

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

9950 HOUSE LABOR & COMMERCE

**HB**

**369**

(7)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: February 11, 2000

FURTHER REFERRALS:

Judiciary

Date of Committee Action: MAR 1, 2000

The LABOR AND COMMERCE Committee considered:

HB 369

HOUSE BILL NO. 369

PROPERTY EXEMPTIONS

"An Act relating to property exemptions under the Alaska Exemptions Act; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_  the same title  a new title

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

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

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

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

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

zero fiscal note(s) LAW 2/25/00

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

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
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<i>[Signature]</i>	<input checked="" type="checkbox"/>			
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CHAIR'S SIGNATURE

*[Signature]*

3-1-00



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FEB 17 2000

ALASKA STATE LEGISLATURE  
REPRESENTATIVE JOHN HARRIS  
STATE CAPITOL 110, JUNEAU, ALASKA 99801-1182 (907) 465-4859

**MEMORANDUM**

February 17, 2000

To: Representative Norman Rokeberg, Chairman  
House Committee on Labor & Commerce

From: Representative John Harris

Re: Request for hearing

Please schedule a committee hearing on HB 369 as soon as your calendar will accommodate it. This bill would increase the dollar amount of specified assets, which an Alaskan resident can retain free of creditor claims. It also provides protection for certain assets not previously covered by existing law.

Attached to this memo are a copy of the bill, a sponsor statement and a sectional analysis. If you need additional information, please contact Bruce Bruseth of my office.

Thank you for your expeditious attention to this request.

## EXEMPTION STATUTE

### SPONSOR'S STATEMENT

This bill increases the dollar amount of specified assets which an Alaskan resident can retain free of creditor claims. It also provides protection for certain assets not previously covered by existing law. The protection which this bill affords Alaska residents is by no means as expansive as the laws of other states but is a vast improvement over our existing law. The justification for an exemption lies in a public policy decision that certain assets should be beyond the reach of creditor claims if a person is unable to repay the creditor. For instance the homestead exemption expresses a public policy decision that an individual is entitled to keep a certain amount of equity in a home free of a creditor claim that might have arisen from a rogue jury verdict or a catastrophic medical illness. At the same time it should be noted an exemption statute has no effect on a lender who secures the debt because the debt will always be repaid to the extent of the collateral securing the loan.

This bill changes the dollar amounts of our existing exemption statute with respect to the homestead exemption and life insurance. The homestead exemption is increased from the present amount of \$63,000 to \$250,000 per individual. This dollar amount tracks the same dollar amount which is exempt from federal income tax on the sale of a residence. At the present time 13 states give its citizens greater homestead protection than that given to Alaskan residents. Of these 13 states, Florida, Iowa, Kansas, Oklahoma and Texas give its citizens an unlimited homestead exemption. This bill also increases the exemption for the cash value of all life insurance policies and/or annuity contracts owned by an individual to \$250,000 and provides an unlimited exemption for the proceeds on a life insurance contract or annuity paid to a beneficiary. This furthers the public policy goal of providing financial protection for the insured's beneficiaries in the event of death, as well as providing an additional means of saving for retirement.

Several new exemptions are provided for in this bill. The first of these pertains to reserves established by condominium associations. At the present time these are not protected. If a creditor of an association were to receive a judgment in excess of the insurance coverage maintained by the association and the reserves were taken by the creditor, there would be no money left to pay the common bills or provide for the repair of common structures. This could result in a dislocation of the residents and a potentially huge problem for the public. Residents of condominium associations should have the security of knowing their dues will be used for the purposes intended. Secondly, this bill adds deferred compensation plans established for government employees as a protected retirement asset. Current law is grossly unfair to governmental employees because deferred compensation plans, which are akin to the 401(k) plans found in private enterprise, do not have any protection under current law. This section would put governmental 457 plans on an equal footing with other retirement plans. Thirdly, there is a new exemption which allows an individual to retain a minimal amount of cash which might be necessary to pay for the following month's rent and living expenses. This dollar amount follows the exemption now found for cash under federal bankruptcy law.

## EXEMPTION STATUTE

### SECTIONAL ANALYSIS

#### **Sections 1 and 2. Proposed change with respect to the homestead exemption under AS 09.38.010.**

It is said a person's home is his/her castle. States have acknowledged this fact by passing exemption statutes which are meant to protect an individual's home from creditor claims. An exemption statute is typically meant to provide the homeowner protection against creditors which might arise from a rogue jury verdict or a catastrophic medical illness. The exemption statute has no effect on a lender which lends money secured by a deed of trust on the home. To the extent the debt is in default the lender will continue to be able to foreclose on the deed of trust and take back the home in satisfaction of its loan.

15 states give its citizens greater homestead protection than that given to Alaskan residents. Of these 15 states, Florida, Iowa, Kansas, Oklahoma, Texas and South Dakota grant its citizens an unlimited homestead exemption.

The homestead exemption for the state of Alaska was last amended in 1988 and although a cost of living increase is in effect the present exemption is still only \$63,000.

The proposed change intends to track the change made in federal income tax law by the Taxpayer Relief Act of 1997 for the sale of a principal residence. This Act provides relief to individuals from the confiscatory effect of income tax on the sale of a principal residence by providing an exclusion of up to \$250,000 (\$500,000 in the case of married taxpayers filing a joint return) of gain realized on a sale or exchange. In addition this gain can be excluded once every two years. In the same manner as Congress and the President have seen fit to protect principal residences from taxation, this bill proposes to protect principal residences owned by Alaskan residents, by increasing the exemption from the present amount to a new amount of \$250,000 per individual.

#### **Section 3. Clarification of sales procedures relating to homestead exemption.**

Our current statute has a glitch which does much to undermine our present homestead exemption. Under current law a creditor can force the sale of the homestead for an amount less than the exemption. Unless the debtor has the funds to repurchase the homestead, then the creditor could be the high bidder at the execution sale and get the homestead for an amount that is less than the exemption. This possibility is eliminated under this proposed section. This section provides that the court shall enter an order confirming the execution sale unless "the sale price under the execution is less than the amount of exemption." Therefore, under the proposed bill a court could not confirm the sale of a homestead if the highest bid at sale was less than the homestead exemption.

#### **Sections 4 and 9. Protection for deposits held in name of condominium associations.**

The additional protection for condominium associations and like associations is meant to protect against the circumstance of a condominium association being sued and having its deposits attached, leaving its owners with insufficient resources to maintain its structures. All condominium associations charge the individual owners monthly dues and special assessments which are then used to provide for the continued maintenance of common areas. Most condominium associations plan for projects in advance, (for instance the repair of a roof), by reserving sufficient amounts in their budgets to pay for these projects. These projects promote the general good. Without this protection the forfeiture of an association's deposits and its subsequent inability to pay utility bills and bills needed to maintain the structural integrity of the premises could result in the dislocation of its occupants or at the very least subject its occupants to an increased likelihood that structural integrity of the premises will not be maintained because of lack of funds to pay for maintenance. Moreover, this exemption would not inure to the benefit of any one individual but only to the common good because no one owner who pays monthly dues to a condominium association ever expects to receive anything back other than the continued structural integrity and safety of the premises, which are being paid for by these dues.

#### **Section 5. Protection of governmental deferred compensation plans.**

This section adds medical savings accounts and deferred compensation plans established for government employees as retirement accounts protected under current law. The provision for medical savings accounts will have limited application as they are fairly rare. However current law is grossly unfair to governmental employees because deferred compensation plans which are akin to the 401(k) plans found in private enterprise, do not share the same protection under the law. This section would change that and put 459 plans on an equal footing with other retirement plans.

#### **Section 6. Limited cash exemption.**

Presently there is no provision under Alaska law for the protection of a minimal amount of cash which might be necessary to pay for the following month's rent and living expenses. This section follows the exemption now found for cash under the federal bankruptcy law exemptions and provides that at least a minimal amount of cash can be protected for the payment of necessities.

#### **Sections 7 and 8. Proposed change for exemption of life insurance and annuity contracts under AS 09.38.025.**

The present exemption for life insurance policies (\$10,000) is unrealistically low and fails to take into account the possibility that an individual's may no longer be insurable since the date an original policy was purchased. As a result, the only insurance protection which an insured might have is through the continuance of an existing whole life policy, which also results in a continual build-up of the cash surrender value of that policy. By the same token, annuity contracts provide protection for an individual's retirement as well as protecting the beneficiaries to whom an annuity might be ultimately be paid at death. Almost every state in the country provides

unlimited protection for either the owner of an insurance policy or the beneficiaries. In many states, unlimited protection is provided for both the owner and the beneficiaries. It is commonly recognized that insurance is necessary to prevent dependent family members from becoming public charges should an untimely death occur and in this respect both the cash value of said policies and the proceeds of said policy are protected to the extent indicated.

This section increases the exemption for the cash value of all life insurance policies and/or annuity contracts owned by an individual to \$250,000 and provides an unlimited exemption for the proceeds on a life insurance contract or annuity paid to a beneficiary.

**Section 10. Tracing of assets permitted for limited time period.**

This section changes AS 09.38.060 by increasing the tracing period with respect to an exempt homestead from the present 12 month/6 month period to 2 years, as is now provided in federal tax law.

**Sections 11 and 12. Indexing of dollar amounts for inflation.**

This section continues prior law by providing the dollar amounts will continue to change in accordance with the Consumer Price Index.

**Section 13. Definition of individual to include certain trusts created by the individual.**

The section takes into account the growing popularity of a revocable living trust as a will substitute, and recognizes the fact that the same exemptions afforded an individual when an asset is held individually in that person's name should also be extended should an asset be held in the name of that person's revocable trust. This section extends similar treatment to an irrevocable trust created by a grantor if the grantor is treated as the owner of the trust for federal income tax purposes under the grantor trust rules of the Internal Revenue Code.

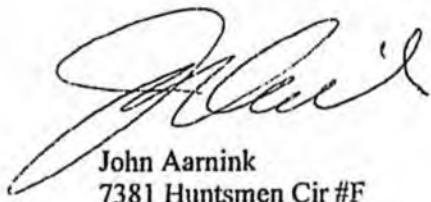
February 25, 2000

Representative Norman Rokeberg  
House of Representatives  
State Capital  
Juneau, Alaska 99801-1182

Dear Representative Rokeberg,

I am President of the "Foxwood 83" homeowners Association in Anchorage. I represent 184 homeowners. Please enter our support for House Bill 369, Sponsored by Rep. John Harris, specifically Sec. 4.

Thank you,



John Aarnink  
7381 Huntsmen Cir #F  
Anchorage, Alaska 99518

RECEIVED  
FEB 25 2000

**FAX - MEMO**

NUMBER OF ADDITIONAL PAGES - *2*

TO: Rep Norm R. DeBorja  
 FROM: JIM THIELE, CFP  
 Financial Network  
 4041 B Street, Ste 209  
 Anchorage, AK 99507  
 (907) 562-2658  
 FAX (907) 562-7698  
 E mail address: JTHIELE@MICRONET.NET



RE: HB 369

Just Had a chance to review the  
 proposed changes to the exemption statute -  
 Please record my support for this bill -  
 it should greatly benefit the  
 majority of my clients.

*Chance*

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 EXPENSE. THANK YOU FOR YOUR ASSISTANCE AND COOPERATION

# FISCAL NOTE

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

**BILL NO. HB 369**

Revision Date/Time (Note if correction) _____	Dept. Affected _____	Law _____
Title <u>"An Act relating to property exemptions under the Alaska Exemptions Act; and providing for an effective date."</u>	BRU	Civil Division
Sponsor <u>Representative Harris</u>	Component	Collections & Support
Requester <u>House Labor and Commerce Committee</u>	Component No.	Commercial
		2210;2211

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

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

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

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

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

HB 369 increases the homestead property exemption, whether in bankruptcy or affected by executions, from \$54,000 to \$250,000. In addition, current law limits the exemption applied to property held in joint ownership, and used as principal residence by at least one of the owners or their dependents, to \$54,000 in total. This bill will entitle each owner to the \$250,000 exemption. In addition to existing exemptions for certain personal property, an individual exemption of \$8,075 for cash and defined liquid assets would be permitted under this bill.

