

SB

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FILE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 7
Bill Version: CSSB 130(JUD)
(S) Publish Date: 4/8/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title: Workers' Compensation RDU: Insurance (116)
Component: Insurance
Sponsor: Rules by Request of the Governor
Requester: Senate Judiciary Component No.: 354

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on the operations of the Division of Insurance.

Prepared by: Linda S. Hall, Director Phone 907-269-7900
Division: Insurance Date/Time 4/4/05 5:09 PM
Approved by: Edgar Blatchford, Commissioner Date 4/4/2005
Agency: Commerce, Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 5
Bill Version: CSSB 130 (L&C)
(S) Publish Date: 4/4/05

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
Title Workers' Compensation BRU Alaska Court System
Component Trial Courts
Sponsor Senate Rules
Requester Governor Component No. 768

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The court system does not anticipate any fiscal impact from the passage of CSSB 130 (L&C).

Prepared by: Douglas Wooliver, Administrative Attorney Phone 463-4750
Division Alaska Court System Date/Time 4/1/05 1:11 PM
Approved by: Doug Wooliver for Stephanie Cole, Administrative Director Date 4/1/2005
Agency Alaska Court System

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 9
Bill Version: CSSB 130(FIN)
(S) Publish Date: 4/11/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
Title: "An Act relating to a special deposit for BRU: Legislative Council
workers' compensation and employers' liability insurers..." Component: Council and Subcommittees
Sponsor: "Senate Rules Committee by Request..."
Requestor: Senate Judiciary Component No.: 783

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSSB 130 (JUD) creates a Task Force on Workers' Compensation in the Legislative Branch to address the improvement of the Alaska workers' compensation system. The Task Force is composed of one member from the Senate appointed by the Senate President, and one Representative appointed by the Speaker of the House. The Senate President and the House Speaker will jointly appoint one minority member from either house, and eight public members. Judiciary Committee staff advises that all meetings will be by teleconference and no travel costs will be incurred. The Task Force will meet and submit a report of proposed legislation to the Legislature before December 1, 2005. Teleconference costs and costs for printing the report will be absorbed within existing budgets. The Task Force will terminate on February 1, 2006.

Prepared by: Karla Schofield, Deputy Director Phone: 465-6626
Division: Administrative Services Date/Time: 4/11/05 8:05 AM
Approved by: Pamela Varni, Executive Director Date: 4/11/2005
Agency: Legislative Affairs Agency

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 10
Bill Version: HCS CSSB 130(JUD)
(H) Publish Date: 5/6/05

Revision Date/Time: _____ Department: Labor and Workforce Development
Title: Workers' Compensation/Insurance RDU: Workers' Compensation
Sponsor: Senate Rules Component: Workers' Compensation
Requester: House Judiciary Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	468.3	468.3	468.3	468.3	468.3	468.3
Travel	95.0	90.0	90.0	90.0	90.0	90.0
Contractual	330.3	265.3	265.3	265.3	265.3	265.3
Supplies	25.5	25.5	25.5	25.5	25.5	25.5
Equipment	70.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	989.1	849.1	849.1	849.1	849.1	849.1

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1157)	* 0.0	* 0.0	* 0.0	* 0.0	* 0.0	* 0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1157 Workers' Safety Account	989.1	849.1	849.1	849.1	849.1	849.1
TOTAL	989.1	849.1	849.1	849.1	849.1	849.1

Estimate of any current year (FY2005) cost: None

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

POSITIONS

Full-time	7	7	7	7	7	7
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

(See attached.)

Prepared by: Paul F. Lisankie, Director
Division: Workers' Compensation
Approved by: Greg O'Claray, Commissioner
Agency: Department of Labor and Workforce Development

Phone: 465-6059
Date/Time: 5/5/05 11:21 AM
Date: 5/5/2005

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FISCAL NOTE #10

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL VERSION: HCS CSSB 130(JUD)

ANALYSIS: (continued)

Personal Services:

A new position (WC Officer II) is requested to allow the reemployment benefits section to increase the amount of outreach and counseling to injured workers potentially eligible for retraining (cost \$71.1).

Six new positions (Investigator IV, 2 Investigators III, 2 Investigators II, and an Administrative Clerk III) will form a fraud investigation unit (cost \$397.2).

Travel:

Funding of \$30.0 is necessary for travel and per-diem for the staff and members of the medical review committee. An additional \$5.0 is requested in FY06 to attend the legislative task force meetings. On-going funding of \$60.0 is necessary for the travel, per diem and hotel costs to enable the fraud investigators to travel throughout the state.

Contractual:

Funds of \$100.0 for a consultant and other costs associated with the Medical Services Review Committee are included in the first year for the committee to study the medical delivery system for workers' compensation and \$35.0 thereafter. On-going contractual services funding of \$35.0 for rehabilitation program outcome tracking by the Labor Market Information component is required. Contractual services for the new positions include lease costs (\$56.7); mail (\$8.7); administrative support costs (\$83.2); transcripts, copies, printing, etc (\$16.7), training for the fraud investigators (\$15.0). The establishment of a toll free line is estimated to cost \$15.0.

Commodities: Funding of \$25.5 for supplies for the new positions is required.

Equipment: One time funding for office equipment for the new positions of \$70.0 is requested.

