

# FISCAL NOTE

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

No. 9  
 BILL I Bill Version: CSHB 37R (RLS)  
 (S) Publish Date: 4-18-00

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: Workers Comp and Worker Safety  
 Sponsor: House Rules  
 Requestor: Senate FIN

Department Affected: Labor  
 BRU: Workers' Compensation  
 Component: Workers' Compensation

COMPONENT SERIAL NO. 344

**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	1,000.0					
<b>TOTAL OPERATING</b>	1,000.0	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						
1004 GF		(684.4)	(682.7)			
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (New Fund)	1,000.0	684.4	682.7			
<b>TOTAL</b>	1,000.0	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  
 The expenditure and revenue authorization shown in FY 2001 offsets a reduction of equal amount included in the budget for the component as approved by the House Finance committee and is in agreement with the included intent language.

Prepared by: Paul Grossi, Director *PH* Phone: 465-2790  
 Division: Workers' Compensation Date/Time: 4/17/00 5:28 PM  
 Approved by Commissioner: Ed Flanagan, Commissioner *Ed Flanagan*  
 Agency: Department of Labor Date: 4/17/00

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# FISCAL NOTE

#9

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. CSHB 378 (RLS)

**Title:** An Act 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 creates an annual service fee 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, FY2002

For those insurers who provide workers' compensation insurance, the service fee is the following percent of total direct premium income from workers' compensation policies:

- (1) for total direct premium income in 2000, 2.31 percent
- (2) for total direct premium income in 2001, 2.17 percent
- (3) for total direct premium income in 2002, 2.03 percent
- (4) for total direct premium income in 2003, and subsequent years, 1.82 percent.

The service fee for insurers shall be drawn from the 2.7 percent of the total direct premium income paid to the director of insurance under AS 21.09.150(b). The remnant of the amount paid under AS 21.09.150(b) shall be deposited into the general fund.

Other employers who are self-insured under AS 23.30.090 shall instead pay an annual service fee of the following amounts in the following years:

- (1) for payment due in 2001, 25 percent of the amount calculated for the service fee under AS 23.05.067,
- (2) for payment due in 2002, 50 percent of the amount calculated for the service fee under AS 23.05.067,
- (3) for payment due in 2003, 75 percent of the amount calculated for the service fee under AS 23.05.067,
- (4) for payment due in 2004 and subsequent years, 100 percent of the amount calculated for the service fee under AS 23.05.067.

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 workers' compensation program under AS 23.30. During the four-year phase-in period, this appropriation would incrementally replace the unrestricted general fund appropriation which currently funds a portion of the cost of the state's workers' compensation 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 Workers' Compensation does not anticipate any additional need for staff to administer this fee collection program.