The Department of Law does not anticipate this bill will have a fiscal impact on its collection of debts owed the state, because the debts are either excepted from this statute, or secured.

Prepared by: <u>Joan M. Kasson</u> <i>Joan M. Kasson</i>	Phone <u>465-5370</u>
Division <u>Attorney General's Office</u>	Date/Time <u>2/25/00, 1:37 PM</u>
Approved by <u>Commissioner</u> <i>[Signature]</i> <u>Bruce M. Botelho, Attorney General</u>	Date <u>2/25/00</u>
Agency <u>Department of Law</u>	

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**HB**

**370**

# ALASKA STATE LEGISLATURE

## House of Representatives

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LEGISLATIVE COUNCIL, MEMBER  
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## Representative Norman Rokeberg

### SPONSOR STATEMENT HOUSE BILL 370

"An Act relating to a short-term exemption from the minimum wage for newly hired young employees"

### The Alaska Job Training Wage Act

House Bill 370 would permit an employer to pay an employee under age 20 at 85% of the Alaska minimum wage during the first 90 consecutive calendar days the employee is initially employed. An employer is not permitted to take any action to displace employees, including reduction in hours worked, wages, or employment benefits, to hire individuals at the wage authorized by this legislation.

Alaska has job training statutes and regulations for a training wage [see AS 23.10.070(2) & (3) for exemptions from minimum wage]. A program must be submitted for approval from the Commissioner of the Department of Labor and Workforce Development ("Department"). Alaska has never used these provisions. The Federal Labor Standards Act ("FLSA") allows states to develop their own job training wage with the under 20 provisions included in HB 370. These provisions are self-enforcing and do not require affirmative action by the Department. The FLSA provides that the less than minimum wage must be at least \$4.25. Under HB 370, with Alaska's current minimum wage level, the Alaska standard would be \$4.80. However, it is anticipated that Alaska's minimum wage will be raised in the near future by initiative, Congressional action, or by the Legislature.

Research by the Legislative Affairs Research Division indicates that the most commonly used exemption for the minimum wage is for persons under 20 to be paid at a lower rate for their first 90 days. After 90 days or when the worker reaches 20, whichever comes first, the worker must receive the minimum wage.

The following states have some provisions for subminimum wage for persons under 20: Arizona, Arkansas, California, Colorado, Connecticut, Idaho, Illinois, Indiana, Iowa, Maryland, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Carolina, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

The payment of less than the minimum wage to those under 20 is limited to the first 90 days. That time period may be thought of as one where the employer decides whether the young worker will make a good addition to the business and the employee can decide if he or she is willing to continue to work for the employer. Additionally, the new employee has an opportunity to be trained for the new position while the employer has the opportunity to train a person while paying less than Alaska's minimum wage.

I urge your support of this legislation.

ED1:02/19/00

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN  
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SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER  
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## Representative Norman Rokeberg

### SECTIONAL ANALYSIS HOUSE BILL 370

"An Act relating to a short-term exemption from the minimum wage for newly hired young employees"

Prepared by Representative Norman Rokeberg

### The Alaska Job Training Wage Act

**Section 1:** Adds reference to new subsection created in Section 2.

**Section 2:** Adds new subsection permitting employers to pay less than minimum wages to employees under 20 years of age. This exemption only applies to the first 90 consecutive calendar days in which the employee is employed. After that time, or upon the employee reaching 20, whichever is first, the employer must pay that employee minimum wage. The wage paid to the under-20 employees would be 85% of Alaska's current minimum wage.

Also says an employer may not take action to displace employees, including reduction in hours worked, wages, or employment benefits, to hire individuals at this subminimum wage.

# LEGISLATIVE RESEARCH REPORT

FEBRUARY 3, 2000



REPORT NUMBER 00.037

## SUBMINIMUM WAGES FOR TRAINEES IN OTHER STATES

PREPARED FOR REPRESENTATIVE NORMAN ROKEBERG

BY MEILANI CLARK, LEGISLATIVE ANALYST

SUMMARY.....	2
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You asked for information regarding subminimum wages for trainees.<sup>1</sup> This report will examine state and federal laws which allow a subminimum or training wage to be paid to persons under 20, interns, full time students, student learners, and learners.

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<sup>1</sup> "Apprenticeship" wages are not synonymous with training wages. Federal regulation 29 CFR 520.20 defines an apprentice as a worker employed to learn a skilled trade (i.e. carpentry, plumbing, welding, etc.). The starting wage for an apprentice in a given field must be at least 50% of the average rate earned by a journeyman in that specialty (20 CFR 214), but cannot be less than the federal minimum wage (29 CFR 29). Apprentice wages gradually increase until they are equal to a journeyman's salary. State apprenticeship programs and wage rate determinations are administered either by the federal Bureau of Apprenticeship and Training, as is done in Alaska, or a by a State Apprenticeship Council.

## SUMMARY

Federal law allows for several categories of workers to be paid a subminimum or training wage. State lawmakers commonly adopt the federal language from these laws in the construction of individual state laws. The most widely used subminimum wage provision, found in the Fair Labor Standards Act, allows for persons under 20 to be paid \$4.25 an hour, or 90 cents an hour less than the federal minimum wage. Only employers in states whose statutes contain this federal language may pay this special rate. Special subminimum wage rates may be paid to full time students, student learners, and learners if a subminimum wage certificate has been obtained from the regional office of the US Department of Labor. Interns who are not considered employees may be provided with a stipend instead of a wage.

## STATE AND FEDERAL LAWS ALLOWING FOR THE PAYMENT OF SUBMINIMUM WAGES

The Fair Labor Standards Act (FLSA) governs minimum wages and employment at less than minimum wage.<sup>2</sup> The FLSA serves as a "floor" for state regulation in these areas. That is, state lawmakers may mandate higher, but not lower, minimum wages. The FLSA allow for several exceptions to the minimum wage, including the following categories (which will be defined below):

- ◆ Non-Employee Student Trainees
- ◆ Full Time Students
- ◆ Student-Learners
- ◆ Learners
- ◆ Persons Under 20.

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### NON-EMPLOYEE STUDENT TRAINEES

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Not all workers are subject to the provisions of FLSA. Employers may pay student employees, such as interns, no wage at all if the position of the worker is deemed educational in nature and the following criteria are met:<sup>3</sup>

- 1) The student receives ongoing instruction at the employer's worksite;

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<sup>2</sup> The Fair Labor Standards Act is published in 29 USC 201-219.

<sup>3</sup> United States Department of Education and United States Department of Labor's Office of School-to-Work Opportunities. "School-to-Work Opportunities and the Fair Labor Standards Act -- A Guide to Work-Based Learning, Federal Child Labor Laws, and Minimum Wage Provisions," US Department of Education and US Department of Labor: Washington, D.C., 1995, page 3.

- 2) The student training does not result in the displacement of any regular employee;
- 3) The student is not entitled to a job at the completion of the training, though an employer may offer one;
- 4) Everyone involved (employer, student, and parents) understands that the learner is not entitled to wages or compensation, though the employer may offer a stipend to cover expenses.

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### FULL TIME STUDENTS, STUDENT LEARNERS, AND LEARNERS

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**Full Time Student** - A full time student is a person who is at least 14 and is employed in retail or service stores, agriculture, or colleges and universities. Full time students may be paid 85% of the minimum wage, but may not work more than 8 hours a day or 40 hours a week unless on school holiday. No more than 6 full time students may be hired by a single employer at a subminimum wage rate.<sup>4</sup>

**Student Learner** - Student learners are defined as high school students 16 or older who are enrolled in an accredited vocational training program and are employed on a part time basis. Student learners may be paid 75% of the minimum wage.<sup>5</sup>

**Learner** - A learner is a worker being trained for an occupation which does not have an apprenticeship program associated with it (i.e. hairdresser, chef, etc.). Under most circumstances, a learner has received less than 240 hours of on-the-job training for a particular specialty within a three-year period. A learner wage is 95% of minimum wage. To pay subminimum wages to a learner, an employer must show that an effort was made to recruit qualified workers at a full wage, but no trained applicants could be found.<sup>6</sup>

An employer who wishes to hire a full time student, student learner, or learner for less than minimum wage must apply for a subminimum wage certificate from the regional office of the Wage and Hour Division of the US Department of Labor. Bill Fern, Senior Wage and Hour Analyst at the US Department of Labor explains that subminimum wage certificates for full time students and student learners are seldom requested and these categories of workers are usually paid at least the minimum wage. Mr. Fern also explained that no subminimum wage certificates have been issued for learners in several decades. Officials at the US Department of Labor determined that minimum wage is a sufficient training wage for learners because the minimum wage is almost always significantly lower than the going rate for experienced workers.<sup>7</sup>

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<sup>4</sup>29 CFR 519

<sup>5</sup> 29 CFR 520.5; and United States Department of Labor, Employment Standards Administration, Wage, and Hour Division. *Fair Labor Standards Act Advisor: Student-Learner Program*. United States Department of Labor, <http://www.elaws.dol.gov/flsa/docs/siplink.asp>, (accessed 2/2/2000).

<sup>6</sup> 29 CFR 520.201-408

<sup>7</sup> Personal communication with Bill Fern, Senior Wage and Hour Analyst, US Department of Labor, February 3, 2000.

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## PERSONS UNDER 20

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The most commonly used exception to the minimum wage is for persons under the age of 20. Federal law allows workers under the age of 20 to be paid \$4.25 an hour for their first 90 consecutive calendar days of employment as long as their work does not displace other workers. After 90 days of employment, or when the worker reaches age 20 (whichever comes first), the worker must receive minimum wage.<sup>8</sup>

Arthur Kerschner, who heads the Child Labor and Special Employment Team at the US Department of Labor, explains that no special qualifications other than the age of the employee need to be met in order to pay this wage. An employer simply needs to record the date of hire and keep the records of employment on site. Unlike employing a student learner or full-time student, no certificate from the Department of Labor is required. However, Mr. Kerschner explains, states such as Alaska which have no "under 20" exception to the minimum wage law are automatically required to remain in compliance with the minimum wage law of that state and pay youth employees a full minimum wage. Mr. Kerschner explains that most states mimic federal standards in the legislation of subminimum wage statutes, and comments that for smaller states without complex labor issues, simply copying the federal standards works quite well. Mr. Kerschner notes that states with a minimum wage higher than federal standards often prefer to have a youth minimum wage that is determined in a similar way to the state minimum wage. For example, if the state minimum wage is 10 cents above the federal minimum wage, then the under-20 wage for that state might also be 10 cents more than the federal under-20 wage rate. Other states, such as Oregon, do not allow a subminimum training wage to be paid to youth workers, and require employers to pay person under-20 the state minimum wage.<sup>9</sup>

The following table presents the minimum wage and youth minimum wage (sometimes called a training wage) for the fifty states. The Federal Minimum Wage law supercedes state laws which do not meet Federal standards.<sup>10</sup>

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<sup>8</sup> 5 CFR 551.201-219

<sup>9</sup> Personal communication with Arthur Kerschner, Team Leader for Child Labor and Special Employment, US Department of Labor, February 1, 2000.

<sup>10</sup> Many states have provisions which allow a commissioner to determine subminimum wage rates for apprentices. As federal statutes have been updated, so have the definitions governing the terminology used. Though lawmakers might have originally intended commissioners to determine youth or training wage rates, the use of the word "apprentice" no longer can mean a pre-apprentice, trainee, or student-learner. In order for the original intent of the provision to be realized, lawmakers in these states must alter the language within provisions to meet current day definitions.

