

March 7, 2022

The Honorable Renee Erickson, Chairperson
Senate Committee on Commerce
Statehouse, Room 546-S
Topeka, Kansas 66612

Dear Senator Erickson:

SUBJECT: Fiscal Note for SB 504 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 504 is respectfully submitted to your committee.

SB 504 would reduce workers compensation benefit payments for permanent disability if, after an injury, an employee begins to receive retirement benefits, other than those under the federal Social Security Act, and the retirement benefits are funded by the employer against whom the claim is being made. The bill would also provide that if the employee receives such retirement benefits, the workers compensation benefits for permanent disability would not be less than the benefit payable for the employee's percentage of functional impairment. Current law allows this reduction for retirement benefits in place prior to the injury and also includes benefits under the Social Security Act, other than payments or contributions made by the employee.

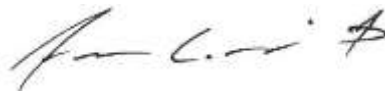
| Estimated State Fiscal Effect | | | | |
|-------------------------------|----------------|----------------------|----------------|----------------------|
| | FY 2022 SGF | FY 2022 All Funds | FY 2023 SGF | FY 2023 All Funds |
| Revenue | -- | -- | -- | -- |
| Expenditure | -- | -- | -- | \$119,376 |
| FTE Pos. | -- | -- | -- | -- |

The Kansas Department of Administration estimates that enactment of SB 504 would result in additional benefits paid from the State Self Insurance Fund totaling \$119,376 in FY 2023. The estimate is based on data over the last three years and assumes the change would affect a total of six claims per year with an average Social Security benefit of \$1,658 per month. This would be

an ongoing cost that would increase over time, not only for additional claimants affected, but for any increases in Social Security rates.

The Kansas Insurance Department states enactment of the bill could increase benefit payments from the Workers Compensation Fund, but a fiscal effect could not be estimated. The Kansas Department of Labor and the Kansas Public Employees Retirement System state that enactment of SB 504 would not result in any fiscal effect on operations for either agency. Any fiscal effect associated with SB 504 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Celeste Chaney-Tucker, Department of Administration
Bobbi Mariani, Insurance
Jarod Waltner, KPERS