



## REPRESENTATIVE CAROLYN HALL

HOUSE DISTRICT 16 | WEST ANCHORAGE

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### Sectional Analysis House Bill 193, 34-LS0612\H

*"An Act establishing a paid parental leave program; relating to special employer contributions; relating to the employment assistance and training program account; relating to unemployment benefits; relating to the collection of child support obligations; and relating to the duties of the Department of Labor and Workforce Development.""*

#### **Section 1.**

This section creates the Alaska paid Parental Leave Program in Article 9.

**Sec 23.10.700:** This section establishes the Alaska Paid Parental Leave Program in AS 23.10.700.

**Sec 23.10.705:** This section establishes the parental leave fund account in the general fund. The Commissioner of Administration shall account for funds collected under AS 23.10.710, and it is subject to appropriation by the legislature to implement the later sections of this act, AS 23.10.710-23.10.795.

**Sec. 23.10.710(a):** This section establishes the special employee contribution of .15 percent of wages under AS 23.20 and for the benefit of the paid parental leave program. It is set out in AS 23.20.175, with the contributions outlined in AS 23.20.290 (d). The department is required to remit money collected in accordance with AS 37.10.050, regarding the collection of fees by state agencies.

**Sec 23.10.710 (b):** This section directs the department to credit each employee with the amount equal to the amount collected from the employee under (a) of this section against unemployment contributions owed by the employee under AS 23.20.

**Sec. 23.10.710 (c):** The department is directed to assess and collect interest and penalties for delinquent reports and payments under this section. They shall be handled in accordance with AS 23.20.130(d), regarding the unemployment compensation fund.

**Sec. 23.10.715:** This section declares the qualifying purpose for paid parental leave.

**AS 23.10.715 (1):** This section it may be to care for a child within 12 months of the anticipated birth of that child, the adoption of that child by, or the placement of that child with the eligible employee, or the employee's appointment as a child's legal guardian.



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**AS 23.10.715(2):** This section states it may be to complete the foster or adoption of a child, or appointment as legal guardian, before the child is adopted or placed with the employee.

**Sec. 23.10.720(a):** This section directs the department to establish by regulation the procedures for filing a paid parental leave claim under AS 23.10.700-795, including certifying that the leave is qualified under the previous section, AS 23.10.715.

**Sec 23.10.720 (b):** This section states that an employee may file a claim with the department not more than 60 days before the anticipated start date of the qualifying absence from work, nor 90 days after the date which the qualifying absence began. The department may waive the latter deadline for good cause. The department may process the claim without the eligible employee filing exact dates of an anticipated absence from work. The department may adjust claim data through a modification process established by the department.

**Sec 23.10.720(c):** This section establishes what the department may accept to determine what is a qualified purpose for paid parental leave. It includes a child's birth certificate document from the health care provider or adoption agency, an individual approved by the department to confirm the adoption or anticipated adoption, or a document from the foster care agency, or an individual approved by the department confirming the placement or anticipated placement of the child in foster care; or a form signed by the employee acknowledging the paternity of the child, or a document from a state or tribal court confirming a petition for decree of legal guardianship of the child.

**Sec 23.10.725(a):** This section states that the employee who is paid at least \$2,500 in wages during at least two of the calendar quarters of the employee's base period is eligible to receive paid parental leave.

**Sec 23.10.725(b):** This section establishes the base period for Sec.23.10.725(a).

**Sec 23.10.725(c):** This section directs the department to establish the weekly benefit in the manner as AS 23.30.350(d). This section establishes the wage replacement for paid parental leave. It directs the department to calculate the weekly benefit in accordance with AS 23.10.730 for those employees using the accelerated benefit option.

**Sec 23.10.725(d):** This section states that the maximum number of weeks that an eligible employee may take paid parental leave is between eight and 26 weeks, cumulatively, as determined by the Department; the department is instructed to determine and make public the maximum duration on a yearly basis, based on fund solvency, forecasted use, and actuarial studies. The department is instructed to calculate the accelerated benefit option in accordance



with AS 23.10.730.

**Sec 23.10.725(e):** This section delineates the benefit year as a period of 52 consecutive weeks. This is the same definition as the Alaska Employment Security Act under AS 23.20.520.

**Sec 23.10.730:** This section defines the accelerated benefit option. Eligible employees may choose to receive the paid parental leave basis, which would double the weekly benefit amount. It would also reduce the total benefit duration by a corresponding week for each week of accelerated benefit claimed by the employee.

