

ALASKA LEGISLATURE COMMITTEE FILES 1983 - 1984 8672

2663 SLC SB 502 - SB 525

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502

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Jalmar Kerttula
Alaska State Senate
Pouch V
Juneau, AK 99811


Dear Senator Kerttula:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will authorize the Department of Commerce and Economic Development to establish occupational licensing fees by regulation, and that amends accordingly the various statutory provisions in AS 08 that now set these fees. This change will result in greater flexibility and ease of fee adjustment to accommodate inflation and other fluctuations in the costs of implementing the various licensing statutes. Currently, many Alaska licensing fees are low compared to those of other states, and revisions are necessary. This bill will enable the department to make the appropriate adjustments without unduly burdening the legislature with the task.

The second and third sections of the bill authorize the department to set the fees and penalties by regulation to reflect costs, after consulting with the appropriate licensing board. Most of the remaining sections of the bill delete the current statutory fees and make other appropriate changes to statutes in the chapters concerning the various occupations affected.

I request your support for this bill which will greatly increase the efficiency and reduce the net cost of our occupational licensing programs.

Sincerely,


Bill Sheffield
Governor

Summary

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB502
 Title: "An Act relating to occupational licensing fees"
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce and Economic Dev. Protection
 Program Category Affected: Public
 BRU, Program or Subprogram(s) Affected: Division of Occupational Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		0				
200 TRAVEL		19.4				
300 CONTRACTUAL		13.0				
400 SUPPLIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS		0				
800 MISCELLANEOUS		0				
TOTAL OPERATING	0	32.4	0	0	0	0
CAPITAL						
REVENUE	0	0	325.0	347.8	372.1	398.1

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	32.4	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	32.4	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Required funding would have to be provided in the FY 85 department operating budget.

ANALYSIS: Attach a separate page for analysis

Prepared By: *Darrell Miller*
 Division: Occupational Licensing

Phone: 465-2535
 Date: February 10, 1984

Approved by Commissioner: RICHARD A LYON
 Agency: Commerce and Economic Development

Date: 2/10/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Fiscal Note

LICENSING FEE'S PROPOSED LEGISLATION:

Projected Revenue

The current revenue from all licensing fees collected from the various professions under the Centralized Licensing Act is approximately \$325,000 less than the annual division operating budget.

In order to equalize the operating budget with revenue, it will be necessary to revise existing licensing fee structures to provide the additional revenue required.

The initial projection is to increase the license fees of various professions and licensure categories to off-set the deficit for FY '86 and project an annual increase of 7% for inflation factors, as provided for in the FY '85 budget instructions.

No revenue is projected for FY '85 as it is anticipated that it would require the majority of the fiscal year to implement all the necessary license fee changes.

The projected revenue increase would be as follows:

FY '86	\$325,000
FY '87	\$347,800
FY '88	\$372,100
FY '89	\$398,100

FISCAL IMPACT Licensing Fee's proposed legislation:

200 Travel

One staff person to meet and consult with individual boards before public hearings are conducted and again after the public hearings are concluded on the proposed fee structures. It is anticipated that one-third of the board meetings be held in Anchorage, one-third in Fairbanks and the remaining one third in Juneau. Travel expenses would be incurred for Anchorage and Fairbanks only.

12 trips to Anchorage - 2 days each (6 boards)
Transportation: 1 person @ \$375.00 each X 12 = \$ 4,500.00

Per Diem: 24 days @ \$80.00 per day = \$ 1,920.00

12 trips to Fairbanks - 2 days each (6 boards)
Transportation: 1 person @ \$470 each X 12 = \$ 5,640.00
Per Diem: 24 days @ \$90.00 per day = \$ 2,160.00

1 staff to conduct regulation hearings in Anchorage and Fairbanks on license fee structure; 4 trips

2 trips to Anchorage - 6 days each
Transportation: 1 person @ \$375.00 X 2 = \$ 750.00
Per Diem: 12 days @ \$80.00 = \$ 960.00

2 trips to Fairbanks 6 days each
Transportation: 1 person @ \$470.00 X 2 = \$ 940.00
Per Diem: 12 days @ \$90.00 = \$ 1,080.00

Miscellaneous expenses: Taxi, Baggage handling, ect: 1 person estimated to average \$50.00 per trip: \$50.00 X 28 trips = \$ 1,400.00

Total: \$19,350.00

300 CONTRACTUAL

Rental charges for meeting rooms for holding public hearings on license fee settings: 20 days of public hearings @ \$200.00 per day = \$ 4,000.00

Printing of materials, Statute and Regulation booklets (estimated costs) \$ 8,000.00

Advertising: required state-wide advertising of public notices of regulation hearings on proposed license fee structures (estimated costs) \$ 1,000.00

Total \$13,000.00

400 COMMODITIES

0

GRAND TOTAL: \$32,350.00

SB 502 TITLE & SPONSOR SUMMARY

14:35 5/22/84 PAGE 1 OF 2

AMENDED TITLE:

AN ACT RELATING TO OCCUPATIONAL LICENSING FEES, AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: SENATE RULES COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 2/14/84 IN (S) LABOR & CON REFERRAL: FINANCE

SB 502 SENATE ACTION

14:36 5/22/84 PAGE 2 OF 2

DATE	SEQ	PAGE
02/14/84	01	2088
02/14/84	02	2088
02/14/84	03	2088

LEGISLATIVE ACTION

FIRST READING --- COMMITTEE REPORTS
 F/NOTE SEN SUPPL #53
 GOV TRANSMITTAL LETTER
 LABOR & COMMERCE
 FINANCE
 RULES

**

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ANALYSIS OF DIVISION OF OCCUPATIONAL LICENSING
DIRECT SUPPORT TO LICENSING AREAS FOR FISCAL YEAR 1983

Board	Personal Services ^{1.}	Travel Per Diem	Contractual	Commodities	Total *	Number of Active Licensees on 6/30/83	FY '83 Revenues	
Athletic Commission	951.55	-0-	107.65	-0-	1,059.18	45	610.00	
AELS	29,269.51	19,021.86	31,295.24	613.00	80,199.61	3679	85,195.00	AELS
Barbers & Hairdressers	22,202.48	7,659.54	7,500.06	-0-	37,362.08	2541	122,375.00	Barbers
Chiropractors	3,023.31	12,890.89	1,543.80	-0-	17,458.00	89	5,510.00	
Collection Agencies	5,003.91	-0-	78.70	-0-	5,082.61	59	4,920.00	
Concert Promoters	302.34	-0-	8.50	-0-	310.84	19	6,295.00	
Contractors	22,572.53	-0-	4,228.19	-0-	26,600.72	6911	361,640.50	Contractors
Dental Board	13,604.92	12,823.90	41,546.90	101.94	68,077.66	619	24,726.35	
Dispensing Opticians	3,488.96	4,778.04	1,202.54	-0-	9,469.54	49	2,030.00	
Electrical	7,558.29	7,718.94	7,727.30	-0-	23,004.53	390	95,886.00	Electrical
Geologist	302.33	-0-	-0-	-0-	302.33	103	-0-	
Guides	15,011.75	16,434.10	5,013.00	-0-	36,458.85	1215	45,607.20	Guides
Marine Pilots	13,343.78	6,543.06	1,433.70	-0-	21,320.54	68	20,420.00	
Medical Board	15,116.58	15,307.93	5,423.07	49.80	35,897.38	1164	103,264.00	Medical Bd
Morticians	1,585.89	-0-	372.67	-0-	1,958.56	102	5,645.00	Morticians
Nursing	28,546.05	12,041.80	11,995.97	17.00	52,600.82	5395	121,041.82	Nursing
NHA	1,511.65	268.00	791.06	16.05	2,586.76	22	3,020.00	NHA
Optometry	3,488.96	3,392.60	1,308.29	-0-	8,189.85	45	1,410.00	
Pharmacy	9,069.94	10,268.75	1,600.11	343.70	21,282.50	438	8,362.00	
Physical Therapy	1,585.99	5,778.35	846.30	-0-	8,210.54	127	13,195.00	PhysicalTher
Psychology	4,534.97	11,040.30	1,890.28	-0-	17,465.55	95	4,710.00	
Public Accountancy	13,604.92	9,489.00	16,376.85	165.00	39,635.77	648	25,442.00	
Veterinary	1,585.89	7,775.98	936.59	-0-	5,298.46	143	5,520.00	Veterinary
Total		158,233.04	115,060.77		525,064.44	23,956	1,066,854.87	

ADD TO 1,079,454.87

* does not include
director salary
plus other support *

(1) Source: Work up sheets done for FY 82 & 83 for salaries, added 22.6 for benefits.
(2) Source: FY 83 Computer run of Revenues Received for FY 82 & FY 83.

Budget Breakdown

copy

A M E N D M E N T

TO: SB 502

By Eliason

Page 2, after line 26, insert a new subsection to read:

"(d) The department shall send written notice to each person who is licensed to practice an occupation of a ^{proposed} change in the amount or manner of payment of fees for that occupation at least 30 days before the adoption of the change.

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

April 6, 1984

Bill Sheffield, Governor

POUCH C
JUNEAU, ALASKA 99811
PHONE: 465-2500

Honorable Pat Rodey
Alaska State Senate
State Capital, Rm. 504
Pouch V
Juneau, Alaska 99811

Dear Senator Rodey:

RE: Licensing Fees

In accordance with your request made to Harry Treager, Director of the Division of Occupational Licensing, the enclosed is submitted for your perusal.

The enclosed sheet that is identified, "How Fee Levels are Calculated," was obtained from the Council of State Governments. In addition to the states listed, the staff also contacted the States of Washington and California.

WASHINGTON: Information provided by Mr. Jim McCarron, a senior Director of the Department of Licensing, phone (206) 753-2349.

Licensing fees are set by the director in the spring of each year after consideration of budget expenses versus revenues.

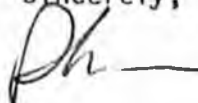
CALIFORNIA: Information provided by Dan Buntjer, attorney assigned to the legal section of the Department of Consumer Affairs, phone (916) 445-4216.

The agency supports approximately 40 licensing boards. Budgeting is done from a "Special" account covering license fees.

Maximum amounts charged are set by statute. The agency, in concert with the board, has the right to set a fee structure depending on costs for that particular board. Anytime the surplus exceeds two years of operating costs, the agency is required to reduce licensing fees.

There is a budget bill prepared every year where the Legislature would review the budget versus costs.

