officials from the **Southwest Missouri State University (SMS)** defer to the Office of Administration for the fiscal impact of this proposal as the SMS's Workers' Compensation program is administered by the Office of Administration's Central Accident Reporting Office.

Officials from the **City of Jefferson City** and the **County of Greene** state the proposal could potentially result in a substantial savings although an actual amount is difficult to estimate.

Officials from the **City of St. Louis** assume the proposal could potentially reduce Workers' Compensation costs in certain instances, resulting in an estimated savings of \$75,000 to \$100,000 annually.

Officials from the **Department of Transportation (DHT)** assume the proposal would create a substantial cost savings to DHT's self insurance plan. DHT notes they are unable to estimate the cost savings.

Officials from the **Office of Administration - Division of General Services** assume the proposal will result in potential cost savings that cannot be determined at this time.

Officials from the **Department of Labor and Industrial Relations (DOL)** assume the fiscal impact is unknown. DOL notes that the proposal would result in additional litigation over which employees

ASSUMPTION (continued)

are entitled to Workers' Compensation benefits. The Division of Workers' Compensation will likely need additional resources, such as administrative law judges, legal advisors, support staff, and administrative expenses, to handle the increase in litigation.

**Oversight** assumes if the DOL's Workers' Compensation caseload increases significantly, DOL could request additional resources through budget decision items.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

**VARIOUS STATE FUNDS**

Potential Workers' Compensation Savings	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
---	----------------	----------------	----------------

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

**VARIOUS LOCAL FUNDS**

Potential Workers' Compensation Savings	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
---	----------------	----------------	----------------

FISCAL IMPACT - Small Business

Small businesses may recognize a savings in the amount Workers' Compensation benefits paid as a result of passage of this proposal.

DESCRIPTION

Under current Workers' Compensation laws, an injury is work related if work was a substantial factor in its cause. This proposal requires that work be the dominant substantial factor in causing an injury before it will be considered work related. The proposal also limits workers' compensation recovery for the aggravation of a pre-existing condition to the extent that the work-related injury causes increased disability.

KLR:LR:OD (12/01)

DESCRIPTION (continued)

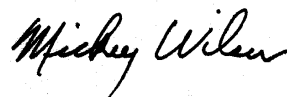
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations  
Office of Administration - Division of General Services  
Department of Transportation  
Department of Conservation  
Office of the State Courts Administrator  
City of Jefferson City  
City of St. Louis  
County of Greene  
University of Missouri  
Southwest Missouri State University  
Central Missouri State University  
Truman State University

NOT RESPONDING

St. Louis County  
Jackson County  
St. Charles County  
Boone County  
City of Independence  
City of Springfield



Mickey Wilson, CPA

L.R. No. 4445-01  
Bill No. SB 1105  
Page 5 of 5  
February 15, 2002

Acting Director

February 15, 2002

KLR:LR:OD (12/01)