



ALASKA STATE LEGISLATURE

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Senate Bill 251

Repeal Workers' Compensation Appeals Commission

Senate Bill 251 would save \$518,300 per year, remove an unnecessary bureaucracy, and make Alaska's Workers' Compensation program more sustainable by repealing the Alaska Workers' Compensation Appeals Commission. Passing SB 251 will return jurisdiction over appeals of Workers' Compensation Board decisions to the Superior Court. Currently the Appeals Commission handles these cases and their decisions can be appealed to the Supreme Court.

For decades, the Superior Court had handled these cases. Operating the Appeals Commission costs \$518,300 annually and it currently has two fulltime employees, while the Court System has testified that they can handle these cases with their current budget and staffing levels. The Appeals Commission's workload has decreased considerably since it was created in 2005. In 2007, they had 49 new cases filed and published 42 decisions but by 2022 they only had 14 new cases and published only 5 decisions.

In 2015, the House Labor and Workforce Finance Subcommittee found the Appeals Commission to be "an ineffective division" and that "their closure rate and average time for closure is not demonstrably better than the process was before the establishment of the commission."

This bill would create a transition period between June 1 and December 1, 2026 when new cases would be filed with the Superior Court, but the Appeals Commission would continue to handle the cases that were already pending. On December 2, all pending cases would be transferred to the Superior Court and the Appeals Commission will be fully repealed on December 31.

Alaska's Workers' Compensation regulation is funded by service fees collected from insurance providers and self-insurers. In Fiscal Year 2025 the state collected \$6.6 million in fees and the Department of Revenue projects this will fall to \$6.3 million in FY 2027. Given Alaska's budget deficit and this declining revenue, we simply cannot afford to spend \$518,300 to operate a separate commission when the courts are well equipped to handle these cases.