



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 529** HLS 24RS 685
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 25, 2024 7:15 PM	Author: CREWS
Dept./Agy.: Louisiana Workforce Commission & Office of Risk	
Subject: Redefines Wages Relative to Workers' Compensation	Analyst: Noah O'Dell

WORKERS COMPENSATION RE DECREASE SG EX See Note Page 1 of 1
 Provides relative to the determination of the average weekly wage

Current law stipulates the calculation of an average weekly wage (AWW) to determine workers' compensation (WC) benefits, which is primarily average earnings in the four weeks prior to the date of the injury, including paid leave. Current law provides for a calculation of WC benefits for part-time workers that may include loss of earnings from multiple employers based on a 4 week average. Current law provides a calculation of entitled benefits for seasonal employment as an annual weekly average earnings.

Proposed law redefines wages for all employees as AWW paid by the employer during the 52 week period prior to the date of the injury, regardless of full-time, part-time or seasonal status, and includes paid leave and certain other earnings. The AWW of an employee who has worked less than 1 week shall be based on the AWW agreed upon by the employer and employee at the time of employment.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Office of Risk Management (ORM) reports the bill is anticipated to decrease indemnity payments by increasing the look-back period from 4 weeks to 52 weeks in calculating the AWW of injured state workers beginning in FY 25.

According to ORM, the 52 week earnings calculation provided in the bill is anticipated to decrease indemnity payments to eligible state workers by 2% or \$114,000 annually as it captures lower salaries prior to annual market adjustments that are not included in a 4 week look-back period. Paid leave and other earnings are currently considered so the impact from their inclusion is expected to be immaterial. The Legislative Fiscal Office (LFO) cannot corroborate such savings will continue to materialize annually, because indemnity payments will be associated with injuries that have not yet taken place. However, the specifications of the bill lead LFO to believe the proposed measure will likely result in a decrease in indemnity payments when compared to current law.

The ORM data is based on the current workforce and does not include part time or seasonal employees, which is expected to have a minimal impact given the size of historical indemnity payments to these employees.

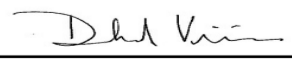
Though agencies transfer funds to ORM from all means of finance to fund the workers' compensation coverage for state employees, when a state worker becomes eligible for workers' compensation benefits, ORM makes indemnity payments to the worker as an SGR expenditure.

The LA Workforce Commission (LWC) is not anticipated to experience an expenditure impact from the bill.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}



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