

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 04, 2002**  
**9:27 AM**

**TAPES**

SFC-02 # 49, Side A  
SFC 02 # 49, Side B

**CALL TO ORDER**

Co-Chair Pete Kelly convened the meeting at approximately 9:27 AM.

**PRESENT**

Senator Pete Kelly, Co-Chair  
Senator Dave Donley, Co-Chair  
Senator Jerry Ward, Vice Chair  
Senator Lyda Green  
Senator Gary Wilken  
Senator Lyman Hoffman  
Senator Donny Olson

**Also Attending:** REPRESENTATIVE LISA MURKOWSKI; REBECCA NANCE GAMEZ, Deputy Commissioner, Department of Labor and Workforce Development; RONALD E. HULL, Director, Division of Employment Security, Department of Labor and Workforce Development; KIM GARNERO, Director, Division of Finance, Department of Administration

**Attending via Teleconference:** From Anchorage: JAMES KUBITZ, Vice President, Real Estate, Alaska Railroad Corporation, Department of Community and Economic Development

**SUMMARY INFORMATION**

HB 298-LEGISLATIVE APPROVAL OF RAILROAD LEASES

The Committee heard from the sponsor, considered and adopted a conceptual amendment, and reported the bill from Committee.

HB 58-UNEMPLOYMENT COMPENSATION BENEFITS

The Committee took public testimony, heard from the Department of Labor and Workforce Development and the Department of Administration. The bill was held in Committee.

SB 140-SMALL WATER-POWER DEVELOPMENT PROJECTS

The Committee adopted a conceptual amendment and reported the bill from Committee.

#HB298

CS FOR HOUSE BILL NO. 298(L&C)

"An Act relating to authorizing the Alaska Railroad Corporation to lease land for a period of up to 55 years."

This was the first hearing for this bill in the Senate Finance Committee.

REPRESENTATIVE LISA MURKOWSKI, sponsor of the bill, reminded the Committee current state regulations mandate that leases exceeding 35 years must be approved by the Legislature. She stated this bill would allow the Alaska Railroad Corporation to develop a long-term planning strategy by allowing the Railroad authorization to commit to 55-year lease arrangements.

Representative Murkowski explained the current 35-year lease limitation is both a detriment to long-term planning and to obtaining financial backing for which a lease agreement of at least 40 years is a requirement. She added that extending the lease provision to 55-years for the railroad would make Alaska Railroad Corporation's leasing policy consistent with those of the University of Alaska and the Department of Natural Resources.

Representative Murkowski stated communities and businesses that work with the Railroad support the extension of the terms of the lease. She stated the extension would spur economic development in areas involved with Railroad-leased land.

JAMES KUBITZ, Vice President, Real Estate, Alaska Railroad Corporation, Department of Community and Economic Development testified offnet from Anchorage to voice support of the bill.

Amendment #1: This conceptual amendment inserts an immediate effective date into the bill.

Senator Ward offered a motion to adopt Amendment #1.

There were no objections, and the amendment was ADOPTED.

Senator Green moved to report CS HB 298(FIN), with accompanying zero fiscal note from the Alaska Railroad Corporation, from Committee.

The bill REPORTED from Committee without objection.

#HB58

CS FOR HOUSE BILL NO. 58(L&C)

"An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

FRANK DILLON, Executive Vice President, Alaska Trucking Association, testified via teleconference from Anchorage on behalf of the Association in support of this bill; however, he suggested that Section 1 of the bill be capped at \$260, cap Section 2 of the bill at \$284, and cap Section 3 of the bill at \$300. He stated the trucking industry is currently facing "general insurance rate increases" in excess of 30 percent and the highest diesel fuel prices in the country. He suggested the Legislature consider "typing" job categories in which provisions are made to provide seasonal supplement insurance to laid-off seasonal workers who are assured of being rehired as opposed to regular unemployment insurance benefits.

