

1076

HLM

MISCELLANEOUS

- HB 705

I L L U S T R A T I O N S

The following Illustrations have been prepared by the Senate Special Committee on the Permanent Fund and give examples of loans that could be made through the Alaska Loan Program and the Renewable Resources Division.

\*Loans Made in Conjunction with the Renewable Resources Division  
(Senate Original Position)

Illustration A

Bottom Fish Processing Plant

Illustration B

Fishing Boat

Commercial Loans Made through the Alaska Loan Program

Illustration C

Retail Store and Housing Development Project

\*Note that the Senate's original position was that a Renewable Resource Division within the Department of Commerce and Economic Development be utilized in lieu of a separate corporation. The division personnel would be project oriented and advocates for these development projects. These illustrations indicate only how the Alaska Loan Program can be used as of February 1980.

## RENEWABLE RESOURCES DIVISION

## Illustration A

PROJECT: Bottom Fish Processing Plant

			<u>Alaska Loan Program</u>	<u>Equity</u>
Real Estate	\$ 3,000,000	90%	\$2,700,000	\$300,000
Equipment	2,000,000	80%	1,600,000	400,000
	<hr/>		<hr/>	<hr/>
	\$ 5,000,000		\$4,300,000	\$700,000

A 50% equity position by the Renewable Resources Development Fund = \$350,000

\* Interest Cost = 7% over the life of the loan.

Note: With section 284 of the Alaska Loan Program, included in the above cost are:

- 1) Interest during construction (12 - 18 months)
- 2) Interest, costs, and working capital for 30 months

Therefore, the project has not paid anything from earnings for 48 months.

\* 1978 Interest Level.

## RENEWABLE RESOURCES DIVISION

## Illustration B

PROJECT: Fishing Boat

		Alaska Loan Program	Equity
Fishing vessel	\$ 150,000	90%      \$ 135,000	\$ 15,000
Equipment	30,000	80%      24,000	6,000
	<hr/>	<hr/>	<hr/>
	\$ 180,000	\$ 159,000	\$ 21,000

\*Division of Renewable Resources may: 1) supply an interest incentive  
2) hold 50% equity position equal to \$ 10,500.

\* Senate original program now must use Alaska Renewable Resources Corporation.

ALASKA LOAN PROGRAM  
COMMERCIAL LOANS

## Illustration C

PROJECT: Retail Store

		<u>Alaska Loan Program</u>		<u>Equity</u>
Real Estate	\$ 400,000	90%	\$ 360,000	\$ 40,000
Equipment	100,000	80%	80,000	20,000
	<u>\$ 500,000</u>		<u>\$ 440,000</u>	<u>\$ 60,000</u>

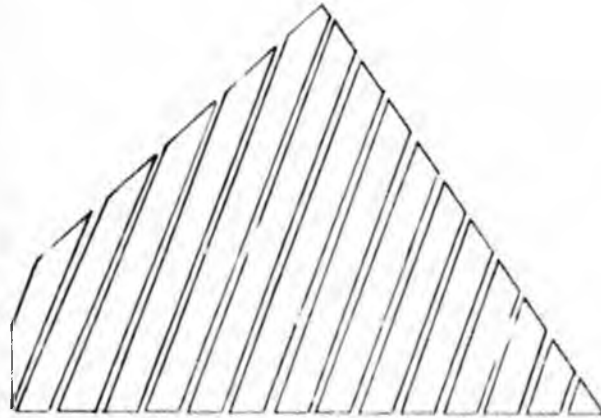
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PROJECT: Housing Development \*

		<u>Alaska Loan Program</u>		<u>Equity</u>
Real Estate	\$5,000,000	90%	\$ 4,500,000	\$ 500,000

\* Project has participation of 10 individuals each assuming individual liability.

**1978**  
**Governor's**  
**Safety**  
**Conference**



**FATALITIES:**

**The Tip Of**  
**The Iceberg**

**SEPTEMBER 27-28**  
**Captain Cook Hotel**  
**Anchorage, Alaska**

Wednesday, September 27

# PROGRAM

8:00 to 9:00 a.m. Registration - Mid Deck

9:00 to 11:00 a.m. Opening Session - Mid Deck  
Vern Smith, Conference Chairman

Invocation

Welcome and Opening Remarks  
Jay Hammond, Governor, State of Alaska or representative

Welcome to Anchorage  
George Sullivan, Mayor

Address: "Management, Labor & Government Views on Safety":  
Lloyd Jones, Louisiana Pacific  
George Pearson, Carpenters Union  
James O'Sullivan, Dept. of Transportation & Public Facilities (DOT)

Review of Topics to be discussed in Workshops:

- I. C. H. Church, RCA Alascom "Education & Communications"
- II. D. Friend, DOT, "Highway Safety"
- III. C. Short, Safety Management "Industrial Safety"

Roman numerals indicate sponsoring committee

11:00 to 12:00 noon Vendor Exhibits - All Deck

12:00 to 1:00 p.m. Luncheon - Mid Deck

Special Interest Sessions

- 1:00 to 2:15 p.m. I. "Off-the-Job Safety"  
Larry Sickles - U. S. Public Health Service  
Pete Probasco - Cooperative Extension Service, UA  
Don Ryder - Alaska Labor and Management Employee Affairs

2:30 to 3:45 p.m.

II. Highway Safety "Introduction"  
Howard Eddy, NHTSA  
Gene Hanna, FHWA  
Bill Hall, National Standards

III. "Occupational Safety and Health"  
Karl Budinger Stan Godsoe  
Bruce Hanchett John Cook  
Larry Plessinger Darrell Miller  
Ray Jorgensen Eileen Plate

II. Highway Safety "History" Organization - Charles Smith  
Fatality Rates - James Eakin, DOT

III. "Oil Industry Safety" - Cal Owens, AOGA

3:00 to 4:00 p.m. I. "How Professional is your Safety Program?"  
Stan Freeman, UW  
Don Ryder

4:00 to 5:00 p.m. II. "Highway Safety Program"  
Jim Brandon, Public Safety  
Don Friend, DOT  
Driver Training - Ray Cox, DOT

III. "Construction"  
Dick Pittenger, AGC

6:30 to 7:00 p.m. No Host Cocktails - Mid Deck

7:00 p.m. Banquet - Mid Deck  
MC - Ed Orbeck, Dept. of Labor  
Speaker - William Jacobs  
Washington Board of Industrial Appeals

Thursday, September 28

8:30 to 9:30 a.m. General Session - Mid Deck  
Speaker - Fred Vetter, Nat'l Highway Traffic Safety Admin.

Special Interest Sessions

9:30 to 11:45 a.m. I. "Loss Management - How to Make it Work for You"  
Bill Mears, Loss Control Manager, State of AK.  
Bill Casler, Loss Control Manager, Rollins, Burdick, & Hunter of Alaska

II. Highway Safety "Problems Workshop"

III. "Timber Industry Safety"  
Les Hook, Louisiana Pacific  
Mike Valentine, Pres., ALA  
George Erickson, ALPAC  
Helen Finney, Women's Panel  
Ernie Parker & H Logging

11:45 to 1:15 p.m. Luncheon - Mid Deck  
Chuck Short, Presiding Speaker - Joe Beckman, Weyerhaeuser Company

1:30 to 2:15 p.m. III. "Industry vs. Alcohol"  
Don Ryder

II. Highway Safety "Solutions Workshop"

1:30 to 3:15 p.m. I. "Severe Environmental Training"  
Richard Pauley, Executive Administrator, Southern Regional Emergency Medical Services

2:15 to 3:00 p.m. II. "Solutions Workshop"  
Highway Safety

III. "Dock, Yard, and Shop Safety"  
A. J. Pritchard, Sea-Land

3:15 to 5:00 p.m. General Session Wrap-up - Mid Deck

Registration Fee: Please enclose check or money order payable to Alaska Safety Advisory Committee

Conference Registration (Includes 2 lunch tickets and 1 banquet ticket) \$50.00

Additional Banquet Tickets..... \$20.00

Hotel Reservations may be made through the Captain Cook Hotel, 5th & K, Anchorage - (907) 276-6000

Name \_\_\_\_\_

Affiliation \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Please return this registration form with your check to:

ALASKA SAFETY ADVISORY COMMITTEE

P. O. Box 1149

JUNEAU, ALASKA 99811

**THE GOVERNOR'S  
SAFETY CONFERENCE**

is sponsored by the Alaska Safety Advisory  
Committee with participating members from:

ALASKA LABOR & MANAGEMENT

ALASKA LOGGERS ASSOCIATION

ALASKA OIL & GAS ASSOCIATION

ALASKA PACIFIC ASSURANCE COMPANY

ALASKA STATE FEDERATION OF LABOR

ALASKA TRUCKING ASSOCIATION

ASSOCIATED GENERAL CONTRACTORS

HIGHWAY USERS ASSOCIATION

INT'L BROTHERHOOD OF ELECTRICAL WORKERS

RCA ALASCOM

ROLLINS BURDICK HUNTER OF ALASKA

TEAMSTERS LOCAL 959

**Governor's  
Safety Conference  
1979**



***SAFETY: The Challenge  
of the North***

**September 12 & 13**

***The Captain Cook Hotel***

**Anchorage, Alaska**

**WELCOME TO THE  
1979 GOVERNOR'S SAFETY CONFERENCE**

**SPONSORED BY  
THE ALASKA SAFETY ADVISORY COMMITTEE**

**CAPTAIN COOK HOTEL  
SEPTEMBER 12 - 13  
ANCHORAGE, ALASKA**

JAY S. HAMMOND  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
BUREAU

Dear Conference Participant:

Welcome to the 1979 Governor's Safety Conference!

