

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0356S.06T
 Bill No.: Truly Agreed To and Finally Passed SS for SB 45
 Subject: Fire Protection; Political Subdivisions
 Type: Original
 Date: June 2, 2021

Bill Summary: This proposal creates new provisions relating to certain firefighters who have contracted certain types of cancer as a result of employment as a firefighter.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	\$0 or Up to (\$5,000,000)	\$0 or (Unknown)	\$0
Total Estimated Net Effect on General Revenue*	\$0 or Up to (\$5,000,000)	\$0 or (Unknown)	\$0

*Subsection 320.400.6 allows a pool to apply to the State Fire Marshal (Department of Public Safety – Division of Fire Safety) for a grant for the purpose of establishing a voluntary firefighter cancer benefits pool. This subsection expires on June 30, 2023.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§320.400 – Firefighters who have contracted certain types of cancer

Officials from the **City of Kansas City** assume the legislation could have a negative fiscal impact on Kansas City if it leads to an increase of workers' compensation claims. There is a concern in §320.400.02(11) which states that the employer's policies and benefits will treat a cancer diagnosis as on-the-job but that will not affect a workers' compensation determination. The city notes this section of the proposal to be contradictory.

In response to a previous version, officials at the **City of Springfield** estimated the bill will impose additional costs of at least \$1,000,000 per year, although based on the language of the bill, the City cannot make a firm determination. Further, it is not clear how the proposed fund will interact with a political subdivision's insurers.

Oversight contacted the City of Springfield regarding the additional costs in their response. These costs do not relate to workers' compensation claims and the city has also revised their response from \$1,000,000 to \$500,000 in costs per year. This cost would occur should the city participate in a pool.

Oversight assumes this proposal creates new provisions relating to certain firefighters who have contracted certain types of cancer as a result of employment as a firefighter and allows local political subdivisions to set up a voluntary firefighter cancer benefits pools to make contributions into. A board of trustees (board) will oversee the administration of the pool. Oversight assumes actions by the board could result in unknown costs to local political subdivisions. Oversight assumes the local political subdivision would only establish a pool to benefit certain firefighters and the proposal could be absorbed within their current appropriations. Therefore, Oversight will assume a negative fiscal impact to local political subdivisions and will range the fiscal impact from \$0 (no trust established – bill is permissive) to an unknown cost (contributions into and administration of a pool).

Oversight notes that according to subsection 6 of §320.400, the State Fire Marshall may set up a grant for the purpose of establishing a voluntary firefighter cancer benefits pool and would disburse grants to the trust upon receipts of applications. This subsection will expire on June 30, 2023. Oversight notes CCS for SCS for HCS for HB 8, which was Truly Agreed to and Finally Passed on May 7, 2021, would establish a \$5,000,000 appropriation for this benefits pool. Therefore, for FY 2022, Oversight will reflect a potential cost to the state of \$0 or Up to (\$5,000,000). Oversight will also reflect a potential unknown cost for grants in FY 2023.

In response to a previous version, officials from the cities of **Ballwin, Bland and Corder**, the **Fruitland Area Fire Protection District** and the **Rolla Rural Fire Protection District** each assumed the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal establishes the “Voluntary Firefighter Caner Benefits Pool”. This provision will impact General Revenue (GR) expenditures to the extent the General Assembly appropriates existing GR dollars to the fund. B&P defers response to DPS on the impact.

Officials from the **Department of Public Safety’s Division of Fire Safety**, the **Attorney General’s Office**, the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Office of Administration**, the **Joint Committee on Administrative Rules**, the **State Tax Commission** and the **Office of the Secretary of State**, each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **City of Claycomo** and the **City of O’Fallon** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and fire protection districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Transfer Out</u> – potential appropriation of funds to DPS/DFS to set up a grant to establish a voluntary firefighter cancer benefits pools (§320.400.6)	<u>\$0 or Up to (\$5,000,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or Up to (\$5,000,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL FIRE DEPARTMENT FUNDS			
<u>Transfer In</u> – grants received for a voluntary firefighter cancer benefits pool fund (§320.400.6)	\$0 or Up to \$5,000,000	\$0 or Unknown	\$0
<u>Costs</u> – may establish a pool to benefit certain firefighters who have certain types of cancer (§320.400)	\$0 or Could exceed (\$5,000,000)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – disbursement of funds (§320.400)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL FIRE DEPARTMENTS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act allows for the creation of a Voluntary Firefighter Cancer Benefits Pool by three or more political subdivisions. Under the act, any political subdivision may make contributions to a Voluntary Firefighter Cancer Benefits Pool. The board of trustees of any pool created for the purposes of this act is subject to the Sunshine Law. The pool is allowed to make payments to covered individuals based upon the type of cancer with which the covered individual was diagnosed.

Benefits may be reduced by 25% if the covered individual used a tobacco product within the 5 years immediately preceding the cancer diagnosis.

If any individual that receives benefits under this act thereafter receives workers' compensation benefits for the same injury, then the workers' compensation benefits or death benefits shall be reduced 100% by any benefits received from the pool under this act.

Furthermore, the employer in any workers' compensation claim shall be subrogated to the right of the employee or to the dependent or domestic partner to receive benefits from the pool and such employer may recover any amounts which such employee or the dependent or domestic partner would have been entitled to recover from the pool under this act. Any receipt of benefits from the pool under this act shall be treated as an advance payment by the employer, on account of any future installments of workers' compensation benefits.

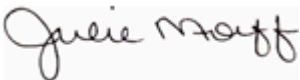
Any pool created for the purposes of this act may accept or apply for grants or donations from any private or public source. Furthermore, any such pool may apply for grants from the state fire marshal. This provision expires June 30, 2023.

The act also amends a provision of law relating to disbursement of grants to volunteer fire protection association workers' compensation insurance premiums for volunteer firefighters. Current law requires the State Fire Marshal to disburse such grants to any applying association. This act permits such disbursement.

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

City of Kansas City
City of Springfield
Joint Committee on Administrative Rules
Office of the Secretary of State
Department of Health and Senior Services
Department of Public Safety - Fire Safety
Department of Labor and Industrial Relations
Department of Revenue
Attorney General's Office
State Tax Commission
Office of Administration - Budget and Planning
Office of Administration
City of Ballwin
City of Corder
City of O'Fallon
City of Bland
City of Claycomo
Rolla Rural Fire Protection District
Fruitland Area Fire Protection District



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June 2, 2021



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