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BUSINESS & LABOR

SENATE FILE 2232

BY DEARDEN, FRAISE, VILSACK,  
HORN, GETTINGS, PALMER,  
and GRONSTAL

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the second injury fund by providing for a  
2 surcharge on workers' compensation weekly benefits.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2232

1 Section 1. SURCHARGE FOR THE SECOND INJURY FUND.

2 1. For the fiscal period commencing July 1, 1998, and  
3 ending June 30, 1999, the treasurer of state may assess a  
4 surcharge on workers' compensation weekly benefits paid in the  
5 state during the fiscal year commencing July 1, 1996. The  
6 surcharge is payable by all self-insured employers making  
7 weekly benefit payments and all insurers making weekly benefit  
8 payments on behalf of insured employers. The surcharge  
9 applies to all workers' compensation insurance policies and  
10 self-insurance coverages of employers approved for self-  
11 insurance by the commissioner of insurance pursuant to section  
12 87.4 or 87.11, and to the state of Iowa, its departments,  
13 divisions, agencies, commissions, and boards, or any political  
14 subdivision coverages whether insured or self-insured. The  
15 surcharge shall not apply to any reinsurance or retrocessional  
16 transaction under section 520.4 or 520.9. The treasurer of  
17 state shall base the surcharge for each payor upon the payor's  
18 pro rata share of weekly benefits paid in the state during the  
19 fiscal year commencing July 1, 1996. The treasurer may use  
20 reports of weekly benefits paid derived from the last  
21 completed policy or reporting year, or other consistent  
22 allocation methodology. The surcharge is collectable by an  
23 insurer or from its policyholders if the insured employer  
24 fails to pay the insurer. An insurance carrier, its agent, or  
25 a third-party administrator shall not be entitled to any  
26 portion of the surcharge as a fee or commission for its  
27 collection. The surcharge is not subject to any taxes,  
28 licenses, or fees. The surcharge is not deemed to be an  
29 assessment or tax, but shall be deemed an additional benefit  
30 paid for injuries compensable under the second injury fund.  
31 However, the treasurer of state shall not collect over  
32 \$870,000 in assessing the surcharge.

33 2. The surcharges collected pursuant to this section shall  
34 be deposited in the second injury fund.

35 3. The administrative costs and expenses incurred by the

1 treasurer of state, the attorney general, the second injury  
2 fund, or the department of revenue and finance, in connection  
3 with the second injury fund, may be paid from the second  
4 injury fund, except that administrative costs and expenses  
5 incurred in the fiscal year commencing July 1, 1998, and  
6 ending June 30, 1999, shall not exceed \$170,000.

7 4. An insurer or self-insurer shall pay a surcharge  
8 imposed by this section no later than thirty days following  
9 the assessment.

10 5. a. If an insurer, policyholder, or self-insurer  
11 withdraws from doing business in this state before the  
12 surcharges authorized by this section become due, or fails or  
13 neglects to pay the surcharge imposed, the treasurer of state  
14 shall at once proceed to collect the surcharge, and may employ  
15 such legal process as may be necessary for that purpose, and  
16 when so collected shall deposit the surcharge into the second  
17 injury fund. The treasurer may bring the suit in any court of  
18 this state having jurisdiction, and reasonable attorney's fees  
19 may be taxed as costs in the suit.

20 b. If the surcharges imposed by this section are not paid  
21 or transferred when due, the insurer, policyholder, or self-  
22 insurer responsible for the failure shall be required to pay,  
23 as part of the surcharge, interest on the surcharge at the  
24 rate of one and one-half percent per month for each month or  
25 fraction of a month delinquent. If the treasurer of state  
26 prevails in any dispute concerning the assessment of a  
27 surcharge which has not been paid or transferred, interest  
28 shall be paid upon the amount found due to the state at the  
29 rate of one and one-half percent per month for each month or  
30 fraction of a month delinquent.

31 c. An insurer is not liable for a surcharge which is not  
32 paid to the insurer by the policyholder or employer provided  
33 the insurer has made good faith efforts to collect the  
34 surcharge from the policyholder or employer. An insurance  
35 carrier shall report to the treasurer of state a policyholder

1 or employer who fails to pay a surcharge within thirty days of  
2 its due date.

3 d. In any action concerning the amount of a surcharge  
4 imposed by this section, any other surcharge shall continue to  
5 be made based upon the amount assessed by the treasurer of  
6 state. In the event of an overpayment, the excess amount paid  
7 may be credited against future payments otherwise due.

8 e. An employer who fails to pay the surcharges imposed  
9 under this section shall not be allowed to purchase workers'  
10 compensation insurance coverage or to renew a self-insurance  
11 authorization unless and until the surcharge has been paid.

12 6. For the purposes of this section, "insurer" includes a  
13 self-insurance group approved by the commissioner of insurance  
14 pursuant to section 87.4.

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#### EXPLANATION

16 This bill authorizes the treasurer of state, for the fiscal  
17 year beginning July 1, 1998, to assess a surcharge on workers'  
18 compensation weekly benefits paid during the fiscal year  
19 beginning July 1, 1996, to be deposited in the second injury  
20 fund. The bill provides that the treasurer of state shall not  
21 collect over \$870,000 from any surcharge collected. The bill  
22 also allows the attorney general and the treasurer of state to  
23 recoup administrative expenses concerning the second injury  
24 fund, for the fiscal year beginning July 1, 1998, but not in  
25 an amount that exceeds \$170,000.

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HOUSE FILE 2232  
FISCAL NOTE

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A fiscal note for House File 2232 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 2232 allows all counties with a private lake in an unincorporated area to designate a Rural Improvement Zone. Under current law, counties with populations of 10,500 to 11,500 can designate a Rural Improvement Zone. Rural Improvement Zones are eligible for Tax Increment Financing.

FISCAL IMPACT

The fiscal impact of HF 2232 cannot be determined because the future growth in Rural Improvement Zones is unknown. The Bill allows taxes on future taxable valuation increases to be used for improvements. This diverts the uniform levy (\$5.40 per thousand dollars of taxable valuation) from the school aid formula to the improvements. This results in an increase in state aid. For every \$10,000,000 in taxable valuation that would have occurred naturally in a Rural Improvement Zone, state aid will increase by \$54,000.

(LSB 3697hh, JAS)

FILED MARCH 18, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR