

**ALASKA STATE LEGISLATURE  
HOUSE JUDICIARY STANDING COMMITTEE**

April 13, 2009

1:12 p.m.

**MEMBERS PRESENT**

Representative Jay Ramras, Chair  
Representative Nancy Dahlstrom, Vice Chair  
Representative John Coghill  
Representative Bob Lynn  
Representative Lindsey Holmes

**MEMBERS ABSENT**

Representative Carl Gatto  
Representative Max Gruenberg

**COMMITTEE CALENDAR**

**SENATE JOINT RESOLUTION NO. 10**

Urging the United States Congress to adopt S. 371, the Respecting States Rights and Concealed Carry Reciprocity Act of 2009.

- MOVED SJR 10 OUT OF COMMITTEE

**HOUSE BILL NO. 213**

"An Act relating to contributions, interest, penalties, and payments under the Alaska Employment Security Act; and providing for an effective date."

- MOVED HB 213 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SJR 10

SHORT TITLE: ADOPT S. 371 IN CONGRESS

SPONSOR(S): SENATOR(S) THOMAS

02/27/09	(S)	READ THE FIRST TIME - REFERRALS
02/27/09	(S)	JUD
03/13/09	(S)	JUD AT 1:30 PM BELTZ 211
03/13/09	(S)	-- MEETING CANCELED --
03/16/09	(S)	JUD AT 1:30 PM BELTZ 211
03/16/09	(S)	Moved SJR 10 Out of Committee
03/16/09	(S)	MINUTE(JUD)

03/18/09 (S) JUD RPT 4DP  
03/18/09 (S) DP: FRENCH, THERRIAULT, WIELECHOWSKI,  
MCGUIRE  
03/27/09 (S) TRANSMITTED TO (H)  
03/27/09 (S) VERSION: SJR 10  
03/30/09 (H) READ THE FIRST TIME - REFERRALS  
03/30/09 (H) JUD  
04/13/09 (H) JUD AT 1:00 PM CAPITOL 120

BILL: HB 213

SHORT TITLE: UNEMPLOYMENT AMENDMENTS: TRIBES/NPO  
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

04/01/09 (H) READ THE FIRST TIME - REFERRALS  
04/01/09 (H) L&C, JUD  
04/08/09 (H) L&C REFERRAL WAIVED  
04/13/09 (H) JUD AT 1:00 PM CAPITOL 120

**WITNESS REGISTER**

SENATOR JOE THOMAS  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of SJR 10.

JOSEPH HARDENBROOK, Staff  
Senator Joe Thomas  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of the sponsor, Senator Thomas,  
provided a comment during discussion of SJR 10.

GUY BELL, Assistant Commissioner  
Office of the Commissioner  
Department of Labor & Workforce Development (DLWD)  
Juneau, Alaska

**POSITION STATEMENT:** Along with Dr. Nelson, presented HB 213 on  
behalf of the governor, sponsor by request.

THOMAS W. NELSON, D.Ed., Director  
Central Office  
Division of Employment Security  
Department of Labor & Workforce Development (DLWD)  
Juneau, Alaska

**POSITION STATEMENT:** Along with Mr. Bell, presented HB 213 on  
behalf of the governor, sponsor by request.

## **ACTION NARRATIVE**

[1:12:25 PM](#)

**CHAIR JAY RAMRAS** called the House Judiciary Standing Committee meeting to order at 1:12 p.m. Representatives Ramras, Lynn, Holmes, Dahlstrom, and Coghill were present at the call to order.

SJR 10 - ADOPT S. 371 IN CONGRESS

[1:12:35 PM](#)

CHAIR RAMRAS announced that the first order of business would be SENATE JOINT RESOLUTION NO. 10, Urging the United States Congress to adopt S. 371, the Respecting States Rights and Concealed Carry Reciprocity Act of 2009.

[1:12:44 PM](#)

SENATOR JOE THOMAS, Alaska State Legislature, sponsor, explained that SJR 10 urges passage of the federal Respecting States Rights and Concealed Carry Reciprocity Act of 2009 - S. 371 - which would establish a nationwide reciprocity agreement for carrying concealed firearms. Such nationwide reciprocity would allow a citizen who is permitted to carry a concealed firearm in his/her own state to do so in other states with similar laws, though the person must follow the laws of the state in which he/she is traveling, including laws restricting the carrying of firearms in certain locations; furthermore, under S. 371, anyone who is prohibited by federal law from carrying a firearm would continue to be so prohibited. Many states currently offer reciprocity agreements with other states that have similar laws, but such agreements can change or lapse, making it difficult for the bearer of a concealed firearm to keep track of which states offer reciprocity. Passage of the federal legislation would ensure that Alaskans could enjoy the same rights as residents in other states with concealed carry laws. In conclusion, Senator Thomas urged support of SJR 10 and Alaskans' Second Amendment right.

[1:14:59 PM](#)

JOSEPH HARDENBROOK, Staff, Senator Joe Thomas, Alaska State Legislature, on behalf of the sponsor, Senator Thomas, added that the House Judiciary Standing Committee is SJR 10's sole committee of referral in the House.

[1:15:23 PM](#)

REPRESENTATIVE DAHLSTROM moved to report SJR 10 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SJR 10 was reported from the House Judiciary Standing Committee.

HB 213 - UNEMPLOYMENT AMENDMENTS:TRIBES/NPO

[Contains brief discussion of SB 178, the Senate companion bill to HB 213, and SB 170, the Senate bill into which the language of SB 178 was inserted.]

