

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	SB 40
Fiscal Note Number:	3
(S) Publish Date:	1/25/2017

Identifier: DOLWD-SIF-12-23-16
 Title: OMNIBUS WORKERS' COMPENSATION
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Labor and Workforce Development
 Appropriation: Workers' Compensation
 Allocation: Second Injury Fund
 OMB Component Number: 2342

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2018 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018						
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits				(400.0)	(800.0)	(1,200.0)	(1,600.0)	(2,000.0)
Miscellaneous								
Total Operating	0.0	0.0		(400.0)	(800.0)	(1,200.0)	(1,600.0)	(2,000.0)

Fund Source (Operating Only)

1031 Sec Injury (DGF)			(400.0)	(800.0)	(1,200.0)	(1,600.0)	(2,000.0)
Total	0.0	0.0	(400.0)	(800.0)	(1,200.0)	(1,600.0)	(2,000.0)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1031 Sec Injury (DGF)			(400.0)	(800.0)	(1,200.0)	(1,600.0)	(2,000.0)
Total	0.0	0.0	(400.0)	(800.0)	(1,200.0)	(1,600.0)	(2,000.0)

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

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Division:	Workers' Compensation	Date:	12/23/2016 02:30 PM
Approved By:	Heidi Drygas, Commissioner	Date:	12/23/16
Agency:	Department of Labor and Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION**Analysis**

This legislation will sunset the Second Injury Fund (Fund). Future claim payments will only be made on those claims accepted by July 1, 2018. The Fund's liability will contract over time and assessment rates will gradually be reduced until claim liability is exhausted. However, there will be no reduction of the staffing required to process these claim payments in the near future because it could take decades for the Fund to pay its ongoing claim obligation.

95% of claims are categorized as permanent total disability (PTD) benefits. PTD benefits are paid until disability ends or until death. The reduced Fund liability reflected in this fiscal note assumes the average age of the claimant at closure would be about 80 years old and 2 to 3 cases would be closed per year due to the death of the claimant.