Sincerely,



Richard A. Lyon
Commissioner

08-H2LH

RAL/kkk/C30
Enclosure
4684a

HOW FEE LEVELS ARE CALCULATED

- COLORADO A state statute directs that "each board or commission shall adjust its fees so that revenues generated approximate its direct and indirect costs." (Chapter 12, Section 24-34-105, C.R.S.)
- FLORIDA A state statute directs that "each board shall determine by rule the amount of licensing fees for its profession, based on department estimates of the revenue required to implement this part and the provisions of law with respect to the regulation of professions..." (Florida Statutes, Title XXX, Section 455.0113)
- HAWAII The fees are set by the Director of Regulatory Agencies and boards to maintain a reasonable relation between the revenues derived from fees and the costs of services rendered.
- IOWA In addition to any other fee provided by law, boards may set fees for licenses and renewals; the fee shall be based on the cost of collecting information for use by the Department of Health in administration of the system of health manpower statistics. Examining boards set fees for exams, based on administrative costs.
- KANSAS Boards shall set fees upon determination of administrative costs (within limitations prescribed).
- MICHIGAN Fees are established by the legislature to fund operations in the Department of Licensing and Regulation.
- MINNESOTA Fees are established by boards and approved by the Commissioner of Finance. Fees should approximate anticipated administrative costs.
- OHIO Fees are provided by law. However, the boards may set fees in excess of these amounts, but not by more than fifty percent.
- VIRGINIA Boards are empowered to set fees that are sufficient to cover operating and administrative expenses.

Jay Barton
President

UNIVERSITY OF ALASKA
FAIRBANKS ALASKA 99701

April 2, 1984

The Honorable Richard Eliason, Chairman
Senate Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason:

When HB 535 was being considered in the House, I asked the University of Alaska Risk Manager to review the bill as it related to University employees. After reviewing the proposed legislation he stated that this is a desirable bill because of the limited insurance opportunities available to retired employees. Therefore, the University of Alaska is happy to support HB 535.

We would appreciate your favorable consideration of this legislation.

Sincerely yours,



W. Russell Jones
Special Assistant
for Legislative Affairs

mlf

S

B

511

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 511
 Title: "...relating to principal and income of trusts..."
 Sponsor: Sen. Rules/Code Rev. Comm.
 Requestor: Sen. Judiciary
 Date of Request: 3/13/84

FISCAL DETAIL

Agency Affected: Department of Law
 Program Category Affected: General Government
 Program or Subprogram(s) Affected: Legal Services Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard I. Pegues Phone: 465-3672
 Division: Administrative Services Division Date: 3-13-84
 Approved by Commissioner: Norman C. Gorsuch Date: 3-13-84
 Agency: Department of Law

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Fiscal Note
Analysis
SB 511

March 13, 1984

This bill was requested by the Code Revision Commission so that the state may adopt the Uniform Principal and Income Act. The act has been adopted by 37 other states, making it one of the more widely accepted uniform acts. The proposed act codifies rules a trustee shall follow when the document that established the trust does not provide instructions to cover all circumstances, which frequently is the case. It directs how the trustee shall credit a receipt or charge an expenditure in a variety of fact situations. Because this bill only deals with private sector financial transactions, it will not have a fiscal impact on state government operations.

SB 511 TITLE & SPONSOR SUMMARY

14:36 5/22/84 PAGE 1 OF 2

AMENDED TITLE:

AN ACT RELATING TO PRINCIPAL AND INCOME OF TRUSTS; AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: SENATE RULES COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 3/01/84 IN (S) LABOR & COM REFERRAL: JUDICIARY

SB 511 SENATE ACTION 14:36 5/22/84 PAGE 2 OF 2

DATE	SEQ	PAGE	LEGISLATIVE ACTION
03/01/84	01	2225	FIRST READING -- COMMITTEE REPORTS
03/01/84	02	2225	COMMENTARY JOINT HSE SEN SUPPL #21
			LABOR & COMMERCE
			JUDICIARY
			RULES
***	**	**	*** ** *

ALASKA CODE REVISION COMMISSION



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ALASKA STATE LEGISLATURE
POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-4878

EXECUTIVE SECRETARY
BILLY G. BERRIER

MEMORANDUM

TO: Senator Richard I. Eliason, Chairman
Senate Labor and Commerce Committee

FROM: Dick Regan, Research Director
Alaska Code Revision Commission *Dick Regan*

DATE: March 14, 1984

RE: (1) SB 511 adopting the Uniform Principal and
Income Act (administration of trusts); and
(2) SB 512 on administration of decedents'
estates (adjusting figures for inflation
over the past twelve years)

Enclosed are zero fiscal notes for the referenced bills. I understand a fiscal note should be attached in the first committee of reference.

These are bills we hope can be scheduled for hearing in the Senate Labor and Committee on Wednesday, March 21st. The bills were prepared by the code revision commission and the Probate Committee of the Alaska Bar Association working together with some representatives of the Tax Committee of the Alaska Bar Association.

Kathryn Black who was recently chairperson of the Probate Committee of the Alaska Bar Association will be available to testify on the bills March 21st, next Wednesday. If the bills cannot be scheduled for hearing that day, she wishes us to try to make appointments for her to meet you and individual committee members to answer questions about the bills.

A copy of House and Senate Joint Journal Supplement No. 21, dated March 1, 1984, is attached for ready reference on the content of the bills.

DR:chw
Attachments

S

B

512

SB 512 TITLE & SPONSOR SUMMARY

14:36 5/22/84 PAGE 1 OF 2

AMENDED TITLE:

AN ACT RELATING TO ADMINISTRATION OF DECEDENTS' ESTATES;
AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: SENATE RULES COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 3/01/84 IN (S) LABOR & COM REFERRAL: JUDICIARY

SB 512 SENATE ACTION

14:36 5/22/84 PAGE 2 OF 2

DATE SEQ PAGE

LEGISLATIVE ACTION

03/01/84 01 2226
03/01/84 02 2226

FIRST READING -- COMMITTEE REPORTS
COMMENTARY JOINT HSE SEN SUPPL #21
LABOR & COMMERCE
JUDICIARY
RULES

*** ** ** **

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 512

Title: "...relating to administration of decedents' estates..."

Sponsor: Sen. Rules/Code Rev. Comm.

Requestor: Sen. Judiciary

Date of Request: 3/13/84

FISCAL DETAIL

Agency Affected: Department of Law

Program Category Affected: General Government

BRU, Program or Subprogram(s) Affected: Legal Services Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard I. Pegues Director Phone: 465-3672

Division: Administrative Services Division Date: 3-13-84

Approved by Commissioner: Norman C. Gorsuch Date: 3-13-84

Agency: Department of Law

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Fiscal Note
Analysis
SB 512

March 13, 1984

This bill was requested by the Code Revision Commission to adjust for inflation the dollar amounts in certain neglected sections of the Uniform Probate Code. This is the first such adjustment since the Code was adopted in 1972. It is estimated that the CPI will have risen 146% from 1972 until the bill would take effect in January 1, 1985. Because this bill only deals with private financial transactions, it will not have a fiscal impact on state government operations.

S

B

516

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 516
 Title: An Act establishing a
Vietnam Veterans Bonus
 Sponsor: Senate L & C. Committee
 Requestor: Sponsor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Development
 Program Category Affected: _____
Development
 BRU, Program or Subprogram(s) Affected: _____
Investments

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		17.7				
200 TRAVEL		0.0				
300 CONTRACTUAL		2.5				
400 SUPPLIES		.3				
500 EQUIPMENT		3.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		774.0				
900 MISCELLANEOUS						
TOTAL OPERATING		798.4				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		798.4				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY /Part-time		1.0				

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

See attachment.

Prepared By: Paul B. Arnoldt, Director
 Division: Investments

Phone: 465-2510
 Date: 3/11/84

Approved by Commissioner: Richard A. Lyon
 Agency: Commerce and Economic Development

Date: 3/22/84

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

FISCAL NOTE ANALYSIS
SB 516

700 Line

Statistics from the Veterans Administration (VA) indicate that there are approximately 23,000 Vietnam era veterans living in Alaska. This figure, however, must be adjusted downward to account for the following circumstances:

- A. Not all individuals serving in the armed forces during this period served under circumstances qualifying for award of the Vietnam Service Medal;
- B. Many veterans who served in Vietnam and now live in Alaska were not Alaskan residents at the time they were inducted into the service.

VA statistics indicate that approximately 32.1% of all Vietnam era veterans served in Vietnam and earned the Vietnam Service Medal. The percentage estimate would have to be applied to the number of Vietnam era veterans living in Alaska to develop an estimate of the number of individuals earning the Vietnam Service Medal in the State.

Estimating the number of Vietnam veterans who were residents of Alaska at the time of induction into the service is more difficult. Determining the number of men drafted into the service from Alaska would omit individuals who enlisted in the service. Further, statistics on the relative degree of migration that has occurred to Alaska following the Vietnam conflict are not easily available.

However, data gathered as part of the 1979 Permanent Fund Dividend program provides some useful information: the number and percentage of individuals applying for permanent fund dividends, by age, who list an "Alaskan source" for their social security number. In general, individuals would have already received a social security number by the time they entered the service and obtaining such a number would fairly approximate the age at which individuals became eligible for military service. While research tends to suggest that these figures may understate the number of Alaskan residents (some individuals may have obtained a social security number and subsequently moved to Alaska), the data gathered should be a useful tool in estimating individuals that resided in Alaska at the time of induction.

In 1980, 61% of Vietnam veterans were from 25 to 34 years of age. It is assumed for these purposes that the remaining 39% were from 35 to 44 years old.

Use of this data produces the following calculations:

23,000	Vietnam Era Veterans in Alaska (1982)
X 32.1%	Vietnam Service Medal percentage
<u>7,383</u>	Veterans in Alaska earning the Vietnam Service Medal

7,383	
X 61% (ages 25-34)	
<u>4,504</u>	

7,383	
X 39% (ages 35-44)	
<u>2,879</u>	

4,504	
X 33.3%	Percentage with Alaskan source Social Security numbers, ages 25-34
<u>1,500</u>	

2,879	
X 22.6%	Percentage with Alaskan source Social Security numbers, ages 35-44
<u>650</u>	

1,500	
+ 650	
<u>2,150</u>	Estimated total eligible individuals
X \$300	Average payment (\$25 per month of service in Vietnam; assume 12 month average tour in Vietnam.)
\$650,000	Estimated payments cost
<u>129,000</u>	Plus 20% contingency*
\$774,000	Budget Estimate

*Contingency reflects concern that use of Alaskan source Social Security numbers may tend to understate the number of individuals who were residents at the time of induction to the service.

100 Line - \$17,673

Processing approximately 2,150 applications for bonuses under the program will require additional staff time. It is anticipated, however, that most applications can be processed rapidly as all necessary information will be contained on an applicant's DD-214. Other applications, which contain problems with Alaska residency or length of Vietnam service, will require additional processing time. Development of controls to verify length of service will take additional time. Given that applications would be received over a period of months and that the program is for a one-time payment, retention of a temporary, part-time employee is proposed.

300 Line

Printing and layout of Application:	\$ 500
Newspaper advertising regarding program:	<u>\$ 2,000</u>
Total 300 line:	\$ 2,500

400 Line

Office supplies associated with program:	\$ 300
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500 Line

Work station for employee:	\$3,890
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1.	POSITION TITLE Documents Processing Clerk IV			RANGE/STEP 12A	BARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION TPT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	X				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	12,204							
6.	Benefits	5,469							
7.	Supplemental Benefits								
8.	Fixed Benefits								
9.	TOTAL PERSONAL SERVICES	01	17,673						
10.	Travel	02	0						
11.	Contractual	03	2,500						
12.	Commodities	04	300						
13.	Equipment	05	3,890						
14.	Other								
15.	TOTAL COST		24,363						
JUSTIFICATION									
<p>Processing of the estimated 2,150 applications under this program will require additional personnel. Given the one-time nature of this payment, retention of a temporary employee is preferable to a permanent employee. Additionally, a full-time employee would be unnecessary. A temporary, part-time position is proposed to handle most of this program under the general supervision of the regional loan manager and the division director. The employee would receive and record all applications, make eligibility determinations based on guidelines established by the division director, develop and apply a verification process for eligibility, correspond with applicants, ensure disbursement of bonus funds for eligible applicants.</p>									
16.	RECEIPT CODE	FUNDING SOURCE							
17.		Federal Receipts	1002						
18.		G.F. Match	1003						
19.		General Funds	1004	24,362					
20.		I-A Receipts	1005						
21.		Program Receipts	1028						
		Other							
FOR BSM USE ONLY									
4A KEY NUMBER _____									

13 REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
PROGRAM Development
BRU Investments
COMPONENT _____

FY 85

Page 1 of 1
Revised Date _____

SB 516 TITLE & SPONSOR SUMMARY

37 5/22/84 PAGE 1 OF 2

AMENDED TITLE:

AN ACT ESTABLISHING A VIETNAM VETERANS' GONUS

PRIME SPONSOR: SENATE LABOR&COMM COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 3/01/84 IN (S) LABOR & COM REFERRAL: FINANCE

SB 516 SENATE ACTION 14 37 5/22/84 PAGE 2 OF 2

DATE SEQ PAGE LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
03/01/84	01	2227	FIRST READING -- COMMITTEE REPORTS LABOR & COMMERCE FINANCE RULES

**** ** ** *** ** *

Paul Faulkner
United Veterans
Ak

3605 Arctic Blvd

Suitel - 1

99503

277-7472

omit line 15

Vets Admin. — (based on census)
1980

43,500

50,000 total in Alaska

23,000	
9,000	
11,000	
- 500	
<u>43,500</u>	
██████████	Vietnam
	Korea
	WUII
	WUI

can be. down by areas

Vernessa
Mangt. Analyst
271-4567

S

B

517

Bill No. SB 517

Date April 3, 1984

Title "An Act relating to Workers' Compensation; and providing for and effective date"

Contact *J. L. McClintock*
465-2790

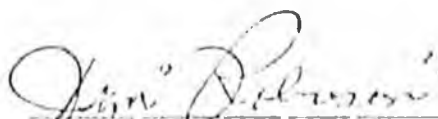
Senate Bill 517 changes the maximum time periods to file physician's notice of treatment, file notice of controversion and pay compensation benefits to injured workers. The purpose of the legislation is to bring into conformity these time periods to enable the employer/insurer to make more informed and expeditious determinations on workers' compensation claims.

Currently, the employer has a maximum time period of 28 days to pay compensation, but only 14 days to controvert (deny) a claim. A further conflict in making a determination to either pay or deny is the time period of 20 days for the physician to file notice of treatment verifying that the injury is work connected and that the worker is unable to work. This leaves little or no time for the employer/insurer to make an informed decision to accept or deny the claim. As a result, many employer/insurers controvert claims which unnecessarily delays payment of compensation for a longer period than the additional 7 days proposed under this legislation to investigate the claim.

This legislation will require the physician to file the medical report within 14 days instead of 20. The time period to file a controversion will be extended to 21 days instead of 14 and the maximum time to pay compensation will be shortened from 28 to 21 days. In other words, the physician must file the medical report within 14 days and the insurer must either pay or controvert the claim within 21 days.

The Department of Labor supports passage of Senate Bill 517. It will not have a fiscal impact on the Department.

APPROVED



Jim Robison
Commissioner

D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to workers' compensation. The bill brings into harmony the periods of time allowed for several related acts, and should result in a system in which claims are handled more efficiently.

Under current law, an employer has 28 days to pay a compensation claim but only 14 days in which to controvert it. Ideally, the decision to pay a claim should be made after receipt of a physician's notice which verifies that the worker's injury is in fact work-related and that the worker is disabled. Under current law, however, a physician has 20 days to file the notice. This often results in employers controverting claims needlessly, and payments thus being unduly delayed.

The proposed legislation would require a physician's notice to be filed within 14 days of treatment instead of 20, would allow an employer 21 days instead of 14 to controvert a claim, and would shorten the time for payment from 28 to 21 days. These changes would enable an employer to make an informed decision on whether to pay or controvert a worker's compensation claim; they thus inure to the benefit of employers, workers, and insurers.

Summary (Gov. was originally planning to introduce)

Sincerely,

Bill Sheffield
Governor

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CS SB 517
 Title: "An Act relating to Workers' Compensation; and providing. . ."
 Sponsor: Labor and Commerce
 Requestor: Senate Labor & Commerce
 Date of Request: 4/17/84

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Workers' Compensation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

ANALYSIS: Attach a separate page for analysis

Prepared By: ^{MB} Jacquelyn McClintock Phone: 465-2790
 Division: Workers' Compensation Date: 4/18/84

Approved by Commissioner: ^{MB} Jim Robison Date: 4/18/84
 Agency: Department of Labor

LEG:A:45

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Section-By-Section Analysis

Section 1. This section requires the physician rendering treatment to file a medical report within 14 days following treatment instead of 20 days.

Section 2. This section extends the maximum time period for an employer to file a controversion from 14 days to 21 days from date of knowledge of the alleged injury or death, or, if payments have begun, within 7 days after an installment or compensation payable without an award is due.

Section 3. This section shortens the maximum time period for an employer to pay compensation to an injured worker from 28 days to 21 days.

Section 4. Provides for an effective date of July 1, 1984.

CSSB 517 (L & C)

COMMITTEE SUBSTITUTE FOR SB 517 (L & C) WILL RECTIFY MANY OF THE INCOMPATIBLE AND INCONSISTENT TIME PERIODS PRESENTLY EXISTING IN THE WORKER'S COMPENSATION ACT. CURRENTLY, AN EMPLOYER HAS A MAXIMUM TIME PERIOD OF 28 DAYS TO PAY COMPENSATION, BUT ONLY 14 DAYS TO DENY A CLAIM. A FURTHER CONFLICT IN MAKING A DETERMINATION TO EITHER PAY OR DENY IS THE TIME PERIOD FOR THE PHYSICIAN TO FILE NOTICE. AS A RESULT, MANY EMPLOYER/INSURERS DENY CLAIMS WHICH UNNECESSARILY DELAYS PAYMENT OF COMPENSATION.

THIS LEGISLATION WILL REQUIRE THE PHYSICIAN TO FILE THE MEDICAL REPORT WITHIN 14 DAYS INSTEAD OF 20. THE TIME PERIOD TO DENY A CLAIM WILL BE EXTENDED TO 21 DAYS INSTEAD OF 14 AND THE MAXIMUM TIME TO PAY COMPENSATION WILL BE SHORTENED FROM 28 TO 21 DAYS. IN OTHER WORDS, THE PHYSICIAN MUST FILE THE MEDICAL REPORT WITHIN 14 DAYS AND THE INSURER MUST EITHER PAY OR CONTROVERT THE CLAIM WITHIN 21 DAYS.

SECTION 2 WAS ADDED TO SB 517 IN THE LABOR AND COMMERCE COMMITTEE. THIS ADDITION WOULD ALLOW AN ADDITIONAL 14-DAY "GRACE PERIOD" FOR THE FILING OF VARIOUS REPORTS WITH THE WORKER'S COMPENSATION BOARD. PRESENTLY, THE TIME FRAME FOR FILING THESE REPORTS IS NOT COMPATIBLE WITH THE PRACTICES OF MANY INSURERS AND ADJUSTERS. THIS NEW LANGUAGE WILL RESOLVE THESE EXISTING PROBLEMS.

CSSB 517 (L & C) HAS THE SUPPORT OF THE AD HOC COMMITTEE ON WORKERS'S COMPENSATION, DEPARTMENT OF LABOR AND REPRESENTATIVES OF THE INSURANCE INDUSTRY AND MEDICAL COMMUNITY. I URGE ~~YOUR~~ SUPPORT FOR THIS VERY WORTHWHILE LEGISLATION.

PASSAGE . .

ADDITIONAL INFORMATION

CURRENTLY

CSSB 517(L & C)

28 DAYS TO PAY COMPENSATION

21 DAYS TO PAY
COMPENSATION

14 DAYS TO PAY COMPENSATION

21 DAYS TO CONTROVERT
CLAIM

20 DAYS FOR PHYSICIAN'S
REPORT

14 DAYS FOR PHYSICIAN'S
REPORT

14 DAYS TO REPORT TO WORKER'S
COMPENSATION BOARD *

28 DAYS TO REPORT TO
WORKER'S COMPENSATION
BOARD

* THIS INCREASE IN THE "GRACE PERIOD" DOES NOT AFFECT THE TIME PERIODS FOR WHICH COMPENSATION MUST BE PAID TO INJURED WORKERS.

THE PENALTY LISTED IN SECTION 2 IS ALREADY IN EXISTING LAW.

