

Fiscal Note

State of Alaska
2017 Legislative Session

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| Bill Version: | HB 79 |
| Fiscal Note Number: | 3 |
| (H) Publish Date: | 1/25/2017 |

Identifier: DOLWD-SIF-12-23-16
 Title: OMNIBUS WORKERS' COMPENSATION
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Labor and Workforce Development
 Appropriation: Workers' Compensation
 Allocation: Second Injury Fund
 OMB Component Number: 2342

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

| | FY2018 | Included in | Out-Year Cost Estimates | | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|----------------|----------------|------------------|------------------|------------------|
| | Appropriation Requested | Governor's FY2018 Request | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| OPERATING EXPENDITURES | FY 2018 | FY 2018 | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | (400.0) | (800.0) | (1,200.0) | (1,600.0) | (2,000.0) |
| Miscellaneous | | | | | | | | |
| Total Operating | 0.0 | 0.0 | | (400.0) | (800.0) | (1,200.0) | (1,600.0) | (2,000.0) |

Fund Source (Operating Only)

| | | | | | | | |
|-----------------------|------------|------------|----------------|----------------|------------------|------------------|------------------|
| 1031 Sec Injury (DGF) | | | (400.0) | (800.0) | (1,200.0) | (1,600.0) | (2,000.0) |
| Total | 0.0 | 0.0 | (400.0) | (800.0) | (1,200.0) | (1,600.0) | (2,000.0) |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|-----------------------|------------|------------|----------------|----------------|------------------|------------------|------------------|
| 1031 Sec Injury (DGF) | | | (400.0) | (800.0) | (1,200.0) | (1,600.0) | (2,000.0) |
| Total | 0.0 | 0.0 | (400.0) | (800.0) | (1,200.0) | (1,600.0) | (2,000.0) |

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

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|--------------|---|--------|---------------------|
| Prepared By: | Marie Marx, Director | Phone: | (907)465-6060 |
| Division: | Workers' Compensation | Date: | 12/23/2016 02:30 PM |
| Approved By: | Heidi Drygas, Commissioner | Date: | 12/23/16 |
| Agency: | Department of Labor and Workforce Development | | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

This legislation will sunset the Second Injury Fund (Fund). Future claim payments will only be made on those claims accepted by July 1, 2018. The Fund's liability will contract over time and assessment rates will gradually be reduced until claim liability is exhausted. However, there will be no reduction of the staffing required to process these claim payments in the near future because it could take decades for the Fund to pay its ongoing claim obligation.

95% of claims are categorized as permanent total disability (PTD) benefits. PTD benefits are paid until disability ends or until death. The reduced Fund liability reflected in this fiscal note assumes the average age of the claimant at closure would be about 80 years old and 2 to 3 cases would be closed per year due to the death of the claimant.