

March 1, 2023

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2063 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2063 is respectfully submitted to your committee.

HB 2063 would specify that when an employee begins receiving retirement benefits under the federal Social Security Act after a work-related accident, any compensation for permanent total disability or permanent partial disability that the employee is eligible to receive under the Workers Compensation Act for the claim would be reduced by the weekly equivalent amount of the federal Social Security retirement benefits.

If the employee begins receiving retirement benefits after the accident that are funded by the employer against whom the claim is being made, other than retirement benefits under the Social Security Act, any compensation benefits payments for permanent total disability or permanent partial disability that the employee is eligible to receive under the Workers Compensation Act for the claim would be reduced by the weekly equivalent amount of the total amount of such retirement benefits. No portion of these retirement benefits that would be attributable to payments or contributions made by the employee would be subject to this reduction.

The bill specifies that whether the employee receives retirement benefits under the Social Security Act or through any other retirement plan, workers compensation benefits for permanent disability could not be less than the workers compensation benefit payable for the employee's percentage of functional impairment.

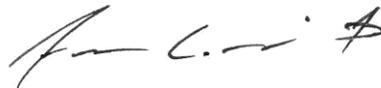
The Department of Administration estimates additional expenditures of \$131,544 from the State Self Insurance Fund in FY 2024 resulting from the enactment of HB 2063. The Department

estimates six claimants would qualify for benefits under the provisions of the bill with an average Social Security benefit of \$1,827 per month, resulting in a monthly cost of \$10,962 for all claimants (6 claimants x \$1,827 = \$10,962). The annual cost would be \$131,544 from the State Self Insurance Fund beginning in FY 2024 (\$10,962 x 12 months = \$131,544). The Department states the estimated number of claimants is based upon data from the State Self Insurance Fund over the last three years.

According to the Kansas Department of Labor, enactment of the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2063 is not reflected in *The FY 2024 Governor's Budget Report*.

The League of Kansas Municipalities states enactment of the bill would not have a fiscal effect on cities. The Kansas Association of Counties states any fiscal effect would be negligible on counties.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", followed by a stylized flourish.

Adam Proffitt
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Tamara Emery, Department of Administration
Vicki Jacobsen, Judiciary
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties