

SESSION OF 2018

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 2184**

As Recommended by Senate Committee on  
Commerce

**Brief\***

Senate Sub. for HB 2184 would increase certain death and related benefits allowed by the Workers Compensation Act (Act).

When an employee dies at the workplace, the Act allows for an initial payment to be shared between the surviving spouse and the dependent children. The spouse receives 50.0 percent, and the children, if applicable, receive 50.0 percent. The bill would increase the initial payment from \$40,000 to \$60,000. After the initial payment, the Act generally allows for those dependents to receive weekly payments, subject to minimum and maximum amounts that are specified by law. Under the Act, a wholly dependent child may receive subsequent weekly benefits until the age of 18 or age 23, provided the child is either incapable of earning wages or enrolled as a full-time student in college or a vocational institution. The bill would clarify benefits for a dependent child 18 years old would continue until May 30 of the child's senior year of high school or until the child turns 19, whichever would happen earlier. If a deceased employee leaves behind a spouse, dependent children, or both, then no other dependents or heirs may receive benefits under the Act.

The remainder of the bill would revise certain minimum and maximum benefits payable for other individuals. Pursuant to the Act, other individuals who were wholly dependent upon a deceased employee's earnings are eligible for a benefit.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would increase the maximum benefit from \$18,500 to \$100,000. In situations where a deceased employee leaves behind persons who were partially dependent, the minimum benefit would increase from \$2,500 to \$25,000, and the maximum benefit would increase from \$18,500 to \$100,000.

The Act allows legal heirs to receive a lump-sum payment of \$25,000, but they are exempt from receiving that benefit if there is a life insurance policy that was procured by an employer worth not less than \$18,500 and with beneficiaries designated by the deceased employee. The bill would increase the lump-sum benefit to heirs from \$25,000 to \$100,000. However, if the employer procured a life insurance policy in an amount not less than \$50,000, then the benefit paid to the heirs would be reduced by the amount of the life insurance, up to \$100,000.

The maximum amount paid by the employer for burial expenses would increase from \$5,000 to \$10,000. When a court-appointed conservator is necessary, the maximum costs paid by an employer would increase from \$1,000 to \$2,500.

## **Background**

HB 2184 was introduced by the House Committee on Commerce, Labor and Economic Development during the 2017 Legislative Session to revise the Sales Tax and Revenue (STAR) Bond Financing Act and extend the sunset from July 1, 2017, to July 1, 2022. The bill passed the House on May 3, 2017. As part of the Conference Committee Report on SB 30 that the Legislature passed, STAR Bonds are scheduled to sunset on July 1, 2020. For the first 12 months of the extension, there is a moratorium on the creation of new STAR Bond project districts. Cities or counties with existing districts may continue to develop projects and issue bonds.

The Senate Committee on Commerce deleted the contents of the bill and inserted the amended contents of SB

339. The remainder of this note describes the background of that bill.

**SB 339**

The bill was introduced by the Senate Committee on Commerce at the request of Senator Holland who spoke in favor of the bill during the hearing before the Senate Committee. He explained the death benefits were brought to his attention by a constituent whose stepson died in a grain elevator explosion in Atchison on October 21, 2011. He concluded the limits on benefits that were set 30 or 40 years ago are economically too low for today. Representatives of the Kansas AFL-CIO and the Kansas Trial Lawyers Association spoke in support of the bill, stating the average number of workplace deaths over the past ten years has been 46. The bill would adjust for inflation. Conferees noted the bill would bring benefits that are rarely used into line with Worker Compensation reforms passed by the Legislature in 2011. A representative of the Kansas Funeral Directors Association spoke in favor of that portion of the bill pertaining to funeral benefits, explaining the national average for a funeral, including vault, was \$8,755 in 2016. This excludes cemetery space, which can range between \$1,500 and \$2,000.

Written-only testimony in favor of the bill was provided by a husband and wife who lost a son in the grain elevator accident referenced above.

A representative of the Kansas Chamber spoke in opposition to the bill, expressing concern the legislation could lead to increased insurance premiums.

The Senate Committee amended the bill to:

- Clarify the duration a dependent child 18 years old could receive weekly benefits;

- Allow for certain life insurance policies to offset the lump-sum payment made to a legal heir;
- Reduce the burial expenses paid by an employer, from \$15,000 to \$10,000; and
- Reduce the expense paid by an employer for a court-appointed conservator, from \$5,000 to \$2,500.

According to the fiscal note, the Kansas Department of Labor indicates the bill, as introduced, would have no fiscal effect on the agency.