

Revised

Consolidated Fiscal Note

2021-2022 Legislative Session

HF4017 - 1E - Omnibus Pension Bill; Select Portions

Chief Author: **Michael Nelson**
 Committee: **Taxes**
 Date Completed: **4/18/2022 5:46:07 PM**
 Lead Agency: **Revenue Dept**
 Other Agencies:
 Labor and Industry Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept						
General Fund	-	-	125	-	-	-
Workers Compensation	-	-	-	-	-	-
Revenue Dept						
General Fund	-	-	4	-	-	-
State Total						
General Fund	-	-	129	-	-	-
Workers Compensation	-	-	-	-	-	-
	Total	-	-	129	-	-
	Biennial Total			129		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept					
General Fund	-	-	-	-	-
Workers Compensation	-	-	.11	-	-
Revenue Dept					
General Fund	-	-	-	-	-
	Total	-	-	.11	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

The DOR portion of this fiscal note was revised to account for additional firefighter supplemental benefit reimbursements from the General Fund in FY23 for claims made since 2018.

LBO Signature: Joel Enders **Date:** 4/18/2022 5:46:07 PM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept					
General Fund	-	-	125	-	-
Workers Compensation	-	-	-	-	-
Revenue Dept					
General Fund	-	-	4	-	-
Total	-	-	129	-	-
			Biennial Total		-
			129		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Labor and Industry Dept					
General Fund	-	-	125	-	-
Workers Compensation					
Expenditures	-	-	15	-	-
Absorbed Costs	-	-	(15)	-	-
Revenue Dept					
General Fund	-	-	4	-	-
Total	-	-	129	-	-
			Biennial Total		-
			129		-
2 - Revenues, Transfers In*					
Labor and Industry Dept					
General Fund	-	-	-	-	-
Workers Compensation	-	-	-	-	-
Revenue Dept					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
			Biennial Total		-
			-		-

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Chief Author: **Michael Nelson**
 Committee: **Taxes**
 Date Completed: **4/18/2022 5:46:07 PM**
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
General Fund	-	-	4	-	-
Total	-	-	4	-	-
Biennial Total			4		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

The DOR portion of this fiscal note was revised to account for additional firefighter supplemental benefit reimbursements from the General Fund in FY23 for claims made since 2018.

LBO Signature: Joel Enders **Date:** 4/18/2022 5:44:34 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund		-	-	4	-	-
Total		-	-	4	-	-
Biennial Total				4		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	-	4	-	-
Total		-	-	4	-	-
Biennial Total				4		-
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The Department of Revenue (DOR) was asked to provide a fiscal note for only the Article 4, Section 21 portion of this bill.

This provision makes two clarifications to the Supplemental Benefit Reimbursement program where current law is silent. The first clarifies that a qualified recipient can be eligible for more than one supplemental benefit when that recipient has earned more than one lump-sum benefit, whether with one fire department or multiple fire departments. The second clarifies how to handle the supplemental benefit for lump-sum distributions that are paid in installments rather than all at once. This program is funded through as an-needed general fund appropriation and is not connected to Fire State Aid.

This provision is effective retroactively for supplemental benefits paid in 2018 and thereafter.

Assumptions

The Department of Revenue has minimal administrative impact as a result of this bill.

Expenditure and/or Revenue Formula

The bill will not impact state tax revenues. There will be an additional \$4,300 paid in Firefighter Supplemental Benefit Reimbursements from the general fund in FY23 that includes all claims made since 2018. The ongoing costs are unknown.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency staff provided information for this fiscal note.

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Agency Contact: Lisa Knops

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Fiscal Note

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Chief Author: **Michael Nelson**
 Committee: **Taxes**
 Date Completed: **4/18/2022 5:46:07 PM**
 Agency: **Labor and Industry Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	125	-	-	-
Workers Compensation	-	-	-	-	-	-
Total	-	-	125	-	-	-
Biennial Total			125			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Workers Compensation	-	-	.11	-	-
Total	-	-	.11	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 4/18/2022 11:34:38 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

Revised

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	-	-	125	-	-	-
Workers Compensation	-	-	-	-	-	-
Total	-	-	125	-	-	-
Biennial Total			125			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	125	-	-	-
Workers Compensation						
Expenditures	-	-	15	-	-	-
Absorbed Costs	-	-	(15)	-	-	-
Total	-	-	125	-	-	-
Biennial Total			125			-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Workers Compensation	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Article 7 of this bill requires the Department of Labor and Industry (DLI) to study the adequacy of current benefits available to disabled and injured police officers. The study must include consideration of workers' compensation, disability, and pension benefits and the adequacy of those benefits. DLI must have at least one public meeting regarding the study. The Public Employees Retirement Association (PERA) must cooperate with DLI in the conduct of the study. The study report is due on January 15, 2023.

Assumptions

Since DLI's only subject area expertise related to this bill is Workers Compensation and the challenging logistics such as onboarding and finding qualified individuals for a short-term study, DLI anticipates the need to partner with a consultant. The consultant would be responsible for discussion facilitation, stakeholder engagement, general research, and report compiling, drafting, publication, and distribution. Based on estimates provided by LCPR and the U of M Humphrey School of Public Affairs, the cost of the consultant is \$125,000.

In coordination with the consultant, DLI staff will need to meet with PERA, and possibly staff at LCPR, MSRS, and the MN Council on Disability to ensure that data is accurate and that there is a common understanding of the laws involved in the study. DLI estimates 10 hours for each staff member attending these meetings.

DLI's Research and Statistics (R&S) unit will perform the analysis required for studying the adequacy of workers' compensation benefits, is responsible for reviewing study materials, and reviewing the final report prepared by the consultant.

This will involve creating a spreadsheet to calculate permanent and total disability (PTD) benefits based on current workers' compensation law and the interaction with pension benefits (such as PERA or MSRS) due to a provision in Minnesota Statutes, section 176.101, subd. 4 that reduces PTD benefits when an injured employee is also receiving government disability benefits due to the same injury or injuries.

The study will analyze data in workers' compensation databases on past PTD claims for police officers.

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R&S expects the study will take approximately 120 hours.

DLI'S Office of General Counsel (OGC) will need to provide legal advice and review study materials

OGC has two attorneys that have previously advised on related issues, and due to the complexities of the interaction between workers' compensation law and other applicable laws, both will need to advise on this study.

OGC is also responsible for providing legal review of the final prepared report.

OGC estimates the total staff time for this study will be approximately 50 hours.

DLI's Compliance, Records, and Training (CRT) unit will need to assist in review of existing police officer workers compensation claims information and analysis of data. CRT estimates this analysis will require one employee for 10 hours.

The FTE cost related to this study is minimal to each unit's operating budget, therefore the costs can be absorbed.

Expenditure and/or Revenue Formula

DLI Unit	Research Hours	Meeting Attendance Hours	Total Hours	FTE	Cost*
Research & Statistics (R&S)	120	10	130	0.06	\$8,580
Office of General Counsel (OGC)	50	20	70	0.03	\$4,620
Compliance, Records, & Training (CRT)	10	10	20	0.01	\$1,320
Total	180	40	220	0.11	\$14,520

*Cost was determined using an average hourly rate of \$66, which includes salary/fringe/agency indirect

	FY22	FY23
Consultant	\$ 0	\$ 125,000

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Legislative Commission on Pensions and Retirement

University of Minnesota Humphrey School of Public Affairs

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