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## FISCAL IMPACT REPORT



SPONSOR: Maes DATE TYPED: 02/05/02 HB \_\_\_\_\_

SHORT TITLE: Amend Workers' Compensation Act SB 357

ANALYST: Woodlee

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		\$0.1 Indeterminate		Recurring	OSF

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Senate Bill 414 and Senate Joint Memorial 24

Conflicts with Section 52-1-7 NMSA 1978

### SOURCES OF INFORMATION

Workers' Compensation Administration

### SUMMARY

#### Synopsis of Bill

Senate Bill 357 amends the Workers' Compensation Act to provide that the provisions of the Act apply to employers engaged in activities required to be licensed pursuant to the provisions of the Construction Industries Licensing Act regardless of the number of employees unless the employer employs: 1) only one employee who is a clerical worker who does not engage in employment activities on a construction work site and the employer is a sole proprietorship, or 2) two employees, one of whom is a clerical worker who does not engage in employment activities on a construction work site and the other of whom is an officer or principal of the business entity engaged in activities required to be licensed.

#### Significant Issues

The Workers' Compensation Administration has concerns that the provisions in the bill will cause an increase in the number of required field visits to employers who will claim to fall within the scope of the proposed exceptions to the application of the Workers' Compensation Act because

there will be those employers who will attempt to avoid workers' compensation insurance under the broadened exceptions. Additionally, WCA is concerned with a conflict with the next section of the Workers' Compensation Act that defines "sole proprietor" (see Conflicts/Relationship section).

### **FISCAL IMPLICATIONS**

There is no appropriation or significant fiscal implication associated with this bill.

### **ADMINISTRATIVE IMPLICATIONS**

The Workers' Compensation Administration has expressed concern that the provisions in this bill will create the need for additional compliance inspections due to the increased number of employers who will claim to fall under the scope of the exceptions provided.

### **CONFLICT/RELATIONSHIP**

Senate Bill 357 creates a conflict by providing for an exception to the Workers' Compensation Act for employers who only employ one clerical worker and is a sole proprietor. The next section of the Act (52-1-7) defines sole proprietor as "a single individual who owns all the assets of a business, is solely liable for its debts and employs in the business no other person than himself."

Senate Bill 357 relates to Senate Bill 414, which appropriates funds to conduct a study on recent court decisions or other issues related to the Workers' Compensation Act. Additionally, the bill relates to Senate Joint Memorial 24, which requests an interim committee to study the workers' compensation system.

MW/njw