PROPOSED TITLE: HCSSSB 517(L&C)
BILL ACT RELATING TO WORKERS' COMPENSATION, AND PROVIDING
FOR AN EFFECTIVE DATE
PRINCIPAL SPONSOR: SENATE LABOR&COMM COMMITTEE.
CO-SPONSORS:

CURRENT STATUS: 5/28/84 TRANSM TO GOVERNOR

DATE	SEQ	PAGE	LEGISLATIVE ACTION
03/01/84	01	2227	FIRST READING -- COMMITTEE REPORTS
04/05/84	02	2646	HESS -- DF03
04/05/84	03	2646	HESS F/NOTE EQUALS ZERO
04/16/84	04	2760	L&C -- CS04
04/27/84	05	2853	RLS -- L&C CS04, OTHER04 TAKEN UP IMMEDIATELY
04/27/84	06	2857	SECOND READING
04/27/84	07	2857	L&C CS ADOPTED BY UNAN CONSENT
04/27/84	08	2858	ADVANCED TO 3RD READING BY UNAN CONSENT
04/27/84	09	2858	THIRD READING
04/27/84	10	2858	PASSED BY DIV 20-00-00
04/27/84	11	2858	EFFECTIVE DATE VOTE SAME AS PASSAGE
05/26/84	24	3294	CONCURRED IN HOUSE AMS BY DIV 18-00-00
05/26/84	25	3295	EFF DATE VOTE SAME UNAN CONSENT
05/28/84	26	3331	TRANSMITTED TO GOVERNOR
***	**	**	*** **

DATE	SEQ	PAGE	LEGISLATIVE ACTION
04/30/84	12	3509	FIRST READING -- COMMITTEE REPORTS
05/16/84	13	3870	L&C -- CS05, NR01
05/16/84	14	3870	L&C F/NOTE EQUALS ZERO
05/24/84	15	4016	SECOND READING
05/24/84	16	4016	L&C CS ADOPTED BY UNAN CONSENT
05/24/84	17	4016	ADVANCED TO 3RD READING BY UNAN CONSENT
05/24/84	18	4016	THIRD READING
05/24/84	19	4016	PASSED BY DIV 23-12-05
05/24/84	20	4017	EFFECTIVE DATE FAILED BY DIV 23-14-03
05/24/84	21	4017	NOTICE OF RECONSIDERATION GIVEN
05/25/84	22	4035	PASSED ON RECONSIDERATION BY DIV 30-01-01
05/25/84	23	4035	EFFECTIVE DATE VOTE SAME AS PASSAGE
***	**	**	*** **

COMMITTEE REPORT

SENATE

FURTHER:

4/5/84

Date 4/17/84

Mr. President

The Committee on LABOR & COMMERCE considered SB 517

workers' compensation; and

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 517 (LFC)
- new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]

[Signature]
Chairman

[Signature]
Chairman recommendation

William F. Reeves
3201 Spenard Road
Anchorage, Alaska 99503
PHONE: 561-5354

April 6, 1984

Senator Richard I. Eliason, Chairman
Senate Labor & Commerce Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Attn: Sheila Peterson

RE: SB 517

Dear Senator Eliason:

As a participant in the Labor/Management Ad Hoc Committee on Workers' Compensation, I am writing this letter in support of SB 517 and the proposed amendment to SB 517 which is attached hereto.

The Labor/Management Ad Hoc Committee on Workers' Compensation in Alaska was formed rather spontaneously approximately two years ago. Its purpose has been to review and analyze the Alaska workers' compensation system in a forum outside the political arena. The perspective of the ad hoc committee continues to be the "workability" of the workers' compensation system in Alaska.

SB 517 rectified many of the incompatible and inconsistent time periods presently existing in the Workers' Compensation Act. The ad hoc committee, the Division of Workers' Compensation, and representatives of the insurance industry and medical community have discussed this bill and no objections have been raised.

These same participants discussed the attached proposed amendment to SB 517. The attached proposed amendment resolves a series of administrative problems within the act. In essence, the amendment would allow an additional 14-day "grace period" for the filing of various reports with the Workers' Compensation Board. Presently, the time frame for filing these reports is not compatible with the practices of many insurers and adjusters. It is believed that the proposed amendment will resolve most of the existing problems.

It should be noted that the time periods extended by this proposed amendment do not extend the time periods for which compensation must be paid to injured workers.

Senator Richard I. Eliason
April 6, 1984
Page Two

If I can be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,

ALASKA CHAPTER
ASSOCIATED GENERAL CONTRACTORS



William F. Reeves
General Counsel

Enclosure

WFR/ec/15

cc: John Abshire, Alaska Ironworkers, Local 751
Kevin Dourghty, Alaska State District Council of Laborers
Joe Surler, Operating Engineers
Robert Erickson, Teamsters Local 959
Richard Cattanach, Unit Company
Jack Thompson, Vice President, Air Van Lines, Inc.
Dwayne Taylor, Frontier Companies
Jim Robison, Commissioner of Labor
Jackie McClintock, Director, Workers Compensation
Tom O'Keefe, Industrial Indemnity
Richard Block, Alaska National Insurance

SB 517 - AN ACT RELATING TO WORKERS' COMPENSATION

PROPOSED AMENDMENT TO AS 23.30.155(c):

The employer shall notify the board and the employee on a form prescribed by the board that the payment of compensation has begun or has been increased, decreased, suspended, terminated, resumed or changed in type. An initial report shall be filed within 28 days after the date of issuing the first payment of compensation. If at any time 21 days or more pass and no compensation payment is issued, a report shall be filed within 28 days after the date the last compensation payment was issued as benefits have been suspended or terminated. A report shall also be filed within 28 days after the date of issuing a payment increasing, decreasing, resuming or changing the type of compensation paid. If the employer fails to notify the board and the employee within the prescribed 28 days, the employer shall pay a civil penalty of \$100 for the first day plus \$10 for each day thereafter that the employer failed to give notice. Total penalties under this section may not exceed \$1,000 for each failure to file a required report.

Amendment

ALASKA STATE SENATE

PATRICK RODEY
SENATOR

POUCH V
JUNEAU, ALASKA 99811
(907) 465-3793
(907) 475-3754



Senator Dick Eliason, Chair
Senate Labor & Commerce Committee
Capitol Building Room 417
Juneau, Alaska

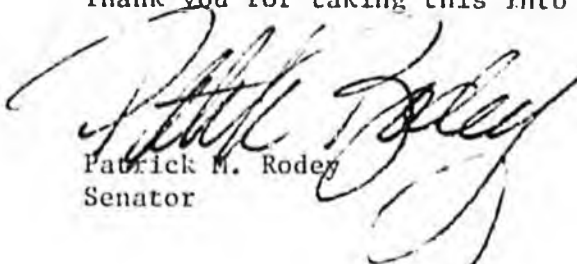
March 5, 1984

Dear Dick:

I would like to request that the Senate Labor & Commerce Committee introduce a proposed draft of the attached worker's compensation bill. I would be happy to sponsor this legislation but as you know the deadline for individual sponsors has passed.

Please keep this letter on file as proof that I specifically requested this legislation to be introduced through the committee.

Thank you for taking this into consideration.


Patrick M. Rodey
Senator

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 29, 1984

SUBJECT: Sectional analysis of Work Order 13-1907

TO: Senator Dick Eliason
Chairman, Senate Labor & Commerce

FROM: Thomas A. Sofo *TAS*
Legislative Counsel

You have asked for a sectional analysis of Work Order 13-1907, a bill draft which makes amendments to the workers compensation law.

Section 1 This section merely decreases from 20 to 14 days the time within which a doctor or employee must notify the workers compensation board of the giving or receiving of medical treatment. Section 1 also standardizes the 14 day notice time limit for the first and subsequent medical treatments.

Section 2 Increases from 14 to 21 days the time within which the employer must file with the board a notice of controversion if the employer wishes to contest the right of the employee to workers compensation. The same section allows for the employer to also file a notice of controversion within seven days after a payment of compensation is due even after the employer has already begun the payment of compensation.

Section 3 Decreases from 14 to 7 days the time after which a 20 percent penalty is to be added to an unpaid installment of compensation.

Section 4 Immediate effective date.

TAS:ojb
J4/026

William F. Reeves
3201 Spenard Road
Anchorage, Alaska 99503
PHONE: 561-5354

April 6, 1984

Senator Richard I. Eliason, Chairman
Senate Labor & Commerce Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Attn: Sheila Peterson

RE: SB 517

Dear Senator Eliason:

As a participant in the Labor/Management Ad Hoc Committee on Workers' Compensation, I am writing this letter in support of SB 517 and the proposed amendment to SB 517 which is attached hereto.

The Labor/Management Ad Hoc Committee on Workers' Compensation in Alaska was formed rather spontaneously approximately two years ago. Its purpose has been to review and analyze the Alaska workers' compensation system in a forum outside the political arena. The perspective of the Ad Hoc Committee continues to be the "workability" of the workers' compensation system in Alaska.

SB 517 rectified many of the incompatible and inconsistent time periods presently existing in the Workers' Compensation Act. The Ad Hoc Committee, the Division of Workers' Compensation, and representatives of the insurance industry and medical community have discussed this bill and no objections have been raised.

These same participants discussed the attached proposed amendment to SB 517. The attached proposed amendment resolves a series of administrative problems within the act. In essence, the amendment would allow an additional 14-day "grace period" for the filing of various reports with the Workers' Compensation Board. Presently, the time frame for filing these reports is not compatible with the practices of many insurers and adjusters. It is believed that the proposed amendment will resolve most of the existing problems.

It should be noted that the time periods extended by this proposed amendment do not extend the time periods for which compensation must be paid to injured workers.

Letter of Support - Suggest Amendment

Senator Richard I. Eliason
April 6, 1984
Page Two

If I can be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,

ALASKA CHAPTER
ASSOCIATED GENERAL CONTRACTORS

Wm. F. Reeves/RK.

William F. Reeves
General Counsel

Enclosure

WFR/ee/15

cc: John Abshire, Alaska Ironworkers, Local 751
Kevin Doughty, Alaska State District Council of Laborers
Joe Butler, Operating Engineers
Robert Erickson, Teamsters Local 959
Richard Cattanach, Unit Company
Jack Thompson, Vice President, Air Van Lines, Inc.
Dwayne Taylor, Frontier Companies
Jim Robison, Commissioner of Labor
Jackie McClintock, Director, Workers' Compensation
Tom O'Keefe, Industrial Indemnity
Richard Block, Alaska National Insurance

Currently

28 days to pay compensation
14 days to controvert (deny)
20 days for physician's report

Now

21 days to pay
21 days to controvert (deny)
14 days for physician's report

(d) If an employer fails to comply with a compensation order making an award that has become final, a beneficiary of the award or the board may apply for the enforcement of the order to the superior court. If the court determines that the order was made and served in accordance with law, and that the employer or his officers or agents have failed to comply with it, the court shall enforce obedience to the order by writ of injunction or by other proper process to enjoin upon the employer and his officers and agents compliance with the order.

