



February 11th, 2020

Dear Senator Bishop,

I am writing you on behalf of the National Federation of Independent Business (NFIB) in support of SB 156 "*An Act relating to unemployment insurance contribution rates; and providing for an effective date.*"

Unemployment insurance (UI) tax rates are currently locked in statute requiring a minimum 1% contribution rate regardless of current benefit costs or the experience of a particular *rate class*. According to Department of Labor (DOL) analysis, rate classes one through nine are contributing as much as 60% above their actual benefit payout rate. SB 156 proposes to lower minimum tax contribution for *rate class one* from 1% to .4% while *rate class nine* is modestly reduced from 1% to .9%. As proposed, lowering the minimum UI tax contribution for respective *rates classes* does not require DOL to set taxes at the new lower rate. Instead, SB 156 allows the DOL to reduce UI tax contributions if the UI contributions vs. benefits payouts and UI trust fund balance warrant a lower than 1% tax rate. Many small businesses have stable workforces with little or no turnover. NFIB supports SB 156 as a necessary private sector reform to unburden small businesses with low turnover and long-term employment.

Alaska's small business community is sensitive to the legislature's need to prioritize working with the Governor on a state fiscal plan that addresses our current crisis. At the same time we hope that the legislature is cognizant of the need to implement reforms to the programs such as UI. As the voice of small business in Alaska, NFIB respectfully urges the Senate Labor and Commerce to hear and consider SB 156 with the intent to move the bill given satisfactory review. Working to reduce undue tax burdens on small business as Alaska begins to climb out recession is the right thing to do especially as elected officials and the public and private sectors increasingly seek partnership opportunities.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bishop", with a long horizontal line extending from the end of the signature.

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