

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version:	CSSB 132(FIN)
Fiscal Note Number:	3
(S) Publish Date:	3/1/2024

Identifier: SB132-DOLWD-UI-12-22-23  
 Title: EMPLOYMENT TAX FOR EDUCATION FACILITIES  
 Sponsor: BISHOP  
 Requester: (S) FIN

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)

	FY2025	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2025 Request	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</b>	<b>FY 2025</b>	<b>FY 2025</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>

**Fund Source (Operating Only)**

None							
<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							

**Change in Revenues**

None							
<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>

**Estimated SUPPLEMENTAL (FY2024) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2025) 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 If yes, by what date are the regulations to be adopted, amended or repealed?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:**

Updated from SLA2023 to SLA2024 fiscal note template, corrected response to regulation changes needed, and edited the analysis section.

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Division:	Employment and Training Services	Date: 12/22/2023 10:00 AM
Approved By:	Dan DeBartolo, Director	Date: 02/09/24
Agency:	DOLWD Administrative Services Division	

REPORTED OUT OF  
SFC 02/29/2024

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION

## Analysis

This legislation imposes an Educational Tax on the wages and self-employment net earnings of every resident, non-resident, and part-year resident with income from a source in the state at a flat rate of \$30.00, and may require the Department of Labor & Workforce Development (DOLWD) to collect taxes paid by self-employed Alaskans, who are not currently taxed under the Unemployment Insurance (UI) program.

This zero fiscal note assumes that the Department of Revenue (DOR) will collect all the taxes related to this legislation.

Provided below for reference are cost details for the scenario where DOLWD would collect the taxes. The costs outlined below would be in addition to DOR costs incurred for activities beyond the collection of the tax. Having DOLWD collect the taxes would not result in a cost savings to the state. Regulation changes would also be required, in coordination with DOR, to address methods of accounting, collection, overpayment refunds, and assessed penalties for employers and self-employed individuals.

The UI Administrative Grant from the U.S. Department of Labor may only be used for the administration of the UI program. Therefore, any costs associated with this tax must be covered by the state. An explanation of the additional costs is included below.

Operating Costs (in thousands):

- **Personal services:** \$443.0 annually
- Three full-time range 14 Accounting Technician 2 positions in Juneau for general collection. This is comparable to existing staff levels used to receipt other revenue sources collected by the Unemployment Insurance component.
- Two full-time range 14 Accounting Technician 2 positions in Juneau for self-employment collection. This is comparable to existing staff levels used to receipt other revenue sources collected by the Unemployment Insurance component.
- **Services:** \$1,209.0 in FY2025; \$291.4 in FY2026 and future years.
- \$390.0 in FY2025 for one-time costs associated with modifying existing information technology systems.
  - Planning/Requirements Gathering/Design: estimated 400 hours, total cost of \$50.0;
  - Developer Costs estimated to require just under 1,500 hours, total cost of \$200.0; and
  - Testing/Remediation/Production Implementation: estimated 1,100 hours, total cost of \$140.0.
- \$624.0 in FY2025 for one-time costs associated with adjusting existing information technology systems to track self-employed Alaskans.
  - Planning/Requirements Gathering/Design: estimated 640 hours, total cost of \$80.0;
  - Developer Costs: estimated 2,400 hours, total cost of \$320.0; and
  - Testing/Remediation/Production Implementation: estimated 1,760 hours, total cost of \$224.0.
- \$5.0 in FY2025 for one-time costs associated with regulations adoption, including legal review, printing and postage.
- \$101.4 beginning in FY2026 for on-going information technology maintenance costs.
- \$190.0 in all fiscal years for DOLWD indirect costs and statewide core services.
- **Commodities:** \$8.2 in FY2025 and FY2028; \$1.2 in all other fiscal years.
- \$1.2 in supply and equipment needs for the new positions annually.
- \$7.0 in FY2025 and FY2028 to purchase and replace computers.