(e) Proceedings for suspending, setting aside, or enforcing a compensation order, whether rejecting a claim or making an award, may not be instituted except as provided in this section and AS 23.30.170. (§ 20 ch 193 SLA 1959; am § 1 ch 32 SLA 1965; am § 27 ch 93 SLA 1982)

Effect of amendments. — The 1982 amendment repealed subsection (b).

NOTES TO DECISIONS

III. STANDARD OF REVIEW.

And findings of board, etc.
In accord with 12th paragraph in

original. See Parker Drilling Co. v. Wester, Sup. Ct. Op. No. 2565 (File No. 5759), 651 P.2d 842 (1982).

Sec. 23.30.145. Attorney fees.

NOTES TO DECISIONS

Subsection (a) award applies only, etc.

Where the board awarded employee's attorney's fees on all compensation in excess of \$6,000, the amount tendered by the employer as a permanent partial disability award, the \$6,000 voluntarily tendered by the employer was not "in controversy" despite the fact that the employer disputed the disability classification, since this section unambiguously restricts the award of attorney's fees to

amounts which are controverted. Bignell v. Wise Mechanical Contractors, Sup. Ct. Op. No. 2566 (File No. 5929), P.2d (1982).

Award to employer-defendant. — Appellate court grant of attorneys' fees to an employer-defendant must be based on finding that claimant's appeal was frivolous, unreasonable, or brought in bad faith. Whaley v. Alaska Workers' Compensation Bd., Sup. Ct. Op. No. 2533 (File No. 5701), 648 P.2d 955 (1982).

Article 4. Payment of Compensation.

Section

- 155. Payment of compensation
- 160. Assignment and exemption from claims of creditors

Sec. 23.30.155. Payment of compensation. (a) Compensation under this chapter shall be paid periodically, promptly, and directly to the person entitled to it, without an award, except where liability to

pay compensation is controverted by the employer. To controvert a claim the employer must file a notice, on a form prescribed by the board, stating

- (1) that the right of the employee to compensation is controverted;
- (2) the name of the employee;
- (3) the name of the employer;
- (4) the date of the alleged injury or death; and
- (5) the type of compensation and all grounds upon which the right to compensation is controverted.

(b) The first installment of compensation becomes due on the 14th day after the employer has knowledge of the injury or death. On this date all compensation then due shall be paid. Subsequent compensation shall be paid in installments, every 14 days, except where the board determines that payment in installments should be made monthly or at some other period.

(c) [Effective January 1, 1984] Upon making the first payment, and upon an increase, reduction, termination, suspension, resumption or a change in rate or type of compensation paid, the employer shall notify the board within 14 days, on a form prescribed by the board, that payment of compensation has begun or has been increased, reduced, terminated, resumed, changed, or suspended, as the case may be. If the employer fails to notify the board within 14 days, the board shall assess against the employer a civil penalty of \$100 plus \$10 for each day in excess of 14 days that the employer fails to give notice. Total penalties under this section may not exceed \$1,000 for each failure to file a required report.

(d) If the employer controverts the right to compensation he shall file with the board on or before the 14th day after he has knowledge of the alleged injury or death or on or before an installment of compensation payable without an award is due, a notice of controversion on a form prescribed by the board.

(e) If any installment of compensation payable without an award is not paid within 14 days after it becomes due, provided in (b) of this section, there shall be added to the unpaid installment an amount equal to 20 percent of it, which shall be paid at the same time as, and in addition to, the installment, unless notice is filed under (d) of this section or unless the nonpayment is excused by the board after a showing by the employer that owing to conditions over which he had no control the installment could not be paid within the period prescribed for the payment.

(f) If compensation payable under the terms of an award is not paid within 14 days after it becomes due, there shall be added to that unpaid compensation an amount equal to 20 percent of it, which shall be paid at the same time as, but in addition to, the compensation, unless review of the compensation order making the award is had as provided in AS 23.30.125 and an interlocutory injunction staying payments is allowed by the court.

Re: Amendment

S

B

525

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 525
 Title: "An Act relating to
 Unemployment Insurance"
 Sponsor: Senate Labor/Commerce
 Requestor: Senate Labor/Commerce
 Date of Request: March 7, 1984

FISCAL DETAIL

Agency Affected: All
 Program Category Affected: All
 BRU, Program or Subprogram(s) Affected:
 All

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		186.4	510.6	571.6	576.0	580.1
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		186.4	510.6	571.6	576.0	580.1
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		139.8	382.9	428.7	432.0	435.1
FEDERAL FUNDS		13.1	35.8	40.0	40.3	40.6
OTHER		33.5	91.9	102.9	103.7	104.4
TOTAL		186.4	510.6	571.6	576.0	580.1

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Personal Service benefits would increase for all agencies based on the projected increase in unemployment insurance paid to ex-state employees and seasonal employees.

ANALYSIS: Attach a separate page for analysis

Prepared By: ^{MS} John W. Shay, Jr. Phone: 465-2712
 Division: Employment Security Division Date: 3/2/84
 Approved by Commissioner: ^{MS} Jim Robinson Date: 3/12/84
 Agency: Labor

LEG:A:4

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

fiscal note

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE
BILL/RESOLUTION NO: SB 525
TITLE: "An Act relating to Unemployment Insurance."
AGENCY AFFECTED: Department of Labor
Page 2

The following assumptions were made in preparing the forecasted costs:

1. State employment will continue to increase through FY 1986. Thereafter, state employment will level off with consolidation of administrative jobs and belt tightening being offset by jobs based on increased population.
2. There is no wage increase for calendar year 1984. The wages through FY 1986 reflect the recent agreement with APEA. A 5 percent yearly increase continues throughout the remainder of the forecast period.
3. As provided in this bill, the maximum weekly benefit amount paid for unemployment insurance claims will increase from \$156 to \$198, effective January 1, 1985.

As a result, the State of Alaska would be required to pay more in its personal service benefit costs for unemployment insurance. The total amount of the increased costs (which would affect all Departments in the State) is projected from past experience and a computerized modeling technique. The estimated increase in the average payment using this method is 14%. This increase would not occur immediately in FY '85, because claimants are paid for an entire year at the rates in effect when they first claim benefits. The total effect of the increase would not be felt until FY '87.

LEG:A:4

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 525
 Title: "An Act relating to
 Unemployment Insurance"
 Sponsor: Senate Labor/Commerce
 Requestor: Senate Labor/Commerce
 Date of Request: March 7, 1984

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Social Services
 BRU, Program or Subprogram(s) Affected:
Employment Security, Unemployment
 Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		5.0				
OTHER						
TOTAL	0	5.0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Federal funds will be requested to fund reprogramming of automated programs.
 [125 hours x \$40 per hour.]

ANALYSIS: Attach a separate page for analysis

Prepared By: ¹⁴² John W. Shay, Jr. Phone: 465-2712
 Division: Employment Security Division Date: 3/12/84
 Approved by Commissioner: ¹⁰³ Jim Robinson Date: 3/12/84
 Agency: Labor

LEG:A:5
 Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

fiscal note

Bill No. Senate Bill 525

Date March 12, 1984

Title "An act relating to Unemployment Insurance; and providing for an effective date."

Contact: Eileen Plate
465-2700

Jack Shay
465-2712

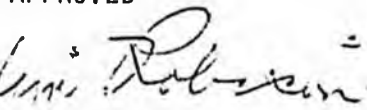
Senate Bill 525 incorporates a number of housekeeping and conformity provisions and makes several technical changes to Alaska's unemployment insurance law. It also increases the maximum weekly unemployment insurance benefit amount.

Passage of SB 525 will assure that Federal Unemployment Tax Act (FUTA) credits presently available to Alaska employers are not jeopardized; and will assure that federal grants to the Alaska Department of Labor for administration of the unemployment insurance program are not withheld. Sections 8 and 11 of SB 525 are conformity items and must pass for Alaska to remain in conformity with Federal Law. Sections 2 and 3 amend employer unemployment insurance tax rates in line with recent Federal legislation. Without this legislation, FUTA taxes paid by Alaskan employers will increase approximately \$2 million annually.

The increase in the maximum weekly unemployment insurance benefit amount will provide approximately two-thirds of the UI claimants with a 50 percent replacement of their average weekly wages. The benefit schedule was amended in 1980 to provide a 50 percent wage replacement to two-thirds of the claimants. Wage inflation since 1980 has eroded this level of wage replacement to the extent that today only about 50 percent of the claimants received the 50 percent wage replacement.

The Department of Labor supports passage of SB 525. A fiscal note is attached.

APPROVED



Jim Robison
Commissioner

POSITION PAPER/Department of Labor

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

December 5, 1983

M E M O R A N D U M

TO: Honorable Bill Sheffield
Governor

FROM: *for* *Norman C. Gorsuch*
Norman C. Gorsuch
Attorney General

RE: Attached bill on employment insurance
Our file: 377-043-84

Attached is a bill containing changes to the unemployment insurance statutes in AS 23.20. The changes were developed by the Department of Labor and for the most part are in response to changes and requirements of the federal statutes under which the department operates the unemployment insurance program Alaska.

The bill contains other "housekeeping" measures, including the provision for effective dates for certain sections, again in order to conform to effective dates for federal requirements in the unemployment insurance program.

A draft transmittal letter to the legislature, explaining the bill in more detail, is also attached.

NCG:GIA:bap

cc w/enc.: Honorable James Robison
Commissioner
Department of Labor

D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to unemployment insurance. In large part this bill is a response to changes in federal requirements for the operation of Alaska's Unemployment Insurance Program.

Section 1 of the bill involves the training and building fund created under AS 23.20.130. State law presently requires that any unobligated money in excess of \$100,000 in the fund must be transferred to the Unemployment Trust Fund on the last day of the fiscal year. Often the legislature does obligate that excess money, but just as often, the bill accomplishing that action is not signed into law until after the end of the fiscal year. Therefore, by the time a bill is signed obligating the money, it has technically already passed into the Unemployment Trust Fund. By providing a 30-day "grace period" following the last day of each fiscal year, this problem should not arise.