**Sec 23.10.735(a):** This section states that leave taken under this program can run concurrently with leave under the national Family and Medical Leave Act, as well as the leave allowed under AS 39.20.500, regarding public employee leave.

**Sec 23.10.735(b):** This section states that payments for paid parental leave can be made concurrently with or coordinated with leave provided under a short-term disability policy or a separate bank of paid parental leave under a collective bargaining agreement or employer policy. Employers must provide written notice of this request.

**Sec 23.10.735(c):** This section states that an employee may not be required to exhaust other leave such as vacation, sick leave or other paid time off before or while receiving paid parental leave. The employee may elect to use such leave while receiving paid parental leave, if the total amount received does not exceed the employee's average weekly earnings.

**Sec 23.10.735(d):** This section states that paid parental leave under AS 23.10.700-795 does not mean an employer is not obliged to follow more generous terms in a collective bargaining agreement or employment contract.

**Sec 23.10.740** This section states that an employee may be disqualified from benefits under this section if the department determines the employee made intentionally false statements or misrepresentations to obtain paid parental leave under this section

**Sec 23.10.745:** This section establishes an appeals process for employees who receive a determination made by the department regarding a paid parental leave claim within 90 days after receiving that notice.

**Sec 23.10.750(a):** This section states that an employee who receives a paid parental leave benefit to which they are not entitled under AS 23.10.700-AS23.10.795 shall repay the department the amount they were improperly paid. The department shall return these funds to the paid parental leave fund account established in AS 23.10.705.

**Sec.23.10.750(b):** This section establishes the process by which the department can serve notice for improper payments of paid parental leave and recoup the improper payments from that



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employee. They may deduct the amount improperly paid from future paid parental leave benefits or the permanent fund dividend of that employee; they may also waive repayment of all or a portion of the leave that was paid if the employee is determined to have died or that such repayment would be unfair or inequitable.

**Sec. 23.10.750(c):** This section permits the commissioner of the department to declare improper payments of paid parental leave uncollectable if an improper payment as not been repaid or deducted after a period of two years.

**Sec. 23.10.755.** This section directs the department to conduct a public education and outreach campaign to educate employees and employers about the availability of paid parental leave.

**Sec. 23.10.760(a):** This section establishes job protection for an employee who takes paid parental leave under AS 23.10.700-AS 23.10.795. Employers must return the employee to a position held when the leave began or an equivalent with equivalent seniority and benefits.

**Sec. 23.10.760(b):** This section requires employers to maintain an employee's health benefits during a period of paid parental leave. The employee shall continue to pay the employee's share of the cost of any health benefits.

**Sec. 23.10.760(c):** This section prohibits an employer to discriminate or threaten adverse action against an employee wishing to take parental leave or who uses parental leave.

**Sec. 23.10.760(d):** This section prevents an employer from taking action that would prevent or discourage an employee from taking paid parental leave.

**Sec. 23.10.760(e):** This section states that an employer may not consider paid parental leave as an absence that could result in discipline or adverse action against the employee.

**Sec. 23.10.760 (f):** This section directs the department's complaint process to give an employer a chance for a fair hearing, determine whether a violation occurred, and provide a remedy.

**Sec. 23.10.760 (g):** This section directs the department's complaint process to give an employer a chance for a fair hearing, determine whether or not a violation occurred, and provide a remedy.

**Sec. 23.10.760 (h):** Following a final determination, the employee(s) or employer may appeal the department's decision to a court of competent jurisdiction.

**Sec. 23.10.765(a):** This section directs employers to provide written notice to employees upon hiring, and on an annual basis, of their right to paid parental leave benefits, the amount



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available, how to apply for it, the employee's rights against discriminatory and retaliatory actions, and the process for filing a complaint.

**Sec. 23.10.765(b):** This directs an employer to have a poster with this information under (a) in this section placed in a prominent location in the workplace.

**Sec. 23.10.770(a):** This section states that an individual filing a claim for paid parental leave must disclose whether they owe child support; if an individual states that they do owe child support, the department must report that disclosure to the Department of Revenue.

**Sec. 23.10.770(b):** This section directs the department to deduct and withhold child support owed by an individual from any paid parental leave compensation, unless the obligor and obligee agree otherwise. The department is instructed to also withhold the amount specific in an agreement submitted to the department by the child support services agency of the Department of Revenue, and any amount required to be deducted and withheld through legal process as defined by US Social Security Act regarding interception of government payments owed to an individual, to satisfy support obligations.

**Sec. 23.10.770(c):** This section directs the department to pay an amount deducted under (b) of this section to the child support services agency of the Department of Revenue.

