

Introduced: 3/1/77  
Referred: Commerce and Labor &  
Management

1 IN THE SENATE

BY BRADLEY

2 SENATE BILL NO. 194

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to elective coverage of self-employed  
7 individuals under the Alaska Employment Security Act."

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

9 \* Section 1. AS 23.20 is amended by adding a new section to read:

10 Sec. 23.20.327. ELECTIVE COVERAGE BY SELF-EMPLOYED INDIVIDUALS.

11 (a) An individual who is self-employed as the owner and manager of a  
12 business, either as a sole proprietor or in partnership with another  
13 person, and who receives a major part of his earnings from that business,  
14 may file with the department a written election that his services in  
15 connection with the business shall be considered to be services per-  
16 formed for wages by an employee in employment for an employer for all  
17 purposes of this chapter.

18 (b) Regardless of his actual earnings, for the purposes of com-  
19 puting benefits, a self-employed individual making an election under  
20 this section shall be considered to have received remuneration for each  
21 calendar quarter in the highest maximum amount stated in column A of  
22 sec. 350(b) of this chapter.

23 (c) An individual making the election under (a) of this section is  
24 entitled to benefits if that individual, with respect to a base period,  
25 meets the age and employment requirements of sec. 350 of this chapter  
26 and if that individual terminates business activities because of econo-  
27 mic conditions, sickness or illness, acts of God, threats of bodily  
28 harm, or the inability of another to supply a product or service upon  
29 which the owner relied for the continued operation of the business.

1 (d) No benefits may be paid to any individual unless all contri-  
2 butions due with respect to all remuneration received by that individual  
3 have been paid to the department.

4 (e) The department may not approve an election under this section  
5 until it has been established to the departments' satisfaction that the  
6 self-employed individual is normally and continuously engaged in a  
7 regular business.

8 \* Sec. 2. AS 23.20.520(11), (12) and (18) are amended to read:

9 (11) "employer" means (A) an employing unit which for some  
10 portion of a day within the calendar year has or had in employment one  
11 or more individuals; and (B) for the effective period of its election  
12 under sec. 325 of this chapter, an employing unit which has elected to  
13 become subject to this chapter; (C) for the effective period of its  
14 election under sec. 327 of this chapter, an employing unit which has  
15 elected to become subject to this chapter;

16 (12) "employing unit" means an individual or type of organiza-  
17 tion, partnership, association, trust, estate, joint trust company,  
18 insurance company or domestic or foreign corporation, or the receiver,  
19 referee in bankruptcy, trustee, or successor of one of these, or the  
20 legal representative of a deceased person, which has or subsequent to  
21 January 1, 1937, had one or more individuals performing service for it  
22 within the state; an individual performing services inside the state for  
23 an employing unit which maintains two or more separate establishments  
24 inside the state is considered as employed by a single employing unit  
25 for the purposes of this chapter; notwithstanding any provision in this  
26 chapter, any employing unit which employs individuals whose services  
27 must be covered by the unemployment insurance laws of this state after  
28 December 31, 1971 as a condition of approval of the unemployment insur-  
29 ance laws of this state under sec. 3304(a) of the U. S. Internal Revenue

1 Code of 1954, as amended, will be considered an employer as to those  
2 individuals and is subject to contributions on all wages paid after  
3 December 31, 1971, or reimbursement payments to cover benefits paid  
4 based on services performed after December 31, 1971, depending on the  
5 applicable law; the term also refers to a self-employed individual  
6 making the election under sec. 327 of this chapter;

7 (18) "remuneration" means compensation payable for personal  
8 services, including commissions and bonuses and the cash value of all  
9 compensation payable in a medium other than cash; the reasonable cash  
10 value of compensation payable in a medium other than cash shall be  
11 estimated and determined in accordance with regulations prescribed by  
12 the department; the term refers to earnings of an individual making the  
13 election under sec. 327 of this chapter.

14 \* Sec. 3. AS 23.20.525(a)(10)(C) is amended to read:

15 (C) the individual is customarily engaged in an inde-  
16 pendently established trade, occupation, profession, or business of  
17 the same nature as that involved in the service performed except if  
18 the individual makes an election under sec. 327 of this chapter;

19 \* Sec. 4. AS 23.20.525(a) is amended by adding a new paragraph to read:

20 (14) service performed by an individual making the election  
21 under sec. 327 of this chapter.

22 \* Sec. 5. AS 23.20.530(a) is amended to read:

23 (a) In this chapter, unless the context otherwise requires,  
24 "wages" means all remuneration for service from whatever source, in-  
25 cluding commissions and bonuses and the cash value of all remuneration  
26 in a medium other than cash; gratuities customarily received by an  
27 individual in the course of his service from persons other than his  
28 employing unit may be treated as wages received for his employing unit  
29 only to the extent the individual reports the gratuities to his employ-

1 ing unit; back pay awarded under a statute of this state or the United  
2 States and earnings of individuals making the election under sec. 327 of  
3 this chapter shall be treated as wages. The reasonable cash value of  
4 remuneration in a medium other than cash, and the reasonable amount of  
5 gratuities, shall be estimated and determined in accordance with regula-  
6 tions prescribed by the department; for the purpose of an initial  
7 determination only, back-pay awards shall be allocated to the quarters  
8 with respect to which the pay was earned. If the remuneration or  
9 earnings of an individual is not based upon a fixed period of duration  
10 of time or if his wages are paid in irregular intervals or in a manner  
11 which does not extend regularly over the period of employment, for the  
12 purpose of an initial determination only, the wages shall be allocated  
13 to weeks or quarter in accordance with regulations prescribed by the  
14 department. The regulations shall, so far as possible, produce results  
15 reasonably similar to those which would prevail if the individual were  
16 paid his wages at regular intervals.

17 \* Sec. 6. AS 23.20.290 is amended by adding a new subsection to read:

18 (e) Individuals making the election under sec. 327 of this chapter  
19 shall pay contributions at a rate which equals the sum of

20 (1) the highest rate which may be assessed against an em-  
21 ployer under secs. 280 - 310 of this chapter after taking into account  
22 the appropriate reserve multiple of the fund; and

23 (2) the employee rate specified in sec. 290(d) of this chap-  
24 ter.