

**HB**

**378**

**HFIN**

**FILE**

(11)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: March 8, 2000

FURTHER REFERRALS:

Date of Committee Action: 3/8/00

The FINANCE Committee considered:

HB 378

HOUSE BILL NO. 378

WORKERS COMP AND WORKER SAFETY

"An Act eliminating certain taxes under AS 21.09 on premiums from the sale of workers' 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."

recommends it be replaced with the following committee substitute CSHB 378(L+C)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

2,  fiscal note(s) Gov, LA  fiscal note(s) DCI  
(2) Labor 2/16/00

zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>[Signature]</i>	Therriault			X	
<i>[Signature]</i>	Mulder	X			
<i>[Signature]</i>	Buonde			X	
<i>[Signature]</i>	Foster			X	
<i>[Signature]</i>	Davis	X			
<i>[Signature]</i>	Williams			X	
<i>[Signature]</i>	Davis			X	
<i>[Signature]</i>	Phillips	✓			

CHAIR'S SIGNATURE

*[Signature]* *[Signature]*

# FISCAL NOTE

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

**BILL NO. HB 378**

Revision Date/Time (Note if correction) March 8 '00 Dept. Affected All State Agencies  
 Title "An act relating to the establishment, assessment, BRU  
collection, and accounting for service fees for the administration  
of workers' compensation and safety programs. Component \_\_\_\_\_  
 Sponsor House Rules Committee  
 Requester House Finance Committee Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	75.8	142.4	199.9	238.9	238.9	238.9
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>75.8</b>	<b>142.4</b>	<b>199.9</b>	<b>238.9</b>	<b>238.9</b>	<b>238.9</b>

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

1002 Federal Receipts	7.5	14.1	19.5	23.6	23.6	23.6
1003 GF Match	1.9	3.6	5.0	6.0	6.0	6.0
1004 GF	36.6	68.8	96.5	115.4	115.4	115.4
1005 GF/Program Receipts	2.7	5.1	7.1	8.5	8.5	8.5
other (GF)	3.2	6.0	8.4	10.1	10.1	10.1
Other (Specify Type)	23.9	44.9	63.0	75.3	75.3	75.3
<b>TOTAL</b>	<b>75.8</b>	<b>142.4</b>	<b>199.9</b>	<b>238.9</b>	<b>238.9</b>	<b>238.9</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Consolidation of statewide risk management costs to departments' personal services expense. See attached for detailed fund source amounts.

Prepared by: Joan Brown, Chief Budget Analyst *JK for JB* Phone 465-4681  
 Division Office of Management and Budget Date/Time 3/7/00 3:59 PM  
 Approved by Director Annalee McConnell *JK for AMC* Date 03/07/2000  
 Agency Governor's Office

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Workers' Compensation Fees Summary

Fund Code	Fund Source	Category	Administration 10,518.81	Comm. & Econ. Dev. 619.73	Corrections 9,238.75	Court System 1,341.45	Ed & Early Dev. 1,107.94	Environmental Conservation 997.11	Fish & Game 3,953.22	Health & Social Svcs. 11,642.36	Labor & Workforce Dev. 1,973.8	Law 828.05	Legislature 534.56	Military & Veterans Affairs 798.45	Natural Resources 4,018.34	Office of the Governor 366.55	Public Safety 7,667.31	Revenue 900.20	Transportation & Public Facilities 19,293.36	Total
1002	Fed Rcpts	Fed	135	11	213		120	259	1,057	2,979	1,360	9		431	263	21	173	330	93	7,454
	Fed Incentive																			
1016	Payments	Fed																31		31
	Indirect Cost																			
1133	Reimbursement	Fed																14		14
	Fed Total		135	11	213	0	120	259	1,057	2,979	1,360	9	0	431	263	21	173	376	93	7,500
1003	GF Match	GF	41	13			20	64	21	1,431	84	3		66	33	33	57		17	1,881
1004	GF	GF	4,540	102	8,368	1,341	393	143	1,241	4,008	216	460	535	221	2,234	313	6,993	116	5,333	36,556
1005	GF/PR	GF	1,038	197			18	90	125	92	23	8			543		130	47	417	2,728
	GF/Mental																			
1037	Health	GF	1,474		352		2			702		1								2,531
1047	Title XX	GF								370										370
	Pioneers																			
1118	Homes Rcr.'s Tobacco	GF	240																	240
1119	Settlement	GF	37							26		3								65
	GF Total		7,369	312	8,720	1,341	433	297	1,386	6,629	322	476	535	286	2,810	346	7,180	163	5,767	44,371
1007	IA Rcpts	Other	671	81	28		312	26	279	1,589	257	328		41	286		215	42	247	4,401
	Advance																			
	College Tuition																			
1011	Payment Fund Donated	Other																0		0
	Commodity /																			
1014	Handling Fee Benefit Systems	Other					5													5
1017	Rcpts Exxon Valdez	Other	225																	225
1018	Oil Spill	Other						3	88						23					113
1021	Ag Loan Fund FICA Admin	Other													106					106
1023	Fund Fish & Game	Other	13																	13
1024	Fund	Other							786			2					62			850
1025	Science & Tech Hwy Working	Other		21																21
1026	Capital International Airports	Other																	1,482	1,482
1027	Revenue Fund	Other																0	3,374	3,375
1029	PERS Second Injury	Other	366																	366
1031	Fund	Other									6									6

Workers' Compensation Fees Summary

Fund Code	Fund Source	Category	Adminstration 10,518.81	Comm. & Econ. Dev. 619.73	Corrections 9,238.75	Court System 1,341.45	Ed & Early Dev. 1,107.94	Environmental Conservation 997.11	Fish & Game 3,953.22	Health & Social Svcs. 11,642.36	Labor & Workforce Dev. 1,973.8	Law 828.05	Legislature 534.58	Military & Veterans Affairs 798.45	Natural Resources 4,018.34	Office of the Governor 366.55	Public Safety 7,667.31	Revenue 900.20	Transportation & Public Facilities 19,293.36	Total
	Disabled																			
	Fishermans																			
1032	Reserve Acct Surplus	Other									6									6
1033	Property	Other	29																	29
1034	TERS	Other	154																	154
	Vets Revolving																			
1035	Loan Fund	Other		2																2
	Comm Fish Revolving Loan																			
1036	Fund	Other		41																41
	UA Indirect Cost																			
1039	Recovery Real Estate	Other																	1,210	1,210
1040	Surety Fund Judicial Retirement	Other		3																3
1042	System Natl Guard Retirement	Other	1																	1
1045	System Student Revolving Loan	Other	7																	7
1046	Fund Training &	Other																0		0
1049	Building Fund Perm Fund	Other									15									15
1050	Dividend Fund Rural Dev	Other															24	55		79
1051	Initiative Fund Oil/Haz	Other		2																2
1052	Response Fund	Other						245												245
1053	ILTF	Other																0		0
1055	IA Oil & Haz Small Bus Loan	Other							3			9		20	4		7			43
1057	Fund	Other		0																0
1061	CIP Rcpts Public School	Other	18	13	63		1	58	108	75				20	217			27	6,212	6,813
1066	Fund Mining Revolving Loan	Other																0		0
1067	Fund	Other		0																0

Workers' Compensation Fees Summary

Fund Code	Fund Source	Category	Adminstration 10,518.81	Comm. & Econ. Dev. 619.73	Corrections 9,238.75	Court System 1,341.45	Ed & Early Dev. 1,107.94	Environmental Conservation 997.11	Fish & Game 3,953.22	Health & Social Svcs. 11,642.36	Labor & Workforce Dev. 1,973.8	Law 828.05	Legislature 534.56	Military & Veterans Affairs 798.45	Natural Resources 4,018.34	Office of the Governor 366.55	Public Safety 7,667.31	Revenue 900.20	Transportation & Public Facilities 19,293.36	Total
1068	Child Care Revolving Loan Fund	Other		0																0
1069	Historical District Revolving Loan Fund	Other		0																0
1070	Fisheries Enhancement Revolving Loan Fund	Other		6																6
1071	Alternative Energy Revolving Loan Fund	Other		3																3
1075	Clean Water Loan Fund	Other						10												10
1076	Marine Hwy System Fund	Other																	830	830
1079	Storage Tank Asst Fund	Other						20												20
1081	ISF	Other	1,284																	1,284
1092	MHTAAR Clean Air	Other	7		7					148					59					222
1093	Protection Fund Mental Health	Other						61												61
1094	Trust Admin Children's Trust	Other																9		9
1098	Fund Earnings Alaska Drinking	Other																0		0
1100	Water Fund Aerospace Dev	Other						11												11
1101	Corp Rcpts	Other		0																0
1102	AIDEA Rcpts	Other		47																47
1103	AHFC Rcpts Municipal Bond	Other																164		164
1104	Bank Rcpts Perm Fund	Other																1		1
1105	Corp Rcpts	Other													96			59		155
1106	Post-Secondary Ed Comm Rcpts	Other					208													208
1108	SDPR	Other	222		207		29	7	106	222	8	4			155			6	3	81
																				1,049

Workers' Compensation Fees Summary

Fund Code	Fund Source	Category	Administration 10,518.81	Comm. & Econ. Dev. 619.73	Corrections 9,238.75	Court System 1,341.45	Ed & Early Dev. 1,107.94	Environmental Conservation 997.11	Fish & Game 3,953.22	Health & Social Svcs. 11,642.36	Labor & Workforce Dev. 1,973.8	Law 828.05	Legislature 534.56	Military & Veterans Affairs 798.45	Natural Resources 4,018.34	Office of the Governor 366.55	Public Safety 7,667.31	Revenue 900.20	Transportation & Public Facilities 19,293.36	Total
1109	Test Fisheries Rcpts	Other							141											141
1115	Income	Other		4																4
1141	RCA Rcpts	Other		74																74
1147	Fund	Other	19																	19
		Other Total	3,017	297	305	0	555	442	1,511	2,034	292	343	0	80	946	0	314	362	13,436	23,932
		Grand Total	10,521	620	9,238	1,341	1,108	997	3,954	11,642	1,974	828	535	798	4,018	367	7,666	900	19,295	75,802

# FISCAL NOTE

STATE OF ALASKA

BILL NO. HB 378

2000 LEGISLATIVE SESSION

Revision Date (Note if correction) \_\_\_\_\_

Dept. Affected \_\_\_\_\_

University of Alaska

Title Worker's Comp.

