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Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SB 53 Sectional Analysis:

Section 1) (h) Establishes an income and eligibility verification system (PL 98-369) requiring disclosure of U.I. benefit and wage information to appropriate state and federal agencies. Receipt of federal funds (\$22,652,100) for the administrative costs of the UI program are conditioned upon being in conformity with the provisions of the 1984 amendments to the Social Security Act.

(i) proposed subsection would allow the Department of Labor to voluntarily disclose UI information to the IRS. Current law requires the issuance of a subpoena before an information exchange takes place.

Section 2) Immediate effective date

CSSB 53 (L&C): Deletes subsection (i) with respect to voluntary disclosure of information between the IRS and the Department of Labor.

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

P.O. BOX 1149
JUNEAU, ALASKA 99802
PHONE: (907) 465-2700

February 1, 1985

Michael Thill
Professional Assistant
Labor and Commerce Committee
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Michael:

This is in response to the question you posed last week on Senate Bill 53. If Alaska failed to enact the verification provisions in Section 1 of the bill, \$22,652,100 in federal administrative funds for our Employment Service and Unemployment Insurance programs would be jeopardized in FY 86.

You may recall that last year we were dealing with some conformity provisions which jeopardized employer FUTA tax credits as well as our administrative grants. Accordingly, I would like to clarify that the amendment we are dealing with this year is not attached in any way to the employer FUTA tax--this year we just have our administrative grants "on the line."

Thanks for your help; and please give me a shout if you need anything else.

Sincerely,



Eileen Plate
Special Assistant

Bill No. Senate Bill No. 53
Title "An Act relating to
unemployment insurance"

Date January 21, 1985
Contact: Eileen Plate
465-2700
John W. Shay, Jr.
465-2712

Senate Bill 53 proposes amendments to provisions of Alaska's unemployment insurance law which deal with disclosure of unemployment insurance claim and wage information, as follows:

1. Section 1 provides for the Department of Labor to disclose unemployment insurance benefit and wage information to appropriate state and federal programs funded by the Social Security Act (Aid to Families with Dependent Children, Medicaid, Food Stamps, etc.).


This provision is in response to a 1984 amendment to the Social Security Act which establishes a system for verifying the income and eligibility of persons receiving benefits from programs operating under the Social Security Act. Basically, the verification system consists of the exchange of income and eligibility information among the programs.

State unemployment insurance programs are required, under the amendments to the Social Security Act, to participate in this exchange of information by April 1, 1985. The amendment to Alaska's unemployment insurance law set out in Section 1 of Senate Bill 53 is necessary to enable the Department of Labor to make the appropriate disclosures and thereby assure that federal funding received by the Department for administration of its Unemployment Insurance program is not jeopardized.

2. Section 2 provides for the Department of Labor to disclose information to the Internal Revenue Service. Under federal law, the IRS has the duty to seek information necessary for enforcement of the Internal Revenue Code, and it is empowered to compel the cooperation of persons and agencies in its performance of that duty. Although under current state law the department may not voluntarily disclose unemployment insurance information to the IRS for that purpose, the Department must respond to an IRS subpoena which requests such information. The proposed amendment would eliminate the need for the issuance and processing of subpoenas that have become especially burdensome due to the increasingly large number of subpoenas issued.

The Department supports passage of Senate Bill 53. It will not have a fiscal impact on the Department.

APPROVED:



Jim Robison
Commissioner



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 15, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the disclosure of unemployment insurance information.

The bill has two provisions. The first is in response to amendments made to the Social Security Act by the Deficit Reduction Act of 1984 (P.L. 98-369). The latter Act establishes an income and eligibility verification system under which the state must disclose unemployment insurance benefit and wage information to appropriate state and federal agencies in order to qualify for federal money for payment of administrative costs of the unemployment insurance program (42.U.S.C. sec. 1220b-7).

The system is intended to verify the eligibility of recipients of certain benefits in federally assisted state programs, such as the medicaid, food stamp, and unemployment insurance programs, among others. The bill will allow the Department of Labor to make the appropriate disclosures.

The second provision allows the department to disclose information to the Internal Revenue Service. Under federal law, the IRS has the duty to seek information necessary for enforcement of the Internal Revenue Code, and it is empowered to compel the cooperation of persons and agencies in its performance of that duty. Although under current state law the department may not voluntarily disclose unemployment insurance information to the IRS for that purpose, the Department of Law has concluded that the Department of Labor must respond to an IRS subpoena which requests such information. The proposed amendment would eliminate the need for the issuance and processing of subpoenas, a costly procedure, which has become especially burdensome due to the increasingly large number of subpoenas issued.

Section 2651(1)(2) of the Deficit Reduction Act of 1984 (98 Stat. 1151) basically requires compliance with the provisions of that Act as of April 1, 1985. Therefore, I urge your prompt and favorable consideration of this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

Chairman's Information:

- 1) SB 53: "An act relating to unemployment insurance; and providing for an effective date"
 - a) Introduced: Governor
 - b) Co-Sponsors:

- 2) INTENT: Establishes an income and eligibility verification system requiring disclosure of U.I. benefit and wage information to appropriate state and federal agencies. Amendments to the 1984 Social Security Act make receipt of federal funds for the administrative costs of the UI program conditioned on the adoption of this section. (\$22,652,100)

Bill also contains a provision in subsection (i) which would allow the Department of Labor to voluntarily disclose UI information to the IRS. Current law requires the issuance of a subpoena before such an information exchange occurs.

Proposed CS would delete subsection (i) with respect to "voluntary" disclosure to the IRS.

FISCAL NOTES: 0

- 3) COMMITTEE COMMENTS:

- 4) PUBLIC HEARINGS:
 - a) Sponsor
 - b) Public witnesses:

- 5) BILL ACTION:
 - a) Hold in committee?
 - b) Assign to sub committee for further review?
 - c) Move from Committee?
 - d) close public hearings?

- 6) COMMITTEE ACTION:
 - a) amendments?
 - b) CS adoption?

Ford
2/7/85✓

Original sponsor: Rules/Governor

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 53 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."

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

9 * Section 1. AS 23.20.110 is amended by adding a new subsection to
10 read:

11 (h) The department shall provide information requested by a
12 state or federal agency under an income and eligibility verification
13 system that meets the requirements of 42 U.S.C. 1320b-7 (Social
14 Security Act).

15 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
16 10.070(c).

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 53
 Title: "An Act relating to unemployment insurance...."
 Sponsor: Rules Committee
 Requestor: Senate Labor & Commerce
 Date of Request: 1/17/85

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Social Services
 BRU, Program or Subprogram(s) Affected: Employment Security - Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: John W. Shay Phone: 465-2712

Division: Employment Security Date: 1/18/85

Approved by Commissioner: Jim Robison Date: 1/18/85

Agency: Labor

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)