

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version: SJR 4
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SJR004-DOLWD-UI-03-22-19
Title: CONST. AM: STATE TAX; INITIATIVE
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

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

Expenditures/Revenues

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

	FY2020	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2020 Request	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
OPERATING EXPENDITURES	FY 2020	FY 2020					
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2019) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2020) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version based on the 2-13-19 Governor's FY2020 request.

Prepared By: Patsy Westcott, Director	Phone: (907)465-5927
Division: Employment and Training Services	Date: 03/01/2019 03:00 PM
Approved By: Paloma Harbour, Administrative Services Director	Date: 03/22/19
Agency: Office of Management and Budget	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION

BILL NO. SJR 4

Analysis

SJR 4 requires voter approval for any law enacted that would establish or increase the rate of an existing state tax. The department believes that this resolution will not apply to the unemployment insurance (UI) tax rate changes because the law that established the UI tax rate structure has already been enacted and no law change is required to increase or decrease the UI taxes.

Per current statute, Alaska's UI tax rates are adjusted annually depending on the amount of benefits paid and the solvency of the UI Trust Fund. Tax rate adjustments are made without any statutory change so no voter approval should be required. AS 23.20.290(c-f) requires annual adjustments to UI tax rates to maintain the UI Trust Fund solvency. The Alaska UI system adheres to actuarial principals of trust fund management by both seeking to recoup the benefits paid by the program and maintain a reserve necessary to weather most recessions deemed plausible.

If it is determined that this resolution does not apply to UI tax rate changes, then there would be no fiscal impact to the department.

However, if it is determined that this resolution does apply to UI tax rate changes, the actual implications to the UI program are indeterminate. The department would need to incur costs associated with raising public awareness regarding the importance of passing the necessary UI tax rate changes to maintain UI Trust Fund solvency. Those costs and their timing would be predicated on the outcome of the actuarial analysis of UI Trust Fund. In the event that voters did not support an actuarially recommended UI tax rate increase, the UI Trust Fund could become insolvent, impacting the state's ability to pay UI benefits, significantly increasing employer Federal Unemployment Tax Act (FUTA) payments, and jeopardizing federal funding received by the department to administer the UI program.