This conference is the result of the continuing efforts of industry, labor and government to make Alaskans aware of the importance of safety on the job, on the highway, at play and at home.

The State of Alaska recognizes its responsibility to provide a safe and healthful environment for its citizens. The Department of Labor maintains programs to protect workers from occupational safety and health hazards and to help both employers and employees minimize losses that occur as a result of job-related injuries. The Departments of Public Safety and Transportation also have active programs directed toward highway safety and the prevention of alcohol abuse.

Efforts to promote effective safety programs depend upon the participation of all Alaskans. The ideas and support of participants in this conference are an important part of our effort to create a safe environment in Alaska. Your attendance provides a platform for discussion that is not available elsewhere.

Thank you for your continued awareness of the safety of all Alaskans.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond  
Governor

**1979 ALASKA GOVERNOR'S SAFETY CONFERENCE**

**WEDNESDAY, SEPTEMBER 12, 1979**

**8:00 to**

**9:00 a.m.**

**Opening Session**

**Richard M. Pittanger**

**Conference Chairman, Presiding**

**Welcome and Opening Remarks**

**Robert W. Ward, Commissioner**

**Alaska Department of Transportation**

**and Public Facilities**

**Welcome to Anchorage**

**George Sullivan, Mayor**

**9:00 a.m.**

**Presentation by Logger's Ass'n**

**Les Hook, Louisi Pacific**

**Ketchikan - Moderator**

**10:30 a.m.**

**COFFEE BREAK**

**10:45 a.m.**

**"Attitude Adjustment for Management"**

**Speaker: Jim Pemberton, ARCO**

**11:45 a.m.**

**LUNCH**

**Speaker: Rear Admiral**

**Robert A. Duin, U.S. Coast**

**Guard**

- 1:30 p.m. Highway Safety**  
**Speaker: Gerald A. Schuler**  
**Regional Safety Engineer**  
**U. S. DOT - Highways**
- 2:30 p.m. Legal Aspects of Safety - A Pro and Con Discussion**  
**Speaker(s):**  
**Eric Olson Esq. State of Alaska**  
**Attorney General's Office**  
  
**T. W. Patch Esq. Garretson and Jarvi**
- 3:30 p.m. COFFEE BREAK**
- 3:45 p.m. Railroad Safety - "Operation Lifesaver"**  
**Speaker: E. Oliphant, National Coordinator**  
**Operation Lifesaver**
- 6:30 p.m. SOCIAL HOUR**
- 7:30 p.m. BANQUET**  
  
**Speaker: Richard D. Reeve, President**  
**Reeve Aleutian Airways**  
  
**Master of Ceremonies**  
**Edmund N. Orbeck, Commissioner**  
**Alaska Department of Labor**

**THURSDAY, SEPTEMBER 13, 1979**

- 7:00 a.m. Eye Opener – Coffee and Donuts**  
**Sponsored by American Society of**  
**Safety Engineers**
- 8:00 a.m. Commercial Air Safety**  
**Panel:**  
**Warren C. Metzger, Vice President**  
**Flight Operations and Chief Pilot,**  
**Alaska Airlines**
- Gary Williams Central Safety Chairman,**  
**Airline Pilots Ass'n.,**  
**Wien Airlines**
- Bob Slater, Chief Inspector,**  
**Reeve Aleutian**
- Dick Buzzby, Director Quality Control,**  
**Reeve Aleutian**
- 9:00 a.m. Home Safety – "A Business Cost"**  
**Speaker: Jerry Bjork,**  
**Safety Commission Product**
- 10:00 a.m. COFFEE BREAK**
- 10:15 a.m. Injury & Accident Data as a Management**  
**Tool**  
**Speaker: Scott Wetzel, President**  
**Scott Wetzel Services, Inc.**
- 11:15 a.m. Panel**  
**Boating Safety**  
**Speaker: U.S. Coast Guard Team**

**12:15 p.m. LUNCH**

**Speaker: Lt. Gen. Benjamin O. Davis, Jr., Ret.  
Nat. Highway Safety Administ.  
Special Assistant, U.S.  
Secretary of Transportation**

**1:30 p.m. General Air Safety  
Moderator: Russell Anderson, Civil  
Air Patrol**

**Panel:**

**Carl Bowman, Transportation  
Coordinator, RCA OMS**

**Duane Taylor, Chief of Safety  
RCA OMS**

**Bill Lindgren, Director of  
Operations, Alaska Air Service**

**Warren Hartman, Chugach National  
Air Officer, U.S. Forest Service,  
USDA**

**2:30 p.m. Biorhythms - "A New Concept in Safety"  
Speaker: Red Bradley, RF Media  
Consultants**

**3:30 p.m. COFFEE BREAK**

**3:45 p.m. Cold Water Survival  
Speaker: Dr. Martin L. Collis  
University of Victoria  
Victoria, B.C., Canada**

**4:45 p.m. CLOSING**

## **BIOGRAPHICAL SKETCH**

### **RICHARD REEVE**

**Richard Reeve is probably well known in the State of Alaska because he heads Reeve Aleutian Airways, founded by his father, Bob Reeve. Reeve joined the airline while still in high school and continued on a part-time basis through his college years. He holds a degree in management from the University of Alaska. He served in the Active Army Reserve, is an airline transport rated pilot with 4500 hours, and has flown all over Alaska and the Aleutians. He belongs to the Boone and Crockett Club and the U.S. Army Association. In March of 1978, he became President and Chief Executive Officer of Reeve Aleutian Airways. Reeve is married, has six children and resides in Anchorage.**

## **COMMITTEE PARTICIPANTS**

**Crowley Maritime**

**Alaska Pacific Assurance Company (ALPAC)**

**Municipality of Anchorage**

**Alaska Loggers Association (ALA)**

**U.S. Department of Transportation/Alaska Railroad**

**3 M Company**

**ALASCOM INC.**

**FAA**

**Highway Users Federation**

**Sohio Petroleum Company**

**Sealand**

**Alaska General Contractors (AGC)**

**Rollins Burdick Hunters of Alaska**

**University of Alaska**

**Alaska Department of Education**

**Alaska Department of Administration**

**Alaska Department of Labor**

**Alaska Department of Transportation**

**Anchorage School District**

**Alaska Native Health Service**

## **CREDIT FOR NAME TAGS**

**Name Tags Donated by Professional Contractors Incorporated**

## GOVERNOR'S SAFETY ADVISORY COMMITTEE

Richard Pittenger, Chairman  
Alaska Chapter, Associated General Contractors

Vern Smith  
Highway Users Federation of Alaska

Don Bell  
Alaska Loggers Association

Dwayne Carlson  
Executive President  
Alaska Federation of Labor

William Casler  
Loss Control Manager  
Rollins, Burdick, Hunter of Alaska

Harold Ritchie  
SOHIO Petroleum Co.

A. J. Pritchard, Safety Manager  
Sea-Land Service Co.

John Mariun  
ALASCOM

R. C. "Chuck" Shurt  
Alaska Pacific Assurance Co.

James Malapanes  
AFL-CIO

Richard B. Lauber  
Alaska Manager  
Pacific Seafood Processors Association

Larry Sickles  
U. S. Government  
Environment Health Branch

Lew Colwell  
Alaska Native Health Service

W. W. Thurmond  
Northwestern Construction Co.

Robert D. Miller  
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Division of Occupational Safety and Health

John Nielson  
Safety Officer  
U. S. Department of Transportation

Rick Whitesell, Safety Coordinator  
Municipality of Anchorage

John E. Russell  
Alaska Pacific Assurance Co.

James Eakin  
3 M Company

Tom Bibeau, Safety Officer  
Anchorage School District

John Ball Jr.  
Marine Advisory Program  
University of Alaska

Joseph Hunt Sr.  
Federal Aviation Administration

Jani Leask, Executive Vice President  
Land Claims  
Alaska Federation of Natives



**Honorable Russ Meekins**  
**February 27, 1980**  
**Page 2**

**This booklet will undoubtedly be a valuable tool in educating Alaskan workers concerning workers' compensation and in reducing litigation that arises from misunderstandings by the parties to a claim.**

**Thank you for the opportunity to comment on this very worthwhile project. If you have any further questions please contact me at 465-2790.**

**Very truly yours,**

**Jacquelyn L. McClintock, Director**  
**Workmen's Compensation Division**

**JLM:wjp**

**cc: ✓ Representative Vern Hurlbert, Chairman**  
**House Labor and Management Committee**

**Representative Brian Rogers, Vice-Chairman**  
**House Labor and Management Committee**

WO#8452  
Baldwin

BY THE LABOR AND  
MANAGEMENT COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 1001

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ~~the second injury fund~~ <sup>the second injury fund</sup>; and provid-  
7 ing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 23.30.040 is repealed and re-enacted to read:

10 Sec. 23.30.040. SECOND INJURY FUND. (a) There is created a  
11 second injury fund, administered by the commissioner of labor. Money in  
12 the second injury fund may only be paid for the benefit of those persons  
13 entitled to receive payments from the second injury fund under this  
14 chapter. Payments from the second injury fund must be made by the  
15 commissioner of labor in accordance with the orders and awards of the  
16 board.

17 (b) If an employee suffers a compensable injury, the employer or  
18 insurance carrier shall pay to the second injury fund an amount deter-  
19 mined by the commissioner of labor under (e) of this section for the  
20 year in which the employee was injured.

21 (c) If an employee suffers a compensable injury which results in  
22 death and the employee is not survived by a widow, widower, child, or  
23 dependent relative eligible to receive death benefits under AS 23.30.215,  
24 the employer or insurance carrier shall pay \$10,000 to the second injury  
25 fund.

26 (d) The board may refund a payment made into the second injury  
27 fund if the employer or insurance carrier shows that it made the payment  
28 by mistake or inadvertence, or if it shows there existed at the time of  
29 the payment a beneficiary entitled to benefits under AS 23.30.215.

