

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 795  
Economic Matters

(Delegates Branch and Glenn)

Finance

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Workers' Compensation – Permanent Partial Disability – Baltimore City Deputy Sheriffs

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This bill alters the definition of “public safety employee” to include Baltimore City deputy sheriffs, which makes these deputy sheriffs eligible for enhanced workers’ compensation benefits for claims arising on or after October 1, 2019.

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Fiscal Summary

**State Effect:** The bill does not directly affect State operations or Finances.

**Chesapeake Employer’s Insurance Company (Chesapeake) Effect:** The bill does not affect Chesapeake operations or finances.

**Local Effect:** Baltimore City expenditures increase, as discussed below, beginning in FY 2020. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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Analysis

**Current Law:** Normally, an employee who is awarded compensation for a permanent partial disability for a period less than 75 weeks is eligible to receive weekly benefits of one-third of his or her average weekly wage, but that amount may not exceed 16.7% of the State average weekly wage. However, a public safety employee is eligible for enhanced workers’ compensation benefits if awarded compensation for less than 75 weeks. In such a case, the employer or its insurer must pay the public safety employee at a compensation

rate set for an award period of greater than 75 weeks but less than 250 weeks. Thus, a public safety employee is eligible to receive approximately double the weekly benefits – two-thirds of his or her average weekly wage, but that amount may not exceed one-third of the State average weekly wage. The State average weekly wage for 2019 is \$1,116.

Deputy sheriffs from certain other jurisdictions (Allegany, Anne Arundel, Baltimore (under specified circumstances only), Howard, Montgomery, and Prince George's counties) are defined as public safety employees for this purpose.

**Background:** Baltimore City currently employs 119 deputy sheriffs.

**Local Expenditures:** Baltimore City is self-insured for workers' compensation, meaning that all compensation claims are paid directly by the city. Baltimore City deputy sheriffs are entitled to enhanced workers' compensation benefits under the bill's provisions, due to their designation as public safety employees; this benefit is for any claim. While the number of claims made subject to enhancement in any given year cannot be reliably estimated, any expenditure increase due to this designation may be significant, beginning in fiscal 2020.

Permanent partial disability awards for less than 75 weeks (awards that receive the enhanced benefits) are among the most common types of compensation awards. A public safety employee who receives such an award in 2019 would be entitled to a maximum weekly benefit of \$372 (for a maximum of 74 weeks, for a total of \$27,528); whereas any other employee would be entitled to a maximum weekly benefit of \$186 (for a maximum of 74 weeks, for a total of \$13,764) under the same circumstances. Thus, for each deputy sheriff who sustains this type of injury, Baltimore City may pay up to \$13,764 more in wage replacement benefits under this provision of the bill. *For illustrative purposes only*, if the city were to receive 12 such claims per year (reflecting 10% of deputy sheriffs), city expenditures could increase by up to \$165,168 annually due to this provision.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 349 (Senator Klausmeier) - Finance.

**Information Source(s):** Baltimore City; Chesapeake Employers' Insurance Company; Subsequent Injury Fund; Uninsured Employers' Fund; Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2019  
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