



## Fiscal Note 2025 Biennium

**Bill information:**

HB0427 - Revise military affairs laws regarding worker's compensation (Kerns, Scot )

**Status:** As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$3,000	\$3,000	\$3,000	\$3,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)

**Description of fiscal impact:** HB 427 revises workers compensation laws for Montana Army National Guard or Air National Guard members injured on state active duty. The changes provide for the difference between the gross workers' compensation benefits of the guard member and the equivalent pay they would have received if on federal active duty. Additionally, if a guard member is permanently disabled, the state must cover the difference between the gross workers' compensation benefits and the federal armed forces benefits rate.

### FISCAL ANALYSIS

**Assumptions:**

1. The impact of HB 427 is difficult to project as the payments would be based on the type of injury, severity of the injury, guard member grade, and length of service. DMA is unable to determine the workers' compensation benefits as these are calculated by Montana State Fund.
2. It is assumed the additional benefit would be calculated based on 10-1-502 (1), MCA.
3. National guard members ordered to state active duty receive pay and allowances per Section 10-1-502, MCA, which is based on the guard member's grade and length of service when on federal active duty.
4. It is assumed based on the agency's history that if an injury were to occur, it would most likely occur when guard member is responding to a wildfire while on state active duty. It is assumed the guard member would be an enlisted service member at Sergeant\E-5 grade or lower.

5. Based on the average weekly wage of \$973.50 (<https://lmi.mt.gov/qcewWkWage>), an injured person would receive 66.66% of that rate. Therefore, the average workers' compensation benefit is approximately \$2,595.74 per month. Montana State Fund would have to calculate the actual workers' compensation benefit, if an injury were to occur. The average guard member's E-5 pay is \$3,199.20 per month. The average difference in benefits would be \$603.46 per month (\$7,241.52 per year) until the termination of the workers' compensation benefits.
6. Over the last five years there have been 23 injuries reported for guard members on state active duty for a total cost of \$60,664 in claims.
7. There were 11 claims in FY 2017, 1 claim in FY 2020, 11 claims in FY 2021, and 0 in FY 2022. None of the claims resulted in permanent disability.
8. On average, the workers' compensation benefit is approximately 81% of the guard member's pay. Applying the 81%, the difference in the \$60,664 in claims that would be paid as an additional benefit would have been \$14,230.
9. For the last five years, based on the claims paid the average liability for the additional benefit would have been \$6,805 in FY 2017, \$620 in FY 2021, and \$6,805 in FY 2021. This is calculated by total claims per year divided by total claims. Over the past five years this would be an average of \$2,846 per year over five years.
10. It is assumed that an average of \$3,000 per year will be incurred for temporary injuries.
11. It is assumed a catastrophic injury leading to disability is unlikely as the agency has not had one in the past 5 years.
12. There would be no additional general fund impact as the additional benefit claims would be paid out of the governor's disaster fund which is already accounted for in the general fund.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Benefits	\$3,000	\$3,000	\$3,000	\$3,000
<b>TOTAL Expenditures</b>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$3,000	\$3,000	\$3,000	\$3,000
<b>TOTAL Funding of Exp.</b>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$3,000)	(\$3,000)	(\$3,000)	(\$3,000)

**Technical Notes:**

1. The payment the guard member would receive is the difference between the gross workers' compensation benefit and the amount the guard member would have received if injured while on federal active duty. These payments received would be considered an additional benefit and not included as additional income when determining the workers' compensation benefits.
2. It is unclear if a guard member is injured on state active duty, if this additional benefit should be calculated based on the pay and allowances as prescribed in 10-1-502 (1), 10-1-502 (2), or 10-1-502 (3), MCA.
3. If a guard member is injured on state active duty and the injury results in permanent disability, the additional benefit would be calculated based on the benefits provided if the guard member was injured on federal active duty.

**NOT SIGNED BY SPONSOR**

\_\_\_\_\_  
*Sponsor's Initials*

\_\_\_\_\_  
*Date*

  
\_\_\_\_\_  
*Budget Director's Initials*

2-13-23  
*Date*