



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Labor and
Workforce Development**

Administrative Services Division

Post Office Box 11149
Juneau, Alaska 99811
Main: 907.465.5980
Fax: 907.465.2107

March 15, 2017

The Honorable Sam Kito
House Labor and Commerce Chair
State Capitol, Room 403
Juneau, AK 99801

Dear Representative Kito:

Thank you for the opportunity to provide testimony to the House Labor and Commerce committee in support of HB 141 on March 10, 2017. Provided below and enclosed is information in response to questions raised by committee members.

Representative Sullivan-Leonard asked how much Technical and Vocational Education Program (TVEP) funding has been distributed since inception of the program per employee that has paid into the system over that same timeframe.

Twenty dollars and eighty-four cents (\$20.84) in TVEP funding has been distributed per employee that paid into the system since inception. This gives a rough estimate of the average contribution from each employee to the program.

Representative Knopp asked for a comparison of Alaska's unemployment insurance contribution rates compare to other states.

The Tax Policy Center has a table (enclosed) that shows state unemployment insurance contribution rates for 2017. This table only seems to compare employer contribution rates. As mentioned during the hearing, Alaska is one of three states that also collects employee contributions to unemployment insurance. According to the 2017 Fast Wage and Tax Facts published by ADP, LLC., in 2017 the employee contribution rate in Alaska is 0.5%; in Pennsylvania, it is 0.07%; and in New Jersey, it is 0.525%. Here is a link to the complete publication for the committee's reference:

<http://www.ADP.com/Fast>

Please do not hesitate to contact me if you have additional questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paloma Harbour".

Paloma Harbour
Administrative Services Director

10-Feb-17

State Unemployment Tax Rates, 2017

State	Wages Subject to Tax	Minimum Rate [1]	Maximum Rate [1]	New Employer Rate [2]
Alabama	\$8,000	0.59%	6.74%	2.7%
Alaska	\$39,800	1%	5.4%	2.1%
Arizona	\$7,000	0.03%	8.91%	2.0%
Arkansas	\$12,000	0.1%	6.0%	2.9%
California	\$7,000	1.5%	6.2%	3.4%
Colorado	\$12,500	0.66%	8.9%	1.7%
Connecticut	\$15,000	1.9%	6.8%	4.3%
Delaware	\$18,500	0.1%	8.0%	1.9%
District of Columbia	\$9,000	1.6%	7.0%	2.7%
Florida	\$7,000	0.1%	5.4%	2.7%
Georgia	\$9,500	0.025%	5.4%	2.62%
Hawaii	\$40,400	0.0%	5.6%	2.4%
Idaho	\$37,800	0.425%	5.4%	1.488%
Illinois	\$12,960	0.55%	7.75%	3.55%
Indiana	\$9,500	0.505%	7.474%	2.5%
Iowa	\$29,300	0.0%	8.0%	1.0%
Kansas	\$14,000	0.2%	7.6%	2.7%
Kentucky	\$10,200	1.0%	10.0%	2.7%
Louisiana	\$7,700	0.10%	6.2%	Industry Avg
Maine	\$12,000	0.57%	5.4%	2.04%
Maryland	\$8,500	0.3%	7.5%	2.6%
Massachusetts	\$15,000	0.73%	11.13%	1.87%
Michigan	\$9,000	0.06%	10.3%	2.7%
Minnesota	\$32,000	0.1%	9.0%	1.59%
Mississippi	\$14,000	0.00%	5.4%	1.0%
Missouri	\$13,000	0.0%	9.75%	3.51%
Montana	\$31,400	0.00%	6.12%	Industry Avg
Nebraska	\$9,000	0.0%	5.4%	1.25%
Nevada	\$29,500	0.25%	5.4%	2.95%
New Hampshire	\$14,000	0.1%	7.5%	1.7%
New Jersey	\$33,500	0.5%	5.8%	2.8%
New Mexico	\$24,300	0.33%	5.4%	Industry Avg
New York	\$10,900	1.1%	8.5%	3.4%
North Carolina	\$23,100	0.06%	5.76%	1.0%
North Dakota	\$35,100	0.28%	10.72%	1.62%
Ohio	\$9,000	0.3%	8.7%	2.7%
Oklahoma	\$17,700	0.1%	5.5%	1.5%
Oregon	\$38,400	1.11%	5.4%	2.6%
Pennsylvania	\$9,750	2.801%	10.8937%	3.6785%
Rhode Island	20,600 or \$22,100 for high tax group employers	1.69%	9.79%	2.27%
South Carolina	\$14,000	0.06%	5.46%	1.39%
South Dakota	\$15,000	0.0%	9.5%	1.2%
Tennessee	\$8,000	0.01%	10.0%	2.7%
Texas	\$9,000	0.45%	7.47%	2.7%
Utah	\$33,100	0.2%	7.2%	Industry Avg
Vermont	\$17,300	1.3%	8.4%	1.0%
Virginia	\$8,000	0.17%	6.27%	2.57%
Washington	\$45,000	0.1%	5.70%	Industry Avg
West Virginia	\$12,000	1.5%	7.5%	2.7%
Wisconsin	\$14,000	0.05%	12.0%	3.25%
Wyoming	\$25,400	0.27%	8.8%	Industry Avg