New Fees/Fines:

This bill authorizes the Workers' Compensation Board to impose civil penalties against employers that violate the statutory requirement to insure or properly self-insure their employees for workers' compensation benefits.

* Penalties may be up to \$1,000.00 per employee per day. In FY04 over 150 employers were found without workers' compensation insurance; however, the amount of any penalties cannot be determined. Any penalties assessed will be deposited to the Workers' Compensation Guaranty Fund established by this legislation. The Guaranty Fund will use those funds to pay benefits to workers injured while employed by an uninsured employer. The amount of those benefits is also indeterminate.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 11
Bill Version: HCS CSSB 130(JUD)
(H) Publish Date: 5/6/05

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
Title: "An Act relating to a special deposit for workers' RDU: CIVIL
compensation and employers' liability insurers..." Component: Office of Special Prosecutions and
Sponsor: Rules Committee Appeals
Requester: Governor Component No: 2203

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	69.6	69.6	69.6	69.6	69.6	69.6
Travel	0.2	0.2	0.2	0.2	0.2	0.2
Contractual	8.2	8.2	8.2	8.2	8.2	8.2
Supplies	1.1	1.1	1.1	1.1	1.1	1.1
Equipment	7.1	7.1	7.1	7.1	7.1	7.1
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	86.2	86.2	86.2	86.2	86.2	86.2

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	86.2	86.2	86.2	86.2	86.2	86.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	86.2	86.2	86.2	86.2	86.2	86.2

Estimate of any current year (FY2005) cost: 00

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 21 and AS 23 in order to increase the efficiency and flexibility of the current workers' compensation system. This fiscal note addresses Section 64 of the bill which requires that the Department of Law designate at least one-half an attorney positions for the purpose of prosecuting actions for fraudulent acts related to workers' compensation. The Department prefers to add a full-time position which it may very well need to fill half-time. Given that the number of prosecutions the designated position would need to handle is not known, a full time position may be necessary.

The cost associated with a half time attorney is in accordance with the Department of Law's FY 2006 timekeeping and billing rate and includes overhead costs and equipment consistent with the addition of a new attorney position in the Department of Law.

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

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

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

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

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	16.2	16.2	16.2	16.2	16.2	16.2
Travel						
Contractual	2.0	2.0	2.0	2.0	2.0	2.0
Supplies	0.2	0.2	0.2	0.2	0.2	0.2
Equipment	1.6	1.6	1.6	1.6	1.6	1.6
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	20.0	20.0	20.0	20.0	20.0	20.0

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

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

Estimate of any current year (FY2005) cost: 0.0

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

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

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

FISCAL NOTE #12

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HCS CSSB 130(JUD)

ANALYSIS CONTINUATION

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

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

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 13
Bill Version: HCS CSSB 130(JUD)
(H) Publish Date: 5/6/05

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
Title: "An Act relating to a special deposit for workers' RDU: CIVIL
compensation and employers' liability insurers..." Component: Labor & State Affairs
Sponsor: Rules Committee Appeals: _____
Requester: Governor Component No: 2718

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	104.4	104.4	104.4	104.4	104.4	104.4
Travel	0.3	0.3	0.3	0.3	0.3	0.3
Contractual	12.3	12.3	12.3	12.3	12.3	12.3
Supplies	1.6	1.6	1.6	1.6	1.6	1.6
Equipment	7.4	7.4	7.4	7.4	7.4	7.4
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	126.0	126.0	126.0	126.0	126.0	126.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	126.0	126.0	126.0	126.0	126.0	126.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	126.0	126.0	126.0	126.0	126.0	126.0

Estimate of any current year (FY2005) cost: 00

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

POSITIONS

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

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

This bill amends AS 21 and AS 23 in order to increase the efficiency and flexibility of the current workers' compensation system. This fiscal note addresses Section 4 which changes the number of panels that hear workers' compensation matters and requires regulations. Similarly, Section 6 related to the Commissioner of Labor or a designee to hear and decide matters will also require new regulations. Section 26 creates the Workers' Compensation benefits Guaranty Fund and allows subrogation of the fund when employers default on benefits and compensation owed to employees. This section will result in the pursuit of civil claims and subrogation claims on behalf of the fund and defense against improper claims. Section 32 will also require new regulations to establish fees for medical treatment and services under worker's compensation. Additionally, Section 60 of the bill establishes an investigation section within the workers compensation division and Section 29 requires a medical

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

FISCAL NOTE #13

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HCS CSSB 130(JUD)

ANALYSIS CONTINUATION

services review committee be established. These newly established units would need require a certain amount of legal advice. It is estimated that the services of three quarters of an attorney would be needed for the previously discussed changes. The Department prefers to add a full-time position which it may very well need to fill part-time. These services cannot be paid

The cost associated with a three-quarters time attorney is in accordance with the Department of Law's FY 2006 timekeeping and billing rate and includes overhead costs and equipment consistent with the addition of a new attorney position in the Department of Law. Given that the number of issues the designated position would need to handle is not known, a full time position may be necessary.

The cost associated with a half time attorney is in accordance with the Department of Law's FY 2006 timekeeping and billing rate and includes overhead costs and equipment consistent with the addition of a new attorney position in the Department of Law.