BRU

Component \_\_\_\_\_

Sponsor \_\_\_\_\_

Requester \_\_\_\_\_

Component Serial No. \_\_\_\_\_

**Expenditures/Revenues**

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services					
Travel					
Contractual	8.3	15.5	21.8	26.0	26.0
Supplies					
Equipment					
Land & Structures					
Grants & Claims					
Miscellaneous					
<b>TOTAL OPERATING</b>	<b>8.3</b>	<b>15.5</b>	<b>21.8</b>	<b>26.0</b>	<b>26.0</b>

<b>CAPITAL EXPENDITURES</b>					
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<b>CHANGE IN REVENUES ( ) ( )</b>					
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**FUND SOURCE**

1002 Federal Receipts	1.0	1.9	2.7	3.2	3.2
1003 GF Match					
1004 GF	3.8	7.1	9.9	11.9	11.9
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	3.5	6.5	9.2	10.9	10.9
<b>TOTAL</b>	<b>8.3</b>	<b>15.5</b>	<b>21.8</b>	<b>26.0</b>	<b>26.0</b>

Estimate of any current year (FY00) cost: \_\_\_\_\_

none

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:**

(Attach a separate page if necessary)

The service fee will be funded through a staff benefit accrual.

Prepared by Pat Pitney, Director  
 Division UA Budget and Institutional Research  
 Approved by Commission Pat Pitney, Director  
 Agency UA Budget and Institutional Research

Phone 474-7448  
 Date 3/6/00  
 Date 3/6/00

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HB378, Fiscal Note Calculation  
University of Alaska

Year	2001	2002	2003	2004	2005
Estimated claims	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Charge rate	3.3%	3.1%	2.9%	2.6%	2.6%
Calculated base fee	33,000	31,000	29,000	26,000	26,000
Transition rate	25.0%	50.0%	75.0%	100.0%	100.0%
Service fee	8,250	15,500	21,750	26,000	26,000

Revenue Sources:	Ratio *					
Federal funds	12.5%	1,028	1,931	2,710	3,240	3,240
General fund	45.6%	3,765	7,074	9,927	11,867	11,867
University receipts	41.9%	3,457	6,494	9,113	10,894	10,894
	100.0%	8,250	15,500	21,750	26,000	26,000

1999  
Revenue  
Sources

46.3 mil.
169.6 mil.
155.7 mil.
371.6 mil.

\* Ratio of revenue sources from FY99 financial statements

02/28/2000

# FISCAL NOTE

Bill Version: HB 378

(H) Publish Date: 2/16/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected Community & Economic Development  
 Title An act eliminating certain taxes under AS 21.09 on BRU Insurance  
premiums from the sale of workers' compensation insurance. . . Component Insurance  
 Sponsor Rule Committee  
 Requester Governor Component No. 354

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

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>(3,498.2)</b>	<b>(3,498.2)</b>	<b>(3,498.2)</b>	<b>(3,498.2)</b>	<b>(3,498.2)</b>	<b>(3,498.2)</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						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: \_\_\_\_\_

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill will result in the elimination of tax receipts from workers' compensation premiums currently collected by the Division of Insurance. Under the bill a service fee charged by the Department of Labor and Workforce Development against workers' compensation claims payments and costs will result in fee receipts that are estimated to offset the foregone tax receipts, when the amount generated from self-insured claims is included. The loss in revenue shown above equals the amount the Department of Labor and Workforce Development estimates it will receive in fee receipts.

Prepared by: Robert A. Lohr Phone 269-7900  
 Division Insurance Date/Time 2/2/00 12:24 PM  
 Approved by Commissioner Deborah B. Sedwick Date 2/2/00  
 Agency Community & Economic Development

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# FISCAL NOTE

No: 3

Bill Version: HB 378

(H) Publish Date: 2/16/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

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: 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						
<b>TOTAL OPERATING</b>	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						
1004 GF		(2,367.1)	(2,367.1)	(2,367.1)	(2,367.1)	(2,367.1)
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (New Fund)		2,367.1	2,367.1	2,367.1	2,367.1	2,367.1
<b>TOTAL</b>	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: Paul Grossi, Director *Paul Grossi* Phone: 465-2790  
 Division: Workers' Compensation Date/Time: 1/28/00 3:45 PM

Approved by Commissioner: Ed Flanagan, Commissioner  
 Agency: Department of Labor *Ed Flanagan* Date: 1/28/00

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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, FY2002.

For those insurers who provide workers' compensation insurance, the service fee is the following percent 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 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; and
- (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 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.

# FISCAL NOTE

No: 4

Bill Version: HB 378

(H) Publish Date: 2/16/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Data/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						
<b>TOTAL OPERATING</b>	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
<b>TOTAL</b>	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.

**National Petroleum Reserve – Alaska**  
**Impact Mitigation Program**

2000  
 Application Submission List

Project Title	Dollar Amount
<b>North Slope Borough:</b>	
1. AIN / ATQ / NUI Power Plant & Electrical Distribution/ Waste Heat Conversion Upgrades	\$11,841,040.00
2. All Infrastructures Services Study	\$1,500,000.00
3. Road Maintenance Equipment: Atqasuk, Nuiqsut, & Wainwright	\$2,205,000.00
4. Atqasuk Warm Storage Building	\$681,000.00
5. Barrow Sewage Treatment/Distribution System	\$12,527,387.00
6. Nuiqsut Aboveground Service Connections	\$2,100,000.00
7. Nuiqsut Subdivision Addition / Utilities (40 lots)	\$2,425,000.00
8. Police Office for Nuiqsut (3 years)	\$300,000.00
9. Wainwright Community Center Renovation	\$400,000.00
10. Fire Department Equipment & Training in 4 Villages	\$2,094,521.00
11. Harvest Monitoring: Subsistence Documentation Project	\$150,000.00
12. Service & Inventory of Fish Resources in the Lakes & Streams of eastern NPRA	\$150,000.00
13. Tracking & Analysis of Teshekpuk Lake Caribou Herd Movement & Distribution	\$100,000.00
14. Water Fowl Surveys in NPRA	\$150,000.00
15. Ilisagvik College Village Delivery Facilities	\$1,425,000.00
16. Ilisagvik College Student Family Housing Complex	\$1,570,000.00
<b>City of Barrow:</b>	
1. Browerville Teen Center	\$1,000,000.00
2. Maintenance and Operations -- Public Facilities	\$850,000.00
3. Renovation & Upgrade of Barrow Teen Center & Community Center	\$1,000,000.00
4. Design, Construction and Purchase of Retractable Boat Ramp	\$1,000,000.00
5. Bowling Alley/Movie Theater Feasibility Study	\$75,000.00
6. Civic Feasibility Study & Construction	\$10,000,000.00
7. Maintenance Building Construction	\$1,000,000.00
8. Design and Construction of Boat Harbor Jetties	\$2,600,000.00
9. Operation Expense for Public Service Program	\$532,500.00
<b>City of Atqasuk:</b>	
1. Basic Local Government Operations	\$234,000.00
2. Community Center Maintenance & Operation	\$113,000.00
<b>City of Nuiqsut:</b>	
1. Operation & Maintenance for next five years	\$2,672,132.00
2. Kisik Hall Expansion	\$340,000.00
3. Cultural Center	\$1,323,800.00
4. Dare Care Construction/Operation & Maintenance	\$949,200.00
5. Natural Gas Home/Building	\$2,200,000.00
6. Natural Gas Power Plant Conversion	\$650,000.00
7. Natural Gas Piping Distribution	\$3,800,000.00
8. Boat Dock with Ramp	\$765,000.00
9. Snowmobile and Outboard Shop	\$176,000.00
10. Animal Control	\$89,000.00
11. Fencing for Cemetery	\$156,000.00
12. Bridge Rail Replacement/Upgrade	\$55,000.00
<b>Total Dollar Amount =</b>	<b>\$71,199,580.00</b>

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TAN 2000 8 40.2  
type

-CITE-

42 USC Sec. 6508

01/26/98

-EXPCITE-

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 78 - NATIONAL PETROLEUM RESERVE IN ALASKA

-HEAD-

Sec. 6508. Competitive leasing of oil and gas

-STATUTE-

There shall be conducted, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska: Provided, That (1) activities undertaken pursuant to this section shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve); (2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) (43 U.S.C. 1712, 1782) shall not be applicable to the Reserve; (3) the first lease sale shall be conducted within twenty months of December 12, 1980: Provided, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332); (4) the withdrawals established by section 102 of Public Law 94-258 (42 U.S.C. 6502) are rescinded for the purposes of the oil and gas leasing program authorized herein; (5) bidding systems used in lease sales shall be based on bidding systems included in section









allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section.''

1984 - Pub. L. 98-620 struck out provision in third par. that required that any proceeding on such action be assigned for hearing at the earliest possible date and be expedited by the Court.

#### EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-620 not applicable to cases pending on Nov. 8, 1984, see section 403 of Pub. L. 98-620, set out as an Effective Date note under section 1657 of Title 28, Judiciary and Judicial Procedure.



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⊕ Sec. 37.05.530. National Petroleum Reserve - Alaska special revenue fund.

(a) The National Petroleum Reserve - Alaska special revenue fund is established. The fund consists of all money disbursed to the state by the federal government under 42 U.S.C. 6508 (P.L. 96-514) since December 12, 1980, less the amount deposited in the general fund and expended by the state by general fund appropriations before June 9, 1984.

(b) The commissioner of revenue shall manage the National Petroleum Reserve - Alaska special revenue fund.