Industry Avg: Industry Average

1. Rates apply only to experience rated employers and do not include applicable non UI taxes,

surtaxes, penalties, or surcharges. In most States, rate year 2016 begins on Jan 1, 2016, and ends on Dec 31, 2016. In NH, NJ, TN, and VT rate year 2016 begins on July 1, 2016, and ends on June 30, 2017. All tax rates for 2016 are initially posted in the July issue. In AR (there is an additional assessment of 2.0% for employers having a deficit rate for 2 years; 4.0% for 3-4 years; 6.0% for 5-6 years; and 8.0% for 7 or more years). In CO experience-rated employers pay an additional 0.2447 of base premium rate for bond principal repayment. In ID, the Admin Reserve Fund is in effect for 2016. Rates for IL include the fund building surcharge. For ME there is an additional 0.06% for the Competitive Skills Scholarship Fund on all employer rates. NM max rate is 5.4%, but NM assesses an excess claim rate to accounts that exceed 5.4%, not to exceed 1.0% raising the max rate to 6.4% for 2016. For MI, an obligation assessment is calculated for each experience rate and is added to each employer's rate. In RI all employers pay an additional 0.21% for the job development fund.

2. New employer rate shown is the base rate. Higher rates may apply depending on industry classification and/or other factors: DE (construction employers pay an avg industry rate); DC; IL (4.15% construction employers and 3.75% Admin Support & Waste Mgmt & Remediation Svcs); IN (1.60% new governmental employers); IA (8.0% new construction employers and 1.0% new nonconstruction employers); KS (6.0% new construction employers); KY (foreign & domestic construction firms receive max rate); MD (foreign construction contractors 7.5%); MA (6.73% new construction employers); ME (predetermined yield); MI (construction employers receive industry rate); MN (high experience rated industry new employers are assigned a rate of 9.10% plus base rate, assessments, and fees); MT (InAvg, but no less than 1.00%; for 2016 between 1.00% and 2.60%, plus 0.18% Admin Fund Tax; new governmental entities are assigned median rate, for 2016, 0.36%, plus 0.09% Alternative Fund Tax); MO (greater of 3.51% or InAvg; new construction employers pay 4.362%); NE (1.00% new nonconstruction industry employers & 5.40% new construction industry employers not eligible for experience rating); NJ; NM (new contributing employers will have a rate that is the greater of their industry avg UI contribution rate or 1.0%. Industry classifications for contributory, experienced employers are used to determine the avg industry rates of new employers. Based on the NAICS code for the establishment, this is the employer's assigned industry rate which remains in effect until 2 years as an experience rate employer is acquired.); NY (highest rate assigned to employers with positive account balances or 3.4%, whichever is less); ND (1.07% new positive-balance nonconstruction employers and 6.10% new negative-balance nonconstruction employers); OH (6.4% new construction employers); PA (10.1947% new construction employers); RI (new employers pay an additional 0.21% Job Development Fund); SD (6.0% construction employers); TN (negative reserve ratio industries effective 07/01/15 through 06/30/16; construction 6.5%; sect 33 mfg. 5.0%); TX; UT (construction employers pay max rate, all others pay InAvg%); VT (foreign construction employers pay InAvg); WA (min/max rates include social cost tax but do not include employment admin fund rates; new employer rate is 90% of InAvg); WV (8.5% new out-of-state construction employers); WI (6.60% all new construction employers, 3.40% new nonconstruction employers with payrolls of \$500,000 and over, and 3.25% new nonconstruction employers with payrolls under \$500,000); and WY (InAvg, but not less than 1.0%).

Source: U.S. Department of Labor, Employment and Training Administration, January 2017.
<https://www.workforcesecurity.doleta.gov/unemploy/content/sigpros/2010-2019/January2017.pdf>