DON LOWRY, Field Representative, Operating Engineers, Local 302 testified via teleconference from Fairbanks in support of the bill as it would be very beneficial to the Union's 3,000 members, many of whom work seasonally. He stated the proposed increases would be beneficial to help keep workers available for seasonal industries.

JIM LECRONE, Public Safety Employees Association, testified via teleconference from Anchorage in support of the bill for "it is bad to be fiftieth out of fifty states" in unemployment wage benefits."

Co-Chair Kelly clarified research has shown that Alaska is forty-seventh out of fifty states in unemployment insurance coverage.

VINCE BELTRAMMI, President, Western Alaska Building Trades Council representing approximately seventeen unions, testified via

teleconference from Anchorage in support of the bill. He stated current unemployment compensation levels do not match up to level of wages. He stated that only Arizona has lower unemployment benefits than Alaska in Region Six, and since 1982, the gap between poverty level and the unemployment compensation level has widened.

DICK CATTANACH, Executive Director, Associated General Contractors (AGC), testified via teleconference from Anchorage in favor of increasing unemployment benefit levels; however, voiced that using the state's average weekly wage to determine the level of unemployment benefits should not be used. He listed ten reasons supporting this position including that unemployment insurance is designed as a partial wage replacement between times of employment, and should be used to supply a temporary financial safety net.

Senator Wilken requested Mr. Cattanach send his testimony in writing to the Committee.

Mr. Cattanach stated he would.

MICHAEL FRIBORG, Member, Operating Engineers Local 302, testified via teleconference from Fairbanks in support of HB 58. He stated seasonal workers in construction, fisheries, tourism, and the like need the increase in benefits to be able to continue to live in Alaska.

DAVID FORD, Business Manager, Ironworkers Local Union, testified via teleconference from Anchorage and stated that apprentices in the union earn between \$25,000 and \$35,000 during the year, and their unemployment benefits of \$125 average approximately 35 percent of their average weekly wage. He informed the Committee this legislation would raise current levels to approximately 48 percent of the apprentice's weekly wage resulting in a \$24 weekly benefit increase. He stated this increase is needed to keep these apprentices in the state. He informed the Committee the Union encourages many of its seasonal workers, in the slow winter months, to move to Washington; however, some of them do not come back due to Washington's good wages, steadier work, and the fact these workers can receive almost twice as much unemployment insurance compensation levels based on Washington wages. He stressed this loss of qualified workers is a hardship to businesses, especially in rural villages.

BLAKE JOHNSON, President, Kenai Peninsula Central Labor Council, testified via teleconference from Anchorage in support of the bill and encouraged the Committee consider a higher increase if possible. He stated there is a significant amount of seasonal employment in the Kenai area.

VALERIE BAFFONE, President, Anchorage Central Labor Council, testified via teleconference from Anchorage that this bill would impact all three sectors the Council represents: construction trades, the public sector, and the service trade. She stated the bill represents a reasonable and constrained increase in unemployment checks. She stressed that an unemployment check is not a welfare check as employers and employees have paid for it. She stated that in Alaska, by nature, periods of unemployment are expected. She stated current benefit levels do not allow employers to have the labor force they need as workers leave the area if they are not able to receive adequate compensation in the off-seasons.

PETE BOEHLER, United Food and Commercial Workers Union, Local 1496, testified via teleconference from Anchorage on behalf of the Union's 3,000 retail workers statewide, in support of the bill.

GREG O'CLARAY, Director of Governmental Affairs for District 1, Marine Engineers Beneficial Association, testified that this bill is about security. He stated the three most traumatic things that happen in our lives are moving, divorce and loss of a job. He stated that approximately 70 percent of the Union's 2,000 members are shore-side workers in municipalities, airports, tanker fleets, and the Marine Highway System. He stated unemployment benefits "are very important to the members because of the cyclical seasons for maritime workers in many parts of the state."