Minimum and Subminimum Wages per Hour for Each State		
State	Minimum Wage	Subminimum Wage for Persons Under 20
<b>Federal Standard</b> (29 US Code § 206)	\$5.15 as of 9/1/99.	A minimum wage of not less than \$4.25 may be paid to employees under the age of 20 for their first 90 consecutive calendar day of employment as long as their work does not displace other workers. After 90 days of employment, or when the worker reaches age 20 (whichever comes first), the worker must receive minimum wage.
<b>Alabama</b>	Not addressed in statute.	Not addressed in statute.
<b>Alaska</b> (Alaska Statute 23.10.070)	\$.50 greater than the federal minimum wage (\$5.65).	Subminimum wage approved or fixed by the commissioner for learners and/or apprentices.
<b>Arizona</b> (Arizona Revised Statute 23-314)	Must be same as Federal minimum wage.	Subminimum wage for those under 18, determined by a wage board.
<b>Arkansas</b> (Arkansas Code §11-4-210)	\$5.15	85% of state minimum wage for any full time student.
<b>California</b> (California Labor Code § 1182.11)	\$5.75	85% of state minimum wage for first 160 hours of employment.
<b>Colorado</b> (Colorado Statute 8-6-109, <i>et seq.</i> )	\$5.15	85% of state minimum wage for unemancipated minors.
<b>Connecticut</b> (Statute of Connecticut 31-58j)	\$6.15 as of 1/1/00	85% of state minimum wage.
<b>Delaware</b> (Delaware Unannotated Code Title 19 §902- 906)	\$5.65 effective May 1, 1999. (\$6.15 effective October 1, 2000.)	Learners and apprentices at such wages lower than the minimum rate under this chapter as the Department may deem necessary or appropriate to prevent curtailment of opportunities for employment.
<b>Florida</b>	Not addressed in statute.	Not addressed in statute.
<b>Georgia</b> (Georgia Code Unannotated 34-4-3,4)	\$3.25	Less for high school or college students as determined by Commissioner of Labor.
<b>Hawaii</b> (Hawaii Revised Statute 387-2)	\$5.25	Determined by Director.
<b>Idaho</b> (Idaho Statute 44-1502)	\$5.15	\$4.25 may be paid to employees under 20 for the first 90 calendar days from the initial employment date.

Minimum and Subminimum Wages per Hour for Each State		
State	Minimum Wage	Subminimum Wage for Persons Under 20
<b>Illinois</b> (Illinois Compiled Statute 820 § 105/4, 105/6)	\$5.15	70% of state minimum wage for up to six months.
<b>Indiana</b> (Indiana Code 22-2-2-4)	\$5.15	\$4.25 may be paid to employees under 20 for the first 90 calendar days from the initial employment date.
<b>Iowa</b> (Code of Iowa 91D.1)	\$4.65	\$4.25 may be paid to employees under 20 for the first 90 calendar days from the initial employment date.
<b>Kansas</b> (Kansas Statute 44-1203)	\$2.65	May be determined by the Secretary of Human Resources for learners.
<b>Kentucky</b> (Kentucky Revised Statute 337.275)	Must be same as Federal minimum wage.	No subminimum training wage.
<b>Louisiana</b>	Not addressed in statute.	Not addressed in statute.
<b>Maine</b> (Maine Revised Statute Title 26 § 664)	\$5.15	No subminimum training wage.
<b>Maryland</b> (Maryland Statute Labor & Employment 30413)	\$5.15	Determined by Commissioner. Not less than 80% of the state minimum wage.
<b>Massachusetts</b> (General Law of Massachusetts Chap. 151 §§ 1, et seq.)	\$6.00; \$6.75 as of 1/1/01.	Determined by Commissioner.
<b>Michigan</b> (Michigan Compiled Law 408.384)	\$5.15	\$4.25 may be paid to employees under 20 for the first 90 calendar days from the initial employment date.
<b>Minnesota</b> (Minnesota Statute 177.21-35)	\$4.90 - \$5.15 - varies with business size.	\$4.25 may be paid to employees under 20 for the first 90 calendar days from the initial employment date.
<b>Mississippi</b>	Not addressed in statute.	Not addressed in statute.
<b>Missouri</b> (Missouri Revised Statute 290.502; 290.517)	\$5.15	85% of federal minimum wage.
<b>Montana</b> (Montana Code Annotated 39-3-404-409)	Varies for business size.	No subminimum training wage.
<b>Nebraska</b> (Nebraska Statute 48-1203)	\$5.15	\$4.25 may be paid to employees under 20 for the first 90 calendar days from the initial employment date.
<b>Nevada</b> (Nevada Revised Statute § 608.250)	\$5.15	Minors must be paid at least \$4.38 an hour (85 percent of state minimum wage).

<b>Minimum and Subminimum Wages per Hour for Each State</b>		
<b>State</b>	<b>Minimum Wage</b>	<b>Subminimum Wage for Persons Under 20</b>
<b>New Hampshire</b> (New Hampshire Revised Statute 279:21)	\$5.15	Persons 16 years of age or under are exempted from the minimum wage requirement, but such persons may not be paid less than 75 percent of the applicable statutory minimum wage.
<b>New Jersey</b> (New Jersey Statute 34:11-56)	\$5.15	85% of minimum wage.
<b>New Mexico</b> (New Mexico Statute Unannotated 50-4-22)	\$4.25	No subminimum training wage.
<b>New York</b> (New York Labor Law § 652)	\$4.25; \$5.25 as of 3/31/00.	No subminimum training wage.
<b>North Carolina</b> (North Carolina General Statute 95-25)	\$5.15	90% of statutory minimum wage for learners and apprentices.
<b>North Dakota</b> (North Dakota Century Code 34-06-03, <i>et seq.</i> )	\$5.15	No subminimum training wage.
<b>Ohio</b> (Ohio Revised Code 4111.02)	Varies from \$2.80 - \$4.25	Students enrolled in cooperative vocational education programs approved by the state board of education may be employed at a learner wage rate 80% of minimum wage for a period not to exceed one hundred eighty days each year from the date of employment.
<b>Oklahoma</b> (Oklahoma Statute Title 40 § 197)	\$5.15	Determined by Commissioner of Labor for learners and apprentices.
<b>Oregon</b> (Oregon Revised Statute 653.025)	\$6.50 as of 1/1/99	No subminimum training wage.
<b>Pennsylvania</b> (Pennsylvania Consolidated Statute Title 43 § 333)	\$5.15	85% of statutory minimum for learners and/or apprentices.
<b>Rhode Island</b> (Rhode Island General Law 28-12-3, 10)	\$5.65	Determined by director of labor, for first 90 days.
<b>South Carolina</b>	Not addressed in statute.	Not addressed in statute.
<b>South Dakota</b> (South Dakota Codified Law 60-11; 60-12)	\$5.15	75% for minors; 18-20 year old training wage \$4.25 for up to 90 days.
<b>Tennessee</b>	Not addressed in statute.	Not addressed in statute.

Minimum and Subminimum Wages per Hour for Each State		
State	Minimum Wage	Subminimum Wage for Persons Under 20
<b>Texas</b> (Texas Code Labor 62.061, <i>et seq.</i> )	\$3.35	60% of state minimum wage.
<b>Utah</b> (Utah Code 34-40-103)	\$5.15	85% for minors; 18-20 year old training wage determined by Commission.
<b>Vermont</b> (Vermont Statute Title 21 § 384)	\$5.75	Determined by wage board for learner and apprentices.
<b>Virginia</b> (Code of Virginia 40.1-28.10)	\$5.15	\$4.25
<b>Washington</b> (Revised Code of Washington 49.48.020)	\$6.50 as of 1/1/00	Workers under 16 can receive no less than 85% of the state minimum wage.
<b>West Virginia</b> (West Virginia Code 21-5C-2)	\$5.15	85% of the state minimum wage or \$4.25, whichever is greater, for first 90 days for those under 19.
<b>Wisconsin</b> (Wisconsin Statute Chap. 104.01, <i>et seq.</i> )	\$5.15	\$4.25 may be paid to employees under 20 for the first 90 calendar days from the initial employment date.
<b>Wyoming</b> (Wyoming Statute 27-4-202)	\$1.60	No subminimum training wage.

**Sources:**

US Department of Labor, Employment Standards Administration, "Minimum Wage Laws in the States," <http://www.dol.gov/dol/esa/public/minwage/america.htm> (accessed 2/1/00);

Commerce Clearing House, "CCH Business Owner's Toolkit Guidebook: State Minimum Wage Laws," <http://www.toolkit.cch.com> (accessed 1/31/00);

Richard Lelter, Ed, *National Survey of State Laws*, Farmington Hills, MI: Eastwood Publications Development Inc., 1999. Pages 241-244; and

State statutes- cited in table.

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.



The Honorable Norman Rokeberg  
House of Representatives  
Alaska State Capitol  
Juneau, AK 99801-1182

Dear Norm,

I am delighted to see House Bill 370 being introduced and commend you for sponsoring it.

This Bill will provide incentives for businesses to employ younger people and to "give them a chance" to show that they can be productive workers. We currently employ approximately 125 people that are earning minimum wage in our three restaurants combined.

With the costs of business rising constantly, this bill will also allow small business to continue to hire and train new entrants into the workforce. We know that we will be able to use the benefits of this bill to enhance the workforce opportunities for new employees.

Thank you for your thoughtful consideration in sponsoring this bill.

Sincerely,

Red Robin Alaska, Inc.

Fred Rosenberg  
President

RECEIVED  
MAR 03 2000

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**From:** Larry W. Baker <baker@bkingalaska.com>  
**To:** Representative\_Norman\_Rokeberg@legis.state  
<Representative\_Norman\_Rokeberg@legis.state>; ak <ak>; us <us>  
**Date:** Friday, March 03, 2000 9:15 AM  
**Subject:** HB 370-Alaska Job Training Wage Act

---

Representative Rokeberg-

I am in full support of HB 370-Over 50% of the states in the United States provide a Training Wage for teenagers. Alaskans' teenagers have been at a significant disadvantage for years. Businesses will be far more likely to employ teenagers (many on their first working job) if a 90 Training Wage is made available. We should encourage our youth to become productive members of society and to provide them with the appropriate skills.

Of our current employment roll of 435 employees-38 currently earn the minimum wage of \$5.65 per hour of 8.7% of our total employees.

I urge passage of HB370.

Larry Baker  
President  
Burger King of Alaska

RECEIVED  
MAR 03 2000

**HB**

**371**

4/7/00  
Norm:

Last Dec. I went to the first meeting between DEC - EPA - Coast Guard & the Cruise Industry. Big meeting at Centennial Hall - lasted hours. By the end of it I was struck by 3 things:

- 1) No one - NOT Coast Guard, EPA NOR the industry itself knows what the ships are dumping or emitting
- 2) The agencies are going in circles & have no statutory ability to get even minimal information about dumping
- 3) If we didn't get with it & introduce legislation nothing was going to change.


So - I worked with a broad group to draft HB 371.

At the same time, DEC has been

meeting w/ the industry & they are working at trying to come up with something. My sense is that while they are learning more, it is still a slow boat. I will check on exactly where DEC is at. I have spoken w/ cruise industry & welcome their input.

But, the fact remains that there are huge holes in the reporting requirements. I've worked with the extractive resource industries for so long (oil, mining, timber), that it came as kind of a shock to me that we really have no info & no way to get it about what these guys are doing. Everyone else has strict reporting requirements & fines.

HB 371 is such a minimal approach - (reporting & registering) that many people won't sign on because it doesn't go far enough. I just thought it was an important first step.

Anyway - I just appreciate your considering the bill. Along the lines of your efforts at pushing groups to work together - at a minimum the bill helps keep them at the table. Thanks -  BK

Norm:

Here's another  
reason to hear

HB 371



Behn

EMPIRE 4-7-00



## 3 fined for ship pollution

### ■ Cruise line workers face unsupervised probation for violations

By SVEND HOLST  
THE JUNEAU EMPIRE

Three cruise line employees were sentenced Thursday, a few months after being convicted of misdemeanor violations of U.S. environmental law.

The three Dutch citizens were sentenced for their role in dumping oily bilge water from Holland America Line's Rotterdam into the Inside Passage in 1994.

