

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 106

(Chairman, Finance Committee)

(By Request – Departmental – Subsequent Injury Fund Board)

Finance

Economic Matters

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**Workers' Compensation - Subsequent Injury Fund - Assessment**

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This departmental bill repeals the termination date for the payment of 6.5% of permanent disability or death awards and settlements from the Workers' Compensation Commission (the commission) to the Subsequent Injury Fund (SIF).

The bill takes effect June 1, 2003.

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**Fiscal Summary**

**State Effect:** The bill would repeal the termination date of the 6.5% assessment on all permanent injury awards and settlements based on workers' compensation claims. If this bill is not enacted, SIF will receive a 5% assessment on all permanency and settlement awards. That reduction would total \$410,500.

**Injured Workers' Insurance Fund:** The bill would not materially affect the Injured Workers' Insurance Fund (IWIF). IWIF currently pays the 6.5% assessment and has budgeted for its continuation.

**Local Effect:** None.

**Small Business Effect:** SIF has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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## Analysis

**Current Law:** Payments of 6.5% of permanency awards and settlements from the commission to SIF are set to expire July 1, 2003. If those payments expire, an assessment of 5% of permanency awards and settlements takes effect. Employers or insurers, as directed by the commission, pay the assessment.

**Background:** SIF compensates injured workers whose preexisting injuries, diseases, or congenital conditions are substantially worsened by their current injuries. Its purpose is to encourage the employment of disabled individuals by limiting an employer's liability should a subsequent occupational injury render an individual permanently disabled or result in death. Employers or their insurers are only liable for damage caused by current injuries. SIF is then liable for damage from the combined effects of any injuries and conditions.

**State Fiscal Effect:** SIF receives special funds from a legislatively mandated 6.5% assessment on: (1) awards against employers or insurers for permanent disability or death; and (2) amounts payable by employers or insurers under settlement agreements, including those agreements approved by the commission. The agency's fiscal 2004 budget allowance is \$1.8 million. If the bill is not enacted, SIF will lose \$410,538 in special fund revenue, a 23% reduction.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Uninsured Employers' Fund, Workers' Compensation Commission, Injured Workers' Insurance Fund, Subsequent Injury Fund, Department of Legislative Services

**Fiscal Note History:** First Reader - February 27, 2003  
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