1 (e) The payments to the second injury fund by an employer or  
 2 insurance carrier required by (b) of this section must be determined  
 3 annually by the commissioner of labor. The amount of the payment must  
 4 be set at a rate which maintains a balance in the second injury fund  
 5 which is equal to 175 percent of payments from the fund for the most  
 6 recent fiscal year. The balance of the second injury fund at the end of  
 7 each fiscal year must be subtracted from the payments made in making the  
 8 calculations in this section. The commissioner of labor shall give  
 9 public notice of the payment required under (b) of this section on  
 10 November 1 of the year preceding the year for which the determination of  
 11 the rate of payment applies. The amount of the payment shall be ex-  
 12 pressed as a percentage of the compensation payable to an injured  
 13 employee for a permanent partial, permanent total, temporary partial, or  
 14 temporary total disability.

15 (f) The board may adopt regulations necessary to implement this  
 16 section.

17 (g) The board may direct and provide the vocational retraining and  
 18 rehabilitation of a permanently disabled person whose condition is a  
 19 result of an injury compensable under this chapter by making cooperative  
 20 arrangements with insurance carriers, private organizations and institu-  
 21 tions, or state or federal agencies. The person being retrained or  
 22 rehabilitated is entitled to receive compensation from the second injury  
 23 fund for maintenance during the period of retraining and rehabilitation  
 24 in the sum which the board considers necessary, not to exceed \$200 a  
 25 month. The total expenditures for maintenance, retraining, rehabilita-  
 26 tion, and necessary transportation may not exceed \$10,000 for one person.

27 (h) All amounts collected as civil penalties under this chapter  
 28 must be paid into the second injury fund.

29 (i) The attorney general may investigate claims and hire expert

1 witnesses necessary to prevent fraudulent or excessive claims for money  
2 in the second injury fund and, subject to an appropriation for this  
3 purpose, may be reimbursed from the second injury fund for the cost of  
4 investigating claims and defending against those claims.

5 (j) Administration expenses of the state under this section and  
6 AS 23.30.205 must be paid from an appropriation from the second injury  
7 fund.

8 \* Sec. 2. AS 23.30.045(c) is amended to read:

9 (c) For a person eligible for vocational rehabilitation service  
10 under AS 23.15.080 and who is placed with an employer for service [WITH-  
11 OUT WAGES] at the request of the office of vocational rehabilitation to  
12 give him on the job training, work readiness or work therapy experience,  
13 or work sampling, the liability set out in (a) of this section applies  
14 to the state rather than to the employer.

15 \* Sec. 3. Notwithstanding AS 23.30.040(e) enacted in sec. 1 of this Act,  
16 for an injury to an employee which occurs during calendar year 1980, an  
17 employer or insurance carrier shall pay to the second injury fund eight  
18 percent of the total compensation to which the injured employee is entitled  
19 for a permanent partial, permanent total, temporary partial, or temporary  
20 total disability.

21 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-  
22 070(c).

Bill No. HB 1011

Date 4/24/80

Title An Act relating to the second injury fund; and providing for an effective date.

Contact: Judy DuBois  
Phone: 465-2700

Projections for the Second Injury Fund indicate that a serious fund balance problem will exist at the end of FY 80 (see attached). As the results of amendments to the Workmen's Compensation Act over the past five years, the cost of compensation payments to injured workers and reimbursement to employer/carriers has increased by approximately 400 percent. Primarily due to inflation, costs of vocational retraining and rehabilitation have also doubled during this same period.

The general trend has been to increase Workmen's Compensation benefits, thus expenditures with no provision for an increase in revenue. The maximum amount allowable for retraining and rehabilitation (\$5,000) has not increased since enactment of Alaska Workmen's Compensation laws in 1959. Likewise, the present method of obtaining revenue for the Fund has not been updated since July 1, 1970 and does not generate adequate funding to meet current statutory obligations. Present monetary demands on the Fund exceed receipts and the Fund is unable to reimburse employer/carriers in full for payments to injured workers as required in AS 23.30.205. It is forced to make reimbursement on a monthly installment basis. In the future, payments made on accounts owed in past years will combine with present debts to deplete the Fund and the program will be unworkable.

Several meetings have been held by the Second Injury Fund Officer with other members of the Department, Budget and Management representatives, insurance representatives, and Division of Vocational Rehabilitation personnel to consider alternative courses of action which would remedy the impending liquidity problem of the Fund. After analyzing the fiscal impact of cutting or severely limiting services to injured workers, it was decided that an alternative method of generating revenues was the most reasonable and logical course of action to follow.

Our original proposal outlined a plan recommended by the Council of State Governments whereby each employer or carrier shall, under regulations prescribed, make payments to the Fund in an amount equal to that proportion of 175 percent of the total disbursement made from the Fund during the preceding calendar year, less the amount of net assets in the Fund as of December 31 of the preceding calendar year. However, after discussing this procedure with the Administrator of Second Injury Fund from the State of Michigan (Michigan and Georgia are presently the only states operating on the 175 percent system) it was decided that the data systems necessary for the implementation and monitoring of this proposal were not available.

After further researching the matter, it has been decided that the most reasonable and logical means of generating revenues adequate for the Fund to meet its obligation is to provide for payments to the Fund by employer/carriers on all compensation paid for disability and Section .191 benefits. Under present law the fund derives revenue only in cases of permanent partial disability (8% of award) and death (\$10,000 in cases where the employee is not survived by a person eligible for benefits). Our proposal would reduce employer/carrier payments to the Fund to six percent of all disability compensation, and Section .191 benefits paid.

(Continued)

**POSITION PAPER/**Department of Labor

In cases of death, the provisions remain the same. (See #3 attached for payments made to the Fund in cases of death for the past five calendar years).

Division records show that the employer/carriers paid \$24,100,023 in compensation to injured workers during FY 79. Under the proposed system the Fund would have generated revenues of approximately 1.4 million dollars (see attached). Unless construction of the gas pipeline commences over the next two years, we foresee no large increases in compensation being paid. With the continued decrease in the number of Workmen's Compensation claims and the decreasing average annual wage which affect the amount of compensation paid, projections for FY 80 and FY 81 would reflect a lesser figure.

It is anticipated that within one year of implementation of the proposed plan, the Second Injury Fund will again be solvent. We believe that the repeal and re-enactment of these statutes is necessary if the Fund is to continue to meet its obligations and meet the needs of those injured workers eligible for Second Injury Fund benefits, as set out in Section .040 and .205 of the Alaska Workmen's Compensation Act.

The actuaries of the National Council on Compensation Insurance have indicated to the Alaska Division of Insurance that this legislation will cause no impact in workers' compensation insurance premium rates.

SECOND INJURY FUND

COMPARISON OF FUND BALANCES, RECEIPTS AND DISBURSEMENTS

Fiscal Year	July 1 Beginning Balance	Adjustments	Receipts	Disbursements	June 30 Ending Balance
1974	54,376	163,448	184,608	236,842	165,589
1975	165,589	(17,050)	239,481*	271,550	116,469
1976	116,469		430,318	329,010	217,777
1977	217,777		445,410	334,133	329,054
1978	329,054		652,998	785,200	196,852
1979	196,852		1,085,600	990,500	291,952
1980	291,952		900,000**	1,236,300	(44,348)

\* Estimated revenue 1980

\*\* Estimated balance for June 30, 1980

*the entire overall picture  
to come out in balance*

NUMBER OF WORKER'S COMPENSATION CLAIMS AND BENEFITS PAID

CALENDAR YEAR 1979

	# REPORTING	# COMP. CLAIMS	AMT. COMP. PD.	MEDICAL PAID	# MED ONLY CLAIMS	MEDICAL ONLY PAID
<u>1st Quarter</u>						
Self-Insured	14	63	\$ 117,568.99	\$ 64,813.20	40	\$ 16,308.11
Carriers	27	4,884	8,562,494.01	1,639,938.66	2,614	301,604.47
<u>2nd Quarter</u>						
Self-Insured	12	72	137,868.47	56,156.58	82	10,301.20
Carriers	25	4,661	8,476,570.09	1,512,282.83	2,477	403,624.75
<u>3rd Quarter</u>						
Self-Insured	10	181	289,135.24	149,975.15	266	44,007.15
Carriers	23	2,511	3,044,746.53	935,117.60	1,770	262,110.11
<u>4th Quarter</u>						
Self-Insured	8	32	99,231.92	42,402.82	76	14,501.04
Carriers	22	3,139	3,372,408.67	1,095,218.26	1,972	291,958.00
<u>TOTALS - Self-Insured</u>						
		348	643,804.62	313,347.75	464	85,117.50
<u>Carriers</u>						
		15,195	23,456,219.30	5,182,558.35	8,833	1,259,297.33
<u>GRAND TOTALS</u>						
		15,543	\$ 24,100,023.92	\$ 5,495,906.10	9,297	\$ 1,344,414.83

(QUARTERLY REPORTS - AS REPORTED TO THE ALASKA WORKMEN'S COMPENSATION DIVISION BY CARRIERS AND SELF-INSURED EMPLOYERS)

SECOND INJURY FUND

PAYMENTS MADE TO SIF IN CASES OF DEATH

Calender Year	Total No. of Death Reported	Amt. Paid to SIF
1979	51	\$70,000
1978	60	\$120,000
1977	68	\$100,000
1976	99	\$170,000
1975	94	\$180,000

# Return to Labor & Management

HB 1016 For an Act entitled: "An Act relating to deductible income for determining unemployment insurance benefits; and providing for an effective date."

