

NFIB

The Voice of Small Business®

House Fin
April 7

ALASKA

March 28, 2013

The Honorable Bill Stoltze
House Finance Committee
Room 515
State Capitol Building
Juneau, Alaska 99801

RE: House Bill 76

Dear Representative Stoltze:

On behalf of the National Federation of Independent Business/Alaska, I wish to respectfully share our support for House Bill 76. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

House Bill 76 addresses the unemployment trust fund account so that it will meet federal compliance requirements, ensure that the unemployment insurance (UI) fund remains solvent, and minimize the burden for employers and employees. Federal compliance is important to business in order to avoid penalties that would be assessed beginning this fall. It also permits electronic filing of information in an effort to reduce cost and improve accuracy of data received from employers.

HB 76 revises the contribution requirements to keep the trust fund solvent and allows the commissioner the authority to eliminate or reduce increases in unemployment insurance tax rates that apply to the trust fund when it is fully funded, based on standards to ensure the actuarial soundness of the unemployment trust fund. This section has a 5-year sunset to relieve concerns that it might not work as expected.

These changes recognize the need to implement federal requirements addressing payment errors, revise the requirements that have lead to overfunding the UI Trust Fund, and improve the operations of the system.

We believe the changes put forth in this legislation will help homegrown small businesses in real ways. Currently the trust fund balance is \$275,938,000. Benefits paid in the past 12 months were \$159,664,000. Thus, the trust fund can support about a year and $\frac{3}{4}$ worth of benefits. We believe that this level of reserves is sufficient and small businesses ought not be taxed to build state reserves beyond this level.

Sincerely yours,



Dennis L. DeWitt
Alaska State Director

Attachment: UI Data Summary for Alaska from US Dept. of Labor

Cc: NFIB/AK Leadership Council
House Finance Committee members

UI Data Summary for Alaska

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CYQ: 2012.4

Benefits	(Quarterly)	Past 12 Months	Rank	High Value : Qtr		Low Value : Qtr	
Benefits Paid (000):	\$41,085	\$159,664	41	\$60,313	2010.1	\$1,663	1971.3
Initial Claims:	30,123	97,609	36	33,787	2009.4	6,230	1973.2
First Payments:	11,200	33,633	40	19,617	1977.1	2,132	1971.3
Weeks Claimed:	212,702	796,114	38	269,282	2010.1	39,062	1971.3
Wks Compensated:	170,553	671,062	38	321,508	1977.1	36,386	1971.3
Exhaustions:	4,736	20,777	38	9,445	1986.2	937	1971.3
Exhaustion Rate:		59.9%	3	76.5%	2010.4	20.2%	1976.3
Average Duration:		20.0	4	24.0	2010.2	14.1	2002.2
AWBA:	\$246.90	\$244.60	44	\$246.90	2012.4	\$46.09	1971.3
As % of AWW:		25.9	47				
Avg. Benefits per First Payment:		\$4,747					

Financial Information	Past 12 Months	Rank
State Revenues (000):	\$210,318	42
Total Wages (000)**:	\$3,808,741	48
Total Wages (Taxable Employers)(000)**:	\$2,908,341	49
Taxable Wages (000)**:	\$2,067,637	41
Avg. Weekly Wage**:	\$944.61	14
Avg. Tax Rate on Taxable Wages (%)**:	2.84	31
Avg. Tax Rate on Total Wages (%)**:	1.75	4
Calendar Yr Taxable Wage Base:	\$35,800	3
Trust Fund (TF) Balance (000):		
(Including Loans):	\$275,938	21
TF as % of Total Wages**:	2.26	4
Interest Earned (000):	51,826	21
Avg. High Cost Multiple +:	1	11
High Cost Multiple +:	0.62	10

Labor Force	(Quarterly)	Past 12 Mos	Rank
IUR (%):	4.2	4.2	2
TUR (%):	6.5	7.0	30
Total Unemp. (000):	23.6	25.6	46
Insured Unemployed (000)***			
Regular Programs:	13.0	12.8	42
All Programs:	20.2	21.9	42
Reciprocity Rates (%)***			
Regular Programs:	55	50	1
All Programs:	65	66	1
Covered Emp. (000)**:	315	308	50
Civ. Labor Force (000):	364	366	50
Subj. Employers (000):	18	18	52

Extended Benefits	(Quarterly)	Past 12 Months
Extended Benefits (000):	\$5	\$8,871
EB First Payments:	0	459
EB Weeks Claimed:	0	77,499
EB Exhaustions:	0	475

Loans	Rank
Outstanding Loan Bal (000):	50 21
Loan per Cov Employee:	50 21
Loan as % of Total Wages:	0 21

* Based on extrapolated wages for the most recent 12 months

** Wages and Covered Employment lag the rest of the Data Summary information by six months

*** Regular programs include State UI, UCFE and UCX

+ Refers to most recent calendar year. Fourth and first quarter issues publish measure based on extrapolated wages. Second and third quarter issues publish measure based on actual wages

See glossary for data definitions.

Note: Blank cells indicate that information is unavailable.