



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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<b>Bill Number:</b>	H. 3939	Introduced on February 24, 2021
<b>Author:</b>	Pope	
<b>Subject:</b>	Workers' Comp	
<b>Requestor:</b>	House Judiciary	
<b>RFA Analyst(s):</b>	Miller	
<b>Impact Date:</b>	April 16, 2021	

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### **Fiscal Impact Summary**

This bill will result in an undetermined increase in Other Funds expenditures for the State Accident Fund due to the potential increase in compensable workers compensation claims filed by law enforcement officers beginning in FY 2021-22. Additionally, this bill will result in an increase in General Fund, Other Funds, and/or Federal Funds expenditures for those agencies employing first responders to cover the increased cost of workers' compensation insurance premiums, beginning in FY 2021-22, that will offset the increased expenditure for the State Accident Fund.

Also, this bill will result in a corresponding undetermined increase in Other Funds revenue for the State Accident Fund due to increased premiums paid.

Further, the bill will result in an increase in local expenditures due to the potential increase in workers' compensation premium costs for law enforcement officers.

### **Explanation of Fiscal Impact**

#### **Introduced on April 16, 2021**

#### **State Expenditure**

This exempts law enforcement officers with an impairment causing stress, mental injury, or mental illness arising out of the course of employment without a physical injury from having to establish that the impairment occurred under extraordinary and unusual work conditions in order to be eligible for workers' compensation. This exemption applies if the impairment arises from direct involvement in, or subjection to, the use of deadly force in the line of duty or the repeated exposure, or subjection to, trauma in the officer's scope of work. Currently, law enforcement officers have to establish extraordinary and unusual work conditions in order to be eligible for workers' compensation for stress, mental injury, or mental illness. This exemption will result in an increase in the number of compensable workers' compensation cases relative to law enforcement officers with stress, mental injury, or mental illness.

**Workers Compensation Commission.** This bill does not materially alter the responsibilities of WCC. Therefore, this bill will have no expenditure impact on the agency.

**State Accident Fund.** This bill will result in an increase in the number of compensable workers' compensation claims. Additionally, this bill will result in an increase in the cost of workers' compensation insurance coverage, dependent upon the number of newly successful workers' compensation claims filed by law enforcement officers whose stress or mental illness stem from direct involvement in, or subjection to, the use of deadly force in the line of duty or the repeated exposure, or subjection to, trauma in the officer's scope of work.

The State Accident Fund offers workers' compensation insurance for state agencies. Based on similar bills, Revenue and Fiscal Affairs anticipates this section will result in an increase in the number of successful workers' compensation claims filed. This will result in an increase in Other Funds expenditure for the State Accident Fund to cover these claims. The State Accident Fund covers 7,677 law enforcement officers through various other state agencies.

Any increase in Other Funds expenditures for the State Accident Fund will be offset by an increase in workers' compensation premiums. Those agencies that employ law enforcement officers will have an increase in insurance premiums due to this increase in coverage. However, as the increase in the compensable claims is unknown, the increase to premiums is undetermined. Therefore, this bill will result in an increase in General Fund, Other Funds, and/or Federal Funds expenditures for those agencies employing first responders to cover the increased cost of workers' compensation insurance premiums beginning in FY 2021-22.

### **State Revenue**

This bill will result in an increase in the number of compensable workers' compensation cases relative to law enforcement officers with stress, mental injury, or mental illness. This will result in an increase in Other Funds expenditure for the State Accident Fund to cover these claims. Any increase in Other Funds expenditures for the State Accident Fund will be offset by an increase in workers' compensation premiums. Those agencies that employ law enforcement officers will have an increase in insurance premiums due to this increase in coverage. However, as the increase in the compensable claims is unknown, the increase to premiums is undetermined. Therefore, this bill will result in an undetermined increase in Other Funds for the State Accident Fund due to the increase in workers' compensation insurance premiums beginning in FY 2021-22.

### **Local Expenditure**

This bill may result in an increase in the cost of workers' compensation insurance coverage, depending upon the number of new workers' compensation claims likely to be filed by law enforcement officers whose stress or mental illness stem from direct involvement in, or subjection to, the use of deadly force in the line of duty or the repeated exposure, or subjection to, trauma in the officer's scope of work. Those local entities that employ law enforcement officers may see an increase in insurance premiums due to this increase in coverage. The South Carolina Association of Counties (SCAC) provides locals with workers' compensation insurance coverage through the South Carolina Counties Workers' Compensation Trust (SCCWCT). Additionally, the Municipal Association of South Carolina (MASC) offers locals workers' compensation coverage through the South Carolina Municipal Insurance Trust (SCMIT).

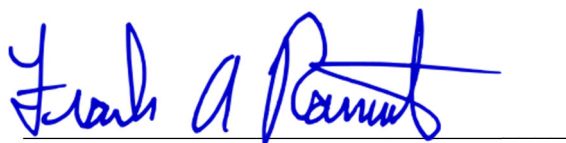
However, not all local governing entities purchase workers' compensation insurance from these trusts; they may instead purchase coverage from the private market or other sources.

Based on responses from SCAC and MASC on similar bills, Revenue and Fiscal Affairs (RFA) anticipates this section will result in an increase of compensable workers' compensation claims, which will increase the costs to the SCCWCT and SCMIT. However, as the amount of the compensation is unknown, the increased expenditure to the Trusts is undetermined. RFA expects that any increased expenditure to the Trusts or to other providers of workers' compensation coverage will result in an increase in premiums to the local governing entities covered. Therefore, this bill will result in an undetermined increase in workers' compensation premiums for local governing entities.

RFA also received a response from the Saluda County Sheriff's Office, which reported that the implementation of the bill would result in no expenditure impact.

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director