This bill is necessary to bring the State of Alaska into conformity with the federal law (FUTA 3304(a)(15)). The federal law implementing this pension change was passed by Congress three years ago. The effective date was April 1, 1980, to allow states sufficient time to amend their laws and be in conformity.

Twenty-two (22) states (including Alaska) are out of conformity. Many of the Legislatures are currently considering bills. The reason many states are out of conformity is that they felt Congress would pass legislation amending the law. Amendments have passed both bodies of Congress and are currently in Free Conference. Mr. Sturrock, Assistant Director, UI, was recently at a meeting in Washington, DC, and a staffer from the U. S. from the U. S. Senate Finance Committee was at the meeting. He concurred with ETA officials that it was doubtful if any bill would pass. This is because of the current emphasis to balance the budget.

Mr. Sturrock was informed that conformity hearings would be held beginning the latter part of May. If Alaska was found out of conformity as a result of these hearings, the following could happen:

- 1) The FUTA tax credit currently in place could be revoked and Alaskan employers would be required to pay an additional 2.7% FUTA tax on the first \$6,000 paid to each employee. This would increase employers taxes by approximately \$27,000,000. This would be effective for 1981 and until the state came into conformity.
- 2) The state could lose its administrative funding for operation of the Employment Security Division. This would amount to approximately \$16,000,000 annually.
- 3) Any combinations of the above.

HB

189

# COMMITTEE REPORT HOUSE

FURTHER: JUDICIARY

February 13, 1979

Date: 2-15-79

Mr. Speaker:

The Committee on LABOR AND MANAGEMENT has had HB 189

"An Act relating to elevator safety."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title
- new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING

DO PASS

Vern Furber

Bob Koen

Marcus Abramson

Joe McKinnon

W. H. O.

R. B. Hissworth

Joe A. Hayes

MEMBERS HAVING

OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vern Furber  
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. J-77-138-79 HOUSE BILL NO. 189  
 Title An Act Relating to Elevator Safety  
 Requested by Office of the Governor Date 2-6-79

II. FISCAL DETAIL  
 Agency Affected DEPARTMENT OF LABOR  
 Program Category Affected Life & Property Protection  
 BRU, Program, or Subprogram(s) Affected Mechanical Inspection  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
PROGRAM RECEIPTS		10.0	10.0	10.0	10.0	10.0

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

With existing staff, additional expenditures are not expected. This bill would provide for establishment of a fee schedule through departmental regulations. Proposed regulations provide for a fee of \$40 per elevator inspection. Based upon an estimate of 250 inspections per year, revenue would be 10.0. These fees will help to offset program costs.

IV. DATE February 6, 1979 PREPARED BY James M. Spoby  
 AGENCY LABOR  
 Original: Legislative Finance PHONE 469-2721  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA  
Inter Department Route Slip

TO:  
MAIL STATION NUMBER \_\_\_\_\_

DEPARTMENT House Labor & Mgmt. Comm.

ATTENTION \_\_\_\_\_

- |  |  |
|--|--|
| <input type="checkbox"/> Approval      | <input type="checkbox"/> Note & Return       |
| <input type="checkbox"/> Signature     | <input type="checkbox"/> Initial & Return    |
| <input type="checkbox"/> Comment       | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me    | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action    |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information    |

Remarks:

FROM:  
MAIL STATION NUMBER 0700

DEPARTMENT Labor

BY Commissioner's Office DATE 2/16/79

02-002 (REV. 10/73)

REVISED

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HB 189  
 Title AN ACT RELATING TO ELEVATOR SAFETY  
 Requested by HOUSE LABOR & MANAGEMENT COMMITTEE Date 2-15-79

II. FISCAL DETAIL  
 Agency Affected DEPARTMENT OF LABOR  
 Program Category Affected LIFE & PROPERTY PROTECTION  
 BRU, Program, or Subprogram(s) Affected MECHANICAL INSPECTION  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
PROGRAM RECEIPTS		18.0	18.0	18.0	18.0	18.0

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

With existing staff, additional expenditures are not expected. This bill would provide for establishment of a fee schedule through departmental regulations. Proposed regulations provide for a fee of \$40 per elevator inspection. Based upon an estimate of 450 inspections per year, revenue would be 18.0. These fees will help to offset program costs.

IV. DATE February 14, 1979 PREPARED BY James M. Souby  
 AGENCY LABOR  
 Original Legislative Finance PHONE 465-2721  
 cc. Budget and Management  
 Prime Sponsor (First Legislator Named)

HB

406

# COMMITTEE REPORT

## HOUSE

FURTHER: FINANCE

March 17, 1979

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on LABOR AND MANAGEMENT has had HB 406

"An Act establishing a credit against the state income tax for providing employment in areas of the state suffering economic hardship; eff. date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_  
CHAIRMAN

**ALASKA STATE LEGISLATURE**

ELEVENTH Legislature **FIRST** Session

HOUSE **BILL** NO. **406**

By **ROGERS, ANDERSON,**

**BETTISWORTH, CARNEY, FULLER,  
HURLBERT, MOSS, PARR, RANDOLPH,  
AND SMITH**

"An Act establishing a credit against the state income tax for providing employment in areas of the state suffering economic hardship; and providing for an effective date."

Credit against the state income tax

Introduced in the House **3-17**, 19**79**

**HISTORY IN THE HOUSE**

19 **79**  
Mar. **17**  
Read first time and referred to Committee on Labor and Management and Finance  
Reported back with recommendation that

Read second time and

Read third time and

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

**Reconsideration**

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by Speaker  
Sent to Senate

CHIEF CLERK OF THE HOUSE

**HISTORY IN THE SENATE**

19  
Read first time and referred to Committee on  
Reported back with recommendation that

Read second time and

Read third time and

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

**Reconsideration**

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by President  
Returned to House

SECRETARY OF THE SENATE

**HISTORY IN THE HOUSE**

19  
Received from Senate  
Concurred in Senate amendment thus adopting:  
**VOTE**  
Failed to concur in Senate amendment; asked Senate to recede  
**VOTE**  
Senate receded from amendment  
**VOTE**  
Senate failed to recede from amendment  
**VOTE**  
CC appointed by House  
CC appointed by Senate  
CC adopted by House  
**VOTE**  
CC adopted by Senate  
**VOTE**  
To enrolling  
Reported correctly enrolled  
Sent to Governor  
by Governor

Filed with Lt. Governor

Chapter No.

HB

471

# COMMITTEE REPORT

(7)

## HOUSE

2/20/80

FURTHER: FINANCE

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on LABOR AND MANAGEMENT has had SSHB 471

"An Act relating to resident hire tax credit; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Inter '  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

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\_\_\_\_\_  
CHAIRMAN

7126  
Benini

**ALASKA STATE LEGISLATURE**

ELRVEN<sup>TH</sup> Legislature **SECOND** Session

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 471**

By **METCALFE, ANDERSON, BARNES, BEIRNE, BETTISWORTH, CARNEY, COTTEN, HAYES, HURLBERT, MARTIN, MONTGOMERY AND ROGERS**

"An Act relating to resident hire tax credit; and providing for an effective date."

**Resident hire tax credit**

Introduced in the House **2/20**, 19 **80**

**HISTORY IN THE HOUSE**

**1980**

**Feb 20**

Read first time and referred to Committee on

**Labor and Management and Finance**

Reported back with recommendation that

Read second time and

Read third time and

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

**Reconsideration**

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by Speaker  
Sent to Senate

CHIEF CLERK OF THE HOUSE

**HISTORY IN THE SENATE**

**19**

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

**Reconsideration**

<b>PASS</b>	<b>Effective Date</b>
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed  
Signed by President  
Returned to House

SECRETARY OF THE SENATE

**HISTORY IN THE HOUSE**

**19**

Received from Senate

Concurred in Senate amendment thus adopting:  
**VOTE**

Failed to concur in Senate amendment; asked Senate to recede  
**VOTE**

Senate receded from amendment  
**VOTE**

Senate failed to recede from amendment  
**VOTE**

CC appointed by House

CC appointed by Senate

CC adopted by House  
**VOTE**

CC adopted by Senate  
**VOTE**

To enrolling  
Reported correctly enrolled  
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

February 4, 1980

MEMORANDUM:

To: Representative V. Hurlbert, Chairman: House L & M

From: Ray Metcalfe

Subject: Public Service Announcement for immediate release.

HEARINGS ON THE RESIDENT HIRE TAX CREDIT

The House Labor and Management Committee (Chairman, Rep. V. Hurlbert) will hold teleconference hearings on HB 471, "An Act relating to resident hire tax credit...", Wednesday, February 20, beginning at 12:00 noon, Pacific Standard time.

Alaska residents interested in testifying, participating or listening to the proceedings may do so at the Legislative Information Offices in Anchorage, Fairbanks, Kodiak, Sitka, Juneau, and Ketchikan. Individuals and union officials wishing to testify should advise the Legislative Information Office in their area by February 19. Copies of HB 471 will be available at the various Information offices.

February 4, 1980

RESIDENT HIRE TAX CREDIT BILL TO BE DISCUSSED ON TELECONFERENCE NETWORK

The House Labor and Management Committee, chaired by Representative Vern Hurlbert, will hold teleconference hearings on HB 471, An Act relating to resident hire tax credit, Wednesday, February 20, beginning at 12:00 noon, Pacific Standard time.

HB 471 sponsored by Representative Ray Metcalfe is designed to afford Alaskan businesses with a workable solution to the Alaska hire problems and their legal implications as experienced in the recent past. HB 471 would allow an eligible extractive business located in Alaska to claim a tax credit of five (5) percent of wages paid to employees. The tax credit could also be applied to existing taxes due to the state.

