

# Fiscal Note

State of Alaska  
2026 Legislative Session

Bill Version:	SB 217
Fiscal Note Number:	2
(S) Publish Date:	1/21/2026

Identifier: 0585-DOLWD-UI-01-19-26  
 Title: EMPLOYER CONTRIBUTIONS  
 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)

	FY2027	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2027 Request	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>OPERATING EXPENDITURES</b>	<b>FY 2027</b>	<b>FY 2027</b>						
Personal Services		335.5	335.5	335.5	335.5	335.5	335.5	335.5
Travel		1.5	1.5	1.5	1.5	1.5	1.5	1.5
Services	96.0	122.6	173.3	156.1	156.1	156.1	156.1	156.1
Commodities		8.7	8.7	8.7	8.7	8.7	8.7	8.7
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>96.0</b>	<b>468.3</b>	<b>519.0</b>	<b>501.8</b>	<b>501.8</b>	<b>501.8</b>	<b>501.8</b>	<b>501.8</b>

**Fund Source (Operating Only)**

1054 STEP (DGF)	96.0	468.3	519.0	501.8	501.8	501.8	501.8	501.8
<b>Total</b>	<b>96.0</b>	<b>468.3</b>	<b>519.0</b>	<b>501.8</b>	<b>501.8</b>	<b>501.8</b>	<b>501.8</b>	<b>501.8</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

1054 STEP (DGF)	22,129.8		45,658.0	47,775.3	49,205.4	50,593.1	51,959.0
<b>Total</b>	<b>22,129.8</b>	<b>0.0</b>	<b>45,658.0</b>	<b>47,775.3</b>	<b>49,205.4</b>	<b>50,593.1</b>	<b>51,959.0</b>

**Estimated SUPPLEMENTAL (FY2026) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2027) 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 If yes, by what date are the regulations to be adopted, amended or repealed?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: 01/19/2026 03:00 PM
Approved By: Dan DeBartolo, Administrative Services Director	Date: 01/19/26
Agency: Labor & Workforce Development	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2026 LEGISLATIVE SESSION

### Analysis

This legislation establishes a new employer tax to the employment assistance and training program account established in AS 23.15.625, which is used for the State Training and Employment Program (STEP) administered by the Department of Labor and Workforce Development. This new tax is reduced by the amount the employer is required to contribute to unemployment insurance (UI) under AS 23.20.290(c). Finally, this legislation eliminates the minimum one percent UI employer contribution. This means that that in years when the UI Trust Fund (UITF) is sufficiently solvent there will be an increase in STEP funding that can be used to help meet the training and employment needs of Alaska employers and job seekers.

It is projected that if Alaska's economic conditions continue as they are today this will result in an increase to STEP revenue of nearly \$20 million in FY2027 up to a peak of \$42 million in FY2029 and then down to \$9.2 million in FY2033 as the UITF requires employer contributions again.

This legislation will require programming changes to the UI Tax accounting system to collect and remit new employer contributions to STEP. The UI Tax accounting system is currently designed to allocate employer contributions to the UITF, and for federal reporting it will be critical to ensure the employer taxes for STEP are clearly differentiated from those due to the UITF. This will require up to six months of design and program testing and modification to the existing system by a programmer(s) estimated to cost \$96.0. It is expected that programming costs will remain a little bit higher in the second year as bugs are worked out, but then they should settle at \$33.5 annually for ongoing changes to the tax rates and credits.

Costs associated with implementing this legislation include:

**Services: \$96.0 starting in FY2027, \$50.7 in FY2028, then \$33.5 annually**

- \$96.0 in FY2027 for developer costs estimated to require 960 hours and testing, remediation, and production implementation estimated.

- \$50.7 in FY2028 for on-going information technology maintenance costs, slightly higher due to anticipated complications in programming this relatively new change.

- \$33.5 annually beginning in FY2029 for on-going system changes each tax year, which will be higher than current due to the new employer tax and credits.