

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2023 REGULAR SESSION**

MEASURE

2023 BR NUMBER 1135

HOUSE BILL NUMBER 322

TITLE AN ACT relating to workers' compensation.

SPONSOR Representative Jared Bauman

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Various

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Various

FISCAL ESTIMATES	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(Indeterminable)	Indeterminable
EXPENDITURES		(Indeterminable)	(Indeterminable)
NET EFFECT		(Indeterminable)	Indeterminable

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of this measure is to require the Department of Workers' Compensation Funds to create a program to issue lump-sum settlements for outstanding claims. In addition, once the Special Fund has reached a balance that can fund the remaining claims, the bill requires the Special Fund assessment rate to be set by the General Assembly (at a minimum of 6%) in order to finance all programs within the Education and Labor Cabinet (ELC) except the Department of Workplace Standards and the Office of Employer and Apprenticeship Services.

FISCAL EXPLANATION: The impact of this bill is indeterminable since it is unknown how many remaining claimants would choose to take the lump-sum settlement and what those lump-sum calculations could be. Lump-sum payouts and hiring a third-party administrator to process the payouts would result in an increase in expenditures in fiscal year 2024. The payouts would also initially reduce the Special Fund revenues in fiscal year 2024 due to a decrease in a fund balance to accumulate interest, however, there could be future cost savings in the total paid to claimants over time.

The bill states that once the Special Fund has reached a sufficient balance to pay claimants, the assessment rate would be set by the General Assembly to finance all programs in ELC (excluding the Department of Workplace Standards and the Office of Employer and

Apprenticeship Services). Currently, several appropriation units within the Cabinet are not funded with the special assessment, therefore, at full implementation of the bill there would be a decrease in need for General Fund appropriation. The date in which the Special Fund could reach a sufficient balance to payout claimants is unknown and the future funding needs of ELC programs are indeterminable.

DATA SOURCE(S): LRC Staff

PREPARER: Sara Rome NOTE NUMBER: 37 REVIEW: JAB DATE: 2/20/2023