

January 28, 2021

The Honorable Sean Tarwater, Chairperson  
House Committee on Commerce, Labor and Economic Development  
Statehouse, Room 151D-S  
Topeka, Kansas 66612

Dear Representative Tarwater:

**SUBJECT:** Fiscal Note for HB 2041 by Representative Carmichael

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2041 is respectfully submitted to your committee.

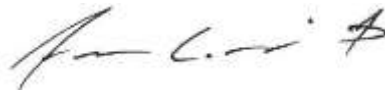
HB 2041 would amend workers compensation law related to workers compensation benefits and retirement benefits. Under current law, if an employee receives retirement benefits from federal social security or any other retirement plan provided by an employer, any workers compensation benefit payments the employee is eligible to receive are reduced by the weekly equivalent amount of total retirement benefits. The bill would specify that if an employee begins receiving federal social security retirement benefits after a work-related accident, any workers compensation benefits for permanent disability would be reduced by the weekly equivalent amount of the federal social security retirement benefits. Likewise, if an employee begins receiving employer-funded retirement benefits after an accident for which a claim is brought against the employer, any workers compensation benefits for permanent disability would be reduced by the weekly equivalent amount of the total amount of the retirement benefits. No portion of employer retirement plan benefits attributable to employee contributions would be subject to reduction.

Whether the employee receives retirement benefits under the federal Social Security Act or through any other retirement plan, the workers compensation benefits for permanent disability would not be less than the workers compensation benefit payable for the employee's percentage of functional impairment.

According to the Kansas Department of Labor, HB 2041 would have no fiscal effect on the Workers Compensation Program. The Department of Administration estimates the bill would increase expenditures for the State Self Insurance Fund by \$30,000 in FY 2022. The Department notes that changing applicability of retirement benefits to "any workers compensation benefits for

permanent disability” rather than “any compensation benefit payments” would reduce the claims in which retirement benefits could be used in place of workers compensation payments from the State Self Insurance Fund. The Department of Administration estimates expenditures would increase to \$30,390 in FY 2023. Any fiscal effect associated with HB 2041 is not reflected in *The FY 2022 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  
Jeff Scannell, Department of Administration