

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

IN THE SENATE

BY SENATORS POLLACK, MCNEALY
NOLAN, AND BRAD PHILLIPS.

SENATE BILL NO. 126

IN THE LEGISLATURE OF THE STATE OF ALASKA

SECOND LEGISLATURE - FIRST SESSION

A BILL

For and Act entitled: "An Act relating to employment security amending Articles V and V (a) of the Alaska Employment Security Act (Ch. 5, ESLA, as amended by Chapters 62, 75, 169 SLA 1957, as amended by Chapters 46, 64, 97, 113, and 143 SLA 1959, as amended by Ch. 60, SLA 1960); repealing Section 504 of Article V of Ch. 5 ESLA 1955 as amended by Ch. 169 SLA 1957; repealing Section 556 of Article V (a), Ch. 60, SLA 1960; adding a new Section 556.1 to Article V (a), Ch. 60, SLA 1960; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

Section 1. Section 502 of Article V, Ch. 5 ESLA 1955, as amended by Ch. 169, SLA 1957, as amended by Ch. 60, SLA 1960 is hereby amended to read as follows:

Section 502. RATE OF CONTRIBUTIONS. Each employer shall pay contributions equal to 2.9 percent of wages paid by him with respect to employment during the period January 1, 1961 [1960] through September 30, 1961 [1960] except as otherwise provided in Section 503 and Article V (a). Each individual performing services in employment for such employer during such period shall pay contributions

1 equal to six-tenths of one percent of wages paid to him
2 with respect to employment except as otherwise provided
3 in Section 503 and Article V (a).

4 Beginning October 1, 1961 ~~[1960]~~ and thereafter, each
5 employer shall pay contributions equal to 3.1 ~~[2.9]~~ per-
6 cent and his employees shall pay contributions equal to
7 .6 percent of wages paid by him and received by them with
8 respect to employment except as otherwise provided in
9 Section 503 and Article V (a).

10 Section 2. Section 503 of Article V, Ch. 5, ESLA 1955, as
11 amended by Ch. 169, SLA 1957, as amended by Ch. 60, SLA 1960 is
12 hereby amended to read as follows:

13 Section 503. BASE OF CONTRIBUTIONS. For the purposes
14 of Sections 501 and 502 of this Article subsequent to
15 September 30, 1961 ~~[DECEMBER 31, 1959]~~, wages shall not
16 include that part of remuneration which, after remunera-
17 tion equal to \$5,400.00 ~~[7,200.00]~~ has been paid in a
18 calendar year to an individual by an employer or his pre-
19 decessor with respect to employment, is paid to such
20 individual by such employer during such calendar year unless
21 that part of the remuneration is subject to a tax under a
22 Federal law imposing a tax against which credit may be
23 taken for contributions required to be paid into a State
24 unemployment fund. For the purposes of this section, the
25 term "employment" shall include service constituting
26 employment under any employment security law of another
27 State or of the Federal Government.

28 Section 3. Section 504 of Article V, Ch. 5, ESLA 1955,
29 as amended by Ch. 169, SLA 1957, is hereby repealed.

1 Section 4. Section 552 of Article V (a), Ch. 60, SLA 1960
2 is hereby amended to read as follows:

3 Section 552. For the purpose of computing rates for
4 the period October 1, 1961 ~~[1960]~~ through December 31,
5 1961 ~~[1960]~~ "computation date" means March 31, 1961 ~~[1960]~~.
6 Effective June 30, 1961 ~~[1960]~~ "computation date" means
7 June 30 of the year immediately preceding the calendar
8 year for which the contribution rates are effective.

9 Section 5. Section 553 of Article V (a), Ch. 60 SLA 1960
10 is hereby amended to read as follows:

11 Section 553 (a). "payroll" means all wages paid by
12 an employer to individuals in his employ for service in
13 employment as defined in this Act.

14 ~~[(b) "QUARTERLY PAYROLL" MEANS ALL WAGES PAID BY SUCH~~
15 ~~EMPLOYER DURING A CALENDAR QUARTER.]~~

16 (b) ~~[(c)]~~ For the purpose of computing rates for the
17 period ~~[PERIODS]~~ October 31, 1961 ~~[1960]~~ through December
18 31, 1961 ~~[1960]~~ AND CALENDAR YEAR 1961, "ratable payroll"
19 means an employer's total payroll for four consecutive
20 quarters ending with the computation date; thereafter,
21 "ratable payroll" means so much of an employer's payroll
22 for the four consecutive calendar quarters ending on the
23 computation date as is subject to payment of contributions.
24 For the purpose of determining the rate for a newly subject
25 employer and his employees under this Article the defini-
26 tion of employment in force at the time that the employer
27 becomes subject to the Act shall apply to service performed
28 for him prior to the date on which he becomes subject.

