

MAINE STATE LEGISLATURE

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R. of S.

L.D. 2051

DATE: 3-28-02

(Filing No. H-1036)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1548, L.D. 2051, Bill, "An Act to Increase the Workers' Compensation Insurance Assessment to Fund a Hearing Officer Position"

Amend the bill by striking out the title and substituting the following:

'An Act Regarding Funding of the Activities of the Workers' Compensation Board'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 39-A MRSA §154, sub-§6, as amended by PL 2001, c. 393, §1, is repealed and the following enacted in its place:

6. Assessment levied; reserve funds. The assessments levied under this section may not be designed to produce more than \$8,300,000 in revenue annually beginning in fiscal year 2002-03.

A. Assessments collected that exceed \$8,300,000 by a margin of more than 10% must be refunded to those who paid the assessment.

B. Any amount collected above the board's allocated budget and within the 10% margin must be used to create a reserve of up to 10% of the board's annual budget. Any collected amounts or savings above the allowed reserve must be used to reduce the assessment for the following fiscal year.

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2 C. The board, at its discretion, may authorize use of funds
3 in the reserve created pursuant to paragraph B to support
4 the activities of the board.

5 D. The board shall determine the assessments prior to May
6 1st and shall assess each insurance company or association
7 and self-insured employer its pro rata share for
8 expenditures during the fiscal year beginning July 1st.
9 Each self-insured employer shall pay the assessment on or
10 before June 1st. Each insurance company or association
11 shall pay the assessment in accordance with subsection 3.

12 **Sec. 2. Caribou hearing officer.** Notwithstanding Private and
13 Special Law 2001, chapter 24, a portion of the increased
14 assessment on workers' compensation insurance established in that
15 section of this Act that repeals and replaces the Maine Revised
16 Statutes, Title 39-A, section 154, subsection 6 may be used to
17 fund the administrative hearing officer position in the Caribou
18 office of the Workers' Compensation Board.

19 **Sec. 3. Transition.** The Workers' Compensation Board shall use
20 funds remaining in its reserve fund at the end of fiscal year
21 2001-02 to fund expenses as needed in fiscal year 2002-03. Any
22 funds remaining in the reserve fund at the end of fiscal year
23 2002-03 are carried forward as the reserve fund in fiscal year
24 2003-04.

25 **Sec. 4. Appropriations and allocations.** The following
26 appropriations and allocations are made.

27 **WORKERS' COMPENSATION BOARD**

28 **Administration - Workers' Compensation Board**

29 Initiative: Provides funds to support the activities of the
30 Workers' Compensation Board, including funding the
31 administrative hearing officer position in the Caribou office
32 of the Workers' Compensation Board.

33	34	35	36
37	Other Special Revenue funds	2001-02	2002-03
38	Personal Services	\$0	\$768,533
39	All Other	0	541,481
40	Capital Expenditures	0	100,000
41			
42	Total	\$0	\$1,410,014

43 **Workers' Compensation Board**

44 Initiative: Provides funds for the increased per diem and all
45 other expenses for the Workers' Compensation Board.

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2	Other Special Revenue funds	2001-02	2002-03
	Personal Services	\$0	\$5,000
4	All Other	0	94
6	Total	<u>\$0</u>	<u>\$5,094</u>
8	WORKERS' COMPENSATION BOARD		
	DEPARTMENT TOTALS	2001-02	2002-03
10	OTHER SPECIAL REVENUE FUNDS	\$0	\$1,415,108
12	DEPARTMENT TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$1,415,108</u>

14 **Sec. 5. Effective date.** This Act takes effect July 1, 2002.'

16 Further amend the bill by inserting at the end before the
18 summary the following:

20 **FISCAL NOTE**

22 **2002-03**

24 **APPROPRIATIONS/ALLOCATIONS**

26 Other Funds \$1,415,108

28 This amendment includes an Other Special Revenue fund
30 allocation of \$1,415,108 in fiscal year 2002-03 to the Workers'
32 Compensation Board for the additional costs of supporting the
34 activities of the board, including funding the administrative
hearing officer position in the Caribou office of the Workers'
Compensation Board.

36 This amendment authorizes the board to utilize funds
38 remaining in its reserve fund at the end of fiscal year 2001-02
to support the activities of the board in fiscal year 2002-03.
40 Officials from the Workers' Compensation Board indicate that
42 funds in the reserve account are sufficient to cover the
44 additional costs to the board in fiscal year 2002-03 of
\$1,415,108 without increasing the assessments to insurance
46 companies or associations and self-insured employers. Any funds
remaining in the reserve fund at the end of fiscal year 2002-03
must be carried forward in the reserve fund.

48 This amendment authorizes the increase in the assessment cap
to fund the Workers' Compensation Board to \$8,300,000 beginning

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in fiscal year 2002-03 and reduces the limit on the reserve fund created by over-collections from 25% to 10% of the board's budget. Increasing the assessment cap may result in increased dedicated revenues to the Workers' Compensation Board beginning in fiscal year 2002-03. However, because the board intends to utilize funds in the reserve account to fund the additional expenses of the board in fiscal year 2002-03, the board does not anticipate collecting additional revenues through assessments for that fiscal year. The increased assessment cap will result in increased dedicated revenues to the Workers' Compensation Board beginning in fiscal year 2003-04. The amount can not be determined at this time.'

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SUMMARY

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This amendment replaces the bill. It increases the cap on the assessment to fund the Workers' Compensation Board to \$8,300,000 beginning in fiscal year 2002-03. It reduces the limit on the reserve fund created by over-collections from 25% of the board's budget to 10% of the board's budget and authorizes the board to use the reserve fund, at its discretion, to support the activities of the board. The amendment also adds an appropriation and allocation section authorizing the board to spend \$1,415,108 in fiscal year 2002-03 in addition to the funds allocated for fiscal year 2002-03 in a previously enacted budget bill. The amendment directs the board to use its reserve account to fund the increased allocation for fiscal year 2002-03. It also adds a fiscal note to the bill.

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