

March 7, 2022

CORRECTED

The Honorable Renee Erickson, Chairperson
Senate Committee on Commerce
Statehouse, Room 546-S
Topeka, Kansas 66612

Dear Senator Erickson:

SUBJECT: Corrected Fiscal Note for SB 361 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following corrected fiscal note concerning SB 361 is respectfully submitted to your committee.

SB 361 would eliminate the \$155,000 cap on permanent total disability in the Workers Compensation Act. The bill would allow an injured worker who is determined to be permanently totally disabled to receive weekly benefits at the rate of the employee's average weekly wage in effect on the date of the injury for which compensation is being made, starting from the date of maximum medical improvement and continuing for life, or the duration of the disability. SB 361 would take effect upon publication in the *Kansas Register*.

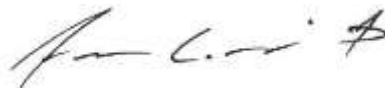
Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$924,491
FTE Pos.	--	--	--	--

The Kansas Department of Labor reports that enactment of SB 361 would not have a fiscal effect for the agency. The bill could affect local governments as an employer would be required to pay more for an injured worker who is permanently totally disabled.

The Department of Administration estimates that enactment of SB 361 could result in additional expenditures of approximately \$924,491 in FY 2023 for workers compensation benefits paid to state employees through the State Self Insurance Fund. The agency notes that the bill would increase expenditures not only by removing the cap on permanent total disability benefits, but also requiring full payment of the employee's average weekly wage instead of two-thirds of the wage. The agency states the bill also has the potential to increase permanent total disability cases as litigants would not have incentive to settle without the cap in place. To calculate the estimate, the agency used an average weekly wage of \$904.00 and a total of 53 cases that are currently receiving permanent total disability benefits. The agency estimates that enactment of the bill would increase cases by six per year. There would also be an increase to the agency's estimate seen in future years if the average salary were to increase. In the previous fiscal note, the agency included potential long-range costs in their FY 2023 estimate. The agency has corrected the estimate to reflect only costs they believe will occur in FY 2023.

The Kansas Insurance Department states that enactment of the bill would increase worker compensation benefit payments for carriers. The Workers Compensation Fund administered by the Department would also face increased benefit payments, but the actual fiscal effect could not be estimated. Any fiscal effect associated with SB 361 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Celeste Chaney-Tucker, Department of Administration
Bobbi Mariani, Insurance