COMMITTEE REPORT

April 26, 2017

**H. 3441**

Introduced by Rep. Gagnon

S. Printed 4/26/17--S.

Read the first time January 31, 2017.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Bill (H. 3441) to amend the Code of Laws of South Carolina, 1976, by adding Section 42‑9‑450 so as to provide the payments of workers’ compensation by employers’ representatives must, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

TOM YOUNG, JR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Amended by the House of Representatives on January 26, 2017**

**State Expenditure**

This bill as amended allows an employer’s representative to make payments for workers’ compensation by check or electronic payment including, but not limited to, an electronic funds transfer, a direct deposit, debit card, or similar payment system.

**Workers’ Compensation Commission.** The Commission indicates current regulation requires compensation payments be made by paper check. The addition of electronic payment options in this bill has the potential of reducing the operating costs for employers or insurance carriers and decreases the possibility of the claimants being delayed in receiving their benefits because of a delay in delivery by the United States Postal Service. The supplementary payment options in this bill will not materially alter the day to day operations of the Commission since payments from the State specific to accidents come from the State Accident Fund. Therefore, this bill does not have an expenditure impact on the general fund, federal funds, or other funds.

**State Accident Fund.** The agency indicates they currently receive 4,000-5,000 claims per year and make payments using paper checks. This bill allows the agency to opt into using electronic payment for claimants but does not require them to do so. If the agency were to use electronic payment for its claimants, there will be fees associated with setting up an electronic payment option with the bank that provides payments on behalf of the State Accident Fund. Any savings associated with not having to print checks and pay for postage to mail them to claimants may be offset by costs for setting up an electronic payment option and will depend on the number of claimants who participate in the electronic payment option versus receiving a paper check. As such, we expect any potential expenditure savings would be minimal.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 42‑9‑450 SO AS TO PROVIDE THE PAYMENTS OF WORKERS’ COMPENSATION BY EMPLOYERS’ REPRESENTATIVES MUST BE MADE BY CHECK OR DIRECT DEPOSIT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 9, Title 42 of the 1976 Code is amended by adding:

“Section 42‑9‑450. An employer’s representative shall make payment of compensation by means of check or electronic payment system including, but not limited to, an electronic funds transfer, a direct deposit, debit card, or similar payment system if such payments are made in accordance with the policies, procedures, or regulations as provided by the Commission.”

SECTION 2. This act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