Mr. O'Claray mentioned the lack of testimony regarding the impact unemployment benefits have on the state's economy, and characterized this as an economic stimulus package for the state. He referenced the pamphlet titled "Increasing Alaska's Weekly Benefit Amount" compiled by the Department of Labor and Workforce Development [copy on file], and noted the amount of unemployment benefits, referenced in Table 2.14, paid out to the various communities around the state including \$30 million in the Anchorage area. He stated this money goes directly into the local economy.

Mr. O'Claray stated the construction industry pays \$15 million in unemployment taxes; however, that industry receives \$21 million in unemployment benefits. He stated it is surprising that an industry that is receiving more than it pays in, is complaining about the compensation rates.

Mr. O'Claray voiced support for the bill as it is written; however is concerned that Alaska is ranked forty-seventh of the fifty states in unemployment benefits levels. He urged the Committee to pass the bill without change.

Senator Wilken disagreed these unemployment benefits would be an economic stimulus package because the funding for these benefits "comes out of the employers' checkbook." He characterized this as "old money," not new money, as it is a tax. He stated that Alaskans should not be ashamed of being ranked forty-seventh because "the threshold" to qualify for benefits in Alaska "is very low." He voiced general support of the bill.

Mr. O'Claray responded that how one perceives the benefits is a "matter of semantics." He opined that unemployment benefit increases, without an increase of employer or employee contributions for the first two years, would provide an economic stimulus. He reminded the Committee that not "one dime of general funds" supports these payments consisting of 80 percent employer contributions and 20 percent employee contributions. He stressed it is a "great program, it does keep workers in Alaska," and has a great affect on a "qualified work force."

Senator Olson inquired how many small businesses employing less than fifty employees "have weighed in on this bill."

Co-Chair Kelly noted forthcoming testimony from the Department of Labor and Workforce Development and the Alaska State Chamber of Commerce might be able to address that question.

REBECCA NANCE GAMEZ, Deputy Commissioner, Department of Labor and Workforce Development stated this bill would raise the maximum unemployment insurance weekly benefit payment to \$320 over a two and a half year period. She commented that in a situation where a long-term, well-paid worker earning between \$35,000 and \$50,000 loses their job, the current maximum level of \$248 "is inadequate temporary wage replacement". She informed that increasing the maximum weekly benefit to \$320 would boost the average maximum replacement rate from 38 percent of wages to 48.5 percent of the current average weekly wage of \$659; however the federal guideline of 50 percent of wages is met or exceeded by the majority of other states.

Ms. Gamez warned there is a cost associated with increasing the benefits as employers would be required to pay an additional \$8 million in taxes and employees would pay an additional \$2 million through employee contributions. She stated the increase would be "gradually phased in and will be fully realized in the year 2008."

AT EASE 10:14 AM / 10:15 AM

Co-Chair Kelly asked for clarification that current regulation formulas do not require a 20 percent contribution by employees who

earn below a certain wage level.

Ms. Gamez responded that all employees contribute, regardless of wage.

RONALD HULL, Director, Employment Security Division, Department of Labor and Workforce Development confirmed that all employees pay .52 percent of their wage into the program, and if this bill passes that amount would increase to .57 percent.

Co-Chair Kelly qualified that both employer and employee contributions would increase simultaneously.

Mr. Hull confirmed.

Senator Hoffman stated the pamphlet denotes the employees' contribution level as .5 percent.

Mr. Hull explained that the pamphlet information is calculated based on the 2001 rates of .5 percent; however the current rate is .52 percent.

Senator Hoffman remarked this is not explained in the Department's presentation. He asked if the maximum level of taxable wages would increase under this proposal.

Mr. Hull responded that the maximum taxable wage would be increased from the current \$26,750.

Senator Hoffman asked if this information is included in the handout material.

Mr. Hull replied that this information is included on page 14 of the bill. He informed the Committee the level of taxable wages would increase to \$35,750 in the third year.

Senator Hoffman asked if that wage rate would then stay constant or vary over time.

Mr. Hull responded the amount would remain constant to support the weekly benefit amount (WBA) at the projected level.