Sections 2 and 3 of this bill are in response to certain 1982 amendments to the Federal Unemployment Tax Act (FUTA), effective January 1, 1985. Under the amended version of the FUTA, employers in the State of Alaska will not receive a full credit for the contributions made to the state unemployment fund unless state law includes a maximum tax rate of at least 5.4 percent, a tax rate which

must actually be assessed against at least one employer in the state. Sections 2 and 3 will create that standard rate and identify a class of employers which are assessed that rate, thus insuring that all employers in the State of Alaska can receive the full credit for their contributions to the state unemployment trust fund.

Section 4 of the bill will amend AS 23.20.350(d) by increasing the maximum unemployment insurance benefit amount to \$198 per week, not including an allowance for dependents. This increase will provide approximately two-thirds of unemployment insurance claimants with a replacement of at least 50 percent of their average weekly wages. These increases were developed in order to fight the impact of inflation and to more closely parallel suggested federal benefit adequacy guidelines for wage replacement.

Sections 5 and 6 of the bill rewrite AS 23.20.350(f), which provides for an allowance for dependents in addition to a weekly unemployment benefit amount. The amount of the allowance for dependents remains unchanged. The amendments contained in sec. 5 will permit the Department of Labor to administer the program in a manner more likely to accomplish its purpose, i.e., to provide additional wage replacement income to claimants with dependents. The present law artificially and perhaps unreasonably

restricts certain claimants from obtaining the benefits of the allowance for dependents.

The amendment will permit an allowance for dependents to be paid to a claimant having physical custody of a child or to a claimant who provides over 50 percent of support for the child. If two claimants qualify to claim the allowance, it will be paid to the claimant who provides over 50 percent of support. In addition, unlike under present law, a claimant need not claim the allowance for dependents when he or she first files a claim for unemployment benefits. The bill does continue to prohibit the allowance for dependents from being claimed by more than one individual.

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Sections 8, 9, and 11 of the bill are responses to changes in federal law which directly effect the administration of our unemployment insurance program. Section 8 extends the disqualifications under AS 23.20.381(e) to all employees of educational institutions, employees of "educational service agencies" serving educational institutions, and to those same employees for any established vacation period or holiday recess. Section 9 modifies the disqualification for failing to actively seek work by exempting a claimant who is hospitalized or serving on jury duty. Section 11 brings the state into conformity with federal law by repealing AS 23.20.526(a)(22)(D), which the U.S. Department of Labor interprets as a waiver of benefit rights. A waiver of benefit rights is prohibited by sec. 303(a)(1) of the Social Security Act and AS 23.20.395.

Section 10 of the bill closes a "loophole" in the current unemployment insurance law by prohibiting individuals on "R and R" from collecting unemployment insurance benefits.

The Department of Labor supports this bill. I urge your prompt action on it.

Sincerely,

Bill Sheffield
Governor

BILL ANALYSIS

Section 1. This is a "housekeeping" amendment which would make a technical change to the training and building fund provision so that unobligated money in the training and building fund could be held an additional 30 days past the end of the fiscal year. The law currently requires that any unobligated money over \$100,000 in the training and building fund must lapse to the unemployment trust fund on the last day of the fiscal year. This money is obligated in appropriations bills prior to the end of the fiscal year, but the bills are often not signed until after the end of the fiscal year. The money is therefore not technically obligated until after the money has already lapsed back to the unemployment trust fund. The proposed amendment solves this "accounting" problem by holding the money in the training and building fund until the appropriation is signed.

Sections 2 and 3. The Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248) amended the Federal Unemployment Tax Act (FUTA) to increase the gross FUTA tax on employers from 3.5 percent to 6.2 percent. It also increased the additional credit against the FUTA tax for contributions to a state unemployment fund from 2.7 percent to 5.4 percent. These amendments are effective January 1, 1985. Because of the language of the FUTA, all employers in the state cannot be guaranteed the full FUTA credit of 5.4 percent unless the state law includes a maximum (standard) state tax rate of at least 5.4 percent.

Section 2 of the bill amends AS 23.20.170 to enact a standard rate of 5.4 percent. Rates below 5.4 percent would continue to be granted under AS 23.20.290.

Section 3 of the bill amends AS 23.20.290 by adding a 21st rate class comprised of employers with the highest quarterly decline quotients whose cumulative payroll is .01 percent of the total payroll in the state. This small minority of employers would receive a rate not less than 5.4 percent. The FUTA requires that the 5.4 percent rate be actually assessed at least one employer in the state, in order for all employers in the state to be guaranteed the maximum additional FUTA credit of 5.4 percent. This amendment meets the requirements of the FUTA with the least distortion to the present rate structure.

Section 4. This section amends the benefit schedule in AS 23.20.350(d) to provide a maximum UI weekly benefit amount of \$198, not counting dependents allowance. This increase will provide approximately two-thirds of claimants with replacement of 50 percent of their average weekly wages. Federal benefit adequacy guidelines suggest that a state's benefit schedule should provide 50 percent wage replacement for at least 80 percent of claimants. However, Alaska's liberal eligibility provisions make application of the federal guidelines too costly. The benefit schedule was amended in 1980 to provide a maximum weekly benefit of \$150. This schedule did replace 50 percent of wages for approximately two-thirds of claimants, but wage inflation since 1980 has steadily eroded this level of wage replacement. Although a small increase of \$6 was approved in 1982, only about 56 percent of claimants receive 50 percent wage replacement under the current schedule. The proposed schedule would increase costs to the trust fund by about 14 percent.

Sections 5 and 6. These two sections would change the requirements for the receipt of dependents allowance. The amendments do not change the amount of the allowance.

Under the current statute, an individual claiming dependents allowance must certify (and be able to prove) that he or she is providing more than 50 percent of the dependents' support. The dependents must be claimed when the claimant first files for benefits, and the number of dependents cannot be changed during the benefit year unless the claimant acquires an additional dependent by birth or adoption. These two features of the present law -- the "primary support" requirement and the requirement that dependents must be claimed at the beginning of the benefit year -- are not necessary for the administration of the dependents provision, and they may frustrate its purpose.

In households where both parents work, the children are jointly supported. However, under the "primary support" requirement only one parent may claim dependents in the household, even though the other parent may be providing a larger percentage of his or her wages for support of the children. The proposed changes would pay dependents allowance to either parent having physical custody of the child. The same dependent could not be claimed by both parents, but a parent could claim any dependents in the household which are not being claimed by the other parent. The "primary support" requirement has been retained as an alternative, so that a non-custodial parent may qualify for the dependents allowance. In other words, "dependent" has been redefined to mean one who is either in the physical custody of the claimant or dependent on the claimant for more than 50 percent of support. However, to claim a dependent over 18 years of age the claimant would still be required to show primary support, the same as in the current law.

The proposed changes would also allow a claimant to add dependents (up to a limit of three) for any reason while drawing regular benefits during his benefit year. For example, a claimant whose wife is claiming their two children would not be able to claim the children when he first files his claim. However, he would be able to claim the children after his wife's benefit year ends, for the remainder of his own benefit year. Under the current law, this claimant would be unable to claim the dependents for his entire benefit year, even if he filed only one week before the end of his wife's benefit year.

Section 7. This section amends AS 23.20.362(c) by adding severance and termination payments to the list of income which is deducted from UI benefits. Under the provision as it now stands, wages in lieu of dismissal notice, and payments for accrued vacation, sick leave, and holidays are deducted dollar for dollar from UI benefits payable. These payments are treated differently from regular wage payments, which are deducted under AS 23.20.360 at the rate of \$.75 for every \$1 earned for the week in excess of \$50. The vacation, sick, and holiday pay, and wages in lieu of notice, unlike regular wage payments, do not show any new attachment to the labor market, but are paid on the basis of past employment. The more strict dollar-for-dollar deduction for these payments is justifiable on the basis that unemployment insurance should not be paid for a week if the claimant is already receiving a "wage replacement" for that week based on his previous work, such as these payments are. However, because of the language of the provision, "severance" and "termination" pay are not deductible, even though the rationale for deducting them is the same as for the other "wage replacement" payments.

6 6
Section 8. AS 23.20.381(e) currently disqualifies an individual working in an instructional, research, or principal administrative capacity in an educational institution, during the period between two academic years or terms, or during a period of paid sabbatical leave. This provision is required in all state laws for conformity with Sec. 3304 (a)(6)(A) of the Federal Unemployment Tax Act (FUTA).

The FUTA has now been amended by Public Law 98-21 to extend the disqualification to:

1. All employees of educational institutions.
2. Employees of "educational service agencies" serving in educational institutions.
3. Any established vacation period or holiday recess.

These changes are required in all state laws to avoid denial of certification for the FUTA tax offset credit and administrative grants.

Section 9. Section 202 of the Federal-State Extended Unemployment Compensation Act previously required the indefinite disqualification of an extended benefit claimant who did not actively engage in seeking work, regardless of the reason the claimant did not seek work. This requirement has been relaxed by P.L. 98-21. A State is now permitted to apply regular state able and available provisions if the extended benefit claimant failed to seek work because he was hospitalized or on jury duty. This is entirely optional, but we recommend enactment of conforming legislation to take advantage of the relaxation of federal requirements.

Section 10. This amendment to AS 23.20.505 addresses circumstances under which workers on "R and R" might qualify as "unemployed" and thus be potentially eligible for benefits under the Act. Under current Sec. 505 a person is "unemployed" for a week in which he performs no service and receives no wages. This allows potential abuse by individuals who are fully employed but receive "R and R" for a week (or more) as part of their regular work schedule. For example, an individual may work 60 hours per week for two weeks and then receive a week off. This "two weeks on, one week off" schedule may continue indefinitely. This individual is technically unemployed under Sec. 505 during his week off. But we do not believe it is correct to pay benefits when the employment relationship has not been severed and the individual is actually fully employed, i.e., working an average of at least 40 hours per week or receiving "excess" earnings (prorated over the period of work and leave).

Section 11. AS 23.20.526(a) was amended in 1982 by adding paragraph (22) to exclude from UI coverage certain corporate officers who control at least 25 percent of corporate stock. Subparagraph (D) of paragraph (22) specifies that the corporate officer must agree to noncoverage. The U.S. Department of Labor now believes that subparagraph (D) constitutes a waiver of benefit rights. This raises an issue of conformity with Sec. 303(a)(1) of the Social Security Act, which is interpreted as forbidding any waiver, assignment, pledge, or encumbrance of a right to unemployment compensation. (Such a waiver would also be contrary to AS 23.20.395.)

