

Fiscal Note

State of Alaska
2020 Legislative Session

Bill Version:	SB 156
Fiscal Note Number:	1
(S) Publish Date:	1/22/2020

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	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2021 Request	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
OPERATING EXPENDITURES	FY 2021	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	0.0

Fund Source (Operating Only)

None								
Total	0.0	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 If yes, by what date are the regulations to be adopted, amended or repealed?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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Division:	Employment and Training Services	Date:	01/07/2020 04:30 PM
Approved By:	Hannah Lager, Administrative Services Director	Date:	01/08/20
Agency:	Office of Management and Budget		

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.