(c) The Department of Community and Economic Development shall adopt regulations under which municipalities impacted by National Petroleum Reserve - Alaska oil and gas development under 42 U.S.C. 6508 may apply for and be eligible to receive grants to alleviate the impact. The department shall give priority in the allocation of grants to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska. The department shall fund all meritorious grant applications out of the money appropriated to it each year. Within 10 days after the convening of each regular session of the legislature, the department shall submit to the legislature a list of all municipalities that have received grants, a list of all municipalities determined by the department to be eligible for further grants, a recommendation of the amount of money to be granted for those additional applications, and written justification of each past and potential grant.

(d) It is the intent of the legislature that each year all of the money in the National Petroleum Reserve - Alaska special revenue fund be made available for appropriation by the legislature to municipalities that demonstrate under (c) of this section present impact, or the need to determine or plan for future impact, from oil and gas development under 42 U.S.C. 6508. It is the intent of the legislature that an initial appropriation be made to the Department of Community and Economic Development to cover anticipated impact grants, and that additional funds be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

(e) A municipality may use the funds received under (d) of this section only for the following activities and services to alleviate the impact of the oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska:

(1) planning;

(2) construction, maintenance, and operation of essential public facilities by the municipality; and

(3) other necessary public services provided by the municipality.

(f) Funds appropriated under (d) of this section may not be used for the retirement of municipal debt.

(g) Amounts received by the state under 42 U.S.C. 6508 and not appropriated for grants to municipalities under (d) of this section shall be deposited at the end of each fiscal year as follows: (1) 25 percent to the principal of the Alaska permanent fund; and (2) .5 percent to the public school trust fund (AS 37.14.110). The amounts remaining after the deposits to the Alaska permanent fund and the public school

trust fund may be appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100 ). The amounts remaining after any appropriation to the power cost equalization and rural electric capitalization fund shall lapse into the general fund for use by the state for the following facilities and services: planning; construction, maintenance, and operation of essential public facilities; and other necessary public services.

(h) Notwithstanding other provisions of law and unless expressly provided by the legislature in the appropriation item making the appropriation, an appropriation from the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes of determining the funding sources for the appropriation be treated as though the appropriation takes effect in the fiscal year in which the appropriation passes the legislature. The authorization to expend funds appropriated from the fund shall take effect as otherwise provided by law.



## REGULATIONS

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### 3 AAC 150.010

#### GENERAL OBJECTIVES.

The primary objective of the National Petroleum Reserve-Alaska (NPR-A) Impact Program is to provide municipalities with financial assistance to help mitigate significantly adverse impacts related to oil or gas leasing within the NPR-A, including exploration, production, and oil or gas transportation activities, conducted under the authority of 42 U.S.C. 6508. Financial assistance may be available for

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; and
- (3) other necessary public services.

#### History -

Eff. 7/30/86, Register 99

#### Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,  
SLA 1984 am. by Sec. 2,  
ch. 52, SLA 1986

### 3 AAC 150.020

#### ADMINISTRATION OF NPR-A IMPACT PROGRAM.

Under sec. 2, ch. 53, SLA 1986, the legislature will appropriate each year the balance remaining in the National Petroleum Reserve-Alaska special revenue fund to the Department of Community and Economic Development. The department will, in accordance with this chapter, receive, review, and evaluate applications from eligible municipalities each year, and will fund qualified grant requests up to the amount of the appropriation. Money not allocated to eligible municipalities each year lapses in accordance with sec. 3, ch. 53, SLA 1986. If the total amount of money requested by eligible municipalities in a year exceeds the appropriation for that year, the department will allocate the available grant money in accordance with the criteria for priority set out in 3 AAC 150.060 - 3 AAC 150.080. Additional money might be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

#### History -

Eff. 7/30/86, Register 99

#### Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,  
SLA 1984 am. by Sec. 2,  
ch. 53, SLA 1986

## ARTICLE 02

## ELIGIBILITY FOR »NPR«-««A« IMPACT ASSISTANCE

3 AAC 150.030

## ELIGIBILITY IN GENERAL.

Eligibility for »NPR«-««A« impact assistance has two main components: applicant eligibility and project eligibility.

History -

Eff. 7/30/86, Register 99

Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,  
SLA 1984 am. by Sec. 2,  
ch. 53, SLA 1986

3 AAC 150.040

## APPLICANT ELIGIBILITY.

To be eligible to receive assistance under the »NPR«-««A« Impact program, the applicant

- (1) must be a municipality under state law; and
- (2) must demonstrate present impact, regardless of date of initial occurrence, or foreseeable future impact, on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the »NPR«-««A« under 42 U.S.C. 6508.

History -

Eff. 7/30/86, Register 99

Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,  
SLA 1984 am. by Sec. 2,  
ch. 53, SLA 1986

3 AAC 150.050

## PROJECT ELIGIBILITY.

- (a) To be eligible for funding under the »NPR«-««A« impact program, a project must be related to present, continuing, or reasonably foreseeable impact on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the »NPR«-««A« under 42 U.S.C. 6508.
- (b) To be eligible for funding, a project also must be for the purpose of
  - (1) planning;

(2) construction, maintenance, and operation of essential public facilities; or

(3) other necessary public services.

(c) In this section, "impact" means an effect reasonably attributable to ~~the~~ ~~development~~ ~~in~~ ~~the~~ ~~NPR~~ ~~area~~ ~~under~~ ~~42~~ ~~U.S.C.~~ ~~6508~~ on

(1) population;

(2) employment;

(3) finances;

(4) social and cultural values;

(5) air and water quality;

(6) fish and wildlife habitats;

(7) the ability to provide essential public services, including health care, public safety, education, transportation, utilities, and government administration; and

(8) other things of demonstrable importance to the applicant or the applicant's residents.

(d) Examples of needs that eligible projects may address include the following:

(1) resource protection to ensure the continued viability of fish, wildlife, and other natural resources on which the applicant's residents rely for subsistence needs;

(2) alleviation or mitigation of adverse social or cultural impacts;

(3) health needs, including hospitals, clinics, emergency medical facilities, alcohol and drug abuse facilities, mental health facilities, waste disposal systems, and water quality improvement systems;

(4) public safety needs, including police protection, search and rescue, and fire protection;

(5) utility needs, including electric generating plants and distribution systems, water supply systems, telephone systems, and other fuel distribution systems;

(6) housing needs;

(7) recreational needs.

History -

Eff. 7/30/86, Register 99

Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,

SLA 1984 am. by Sec. 2,

ch. 53, SLA 1986

3 AAC 150.060

#### PROJECT CRITERIA.

(a) If the total amount of money requested by eligible applicants for eligible projects in meritorious applications exceeds the amount appropriated for grants that year, the department will rank applications for the purpose of establishing priority for funding.

(b) In determining the merit of an application, the department will consider

(1) the degree to which the project proposed in the grant application alleviates the impact caused by development in the ~~the~~ ~~development~~ ~~in~~ ~~the~~ ~~NPR~~ ~~area~~ ~~under~~ ~~42~~ ~~U.S.C.~~ ~~6508~~;

(2) the ability of the applicant to accommodate or absorb the impacts through existing facilities or programs; and

(3) other criteria the department identifies as critical to determination of the merit of the application.

(c) In ranking the applications, the department will consider

(1) the severity of the impact caused by the development in the ~~the~~ ~~development~~ ~~in~~ ~~the~~ ~~NPR~~ ~~area~~ ~~under~~ ~~42~~ ~~U.S.C.~~

6508 on the municipality; and

(2) the degree to which the impact on the municipality is directly caused by development in the »NPR  
««-««A« under 42 U.S.C. 6508.

History -

Eff. 7/30/86, Register 99

Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,  
SLA 1984 am. by Sec. 2,  
ch. 53, SLA 1986

## ARTICLE 03

### PROCEDURES FOR ALLOCATION OF »NPR««-««A« IMPACT ASSISTANCE

3 AAC 150.070

#### SUBMISSION OF APPLICATIONS.

(a) Application must be made on forms provided by the department. The forms will be such that they may be easily filled out by small communities without technical staff. The department will, upon request, provide assistance to applicants to the extent possible based upon the availability of financial and human resources.

(b) Applicants must submit applications postmarked no later than September 15 of each year to the department. The commissioner will, in his or her discretion, extend the filing deadline for applications submitted in 1986.

History -

Eff. 7/30/86, Register 99

Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,  
SLA 1984 am. by Sec. 2,  
ch. 53, SLA 1986

3 AAC 150.080

#### REVIEW OF APPLICATIONS AND AWARD OF GRANTS.

(a) The department will review applications for eligibility for »NPR««-««A« impact assistance and place applications in order of priority in accordance with 3 AAC 150.060.

(b) The department will review each application determined to be eligible for »NPR««-««A« impact assistance to determine whether the amount requested for a project is reasonably necessary for the project to alleviate impacts from oil and gas development in the »NPR««-««A« under 42 U.S.C. 6508, the department will deduct from the amount requested any amounts that are not reasonably necessary for that

purpose.

(c) If, after making necessary adjustments to grant requests under (b) of this section, the department determines that the total amount for eligible projects requested by all eligible applicants that year is equal to or less than the amount appropriated for that year, the department will fund all meritorious requests. If the total amounts requested are greater than the amount appropriated, the department will fund requests in accordance with the priorities established in 3 AAC 150.060 until the appropriation is spent. The department will, in its discretion, recommend to the legislature that additional money be made available through supplemental appropriations.

History -

Eff. 7/30/86, Register 99

Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,  
SLA 1984 am. by Sec. 2,  
ch. 53, SLA 1986

## ARTICLE 04

### APPEAL PROCEDURES

3 AAC 150.090

### RECONSIDERATION AND JUDICIAL REVIEW.

A municipality aggrieved by a decision made under this chapter may request reconsideration by the commissioner of community and regional affairs, and must seek such reconsideration before seeking judicial review. A final decision of the department is subject to judicial review in accordance with Rule 602 of the Alaska Rules of Appellate Procedure.

