

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5973-01
Bill No.: HB 2266
Subject: Workers Compensation; Fire Protection
Type: Original
Date: April 22, 2016

Bill Summary: This proposal changes the laws regarding workers' compensation insurance premiums of volunteer fire departments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$46,839 to Less than \$1,316,839)	(\$48,242 to Less than \$1,318,242)	(\$48,653 to Less than \$1,318,653)
Total Estimated Net Effect on General Revenue	(\$46,839 to Less than \$1,316,839)	(\$48,242 to Less than \$1,318,242)	(\$48,653 to Less than \$1,318,653)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal will have a negative fiscal impact to their organization based on the activities related to §287.245 are new for the Division of Workers' Compensation.

Therefore, DOLIR would need one additional staff in the form of an Administrative Office Support Assistant. DOLIR would need to create an application form, review the applications and other supporting documentation, coordinate with the volunteer fire protection associations, review the claims filed with the division, approve the grant requests, coordinate the requisitions of the funds in order to disburse the grant monies, etc.

There are approximately 635 Volunteer Fire Associations with approximately 21,114 volunteer firefighters in Missouri. Using the classification code specifically applicable to volunteer firefighters, the Division's records indicate that it received approximately 13 Claims for Compensation (Claim) in either CY2014 or CY2015. Therefore, it is assumed that the majority (possibly all) of the 635 Volunteer Fire Associations could be eligible for the maximum grant of \$2,000. The division assumes a need for \$1,270,000 (635 x \$2,000) of General Revenue funds in order to support the grants specified. Since the amounts of the grants are set in the statute, DOLIR assumes there would be no inflationary adjustment to the grant in succeeding years.

Officials at the **Department of Public Safety - Division of Fire Safety (DFS)** assume this proposal will not have a fiscal impact on their organization. However, we anticipate a substitute will be filed as was done with a similar proposal from this year (SB 613). If so, this will put the responsibility of this program within our office and therefore, create a fiscal impact for DFS.

Officials at the **Department of Insurance, Financial Institutions, and Professional Registration and Office of Administration** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **City of Pineville** assume this proposal will have a positive fiscal impact on their organization and note they pay \$5,000 per year for workers' compensation for their volunteer firefighters.

Officials at the **City of Kansas City** assume this proposal will not have a fiscal impact on their organization.

Officials at the **Callaway County** and **St. Louis County** each assume this proposal will not have a fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Transfer Out - DOLIR - Grant</u>			
Disbursements to Qualifying Fire Protection Associations	\$0 or (Less than \$1,270,000)	\$0 or (Less than \$1,270,000)	\$0 or (Less than \$1,270,000)
<u>Costs - DOLIR</u>			
Personnel Services	(\$23,420)	(\$28,385)	(\$28,669)
Fringe Benefits	(\$14,808)	(\$17,847)	(\$17,924)
Equipment and Expenses	<u>(\$8,611)</u>	<u>(\$2,010)</u>	<u>(\$2,060)</u>
<u>Total Costs - DOLIR</u>	<u>(\$46,839)</u>	<u>(\$48,242)</u>	<u>(\$48,653)</u>
FTE Change - DOLIR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$46,839 to Less than <u>\$1,316,839</u>)	(\$48,242 to Less than <u>\$1,318,242</u>)	(\$48,653 to Less than <u>\$1,318,653</u>)
Net FTE Change - DOLIR	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
VOLUNTEER FIRE PROTECTION ASSOCIATIONS			
<u>Transfer In - General Revenue - Grant</u>			
Disbursement	\$0 or Less than \$1,270,000	\$0 or Less than \$1,270,000	\$0 or Less than \$1,270,000
<u>Costs - Workers' Compensation Benefits Claims</u>			
	\$0 or (Less than <u>\$1,270,000</u>)	\$0 or (Less than <u>\$1,270,000</u>)	\$0 or (Less than <u>\$1,270,000</u>)
NET EFFECT ON VOLUNTEER FIRE PROTECTION ASSOCIATIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill allows volunteer fire protection associations to apply to the Division of Workers' Compensation for grants for the purpose of funding the workers' compensation insurance premiums for the association's volunteer firefighters. Subject to appropriations, the division will disburse grants to each applying volunteer fire protection association according to the schedule specified in the bill. Grant money disbursed under this section must only be used for the purpose of paying for the workers' compensation insurance premiums for volunteer firefighters.

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
Department of Public Safety - Fire and Tobacco Control
Department of Insurance, Financial Institutions, and Professional Registration
Office of Administration
City of Pineville
City of Kansas City
Callaway County
St. Louis County



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April 22, 2016

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April 22, 2016