AREA RESIDENTS WISHING TO PRESENT TESTIMONY OR OBSERVE THE HEARING MAY PARTICIPATE VIA THE LEGISLATIVE TELECONFERENCE NETWORK IN THE FOLLOWING LOCATIONS:

Anchorage	-1024 W. 6th Ave.	278-3668
Fairbanks	-101 College Rd.	452-4449
Juneau	-Capitol, Room 30	465-3836
Kodiak	-Kodiak Borough	486-4881
Sitka	- <sup>Bldg.</sup> Central Bldg. Davis Room	747-6263
Ketchikan	-415 Main, Rm 301	225-9675

INDIVIDUALS WISHING TO TESTIFY SHOULD CONTACT THE INFORMATION OFFICE IN THEIR AREA BY FEBRUARY 19, 1980.

Copies of HB 471 will be available from the various information offices.

# TELECONFERENCE HEARINGS



TELECONFERENCE CONTACT SHEET

TAKEN BY SIoux

TOPIC: ALASKA ~~HIRE~~ TAX CREDIT BILL  
 HIRE HB 471  
 COMMITTEE: HOUSE LABOR & MGMT.

CONTACT RALPH BENNETT  
 PHONE 465-4947  
 DATE SCHEDULED 1/15?

DATE: 2/20 DAY: WED.  
 TIME: 12-3:30 SCHEDULED DURATION: 3 1/2 HRS.

LOCATION \_\_\_\_\_  
 MODERATOR \_\_\_\_\_

SITES PARTICIPATING: SEE BELOW

CONFERENCE MODE: Audio  Video \_\_\_\_\_

PUBLICITY:

PERSONS PARTICIPATING

SITE

CHAIRMAN -  
 Rep. Vern Hurlbert

JUNEAU

FBX

UNION LEADERS  
 BUSINESS AGENTS etc.

ANCH

SITKA

KODIAK

KETCH

SOLDOTNA

VALDEZ

SPECIAL NOTES:

JUNEAU LOCATION:

BELTZ RM.

- Invitational
- Committee making contacts
- PSAs forthcoming  
 \_\_\_\_\_ date \_\_\_\_\_ quantity \_\_\_\_\_
- News Release  
 \_\_\_\_\_ date \_\_\_\_\_ quantity \_\_\_\_\_
- Summary to be provided
- Text to be provided
- Quotes to be provided
- Direct Mail  
 \_\_\_\_\_ date \_\_\_\_\_ quantity \_\_\_\_\_
- Phone  
 \_\_\_\_\_ date \_\_\_\_\_ quantity \_\_\_\_\_
- Post at Info. Office
- Post other local locations

POST-TELECONFERENCE NOTE:

Participants	<u>0</u>
Observers	<u>1</u>
Total	<u>1</u>



Dept of Labor  
Dept. of Renem.  
ATT Gen

Small Business?  
Dept. of Commerce

Local residents

---

I got your

Bills here.

What would  
you like to  
do?

I have  
a question  
I would

like to  
ask him

BY METCALFE, ANDERSON, BARNES,  
BEIRNE, BETTISWORTH, CARNEY,  
COTTON, HAYES, HURLBERT, MARTIN,  
MONTGOMERY AND ROGERS

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 471

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to resident hire tax credit; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 27. RESIDENT HIRE TAX CREDIT.

11 Sec. 43.27.010. TAX CREDIT AUTHORIZED. An eligible business  
12 located in the state is entitled to a tax credit not to exceed 10 per-  
13 cent of the wages paid to employees of that business. The tax credit  
14 may be applied only to payment of any tax due to the state as a result  
15 of the specific business for which the tax credit is granted. The com-  
16 missioner of revenue shall annually determine the amount of tax credit  
17 for which a business is eligible and shall notify the eligible business  
18 of the amount of the tax credit before March 1 of the year following the  
19 year in which the tax credit was earned. The unused portion of a tax  
20 credit authorized by this chapter is forfeited on December 31 of the  
21 year following the year in which the credit was earned. If a tax for  
22 which credit is given under this chapter produces revenue shared by a  
23 local government, the state shall pay to an affected local government  
24 the amount of revenue it would receive had the tax credit not been  
25 given.

26 Sec. 43.27.020. APPLICATION FOR CREDIT. Application for a tax  
27 credit under this chapter shall be made in a manner prescribed by the  
28 department.

29 Sec. 43.27.030. DETERMINATION OF CREDIT. (a) The amount of the

tax credit to which an eligible business is entitled is determined as follows:

(1) For each year for which the tax credit is claimed, the maximum tax credit is determined by multiplying the total wages paid in that year to Alaska residents who work for the business in Alaska in nonsupervisory positions by 10 percent.

(2) For each one percent in excess of 60 percent and not over 95 percent of the total work force of the business which is composed of Alaska residents who work for the business in Alaska in nonsupervisory positions, the business is entitled to six and two-thirds percent of the maximum tax credit.

(3) If an eligible business operates both inside the state and outside the state, the operations in the state shall be segregated from the operations outside the state for purposes of determination of the tax credit.

Sec. 43.27.040. REPAYMENT OF CREDIT. If information furnished to the department by a business in connection with the resident hire tax credit authorized under this chapter is materially in error, the business shall repay the state the amount of any credit in excess of the credit to which the business would have been entitled plus 60 percent of the remaining credit allowed for the prior three years. If the information is knowingly in error, all tax credit allowed the business under this chapter shall be repaid to the state.

Sec. 43.27.051. DEFINITIONS. In this chapter,

(1) "department" means the Department of Revenue;

(2) "eligible business" means a business whose total work force in Alaska, including part-time workers, for an employer is at least one eligible business if the work is performed wholly or substantially through contract with the eligible business, including those who are

THE FOLLOWING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

... to the ... positions:

1. "The ... not employed in an ... position ...

2. "The ... a ... of ... that his ... has furnished the ... by the Department of Labor.

3. "The ... to read:

4. "The ... of the ...

5. "The ...

THE PRECEDING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3600

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 19, 1979

SUBJECT: Resident hire tax credit  
(Work Order No. 7126)

TO: Representative Ray H. Metcalfe

FROM: Billy G. Berrier *BGB*  
Director  
Division of Legal Services

You have asked whether in my opinion it would be constitutional to allow a tax credit to businesses which employ a certain proportion of Alaska residents. In my opinion, a substantial argument for the constitutionality of the credit can be made.

If the proposal is analyzed solely as an Alaska hire bill, it certainly cannot meet the objections of the United States Supreme Court in Hicklin v. Orbeck, 46 L.W. 4773 (1978). However, the court has stated that the Privileges and Immunities Clause of the United States Constitution "does not preclude disparity of treatment in the many situations where there are perfectly valid independent reasons for it". (Toomer v. Witsell, 334 U.S. 385 (1948)).

There is a strong argument that the secondary economic effects of the tax credit would offset the revenue loss from the credit. The test that is used is set out in Erickson v. State, 574 P.2d 1 (Alaska 1978) which was quoted and explained in the dissent by Justice Rabinowitz in Thomas v. Beirne, (Supreme Court Opinion No. 1835, File No. 4204, April 1979) as:

"In State v. Erickson, 574 P.2d 1 (Alaska 1978), we abandoned the traditional two-tier approach to equal protection analysis which had been followed in all our prior cases and adopted a new single test for evaluating equal protection claims under the Alaska Constitution. The new standard of review was explained in Erickson as follows:

Such a test will be flexible and dependent upon the importance of the rights involved. Based on the nature of the right, a greater or lesser burden will be placed on the state to show that the classification has a fair and substantial relation to a legitimate governmental objective. Where fundamental rights or suspect categories are involved, the results of this test will be essentially the same as requiring a 'compelling state interest'; but, by avoiding outright categorization of fundamental and non-fundamental rights, a more flexible, less result-oriented analysis may be made.

Id. at 12. Our task in applying the equal protection test adopted in Erickson has three steps: first, we must ascertain what the purposes of the challenged legislation are and whether they are within the legitimate police power of the state; second, we must examine the means used to accomplish the legislative objectives and establish whether the means substantially further the legislative goals; and third, we must balance the importance of the state's interest in the means actually chosen to accomplish the legislative purpose against the nature of the constitutional right which has been infringed."

Since my research on this has of necessity been cursory, I have not been able to find case law on point on the factual situation. In general it appears that a strong argument that a valid independent reason exists for the statute exists.

BGB:jdn

HB

564,

HB 565

**MEMORANDUM** Federal January 16, 1980

**SUBJECT:** Resident unemployment benefits  
(Work Order Number 7459)

**TO:** Representative H. Pappy Moss

**FROM:** James L. Baldwin  
Legislative Counsel

Please find enclosed a draft of Work Order No. 7459 which is a bill that, if enacted, would establish a state-funded unemployment compensation program. We've had three discussions concerning this bill, one of which was also attended by officials from the state Department of Labor. I will again outline for you the possible legal and administrative problems which may result from enactment of this proposed legislation.

(1) The federal authorities may consider this legislation a part of the federally approved state employment security program and, therefore, subject to federal guidelines for employment security programs; (2) it will be difficult legislatively to make sure the resident program will not be administered by employees of the Department of Labor who are also compensated by federal funds; (3) the federal officials will view the enactment of the resident unemployment program as a serious threat to the benefits structure of the federally approved employment security program since the legislature may fund an increase of benefits for residents but may refrain from increasing the benefits for the employment security program which provides benefits to non-residents; (4) the proposed bill contains a type of durational residency requirement that may be unconstitutional as an illegal restraint of commerce (the right to interstate travel); and (5) it is possible that the federal authorities will claim that federally approved employment security benefits received by a claimant must be reduced a dollar for each dollar of resident unemployment benefits also received.