History -

Eff. 7/30/86, Register 99

Authority -

AS 44.33.020

Subsec. (c), Sec. 2, ch. 94,  
SLA 1984 am. by Sec. 2,  
ch. 53, SLA 1986

## CHAPTER 152

### PAYMENT IN LIEU OF TAXES FOR CITIES IN THE UNORGANIZED BOROUGH PROGRAM

Editor's Notes -

As of Register 151 (October 1999), the provisions of former 19 AAC 52 were relocated by the regulations attorney under AS 44.62.125 (b)(6) to 3 AAC 152, in accordance with ch. 58, SLA 1999.

<b>FY00 PCE Program Participating Utilities</b>
---

Alchiok, City of	Coffman Cove Utility Assn.	Waterkaq Light Plant
Alciachak Ltd	Coffman Cove	Cheformak
Alciak City Council	Nankati	Nelson Lagoon Electric Coop., Inc.
Alutian Electric Utility	Whale Pass	Nikolai Light & Power Utility
Alaska Power & Telephone	Cordova Electric Coop., Inc.	Nome Joint Utility System
Alatna	Cordova	Northway Power & Light Co.
Allakaket	Eyak	Northway
Bettles	Diomedea Joint Utilities	Northway Junction
Chistochina	Eagle Power Company	Northway Village
Craig/Klawock	Eagle	North Slope Borough Power & Light
Dot Lake	Eagle Village	Anaktuvuk Pass
Evansville	Egegik Light & Power Co.	Atkasuk
Haines	Ekwok Electric	Point Lay
Alaska Village Electric Coop.	Elfin Cove Electric Utility	Nuiqsut
Alakanuk	False Pass Electric Assn.	Nushagak Electric Coop., Inc.
Ambler	Far North Utilities	Alcknagik Dillingham
Andrafsky	Central	Ouzinkie, City of
Anvik	Circle Hot Springs	Pedro Bay Village Council
Brevig Mission	G & K, Inc.	Pelican Utility Company
Chevak	Cold Bay	Perryville, Native Village of
Eek	Galena, City of	Pilot Point Village Council
Elim	Golovin Power Utilities	Platinum, City of
Etamouak	Gustavus Electric Company	Port Heiden, City of
Gambell	Gwitchyaa Zhee Utilities	Puvurnaq Power Company
Goodnews Bay	Ft. Yukon	Kongiganak
Grayling	Hughes Power & Light	Ruby, City of
Holy Cross	Igiugig Electric Company	Sand Point Electric, Inc.
Hooper Bay	I-N-N Electric Cooperative	Sheldon Point Electric, Inc.
Huslia	Iliamna Nondalton	Stevens Village Energy System
Kaltag	Newhalen	St. George Municipal Electric Utility
Kasigluk	Ipsatchlaq Electric Company	St. Paul Municipal Electric Utility
Kiana	Deering	Takotna Community Association
Kivalina	King Cove, City of	Tanaliam Electric Cooperative, Inc.
Koyuk	Kipnuk Light Plant	Port Alsworth
Lower Kalskag	Kobuk Valley Electric Coop.	Tanana Power Company
Marshall	Kokhanok Village Council	Tatidek Electric Utility
Mekoryuk	Kolliganek Village Council	Teller Power Company
Minto	Kotlik Electric Service	Tenakee Springs Electric Utility
Mountain Village	Kotzebue Electric Assn., Inc.	Thorne Bay Public Utility
Wales	Koyukuk, City of	Tlingit-Fluidda Regional Electric Authority
Alutiq Power Company	Kuiggluum Kallugvia	Angoon
Karluk	Kwethluk	Chilkat Valley
Andreanof Electric	Kwig Power Company	Kusan
Atka	Kwigllngok	Covenant Life
Aniak Light & Power Company	Larsen Bay Utility Company	Klukwan
Arctic Village Electric Company	Levelock Electric Cooperative	Hoonah
Atmasuuk Tribal Utilities	Lime Village Power System	Kake
Beaver Joint Utilities	Manley Utility Company	Mosquito Lake
Bethel Utilities Corporation, Inc.	Manokotak Power Company	Whitestone Logging Camp
Bethel	McGrath Light & Power	
Oscarville	Middle Kuskokwim Electric Coop.	
Buckland, City of	Chauthbaluk Sleetmute	
Chalkyitsik Village Energy System	Crooked Creek Stony River	
Chenega Bay IRA Village Council	Red Devil	
City of Chignik	Naknek Electric Association, Inc.	
Chignik Lake Electric	King Salmon South Naknek	
Chignik Lagoon Power Utility	Naknek	
Chitina Electric, Inc.	Napakiak Ircinraq Power Co.	
Circle Electric, Inc.	Napakiak Electric Utility	
		Tuluksak Traditional Council Power Utility
		Tuntutuliak Community Service Assn.
		Uinnak Power Company
		Nikolski
		Unalakleet Valley Electric Cooperative
		Unalaska Electric Utility
		Ungusraq Power Company
		Newtok
		Ventic Village Electric
		White Mountain, City of
		Yakutat, City of

Prior program participants who are not currently active:

Birch Creek Village Electric Utility, Clarks Point, City of, Rampart Village Energy Systems and Telida Village Utility.

Utilities ineligible to receive PCE credit, due to rate base change: Kaktovik, Pelican Utility Company, Point Hope, and Wainwright

## HOUSE BILL 378/SENATE BILL 272

*"An act eliminating certain taxes under AS 21.09 on premiums from the sale of workers' 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."*

### **What it does:**

- 1. Provides a stable funding source for the Division of Workers Compensation (DWC) and Occupational Safety and Health (OSH).** HB 378 replaces general funds (GF) for DWC and OSH with non-GF designated program receipts and establishes a special workers' safety and compensation administration account.
- 2. Creates a means of funding the two programs that is fair and equitable to all employers, regardless of whether they have purchased workers' compensation or are self-insured.** Currently, only those employers that purchase workers' compensation insurance policies pay a premium tax through their carriers. Self-insurers pay nothing. HB 378 eliminates the premium tax and enacts a user fee, charged equally among all users of the two systems.
- 3. Provides an economic incentive to employers to create a safe workplace.** The user fee is based on a percentage of workers' compensation claim payments. The fewer accidents an employer has in the workplace, the less they pay for workers' compensation claims. Therefore, the less they pay for claims, the lower the user fee.

### **Why support HB 378/SB 272?**

Successive budget cuts have threatened the very existence of workers' compensation and safety programs. Last year the Legislature (House) eliminated OSH from their budget, and a federal takeover became a distinct possibility. While OSH was put back into the budget in the Senate side, DWC took a large cut which further reduced services to injured workers and employers, primarily through longer waiting time for hearings. By leveling the playing field and changing the way these programs are funded, continuation of these critical benefits and services to Alaskans will be ensured.

## House Bill 378/Senate Bill 272 Analysis

The legislation's intent is to enact a fee on all workers' compensation payments to establish an account for the administration of the workers' compensation program and the Occupational Safety and Health program, and to reduce those programs' reliance on general fund revenues.

### **HB 378/SB 272:**

- Eliminates the premium tax and establishes a fee for service for funding the Workers' Compensation Division and the state match for the Occupational Safety and Health program.
- Reduces the reliance of these programs on general fund revenue.
- Sets out a funding mechanism for the two programs that is fair and equitable to all employers, regardless of whether they purchase a workers' compensation policy or are large enough to self-insure. The payment of the fee is charged equally among all users of the two systems according to their use and need. The fee is based on a percentage of the dollar amount of claims paid under the workers' compensation system. Currently, only those purchasing a workers' compensation policy pay a premium tax. Self-insurers do not pay any type of fee or tax regarding workers' compensation.
- Provides an incentive for safer work places. The fewer accidents that employers have in the workplace, the less they pay for workers' compensation claims. The less those employers or their insurance companies pay for workers' compensation claims, the lower the user fee.

**Section 1** amends AS 21.09.150(a) to establish the authority of the Director of Insurance over insurers regarding the new annual user fee. Currently, this type of regulation governs premium taxes.

**Section 2** amends AS 21.09.210(b) to exclude workers' compensation insurance from premium taxes.

**Section 3** amends AS 21.09.210(e) to provide that the service fee is in lieu of all tax on workers' compensation insurance premiums.

**Section 4 amends AS 21.09.210(n)** to clarify the meaning of workers' compensation insurance for purposes of eliminating its premium tax.

**Section 5 amends AS 21.09.270(b)** to exempt the annual user fee from the "retaliation" provision of AS 21.09.270(a).

**Section 6 amends AS 23.05** by adding a new section for an annual user fee to be charged to all insurers and employers at a rate of 3.3 percent in 2001, 3.1 percent in 2002, 2.9 percent in 2003 and 2.9 percent in 2004 and all years thereafter. The rate declines through 2004 as payments by self-insured employers are phased in. (See Section 9.)

It allows for fees due under the terms of a large lump settlement (\$50,000 or more) to be paid over a five year period. This section also provides for penalties for late payment of the annual service fee.

**Section 7 amends AS 23.30.090** to consider payment of the annual service fee as a factor for certification of a self-insurer.

**Section 8 amends AS 37.05.146(b)(4)** to establish a special workers' safety and compensation administration account.

**Section 9** allows for the phase-in of self-insurers and joint insurance arrangements. The phase-in would be over a four-year period starting in 2001 at 25 percent of the fee and going up 25 percent each succeeding year until the self-insurers pay 100 percent of the fee. These entities currently do not pay a premium tax, but would pay the user fee.

**Section 10** allows for the promulgation of regulations to implement the new user fee.

**Section 11** provides for immediate effective date to promulgate regulations to implement the new user fee.

**Section 12** provides for an effective date of January 1, 2001.

AMENDMENT#3

OFFERED IN THE DEPARTMENT OF LABOR AND WORKFORCE  
DEVELOPMENT HOUSE FINANCE SUBCOMMITTEE

TO: HB 312

INTENT LANGUAGE

It is the intent of the Department of Labor and Workforce Development House Finance Subcommittee that the ~~\$1.5 million~~ cut be predicated on the passage of HB 378/SB 272, "An act relating to Worker's Compensation and Worker Safety".

