

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 4  
 Bill Version: HB 180  
 (H) Publish Date: 2/25/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: **Labor and Workforce Development**  
 Title: **"An Act relating to Workers' Compensation..."** RDU: **Workers' Compensation**  
 Component: **Workers' Compensation**

Sponsor: **Rules**  
 Requester: **Governor** Component Number: **344**

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	209.3	209.3	209.3	209.3	209.3	209.3
Travel	69.8	69.8	36.8	36.8	36.8	36.8
Contractual	418.7	268.7	184.9	184.9	184.9	184.9
Supplies	22.5	12.5	12.5	12.5	12.5	12.5
Equipment	50.0	6.0	6.0	6.0	6.0	6.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>770.3</b>	<b>566.3</b>	<b>449.5</b>	<b>449.5</b>	<b>449.5</b>	<b>449.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 1157 )</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1157 Workers' Safety Account	770.3	566.3	449.5	449.5	449.5	449.5
<b>TOTAL</b>	<b>770.3</b>	<b>566.3</b>	<b>449.5</b>	<b>449.5</b>	<b>449.5</b>	<b>449.5</b>

Estimate of any current year (FY2005) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time	3	3	3	3	3	3
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

(See attached.)

Prepared by: **Paul F. Lisankie, Director** Phone: **465-6059**  
 Division: **Workers' Compensation** Date/Time: **2/24/05 3:42 PM**  
 Approved by: **Greg O'Claray, Commissioner** Date: **2/24/2005**  
 Agency: **Department of Labor and Workforce Development**

FISCAL NOTE #4

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL VERSION: HB 180

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ANALYSIS: (continued)

This legislation establishes a Workers' Compensation Appeals Commission within the Alaska Department of Labor & Workforce Development. The Appeals Commission is composed of 4 volunteer members and 3 new positions:

Commission Chair - range 27, will be responsible for general supervision and administrative functions of the Appeals commission.

Administrative Assistant - range 13, will provide administrative support to the commission chair.

Administrative Clerk III - range 10, will maintain and index the administrative decisions and orders of the commission. Although the Commission doesn't start until September 2005, personal services have been calculated at a full year to allow the commission to be formed and fully operating by the implementation date.

Travel: The Commission will hold its appeal hearings in Anchorage and be staffed in that location. Planned travel includes 3 trips (ANC/JNO) for the commission chair and the division's administrative manager and travel costs and per diem for the volunteer commission members. Travel and per diem is included for the members of the medical review committee for FY06 and FY07 (\$33.0).

Contractual: This item includes costs for interagency services, leasing space, etc. as well as the honorariums for the volunteer commission members. To implement section 9 (contracting with a non-profit organization to provide legal representation for employees) \$75,000 has been included in FY06 and \$50,000 in FY07. There is a one-time cost in FY06 to create the office space for the commission (\$50.0). Costs for a consultant and Workers' Compensation board honorariums (\$86.3) are included in the first two fiscal years for the medical review committee to study the medical delivery system for workers' compensation (due date 3/1/07).

Supplies and Equipment: There are one-time costs in FY06 to set up the Appeals Commission office; FY07 forward are for on-going supplies and equipment necessary to operate the commission.

New Fees/Fines:

This bill authorizes the Appeals Commission to charge a \$100 fee for the filing of an appeal. This is expected to amount to a yearly total of approximately \$6,000 payable to the Workers' Safety & Compensation Administration Account.

This bill authorizes the Workers' Compensation Board to impose civil penalties against employers that violate the statutory requirement to insure or properly self-insure their employees for workers' compensation benefits. Penalties may be up to \$1000 per employee per day. In FY04 over 150 employers were found without workers' compensation insurance; however, the amount of any penalties cannot be determined. Any penalties assessed will be deposited to the Workers' Compensation Guaranty Fund established by this legislation. The Guaranty Fund will use those funds to pay benefits to workers injured while employed by an uninsured employer. The amount of those benefits is also indeterminate.