

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 29, 2021

TO: Honorable Chris Turner, Chair, House Committee on Business & Industry

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB637 by Canales (Relating to certain claims for benefits, compensation, or assistance by certain public safety employees and survivors of certain public safety employees.), **As Introduced**

The fiscal implications of the bill related to increased workers' compensation claims cannot be determined due to the inability to determine the future number of claims that may occur over the next five years from COVID-19 or any other disease for which the Governor may declare a disaster.

Passage of the bill would add a presumption that an injury from a disease that causes a disaster declaration is in the line of duty would increase the number of surviving spouses eligible for a total property tax exemption on the surviving spouse's residential homestead. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would amend Chapter 607, Subchapter B of the Government Code to define detention officers for the purpose of the Subchapter.

The bill would add a new section to Chapter 607 of the Government to specify that a detention officer, firefighter, peace officer, or emergency medical technician who contracts a disease that causes a disaster declaration by the Governor, which results in death or disability is presumed to have contracted the disease during the scope and course of their employment. As a result, the number of workers' compensation claims for certain employees could increase.

The fiscal implications of the provisions of the bill related to increased workers' compensation claims cannot be determined due to the inability to determine the future number of claims that may occur over the next five years from COVID-19 or any other disease for which the Governor may declare a disaster.

The bill would amend Chapter 615 of the Government Code, regarding financial assistance to survivors of certain individuals. The bill would add a new section to provide that an individual listed under Section 615.003 of the Government Code who suffers a "personal injury" resulting from a disease that is the basis for a disaster declaration from the Governor is presumed to have sustained the injury in the line of duty.

The bill would modify the definition of "personal injury" to include an injury resulting from a disease that is the basis for a disaster declared by the Governor.

Implementing the provisions of the bill could expand the number of individuals considered injured in the line of duty. The surviving spouse of a first responder (defined as an individual listed under Section 615.003 of the Government Code) who is killed or fatally injured in the line of duty is eligible for a total property tax exemption on the surviving spouse's residence homestead as provided by Section 11.134 of the Tax Code. As a result, taxable property values could be reduced, resulting in a cost to local taxing units and the state through the school funding formulas. The frequency, timing, and severity of future diseases cannot be predicted and the number of first responders' deaths presumed in the line of duty that otherwise wouldn't have qualified is unknown. Therefore the costs to implement the provisions of the bill cannot be estimated.

The Office of the Governor, Attorney General, Employees Retirement System of Texas, Department of Public Safety, Department of Insurance, Alcoholic Beverage Commission, Juvenile Justice Department, Department of Criminal Justice, and Parks and Wildlife Department all indicate the bill would have no significant fiscal impact.

Local Government Impact

The presumption that injury from diseases that cause a disaster declaration are in the line of duty would create a cost to local taxing units as more surviving spouses would be eligible for the residence homestead exemption. The frequency, timing, and severity of future diseases cannot be predicted and the number of first responders' deaths presumed in the line of duty that otherwise wouldn't have qualified is unknown. Consequently, the impact on property tax levies of local taxing units cannot be estimated.

The Texas Association of Counties Risk Management Pool (TAC RMP) currently provides workers' compensation coverage to 261 qualified public entity members, which include approximately 80%, or 203 of the 254 Texas counties. As of February 21, 2021, TAC RMP has received 1151 COVID-19 related claims. A total of 72%, or 830 of these claims were filed by member counties on behalf of their first responders, jailers and detention officers. Projected incurred reserves may be adversely impacted by an extended duration of the pandemic, efficacy of vaccines to emerging virus variants, cost of acute lifesaving treatment, and the tails of current COVID-19 claims which are evolving into chronic treatment. According to TAC RMP, the estimate for fiscal year 2021 is \$17 million for their members' first responders, jailers and detention officers alone.

Source Agencies: 300 Trusted Programs - Gov, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 327 Employees Retirement System, 405 Department of Public Safety, 454 Department of Insurance, 455 Railroad Commission, 458 Alcoholic Beverage Commission, 479 State Office of Risk Management, 644 Juvenile Justice Department, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

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