January 16, 1980

Two sanctions are available to the federal authorities to enforce conformity with the federal employment security guidelines. First, federal funds which pay a portion of the administrative costs of the employment security program may be withheld from the state; and second, the federal unemployment tax exemption currently enjoyed by state taxpayers may be canceled by the IRS. The tax exemption is allowed only if the state employment security program conforms with federal employment security guidelines. Cancellation of the federal unemployment tax exemption will increase the cost of doing business in the state.

JLB:ljb

Enclosure

7688  
Baldwin

**ALASKA STATE LEGISLATURE**

**ELEVENTH** Legislature **SECOND** Session

HOUSE ..... BILL ..... NO. 565.....

By ..... MOSS.....

"An Act making a special appropriation to the resident unemployment fund; and providing for an effective date."

Sp appro, resident unemployment fund

Introduced in the House 1/18, 1930

**HISTORY IN THE HOUSE**

19 80

Jan. 18

Read first time and referred to Committee on Labor and Management, and Finance  
Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration	
PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused
Reported correctly engrossed	
Signed by Speaker	
Sent to Senate	

CHIEF CLERK OF THE HOUSE

**HISTORY IN THE SENATE**

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration	
PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused
Reported correctly engrossed	
Signed by President	
Returned to House	

SECRETARY OF THE SENATE

**HISTORY IN THE HOUSE**

19

Received from Senate  
Concurred in Senate amendment thus adopting:  
VOTE

Failed to concur in Senate amendment; asked Senate to recede  
VOTE

Senate receded from amendment  
VOTE

Senate failed to recede from amendment  
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House  
VOTE

CC adopted by Senate  
VOTE

To enrolling  
Reported correctly enrolled  
Sent to Governor

by Governor

Filed with Lt. Governor

Chapter No.

list  
Workman's  
Comp. -  
per year

Dept. of Labor

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Wm. H. & A. Co.

U.S. Department of Labor

HB

670

# COMMITTEE REPORT

## HOUSE

(7)

2/4/80

FURTHER: FINANCE

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on LABOR AND MANAGEMENT has had HB 670

"An Act making a supplemental appropriation to the Department of Labor, Division of Workers' Compensation and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

*Bill Rogers*

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CHAIRMAN

(7)

# COMMITTEE REPORT

3/14

## HOUSE

2/11/80

FURTHER:

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on LABOR AND MANAGEMENT has had HJR 50

"Relating to the payment of extended unemployment benefits."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title
- new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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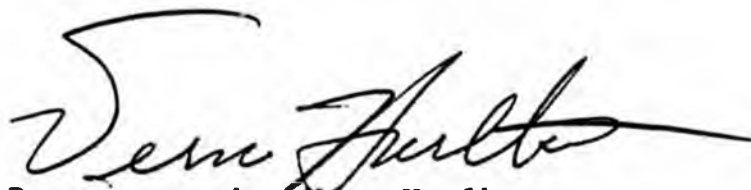
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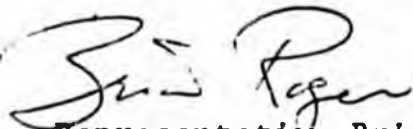
CHAIRMAN

LETTER OF INTENT  
HOUSE LABOR AND MANAGEMENT COMMITTEE  
CS HB 670 (L&M)

It is the intent of the House Labor and Management Committee that the House Finance Committee, in its deliberations on CSHB 670, consider the possibility of additional funding for the purpose of publication of a Workers' Compensation booklet. The booklet should contain information for dissemination to claimants to advise them of procedures and their rights and responsibilities under Alaska's Workers' Compensation law. The House Labor and Management Committee has requested that the Alaska Department of Labor, Division of Workers' Compensation, prepare an estimate of the cost of such a booklet.



Representative Vern Hurlbert  
Chairman  
House Labor and Management Committee



Representative Brian Rogers  
Chairman  
Subcommittee on Workers' Compensation  
House Labor and Management Committee

# STATE OF ALASKA

## DEPARTMENT OF LABOR

JAY S. HAMMOND, GOVERNOR

BOX 1149  
JUNEAU, ALASKA 99811

March 28, 1980

The Honorable Vern Hurlbert, Chairman  
House Labor and Management Committee  
Capitol Building, Room 413  
Juneau, Alaska 99811

Re: HB 670 Capital Improvement Project

Dear Representative Hurlbert:

In our testimony before the House Labor and Management and Finance Committees, we stated that our cost estimates on the Capital Improvement Project were to be refined by March 15, 1980.

To keep you advised of our progress in defining the equipment needs, enclosed is a copy of a letter to William Hogan, Administrative Assistant to Senator Sackett, in which we document the latest cost estimates.

It appears that the Senate Finance Committee will amend HB 670 to include the full costs of the Capital Improvement Project as now defined. The Department hopes you concur with this revision.

Very truly yours,



Jacquelyn L. McClintock, Director  
Workmen's Compensation Division

JLM:wjp

Enclosure

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF LABOR

March 27, 1980

BOX 1149  
JUNEAU, ALASKA 99311

Mr. William Hogan, Administrative Assistant  
Office of Senator Sackett  
Room 528, Capitol Building  
Juneau, Alaska 99811

Re: HB 670 Documentation Materials

Dear Mr. Hogan:

Relative to HB 670, enclosed are copies of the Capital Improvement Budget, the FY 80 Budget Supplemental and an explanation letter to Representative Meekins regarding the Workmen's Compensation Handbook.

The project team assigned to complete the systems definition for the Capital Improvement Project has progressed to the point that the proposal of October 24, 1979, may now be amended to properly estimate the project. An additional \$85,000 will be required, bringing the total capital budget to \$296,200. The original agency plan was for a one year capital appropriation to cover development of the data processing software and acquire a piece of microfilm equipment. The Department intended to lease/purchase the necessary data processing terminals and associated equipment in the FY 82 budget once these requirements were defined. In view of the House's action whereby the appropriation would cover two fiscal years, and in view of our progress in defining these equipment needs to date, it would seem appropriate to add these requirements to the capital project budget now and leave the appropriation intact for two fiscal years as provided by the House. This would reduce the recurring future operating costs to those of line costs, systems and hardware maintenance and computer operations costs at the central computer.

The revised capital project request breaks down as follows:

	<u>Revised</u>	<u>Original</u>
1. Terminal acquisition.....\$ 60,000 (including printers, "black boxes", switches)		-0-
2. Programming and development..... 195,000 (3/14/80 estimate)		185,000
3. Microfilm equipment..... 26,213		26,213
4. Computer time for test and development..... 15,000		-0-
TOTAL PROJECT	\$296,213	\$211,213

Mr. William Hogan

-2-

March 27, 1980

In our testimony before the House Labor & Management and Finance Committees we pointed out that our project estimates were to be revised by March 15, 1980. The costs documented in this letter are the product of these latest estimates. There is considerable public support for this project as evidenced by the attendance at the House Labor & Management Committee hearings.

Very truly yours,

Jacquelyn L. McClintock, Director  
Workmen's Compensation Division

JLM:wjp

1426  
February 4, 1980

The Honorable Terry Gardiner  
Speaker of the House  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a supplemental appropriation to the Department of Labor, Division of Workers' Compensation, to fund new positions from April 1980 through June 1980.

These funds are urgently needed to process a backlog of cases currently awaiting the board's decision. A class action suit is now pending against the board, charging failure of the board to administer claims within statutory time limits.

The positions funded by this request are included in the department's FY 81 operating budget to enable the division to keep current with future claims.

Sincerely,

S/JS H

Jay S. Hammond  
Governor

TO: Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

DATE: January 15, 1980  
FILE NO: *Jgm 07-2*

*Ed Orbeck*  
FROM: Edmund N. Orbeck, Commissioner  
Department of Labor

TELEPHONE NO:  
SUBJECT: HOUSE BILL NO. 670  
FY 80 Budget Supplemental for  
Administration of Workmen's  
Compensation

The Alaska Workmen's Compensation Board has been subjected to considerable public criticism through picket lines and newspaper articles due to its inability to render timely hearings and decisions on disputed claims. Additionally, a class action suit is pending in Superior Court for Board failure to administer claims within statutory time limits.

The non-existence of an effective and efficient management system to facilitate prompt processing of compensable claims and informal resolution of controversy at the initial level and the lack of hearing officer resources to chair hearings and issue pending decisions has resulted in the injured worker waiting over six months for adjudication of a disputed claim. These administrative delays compound the injured worker's losses, prolong disablement and prevent return to gainful employment. Further, delays greatly increase compensation costs to the employer in litigation fees and assessment of late payment penalties.

A supplemental appropriation is necessary to eliminate a present backlog of 120 cases that are pending issuance of a Board decision and to reduce a considerable backlog of cases on which parties have requested a hearing but have yet to be scheduled before the Board. Further, this appropriation will provide the means to initiate a management plan calling for the complete reorganization of the division with the primary thrust of minimizing litigation and maximizing the streamlined administrative handling of injuries and claims. Unless such a system is established, an inadequate level of service to both the injured worker and to the employer will continue, which can only result in time consuming and costly litigation for the parties concerned.

Consistent with the positions requested in the FY 81 budget, the personal services allocation will fund the following positions for three months each:

- |                                 |           |
|---------------------------------|-----------|
| Workers Compensation Officer II | Anchorage |
| Workers Compensation Officer II | Fairbanks |
| Workers Compensation Officer I  | Juneau    |
| Administrative Officer II       | Juneau    |
| Clerk Typist III                | Anchorage |

The three workers' compensation officers will provide effective advisory service to employees, employers, insurance companies, medical facilities and legal representatives as to procedures and all parties rights and obligations under the Act, aimed towards reducing the incidence of disputed claims requiring Board hearing. By establishing the three lower level workers' compensation officers, three current positions experienced in chairing Board hearings will be able to devote full time to address the continuing need of timely Board adjudication.