29 Section 6. Section 554 of Article V (a), Ch. 60, SLA 1960

1 is hereby amended to read as follows:

2 Section 554. Beginning with computation date March
3 31, 1961, "qualifying period" means the three-year period
4 of twelve consecutive calendar quarters ending on the
5 computation date. Provided that, for any employer who has
6 not been subject to the Act LIABLE FOR CONTRIBUTIONS
7 HEREUNDER during each of the twelve calendar quarters
8 ending with the computation date, "qualifying period" means
9 the period ending with the computation date and beginning
10 with the first calendar quarter in such twelve-quarter
11 period in which such employer was subject to the Act,
12 WAS LIABLE FOR CONTRIBUTIONS HEREUNDER but in no event
13 shall an employer's qualifying period be less than the
14 four consecutive calendar quarters ending with the compu-
15 tation date. Employers who have been subject to the Act
16 less than four calendar quarters immediately preceding the
17 computation date, and their employees, shall not be en-
18 titled to a rate determination under this Article but shall
19 pay contributions at the maximum STANDARD rates specified
20 in Rate Class-10 in the table in Section 557 of this Article
21 SECTION 502. An employing unit is subject to the Act
22 beginning with the start of the first quarter in which he
23 pays wages hereunder IS LIABLE FOR CONTRIBUTIONS, and
24 ending with the end of the calendar quarter in which
25 either (1) he files closing contribution and wage reports
26 pursuant to regulations of the Commissioner or (2) his
27 account is closed by the independent action of the Com-
28 missioner.

29 Section 7. Sec. 555 of Art. V (a), Ch. 60, SLA 1960, is

1 hereby amended to read as follows:

2 Sec. 555. ELIGIBLE EMPLOYER. An employer and his
3 employees shall be eligible for a rate determination in
4 accordance with the provisions of this Article and the
5 Commissioner's regulations if the employer has been subject
6 to the Act throughout not less than the four consecutive
7 calendar quarters ending with the computation date and
8 remains subject to the Act into the calendar quarter which
9 immediately precedes the effective date of the rate. Not-
10 withstanding any other provisions of this Article, no
11 employer or his employees shall be eligible for a rate
12 determination pursuant to this Article if, with respect to
13 any calendar quarter in or preceding his qualifying period
14 the employer has failed to file any contribution or pay-
15 roll reports or to pay any contributions required by this
16 Act within 60 days following the computation date or within
17 10 days after the Commissioner or his representative has
18 mailed the employer written notice of such delinquency
19 and/or failure to file reports, by registered or certified
20 mail to his last known address, whichever is the later
21 date.

22 Reports made arbitrarily for an employer by the Com-
23 missioner pursuant to Section 519 shall not entitle an
24 employer to a rate determination pursuant to this Article
25 but such reports may be used to establish a rate deter-
26 mination in the discretion of the Commissioner.

27 Each employer who, because of failure to pay contribu-
28 tions or file reports timely /FOR THE REASONS SET OUT IN
29 THIS SECTION/, does not qualify for a rate determination

1 under this Article, [AND HIS EMPLOYEES], shall pay contri-
2 butions at the highest rate provided in this Article, and
3 his employees shall pay contributions at the standard rate
4 specified in Section 502.

5 Section 8. Section 556 of Article V (a), Ch. 60, SLA 1960
6 is hereby repealed.

7 Section 9. Article V (a), Ch. 60, SLA 1960 is hereby amen-
8 ded by adding a new section to read as follows:

9 N Section 556.1. COMPUTATION OF BENEFIT-RATIO. The
10 E Commissioner shall determine each eligible employer's
11 W contribution rate for the period commencing October 1,
12 1961 and ending December 31, 1961 and for each calendar
13 year thereafter by the procedure set forth in this and the
14 following sections.

15 For the qualifying period of each eligible employer,
16 the Commissioner shall charge benefits paid against the
17 account of the employer for whom the individual performed
18 services in employment during the individual's base period,
19 but if the individual performed services in employment
20 for more than one employer during his base period, benefits
21 paid to the individual shall be charged against the
22 respective accounts of such employers in the proportion that
23 the total wages paid to the individual in employment for
24 M each employer bears to the total wages paid to the individ-
25 A ual in employment for all employers during the individual's
26 T base period.

27 T Benefit charges to employer's accounts shall be
28 E restricted to basic weekly benefits. Dependency allowance
29 R shall not be charged to the employer's account.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

N
E
W

M
A
T
T
E
R

The Commissioner shall then determine the sum of all benefits charged to each employer's account for the qualifying period.

The Commissioner shall then compute the "benefit-ratio" for each eligible employer by dividing the sum of such benefits charged by the aggregate of payrolls in the qualifying period. The benefit-ratio factor shall be carried out to at least nine decimal places in the computation.

Section 10. Section 557 of Article V (a), Ch. 60, SLA 1960 is hereby amended to read as follows:

Section 557. RATE DETERMINATION. Beginning October 1, 1961, the Commissioner shall then determine each eligible employer's ratable payroll as defined in Section 553. He shall then array all eligible employers in the order of their benefit-ratio [AVERAGE QUARTERLY DECLINE QUOTIENTS] beginning with the smallest benefit-ratio [AVERAGE DECLINE QUOTIENT] and shall determine, with respect to each employer in the array, the cumulative ratable payroll during the four consecutive quarters ending with the computation date of such employer together with all employers who precede him on the list.

