

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1952-02
Bill No.: HB 845
Subject: Workers Compensation; Business and Commerce
Type: Original
Date: April 18, 2011

Bill Summary: This proposal allows up to two members of an employer's family within the third degree of affinity to opt out of workers' compensation insurance but still be counted toward the total number of employees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Workers Compensation Fund	(Unknown)	(Unknown)	(Unknown)
Second Injury Fund	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations** assume the fiscal impact to the Division of Workers' Compensation (Division) is difficult to determine. It is unknown how many businesses are formed as sole proprietors and partnerships that would be impacted by the proposed legislation. Workers' compensation insurance premiums would be impacted but it is unknown to what extent. It appears that family members of a business that decline coverage would count for coverage purposes; however, the premiums would only be based on the employees that accept coverage. This would result in less premiums and impact the workers' compensation administrative fund and second injury fund.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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WORKERS COMPENSATION FUND

<u>Loss - Workers Compensation Fund</u> premiums not required to be paid	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON WORKERS COMPENSATION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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SECOND INJURY FUND

<u>Loss - Second Injury Fund</u> premiums not required to be paid	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON SECOND INJURY FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses could be affected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes the Family Business Growth Act which allows up to two members of an employer's family within the third degree of affinity to opt out of workers' compensation insurance but requires them to be counted toward the total number of employees under Section 287.030, RSMo. This provision will not affect any employee currently receiving workers' compensation or any other insurance required by the state. The provisions of the bill will expire August 28, 2015.

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



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