The Administrative Officer position is an integral part of the management and reorganization plan to implement and operate the systems required to support the mediation and adjudication functions of the division and Board.

Funding of the Clerk Typist position is needed for transcription and legal typing service to the hearing officer in issuance of the Board decisions as well as general typing service to the Workmen's Compensation Officer.

Funding in the non-personal services categories provides for additional travel, commodities and contractual costs including monies for hearing officers to address the backlog of pending Board cases.

The request for a Supplemental Appropriation of \$54.6 to the FY 80 budget is critical if this BRU is to carry out the legislative intent of the Alaska Workmen's Compensation Act and to achieve the department's goal to improve the program to an efficient and effective function of the State.

Attachments

1	POSITION TITLE Workers Compensation Officer II			RANGE/STEP 16A	BARG. UNIT. GG	LOCATION Anchorage	GOV	APPROV.					
2	TYPE OF POSITION PFT	STAFF MONTHS 3	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG					
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:							
	1	2	3										
4	PERSONAL SERVICES: SALARY \$1,888 x 3		\$ 5,664	<p>Worker's Compensation Officer will provide effective adv service to employeés, employers, insurance companies, me facilities and legal representatives as to procedures an party's rights and obligations under the Act, aimed towa facilitating timely processing of ..claims and avoidance litigation.</p> <p>The Alaska Workmen's Compensation Act intended that paym benefits to injured workers be paid promptly and the pro and procedure be as summary and simple as possible. Cur the disabled worker must wait up to six months for Board adjudication of a disputed claim.</p> <p>A Workmen's Compensation Officer available to devote mor time at the offset of controversy or ..misunderstanding wi allow a large percentage of disputed claims to be settle through voluntary and informal resolution, reducing the incidence of disputed claims requiring Board hearing. B establishing the Worker's ompensation Officer, two curre positions will be able to devote full time to hearings t address the continuing need of timely Board adjudication</p>									
5	BENEFITS 17.70%		1,002										
6	FICA		347										
7	HEALTH INS. 106 x 3		318										
8	TOTAL PERSONAL SERVICES		01						\$ 7,331				
9	TRAVEL		02						200				
10	CONTRACTUAL		03						2,200				
11	COMMODITIES		04						100				
12	EQUIPMENT		05						-0-				
13	OTHER												
14	TOTAL COST								\$ 9,831				
	CODE	FUNDING SOURCE											
15		FED RCPTS. 1002											
16		GF MATCH. 1003											
17		GEN. FUND 1004		\$9,831									
18		I-A RCPTS. 1005											
19		PGM RCPTS 1028											
20		OTHER											
21	CONTINUATION												
22	ADDITION		FOR B&M USE ONLY										
1A KEY NUMBER _____ COLUMN NO. _____													

AGENCY Department of Labor PROGRAM AREA Worker Protection

BRU Workmen's Compensation

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

Page 1 of 5

REVISED DATE \_\_\_\_\_

FY 81

1	POSITION TITLE Worker's Compensation Officer II			RANGE/STEP 16A	BARG. UNIT. GG	LOCATION Fairbanks	GOV	APPROV					
2	TYPE OF POSITION PFI	STAFF MONTHS 3	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG					
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:							
	1	2	3										
4	PERSONAL SERVICES SALARY	\$2,108 x 3	\$ 6,324	<p>Worker's Compensation Officer will provide effective adv service to employees, employers, insurance companies, med facilities and legal representatives as to procedures and party's rights and obligations under the Act, aimed toward facilitating timely processing of claims and avoidance of litigation.</p> <p>The Alaska Workmen's Compensation Act intended that payme of benefits to injured workers be paid promptly and that cess and procedure be as summary and simple as possible. Currently the disabled worker must wait up to six months Board adjudication of a disputed claim.</p> <p>A Workmen's Compensation Officer available to devote more time at the offset of controversy or misunderstanding will allow a large percentage of disputed claims to be settled through voluntary and informal resolution, reducing the incidence of disputed claims requiring Board hearing. By establishing the Worker's Compensation Officer, one curre position will be able to devote full time to hearings to address the continuing need of timely Board adjudication.</p>									
5	BENEFITS	17.7%	1,119										
6	FICA		389										
7	HEALTH INS.	106 x 3	318										
8	TOTAL PERSONAL SERVICES	01	\$ 8,149										
9	TRAVEL	02	1,800										
10	CONTRACTUAL	03	2,200										
11	COMMODITIES	04	100										
12	EQUIPMENT	05	-0-										
13	OTHER												
14	TOTAL COST		\$12,249										
15	CODE	FUNDING SOURCE											
16		FED RCPTS. 1002											
17		GF MATCH. 1003											
18		GEN. FUND 1004	\$12,249										
19		I-A RCPTS. 1005											
20		PGM RCPTS 1008											
21	CONTINUATION												
22	ADDITION			FOR B&M USE ONLY									
AA	KEY NUMBER			COLUMN NO.									

AGENCY Department of Labor PROGRAM AREA Worker Protection

BRU Workmen's Compensation

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

Page 2 of 5

REVISED DATE \_\_\_\_\_

FY 81

1	POSITION TITLE Clerk Typist III				RANGE/STEP 8A	BARG. UNIT, FF	LOCATION Anchorage	BOV	APPROV.	0						
2	TYPE OF POSITION PFT	STAFF MONTHS 3	RP No.	PCN No.	PRIORITY		FORM 12 PAGE/LINE	480								
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:										
	1	2	3													
4	PERSONAL SERVICES:															
	SALARY	\$1,108 x 3	\$3,324		<p>The Clerk Typist position will provide clerical assistance for transcription and legal typing services to the Workmen's Compensation Board as well as general typing services to Workmen's Compensation officer.</p> <p>Funding of this position is needed to assist in timely docketing of cases adjudicated by the Board and the issuance of the Board decisions.</p>											
5	BENEFITS	17.70%	588													
6	FICA		249													
7	HEALTH INS.	106 x 3	318													
8	TOTAL PERSONAL SERVICES		01	\$4,479												
9	TRAVEL		02	-0-												
10	CONTRACTUAL		03	2,200												
11	COMMODITIES		04	100												
12	EQUIPMENT		05	800												
13	OTHER															
14	TOTAL COST			\$7,579												
15	CODE	FUNDING SOURCE														
		FED RCPTS. 1002														
		GF MATCH. 1003														
		GEN. FUND 1001		\$7,579												
		I-A RCPTS. 1005														
		PGM RCPTS 1004														
		OTHER														
21	CONTINUATION			FOR B&M USE ONLY												
22	ADDITION															

AGENCY Department of Labor PROGRAM AREA Worker Protection

BRU Workmen's Compensation

**13** REQUEST FOR NEW POSITION.

COMPONENT \_\_\_\_\_

Page 3 of 5

REVISED DATE \_\_\_\_\_

FY 81

1	POSITION TITLE Workers Compensation Officer I				RANGE/STEP 13A	BARG. UNIT. GG	LOCATION Juneau	GOV.	APPROV.
2	TYPE OF POSITION PFT	STAFF MONTHS 3	RP No.	PCN No.	PRIORITY		FORM 12 PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE				AMOUNT				
	1			2		3			
4	PERSONAL SERVICES: SALARY \$1,519 x 3			\$ 4,557					
5	BENEFITS 17.70%			807					
6	FICA			279					
7	HEALTH INS. 106 x 3			318					
8	TOTAL PERSONAL SERVICES			01		\$ 5,961			
9	TRAVEL			02		1,800			
10	CONTRACTUAL			03		2,200			
11	COMMODITIES			04		100			
12	EQUIPMENT			05					
13	OTHER								
14	TOTAL COST					\$10,061			
	CODE		FUNDING SOURCE						
15			FED RCPTS. 1002						
16			GF MATCH. 1003						
17			GEN. FUND 1004			\$10,061			
18			I-A RCPTS. 1005						
19			PGM RCPTS 1028						
20			OTHER						
21	CONTINUATION								
22	ADDITION					FOR B&M USE ONLY			
AA KEY NUMBER					COLUMN NO.				

JUSTIFICATION:

Worker's Compensation Officer will provide effective adv service to employees, employers, insurance companies, me facilities and legal representatives as to procedures an party's rights and obligations under the Act, aimed towa facilitating timely processing of claims and avoidance o litigation.

The Alaska Workmen's Compensation Act intended that paym of benefits to injured workers be paid promptly and that cess and procedure be as summary and simple as possible. Currently the disabled worker must wait up to six months Board adjudication of a disputed claim.

Establishing the Worker's Compensation Officer position w free the Director and Deputy Director's time to properly administer their respective offices and to ensure that t Board is provided the management support to carry out the provisions of the Alaska Workmen's Compensation Act.

AGENCY Department of Labor PROGRAM AREA Worker Protection

BRU Workmen's Compensation

FY 81

**13 REQUEST FOR NEW POSITION.**

COMPONENT \_\_\_\_\_

Page 4 of 5

REVISED DATE \_\_\_\_\_

1	POSITION TITLE Administrative Officer II			RANGE/STEP 19A	BARG. UNIT. GG	LOCATION Juneau	GOV.	APPROV.					
2	TYPE OF POSITION PFT	STAFF MONTHS 3	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.						
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:							
	1	2	3										
4	PERSONAL SERVICES: SALARY 2,355 x 3		\$7,065	<p>The Internal Review Section of the Department of Labor conducted a management review of the BRU, and many of the recommendations from the study were incorporated into the recently submitted capital budget request.</p> <p>In order to implement and operate the systems proposed in the capital budget, continuing support services are needed.</p> <p>The Administrative Officer position is an integral part of the management plan to supervise the administrative process required to support the mediation and adjudication functions of the Board.</p>									
5	BENEFITS 17.70%		1,251										
6	FICA		433										
7	HEALTH INS. 106 x 3		318										
8	TOTAL PERSONAL SERVICES		\$ 9,067										
9	TRAVEL		2,000										
10	CONTRACTUAL		2,700										
11	COMMODITIES		700										
12	EQUIPMENT		1,000										
13	OTHER												
14	TOTAL COST		\$14,867										
15	CODE	FUNDING SOURCE											
16		FED RCPTS. 1002											
17		GF MATCH. 1003											
18		GEN. FUND 1004		\$14,867									
19		I-A RCPTS. 1005											
20		PGM RCPTS 1008											
21	CONTINUATION												
22	ADDITION		FOR B&M USE ONLY										
4A	KEY NUMBER			COLUMN NO.									

