

# FISCAL NOTE

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

Bill Version SB 25  
Fiscal Note Number 1  
(S) Publish Date 1/18/13

Identifier (file name) JU2012200494-DOLWD-UI-1-17-13 Dept. Affected Labor and Workforce Development  
Title Relating to Electronic Filing of Certain Information Appropriation Employment Security  
and the Unemployment Insurance Trust Fund Allocation Unemployment Insurance  
Sponsor Rules by Request of the Governor  
Requester Governor OMB Component Number 2276

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS								
Full-time								
Part-time								
Temporary								

<b>CHANGE IN REVENUES</b>	<b>500.0</b>		<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>
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Estimated SUPPLEMENTAL (FY13) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY14) costs \_\_\_\_\_ (separate capital appropriation required)  
(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? Yes  
If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2014 Discuss details in analysis section.

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Not applicable, initial version.

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Approved by Dianne Blumer, Commissioner  
Department of Labor and Workforce Development

Phone 465-4518  
Date/Time 1/17/13 8:00 AM  
Date 1/17/2013

## FISCAL NOTE ANALYSIS #1

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. SB 25

### Analysis

This proposed legislation makes changes to unemployment compensations laws: allows the legislature to appropriate money into the Unemployment Insurance (UI) trust fund (section 2); brings the state into conformity with federal law (sections 3 and 6); replaces a table method for determining UI trust fund solvency adjustments with a more precise calculation method (section 4); authorizes the commissioner to eliminate or reduce increases in UI tax rates when certain conditions are met (section 5); authorizes the department to offset unemployment compensation debt, as defined in the legislation, against a claimant's federal income tax return (section 7); and specifies that the department will adopt necessary regulations to implement changes (section 10). The section on the department adopting regulations will be effective immediately, all else has an effective date of July 1, 2013.

There is no financial impact to the department anticipated as a result of this legislation.

There is some impact to state revenue generation anticipated.

Section 6 brings the state into conformity with federal law which requires that a minimum of 30 percent of unemployment benefit penalties collected be deposited into Alaska's UI Trust Fund. Currently, 100 percent of the penalties collected are deposited into the state's general fund. During FY2012, approximately \$280.0 in penalties were collected and deposited into the general fund. Under this proposed legislation, the general fund would experience a decrease in revenue of approximately \$84.0 while the UI Trust Fund would experience an increase in revenue of the same amount.

Section 7 authorizes the department to offset unemployment compensation debt against a claimant's federal income tax return through participation in the U.S. Treasury Offset Program (TOP). The department anticipates that the state will recover approximately \$440.0 in overpaid benefits and approximately \$60.0 in penalties. The overpaid benefits and 30 percent of the penalties collected (estimated at \$458.0) will be deposited into the UI trust fund; the other 70 percent of the penalties collected (estimated at \$42.0) will be deposited into the general fund.

As a result of sections 6 and 7, the department anticipates a net reduction of revenue to the general fund of \$42.0 annually and a net increase of revenue to the UI trust fund of \$542.0 annually.

A portion (section 1) of this proposed legislation also authorizes the commissioner to allow the use of electronic filing methods in place of paper filing. Please see the corresponding zero fiscal note from the Commissioner's Office for additional details.