In U.S. District Court in Anchorage, two second engineers on the boat - Hantje deJong, 44, and Dirk Smeenk, 46 - agreed to serve two years of unsupervised probation and pay \$10,000 each in fines. So did Nanne Hogendoorn, 54, who

worked as technical director at Holland America's offices in Seattle.

All three men continue to work for the cruise line, said Tim Burgess, assistant U.S. attorney.

"This is the first time a shore-based manager has been convicted in the cruise ship industry," Burgess said. It's significant, he said, because now managers are

**Please see Pollution, Page 8**

## Pollution...

Continued from Page 1

on notice that even though they don't do the actual dumping, they can still be prosecuted for letting it happen.

Hogendoorn, Burgess said, knew a leak on the cruise ship was allowing seawater to collect in the Rotterdam's bilges and that the water was becoming contaminated with oil. He also knew the device on the ship that separates out oil from water didn't work.

Burgess said Hogendoorn knew about the situation but didn't order repairs to the ship or the oil separator before the 1994 cruising season in Southeast.

In a plea bargain, Hogendoorn and two engineers admitted to dumping overboard oily seawater from bilges several times during the summer into the Inside Passage. Without a plea bargain, the three men faced prison time and higher fines.

The Dutch company that operated the Rotterdam in 1994 for Holland America - HAL Beheer - was fined \$1 million and ordered to pay \$1 million in restitution

when sentenced in 1998 for felony violations related to the dumping.

The Rotterdam is no longer in Holland America's fleet.

Burgess said companies have lots of reasons to obey environmental laws, including incentives for crew members who report violations.

The man who reported the dumping of the contaminated oil was awarded \$500,000 - half the criminal fine applied to HAL Beheer.

Cynthia Cooper, head of the state Department of Law's criminal division, said there's nothing the state can do to prosecute the three men, despite their admitted actions being violations of Alaska's environmental laws.

As it is, the state can't prosecute someone who's been convicted by another state or by the federal government. Cooper said she'd like to have the option.

"At times, I think it's frustrating when the penalty isn't sufficient to protect the state's interests," she said.

A civil suit could be an option, but no decision has been contemplated yet.



# Representative Beth Kerttula

Alaska State Legislature, District 3  
State Capitol • Juneau, Alaska 99801-1182 • (907) 465-4766 • Fax (907) 465-4748  
E-mail: Representative\_Beth\_Kerttula@legis.state.ak.us • http://www.kerttula.net

## Memorandum

**Date:** April 5, 2000

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

**From:** Rep. Beth Kerttula

**Re:** House Bill 371

*Norm -*

*Thanks -  
Beth*

I respectfully request that you waive House Bill 371 (Reporting by Large Passenger Vessels) from House Labor & Commerce Committee.

Attached for your consideration is a copy of the CSHB 371 (TRA), sponsor statement, sectional analysis, and backup information.

*4/5/00  
Norm -  
may I  
come talk  
with you  
about this  
bill sometime  
soon? It's  
really a good bill -  
passed only at reporting  
what the cruise  
industry is dumping/  
emitting & requiring  
local registration (which  
seems to be the  
main reason it has an  
L+C referral).*

*We've been  
working hard  
to come up with  
a reasonable  
system - \$1  
would really  
like to get it  
to Resources for  
their work.*

*But, if you don't  
feel you can  
waive, I would  
love a hearing  
in L&C.*

*(it's a fun bill  
I promise) 😊*

*thanks  
Beth*



**Representative Beth Kerttula**

**Sponsor Statement**

**House Bill 371**

**Registration and Reporting by Large Marine Passenger Vessels**

House Bill 371 is a "right to know" bill. The bill will give Alaskans information about what wastes cruise ships generate and release while operating in Alaska. This information will let the state assess and maintain the long-term health of the human and natural environment of coastal Alaska at a time when the cruise ship sector of the tourism industry is growing rapidly.

In the aftermath of the Holland America and Royal Caribbean pollution violations in Southeast Alaska, it is clear that state and federal agencies are not getting the information they need to know what, how much, and where these large passenger vessels are releasing wastes off Alaska's coast. The 1999 cruise ship air emission violations recently cited by the Environmental Protection Agency against six cruise line companies operating in Juneau, Glacier Bay, and Seward further underscore public and agency concerns about the need for routine and comprehensive reporting of all wastes generated by cruise ships operating in Alaska.

The current lack of comprehensive data creates an environment of speculative science, misinformation, uncertainty, and public distrust of government and the cruise line industry in Alaska's coastal communities. Notwithstanding cruise line industry assurances of careful shipboard practices and its current efforts to work cooperatively with regulatory agencies, it is imperative that Alaska independently assess the waste volumes and discharge location in order to perpetuate our most valuable tourist asset - our exceptional natural environment.

HB 371 provides a mechanism to let Alaskans find out what the cruise line companies are doing with the substantial volumes of wastes generated onboard while in our state waters. Thank you for your consideration of House Bill 371.

**CSHB 371**  
**Registration and Reporting by Large Marine Passenger Vessels**

**Sectional Analysis**

**Section 1** adds new sections to AS 46.03, the Environmental Conservation statutes.

**Sec. 46.03.460** requires owner/operator who conducts business in Alaska to register annually each vessel with DEC. The in-state contact information becomes paramount when working with foreign flag vessels with international crews and officers as on many of the cruise ships. The CS clarifies that an owner/operator can undertake its annual registration just prior to actually bringing a vessel into state waters, rather than at the beginning of each year.

**Sec. 46.03.465** requires owner/operators to monitor cruise ship pollutants in order to fulfill the reporting requirements under AS 46.03.475. Monthly sampling of visible emissions from vessels while in an Alaskan port is required. DEC may adopt regulations, as necessary, and is directed to maximize reporting efficiencies through coordination with other vessel reporting.

The CS clarifies 46.03.465(a) so that the monitoring is only required for that portion of a month when a vessel is actually operating in Alaska waters. Further, the CS amends 46.03.465(c) to narrow the focus of the rulemaking to the quantity and quality of waterborne pollutants and not include reference to monitoring devices and methods. CSHB 371's focus on record keeping and reporting side steps potential preemption issues considered in the recent case *United State v. Locke et. al.* where the U.S. Supreme Court declared several Washington State regulations on oil tankers preempted by federal laws.

**Sec. 46.03.470** requires that records be maintained for three years.

**Sec. 46.03.475** establishes the monthly reporting that must occur for several categories of pollutants. The CS clarifies that the focus is primarily on pollutants that each vessel either releases into the air or waters within the state, or offloads in an Alaskan port. The specific location and amount of each disposal are required. Significantly, HB 371 does not require that the cruise line companies get a new permit from the state of Alaska nor set any new performance standards on waste discharges. Reporting data in a vessel-specific format is essential to perform site-specific assessments of potential and cumulative environmental impacts. In keeping with DEC's other environmental oversight practices, each report must be certified by a responsible vessel official.

**Sec. 46.03.480** establishes civil penalties for failing to register or report, or for falsifying a registration or report. The penalties are based on those imposed on

other businesses operating in Alaska or imposed on violations under other DEC statutes.

**Sec. 46.03.485** gives DEC rule-making authority to implement this legislation.

**Sec. 46.03.490** defines several terms drawing on existing state and federal environmental pollution definitions.

“large passenger vessel” is revised in the CS to include the 300 gross registered tonnage factor that is a regulatory threshold commonly used by the U.S. Coast Guard and other maritime organizations. The definition focuses on large cruise ships because these are the vessels that generate substantial amounts of wastes on a daily or weekly basis while carrying as many as 2,000 – 4,000 passengers and crew members through Alaskan waters.

“pollutant” is defined to cover the full array of wastes generated during the duration of a typical cruise through Alaskan waters, including air contaminants, gray water, sewage, solid waste, incinerator ash, and hazardous chemicals.

“sewage” is revised in the CS to simplify the definition to that provided under the federal Clean Water Act.

**Section 2** amends AS 46.03.760(e) to reflect the penalties incorporated into 46.03.480(c)

**TABLE 1**

**HB 371: MONITORING AND REPORTING POLLUTANT RELEASE AND OFFLOADING IN ALASKA**

Pollutant Category	[----- Reporting the Release of a Pollutant -----]						
	Date/Time	Location Lat/Long	Volume	Source	Intentional or Accidental	Identifiable EnvDamage	Efforts to Prevent Accidents
Hazardous Waste	x	x	x	x	x	x	x
Solid & Industrial Waste	x	x	x	x	x	x	x
Stack Emissions	Monthly	In Port					
Sewage	x	x	x	x	x	x	x
Graywater & other Wastewater	x	x	x	x	x	x	x
Medical Waste	x	x	x	x	x	x	x

[----- Additional Reporting Requirements -----]	
Hazardous Waste	Copy of manifest prepared under 42 USC 6921-6939 If offloaded w/out manifest: volume, source, location, destination of waste, reasons
Solid & Industrial Waste	If offloaded: weight, composition, location & destination Quantity processed onboard & explanation if processed waste released or offloaded
Stack Emissions	At least monthly measurements of visible emissions in port, or if equipped with continuous emission monitor the recordings while in AK waters
Sewage	Description of onboard treatment works, quantity processed onboard & explanation if treated waste released or offloaded
Graywater & other Wastewater	Location of offloading
Medical Waste	Description of any onboard treatment & manner/method of disposal if treatment or disposal in Alaska

NOTE: HB 371 requires monitoring of the various wastes in order to meet the above reporting obligations.  
(Rep.Kerttula's Office; 3/21/00)

TABLE 2

FEDERAL/INTERNATIONAL REQUIREMENTS FOR MONITORING, RECORDING AND REPORTING OF POLLUTANTS BY LARGE MARINE PASSENGER VESSELS

Pollutant Category Monitoring		Record Keeping	Reporting
Hazardous Waste	Neither USCG nor EPA monitor.	Most haz waste exempt from EPA manifest requirement.	If offloading, MARPOL requirement to call Port & estimate volume. If manifested haz waste, copy sent to EPA & DEC.
Solid & Industrial Waste (including garbage/plastics)	MARPOL Annex V; USCG inspection of incinerator ash.	At sea dumping: 2-yr records & make available to USCG: Lat/Long, distance from shore, type of waste. Port offloading: record location & volume.	At sea dumping: no report required. Port offloading: report to USCG.
Sewage "Blackwater"	Neither USCG nor EPA monitor discharge; USCG operational inspectn of Mar.Sanitatin Devices; EPA discharge reqs. do not exempt addl state requirements	No record keeping required.	No reporting required.
Stack Emissions	Not required; occ. monitoring by NPS (GlacierBay), EPA, or DEC; self-monitoring by companies.	Keep records of any company self-monitoring; no systematic record keeping.	Cos. required to report any smoke level in excess of state standards. No systematic reporting required.
Graywater & other Wastewater	No federal monitoring or discharge restrictn. on graywater.	CWA requires record of any accidental oil/haz substance spill.	CWA requires accidental spill report. No systematic reporting required.

NOTE: HB 371 does not cover oil waste or bilge water because these are more highly regulated by USCG.

MARPOL = International Convention for the Prevention of Pollution from Ships, administered by the International Maritime Organization.

CWA = Federal Water Pollution Control Act, or "Clean Water Act".

