

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version: HB 30
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB030CS(L&C)-DOLWD-WC-04-23-19
Title: WORKERS' COMP: DEATH; PERM PARTIAL
IMPAIR
Sponsor: JOSEPHSON
Requester: (H) FIN

Department: Department of Labor and Workforce Development
Appropriation: Workers' Compensation
Allocation: Workers' Compensation
OMB Component Number: 344

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2020 Appropriation Requested	Included in Governor's FY2020 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2020	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1031 Sec Injury (DGF)	127.5		255.0	255.2	255.0	255.0	255.0
1157 Wrkrs Safe (DGF)	118.5		237.0	237.0	237.0	237.0	237.0
Total	246.0	0.0	492.0	492.2	492.0	492.0	492.0

Estimated SUPPLEMENTAL (FY2019) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2020) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/20

Why this fiscal note differs from previous version/comments:

Updated to reflect changes in Second Injury Fund revenue that were missed as a part of the original analysis and changes made by the House Labor and Commerce Committee.

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Division:	Workers' Compensation	Date:	04/23/2019
Approved By:	Paloma Harbour, Administrative Services Director	Date:	04/23/19
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION

BILL NO. CSHB 30

Analysis

This legislation increases workers' compensation insurance benefits for permanent partial impairment (PPI) and death benefits; and adds a new benefit category for the parent(s) of a deceased worker with no dependents at the time of the injury that causes the employee's death. This legislation also requires an employer to notify the personal representative of a deceased employee about time limits for filing a workers' compensation claim, grief counselor information, and increases the time period for indemnity payments to children of a deceased worker for an additional five years.

The National Council on Compensation Insurance has estimated the impact of this legislation on the workers' compensation insurance system to be a minimum increase of \$6 million on written premiums and \$3 million on self-insured costs. Revenue to the Workers' Safety and Compensation Administration Account (WSCAA) comes from fees on premiums written and self-insured costs. Consequently, the division estimates an annual increase of \$237.0 in revenue to WSCAA beginning in January of 2020 (\$150.0 in written premium tax service fees under AS 23.05.067(a)(2) and \$87.0 in fee assessments on self-insured employers under AS 23.05.067(a)(1)(B)). This results in an increase of only \$118.5 in FY2020 because of the mid-year implementation date.

This legislation will also increase revenue to the Second Injury Fund (SIF), which comes from an assessment against total PPI benefits paid. The division estimates an annual increase of \$255.0 in revenue to SIF beginning in January of 2020. This results in an increase of only \$127.5 in FY2020 because of the mid-year implementation date. This increase is based on applying the FY19 SIF assessment rate of 5% to the increase in total PPI benefits that will result from this legislation; estimated to be \$5.1 million. This is based on a 44% increase in PPI benefits and the total PPI benefits paid of \$11.6 million in 2017.

The division is able to absorb the operating costs resulting from this legislation. This legislation requires the division to develop a form for the employer to provide notice following a workplace fatality of the statute of limitations for obtaining workers' compensation benefits and a list of legal and grief counselors. There is currently not a definition for "grief counselors" under the Alaska Workers' Compensation Act, so regulations will be necessary.