

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2855-01  
Bill No.: HB 1523  
Subject: Victims of Crime; Insurance - Life; Workers Compensation  
Type: Original  
Date: January 24, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Crime Victims' Compensation	\$0 to (\$388,222)	\$0 to (\$465,867)	\$0 to (\$465,867)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0 to (\$388,222)</b>	<b>\$0 to (\$465,867)</b>	<b>\$0 to (\$465,867)</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>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Labor and Industrial Relations, Division of Worker's Compensation (DWC)** state that, essentially, this legislation attempts to make four substantive changes to the Crime Victims' Compensation statutes. First, this proposal states that a claimant is not required to reside with the victim to be eligible for compensation. Second, it eliminates the requirement that a claimant miss two consecutive weeks of work before being eligible for loss of earnings or support. Third, this legislation increases the maximum award amount from \$200 per week to \$400 per week for loss of earnings and support. Finally, it increases from \$5,000 to \$7,500 the amount available for burial expenses.

DWC does not believe that there will be any fiscal impact relating to the provision regarding victim residency since this merely clarifies existing statute. In loss of earnings and support cases, the DWC has no method to determine the number of potential cases where victims request lost wages in instances where they were absent from work for less than two weeks. However, this change is not expected to have a significant financial impact on the fund. During the last three fiscal years, the maximum benefit was paid in 672 cases for a total of 5,788 weeks for a total of \$1,157,600 (5,788 weeks x \$200) in payment for loss of earnings and support. If the ceiling was raised from \$200 to \$400, the total amount would double to \$2,315,200 (5,788 x \$400) for an additional cost to the fund of \$1,157,600 (\$2,315,200 - \$1,157,600) for three years, or \$385,867 annually. For funeral benefits, the DWC awarded the maximum amount compensable in 64 claims over the last three years for a total payout of \$320,000 (64 x \$5,000). By increasing the award amount available for funeral and burial expenses by \$2,500, DWC believes that an additional \$160,000 (64 x (\$7,500 - \$5,000)) would have been awarded for a three year period, or an additional \$80,000 annually.

In total, DWC estimates a cost to the Crime Victims' Compensation Fund of roughly \$465,867 (\$385,867 + \$80,000) per year.

Officials from the **Office of the State Courts Administrator** assumed this proposal would not fiscally impact their agency.

**Oversight** assumes with the increased ceilings, it is likely that some recipients will not receive the new maximum payment amounts. Rather, some of the awards will fall between the previous and the new ceilings. Therefore, Oversight has ranged the fiscal impact from \$0 to (\$465,867) per year, with the actual fiscal impact falling somewhere in between. Truly Agreed to and Finally Passed Senate Bill 267 from the 2001 session raised the overall ceiling a victim may receive under this section from \$15,000 to \$25,000, however, Oversight assumes many victims receiving the maximum per week award or the maximum death benefit will fall under the existing \$25,000 cap.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>CRIME VICTIMS' COMPENSATION FUND</b>			
<u>Costs - Division of Workers' Comp.</u> Increased claim amounts	<u>\$0 to (\$388,222)</u>	<u>\$0 to (\$465,867)</u>	<u>\$0 to (\$465,867)</u>

<b>ESTIMATED NET EFFECT TO THE CRIME VICTIMS' COMPENSATION FUND</b>	<b><u>\$0 to (\$388,222)</u></b>	<b><u>\$0 to (\$465,867)</u></b>	<b><u>\$0 to (\$465,867)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal makes several changes to the law governing the Crime Victims' Compensation Fund.

The proposal:

- (1) Clarifies that a claimant need not have lived with the crime victim in order to be eligible;
- (2) Removes the provision that requires the claimant to have lost at least two continuous weeks of earnings to be eligible;
- (3) Increases the maximum award for funeral expenses from \$5,000 to \$7,000; and
- (4) Increases the maximum loss of earnings reimbursement amount from \$200 per week to \$400 per week.

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 the State Courts Administrator



Mickey Wilson, CPA  
Acting Director  
January 24, 2002