(Rep.Kerttula's Office; 4-5-00)

*Room:  
Here's  
my  
main  
Reason for  
the bill -  
lack of  
Reporting  
Requirements.*

**HB**

**376**

# Alaska State Legislature

WHILE IN SESSION  
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VIC-CHAIRMAN, JUDICIARY COMMITTEE  
MEMBER, HEALTH, EDUCATION &  
SOCIAL SERVICES COMMITTEE  
BUDGET SUBCOMMITTEE  
ALASKA COURT SYSTEM  
DEPT. OF ENVIRONMENTAL CONSERVATION  
DEPT. OF REVENUE

## Representative Joe Green

District 10

House Majority Leader

**To: Representative Norman Rokeberg, Chair  
House Labor & Commerce Committee**

**Form: Representative Joe Green**

**Re: Scheduling of HB 376 "An Act increasing the duration of a  
mechanic's or materialman's lien to one year; and providing for an effective  
date."**

**Date: March 15, 2000**

---

**I respectfully request a hearing be scheduled for HB 376 at your earliest  
convenience.**

**Thank you.**

# Alaska State Legislature

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MEMBER, HEALTH, EDUCATION,  
SOCIAL SERVICES COMMITTEE

HOUSE SUBCOMMITTEE  
ALASKA COURT SYSTEM  
ALASKA ENVIRONMENTAL COOPERATION  
PROGRAM BOARD

Representative Joe Green  
District 10  
House Majority Leader

## SPONSOR STATEMENT

### HOUSE BILL 376

**"An Act increasing the duration of a mechanic's or materialman's lien to one year; and providing for an effective date."**

Mechanics and materialmen who provide materials for the construction, improvement, or alteration of a building or other structure are provided a statutory lien for the value of the services or materials rendered. Currently, these liens must be renewed every six months or they are extinguished to the prejudice of the lien holder.

Unfortunately, six months to negotiate payments due is not adequate. Many of the businesses in Alaska performing this work are small "mom and pop" operations without the administrative and legal resources to renew the multitude of liens every six months. This has resulted in many liens being unknowingly extinguished leaving the lien holders with virtually no remedy.

HB 376 extends the time limit for mechanics and materialman's liens to one year and will help ensure that many small businesses will be compensated for their work.

**Sec. 34.35.068. Time periods for claiming liens.**

Statute text

- (a) If a notice of completion is not recorded by the owner as provided in AS 34.35.071, a claim of lien shall be recorded not later than 90 days after the claimant
- (1) completes the construction contract; or
  - (2) ceases to furnish labor, material, services, or equipment for the construction, alteration, or repair of the owner's property.
- (b) If a notice of completion is recorded by the owner as provided in AS 34.35.071,
- (1) the following shall record a claim of lien or a notice of right to lien not later than 15 days after the notice of completion is recorded:
    - (A) a claimant who has received advance notification of the date that the notice of completion is recorded as provided in AS 34.35.071(a)(2);
    - (B) a claimant who has not given a notice of right to lien as permitted in AS 34.35.064;
  - (2) the following shall record a claim of lien not later than the time specified in (a) of this section:
    - (A) a claimant who records a notice of right to lien before or within the period specified in (1) of this subsection;
    - (B) a claimant who has given a notice of right to lien but who has not received advance notice of the date that the notice of completion is recorded by the owner as provided in AS 34.35.071(a)(2).
- (c) A claim of lien is enforceable only if recorded by a claimant within the time specified in (a) or (b) of this section.

**Sec. 34.35.074. Civil suits.**

Statute text

(a) A person injured by a violation of AS 34.35.050 - 34.35.120 may bring a civil action

(1) except as provided in AS 34.35.062(c), for actual and consequential damages that are proximately caused by the violation plus costs, including reasonable attorney fees;

(2) to enjoin the violation, and if the person prevails, the person shall be awarded costs, including reasonable attorney fees.

(b) A claimant who gives a stop-lending notice or has a claim of lien recorded under AS 34.35.075 and who fails to promptly revoke the stop-lending notice or remove the claim of lien from the record upon receiving payment in full on the claim or discovering that the stop-lending notice or claim of lien is in error, unjust, premature, or excessive is liable for actual and consequential damages caused by giving the stop-lending notice or improperly recorded claim of lien plus costs, including reasonable attorney fees.

**Sec. 34.35.072. Bond.**

Statute text

If the owner of the property sought to be charged with a claim of lien under AS 34.35.050 - 34.35.120, or a prime contractor or subcontractor disputes the correctness or validity of the claim of lien brought under AS 34.35.050 - 34.35.120, the owner or contractor may record either before or after the commencement of an action to enforce the claim of lien, in the office of the recorder in which district the claim of lien was recorded, a bond executed by a person authorized to issue surety bonds in this state under AS 21, a financial institution licensed under AS 06, or a national bank authorized under the federal banking laws, in the penal sum equal to one and one-half times the amount of the claim of lien, which bond shall guarantee the payment of the sum that the lien claimant has claimed, together with the lien claimant's reasonable cost of suit in the action, if the claimant recovers on the claim of lien. If the owner records a bond under this section, the property described in the bond is freed from the effect of a claim of lien under AS 34.35.050 - 34.35.120 and an action brought to foreclose the claim of lien. The principal on the bond may be the owner of the property, the prime contractor, or a subcontractor who is affected by the claim of lien.

**ALASKA LAND TITLE ASSOCIATION**  
P. O. Box 241811, Anchorage Alaska 99524-1811

RECEIVED  
MAR 10 2000

March 9, 2000

Rep. Norm Rokeberg  
Alaska State Legislature  
State Capitol(MS3100)  
Juneau AK 99801-1182

RE: HB376 - Mechanic's and Materialmen's Liens

Dear Rep.Rokeberg:

The Alaska Land Title Association with over 30 members representing title insurance agencies and title insurance underwriters, has reviewed HB376 and wishes to present its member consensus with regard to this proposed legislation.

HB376 is an act to change the existing statutes with regards to Mechanic and Materialmen's Liens; this change would increase the duration of a lien from six months to one year and the lien extension from six months to one year. We understand that the purpose of the legislation is to solve a perceived problem of lien claimant's being involved in negotiations and missing either the extension deadline or time period for filing litigation enforcing their lien rights.

Since the statues presently provide an effective time period for filing a lien within 90 days of completion of work plus six months after recording a lien, together with another six months after filing an extension before filing litigation to resolve a dispute, you have already 15 months to resolve disputes before filing a law suit. 15 months appears to be an adequate time to resolve any dispute.

At the present time lien disputes are taking on the average 1 to 2 years to litigate. If the law is amended pursuant to HB376 then the length of time to resolve lien disputes will increase to an average of 3 to 4 years total., not including any appeals.

Our concern is that if you double the lien period time before starting litigation then all parties will continue to drag their feet in solving the problem. Most lien disputes involve property that is being constructed for sale and it is these sales that put the title insurance companies and banking institutes at risk, since new buyers feel that they have paid the price for the work in the purchase price. If a lien has been recorded and there is a need to complete a sale or transfer of title, consideration must also be given to the appropriate bonding statutes, which are designated to protect innocent purchasers and lenders, and to the State of Alaska Division of Insurance Orders (i.e. Order 78-5 Removal of Excepted

*Page Two*

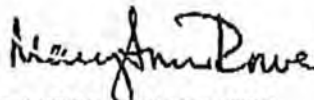
Liens - Collateral Security page 269 Secs. 33, 34 and 35 and references therein to AS21.66.190(b) and AS21.21.

It has been the observation of this industry that an adequate time period currently exists and many liens are timely filed. There just doesn't seem enough of a problem to extend the lien periods when compared to the harm done to the seller, buyer and lender in doing so.

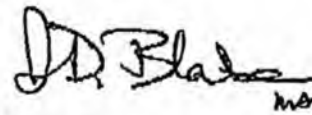
Based on our concerns as set out above, the Alaska Land Title Association wishes to express its opposition to the proposed legislation in its present form. Though we recognize the need to protect the mechanics and materialmen, there should also be concern with regard to the rights of owners, purchasers and lenders dealing in real property.

We would be happy to answer any questions you have with regards to this issue.

Sincerely,



MARY ANN ROWE  
Legislative Co-Chair  
Phone 235-8196  
Fax 235-2420



Jeff Blake  
Legislative Co-Chair  
Phone 777-0532  
Fax 272-9739

**HB**

**378**

**Assessment With Self Insureds Phased In**

	1998 Total Compensation	Self Insured's at 25%	Self Insured's at 50%	Self Insured's at 75%	Self Insured's at 100%
Assessment Rate		3.3%	3.1%	2.9%	2.6%
<b>Public Self Insureds</b>					
ALASKA, STATE OF	9,030,579	74,502	139,974	196,415	234,795
ANCHORAGE, MUNICIPALITY OF	3,266,216	26,946	50,626	71,040	84,922
ANCHORAGE, SCHOOL DISTRICT	1,973,212	16,279	30,585	42,917	51,304
FAIRBANKS, CITY OF	314,563	2,595	4,876	6,842	8,179
FAIRBANKS, NORTH STAR BOROUGH	1,023,330	8,442	15,862	22,257	26,607
JUNEAU, CITY OF	716,490	5,911	11,106	15,584	18,629
MATANUSKA SUSITNA BOROUGH	261,713	2,159	4,057	5,692	6,805
NORTH SLOPE BOROUGH	804,551	6,638	12,471	17,499	20,918
<b>Private Self Insureds</b>					
ALASKA AIRLINES, INC.	1,696,796	13,999	26,300	36,905	44,117
ALYESKA PIPELINE SERVICE	663,657	5,475	10,287	14,435	17,255
ANCHORAGE DAILY NEWS	1,709,962	14,107	26,504	37,192	44,459
CARR-GOTTSTEIN FOODS CO.	2,076,074	17,128	32,179	45,155	53,978
COLUMBIA HEALTHCARE CORP	3,012,917	24,857	46,700	65,531	78,336
FEDERAL EXPRESS CORP.	956,346	7,890	14,823	20,801	24,865
FRED MEYER, INC.	780,744	6,441	12,102	16,981	20,299
HOLLAND AMERICA LINE /	244,351	2,016	3,787	5,315	6,353
ICICLE SEAFOODS, INC.	639,847	5,279	9,918	13,917	16,636
SISTERS OF PROVIDENCE	1,878,645	15,499	29,119	40,861	48,845
UNION OIL CA. / UNOCAL	698,852	5,766	10,832	15,200	18,170
<b>Joint Insurance Associations</b>					
ALASKA MUNICIPAL LEAGUE	2,166,857	17,877	33,586	47,129	56,338
<b>Commercial Carriers</b>					
AETNA CASUALTY & SURETY	2,181,973	72,005	67,641	63,277	56,731
ALASKA NATIONAL INS. CO.	23,530,320	776,501	729,440	682,379	611,788
ALASKA TIMBER INSURANCE	4,996,295	164,378	154,885	144,893	129,904
AMERICAN HOME ASSURANCE	1,698,571	56,053	52,656	49,259	44,163
ARECA INSURANCE EXCHANGE	739,848	24,415	22,935	21,456	19,236
CIGNA PROPERTY & CASUALTY	10,884,632	359,193	337,424	315,654	283,000
CONTINENTAL INSURANCE CO	1,182,495	39,022	36,657	34,292	30,745
EAGLE PACIFIC INSURANCE	4,454,141	146,987	138,078	129,170	115,808
EMPLOYERS INS. OF WAUSAU	12,319,540	406,545	381,906	357,267	320,308
FIREMAN'S FUND INS CO	1,521,582	50,212	47,169	44,126	39,561
FREMONT INDEMNITY CO	13,077,563	431,560	405,404	379,249	340,017
INSURANCE CO OF STATE PA	3,993,422	131,783	123,796	115,809	103,829
LIBERTY MUTUAL INS. CO.	1,979,676	65,329	61,370	57,411	51,472
LUMBERMENS MUTUAL	531,194	17,529	16,467	15,405	13,811
NATIONAL UNION FIRE INS.	1,259,089	41,550	39,032	36,514	32,736
PAULA INSURANCE COMPANY	191,497	6,319	5,936	5,553	4,979
RELIANCE NATIONAL INDEM	998,438	32,948	30,952	28,955	25,959
REPUBLIC INDEMNITY CO	1,279,620	42,227	39,668	37,109	33,270
ROYAL INSURANCE COMPANY	906,393	29,911	28,098	26,285	23,566
STATE FARM FIRE & CASUALTY	2,747,292	90,661	85,166	79,671	71,430
TRANS PACIFIC INS CO	961,145	31,718	29,795	27,873	24,990
UMIALIK INSURANCE CO.	661,306	21,823	20,500	19,178	17,194