Senator Hoffman asked how Alaska's taxable wage maximum of \$35,750 for unemployment insurance compares to levels in other states.

Mr. Hull did not have that information.

Senator Hoffman contended that if the amount of benefits Alaskans

receive is being compared to other states then the "ceiling amount" employees pay should also be a consideration.

Mr. Hull stated that he would supply this information to the Committee.

Mr. Hull informed the Committee this bill addresses how well Alaska's unemployment insurance program benefits the workers, employers, and communities of the state. He explained how the program has developed since its inception in 1935 "as part of the Social Security Act in which the United States Congress allowed each state to develop a system with broad federal oversight which would provide a safety net for temporarily unemployed workers." He stated, "the system was designed using an insurance model, rather than an entitlement program," whereby the principle underwrites and identifies potential loss incurred by a small portion of the insured group collecting revenue from everyone. He stated, in this case, "the insured loss" is wages of unemployed workers. He explained the premiums to cover these losses are payroll taxes paid by employers and workers. He reiterated, "in Alaska, employers pay 80 percent and workers pay 20 percent of the established premiums.

Mr. Hull stated the benefit amount paid to an unemployed individual is based on wages earned in a prescribed time, called the base period, whereby displaced workers who earned a higher wage receive a higher benefit because "their loss of work has a higher impact."

Mr. Hull detailed the maximum benefit levels the plan currently pays. He informed the Committee that the program benefits were most recently modified in 1997. He reported that the unemployment insurance program provides economic benefits to communities, businesses and workers by supplying trained workers with the means to pay "non-deferrable expenses while looking for other work," assisting in keeping trained workers in Alaska, and because benefits paid directly to workers enter the economy "keeping the cash flowing in communities during economic downturns."

Mr. Hull stated that 41 states have increased their maximum benefits amount since January 2001, and noted that Chart 4 in the pamphlet ranks Alaska's position against the other states in Region 6, on the percent of the maximum weekly benefit amount as a percent of the average weekly wage. He stated the proposed legislation provides for a graduated increase in benefits with the first increase from \$248 to \$272 effective July 1, 2002; the second increase to \$296 on January 1, 2003, and the third increase to \$320 on January 1, 2004. He stated the employer and employee tax increases would be phased in with a minimal increase in 2004 and the final tax increase in 2008. He stated that, assuming wages and

total employment remain at 2001 levels, this would result in an overall increase of 9.6 percent for employers per worker, as reflected in Chart 5.

Mr. Hull stated Chart 6 indicates that Alaska's maximum weekly benefit amounts have not kept pace with the poverty level in the state. He stressed this disparity level continues to increase.

SFC 02 # 49, Side B 10:26 AM

Mr. Hull urged the Committee to consider the adoption of the proposed plan.

Co-Chair Kelly asked for confirmation that employers and employees unemployment tax payment percentages would stay proportionally the same.

Mr. Hull responded there are no increases for either employers or employees for the first two years, then both would increase proportionally: employers contributing 80 percent and employees contributing 20 percent of the tax. He distributed a chart titled "Estimated Max Cost Paid by Worker" dated April 3, 2002 [copy on file] detailing the increase.

Co-Chair Kelly summarized that the Department is testifying that whenever the employers' tax increases, the employees' does also.

Mr. Hull concurred, and stated the employees' share would increase to .57 percent as their proportionate 20 percent share.

Senator Green asked if the monies deposited in this fund could be used for other programs, such as the Vocational Education program.

Mr. Hull stated that a Senate bill relating to Training Vocational Education program "diverted" money generated from the employee unemployment insurance taxes before it was deposited into the Trust Fund. He stated once the money is in the Trust Fund it could not be diverted.

Ms. Gamez stated that this "fairly recent" divergence of funds has not, of yet, yielded an impact on the Fund. She continued that the Trust Fund is a "long term self stabilizing thing." She continued that the use of the money for the training program has been taken into consideration and is reflected in the aforementioned charts.