This eliminates the premium tax and replaces it with a new fee for all companies based on a percentage of their particular workers' compensation claims. The fees would be accounted for separately and deposited into a worker safety and compensation account. Since these fees would fully fund the program, it would be treated as self-supporting in the state budget.



**ALASKA STATE  
HOMEBUILDERS ASSOCIATION**

February 28, 2000

Chairman Rokeberg  
Alaska House Labor and Commerce Committee  
Juneau, Alaska

Honorable Chairman,

The Alaska State Home Builders Association voted to support House Bill 378 for the following reasons.

Home Builders across Alaska recognize the importance of dealing with workers compensation claims and disputes in a timely manner. We know this can only be done with a stable source of funding which this bill would provide. We further advocate that the funds collected remain separate from the State's general fund and be used for the purpose stated in the bill.

Second, as employers engaged in an industry that deals with OSHA on a regular basis, we support this bill because we adamantly insist on in-state management of the OSHA program. Under federal control any appeal hearings would be held in Seattle. The cost of travel, hiring lawyers, and the time involved would create an economically disastrous situation for small employers across the state.

The Alaska State Home Builders Association understands the importance of a stable funding source for the Workers Compensation and in-state management of OSHA programs. It is with this goal that we support House Bill 378.

Sincerely,

Alan Wilson  
President, Alaska State Home Builders Association



8301 SCHOON ST • SUITE 200 • ANCHORAGE, ALASKA • 99518  
(907) 522-3931 • FAX (907) 522-3757

**WCCA** WORKERS' COMPENSATION COMMITTEE OF ALASKA  
P.O. Box 200631 • Anchorage, Alaska • 99520

*McGrossi  
Gross*

RECEIVED  
Department of Labor

FEB 03 2000

February 4, 2000 Office of the Commissioner

Ed Flanagan  
Commissioner of Labor and Workforce Development  
P.O. Box 21149  
Juneau, Ak 99802

Dear Commissioner Flanagan:

A majority of WCCA board members participating, voted to support the draft legislation to assess service fees for the administration of workers' safety and compensation programs. Several board members choose to abstain or did not participate in the vote.

While the "yes" vote constituted the majority of those voting, there is still some opposition to the draft legislation, primarily from those who represent self-insured interests. The support from those voting in the affirmative was based on the qualification that the fees raised be used specifically for the purpose stated and not be diverted to the other uses or the general fund.

WCCA board members recognize that it is in everyone's interest to have workers' compensation programs administered fairly and as expeditiously as possible. That requires an adequate level of funding and that is why we lend our qualified support to the draft legislation.

Sincerely,

*Sally Ann Carey*

Sally Ann Carey  
President, Board of Directors



FAX

February 25, 2000

To: The Legislature

RE: House Bill 378  
Senate Bill 272

I have been privileged to serve on the Workers Compensation Board as an industry at-large member since 1991. Over that time period, I have seen the services provided by the Workers Compensation Division decline substantially due to budget cuts. The Workers Compensation division is comprised of hard-working and dedicated staff members. However, there is a limit to their accomplishments when funding is restrained.

I support the passage of the above-proposed legislation in that it will support the Workers Compensation Division through a new funding source -- paid for by the people that use the program. As an employer, it provides an incentive to make a safe work place and to monitor claims. The employee will benefit from a safer working environment and prompt resolution of controverted claims.

I ask for your passage of the above-proposed legislation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Marc D. Stemp".

Marc D. Stemp  
President and Chief  
Executive Officer

February 28, 2000

Alaska State Legislature

Dear Honorable Senators and Representatives:

As a current member of the Alaska Workers Compensation Board, I see first hand the faces of many of Alaska's injured workers. I see many injuries that should never have occurred and many others that are bogged down in an overburdened system.

The current level and method of funding for Occupational Safety and Health (OSH) and Workers Compensation needs to be addressed. I believe House Bill 378 and Senate Bill 272 addresses these concerns in a common sense manner. The bill rightfully rewards employers with a good safety record and seeks higher funding from employers with a higher amount of injuries. The bill would also ensure that these funds remain in the arena of worker safety and be dedicated for those purposes.

I respectfully urge your support of these bills and thank you for your consideration.

Sincerely,



Valerie Baffone  
10606 Flagship Circle  
Anchorage, AK 99515  
276-7211 work  
349-1178 home

**Northwest Safety Management, Inc.**

17710 Nitoanya Circle

Eagle River, Alaska 99577-8522

(907) 696-5730

Philip E. Ulmer  
Principal Consultant

February 28, 2000

State of Alaska  
State Legislature  
Legislative Office Building  
State Capitol  
Juneau, Alaska 99811

Re: HB 378 and SB 272

Dear Legislators:

I am a practicing safety professional in the State of Alaska and an appointed citizen to the State of Alaska Workers' Compensation Board. I am in favor of passage of these collateral bills that are designed to bring more long term financial stability to the budgeting process of the Department of Labor.

As a member of the Workers' Compensation Board, I have direct knowledge of the need to provide more predictable streams of revenue to fund the Workers Compensation Division. In times of state fiscal crises and budget cutbacks, the work load of the the Workers Compensation Division does not diminish. The workload is a direct function of the number of worker injuries in the state. The Workers Compensation Division must have a more stable source of funding that is tied directly to the workload. These bills, while not a perfect solution, represent a very good way of assuring that funding stability.

As a safety professional, I understand the similar funding issue regarding the State Department of Occupational Safety and Health. Their workload, likewise, is a function of the injury rates of the state. If there were fewer injuries, there would be less need of services. As injury rates climb, the workload increases. The funding bills as proposed, bring more stability to assuring the state's worker safety agency will have the resources to assist employers with their safety management efforts. This directly benefits the workers of the state.

I encourage passage of these bills to enhance the effective work of both state agencies in assuring the efficient management of the state Workers Compensation Act and the state's efforts to assist employers and employees with safety and health protection on-the-job.

Respectfully,

Philip E. Ulmer

# ALASKA STATE AFL-CIO

2501 Commercial Drive · Anchorage, Alaska 99501 · 907-258-6284 · Fax 274-0570

MANO FREY  
Executive President



BRUCE LUDWIG  
Secretary / Treasurer

Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

The Alaska State AFL-CIO strongly endorses House Bill 378 and Senate Bill 272. The bills would establish a service fee system to pay for the State of Alaska's worker safety and workers compensation programs. Both of these programs are vital to the interests of working people in Alaska.

Workplace safety is a very high priority for the AFL-CIO. We're proud to say that Alaska has made good progress in recent years in preventing job-related accidents. This progress must continue. However, if the budget for the state's worker safety programs continues to be reduced, as it has for the past several years, we see no alternative to the federal government stepping in and taking over the programs. This would be unfortunate because the federal government cannot do as good a job as the State of Alaska. The state has much greater knowledge of Alaska's workplace conditions as well as established communication channels with both labor organizations and the business community.

Workers compensation is also extremely important. The system protects the interests of both employees and employers by providing funds to compensate and retrain workers following job-related accidents. It also provides for the adjudication of disputes. The system eliminates a large amount of the financial uncertainty that would hurt both employees and employers if they had to deal with the aftermath of workplace injuries on their own.

The proposed fee system appropriately shifts the payment burden from the current tax on premiums to a service fee on claims filed. It would complement Alaska's safety programs by providing a financial incentive for greater vigilance in preventing workplace accidents.

We view HB 378 and SB 272 as both pro-labor and pro-business bills. They would help preserve programs that are necessary for business and commerce in Alaska, as well as protect the interests of Alaska's working people.

The Alaska State AFL-CIO urges your support for the passage of these bills.

Don Etheridge  
AFL-CIO Lobbyist

RECEIVED

FEB 28 2000



## General Teamsters Local 959 State of Alaska

Affiliated with International Brotherhood of Teamsters  
ANCHORAGE, ALASKA 99503, 520 E. 34TH AVE. (807) 565-8122 FAX (807) 565-8205 GERALD L. HOOD, Secretary-Treasurer

FAIRBANKS, ALASKA 99707, P.O. Box 70608 (807) 452-2868 FAX (807) 452-5081  
JUNEAU, ALASKA 99801, 308 W. Houghton (807) 588-3228 FAX (807) 588-1287  
KENAI, ALASKA 99611, P.O. BOX 3180 (807) 283-1498 FAX (807) 283-6000

March 6, 2000

Representative Pete Kott  
Chair - House Judiciary Committee  
State Capitol  
Juneau, AK 99801

Re: CS HB 378 - Workers Compensation & Worker Safety

Dear Representative Kott:

On behalf of the thousands of Teamster members we represent both in private and public sector employment, we are pleased to offer our strong support of CS HB 378. Not only does this bill provide for a stable funding source, which is critical in these days of budget cutting, but it also requires financial participation of all employers who utilize the program.

More importantly to the members that we represent is the economic incentive to employers to create and maintain a safe workplace. Ultimately, the safer the workplace the fewer the injuries, the more productive the employees and the employers will be.

We applaud the efforts of the legislative body in assuring that this piece of legislation passes.

Thank you for your effort. If we can be of any further assistance please let me know.

Sincerely,

TEAMSTERS LOCAL 959

Gerald L. Hood  
Secretary-Treasurer

cc: Representative Green  
Representative James  
Representative Murkowski  
Representative Rokeberg  
Representative Croft  
Representative Kerttula



# International Brotherhood of Electrical Workers

Local 1547

60 HALL STREET  
FAIRBANKS, ALASKA 99701-4893

TELEPHONE (907) 456-4248 or 456-4249 FAX (907) 456-4292

BUSINESS MANAGER - FINANCIAL SECRETARY

PRESIDENT



**MORE THAN 50 YEARS**  
*Growing with Alaska*  
**Local 1547**

February 25, 2000

Honorable Tony Knowles  
Governor  
State of Alaska  
P. O. Box 110001  
Juneau, Alaska 99811

Re: HB378/HB272

Dear Governor Knowles:

The above referenced bills will create a much more equitable funding source for the Division of Workers' Compensation and Occupational Safety and Health. The user fee provision in the bills will financially reward the employer who chooses to invest in workplace safety by way of education and/or use of the safest equipment possible.