(7)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: February 16, 2000

FURTHER REFERRALS:

Judiciary  
Finance

Date of Committee Action: MARCH 3, 2000

The LABOR AND COMMERCE Committee considered:

HB 378

HOUSE BILL NO. 378

WORKERS COMP AND WORKER SAFETY

"An Act eliminating certain taxes under AS 21.09 on premiums from the sale of workers' compensation insurance; relating to the establishment, assessment, collection, and accounting for service fees for state administration of workers' compensation and worker safety programs; establishing civil penalties and sanctions for late payment or nonpayment of the service fee; and providing for an effective date."

recommends it be replaced

with the following committee substitute CSHB 378(L+C)

the same title

a new title

additional referral to \_\_\_\_\_ Committee

attached amendment(s)

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

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) Labor Standards 1/31/00;  
Workers' Comp 1/28/00; Insurance  
2/2/00; Risk Management 1/27/00

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

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

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

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			

CHAIR'S SIGNATURE

*[Signature]*

3-3-00

ALASKA STATE LEGISLATURE  
House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN  
SPECIAL COMMITTEE ON OIL & GAS, MEMBER  
JUDICIARY COMMITTEE, MEMBER  
CORRECTIONS BUDGET SUBCOMMITTEE, MEMBER  
ADMINISTRATION BUDGET SUBCOMMITTEE, MEMBER  
WELLS BUDGET SUBCOMMITTEE, MEMBER



OFFICE:  
714 WEST 4TH AVENUE, SUITE 400  
ANCHORAGE, AK 99501  
PHONE: (907) 261-6111  
FAX: (907) 264-2110

SESSION:  
STATE CAPITOL  
ANCHORAGE, AK 99506-1112  
PHONE: (907) 465-6000  
FAX: (907) 465-0000

Representative Norman Rokeberg

JUST THE FAX

Date: March 3, 2000

Mike Ford, Legislative Council

TO: \_\_\_\_\_

FAX: 2029 Telephone: \_\_\_\_\_

FROM: Representative Norman Rokeberg

FAX: (907) 465-2040 Telephone: (907) 465-4968

Number of Pages: \_\_\_\_\_ (including this page)

Comments: Please run GH2072.A, with amendments following in final as  
House Labor & Commerce Committee Substitute.

Thanks. Janet

*Have a Nice Day*

AMENDMENT # 1

3/3/00  
H moved  
NO obj

OFFERED IN THE HOUSE

TO: HB 378

1 Page 5, following line 2:

2 Insert a new subsection to read:

3 "(g) The department shall grant a credit against the service fee imposed under  
4 (a) of this section to an employer if (1) the employer applies to the department for the  
5 credit on a form prescribed by the department; (2) the employer provides proof that  
6 the employer has paid a premium tax imposed under AS 21.09.210 on an insurance  
7 policy; and (3) workers' compensation claims have been paid under the insurance  
8 policy described in (2) of this subsection and the claims are subject to the service fee  
9 imposed under (a) of this section. The credit allowed under this subsection is equal  
10 to the amount of the premium tax paid by the employer under the insurance policy,  
11 may not exceed the service fee imposed under (a) of this section, and only applies to  
12 premium taxes paid on or after January 1, 2000."

by the employer

3/3/00  
H moved

NO 067

AMENDMENT # 2

OFFERED IN THE HOUSE

TO: HB 378

1 Page 6, following line 10:

2 Insert a new bill section to read:

3 **"\* Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section  
4 to read:

5 **TRANSITION: COLLECTION AND REFUND OF PREMIUM TAX.**

6 Notwithstanding AS 21.09.210, the director of the division of insurance shall

7 (1) beginning July 1, 2000, cease collecting quarterly premium taxes on  
8 workers' compensation insurance; and

9 (2) subject to appropriation, refund premium taxes collected for workers'  
10 compensation insurance under AS 21.09.210 if the refund is required as a result of the  
11 application of the provisions of this Act."

12 Renumber the following bill sections accordingly.

13 Page 6, line 11:

14 Delete "Section 10"

15 Insert "Sections 10 and 11"

16 Page 6, line 12:

17 Delete "sec. 11"

18 Insert "sec. 12"

AMENDMENT #3

*Adm Moved  
NO BY*

OFFERED IN THE HOUSE

TO: HB 378

1 Page 5, following line 2:

2 Insert a new bill section to read:

3 \*\* Sec. 7. AS 23.30.015(e) is amended to read:

4 (e) An amount recovered by the employer under an assignment, whether by  
5 action or compromise, shall be distributed as follows:

6 (1) the employer shall retain an amount equal to

7 (A) the expenses incurred by the employer with [LN] respect  
8 to the action or compromise, including a reasonable attorney fee determined  
9 by the board;

10 (B) the cost of all benefits actually furnished by the employer  
11 under this chapter;

12 (C) all amounts paid as compensation and second-injury fund  
13 payments, and all service fees paid under AS 23.05.067;

14 (D) the present value of all amounts payable later as  
15 compensation, [(PRESENT VALUE TO BE] computed from a schedule  
16 prepared by the board; [],] and the present value of the cost of all benefits to  
17 be furnished later under AS 23.30.095 [[] as estimated by the board; [],] the  
18 amounts so computed and estimated to be retained by the employer as a trust  
19 fund to pay compensation and the cost of benefits as they become due and to  
20 pay any finally remaining excess sum to the person entitled to compensation  
21 or to the representative; and

22 (2) the employer shall pay any excess to the person entitled to  
23 compensation or to the representative of that person."

24 Renumber the following bill sections accordingly.

1 Page 6, line 9:  
2 Delete "9"  
3 Insert "10"

4 Page 6, line 11:  
5 Delete "10"  
6 Insert "11"

7 Page 6, line 12:  
8 Delete "11"  
9 Insert "12"

# ALASKA STATE LEGISLATURE

## HOUSE LABOR AND COMMERCE COMMITTEE

Representative Norman Rokeberg, Chairman  
Representative Andrew Halcro, Vice-Chairman  
Representative John Harris  
Representative Lisa Murkowski  
Representative Jerry Sanders  
Representative Tom Brice  
Representative Sharon Cissna



State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4954  
Fax: (907) 465-2040

### ADDITIONS FOR YOUR HOUSE BILL 378 FILE

PLEASE BRING THIS FILE AND THESE ADDITIONS TO THE

MEETING ON FRIDAY, MARCH 3, 2000



**ALASKA MUNICIPAL LEAGUE  
JOINT INSURANCE ASSOCIATION, INC.  
Claims Department - Fax Cover Sheet**

Anchorage Office:  
807 G Street, Ste. 356  
Anchorage, Alaska 99501  
(907) 258-2821  
(907) 258-2823 FAX

Juneau Office:  
217 Second Street, Suite 200  
Juneau, Alaska 99801  
(907) 586-3222  
(907) 463-5480

**Date:** 03/01/2000  
**From:** Leandra D. Estep  
Workers' Comp. Claims Manager  
**To:** Rep. Norman Rokeberg, Chair, House Labor & Commerce  
Committee  
**Fax #:** 465-2040  
**# of Pages:** 1 including cover sheet  
**RE:** House Bill 378

**MESSAGE:**

Please consider this an addendum to Kevin Smith's letter of this same date regarding House Bill 378.

We are asking for clarification on the assessment of a "User Fee" on any Excess and Reinsurance coverage. The AMLJIA purchases Reinsurance to provide coverage for losses that require payments that will exceed \$250,000.00 per claim. Currently the Reinsurer pays the "Premium Tax". If HB 378 goes into affect, the Reinsurer will be relieved of their obligation to pay the "Premium Tax" but the AMLJIA will still owe the "User Fee". Once a claim exceeds the \$250,000.00 retention level, we receive reimbursement from our Reinsurance carrier. How would allowance for the "User Fee" be separated out between the Self-Insurer, Commercial Insurance Co and their Reinsurer or Excess carrier?

Secondly, the allowance for recoveries received back from third party subrogation should be addressed and allowed for. If a workers' compensation claim arises as the result of a third parties negligence, we have the right of recovery from that third party. The recovery process typically does not occur until the workers' compensation claim is concluded. Therefore the AMLJIA (as well as other insurers, etc.) has already paid a "User Fee" on all payments made on the claim prior to any recovery.

Thank you for your attention to these matters and please feel free to contact me at (800)337-3682 if you have any questions regarding either of these issues.

RECEIVED  
MAR 01 2000



**ALASKA MUNICIPAL LEAGUE  
JOINT INSURANCE ASSOCIATION, INC.  
Claims Department - Fax Cover Sheet**

Anchorage Office:  
807 G Street, Ste. 356  
Anchorage, Alaska 99501  
(907) 258-2821  
(907) 258-2823 FAX

Juneau Office:  
217 Second Street, Suite 200  
Juneau, Alaska 99801  
(907) 586-3222  
(907) 463-5480

**Date:** 03/01/2000

**From:** Leandra D. Estep  
Workers' Comp. Claims Manager

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

**Fax #:** 465-2040

**# of Pages:** 4 including cover sheet

**RE:** House Bill 378

**MESSAGE:**

**Attached is a letter from Kevin Smith, Risk Manager of the Southeast  
branch of the AML/JIA for your consideration.**

HB378



## Alaska Municipal League Joint Insurance Association, Inc.

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

### MEMORANDUM

**Date:** March 1, 2000

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

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

**REGARDING:** HB378

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

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

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

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

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

1

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

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

HB378

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

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

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

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

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

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

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

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

Or E-mail at: [keving@lga.amljia.org](mailto:keving@lga.amljia.org)

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

HB378

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

Thank you for your consideration of these issues.

ANNUAL REPORT PAYMENT TOTALS  
1994 TO 1998

	1994	1995	1996	1997	1998	5 Yr Total	5 Yr Average	2.6% Fee
INSURER	109,547,591	103,311,559	110,105,740	110,642,719	104,011,521	537,619,130	107,523,826	2,795,619
SELF-INSURED	24,846,006	27,149,796	29,485,881	34,054,441	36,265,321	151,801,445	30,360,289	789,368
UNINSURED	29,479	0	2,100	14,763	183,511	229,853	45,971	1,195
TOTAL	134,423,076	130,461,355	139,593,721	144,711,923	140,460,353	689,650,428	137,930,086	3,586,182

---

**ANNUAL REPORT TOTALS BY CATEGORY**  
1994 TO 1998

	1994	1995	1996	1997	1998	5 Yr Total	5 Yr Average
Medical	62,205,607	57,717,435	62,751,359	67,672,646	64,190,075	314,537,122	62,907,424
TTD	23,462,515	25,183,229	27,084,382	28,171,772	24,187,575	128,089,473	25,617,895
TPD	890,470	968,922	865,035	797,399	1,164,561	4,686,387	937,277
PPI(PPD)	21,441,007	21,563,022	20,546,073	18,508,016	16,776,163	98,834,281	19,766,856
PTD	3,128,156	3,523,215	4,305,977	4,336,892	4,760,662	20,054,902	4,010,980
Penalty	131,806	283,977	141,584	260,193	165,096	982,656	196,531
SIF	2,536,356	2,499,489	2,818,651	2,355,128	3,395,574	13,605,198	2,721,040
DthBenefits	4,204,661	2,906,319	3,086,755	3,147,247	4,569,732	17,914,714	3,582,943
Interest	4,160	16,099	39,440	99,016	137,952	296,667	59,333
Ee Atty	1,811,531	1,509,331	2,053,463	2,006,037	2,100,720	9,481,082	1,896,216
Er Atty	5,688,280	5,171,791	5,768,596	5,833,955	5,848,025	28,310,647	5,662,129
Lit. Costs	1,428,870	1,176,065	1,088,785	963,094	2,318,344	6,975,158	1,395,032
Other	1,913,586	2,779,064	2,186,135	2,004,079	2,065,222	10,948,086	2,189,617
R.S. Fees	1,561,482	1,350,520	490,976	663,668	843,133	4,909,779	981,956
Fees Monitor			339,993	284,409	202,363	826,765	165,353
Plan Costs	668,179	764,117	597,035	655,858	853,144	3,538,333	707,667
Eval Costs			842,969	1,016,651	754,822	2,614,442	522,888
Wage 41(k)	3,346,410	3,048,760	4,586,513	5,935,863	6,127,190	23,044,736	4,608,947
<b>TOTAL</b>	<b>134,423,076</b>	<b>130,461,355</b>	<b>139,593,721</b>	<b>144,711,923</b>	<b>140,460,353</b>	<b>689,650,428</b>	<b>137,930,086</b>
							<u>x 2.6% Fee</u>
							<b>3,586,182</b>