This conformity issue could result in the withholding of administrative grants to Alaska. The proposed repeal of subparagraph (D) would remove the "waiver", resulting in an outright exclusion of coverage for these corporate officers and resolving the conformity problem.

Bill No. Senate Bill 525

Date March 12, 1984

Title "An act relating to Unemployment Insurance; and providing for an effective date."

Contact: Eileen Plate
465-2700

Jack Shay
465-2712

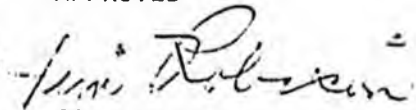
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The Department of Labor supports passage of SB 525. A fiscal note is attached.

APPROVED



Jim Robison
Commissioner

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

P.O. BOX 1149
JUNEAU, ALASKA 99802
PHONE:

465-2700

March 20, 1984

The Honorable Richard Eliason
Chairman, Senate Labor and
Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason:

This is in response to the question you asked during your meeting with Jack Shay, Director of the Employment Security Division, on March 16. My staff has compared the benefit increase proposed in SB 525 to the 1980 law change. However, because of the many other changes implemented in 1980, and changes in the extended benefit program since then, it is difficult to isolate the issues and provide comparable figures. As a result of the changes, several assumptions had to be incorporated into the model used to derive the cost estimates. Some estimates are outlined below.

	<u>1979</u> <u>benefit schedule</u>	<u>1983</u> <u>benefit schedule</u>	<u>Percent</u> <u>Change</u>
Employer Contributions	\$64.2 million	\$73.5 million	14.5%
Employee Contributions	\$14.0 million	\$16.1 million	15.0%
Benefits Paid Out of Trust Fund	\$71.5 million	\$85.4 million	19.4%
Average Weekly Benefit Amount	\$87.58	\$134.40	53.5%

The original cost projection provided in 1980 estimated that the average weekly benefit amount would increase 51%, and that the variable duration concept would partially offset this for a net increase of 27%. Since

Honorable Richard Eliason

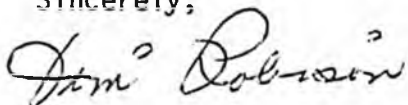
- 2 -

March 20, 1984

1980, changes affecting the extended benefit program plus a different economic picture have resulted in an actual increase of 19.4%. With the benefit increase proposed in SB 525 the increased cost is projected at 14%.

If you have any questions please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Jim Robison".

Jim Robison
Commissioner

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

P.O. BOX 1149
JUNEAU, ALASKA 99802
PHONE: (907) 465-2700

March 14, 1984

The Honorable Richard Eliason
Chairman, Senate Labor and
Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason:

This is in reply to the questions asked by the Senate Labor and Commerce Committee on March 13 concerning SB 525, the unemployment insurance bill.

Question: What will be the total cost to employers and employees if we raise maximum benefits from \$156 to \$198 per week?

As indicated during the hearing, the employer rates are projected to decline after 1984 (even with an increase in benefits); however, the rates will not go down as fast when benefits are raised. The tax base is also expected to increase somewhat. The projected tax base figures were compiled by the Research and Analysis section of the Department and reflect an approximate increase of 2½ percent annually. The net result is projected as:

Year	Tax Base	Maximum Employer Tax Rate		Employee Tax Rate		Total Cost of Increase To Employers to Employees	
		w/o/incr.	w/incr.	w/o/incr.	w/incr.		
1985	\$22,600	4.08%	4.08%	.6%	.6%	\$ 0	\$ 0
1986	23,000	3.84	4.02	.5	.6	3.7 million	.8 million
1987	23,600	3.70	4.03	.5	.6	7.1 million	1.5 million
1988	24,500	3.42	3.90	.5	.5	10.3 million	2.3 million

Question: What sections of the bill are conformity items with the Federal Government?

Sections 8 and 11 are conformity items. Sections 2 and 3, while not strictly conformity items, are necessary to have our law relate to the federal FUTA law and save employers in this state between \$1.5 and \$2.0 million annually in increased FUTA taxes.

The Honorable Richard Elison

-2-

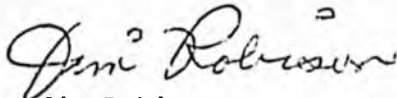
March 14, 1984

Question: Do you have information on firms affected by Sections 2 and 3 of the bill?

Yes, the enclosed listing identifies the industry make-up of the 163 firms potentially eligible for the 21st rate class. If this law change had been in effect currently, it would have affected 163 employers in 1983 for a total increase of \$2,800, or an average of \$17 per employer. In 1984, it would not have affected any employers in the state.

I hope this answers the questions posed by your committee. We will respond to the query from Senator Pettyjohn concerning tax base period calculations in a separate memorandum. If you need additional information, please contact me.

Sincerely,



Jim Robison
Commissioner

Enclosures

FIRMS POTENTIALLY ELIGIBLE FOR A "21ST RATE CLASS"

<u>Major Industry Division</u>	<u>Number of Employers</u>
Agric. Forestry Fisheries	7 ✓
Mining	4
Construction	51
Food Processing	4
Wood Products	1
Transp-Commun-Public Util.	9
Wholesale Trade	10
Retail Trade	15
Finance Insur-Real Estate	10
Services	49
Government	1
Unspecified	2
	<u>163</u>

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

December 5, 1983

M E M O R A N D U M

TO: Honorable Bill Sheffield
Governor

FROM: *for* Norman C. Gorsuch
Norman C. Gorsuch
Attorney General

RE: Attached bill on employment insurance
Our file: 377-043-84

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NCG:GIA:bap

cc w/enc.: Honorable James Robison
Commissioner
Department of Labor

D R A F T

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The Department of Labor supports this bill. I urge your prompt action on it.

Sincerely,

Bill Sheffield
Governor

EMPLOYMENT SECURITY ADVISORY COUNCIL
AUGUST 29-30, 1983
JUNEAU, ALASKA

Council Members Present: Dennis Osterdock, Chairman
Jack Simpson
Ed Janzen
Edwin Johnson

Council Members Absent: Irving Igtanloc

Agency Representatives: A. G. Zillig, Director
Leland T. Dalby, Deputy Director
Harry Sturrock, Assistant Director, UI
Edward Musslewhite, Assistant Director, ES
Lottie Fleeks, Northern Regional Manager
Darwin Walter, Central Regional Manager
Dan Travis, Southeast Regional Manager
Jim Robison, Commissioner

Minutes Taken By: Karen Reyes, Secretary I
Director's Office, ESD

Dennis Osterdock called the meeting to order at 1:30 p.m., August 29, 1983. A. G. Zillig introduced the Commissioner of Labor, Jim Robison, to present the "Opening Remarks".

Mr. Robison announced that A. G. (Art) Zillig is retiring September 15, 1983. He added that Robert Landau has been selected for the position of Assistant Commissioner.

Mr. Zillig then presented the "Division Status Report".

Mr. Zillig stated that this will be the last time he will be meeting with the Council. He extended his appreciation to the Council for the time, effort, and support they have provided to the Department.

Mr. Zillig gave a brief review of what will be discussed through the course of the meeting and a brief run down of what has been happening since the previous Council meeting.

1. The computer systems have been upgraded.
 - a. Benefit and Tax system incorporating the latest series of law changes are both operating well.
 - b. The ES system will be on-line October 1, 1983.

Federal funding for the Central Processing Unit (CPU) upgrade in DP is not anticipated. Alternative funding sources are being explored.

2. A discussion of alternatives for funding federal shortfalls included:
 - a. Using money from the Trust Fund that employees pay in.
 - (1) A draft proposal went to the Assistant Attorney General for his legal opinion in using Trust Fund monies. (A copy of the Assistant Attorney General's response is attached.)
 - b. Using money out of the Building & Training Fund would be legal. Legislative approval is required.

This fund is money from delinquent employers. If an employer does not pay his taxes on time an interest and penalty charge is assessed. The interest and penalties go into this fund.

Mr. Zillig stated that federal funding is being provided for operating a Random Audit Unit of six people in UI. The Random Audit Unit provides an indepth review of an individuals week claimed to ascertain if all eligibility requirements were observed.

Mr. Zillig then introduced Edward Musslewhite for presentation of the "ES Activity Report".

Mr. Musslewhite reviewed the ES Progress Report with the Council. The production level has increased substantially with a reduction in staff. (A copy of the report is attached.)

Edward gave a brief review of JTPA activities. JTPA is administered by the Department of Community & Regional Affairs. The ES program staff works closely with C&RA in implementing JTPA.

Employment Service has developed a Statewide ES Plan which must be reviewed by the State Job Training Coordinating Council. A meeting with SJTCC has been scheduled for September 14, 1983, to review the ES State Plan.

The Job Training Partnership Act (JTPA) replaces the CETA program and amends the Wagner-Peyser Act.

There are three Private Industry Councils in the State. They are: Anchorage/Mat-Su Borough, Fairbanks North Star Borough, and the Balance of the State which is named the Alaska Statewide PIC.

Goals mentioned in the ES State Plan for FY'84 are:

1. Provide an effective labor exchange system.
2. Provide linkages in other employment and training activities to successfully participate in the job market.

Harry Sturrock presented the "UI Legislation Report" as follows:

Mr. Sturrock passed out the UI Legislation proposal bill and it was discussed in detail. The various sections that had changes were:

1. Section 1. AS 23.20.350(d) - AMOUNT OF BENEFITS
 - a. Increases current maximum benefits from \$158 to \$198/week. This proposed change to be effective October 1, 1984.
2. Section 2. and 3. AS 23.20.350(f) and (g)(1) - DEPENDENTS ALLOWANCE
 - a. Maximum Dependents Allowance (DA) that is currently in the UI bill states that only three dependents from one family may be claimed. The proposed bill allows that three per parent may be claimed where both parents are eligible for UI benefits.
 - b. Primary support is defined as physical custody of providing 50 percent. The change would pay DA to either parent having physical custody of the child. The same child may not be claimed by both parents.
 - c. The change would also allow a claimant to add dependents (up to a limit of three) while drawing regular benefits during his/her benefit year. Once the benefit year expires, the other parent may then pick up the dependents on his/her claim.
 - d. Proposed changes includes the definition of "dependent".

October 1, 1984 is the proposed effective date for all changes.

The Advisory Council members asked how many claimants are currently drawing benefits where both parents are filing. There are currently 121 claims where both are claiming dependents allowance.

