

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2667 by Latham (Relating to certain insurance-related matters involving rural volunteer firefighters, volunteer police force members, or emergency services districts.), **Committee Report 2nd House, As Amended**

State agencies may incur additional costs for private insurance premiums for peace officers in the event a conforming policy or special endorsement were developed in the market. The impact would vary, depending on the number of volunteer peace officers who would be eligible for coverage, the level of coverage provided, and the costs of premiums and how much of those costs would be paid by the state or passed on to the insured; therefore, costs cannot be estimated.

The bill would amend the Government Code to authorize the director of the Texas Forest Service to adopt rules to assist rural volunteer fire departments in the payment of audit costs for workers' compensation claims in any year in which there is an abnormally high number of wildfires.

The bill would add Subchapter H to Chapter 614, Government Code, to require the applicable state agency or political subdivision to provide insurance coverage for volunteer police members. The coverage could be provided by the applicable state agency or political subdivision or through an interlocal agreement with another political subdivision providing for self-insurance. The addition of Subchapter H would apply only to a volunteer police force member performing assigned duties on or after January 1, 2008.

The bill would amend the Health and Safety Code to specify that competitive bidding is not required for the purchase by an emergency services district of insurance coverage or repairs funded by a payment made under an insurance claim.

The bill would take effect September 1, 2007.

It is anticipated that the Texas Forest Service could implement provisions of the bill that are applicable to the agency utilizing existing resources.

According to the State Office of Risk Management (SORM), volunteers under the direction of an officer or employee of the state are currently covered for workers' compensation medical benefits under Section 501.026, Texas Labor Code, in the event of an injury sustained when a declaration of disaster has been issued pursuant to Chapter 418, Government Code. The bill would not expand the authority of SORM or the scope of the state employee workers' compensation insurance program coverage administered by SORM pursuant to Chapters 412 and 501, Texas Labor Code. Therefore, SORM indicates that agencies or political subdivisions may be required to obtain separate insurance specified by the bill. SORM is unable to identify a separate insurance model for coverage of an unknown or non-declared population currently in existence.

Local Government Impact

The fiscal impact to local governments for implementing Subchapter H would vary depending on whether the entity is or is not self-insured, the number of volunteer police members who would be

eligible for coverage, the level of coverage provided, and the costs of premiums and how much of those costs would be paid by the local governmental entity or passed on to the insured.

It is anticipated that the other provisions of the bill that would affect local government entities would not have a significant fiscal impact.

Source Agencies: 479 State Office of Risk Management, 576 Texas Forest Service

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