From: Division of Workers  
Compensation 3/1/2000

	1998 Excess Policy Premiums	Est 1998 Premium Tax
<b>Public Self Insureds</b>		
ALASKA RAILROAD CORPORATION	-	-
ALASKA, STATE OF	-	-
ANCHORAGE, MUNICIPALITY OF	85,256	2,302
ANCHORAGE, SCHOOL DISTRICT	32,275	871
FAIRBANKS, CITY OF	23,750	641
FAIRBANKS, NORTH STAR BOROUGH	57,000	1,539
JUNEAU, CITY OF	29,000	783
MATANUSKA SUSITNA BOROUGH	109,020	2,944
NORTH SLOPE BOROUGH	127,196	3,434
	-	-
<b>Private Self Insureds</b>		
ALASKA AIRLINES, INC.	100,000	2,700
ALASKA PULP CORPORATION	-	-
ALASKA, UNIVERSITY OF	-	-
ALYESKA PIPELINE SERVICE	-	-
AMOCO PRODUCTION COMPANY	-	-
ANCHORAGE DAILY NEWS	12,750	344
AT&T / ALASCOM	2,756	74
CARR-GOTTSTEIN FOODS CO.	78,774	2,127
CHEVRON CORPORATION	-	-
COLUMBIA HEALTHCARE CORP	-	-
CONTINENTAL BAKING CO.	-	-
FEDERAL EXPRESS CORP.	12,601	340
FRED MEYER, INC.	5,940	160
HOLLAND AMERICA LINE /	40,000	1,080
ICEBERG SEAFOODS, INC.	72,600	1,960
LOUISIANA - PACIFIC CORP	10,759	290
NABORS PETROLEUM SERVICE	260,620	7,037
NANA REGIONAL CORP.	-	-
PAY N' SAVE CORPORATION	-	-
SAFEWAY STORES INC.	147,143	3,973
SEA - LAND INDUSTRIES	10,000	270
SISTERS OF PROVIDENCE	39,797	1,075
UNION OIL CO. / UNOCAL	51,660	1,395
YARDARM KNOT, INC	27,054	730
Totals	1,335,951	36,071





**House Finance Subcommittee  
Department of Labor and Workforce Development  
FY01 Operating Budget Recommendation**

Final closeout recommendations were reported out of subcommittee on February 28, 2000. The subcommittee began their consideration based on the FY 00 Management Plan reflected in HB 312. The recommendation for general-purpose funds is \$12,840.7. This recommendation goes beyond the allocation target of \$12,918.2 or \$1,577.5 below the Management Plan.

**Division of Worker's Compensation**

In an attached Letter of Intent the subcommittee adopted a statement of support for a bill that would eliminate the premium tax for Workers' Compensation insurance and replace it with a new fee for all companies based on a percentage of their particular workers' compensation claims. The fees would be accounted for separately and deposited into a worker safety and compensation account. The subcommittee reduced the general-purpose funds by \$1.0 million leaving a total budget for this component, which is currently funded primarily with general funds, of \$1,442.0. HB 378 would create designated program receipts that would provide for a four-year phase-in of the fees to minimize the impact on the self-insured employers who currently pay no premium tax. The new system would also spread costs among more employers, and those employers currently paying the premium tax would see a decrease in their payments.

**Division of Labor Standards and Safety**

Closely related to the above recommendation language, the Division of Labor Standards and Safety absorbed \$500.0 of the total reduction. This came out of the general fund match for the Occupational Safety and Health component to accommodate the expected passage of HB 378 and the transition to the fee based worker safety and compensation account. The total remaining funds in this component, in general purpose funds is \$631.8 for a total budget of \$2,508.3.

**Employment Security Division**

The Community Development Assistance Program was moved into the Department of Labor and Workforce Development from the former Department of Community and Regional Affairs due to passage HB 40. This program was subsequently transferred to the Department of Education and Early Development effective October 1, 1999. The subcommittee recognized a general fund reduction totaling \$77.5 associated with the transfer.



**ALASKA STATE  
HOMEBUILDERS ASSOCIATION**

February 28, 2000

Chairman Rokeberg  
Alaska House Labor and Commerce Committee  
Juneau, Alaska

Honorable Chairman,

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

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

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

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

Sincerely,

Alan Wilson  
President, Alaska State Home Builders Association



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



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325, Fax (907)-463-5480

February 28, 2000

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FEB 28 2000

The Honorable Norm Rokeberg  
Chairman House Labor & Commerce Committee  
Alaska State House of Representatives  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Representative Rokeberg:

The Alaska Municipal League (AML) opposes HB 378 as currently written. HB 378 is the workers' compensation "fees" bill presently being considered in your committee.

As drafted, the bill shifts costs currently paid by insurance companies through a premium tax, to self-insureds, including public entities, as well as insurance companies. Currently, self-insureds do not pay the premium tax, so municipal taxpayers take the full brunt of the shift of costs. The Department of Labor estimates that public entities would account for approximately 20 percent of the \$3.5 million expected to be raised through this proposal, or approximately \$700,000 (much of which would come from the State itself). This could not come at a worse time for Alaska's municipalities.

As you are well aware, municipalities are suffering from last year's unprecedented 33% cut in traditional revenue sharing from the State. While the AML does not oppose the concept of sharing the cost of direct State services, we simply cannot absorb the cost of additional state mandates without raising taxes or cutting local services. Municipalities are now facing a property taxpayer revolt. HB 378 is one of many mandates and cuts being considered by the Legislature that will simply add fuel to the fire.

On the other hand, private insurance carriers may see some relief. However, will these carriers cut their rates correspondingly?

As the representative agency of 142 municipalities, the AML requests that you eliminate the public sector, including joint insurance arrangements from the bill, or take other action to eliminate the negative financial impact on municipal taxpayers.

Until Alaskans successfully develop a long-range state and local financial plan (that considers all taxes that constituents pay), municipalities will continue to be forced to spar with the State over inadequate revenues to fund critical public services. The AML and Alaska Conference of Mayors unanimously voted to participate in providing all assistance to the State in developing a State and local long-range financial plan, and is willing to offer suggestions and assistance.

Sincerely,

  
Kevin Ritchie  
Executive Director

NANA Training Systems  
 NANA (HSE) Department  
 Health, Safety, Environmental

Physical Address: 341 W. Tudor Road, Suite 202  
 Mailing Address: 1001 East Benson Blvd  
 Anchorage, AK 99508  
 Phone: 565-3300  
 Fax: 565-3320

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To: Janet Seitz From: Chris Ross  
 Fac: Date:  
 Phone: Pages:  
 Re: CC:

- Urgent   
  For Review   
  Please Comment   
  Please Reply   
  Please Recycle

Notes: Hi Janet,

I would like to testify in  
 River at HB 328 today.

Here is copy of my testimony if  
 you could copy to the  
 committee. I will be at  
 L10 in Anchorage.

*Chris Ross*

565-3301

0402-2010



Testimony of Chris Ross, CSP  
Corporate Health, Safety & Environmental Manager  
NANA Development Corporation  
341 West Tudor Road, Suite 202  
Anchorage, Alaska 99503  
907-565-3301

**HB 378 – Worker's Compensation and Safety Funding**

Dear Mr. Chairman, Committee Members and Guests;

I am testifying today in support of HB 378. My name is Chris Ross and I work for the NANA Development Corporation family of companies. NANA is one of Alaska's largest employers, with over 26 operating entities. Last year our average year-round employment was about 1,800 employees, with several hundred additional seasonal positions during the summer.

Our business operations are quite widespread, including : hotels, tourism, oilfield services, electrical power generation, engineering, security, foodservice and hospitality, housekeeping and janitorial, facility maintenance and operations, and military base operations support.

As the Corporate Health, Safety and Environmental Manager for NANA , my role is to protect our people, property and the environment. I have been in this position for over ten years, and have been involved in health and safety for over 30 years. I have earned both CSP and OHST designations. I am serving my second term on the Alaska Safety Advisory Council and am past chairman of the Governor's Safety and Health Conference. And, as many of you know, I am also the Division Director of the National Ski Patrol and serve on the national board of directors.

I would like to share several key points about HB 378 that really appeal to me:

First it will spread the cost of funding DOL programs such as worker safety and worker's compensation over a much larger group. Under the current premium tax, there are many employers who are not contributing to the process. The State of Alaska, self-insured employers, and insurance pools such as the Timber Exchange all enjoy the benefits of these DOL programs, but do not pay premium tax. This bill charges a user fee on all claims, not traditional premium payments, a much more equitable arrangement.

In other words, all users will now be assessed and contribute their fair share.

The second consequence of this bill also relates to equity and paying a fair share. Because of the new funding, employers with high claims will pay more, while employers with good loss control programs in place will pay less.

Ten years ago NANA embarked on a journey to completely overhaul our safety process. Our losses were unacceptable, claims were high and our frequency and severity rates were much worse than average. Because we obtained a high degree of management commitment, invested necessary resources and made a determination to change our culture, we achieved remarkable results. Our claim cost per employee has gone from \$1.25 per employee hour in 1989 to .02 cents per hour in 1999. This is a savings to us of nearly \$800,000 per year.

HB 378 will provide even more of an incentive for employers to implement effective loss control strategies, as we have done. This is a far more effective approach – the carrot; than implementing tougher laws or stepping up enforcement – the stick.

And the third very attractive element of this bill is the bright outlook for the Alaska Department of Labor.

Recent funding cuts to the DOL have jeopardized the Occupational Safety and Health Division. One possible outcome of these reductions is a federal takeover of Alaska OSH, resulting in Alaska being a Federal OSHA state.

That is not a desirable outcome for Alaskan employers. We would far prefer dealing with a state entity, that has the flexibility to adapt to the unique conditions of Alaska, and employs local residents who more fully understand the risks associated with our workplaces.

This bill will provide a stable funding mechanism that will protect the mission of worker safety and effective worker's compensation insurance administration. As a side-note, it will also help to preserve the Governors Safety and Health Conference, an important event that is self-sustaining and helps to reach and educate many Alaskans each year.

As I review each section of this proposed legislation, it all makes good, common sense. It spreads the cost of these important functions throughout the users in the State, it rewards excellence and it helps to maintain our important local relationships.

Thank you for this opportunity to present my views, Mr. Chairman, and I would be pleased to answer any questions from you or the committee.

February 28, 2000

Alaska State Legislature

Dear Honorable Senators and Representatives:

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

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

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

Sincerely,



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

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P.O. Box 46  
Kotzebue, Alaska 99752

City Hall  
442-3401

Police Dept.  
442-3351

Fire Dept.  
442-3401

Public Works  
442-3401

February 28, 2000

Via fax (907) 465-2040

The Honorable Norm Rokeberg, Chairman  
House Labor & Commerce Committee  
Alaska State House of Representatives  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Representative Rokeberg:

This letter represents our opposition to HB 378, the Workers' Compensation "fees" Bill presently being considered in your committee.


As drafted, the bill shifts costs currently paid by insurance companies to self-insureds, including public entities. As you know, our municipalities are facing unprecedented financial challenges and governments seeking the most cost effective risk financing have turned to self-insurance or pooling arrangements to reduce the cost of protecting their constituents (and yours). This Bill would impose additional costs to Alaska's public entities. As written, this Bill would cause our Pooling Arrangement with the Joint Insurance Association another unnecessary increase in the cost of operations with absolutely no advantage to the citizens we serve and you represent.