Senator Green if that bill had not passed, would this bill still be

necessary.

Ms. Gamez replied yes, that is correct.

Senator Green, referring to the Governor's transmittal letter's comment that many seasonal industry's "employees rely on the unemployment benefits to fill the gap between times of work," asked if seasonal employment is what this program was intended for.

Ms. Gamez responded, "it is intended to be temporary wage replacement that is administered on the insurance model as opposed to an entitlement model." She stated it assists in stabilizing communities in times of "seasonal or recession type" economic downturn.

Senator Green inquired how long someone could qualify for benefits.

Ms. Gamez responded the amount of time is determined by work history and wages, with the maximum coverage 16 weeks. She stated that most people do not remain on the program for the full amount of allowable time and the average benefit paid is \$189 per week.

Senator Green asked if other states use the same model program.

Ms. Gamez replied this is an unemployment insurance trust fund that is managed by the state. She stated that Alaska benefits from having a bigger return on administrative dollars from the federal government as compared to other states. She informed the Committee that Alaska receives between a 200 and 320 percent return; whereas "other states are in a negative situation." She continued that this is a federally mandated program that is administered by each state.

Senator Green remarked the Department of Labor and Workforce Development manages the program in Alaska.

Ms. Gamez concurred.

Senator Ward asked if other states use the 80 percent/20 percent business and employee contribution percentage.

Ms. Gamez responded that Alaska is only one of two states requiring employee contributions.

Senator Ward qualified that employers pay the entire amount in all states except for New Jersey and Alaska.

Ms. Gamez stated this is correct.

Senator Ward inquired as to the percentage paid by the employees in New Jersey.

Ms. Gamez responded she would supply that information to the Committee.

Co-Chair Kelly asked the affect if the benefit amount paid to people at the low end of the wage scale was increased instead of increasing benefit amounts to people at the top end of the wage scale.

Ms. Gamez responded the unemployment insurance program takes into consideration "primarily people who have a combination of a subsistence lifestyle or a seasonal economy depending on where they live." She continued that "overall the lower unemployment insurance rates go to rural Alaska where they might have that combination of hunting, fishing and gathering, and then they have an opportunity to work for a short period of time." She continued that people in these instances usually have less than a 16-week duration time for benefits.

Senator Ward asked why these are not the people to whom more money would be beneficial.

Ms Gamez stated the benefits are "proportionate to the wages they earn," as set in the insurance-based formula. She continued that the intent of these benefits is to help people buy groceries, buy fuel and help the local businesses."

Senator Ward stated helping people "get by" and return to work whether they are union employees or not, is a goal of the program.

Ms. Gamez concurred, stating this is temporary wage replacement.

Co-Chair Kelly commented the Administration had made the decision not to raise lower benefit levels because the people collecting at the lower levels are living a subsistence lifestyle, while another policy decision relating to predator control refuses "to manage game so the people who live in those areas can actually have food on their tables;" resulting in taking "away the food and the employment benefits."

Ms. Gamez corrected her earlier statement by clarifying that people could collect unemployment benefits up to a maximum of 26 weeks, with the average claim being a 14.2-week duration.

Co-Chair Kelly asked for clarification on what is considered a taxable rate.

Mr. Hull clarified that columns A and B presented in the proposed committee substitute refer to base period earnings or wages.

Co-Chair Kelly asked for additional clarification regarding the comment that "the taxable rate in the state had gone down" over the last several years.

Mr. Hull clarified this comment referred to the "taxes that employers are assessed to keep the Trust Fund solvent at the optimal level," meaning that employers have had to pay less taxes, as their rate has gone down, four out of the last five years.

Co-Chair Kelly questioned if employers pay a contribution as well as a tax.

Mr. Hull qualified that the contribution is the tax. He continued that the Trust Fund "is in good condition" based on the amount of benefits paid out; therefore the tax rate employers' pay has been reduced.

Senator Hoffman noted there are only two recipients of unemployment benefits in False Pass, Alaska.