AGENCY Department of Labor PROGRAM AREA Worker Protection

BRU Workmen's Compensation

FY 81

**13 REQUEST FOR NEW POSITION.**

COMPONENT \_\_\_\_\_

Page 5 of 5

REVISED DATE \_\_\_\_\_

FY 80 SUPPLEMENTAL REQUEST ANALYSIS

	1	2	3	4	5	6	7	8	9	10	-11
	FY 78 ACTUAL	FY 79 FINAL AUTH.	FY 79 ACTUAL	FY 80 GOV. BUDGET	FY 80 INITIAL AUTH.	FY 80 CURRENT AUTH.	FY 80 EXPENDITURES + ENCUMBRANCES 7/1/-11/30	FY 80 OTHER OBLIGATIONS 7/1/-11/30	FY 80 PROJECTED EXPENDI- TURES + ENCUMBRANCES 12/1-6/30	FY 80 (DEFICIT) OR EXCESS	FY 81 CONTIN
PERSONAL SERVICES	353.5	403.1	420.8	423.9	423.9	461.1	186.9	20.1	278.5	(24.4)	421.9
TRAVEL	39.9	43.7	41.6	52.3	40.8	52.3	26.2		60.5	(34.4)	49.7
CONTRACTUAL SERVICES	46.0	74.1	73.8	108.9	99.0	132.6	72.2		100.6	(40.2)	140.9
COMMODITIES	5.1	12.9	8.1	15.2	15.2	15.2	6.0		6.1	3.1	16.3
EQUIPMENT	.3	2.3	.3	2.8	-0-	.9	.8		1.9	( 1.8)	-0-
LANDS, BLDG. ...	3.1	3.2	5.8	3.2	3.2	3.2	3.2		-0-	-0-	-5.0
GRANTS, CLAIMS, ...	578.7	578.5	552.9	613.2	613.2	613.2	513.0		57.1	43.1	613.2
MISCELLANEOUS											
TOTAL	1,026.6	1,117.8	1,103.3	1,219.5	1,195.3	1,278.5	808.3	20.1	504.7	(54.6)	1,247.3
FEDERAL RECEIPTS											
REQUIRED GF MATCHING											
OTHER GENERAL FUND	1,026.6	1,117.8	1,103.3	1,219.5	1,195.3	1,278.5	808.3	20.1	504.7	(54.6)	1,247.3
INTER-AGENCY RECEIPTS											

AGENCY: Department of Labor BRU: Workmen's Compensation COMPONENT: Workmen's ompensation REVISED: \_\_\_\_\_

COMMITTEE REPORT

(7)

HOUSE

2/4/80

FURTHER: FINANCE

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on LABOR AND MANAGEMENT has had HB 670

"An Act making a supplemental appropriation to the Department of Labor, Division of Workers' Compensation; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New F'scal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
CHAIRMAN

HB

705

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL  
JUNEAU, ALASKA 99811

February 15, 1980

Hon. Vernon L. Hurlbert  
Chairman  
House Labor & Management Committee  
Pouch V  
Juneau, Alaska 99811

Re: HB 705 (Workmen's Compensation)  
Our File No: J-77-004-80

Dear Mr. Hurlbert:

We have found a technical error in H.B. No. 705, "An Act relating to Workmen's Compensation; and providing for an effective date" introduced February 11, 1980 by the Rules Committee at the request of the governor and referred to your committee.

On page 1, line 20, the words "an amount equal to" should be inserted after the word "fund" so that line 20 would read: "...employer or insurance carrier shall pay to the fund an amount equal to eight percent of ...."

Thank you for your assistance in this matter.

Very truly yours,

AVRUM M. GROSS  
ATTORNEY GENERAL

By: *Kathryn Kolkhorst*  
Kathryn Kolkhorst  
Assistant Attorney General

KK/ab

cc: Edmond Orbeck, Commissioner  
Department of Labor



# Alaska State Legislature

## House of Representatives

Committee on Commerce

Official Business

March 17, 1980

Pouch V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

TO: Rep. Vern Hurlbert  
Chairman  
House Labor & Management Committee

Rep. Brian Rogers  
Vice Chairman  
House Labor & Management Committee

FROM: Rep. Fred Brown  
Chairman  
House Commerce Committee

Enclosed is a copy of a letter addressed to me from Lance Parrish of Fairbanks, Alaska, who is one of the most experienced practitioners before the Workmen's Compensation Board.

I strongly concur with most of his recommendations regarding HB 705. I think after that bill is marked up (taking into account these recommendations and criticisms and those from others) it will be a very needed piece of legislation.

I strongly urge you to give attention to the matters in Mr. Parrish's letter.

I look forward to seeing a good bill marked up as a committee substitute for HB 705 from your Committee.

Thank you very much for your attention to this matter.

FB:kfw

O. NELSON PARRISH  
JAMES A. PARRISH  
LANCE C. PARRISH  
ROBERT A. PARRISH  
OF COUNSEL

PARRISH LAW OFFICE  
ATTORNEYS AT LAW  
536 FOURTH AVENUE  
FAIRBANKS, ALASKA 99701

TELEPHONE  
(907) 456-4070

March 11, 1980

The Honorable Fred E. Brown  
Alaska House of Representatives  
Pouch V  
Juneau, Alaska 99811

RE: House Bill #705

Dear Representative Brown:

I am writing to you concerning the proposed House Bill Number 705 which was introduced by the Rules Committee at the request of the Governor.

There are a number of comments I would like to make with respect to this bill. Before doing so, I will briefly explain to you my background in workmen's compensation so that you may better evaluate my comments.

The firm of which I am a member has practiced workmen's compensation law for many years. Prior to myself and my brothers graduating from law school, my father practiced law, including workmen's compensation law, in the Interior. He handled many cases in the territorial days and many under State Law. Now myself and my brothers practice together with dad as a semi-retired associate.

Since graduating from law school and starting practice in Alaska in 1975, I have handled well over a hundred workmen's compensation claims. I have handled these claims only from the claimant's side. In addition, I estimate that I have spoken with in excess of 750 people who have workmen's compensation claims in the last 5 years.

There are two provisions in House Bill 705 which concern me more than any others. One change I am in favor of; the other I am opposed to.

The proposed amendments of 23.30.095(a) eliminate the necessity to obtain board approval for medical care after two years. This change is long overdue. By removing the language which is proposed to be removed, the entire process of providing medical care is streamlined.

Under both the present section 23.30.095(a) and the proposed amendment, the single issue is whether or not the nature of the injury or the process of recovery requires medical treatment. However, under the current enactment of 23.30.095(a), an injured workman is entitled to such medical treatment, automatically, only for two years from the date of injury. Subsequent

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to the two-year period, he must obtain Board authorization for that continued treatment or care. This usually requires a hearing.

By eliminating the two-year period, it will be up to the carrier, initially, to determine whether the process of recovery requires treatment, and, I believe in most instances it will pay medical bills. There are instances now where an employee, who suffered a serious industrial injury and obviously requires treatment, has to make application to the Board even though the requirement for treatment is unarguable. Under the amendment, the number of hearings required before the Board will be reduced; yet, the standard by which treatment is awarded would not be changed. This amendment should be adopted.

I would next like to address the proposed amendment to 23.30.145(a). That amendment would eliminate the present provision for minimum attorney's fees.

The vast majority of injured workmen do not have the funds to pay for attorneys. As a result, the majority of attorneys with which I am familiar work on a contingent fee basis of between 10% and 20%. Thus, if the attorney is able to obtain additional compensation for the injured employee, the attorney gets paid. In the event the attorney is not able to obtain additional compensation, the attorney does not get paid.

The contingent fee system has very substantial benefits in the workmen's compensation field. Most importantly, it allows claimants who could not otherwise pay attorneys to obtain representation. By the nature of the system, claimants do not seek representation until payments are withheld. At that point they rarely can afford to pay by the hour. Also, since the attorneys are working on a percentage of recovery, they are less likely to take cases which are not meritorious. If attorneys were required to work by the hour, and were paid by the hour, some would be more inclined to take cases that had more marginal chances of recovery.

It is important to point out that under both the current and proposed statute, all fees for legal services rendered with respect to a claim are not valid unless approved by the Board. In addition, it is a misdemeanor to collect fees from a workmen's compensation claimant unless that fee has been approved by the Board. Therefore, the fee an attorney earns in a particular case is only that amount which is approved by the Board.

Under the current attorney's fee provision, the Alaska Supreme Court has ruled that when an injured workman successfully prosecutes a claim, which has been disputed and controverted by the workmen's compensation carrier, then, in addition to compensation, the Board awards a fee of not less than 25% of the first \$1,000.00 of compensation or part of the first \$1,000.00 of compensation and 10% of all sums in excess of \$1,000.00 of compensation. Alaska Interstate v. Houston, 586 P.2d 618 (AK 1978), Wien v. Arant, 592 P.2d 352 (AK 1979) and State of Alaska v. Charles Brown, (Sup. Ct. Op.