[1:16:20 PM](#)

CHAIR RAMRAS announced that the final order of business would be HOUSE BILL NO. 213, "An Act relating to contributions, interest, penalties, and payments under the Alaska Employment Security Act; and providing for an effective date."

[1:16:54 PM](#)

GUY BELL, Assistant Commissioner, Office of the Commissioner, Department of Labor & Workforce Development (DLWD), explained that passage of HB 213 is required in order for the State to comply with the Federal Unemployment Tax Act (FUTA).

[1:17:43 PM](#)

THOMAS W. NELSON, D.Ed., Director, Central Office, Division of Employment Security, Department of Labor & Workforce Development (DLWD), added that Alaska is part of a nationwide unemployment insurance system, and has agreed to operate its program in conformance with federal law - specifically 26 U.S.C. 3304 - and regulations for the administration of the unemployment insurance program. In order to be in compliance with the FUTA, Alaska must now also cover services performed by employees of tribal entities, and must give federally-recognized tribes the choice of becoming reimbursable employers for purposes of paying unemployment insurance taxes. Alaska has always covered employees of federally-recognized tribal entities, but currently only those entities on the U.S. Department of the Interior (DOI) list of Native entities eligible for services from the U.S. Bureau of Indian Affairs (BIA) are to be offered this choice, and there are a total of 229 Alaska Native entities on the DOI's latest list [included in members' packets] dated April 4, 2008.

DR. NELSON explained that if such an entity chooses this reimbursement method, the entity would be subject to more stringent rules such as having to pay 100 percent of unemployment insurance benefits and 100 percent of extended benefits, would be under additional scrutiny for late payments, and would be required to post a surety bond. Because of this, it may not benefit a Native entity to select this option, but the department is prepared to work with each of them, one-on-one, to layout the tax history and current tax rate that each employer has so that the entity can make informed choices. If State law conforms to federal requirements, [contributory] employers in Alaska would continue to receive an annual FUTA credit totaling 5.4 percent, currently valued at approximately \$111 million, and Alaska would continue to receive its "base fund" to administer the unemployment insurance program - [this base fund] is currently valued at approximately \$20 million. Dr. Nelson, in response to questions, said that [the bill] was prepared before the start of the legislative session but required modification before its introduction, and that it has an immediate effective date.

[1:21:14 PM](#)

MR. BELL, in response to questions, said that there is a Senate companion bill - [SB 178]; that the text of that companion bill has been added to another piece of legislation - [SB 170]; that the administration supports [HB 213] as a stand-alone [bill]; that the component now in [SB 170] that would enable the State to comply with the American Recovery and Reinvestment Act of 2009 (ARRA) is not supported by the administration; and that SB 170 passed the Senate this morning.

REPRESENTATIVE COGHILL surmised that SB 170 would be referred to the HFIN committee.

DR. NELSON, in response to further questions, said that Alaska has been out of compliance [with the FUTA] for several years; that from the perspective of the unemployment insurance program, [HB 213's proposed changes] are primarily housekeeping changes, addressing a method of registering federally-recognized entities so as to be able to pay the appropriate taxes, and clarifying the definitions of the term "employer"; that the proposed changes won't give entities an unfair business advantage or affect their current tax rates or require them to become reimbursable employers. The analysis done thus far shows that the majority of entities would benefit from remaining

contributory employers, since they currently only pay 76 percent of the benefits, with the remainder being borne by the employee's contributions.

1:25:02 PM

MR. BELL, in response to further questions, said that HB 213 is completely neutral from a tax collection perspective. The unemployment insurance program is supported entirely by employers and employees, with the funding being maintained by the federal government and kept solvent by taxes paid into the fund; the State administers the program, but it's based on federal laws. Again, HB 213 allows Alaska to comply with federal law. There are two methods of paying unemployment insurance: one is through paying a tax applicable to private employers and most other entities, and the other is to be a reimbursable employer, which requires the employer to become self insured, reimbursing the system for actual benefits paid to employees that worked last for that employer.

DR. NELSON, in response to more questions, said that local political subdivisions and private nonprofit corporations are also reimbursable employers; some examples include Nine Star Enterprises, Inc., Southeast Regional Resource Center (SERRC), and Adult Learning Programs of Alaska.

MR. BELL clarified that such entities have the option of being self insured, but, again, a number of employers may choose not to be self insured because they would then be liable for 100 percent of the benefits, so generally it can often be less expensive to "go on to a tax rate" [as a contributory employer].

DR. NELSON, in response to questions, reiterated portions of his earlier explanation, adding that contributory employers would pay, up front, a rate based on their history of employee turnover. In response to further questions, he concurred that compliance with the FUTA as it relates to federally-recognized tribal entities would protect the whole FUTA system for all Alaskan employers.

REPRESENTATIVE COGHILL characterized the aforementioned DOI's list of Alaska's federally-recognized tribal entities as well established.

1:34:52 PM

REPRESENTATIVE DAHLSTROM moved to report HB 213 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 213 was reported from the House Judiciary Standing Committee.

The committee took an at-ease from 1:35 p.m. to 1:39 p.m.

CHAIR RAMRAS noted that in the committee room later on in the day there would be a [caucus] meeting between a representative of the DOL and Bush caucus members to discuss the issue of monopolies and duopolies [as they pertain to fuel pricing] in rural Alaska, and that members of the House Judiciary Standing Committee are invited to attend.

[1:40:07 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 1:40 p.m.