Senator Wilken noted that Chart #5 indicates that through the year 2008, weekly benefits would increase in tax classes ten and eleven, and in order to accomplish this, employee contributions must be increased \$51 per year in order to fund the 9.6 percent increase.

Mr. Hull concurred.

Senator Wilken stated the State of Alaska's weekly benefits might be low when compared to other states; however, the state's qualifications to receive benefits are minimal.

Mr. Hull stated this is correct; Alaska is ranked third of all states in the eligibility category. He continued that he does not know what the lowest benefits in the nation are; however, Alaska is amongst the lowest.

Senator Wilken, referring to Alaska General Contractor's public testimony concern about benefits based on average wage, asked the Department to further explain how benefits are determined.

Mr. Hull stated the original version of this bill did not include any indexes, which is what the Department "is shooting for." He elaborated that the maximum weekly benefit of \$320 proposed in this committee substitute, is based on the year 2002's average weekly

wage, and that in three years when it is phased in, the \$320 benefit might not be the appropriate level.

Senator Wilken inquired if the methodology of calculating weekly benefits is changed in this bill.

Mr. Hull responded no, explaining that the Department had used indexing before and found it unsuccessful.

Senator Wilken questioned if AGC's stated opposition to the bill based on average weekly wage is warranted.

Mr. Hull responded there is no formula based on the average wage, and "quite frankly, the average weekly wage has dropped seven out of the last twenty years, so if it were indexed it wouldn't always go up, it would also go down."

Ms. Gamez reiterated indexing is not a component of the bill.

Senator Wilken stated that the testimony from AGC would be forwarded to the Committee, and any confusion could be addressed.

Senator Olson asked for clarification of the qualifications for unemployment benefits: specifically for individuals employed less than 12 weeks.

Mr. Hull responded that to qualify, an individual is required to have a base period minimum wage of \$1200 in two quarters of the year. He continued that an individual employed less than twelve weeks could qualify but would get a minimum amount.

Senator Olson asked how a person who works for two months could qualify for unemployment benefits.

Mr. Hull stated if the two months worked were in two quarters of the year, that person would qualify.

Senator Olson summarized that employment in June and July qualifies as two quarters, whereas July and August would be considered as one quarter.

Co-Chair Kelly asked how Alaska's ranking of weekly benefits compared to other states would be affected if dependent benefits were factored in.

Mr. Hull responded eleven other states pay dependent allowances. He continued that these monies were not factored into the comparison charts because the state "is not specifically responsible;"

however, if the one dependent supplement of \$72 were added to the unemployment benefits reflected on Chart #4, there would not be a substantial change in ranking.

Senator Ward restating prior comments about Alaska having a lower qualification threshold for unemployment benefits, asked for examples of other states' qualifications.

Ms. Gamez responded that Alaska has a lower monetary requirement than other states to qualify for unemployment benefits.

Senator Ward inquired as to what those dollar amounts are.

Ms. Gamez responded the Department would supply that information to the Committee.

Senator Ward asked for clarification of Alaska's various rankings of benefits when compared to other states; specifically clarification on what the number three national ranking entails.

Co-Chair Kelly explained that Alaska is ranked number three in ease of qualifying for benefits and is ranked forty-seventh in amount of weekly benefits paid.

Senator Ward asserted the need to receive information as to the specific requirement levels of other states.

Co-Chair Kelly restated that Alaska is rated number three in the "ease of getting in" the program, and this does not equate to a dollar amount.

Ms. Gamez stated this is referred to as the "reciprocity rate."

Senator Ward stated the Department had commented that in two states an individual could make less money to qualify.

Mr. Hull stated the "receptiency rate is the ratio of individuals receiving benefits to all unemployed workers." He continued that Alaska's ratio of 59 percent is higher than the national average of 38 percent. He stated this ranking "has nothing to do with dollars."

Ms. Gamez remarked that people in Alaska could earn less money than other states to qualify for unemployment benefits. She continued that she would supply other states' minimum earning amounts to the Committee.