Other reform that is long overdue are the provisions of SB278. It has been hard to watch the cost of living go up in Alaska for the last 12 years and benefits for injured workers stay the same.

This is all good legislation. Please support the above mentioned bills.

Sincerely,

John Giuchici  
Assistant Business Manager  
IBEW - Fairbanks  
Workers' Compensation Board Member

# STATE OF ALASKA

## ALASKA SAFETY ADVISORY COUNCIL



*Alaska Governor's Safety and Health Conference  
Planning Committee*

**Tony Knowles, Governor**

3301 Eagle Street, #305  
P.O. Box 100139  
Anchorage, Alaska 99510-0139  
Phone: (907) 269-4922  
Fax: (907) 269-4950  
Email: [kathy\\_miller@labor.state.ak.us](mailto:kathy_miller@labor.state.ak.us)

Ed Flanagan  
Commissioner of Labor and Workforce Development  
P.O. Box 21149  
Juneau, Alaska 99802

Dear Commissioner Flanagan:

The Alaska Advisory Council on Safety supports the upcoming legislation, namely HB 378 and SB 272.

During the times of budget cuts, it seems that "safety" becomes the target of these cuts. OSH has worked very hard to keep the workplace safe. We cannot afford to see all the progress made in safety and workers' injury reduction slide backwards due to lack of proper funding. This bill will bring an incentive for companies to reduce their workers' compensation cost through safety programs and return-to-work programs.

The cost of supporting OSH and Division of Workers' Compensation will be funded in a fair and equitable manner under this legislation by spreading the cost to everyone, whether they are privately insured or fall under the self-insured standard.

This legislation is good for safety and good for all Alaskans.

Sincerely,

*Marie M. Scholle*  
(KAM)

Marie M. Scholle, Chair  
ASAC

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MAR 07 2009

LSS  
JUNEAU  
DIRECTOR'S OFFICE

State of Alaska  
Office of the Governor

**Tony Knowles**  
Governor  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
**NEWS RELEASE**



**Bob King**  
Press Secretary  
**Claire Richardson**  
Deputy Press Secretary  
907-465-3500  
FAX: 907-465-3533

FOR IMMEDIATE RELEASE: February 11, 2000

00-048

**KNOWLES' BILL PROTECTS, UPDATES**  
**WORKERS' COMPENSATION; SAFETY PROGRAMS**

Calling it vital for employees and employers alike, Gov. Tony Knowles today announced legislation that provides a fair, effective way to fund workers' compensation and safety programs. A second bill updates provisions of the compensation program.

"The state's workers' compensation and worker safety programs provide important benefits and services to both employees and employers throughout Alaska," Knowles said. "The bill I am introducing changes the way these programs are funded to ensure these services to Alaskans are put back on firm footing."

Workers' compensation and safety programs are currently paid for with general funds that roughly equate to the amount that the state collects from a tax on workers' compensation insurance premiums. Since only employers who purchase such insurance are taxed, larger self-insured companies pay no tax at all. Successive budget cuts, meanwhile, have threatened the viability of these programs and a takeover of the safety program by the federal government is now considered a distinct possibility.

"Federal management of our occupational health and safety program is unacceptable to me and to most employers and employees in Alaska," Knowles said. "This bill eliminates the premium tax and replaces it with a new fee for all companies based on a percentage of their particular workers' compensation claims."

The fees would be accounted for separately and deposited into a worker safety and compensation account. Since these fees would fully fund the programs, it would be treated as self-supporting in the state budget.

The new fee system is designed to raise the same amount of money as that currently brought in by the tax. Because the new system spreads costs among more employers, fees paid by employers currently paying the premium tax would actually be decreased. The bill would provide for a four-year phase-in of the fees to minimize the impact on those self-insured employers who currently pay no tax.

"This bill gives employers a chance to control our own destiny," said Sally Ann Carey, President of the Workers' Compensation Committee of Alaska. "If we make our workplace safer and manage our claims effectively, our rates go down."

"Effective OSHA and workers' compensation programs are essential to providing a safe and healthy environment for our workforce," said "Safety Herb" Everett, President of the Denali Safety Council and Westmark of Alaska's Director of Safety and Workers Comp. "We almost lost the state OSHA program last year, which would have undone much of the improvement achieved in the last few years. This bill will prevent that from happening."

Alaska's Workers' Compensation Act has not been changed in 12 years and the second bill introduced by Knowles amends the act to keep pace with changing conditions and to ensure that the program is fair and efficient. Knowles' bill reflects the recommendations of an ad hoc committee representing both employers and employees to adjust for the effects of inflation on benefits, recent court decisions, and to provide more efficient ways of handling the workers' compensation program.

Included in the changes are increases in benefits paid to injured workers to make up for losses due to inflation over the past 12 years. The bill also addresses Alaska Supreme Court decisions as to what benefits should be paid during the rehabilitation process and the timeframe for requests for claim hearings.

Other changes streamline the rehabilitation process, the signing of medical releases, and the dispute resolution process. Benefits are increased for workers in the retraining process and new timelines set for the payment of medical bills. Another provision updates the wage benchmarks to which benefits are tied.

Mano Frey, president of Alaska AFL-CIO, said, "Labor and management came together for the 'Ad Hoc' bill with recommendations that will make a real difference in the lives of injured workers and their families."



March 8, 2000

The Honorable Eldon Mulder  
The Honorable Gene Therriault  
Co-Chairmen House Finance Committee  
Alaska State House of Representatives  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Representative Mulder and Therriault,

The Association of Alaska School Boards (AASB) and Alaska Public Entity Insurance (APEI) oppose HB 378.

Many of the smaller school districts are insured through our insurance pool, APEI. The larger school districts have a self-insurance program. The bill has the effect of transferring costs from premium taxes paid by commercial insurance companies to Alaska school districts by changing from a premium tax to a tax on actual claims benefits paid for workers' compensation.

There does not appear to be any measurable benefit to the State Department of Labor, since the same amount of money will be generated under both the current premium tax and proposed claims tax under HB 378.

The pooling bill (AS21.76) was passed in 1986 to protect school districts and municipalities from the prohibitive cost of commercial insurance when these insurers virtually abandoned Alaska public agencies. The public agencies that pool their premiums and losses are exempt from some of the costs of a private for-profit insurer, so that these public agencies can obtain insurance at a reasonable cost. HB 378 will increase the insurance costs of most of the State's schools and municipalities who are in a pool (joint insurance arrangement) or self-insured. The only beneficiaries seem to be the large private insurers.

The AASB represents 50 school districts which will all receive unfavorable financial impact from this legislation.

Sincerely,

Carl FN Rose  
President of APEI and Executive Director of AASB

HB378



## Alaska Municipal League Joint Insurance Association, Inc.

217 Second Street, Suite 200 • Juneau, Alaska 99801 • Phone (907) 586-3222 • Fax (907) 463-5480

### MEMORANDUM

**Date:** March 1, 2000

**From:** Kevin Smith, Risk Manager *Kevin*

**To:** Rep. Norm Rokeberg, Chair, House Labor & Commerce Committee

**REGARDING:** HB378

Thank you for the opportunity to testify before the House Labor & Commerce Committee February 28. It is still the position of the Alaska Municipal League (AML) and the Alaska Municipal League Joint Insurance Association (AML/JIA) that public entities, especially municipalities, school districts, and joint insurance arrangements organized under AS21.76 be excluded from the bill. In the interests of maintaining the most cost-effective, efficient risk financing for Alaska's citizens, it seems reasonable to consider excluding their public agencies from the taxes proposed in HB378.

While it is true that public entities also use the Alaska Workers' Compensation Board (AWCB) and AK-OSH, it may not be at a rate comparable to the private sector. For example, the AML/JIA's 1999 Annual Report to the Division of Workers' Compensation shows a controversion rate of only 0.05 percent of all workers' compensation claims we handle. With respect to AK-OSH services, the AML/JIA provides loss control services to its 141 public entities comparable to AK-OSH's voluntary compliance program. Unless there is an increase in services, the AML/JIA sees no reason to cost-shift from the private insurance industry to the public sector at a time when local government entities are struggling for their survival.

The zero fiscal note accompanying this bill provides no reason to anticipate any improvements in the current backlog of hearing dates and claims handling. If the bill is revenue neutral, as the fiscal note indicates, then additional services may not be possible and the AML/JIA can see no reason to change the existing formula.

If you do not find this reasoning compelling, however, there are some points the AML/JIA would propose the committee consider before you send this bill on to the next committee of referral.

The bill proposes to tax all payments made on behalf of injured workers, including vocational specialist fees (to include monitoring the worker during the vocational rehabilitation plan and tuition costs), medical benefits, defense costs, injured worker attorney fees, any interest paid on a claim as well as any payments reported in category #21 of the Annual Report to the AWCB which is marked as

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Or E-mail at: [kevins@jnu.amljia.org](mailto:kevins@jnu.amljia.org)

Visit our Web Site at: <http://www.amljia.org>

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"other." The "other" category would include adjusting fees paid to an independent adjusting agency for investigation of subrogation, recorded interviews of witnesses, or any potential claims handling. This category would also include photocopying expenses and court reporters or any other payments made that do not specifically fit within the other 20 categories listed on the Annual Report.

Payment of a "User Fee" on Medical Only claims would not be reasonable since these particular claims do not burden or bog-down the system. Medical Only claims significantly contribute to our safety programs in that they serve as a warning system of where potential problems lie. "Frequency breeds Severity." Medical Only claims make up just over 2/3 of our total claims, as is the case for most employers/carriers. If HB378 is approved, then perhaps a separate, lower "User Fee" should be imposed on these type of claims.

It seemed that a large majority of the testimony heard on February 28 focused on the idea that this bill would ensure an Alaska based Occupational Safety & Health Administration. However, this bill cannot exclusively dedicate the "User Fee" to the AWCB and OSHA. Again, there is no reason to believe there would be an increase of services or retention of OSHA. Essentially, we would be paying additional funds to simply maintain the current level of service we have.

