

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 313 proposes changes to subrogation regarding third-party claims and the distribution of proceeds in the settlement of third-party claims under the Workers' Compensation Act. The bill removes the fair and equitable settlement hearing and adds a formula for reimbursement for cases in which a prior written agreement was not obtained. After deducting the reasonable expenses of making a recovery, the employee would receive one third of the remaining settlement; the employer or workers' compensation insurer would be reimbursed for payments already made; and the employee would receive the remaining balance.

The State's Workers' Compensation program is self-insured. The Workers' Compensation program in the Risk Management division of the Department of Administrative Services (DAS) is a revolving fund program, funded by annual assessments to agencies, boards and commissions, and the University and state colleges. Any increase in costs could increase the amount assessed to any of these entities.

LB 313 is not anticipated to substantially impact DAS – Risk Management and the workers' compensation benefits paid, but certain cases could have factors that result in potentially higher future payments. However, as this is hypothetical, the fiscal impact is not determinable at this time.

In its fiscal note response, DAS provides a table illustrating how any future fiscal impact would likely be spread among various fund types. The Fiscal Office has no basis to disagree with the analysis provided by DAS.

Fund Type	Percentage
General Fund	60%
Cash Fund	26%
Federal Fund	10%
Revolving Fund	4%
Total	100%

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 313	AM:	AGENCY/POLT. SUB: Nebraska Workers' Compensation Court		
REVIEWED BY: Gary Bush	DATE:	01/22/2025	PHONE: (402) 471-4161	
COMMENTS: Agree with the agency estimate of No Fiscal Impact.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
LB: 313 AM: AGENCY/POLT. SUB: Department of Administrative Services (DAS)
REVIEWED BY: Ryan Walton DATE: 2/12/2025 PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the DAS' assessment of indeterminate fiscal impact from LB 313.

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 313

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – Risk Management

Prepared by: ⁽³⁾ Sarah Skinner Date Prepared: ⁽⁴⁾ 1/27/25 Phone: ⁽⁵⁾ 402-419-4229

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 313 proposes changes to subrogation regarding third-party claims and the distribution of proceeds in the settlement of third-party claims under the Workers' Compensation Act. The bill removes the fair and equitable settlement hearing and adds a formula for reimbursement for any case in which a prior written agreement was not obtained. The bill would require that after deducting the reasonable expenses of making the recovery, one-third of the remainder shall be paid to the employee or his or her personal representative. After that distribution, the employer or workers' compensation insurer shall be paid for all compensation payments that they have already made or may be obligated to make in the future. After these distributions, the employee would receive any remaining balance.

The State's workers' compensation program is self-insured. The DAS - Risk Management workers' compensation program is a revolving fund program and is funded by an annual assessment that includes all agencies, boards and commissions, the University and state colleges. Any increase in costs could increase the amount assessed.

The table below summarizes the estimated impact of any increase in the assessment by fund type. The allocation by fund type is based on a five-year (2020-2024) average of the payment of previous workers' compensation assessments.

Fund Type	Percentage
General Fund	60%
Cash Fund	26%
Federal Fund	10%
Revolving Fund	4%
Total	100%

LB 313 is not anticipated to substantially impact DAS – Risk Management and the workers' compensation benefits paid, but certain cases could have factors that result in potentially higher future payments. However, as this is hypothetical, the fiscal impact is not determinable at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Workers' Compensation Court

Prepared by: ⁽³⁾ Jill G. Schroeder Date Prepared: ⁽⁴⁾ January 21, 2025 Phone: ⁽⁵⁾ 402.471.3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No Fiscal Impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				