

FISCAL NOTE

No: 4

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Bill Version: HB 378

(H) Publish Date: 2/16/00

Revision Date/Time (Note if correction): _____
 Title: "An Act eliminating certain taxes
 under AS 21.09 on premiums from the sale"
 Sponsor: Rules
 Requestor: Governor

Department Affected: Labor
 BRU: Labor Standards and Safety
 Component: _____
Occupational Safety and Health
 COMPONENT SERIAL NO. 970

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match		(1,131.1)	(1,131.1)	(1,131.1)	(1,131.1)	(1,131.1)
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (New Fund)		1,131.1	1,131.1	1,131.1	1,131.1	1,131.1
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Alan Dwyer, Director *Alan Dwyer* Phone: 465-2790
 Division: Labor Standards and Safety Date/Time: 1/31/00 1:07 PM

Approved by Commissioner: Ed Flanagan, Commissioner
 Agency: Department of Labor *Ed Flanagan* Date: 1/31/00

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. _____

Title: An Act eliminating certain taxes under AS 21.09 from the sale of worker's compensation insurance; relating to the establishment, assessment, collection, and accounting for service fees for state administration of workers' compensation and worker safety programs; establishing civil penalties and sanctions for late payment or nonpayment of the service fee; and providing for an effective date.

The bill would eliminate the 2.7% tax paid on workers' compensation insurance premiums under AS 21.09.150(b), and would replace it with an annual service fee. The annual service fee is to be paid by all insurers who provide workers' compensation insurance as well as those employers who are self-insured or uninsured.

The fee shall be paid each year to the department at the time that the annual report is required. This suggests that initial payments shall be received by the department in March, 2001 with funding available for appropriation to the workers' compensation program on July 1, 2001 (state fiscal year 2002).

For those insurers who provide workers' compensation insurance, the service fee is the following percentage of all payments reported to the Alaska Workers' Compensation Board under AS 23.30.155(m) or (n):

- (1) for payment due in 2001: 3.3 percent;
- (2) for payment due in 2002: 3.1 percent;
- (3) for payment due in 2003: 2.9 percent;
- (4) for payment due in 2004 and subsequent years: 2.6 percent

Other employers who are self-insured under AS 23.30.090 shall pay instead an annual service fee as follows, calculated according to the provisions of AS 23.05.067:

- (1) for payment due in 2001, 25 percent of the amount calculated for the service fee;
- (2) for payment due in 2002, 50 percent of the amount calculated for the service fee;
- (3) for payment due in 2003, 75 percent of the amount calculated for the service fee; and
- (4) for payment due in 2004 and subsequent years, 100 percent of the amount calculated for the service fee .

This fee would be deposited into a workers' safety and compensation administration account, and would be available, through appropriation, to fund the expenses incurred by the state in administering the occupational safety and health program. During the four-year phase-in period, this appropriation would replace the unrestricted general fund match appropriation which currently funds a portion of the cost of the state's occupational safety and health program.

The bill provides penalties for late payment of the fee, and amends AS 37.05.146(b)(4) to ensure that the receipts in the new account are accounted for separately and that appropriations from the account are not made from the unrestricted general fund.

The Division of Labor Standards and Safety does not anticipate any additional need for staff to administer this fee collection program.