There would be less incentive, from an already largely claimant oriented Workers' Compensation Board, to give favorable decisions to employers since this would guarantee the division additional revenue. This would indicate a "conflict of interest".

The AML/JIA is successful, in part, due to good planning. Our rates are set well in advance, have already been negotiated and quotes sent to some members for the FY2001 fiscal year. It will be impossible to recoup the tax increase through premiums until July 1, 2002. The AML/JIA requests that the effective date be changed to July 1, 2002, or January 1, 2003, in order to provide joint insurance arrangements with adequate time to properly budget for the increased taxes proposed in this bill. Since commercial insurance companies would be seeing a decrease in taxes under this proposal, the effective date may not be an issue for them. However, we feel that the "User Fee" should only be assessed on claims generated within a calendar year and that fees should not be assessed on claims occurring in prior years. For commercial insurance companies, those premiums have already been taxed and this would make it impossible for prior premiums to be adjusted if a fee is continuing to be paid on claims that occurred in prior years and especially in the case where a particular employer is no longer insured with the same commercial carrier or joint insurance arrangement. The answer to this problem would be to assess a "User Fee" on claims generated in each calendar year only.

In summary, the AML and the AML/JIA would encourage you to exclude public entities from the provisions of this bill. The cost-shifting from the private insurance industry to the public sector could not come at a worse time. That failing, please consider revising the measure as suggested above.

Prior to and since the hearing held on February 28, the above issues have been discussed with the Municipality of Anchorage Risk Manager, Glen Smith and he concurs with these views and statements as were represented in his earlier testimony on February 28 before the committee.

Unfortunately, I will be out of town for the remainder of the week. Should you have questions, I would invite you to call Leandra Estep, our workers' compensation manager at 800-337-3682. She

2

Or E-mail at: [kevins@lgu.amljia.org](mailto:kevins@lgu.amljia.org)

Visit our Web Site at: <http://www.amljia.org>

HB378

intends to monitor this afternoon's hearing via teleconference as well, and should be available at the Anchorage site to answer any questions.

Thank you for your consideration of these issues.

Assessment With Self Insureds Phased In

Insurer	1998 Total	Self Insured's	Self Insured's	Self Insured's	Self Insured's	Comments
	Compensation	at 25%	at 50%	at 75%	at 100%	
Other Insureds Assessment Rate		3.3%	3.1%	2.9%	2.6%	
* NOT INSURED EMPLOYER *	183,511	6,056	5,689	5,322	4,771	
AETNA CASUALTY & SURETY	2,181,973	72,005	67,641	63,277	58,731	Changed to Travelers in 1997
AGRICULTURAL INS CO	-	-	-	-	-	No Compensation Reported in 1998
ALASKA AIRLINES, INC.	1,600,798	13,099	20,300	30,005	44,117	Self Insured Employer
ALASKA INS GUARANTY ASSN	427,108	14,095	13,240	12,300	11,105	Guaranty Association
ALASKA INSURANCE COMPANY	4,142	137	128	120	108	Listed as AIU Insurance Companies
ALASKA MUNICIPAL LEAGUE	2,166,857	17,877	33,500	47,129	50,338	Joint Insurance Association
ALASKA NATIONAL INS CO	23,530,320	776,501	729,440	682,379	611,788	
ALASKA PULP CORPORATION	1,599	13	25	35	42	Self Insured Employer
ALASKA RAILROAD CORPORATION	458,207	3,781	7,103	9,967	11,915	Public Self Insured Employer
ALASKA, STATE OF	9,030,579	74,502	139,074	198,415	234,795	Public Self Insured Employer
ALASKA TIMBER INSURANCE	4,996,295	164,878	154,885	144,893	129,004	
ALASKA, UN: MERCY OF	1,106,454	9,120	17,150	24,065	28,768	Self Insured Employer
ALLSTATE INSURANCE CO	98,624	3,255	3,057	2,860	2,584	No Premiums Written in 1998
ALYESKA PIPELINE SERVICE	663,057	5,475	10,287	14,435	17,255	Self Insured Employer
AMERICAN ALLIANCE INS CO	-	-	-	-	-	No Compensation Reported in 1998
AMERICAN AUTOMOBILE INS.	70,106	2,313	2,173	2,033	1,823	
AMERICAN CASUALTY CO OF PA	-	-	-	-	-	No Compensation Reported in 1998
AMERICAN ECONOMY INS CO	-	-	-	-	-	No Compensation Reported in 1998
AMERICAN GUARANTEE & LIABILITY	-	-	-	-	-	No Compensation Reported in 1998
AMERICAN HOME ASSURANCE	1,698,571	58,053	52,858	49,259	44,163	
AMERICAN INSURANCE CO.	318,132	10,488	8,882	9,226	8,271	
AMERICAN INTL SOUTH INS CO	-	-	-	-	-	No Compensation Reported in 1998
AMERICAN INTERSTATE INS CO	-	-	-	-	-	No Compensation Reported in 1998
AMERICAN MFGS MUTUAL INS	182,318	8,010	5,052	5,287	4,740	
AMERICAN MOTORISTS INS.	362,144	11,851	11,226	10,502	9,416	
AMERICAN NATIONAL FIRE	291,933	9,634	9,050	8,468	7,590	
AMERICAN PROTECTION INS	6,874	227	213	199	179	
AMERICAN STATES INS CO	-	-	-	-	-	No Compensation Reported in 1998
AMOCO PRODUCTION COMPANY	31,351	259	488	682	815	Self Insured Employer
ANCHORAGE DAILY NEWS	1,709,082	14,107	28,504	37,192	44,459	Self Insured Employer
ANCHORAGE, MUNICIPALITY OF	3,288,210	28,948	50,828	71,040	84,822	Public Self Insured Employer
ANCHORAGE, SCHOOL DISTRICT	1,973,212	18,279	30,585	42,917	51,304	Public Self Insured Employer
ARECA INSURANCE EXCHANGE	739,848	24,415	22,035	21,456	19,230	
ARGONAUT INSURANCE CO.	43,682	1,441	1,354	1,260	1,135	
ASSOCIATED INDEMNITY CO	100,551	3,318	3,117	2,910	2,814	
ASSURANCE CO OF AMERICA	-	-	-	-	-	No Compensation Reported in 1998
AT&T / ALASCOM	288,359	1,702	3,199	4,488	5,305	Self Insured Employer
ATLANTIC MUTUAL INS CO	81,379	2,688	2,523	2,368	2,118	

BANKERS STANDARD INS CO	-	-	-	-	-	-	No Compensation Reported In 1998
BIRMINGHAM FIRE INS CO O	-	-	-	-	-	-	No Compensation Reported In 1998
CARR-GOTTSTEIN FOODS CO.	2,076,074	17,128	32,179	45,155	53,978	53,978	Self Insured Employer
CARRIER NAME NOT ON FILE	975,117	32,179	30,229	28,278	25,353	25,353	Unidentified
CENTENNIAL INSURANCE CO.	1,057	55	51	48	43	43	
CENTRE INS CO	-	-	-	-	-	-	No Compensation Reported In 1998
CHEVRON CORPORATION	39,390	325	611	857	1,024	1,024	Self Insured Employer
CHARTER OAK FIRE INS CO	-	-	-	-	-	-	No Compensation Reported In 1998
CHRYSLER INSURANCE CO	17,131	565	531	497	445	445	
CHUBB GROUP OF INS CO	99,207	3,274	3,075	2,877	2,579	2,579	Changed to Jefferson Pilot In 1998
CIGNA PROPERTY & CASUALTY	10,884,632	359,193	337,424	315,654	263,000	263,000	
CINCINNATI INSURANCE CO.	317	10	10	9	8	8	
CLARENDON NATIONAL INS CO	-	-	-	-	-	-	No Compensation Reported In 1998
COLUMBIA HEALTHCARE CORP	3,012,917	24,857	46,700	65,531	78,330	78,330	Self Insured Employer
COMMERCIAL UNION INS. CO	2,451	81	78	71	64	64	
CONTINENTAL BAKING CO.	4,195	35	65	91	109	109	Self Insured Employer
CONTINENTAL INSURANCE CO	1,182,495	39,022	38,657	34,292	30,745	30,745	
COREGIS INSURANCE CO	27,024	392	838	784	703	703	No Premiums Written In 1998
CREDIT GENERAL INS CO	37,263	1,230	1,155	1,081	909	909	
CRUM & FOSTER	10,109	334	313	293	263	263	No Premiums Written in 1998
CUMIS INSURANCE SOCIETY	12,294	406	301	357	320	320	
EAGLE PACIFIC INSURANCE	4,454,141	140,987	138,078	129,170	115,808	115,808	
ELECTRIC MUTUAL LIABILITY	183,772	6,064	5,697	5,329	4,778	4,778	
EMPLOYEE BENEFITS INS	41,602	1,373	1,298	1,206	1,082	1,082	No Premiums Written In 1998
EMPLOYERS CASUALTY CO.	18,893	627	588	551	494	494	
EMPLOYERS INS. OF WAUSAU	12,319,540	408,545	381,006	357,287	320,308	320,308	4
FAIRBANKS, CITY OF	314,563	2,595	4,870	6,842	8,179	8,179	Public Self Insured Employer
FAIRBANKS, NORTH STAR BOROUGH	1,023,330	8,442	15,882	22,257	26,607	26,607	Public Self Insured Employer
FAIRMONT INS CO	-	-	-	-	-	-	No Compensation Reported In 1998
FEDERAL EXPRESS CORP.	956,348	7,890	14,823	20,801	24,885	24,885	Self Insured Employer
FEDERAL INS COMPANY	33,135	1,093	1,027	961	802	802	
FIDELITY & GUARANTY INS	-	-	-	-	-	-	No Compensation Reported In 1998
FIREMAN'S FUND INS CO	1,521,582	50,212	47,168	44,126	39,561	39,561	
FLORISTS MUTUAL INS. CO.	3,580	118	111	104	93	93	
FRED MEYER, INC.	780,744	6,441	12,102	16,981	20,299	20,299	Self Insured Employer
FREMONT INDEMNITY CO	13,077,503	431,560	405,404	379,249	340,017	340,017	
GENERAL ACCIDENT INS CO	-	-	-	-	-	-	No Compensation Reported In 1998
GENERAL CASUALTY CO OF WI	-	-	-	-	-	-	No Compensation Reported In 1998
GENERAL INS CO OF AMERICA	-	-	-	-	-	-	No Compensation Reported In 1998
GLOBE INDEMNITY COMPANY	-	-	-	-	-	-	No Compensation Reported In 1998
GRANITE STATE INS CO	-	-	-	-	-	-	No Compensation Reported In 1998
GREAT AMERICAN INSURANCE	376,404	12,424	11,871	10,918	9,789	9,789	
GROCERS INSURANCE CO	38,557	1,200	1,133	1,060	950	950	
GUIDEONE MUTUAL INS CO	-	-	-	-	-	-	No Compensation Reported In 1998
GULF INSURANCE COMPANY	1,441	48	45	42	37	37	No Premiums Written in 1998
HARCO NATIONAL INS CO	880	29	27	26	23	23	
HARTFORD INSURANCE CO	298,789	9,860	9,202	8,605	7,769	7,769	
HIGHLANDS INSURANCE CO.	172,795	5,702	5,357	5,011	4,493	4,493	
HOLLAND AMERICA LINE /	244,351	2,010	3,787	5,315	6,353	6,353	Self Insured Employer
HOME INSURANCE COMPANY	180,338	5,851	5,590	5,230	4,689	4,689	

