

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** HB2515

House of Origin      X      Introduced                  Substitute                  Engrossed  
Second House                 In Committee              Substitute                  Enrolled

**2. Patron:**        Tata

**3. Committee:** Commerce and Labor

**4. Title:**        **Workers' Compensation Act; uninsured employer's fund.**

**5. Summary:** Increases the maximum tax rate that may be assessed on uninsured or self-insured employers from 0.25 percent to 0.5 percent. The revenues from the tax fund workers' compensation benefits that are awarded against such employers from the uninsured employer's fund. The measure sunsets on July 1, 2012.

**6. Fiscal Impact Estimates:** Indeterminate

**7. Budget Amendment Necessary:** No

**8. Fiscal Implications:** HB 2515 will have a favorable impact upon the solvency of the Uninsured Employer's Fund (UEF) administered by Virginia Workers' Compensation Commission. The UEF pays workers' compensation benefits to injured workers' of employers who failed to secure the required workers' compensation coverage. The fund also serves as the guarantee fund for self-insured employers both individual employers and members of group associations. Only workers' compensation benefits are paid from the fund, there are no administrative costs charged to the UEF.

The current maximum assessment rate of the UEF is 0.25 percent of workers' compensation premiums. HB 2515 increases that to 0.5 percent. At 0.25, percent the UEF funding is at breakeven levels. Increases in benefits, primarily medical costs, threaten the future solvency of the fund at the current max assesment rate. The controls on the UEF funding are that only one year's budgeted expenditures may be in reserve and the the tax increase provision to 0.5 percent expires July 1, 2012. There does not appear to be any impact on the State Employee Workers' Compensation Services

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

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Document:** C:\Documents And Settings\Ckb\Desktop\2009 FIS's\HB2515.DOC