Senator Ward additionally requested the Department to supply

information regarding lowest benefit levels of other states.

Ms. Gamez opined states that have higher lower level benefits than Alaska also have higher wage qualifications. She replied the Department would provide the Committee with that information.

Co-Chair Kelly asked the Department to supply the Committee a ranking comparison to other states based on using \$23,000 as the data point.

Senator Hoffman, referring to Chart 5 titled "Estimated Max Cost per Worker for Average Employer" for Tax Classes 10 and 11, and requested this information for all twenty tax classes.

Senator Wilken complimented the Department on the quality of the information presented in the pamphlet.

Mr. Hull clarified that Co-Chair Kelly is requesting the amount of benefits a person would receive at \$23,000 wage earnings.

Co-Chair Kelly stated the Department has supplied the Committee with Chart 1 showing the maximum weekly benefit amounts the State of Alaska has paid from 1982 to current. He clarified the request is for a chart depicting what unemployment benefits would be for a base wage period of \$23,000 without a set maximum level.

Ms. Gamez surmised the request to be for "a percentage of wage replacement," and stated the Department would work with Committee staff to produce the requested chart.

KIM GARNERO, Director, Division of Finance, Department of Administration explained that the State of Alaska is "a reimbursable employer for unemployment insurance purposes," whereby the state reimburses the unemployment compensation fund for unemployment benefits actually paid to former employees. She detailed how the working reserve account is funded, and stated her Department prepared the bill's fiscal note.

DARREL TSEU, Regional Director, Inland Boatmen's Union of the Pacific, Alaska Marine Highway System, spoke in favor of the bill. He reiterated that unemployment insurance benefits are a temporary fix, and shared his personal experience with the program where he found that when prospective employers discovered he was a seasonal ferry system worker, they were reluctant to hire him as they assumed he would be returning to the ferry system when positions reopened. He stated the unemployment benefits assisted him with money to cover some basic needs.

PAM LABOLLE, President, Alaska State Commerce of Commerce, voiced support of the unemployment insurance program, but not for the benefit levels proposed in this bill. She stated the proposed levels would cost employers a total of \$8 million, and noted that employers in the State would also be facing additional increased costs due to the minimum wage increase and higher liability insurance premiums.

Ms. LaBolle stated Alaska is one of twelve states that provide supplemental benefits for dependents, and that 43 percent of Alaskans who receive unemployment benefits additionally receive the supplemental benefits for dependents. She commented that Alaska's forty-seventh place ranking rises up to the top ten when the supplements for three dependents are factored in.

Ms. LaBolle stated Chart #2 titled " Alaska's Maximum Weekly Benefit Amount as a Percentage of Average Weekly Wage," which is included in the Department's pamphlet, indicates that Alaska, in 1997, was at its highest level in the 20-year history of the program.

Ms. LaBolle stated 60 percent of the approximately 20 percent of the members who responded to a recent membership poll did not support an increase in the benefits levels while 26 percent supported less than the second proposed level. She stated the membership would support an increase to the first level of \$272.

Co-Chair Kelly ordered the bill HELD in Committee.

#SB140

SENATE BILL NO. 140

"An Act relating to regulation and licensing of certain water-power development projects."

Amendment #3: This conceptual amendment would add the effective date of January 1, 2003 to the bill.

Senator Green moved for adoption.

DARWIN PETERSON, staff person to Senator Torgerson, the sponsor of the bill, stated support for the amendment.

There were no objections and Amendment #3 was ADOPTED.

Senator Green offered a motion to report CS SB 140 (FIN) from Committee with previous fiscal notes in the amount of \$19.5 from the Department of Fish and Game, \$24.0 from the Department of Natural Resources, and \$36.1 from the Department of Community and Economic Development.

There were no objections and the bill REPORTED from Committee.

#

**ADJOURNMENT**

Co-Chair Pete Kelly adjourned the meeting at 11:06 AM