

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 76
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB076CS(L&C)-DOLWD-UI-3-20-13
Title: UNEMPLOYMENT; ELEC. FILING OF LABOR
INFO
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance

Department: Department of Labor and Workforce Development
Appropriation: Employment Security
Allocation: Unemployment Insurance
OMB Component Number: 2276

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	500.0		500.0	500.0	500.0	500.0	500.0
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/14

Why this fiscal note differs from previous version:

The committee substitute repeals the authority of the commissioner to suspend, in whole or in part, increases in unemployment tax rates effective July 1, 2018.

Prepared By:	Paul Dick, Director	Phone:	(907)465-4518
Division	Employment Security Division	Date:	03/20/2013 01:00 PM
Approved By:	Dianne Blumer, Commissioner	Date:	03/20/13
	Department of Labor and Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB076(L&C)

Analysis

This proposed legislation makes changes to unemployment compensations laws: allows the legislature to appropriate money into the Unemployment Insurance (UI) trust fund (section 2); brings the state into conformity with federal law (sections 3 and 7); replaces a table method for determining UI trust fund solvency adjustments with a more precise calculation method (section 5); authorizes the commissioner to suspend, in whole or in part, increases in UI tax rates when certain conditions are met (section 6); authorizes the department to offset unemployment compensation debt, as defined in the legislation, against a claimant's federal income tax return (section 8); defines "covered unemployment compensation debt" in accordance with the federal statutory definition (section 9); repeals section 6 effective July 1, 2018 (section 10), specifies that section 3 applies to overpaid benefits established October 21, 2013 (section 11), and specifies that the department will adopt necessary regulations to implement changes (section 12). The section on the department adopting regulations will be effective immediately and all else has an effective date of July 1, 2013.

There is no financial impact to the department anticipated as a result of this legislation.

There is some impact to state revenue generation anticipated.

Section 7 brings the state into conformity with federal law which requires that a minimum of 30 percent of unemployment benefit penalties collected be deposited into Alaska's UI Trust Fund. Currently, 100 percent of the penalties collected are deposited into the state's general fund. During FY2012, approximately \$280.0 in penalties were collected and deposited into the general fund. Under this proposed legislation, the general fund would experience a decrease in revenue of approximately \$84.0 while the UI Trust Fund would experience an increase in revenue of the same amount.

Section 8 authorizes the department to offset unemployment compensation debt against a claimant's federal income tax return through participation in the U.S. Treasury Offset Program (TOP). The department anticipates that the state will recover approximately \$440.0 in overpaid benefits and approximately \$60.0 in penalties. The overpaid benefits and 30 percent of the penalties collected (estimated at \$458.0) will be deposited into the UI trust fund; the other 70 percent of the penalties collected (estimated at \$42.0) will be deposited into the general fund.

As a result of sections 7 and 8, the department anticipates a net reduction of revenue to the general fund of \$42.0 annually and a net increase of revenue to the UI trust fund of \$542.0 annually.

Section 1 of this legislation also authorizes the commissioner to allow the use of electronic filing methods in place of paper filing. Please see the corresponding zero fiscal note from the Commissioner's Office for additional details.