**Sec. 23.10.770(d):** This section states that any amount deducted or withheld from a paid parental leave policy under this section be treated as it were paid parental leave that was paid out to an individual who then paid the Department of Revenue in satisfaction of their child support obligations.

**Sec. 23.10.770(e):** This section states that it only applies if the department has made arrangements with the Department of Revenue to facilitate the administrative costs incurred.

**Sec. 23.10.770(f):** This section defines child support obligation to include only obligations enforced under federal law, 42. U.S.C. 654, Sec. 454 of the Social Security Act.

**Sec. 23.10.775(a):** This section declares that if the IRS determines that paid parental leave benefits are subject to federal income tax, the department shall advise an individual filing for a claim for paid parental leave it is subject to federal income tax; that federal requirements exist pertaining to federal tax payments and that an individual may elect to have federal income tax deducted and withheld from the payment of paid parental leave. It also states that the individual is permitted to change a previously elected status for the withholding of federal income tax.

**Sec. 23.10.775(b):** This section states that the amounts deducted for federal income tax and withheld from paid parental leave shall remain in the paid parental leave fund account established in AS 23.10.705 until transferred to the IRS for purposes of paying federal income tax.



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**Sec. 23.10.775(c):** This section directs the department to comply with the legal requirements of the federal Department of Labor and Internal Revenue Service regarding deduction and withholding of federal income tax.

**Sec. 23.10.780.** This section states that the commissioner shall submit to the governor an actuarial study of the benefits structures established under AS 23.10.700-795.

**Sec. 23.10.795.** This section establishes the definitions of employee, employer, and employment for the purposes of AS 23.10.700-AS.23.10.795.

#### **Section 2.**

**Sec. 23.15.625:** This section amends AS 23.15.625 to reflect a conforming change in Sec 3 of this bill, with AS 23.20.290(c).

#### **Section 3.**

This section amends AS 23.20.290(c) to reflect additional changes in employer contributions reflected in AS 23.20.290(h) and AS 23.20.290(i).

#### **Section 4.**

This section amends AS 23.20.290 by adding new subsections:

**AS 23.20.290(g):** This section allows the department to implement special employer contributions if they are consistent with maintaining fund solvency. If they do so, they department shall:

- (1) Collect from each employer an amount equal to .20 percent of the wages on which an employer is required to make contributions under (c ) of this section, and remit those funds to the paid parental leave fund account established;
- (2) Collect from each employer an amount to .10 percent of the wages on which the employer is required to make contributions under (c ) of this section, and remit those funds to the employer assistance and training program account established under AS 23.15.625.

**AS 23.20.290(h):** This section directs the department to reduce the contributions owed by an employer by an amount equal to the amount collected under AS 23.20.290(g), notwithstanding AS 23.20.290(c), regarding rate determination.

**AS 23.20.290(i):** This section allows the department to reduce the employer contributions to a rate of not less than .50 percent, following implementation of the special employer contributions under AS 23.20.290(g); and only if it is consistent with maintaining fund solvency.



**Section 5.**

**AS 23.20.350(d):** This section updates the weekly benefit and base period wages for AS 23.20.350(d), regarding unemployment insurance benefits, adjusting for inflation and increasing the maximum wage and ensuring wage replacement is always at least 50% of an employee's average weekly wage.

**Section 6.**

This section amends AS 23.20.350(f) to update the dependent benefit for inflation. This reflects the inflation adjusted rate of \$10 per dependent in 1973.

**Section 7.**

This section amends AS 23.20.350 to add a new subsection, (h), that directs the department to adjust the base period wages and dependent allowance for inflation, according to the first three of the preceding four calendar years of the Consumer Price Index and calculate a new weekly benefit.

**Section 8.**

This section amends AS 25.27.020(a) to add a reference to AS 23.10.770, withholding of paid parental leave and child support obligations. This is a conforming change.

**Section 9.**

This section amends AS 37.05.146(c), regarding the definition of program receipts and non-general fund program receipts, to include a reference to the paid parental leave fund account established in AS 23.10.705.

**Section 10.**

This section amends the uncodified law of the State of Alaska to add a new section that states that eligible employees may begin receiving paid parental leave claims beginning January 1<sup>st</sup>, 2027 for qualifying purposes following that date.

**Section 11.**

This section adds a new section to the uncodified law of the State of Alaska directing that the commissioner of the department of labor and workforce development will submit to the governor the first actuarial study required by AS 23.10.780 on December 1<sup>st</sup>, 2026.



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