



Governor Michael J. Dunleavy
STATE OF ALASKA

January 21, 2020

The Honorable Bryce Edgmon
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to unemployment insurance employer contribution rates.

In Alaska, the Unemployment Insurance Tax is one of the primary taxes that employers must pay. Alaska is the only state that currently has a fixed minimum tax rate contribution of one percent. This minimum tax is assessed on businesses, irrespective of an employers' experience factor.

Currently, AS 23.20.290(c) requires employers to make contributions of not less than one percent in unemployment insurance taxes. This bill lowers the minimum tax rate for employers in rate classes 1-9 from the existing one percent, to a rate correlated to the employer's experience factor. Experience factors for classes 1-9 range from 0.4 to 0.9 percent. These changes are intended to address the disproportionately high employer tax rate contributions for small business employers.

This legislation reduces the tax burden on Alaska businesses and employers, while preserving the health of the Alaska Unemployment Trust Fund, ensuring that Alaska workers are able to access benefits when necessary.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy
Governor

Enclosure