

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 12
 Bill Version: HCS CSSB 130(JUD)
 (H) Publish Date: 5/6/05

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act relating to a special deposit for workers' compensation and employers' liability insurers..." RDU CIVIL
 Sponsor Rules Committee Component Collections and Support
 Requester Governor Component No. 2210
 Appeals _____

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	16.2	16.2	16.2	16.2	16.2	16.2
Travel						
Contractual	2.0	2.0	2.0	2.0	2.0	2.0
Supplies	0.2	0.2	0.2	0.2	0.2	0.2
Equipment	1.6	1.6	1.6	1.6	1.6	1.6
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	20.0	20.0	20.0	20.0	20.0	20.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20.0	20.0	20.0	20.0	20.0	20.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	20.0	20.0	20.0	20.0	20.0	20.0

Estimate of any current year (FY2005) cost: 0.0

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

POSITIONS

Full-time						
Part-time	1	1	1	1	1	1
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 21 and AS 23 in order to increase the efficiency and flexibility of the current workers' compensation system. This fiscal note addresses Sections 25 and 26 of the bill. Section 25 allows the workers' compensation board to assess a civil penalty of \$1,000 per day if an employer fails to comply with a stop order prohibiting the use of employee labor by the employer until the employer insures. A further penalty of \$1,000 per employee per day may be assessed against any employer who fails to insure. Any employer who fails to pay the civil penalty order issued within seven days will have a court judgment and the duty to collect that judgment will fall on the Collections and Support Unit. Section 26 creates the Workers' compensation benefits guaranty fund and allows appropriations from that fund to pay for legal expenses. Furthermore, this section would make the fund liable for amounts owed to employee for compensation and benefits under the Workers' Compensation Act. In instances

Prepared by: Kathryn A. Daughetee, Director Phone 465-3673
 Division: Administrative Services Division Date/Time 5/5/05 10:53 AM
 Approved by: Kathryn Daughetee for David Márquez, Attorney General Date 5/5/2005
 Agency: Department of Law

FISCAL NOTE #12

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BILL NO. HCS CSSB 130(JUD)

ANALYSIS CONTINUATION

where the fund subrogates to the employee's right to payment, the Collections Unit would be responsible for making sure that if there were any funds available from the employer, that money could be collected to offset amounts paid to the employee under subrogation. This fiscal note assumes the primary duty of the fund is to make employees whole, not to pay for all the legal services provided to the Worker's Compensation Division to prosecute fraud, render advice, draft regulations, and collect penalties and subrogation.

This fiscal note anticipates that approximately 250 hours of additional paraprofessional time will be needed each year to conduct bank sweeps and research the availability of money from employers who default on compensation and benefits and/or owe civil penalties to the State.