The Workers' Compensation and OSHA divisions are not alone in suffering the pain inflicted by recent state budget cuts. You are certainly aware that municipalities have borne the brunt of these cuts since 1986, and many are on the brink of dissolving. Please do not continue to shift the costs of State government programs to the backs of local government.

It is our understanding that Department of Labor estimates show that public entities would account for approximately 20 percent of the \$3.5 million expected to be raised through this proposal, which amounts to about \$700,000. The remainder of the new dollars generated will be by cost shifting from the private sector to the public sector. In this scenario, the private carriers will see some relief, yet can you realistically believe that those carriers will cut their rates correspondingly?

We strongly urge you to eliminate the public sector, including joint insurance arrangements (that the legislature allowed for by Statute for municipal pooling in the mid-'80's) from this Bill. Thank you. I will be happy to answer additional questions should you or your staff desire more information.

Sincerely,

  
Nancy E. Galstad  
City Manager

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FEB-28-2000 MON 10:26 AM

FAX NO.

P. 02

FEB-25-00 FRI 04:17 PM WORKERS COMP ANCH

FAX NO. 907 289 4975

P. 02

FEB-25-00 04:15 PM IBEW, FAIRBANKS

907 466 4292

P. 02

# International Brotherhood of Electrical Workers

Local 1547

60 HALL STREET  
FAIRBANKS, ALASKA 99701-4893

TELEPHONE (907) 466-4246 or 466-4249 FAX (907) 466-4292

BUSINESS MANAGER - FINANCIAL SECRETARY

PRESIDENT



February 25, 2000

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

Re: HB178/HB272

Dear Governor Knowles:

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

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

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

Sincerely,

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

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FEB-25-00 FRI 04:51 PM WORKERS COMP ANCH

FAX NO. 907 289 4975

P. 02

FEB-25-2000 15:32

BETHEL NATIVE CORP

P.02/02



FAX

February 25, 2000

To: The Legislature

RE: House Bill 378  
Senate Bill 272

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

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

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

Very truly yours,

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

Maro D. Stemp  
President and Chief  
Executive Officer

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# ALASKA STATE AFL-CIO

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

MANO FREY  
Executive President



BRUCE LUDWIG  
Secretary / Treasurer

Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

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

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

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

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

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

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

Don Ethridge  
AFL-CIO Lobbyist

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FUNDING BY FUND TYPE

	COVERAGE	FUND TYPE	ASSESSMENT	PAID BY	OTHER INCOME
AK	PRIVATE	GENERAL FUND			
II	PRIVATE	GENERAL FUND			
A	PRIVATE	GENERAL FUND			
L	PRIVATE	GENERAL FUND			
N	PRIVATE	GENERAL FUND			
JD	EXCLUSIVE FUND	GENERAL FUND	PREMIUMS	EMPLOYERS	FINES AND PENALTIES
JT	PRIVATE AND STATE FUND	GENERAL FUND			
JA	PRIVATE AND STATE FUND	GENERAL FUND AND SPECIAL ACCOUNT	.013459 X TOT INDEM SELF INSURED .005233 X TOT INDEM CARRIERS	CARRIERS AND SELF INSURED	
VD	PRIVATE AND STATE FUND	GENERAL FUND AND SPECIAL ACCOUNT	BUDGET SET BY LEGISLATURE AND FUNDING DERIVED FROM PRORATED % OF TOTAL PAYROLL	CARRIERS, SELF INSURED AND STATE FUND	\$500 ANNUALLY FOR SELF INSURED & GROUPS
VII	PRIVATE	GENERAL FUND AND SPECIAL ACCOUNT	.75% OF TOTAL COMP PAID FOR EDUCATION FUND	CARRIERS	
VC	PRIVATE	GENERAL FUND AND SPECIAL ACCOUNT	22% OF NET WRITTEN PREMIUMS	STOCK & MUTUAL CARRIERS & SELF INSURED	
JK	PRIVATE AND STATE FUND	GENERAL FUND AND SPECIAL ACCOUNT	1% PREMIUM TAX AND 2% SELF INSURED PTD AND DEATH PAYMENTS	CARRIERS AND SELF INSURED	FINES AND PENALTIES
SC	PRIVATE	GENERAL FUND AND SPECIAL ACCOUNT	2.5% OF PREMIUMS	CARRIERS AND SELF INSURED	FINES AND PENALTIES
SD	PRIVATE	GENERAL FUND AND SPECIAL ACCOUNT	\$14 PER POLICY WRITTEN		
TN	PRIVATE	GENERAL FUND AND SPECIAL ACCOUNT	4% OF PRMIMUMS	CARRIERS AND SELF INSURED	

FUNDING BY FUND TYPE

	COVERAGE	FUND TYPE	ASSESSMENT	PAID BY	OTHER INCOME
IS	PRIVATE	SPECIAL ACCOUNT	2.597% PAID LOSES UP TO 3% LIMIT	CARRIERS, SELF INSUREDS AND GROUPS	
IY	PRIVATE	SPECIAL ACCOUNT	9% OF PREMIUMS	CARRIERS AND SELF INSUREDS	
IA	PRIVATE	SPECIAL ACCOUNT	1.59% OF PAID LOSES	CARRIERS AND SELF INSUREDS	FINES & PENALTIES
MA	PRIVATE	SPECIAL ACCOUNT	PRIVATE INDUSTRY PAYS .04% SURCHARGE ON POLICY PREMIUM. PUBLIC ENTITIES PAY .154% SELF INSUREDS PAY .14567% AND GROUPS PAY .03245%	EMPLOYERS	FINES AND PENALTIES
ME	PRIVATE	SPECIAL ACCOUNT	2.26% OF CARRIER PREMIUMS AND 2.41652302% FOR SELF INSUREDS	CARRIERS	LATE PAY PENALTIES
MN	PRIVATE AND STATE FUND	SPECIAL ACCOUNT	30% OF INDEMNITY PAYMENTS	CARRIERS, SELF INSUREDS AND STATE FUND	
MO	PRIVATE	SPECIAL ACCOUNT	2% OF PREMIUMS	CARRIERS AND SELF INSUREDS	
MS	PRIVATE	SPECIAL ACCOUNT	\$250 ANNUAL FEE PLUS PORTION OF BUDGET BASED ON INSURER'S % OF AGGREGATE COMPENSATION PAID BY ALL INSURERS	CARRIERS AND SELF INSUREDS	CIVIL PENALTIES
MT	PRIVATE AND STATE FUND	SPECIAL ACCOUNT	3% OF TOTAL MEDICAL AND INDEMNITY PAYMENTS - \$200 MINIMUM	CARRIERS, SELF INSUREDS AND STATE FUND	FINES
NE	PRIVATE	SPECIAL ACCOUNT	1% OF PREMIUMS	CARRIERS AND SELF INSUREDS	
NH	PRIVATE	SPECIAL ACCOUNT	PRORATED ON TOTAL COMP PAID	CARRIERS AND SELF INSUREDS	
NJ	PRIVATE	SPECIAL ACCOUNT	NO RESPONSE	CARRIERS AND SELF INSUREDS	
NM	PRIVATE	SPECIAL ACCOUNT	\$2.00 QTLY	EACH EMPLOYER AND EMPLOYEE	CIVIL PENALTIES
NV	EXCLUSIVE FUND	SPECIAL ACCOUNT	PREMIUMS	EMPLOYERS	

FUNDING BY FUND TYPE

	COVERAGE	FUND TYPE	ASSESSMENT	PAID BY	OTHER INCOME
Y	PRIVATE AND STATE FUND	SPECIAL ACCOUNT	PORTION OF BUDGET BASED ON INSURER'S % OF AGGREGATE COMPENSATION PAID BY ALL INSURERS	CARRIERS, SELF INSUREDS AND STATE FUND	FINES AND PENALTIES
H	EXCLUSIVE FUND	SPECIAL ACCOUNT	PREMIUMS	EMPLOYERS	
R	PRIVATE AND STATE FUND	SPECIAL ACCOUNT	7.3% OF PREMIUMS AND .2% OF SELF INSURED GROUPS	CARRIERS, SELF INSUREDS AND STATE FUND	FINES AND PENALTIES
A	PRIVATE AND STATE FUND	SPECIAL ACCOUNT	PRORATED ON TOTAL COMP PAID	CARRIERS, SELF INSUREDS AND STATE FUND	
I	PRIVATE	SPECIAL ACCOUNT	5.75% OF PREMIUMS	CARRIERS AND SELF INSUREDS	FINES AND PENALTIES
A	PRIVATE	SPECIAL ACCOUNT	2.5% OF PREMIUMS	CARRIERS AND SELF INSUREDS	
T	PRIVATE	SPECIAL ACCOUNT	1.19% OF PREMIUMS FOR CARRIERS AND 1% TOTAL COMP FOR SELF INSUREDS	CARRIERS AND SELF INSUREDS	
MA	EXCLUSIVE FUND	SPECIAL ACCOUNT	PREMIUMS	EMPLOYERS	FINES AND PENALTIES
MV	EXCLUSIVE FUND	SPECIAL ACCOUNT	PREMIUMS	EMPLOYERS	
NY	EXCLUSIVE FUND	SPECIAL ACCOUNT	PREMIUMS	EMPLOYERS	PENALTIES FINES AND INCOME ON INVESTMENTS

FUNDING BY FUND TYPE

	COVERAGE	FUND TYPE	ASSESSMENT	PAID BY	OTHER INCOME
TX	PRIVATE	GENERAL FUND AND SPECIAL ACCOUNT	1.68% OF PREMIUMS	CARRIERS AND SELF INSURED	
MI	PRIVATE	GENERAL FUND AND SPECIAL ACCOUNT	PRORATED ON TOTAL INDEMNITY PAID		
AL	PRIVATE	SPECIAL ACCOUNT	\$250 ANNUAL FEE PLUS PORTION OF BUDGET BASED ON INSURER'S % OF AGGREGATE COMPENSATION PAID BY ALL INSURERS	CARRIERS, SELF INSURED AND GROUPS	
AR	PRIVATE	SPECIAL ACCOUNT	3% OF PREMIUMS	CARRIERS AND SELF INSURED	\$500 1ST YR CARRIERS \$100 1ST YR SELF INSURED
AZ	PRIVATE AND STATE FUND	SPECIAL ACCOUNT	3% OF PREMIUMS	CARRIERS, SELF INSURED AND STATE FUND	
CO	PRIVATE AND STATE FUND	SPECIAL ACCOUNT	3.25% OF PREMIUMS	CARRIERS AND SELF INSURED	FINES & PENALTIES
CT	PRIVATE	SPECIAL ACCOUNT	PORTION OF BUDGET BASED ON INSURER'S % OF AGGREGATE COMPENSATION PAID BY ALL INSURERS WITH A 4% CAP ON ANY ONE INSURER	CARRIERS AND SELF INSURED	
DC	PRIVATE	SPECIAL ACCOUNT	FEDERAL APPROPRIATION	CARRIERS AND SELF INSURED	FINES & PENALTIES
DE	PRIVATE	SPECIAL ACCOUNT	1% OF PREMIUMS AND SPECIAL ADMIN ASSESSMENT OF 4.6201% OF TOTAL COMPENSATION PAID	CARRIERS	
FL	PRIVATE	SPECIAL ACCOUNT	4% OF PREMIUMS	CARRIERS, SELF INSURED & MUTUAL CO	FINES & PENALTIES & INVESTMENT INCOME
GA	PRIVATE	SPECIAL ACCOUNT	PORTION OF BUDGET BASED ON INSURER'S % OF NET EARNED PREMIUMS PAID	CARRIERS AND SELF INSURED	
ID	PRIVATE AND STATE FUND	SPECIAL ACCOUNT	2.5% OF PREMIUMS	CARRIERS, SELF INSURED AND STATE FUND	FINES & PENALTIES