The Commissioner shall segregate the arrayed employers into groups in accordance with cumulative ratable payroll. The limits of the groups shall be those set out in Column B of the table below. Each of such groups shall be identified by the rate class number in Column A which is opposite the figures in Column B which represents the percentage limits of each group. Each employer in the array

1 shall be assigned to the rate class in which the greater
 2 part of such employer's ratable payroll falls except that
 3 if one-half of the employer's ratable payroll falls in one
 4 class, and one-half in another, he shall be assigned to
 5 the lower numbered rate class in which one-half of his
 6 ratable payroll falls. Provided, that no employer shall
 7 be assigned to a higher numbered rate class than is assigned
 8 to another employer with the same average quarterly decline
 9 quotient. Each eligible employer and his employees shall
 10 pay contributions on wages paid by him and received by
 11 them at the contribution rate in Column C and Column D,
 12 respectively, which are opposite such employer's rate
 13 class in Column A.

| N E W | A Rate Class | B Arrayed Employer's Cumulative Payroll Limits (Percent of State Total Ratable Payroll) | | C D Contribution Rate (Percent) | |
|-------------|-----------------|---|--------------------------|--|----------|
| | | More than | Equal to or Less than | Employer | Employee |
| | 1 | 0 | 10 | 1.5 | 0.3 |
| | 2 | 10 | 20 | 1.8 | 0.4 |
| | 3 | 20 | 30 | 2.0 | 0.5 |
| | 4 | 30 | 40 | 2.3 | 0.6 |
| M | 5 | 40 | 50 | 2.7 | 0.6 |
| A | 6 | 50 | 60 | 3.2 | 0.7 |
| T | 7 | 60 | 70 | 3.6 | 0.8 |
| T | 8 | 70 | 80 | 4.1 | 0.8 |
| E | 9 | 80 | 90 | 4.6 | 0.9 |
| R | 10 | 90 | 100 | 4.9 | 0.9 |

| D E L E T E | A Rate Class | B Arrayed Employer's Cumulative Payroll Limits (Percent of State Total Ratable Payroll) | | C Contribution Rate (Percent) | | |
|----------------------------|-----------------|---|--------------------------|-------------------------------------|----------|-----|
| | | More than | Equal to or Less than | Employer | Employee | |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | 1 | 0 | 10 | 1.5 | 0.3 |
| 6 | | 2 | 10 | 20 | 1.8 | 0.4 |
| 7 | | 3 | 20 | 30 | 2.1 | 0.5 |
| 8 | | 4 | 30 | 40 | 2.4 | 0.6 |
| 9 | M | 5 | 40 | 50 | 2.9 | 0.6 |
| 10 | A | 6 | 50 | 60 | 3.2 | 0.7 |
| 11 | T | 7 | 60 | 70 | 3.5 | 0.8 |
| 12 | T | 8 | 70 | 80 | 3.7 | 0.8 |
| 13 | E | 9 | 80 | 90 | 3.8 | 0.9 |
| 14 | R | 10 | 90 | 100 | 4.0 | 0.9 |
| 15 | | | | | | |

Section 11. Section 558 of Article V (a), Ch. 60, SLA 1960 is hereby amended to read as follows:

Section 558. CORRECTIONS AND ADJUSTMENTS. Beginning October 1, 1961, corrections or modifications of an employer's payroll may be taken into account within two years after the computation date, for the purpose of a reduction or increase in his and his employees' rates. When any adjustment is made in an employer's payroll or in his benefit-ratio ~~/AVERAGE QUARTERLY DECLINE QUOTIENT/~~ after rates have been assigned, the adjustment shall not alter the position of any other employer on the schedule or the contribution rate of any other employer. The employer with respect to whom the adjustment in benefit-ratio ~~/DECLINE QUOTIENTS/~~ is made shall be placed in that class in which

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

another employer with the nearest similar benefit-ratio
[AVERAGE QUARTERLY DECLINE QUOTIENT] is placed.

Section 12. Sec. 560 of Article V (a), Ch. 60, SLA 1960,
is hereby amended to read as follows:

Section 560. APPLICATION FOR REVIEW. The Commissioner
shall notify each employer promptly of his rate of contri-
butions as determined for any calendar year pursuant to
this Article. Such determination shall become conclusive
upon the employer unless within 15 days after the notice
was mailed to his last known address or otherwise delivered
to him, the employer files an application for review and
redetermination, setting forth his reasons therefor.

If the Commissioner grants such review, the employer shall
be notified thereof promptly and shall be granted a
reasonable opportunity for a fair hearing. The Commissioner
shall make a redetermination and shall notify the employer
of the redetermination and the reason therefor. If the
Commissioner denies a review, he shall notify the employer
of the denial and the reasons therefor. A redetermination
or a denial of review shall become final, unless within 30
[15] days after the notice was mailed to the last known
address of the employer, or otherwise delivered to him,
petition for judicial review is filed in accordance with
Section 809.

Section 13. This Act takes effect on the day after its
passage and approval or on the day it becomes law without such
approval.