

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: HB1966

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Mullin

3. Committee: Commerce and Energy

4. Title: Workers' compensation; failure to timely pay compensation.

5. Summary: Requires, after the first occurrence of a failure to timely pay compensation under the Virginia Workers' Compensation Act and upon the occurrence of any subsequent or successive failure to pay compensation, that an additional penalty be added to the unpaid compensation amount in an amount that increases from \$100 for the first subsequent failure to pay compensation to \$500 for the fifth and any subsequent failures to pay compensation. Current law requires a penalty of 20 percent of such unpaid compensation amount for failure to timely pay compensation.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary – see Item 8.

8. Fiscal Implications: According to the Virginia Workers' Compensation Commission (VWC), the agency would have to upgrade its current claims system if the VWC is required to monitor the provisions of the bill; however, those upgrades would not be completed until early FY 2025. The estimated cost of the upgrade is up to \$1,250,000, which includes \$1.0 million in one-time development costs. The VWC also estimates an annual cost of up to \$250,000 to support two full-time employees to monitor and act on the provisions in the bill.

9. Specific Agency or Political Subdivisions Affected: Virginia Workers' Compensation Commission

10. Technical Amendment Necessary: No.

11. Other Comments: Currently, the VWC processes claims for the penalty when they are filed by or on behalf of the claimant. If the defendant objects to the requested penalty, then the penalty claim goes to the docket for adjudication by a Deputy Commissioner.