

Fiscal Note

State of Alaska
2020 Legislative Session

Bill Version:	HB 215
Fiscal Note Number:	1
(H) Publish Date:	1/27/2020

Identifier: LL4109-DOLWD-UI-01-07-20
Title: EMPLOYER'S UNEMPLOYMENT INSUR RATE
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)

	FY2021 Appropriation Requested	Included in Governor's FY2021 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2021	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1251 Non-UGF (Other)	(7,735.0)		(14,694.0)	(15,286.0)	(15,209.0)	(15,637.0)	(15,971.0)
Total	(7,735.0)	0.0	(14,694.0)	(15,286.0)	(15,209.0)	(15,637.0)	(15,971.0)

Estimated SUPPLEMENTAL (FY2020) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2021) 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If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Date: 01/07/2020 04:30 PM
Date: 01/08/20

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2020 LEGISLATIVE SESSION**Analysis**

This legislation lowers employer minimum unemployment insurance tax rates for rate classes 1-9 from the current minimum of 1.0% to 0.40% to 0.90%, corresponding to the employers' experience factor. Employer rates in classes 1-9 have been unchanged since FY2017, and rates in classes 1-6 have been unchanged since 2015, while the annual employee wage base has increased incrementally. This has resulted in an unbalanced contribution burden on some Alaskan employers.

An estimated 6,049 employers would benefit from the change in tax rates. Lower rates for employers in rate classes 1-9 will result in decreased revenue to the Unemployment Insurance Trust Fund. Changes in revenue are based on actuarial estimates based on future payroll, using FY2019 as a baseline.

This change will result in reduced revenues to the Unemployment Insurance Trust Fund beginning in January 2021. Actuarial analyses of the Unemployment Insurance Trust Fund indicate that the balance is healthy and potential future decreases will not jeopardize the fund's sufficiency.