



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
<b>Benefits Paid (000):</b>	\$41,085	\$159,664	41	\$60,313 2010.1	\$1,663 1971.3
<b>Initial Claims:</b>	30,123	97,609	36	33,787 2009.4	6,230 1973.2
<b>First Payments:</b>	11,200	33,633	40	19,617 1977.1	2,132 1971.3
<b>Weeks Claimed:</b>	212,702	796,114	38	269,282 2010.1	39,062 1971.3
<b>Wks Compensated:</b>	170,553	671,062	38	321,508 1977.1	36,386 1971.3
<b>Exhaustions:</b>	4,738	20,777	38	9,445 1986.2	937 1971.3
<b>Exhaustion Rate:</b>		59.9%	3	76.5% 2010.4	20.2% 1976.3
<b>Average Duration:</b>		20.0	4	24.0 2010.2	14.1 2002.2
<b>AWBA:</b>	\$246.90	\$244.60	44	\$246.90 2012.4	\$46.09 1971.3
<b>As % of AWW:</b>		25.9	47		
<b>Avg. Benefits per First Payment:</b>		\$4,747			

Financial Information	Past 12 Months	Rank	Labor Force	(Quarterly)	Past 12 Mos	Rank
<b>State Revenues (000):</b>	\$210,318	42	<b>IUR (%):</b>	4.2	4.2	2
<b>Total Wages (000)**:</b>	\$3,808,741	48	<b>TUR (%):</b>	6.5	7.0	30
<b>Total Wages (Taxable Employers)(000)**:</b>	\$2,908,341	49	<b>Total Unemp. (000):</b>	23.6	25.6	46
<b>Taxable Wages (000)**:</b>	\$2,067,637	41	<b>Insured Unemployed (000) ***</b>			
<b>Avg. Weekly Wage**:</b>	\$944.61	14	<b>Regular Programs:</b>	13.0	12.8	42
<b>Avg. Tax Rate on Taxable Wages (%) **:</b>	2.84	31	<b>All Programs:</b>	20.2	21.9	42
<b>Avg. Tax Rate on Total Wages (%) **:</b>	1.75	4	<b>Reciprocity Rates (%) ***</b>			
<b>Calendar Yr Taxable Wage Base:</b>	\$35,800	3	<b>Regular Programs:</b>	55	50	1
<b>Trust Fund (TF) Balance (000):</b>			<b>All Programs:</b>	65	86	1
<b>(Including Loans):</b>	\$275,938	21	<b>Covered Emp. (000)**:</b>	315	308	50
<b>TF as % of Total Wages**:</b>	2.26	4	<b>Civ. Labor Force (000):</b>	364	366	50
<b>Interest Earned (000):</b>	\$1,826	21	<b>Subj. Employers (000):</b>	18	18	52
<b>Avg. High Cost Multiple *:</b>	1	11				
<b>High Cost Multiple *:</b>	0.62	10				

Extended Benefits	(Quarterly)	Past 12 Months	Rank
<b>Extended Benefits (000):</b>	\$5	\$8,871	
<b>EB First Payments:</b>	0	459	
<b>EB Weeks Claimed:</b>	0	27,499	
<b>EB Exhaustions:</b>	0	475	
<b>Outstanding Loan Bal (000):</b>	\$0	21	
<b>Loan per Cov Employee:</b>	\$0	21	
<b>Loan as % of Total Wages:</b>	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 no data available for the report period. All data information is unaudited.