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## THE STATE OF NEVADA LEGISLATIVE COUNSEL BUREAU

### FISCAL ANALYSIS DIVISION

SARAH COFFMAN      WAYNE THORLEY  
*Assembly Fiscal Analyst      Senate Fiscal Analyst*

### MEMORANDUM

*C.T.*

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DATE:            November 17, 2025

TO:              Members of the 36<sup>th</sup> Special Session of the Legislature

FROM:           Christian Thauer, Principal Program Analyst  
Fiscal Analysis Division

SUBJECT:       Unsolicited Fiscal Note for Senate Bill 7  
Department of Administration – Risk Management Division

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The Department of Administration – Risk Management Division has submitted the following unsolicited fiscal note to the Fiscal Analysis Division on Senate Bill 7 of the 36th Special Session.

## SB7 – Unsolicited Fiscal Note

A recent Nevada workers' compensation court decision reaffirmed that the conclusive presumption for lung disease under NRS 617.455 applies only when a police officer, firefighter, or arson investigator has a documented exposure to heat, smoke, fumes, noxious gases, or similar occupational hazards. Illnesses such as pneumonia, COVID-19, bronchitis, and other community-acquired conditions do not qualify without establishing a causal connection to employment.

SB7 removes this requirement and creates a conclusive presumption for *any* lung disease diagnosed during employment, regardless of cause. This would convert routine, non-industrial respiratory illnesses into fully compensable industrial claims for police officers, firefighters, and arson investigators. The bill eliminates the long-standing nexus between occupational exposure and compensability and instead grants automatic coverage for conditions historically deemed non-industrial.

By removing the requirement to document exposure to recognized occupational hazards, SB7 is expected to significantly increase accepted claims, indemnity costs, and the State's workers' compensation insurance premiums. It will also negatively affect underwriting stability and create increased volatility during future respiratory outbreaks.

### Fiscal Impact

Risk Management completed a full review of all lung-related claims filed over the past five years. Claims were categorized by Accepted, Denied, Litigated/Non-Litigated, COVID-related, and Smoke Inhalation.

- Since 2020, 24 denied COVID/lung claims were identified.
- 12 of these claims would likely be reversed (refiled and compensable) under SB7.
- All 12 would qualify for a Permanent Total Disability election.

Using the current maximum wage over a two-year period:

- **\$132,500 per claim × 12 claims = \$1,590,000**

In addition:

- Accepted COVID and lung claims that would convert to presumptive status, and litigated COVID claims that would likely be ruled compensable under SB7, total:  
**\$821,232 in additional fiscal exposure over two years** (based on the maximum wage at date of injury).

**Combined confirmed two-year indemnity impact:**

**\$1,590,000 + \$821,232 = \$2,411,232**

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## **Medical Costs (Not Included in the Above Total)**

Medical costs were not calculated due to substantial variability in:

- Treatment type and intensity
- Whether the claimant still resides in Nevada
- Specialist access across regions
- Differences in treatment patterns and long-term care needs

However, based on historical experience, medical costs would likely add several hundred thousand dollars to the \$2.4 million indemnity estimate.

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## **Summary**

SB7 substantially increases the State's exposure by converting non-industrial respiratory illnesses into compensable occupational diseases. The shift from causation-based evaluation to automatic compensability is expected to increase:

- Claim volume
- Indemnity payouts
- Actuarial reserves
- Workers' compensation premiums
- Program volatility, particularly during respiratory disease outbreaks

**Confirmed two-year fiscal impact: \$2,411,232 (indemnity only).**

**Medical costs are expected to materially increase this total.**

Annette Teixeira | Risk Manager

Nevada Department of Administration | Risk Management Division

cc: Roger Wilkerson, Acting Director, Legislative Counsel Bureau  
Bryan Fernley, Legislative Counsel  
Wayne Thorley, Senate Fiscal Analyst  
Sarah Coffman, Assembly Fiscal Analyst  
Michael Nakamoto, Chief Principal Deputy Fiscal Analyst