HOUSTON GENERAL INS CO	30,642	1,275	1,108	1,121	1,005	
ICICLE SEAFOODS, INC.	639,847	5,270	9,918	13,917	16,636	Self Insured Employer
INDEMNITY INS CO OF N AMERICA	-	-	-	-	-	No Compensation Reported In 1998
INSURANCE CO OF N AMERICA	-	-	-	-	-	No Compensation Reported In 1998
INSURANCE CO OF STATE PA	3,093,422	131,783	123,700	115,009	103,029	
INSURANCE CO OF THE WEST	144,944	4,703	4,403	4,203	3,760	
INTERCARGO INS CO	-	-	-	-	-	No Compensation Reported In 1998
JOHN DEERE INSURANCE CO	143,737	4,743	4,456	4,168	3,737	
JUNEAU, CITY OF	716,490	5,911	11,100	15,564	18,629	Public Self Insured Employer
LEGION INSURANCE COMPANY	176,359	5,088	5,529	5,172	4,037	
LIBERTY MUTUAL INS. CO.	1,979,676	65,329	61,370	57,411	51,472	
LLOYDS OF LONDON	54,518	1,709	1,690	1,501	1,417	No Premiums Written In 1998
LOUISIANA - PACIFIC CORP	580,320	4,788	8,095	12,622	15,088	Self Insured Employer
LM INSURANCE CORP	-	-	-	-	-	
LUMBERMENS MUTUAL	531,194	17,529	16,467	15,405	13,811	
MAJESTIC INSURANCE CO.	144,425	4,760	4,477	4,108	3,755	
MARYLAND CASUALTY CO.	103,802	3,425	3,218	3,010	2,699	
MATANUSKA SUSITNA BOROUGH	261,713	2,159	4,057	5,892	6,805	Public Self Insured Employer
MICHIGAN MUTUAL INS CO	-	-	-	-	-	No Compensation Reported In 1998
NABORS PETROLEUM SERVICE	745,215	0,140	11,551	16,208	10,376	Self Insured Employer
NANA REGIONAL CORP.	45,100	373	700	982	1,174	Self Insured Employer
NATIONAL FARMERS UNION -	60,088	2,003	1,881	1,760	1,578	
NATIONAL FIRE INS OF HARTFORD	-	-	-	-	-	No Compensation Reported In 1998
NATIONAL SURETY CORP.	289,584	9,558	8,977	8,398	7,529	
NATIONAL UNION FIRE INS.	1,259,089	41,550	39,032	30,514	32,738	
NATIONWIDE MUTUAL INS CO	42,708	1,409	1,324	1,238	1,110	
NEW HAMPSHIRE INSURANCE	35,922	1,185	1,114	1,042	934	
NIAGARA FIRE INS CO	-	-	-	-	-	No Compensation Reported In 1998
NORTH RIVER INSURANCE CO	-	-	-	-	-	No Compensation Reported In 1998
NORTH SLOPE BOROUGH	804,551	6,038	12,471	17,499	20,918	Public Self Insured Employer
NORTH STAR UNDERWRITING	712,434	23,510	22,085	20,661	18,523	No Premiums Written In 1998
NORTHBROOK PROPERTY & CASUALTY	-	-	-	-	-	No Compensation Reported In 1998
NORTHERN INSURANCE CO OF NY	-	-	-	-	-	No Compensation Reported In 1998
OLD REPUBLIC INSURANCE	242,498	8,002	7,517	7,032	6,305	
PACIFIC EMPLOYERS INS	84,155	2,777	2,609	2,440	2,188	
PACIFIC INDEMNITY COMPANY	-	-	-	-	-	No Compensation Reported In 1998
PACIFIC MARINE INSURANCE	18,503	611	574	537	481	No Premiums Written In 1998
PAULA INSURANCE COMPANY	191,497	6,319	5,936	5,553	4,979	
PAY N' SAVE CORPORATION	5,570	40	80	121	145	Self Insured Employer
PETROLEUM CASUALTY CO	-	-	-	-	-	No Compensation Reported In 1998
PLANET INSURANCE COMPANY	125,940	4,156	3,004	3,652	3,275	No Premiums Written In 1998
PREFERRED RISK MUTUAL	6,930	295	277	259	232	No Premiums Written In 1998
PROVIDENCE WASHINGTON-AK	775,778	25,601	24,040	22,498	20,170	No Premiums Written In 1998
RANGER INSURANCE COMPANY	23,747	784	738	689	617	No Premiums Written In 1998
REGENT INSURANCE CO	-	-	-	-	-	No Compensation Reported In 1998
RELIANCE INSURANCE CO	226,477	7,474	7,021	6,568	5,888	
RELIANCE NATIONAL INDEM	998,438	32,948	30,952	28,955	25,959	
RELIANCE NATIONAL INS CO	-	-	-	-	-	
REPUBLIC INDEMNITY CO	1,279,020	42,227	39,868	37,109	33,270	
REPUBLIC INDEMNITY OF CA	-	-	-	-	-	No Compensation Reported In 1998

REPUBLIC WESTERN INS CO	18,757	819	581	544	488	No Premiums Written In 1998
ROYAL INDEMNITY COMPANY	134,016	4,423	4,154	3,888	3,401	
ROYAL INSURANCE COMPANY	808,393	29,911	28,098	26,205	23,566	
SAFECO INSURANCE	34,732	1,140	1,077	1,007	903	
SAFEGUARD INS COMPANY	-	-	-	-	-	No Compensation Reported In 1998
SAFEMART STORES INC.	318,708	2,629	4,940	6,932	8,286	Self Insured Employer
SEA - LAND INDUSTRIES	459,749	3,793	7,120	10,000	11,853	Self Insured Employer
SENTRY INSURANCE CO.	5,405	178	188	157	141	
SISTERS OF PROVIDENCE	1,878,645	15,499	29,110	40,861	48,845	Self Insured Employer
ST. PAUL FIRE & MARINE	803,383	20,402	26,765	25,038	22,448	
ST PAUL GUARDIAN INS CO	-	-	-	-	-	No Compensation Reported In 1998
ST PAUL MERCURY INS CO	-	-	-	-	-	No Compensation Reported In 1998
STAR INSURANCE CO	-	-	-	-	-	No Compensation Reported In 1998
STATE FARM FIRE & CASUALTY	2,747,292	80,681	85,168	79,871	71,430	
STEWART WRIGHTSON	6,097	201	189	177	159	No Premiums Written In 1998
SUMITOMO MARINE & FIRE INS CO	-	-	-	-	-	No Compensation Reported In 1998
TIG INSURANCE COMPANY	335,653	11,077	10,405	9,734	8,727	
TOKIO MARINE & FIRE INS CO	-	-	-	-	-	No Compensation Reported In 1998
TRANS PACIFIC INS CO	881,145	31,718	29,795	27,873	24,890	
TRANSCONTINENTAL INS CO	-	-	-	-	-	No Compensation Reported In 1998
TRANSPORTATION INS CO	-	-	-	-	-	No Compensation Reported In 1998
TRAVELERS INSURANCE CO	53,751	1,774	1,660	1,559	1,398	
TWIN CITY FIRE INSURANCE	34,640	1,143	1,074	1,095	901	
UMIALIK INSURANCE CO.	661,308	21,823	20,500	19,178	17,194	
UNION OIL CO. / UNOCAL	698,852	5,768	10,832	15,200	18,170	Self Insured Employer
UNITED PACIFIC INS CO.	14,083	485	437	408	368	
UNITED STATES FIDELITY & UNITED STATES FIRE INS.	46,883	1,541	1,447	1,354	1,214	
UTICA MUTUAL INS CO	1,592	53	49	40	41	
VALLEY FORGE INS CO	-	-	-	-	-	No Compensation Reported In 1998
VIGILANT INSURANCE CO	-	-	-	-	-	No Compensation Reported In 1998
VIRGINIA SURETY COMPANY	115,540	3,813	3,582	3,351	3,004	
WESTPORT INSURANCE CORP	288,442	8,879	6,462	8,045	5,419	
YARDARM KNOT, INC	87,031	718	1,349	1,893	2,263	Self Insured Employer
YASUDA FIRE & MARINE INS CO	-	-	-	-	-	No Compensation Reported In 1998
ZURICH AMERICAN INS CO	321,937	10,624	9,980	9,336	8,370	
TOTAL	140,453,040	3,694,325	3,764,988	3,797,602	3,651,779	