3. Section 4. AS 23.20.362(c) - DEDUCTIBLE INCOME
 - a. Is amended by adding severance and termination payments to the list of income which is deducted from UI benefits. (Deducted dollar for dollar.)

This change will be effective immediately.

The Advisory Council members suggested that "Vacation Pay" be clarified in the proposal.

4. Section 5. AS 23.20.381(e) - SCHOOL EMPLOYEES

- a. All school employees will be ineligible for UI between school terms. Previous law stated that teachers or principally administrative positions in an educational institute would be ineligible for UI between school terms. Now it is proposed to read that all school employees (janitors, cooks, etc.).

This change will be effective April 1, 1984.

The Advisory Council members suggested that this should be addressed to the Congressional Delegation, because of the conformity issue, pointing out that problems may arise by singling out one category of seasonal workers.

5. Section 6. AS 23.20.526(a)(22) - CORPORATE OFFICERS

- a. Was amended by adding paragraph (22) "to exclude from UI coverage certain corporate officers who control at least 25 percent of corporate stock."
- b. Subparagraph (D) has been deleted. This paragraph specifies that the corporate officer must agree to noncoverage.

This change will be effective January 1, 1984.

6. AS 23.20.130(d) - TRAINING & BUILDING FUND

- a. (d) is an amendment which would make a technical change to the Training & Building Fund provision so that unobligated money in the Fund could be held an additional 30 days past the end of the fiscal year.

(A copy of the proposed UI legislative bill is attached for your review.)

Mr. Sturrock gave a report on the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) as follows:

This Act was passed by Congress last year. The Act increased the FUTA contributions for employers as follows:

- a. Increased federal FUTA tax base from \$6,000 to \$7,000 and contribution rate from 3.4% to 3.5%.
- b. Effective January 1985, increased federal contribution rate from 3.5% to 6.2% of first \$7,000.
- c. For states with conforming laws left employers FUTA rate at .8% of first \$7,000.

- d. All states with less than a maximum rate of 5.4% will have to:
- (1) Increase state contribution rate to at least 5.4%; or
 - (2) Allow some employers to lose federal tax credits.

Mr. Sturrock presented six options which Alaska can take to bring the State in conformity with the Tax Equity and Fiscal Responsibility Act. They are:

- a. No Action. If this option is chosen, the low rate employers would be effected more.
- b. We could request a federal law change.
- c. A proposal to the Federal government that employee contributions be added to the definition of our tax effort. So that we would have an employer tax of 3.8%. Add the employee tax for a total of 4.3%. The effect of the FUTA offset to employers would only be effected by that much less of the employee contributions.
- d. Implement a 5.4% rate and have it apply only to delinquent employers.
- e. Add a rate class of 21 for .01% of total statewide payroll.
- f. Reduce the tax base to 50% of average annual wage with provision that the maximum tax not be below 5.4%.

After much discussion in detail with the Advisory Council members, the Council took a vote and the outcome of the vote was unanimous to go with option (e.) above and to follow-up with option (b.).

There being no further business, the meeting adjourned at 12:00, August 30, 1983.

CHANGES IN FEDERAL UNEMPLOYMENT TAX CREDITS UNDER THE
TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

PREPARED BY

THE ALASKA DEPARTMENT OF LABOR

and

THE ALASKA HOUSE OF REPRESENTATIVES RESEARCH AGENCY

August 1983

CHANGES IN FEDERAL UNEMPLOYMENT TAX CREDITS UNDER THE
TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

SUMMARY

Since the mid 1970s, this nation's unemployment insurance system has been plagued with shortages of funds for administrative purposes and for payment of unemployment compensation. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) made changes to the unemployment tax system which provided additional administrative funds and which were intended to bolster the state trust funds used for payment of unemployment benefits. The changes which provide additional administrative funds were implemented in 1983. Alaska strongly supports the 1983 TEFRA changes. However, the State cannot support the changes scheduled for implementation in 1985. In that year, states must adopt a maximum tax rate of at least 5.4 percent or face the prospect of employers in the state losing federal tax credits. The loss of tax credits would cause employers to make additional contributions to the federal unemployment insurance system.

If the intent of the 1985 TEFRA revisions was to encourage increased tax collection efforts by those states which have failed to provide collections necessary to finance unemployment compensation, the legislation clearly fails to fulfill its objective. When TEFRA was passed in 1982, only three of the 30 states affected by the revisions had insolvent trust funds, while 13 of the 20 states not affected by the revisions were insolvent. Clearly, the legislated attempt to increase tax collection efforts fails to affect the majority of states that have demonstrated by their insolvency that increased revenue is necessary. In addition to the misdirected encouragement of fiscal responsibility, the 1985 TEFRA revisions are likely to cause some states to reverse fiscally responsible actions of the past.

Although technical problems associated with adopting a 5.4 percent state tax rate are not insurmountable, adoption of that state tax rate may redistribute the burden of financial support of the unemployment insurance system among employers and could upset the program balance that some states have achieved. The cause of the redistribution and imbalance is TEFRA's focus on tax rates rather than tax effort. Tax effort depends on the amount of earnings subject to tax as well as the rate at which those earnings are taxed. Although the State of Alaska mildly objects to the 1985 TEFRA revisions because they fail to encourage fiscal responsibility where a need for such responsibility has been demonstrated, we strongly object to the failure of the law to recognize collection efforts other than increases in tax rates. The treatment (under the 1985 TEFRA revisions) of states that have demonstrated fiscal responsibility adds insult to injury because other tax efforts--such as employee contributions and high tax bases--are recognized under provisions dealing with states that have insolvent trust funds.

As is often the case with federal intervention in the unemployment insurance system, compliance with the revisions is optional. However, the incentive to comply with the 1985 TEFRA revisions is so strong that "mandate" is an accurate description of states' potential courses of action. This paper discusses potential state actions, but the only attractive option is a revision of federal law. A revision need not remove the incentive to increase tax efforts at the state level; it could simply give states the flexibility to demonstrate effort in ways other than tax rates. We urge others to join the campaign to revise the TEFRA provisions so that states have a voice in the determination of tax effort.

CHANGES IN FEDERAL UNEMPLOYMENT TAX CREDITS UNDER THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

Prepared by
The Alaska Department of Labor and
The Alaska House of Representatives Research Agency
August 1983

The unemployment insurance system in the United States is administered as a partnership of the federal and state governments. Employers contribute a portion of their payroll to both the federal and state partners. Contributions to the federal government are used for program administration and for unemployment compensation for which the federal government is liable. Contributions to state governments are used only for payment of unemployment compensation.

In recent years, the federal unemployment insurance tax has been 3.4 percent of the first \$6,000 paid to each employee in each calendar year. However, employers could receive credit for contributions made to an approved state unemployment insurance program. These tax credits could reduce employers' net federal contribution to .7 percent of the first \$6,000 paid to each employee in each year, or \$42 dollars per employee. Each state was free to set a tax base (the amount of earnings subject to state tax) and contribution rates which it deemed sufficient to support the unemployment compensation paid through its own program. However, full federal credit could be obtained by all employers in a state only if the tax base was at least \$6,000 and the highest state contribution rate was at least 2.7 percent. Alaska's tax base in 1983 is \$20,200, and Alaska employers pay state rates that range from 1.0 percent to 3.8 percent.

REVISIONS TO THE CONTRIBUTION SYSTEM UNDER TEFRA

Contributions to the unemployment insurance system in recent years have provided insufficient administrative funds and have seriously underfinanced benefit payments in many states. It was in this context of inadequate federal administrative funds and insolvent state trust funds that system changes were made by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Effective in 1983, the federal unemployment insurance contribution rate was raised to 3.5 percent and the federal tax base was increased to \$7,000. The provision for a federal tax credit of 2.7 percent for contributions to an approved state program was unchanged, so contributions to the federal government by employers eligible for full federal tax credits were increased by \$14 to \$56 per employee per year.

The 1983 TEFRA changes also had an impact on state financing of unemployment compensation. In those states which use the federal tax base as the amount of earnings subject to state tax, the acceptance of a higher tax base can increase revenue to state unemployment insurance programs.

TEFRA also included revisions scheduled for implementation in 1985. In that year, the federal contribution rate will increase from the current 3.5 percent to a rate of 6.2 percent. Simultaneously, the potential federal tax credit for contributions to state programs will be increased to 5.4 percent. These changes appear to leave employers' net rate of contributions to the federal government unchanged (from the 1983 level) at .8 percent of each employee's first \$7,000 of earnings, or \$56 per employee per year.

IMPACT OF REVISIONS EFFECTIVE IN 1985

Although the 1985 TEFRA revisions maintain the \$56 per year net federal unemployment insurance contribution that is currently applicable and therefore appear to have no effect on employers' costs, that appearance is deceptive. The revisions effective in 1985 force states with maximum state contribution rates of less than 5.4 percent to choose between 1) increasing their maximum state contribution rate to at least 5.4 percent or 2) allowing some employers in the state to lose federal tax credits.¹ Loss of federal tax credits would cause affected employers to pay additional federal taxes for support of the unemployment insurance system.

The 1983 TEFRA changes were clearly designed to increase contributions for both administrative purposes and for state benefit trust funds, but the 1985 changes leave the net federal contributions unchanged and are clearly designed to encourage states to take additional action that will increase their tax collection efforts. Alaska supports national efforts to improve the fiscal integrity of the unemployment insurance system, but we strongly object to the way in which the 1985 TEFRA revisions address the problem of insolvent state trust funds.

Although some states or groups of employers may have seen national legislation as an attractive alternative to state action, we do not believe that the 1985 TEFRA revisions will significantly reduce the number of states with insolvent trust funds. Insolvency occurs when benefits exceed contributions. The states themselves have been given--and should retain--the ability to implement a benefit schedule of their own choice. Along with that freedom comes the responsibility to implement an experience rating system that will adequately

¹Section 3302(a) of the Federal Unemployment Tax Act (FUTA) allows credit against federal tax liabilities for amounts actually paid to an approved state unemployment insurance program. Section 3302(b) of FUTA provides an employer with additional credit against the tax for the difference between actual payments to a state system and the amount he would have paid "if throughout the taxable year he had been subject under such State law to the highest rate applied thereunder in such 12-month period to any person having individuals in his employ, or to a rate of 5.4 percent, whichever rate is lower." Unless a state has a tax rate of at least 5.4 percent after 1984, some employers are likely to lose additional credits provided by section 3302(b).