



Senate Bill 217 version G

Sectional Analysis

"An Act increasing contributions to the Department of Labor and Workforce Development for the state training and employment program; relating to employer and employee contributions to the unemployment compensation fund; establishing an employer contribution for the state training and employment program; relating to unemployment benefits; relating to the qualifications for instructors at the Alaska Vocational Technical Center; relating to employment security contributions for certain sports officials; relating to exemptions from the Alaska Workers' Compensation Act; relating to employee unemployment tax credits; and providing for an effective date"

Section 1: Amends AS 12.62.400(a), National criminal history record checks for employment, licensing, and other noncriminal justice purposes, to add Alaska Vocational Technical Center (AVTEC) instructors.

Section 2: Amends AS 23.15.630(a) to increase employee contributions to the State Training and Employment Program (STEP) from 0.10 percent to 0.20 percent of taxable wages

Section 3: Amends AS 23.15.630(a) by removing the statutory reference to employee contributions to unemployment in AS 23.20.290(d).

Section 4: Amends AS 23.15.630 by adding new subsections (d) and (e).

- AS 23.15.360(d) establishes a new employer STEP tax of 0.4 percent of taxable wages.
- AS 23.15.360(e) establishes credits to the employer taxes established in subsection (d) in an amount equal to the contributions paid by the employer to unemployment under AS 23.20.290(c), with language to ensure credits do not result in the tax liability under (d) going below zero.

Section 5: Amends AS 23.15.835(a) by removing the statutory reference to employee contributions to unemployment in AS 23.20.290(d).

Section 6: Amends AS 23.15 by adding a new section, AS 23.15.845, requiring background checks for AVTEC Instructors.

Section 7: Amends AS 23.20.135(b) by removing the statutory reference to employee contributions to unemployment in AS 23.20.290(d).

Section 8: Amends AS 23.20.290(c) by:

- reducing the minimum contribution rate from one percent to not less than zero percent for employers with more than one year of experience; and

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- increasing the employer unemployment contribution from 73 percent of the average benefit cost rate to 100 percent beginning January 1, 2027.

Section 9: Amends AS 23.20.350(d) to

- alters the existing unemployment benefit schedule starting at a base period of between \$21,250 and \$21,500 such that the corresponding weekly benefit amount equates to roughly a 50 percent wage replacement;
- increases the maximum qualifying base wages for in the schedule from \$42,000 to \$49,000; and
- increases the corresponding unemployment benefit maximum from \$370 to \$470 per week.

Section 10: Amends AS 23.20.350 by adding a new subsection (h) requiring the department to adjust the unemployment benefit schedule annually based in the percentage change in wages established in AS 23.20.175.

- The base wages are rounded to the nearest \$250;
- The corresponding benefits are increased in \$2 increments for each additional \$250 in base wages; and
- A decrease to the base wages or weekly benefit amount is not permissible.

Section 11: Amends AS 23.20.526(a)(23) to exempt high school and amateur sports officials from unemployment insurance coverage.

Section 12: Amends AS 23.30.240 to add that certain other persons who own at least 10 percent of a cooperative organized under AS 10.15 are not considered employees of the cooperative and are therefore exempt from Workers' Compensation.

Section 13: Repeals AS 23.15.630(b), 23.15.835(b); and AS 23.20.290(d), which are all related to employee contributions to unemployment.

Section 14: Amends uncodified law to clarify that section 2 applies to contracts entered into on or after the effective date of section 2.

Section 15: Amends uncodified law to provide a transition period for implementation of AVTEC background checks with existing instructors through July 1, 2027.

Section 16: Amends uncodified law by instructing the department to submit for federal approval, the language in sections 3-5, 7-11 and 13.

Section 17: Amends uncodified law to provide a condition for sections 3-5, 7-11 and 13, to take effect only if approved by the U.S. Secretary of Labor before July 1, 2027.

Section 18: Amends uncodified law to provide a conditional effective date for sections 3-5, 7-11 and 13, of January 1, 2027, or the day after approval by the U.S. Secretary of Labor, whichever is later.

Section 19: Provides an immediate effective date for section 16.

Section 20: Provides this legislation, expect sections 18 and 19, takes effect on January 1, 2027.