March 4, 2019

CORRECTED

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Tarwater:

      SUBJECT: Corrected Fiscal Note for HB 2012 by Representative Carmichael

      In accordance with KSA 75-3715a, the following corrected fiscal note concerning HB 2012 is respectfully submitted to your committee.

      HB 2012 would amend the Workers Compensation Act by replacing the word "prevailing" with the word "substantial" which would lower the threshold for compensation. Under the bill, a substantial factor would be defined as a material element in bringing about an injury, repetitive trauma or occupational disease. A prevailing factor would be the primary factor for the injury and need for medical care.

      The Department of Labor states that enactment of HB 2012 would not have a fiscal effect on the agency. According to the Kansas Department of Health and Environment, the bill would have a fiscal effect of $1,245,078 for FY 2020. This estimate includes legal costs of $15,250 and denied claims cost of $1,229,828. In the fiscal effect statement originally issued, the agency was reported as the Department of Administration rather than the Kansas Department of Health and Environment. The Insurance Department states that the bill would increase expenditures for the Workers Compensation Fund. However, currently it is not possible to determine the extent of the increase. Any long-term costs would be associated with other factors such as rising medical costs, increased wages, and other statutory changes to benefits. The bill would also increase costs to local governments and the fiscal effect would vary based on the local government employment base. Any fiscal effect associated with HB 2012 is not reflected in *The FY 2020 Governor's Budget Report*.

      Sincerely,

Larry L. Campbell
Director of the Budget

cc: Dawn Palmberg, Department of Labor
      Dan Thimmesch, Health & Environment
      Colleen Becker, Department of Administration