HB
268

(11)

HOUSE COMMITTEE REPORT

Date referred: 4/27/87

FURTHER REFERRALS:

DATE: 5/9/87

The Finance Committee has considered HB 268

"An Act relating to unemployment insurance."

RECOMMENDS:

[X] replace with CSHB268(Fin.) [ ] the same title

[ ] attached amendment(s) [X] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Cee Adams

Pat Langhofer

Ronald J. Sam

Mark Boyer

Kay Wallis

Tim Brown

Mike Davis

SIGNING OTHER RECOMMENDATIONS:

Cecil G. Adams

Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 268 (FIN)
Publish Date:

REQUEST:

Revision Date:
Title: "An Act relating to...employee contributions for unemployment insurance."
Sponsor: Governor
Requestor: House Labor and Commerce

Agency Affected: Labor
BRU: Employment Security
Components: Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

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: JS Joe Sitton
Phone: 465-2712
Division: Employment Security
Date: 04/28/87

Approved by Commissioner: Jim Sampson
Date: 04/28/87
Agency: Labor

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

RECEIVED
APR 20 1987
LEGISLATIVE FINANCE

page ___ of ___

CSHB 268

Original sponsor: Rules/Governor

IN THE HOUSE BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 268 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the use of employee contributions for unemployment insurance; and clarifying provisions related to repayment of advances to the unemployment trust fund."

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

* Section 1. AS 23.20.135(b) is amended to read:

(b) The department, or a designee of the department, shall immediately deposit, upon receipt, all money payable to the fund in the clearing account. Refunds of contributions erroneously collected and payable under AS 23.20.225 and 23.20.526(a)(11) may be paid from the clearing account in the same manner, or from the training and building fund. Interest and penalty payments may not be refunded from the unemployment compensation fund. After clearance, all money in the clearing account, <u>except for that portion of employee contributions under AS 23.20.290(d) used to pay interest on advances received under AS 23.20.140,</u> shall be immediately deposited with the United States Secretary of the Treasury to the credit of the account of this state in the unemployment trust fund established and maintained under 42 U.S.C. 1104 (sec. 904, Social Security Act), as amended.

* Sec. 2. AS 23.20.140 is amended to read:

Sec. 23.20.140. ADVANCES. When, in accordance with 42 U.S.C. 1321 - 1324 (Title XII, Social Security Act), as amended, the balance in the unemployment trust fund reaches a point where the governor must apply for an advance in order to obtain for the state and its citizens

the advantages available under 42 U.S.C. 1321 - 1324, the department shall notify the governor and take other action which is appropriate to obtain an advance to the unemployment trust fund and arrange for its repayment in accordance with 42 U.S.C. 1321 - 1324.

wo1487hL
Cramer
5/4/87

Original sponsor: Rules/Governor

Change: Line 20, p. 1
[illegible] (CS HB 268(L&C))

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 268 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the use of employee contributions
7 for unemployment insurance; and clarifying provisions
8 related to repayment of advances to the unemployment
9 trust fund."

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

11 * Section 1. AS 23.20.135(b) is amended to read:

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13 immediately deposit, upon receipt, all money payable to the fund in
14 the clearing account. Refunds of contributions erroneously collected
15 and payable under AS 23.20.225 and 23.20.526(a)(11) may be paid from
16 the clearing account in the same manner, or from the training and
17 building fund. Interest and penalty payments may not be refunded from
18 the unemployment compensation fund. After clearance, all money in the
19 clearing account, except for that portion of employee contributions
20 under AS 23.20.290(d) used to pay interest on advances received under
21 AS 23.20.140, shall be immediately deposited with the United States
22 Secretary of the Treasury to the credit of the account of this state
23 in the unemployment trust fund established and maintained under 42
24 U.S.C. 1104 (sec. 904, Social Security Act), as amended.

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29 apply for an advance in order to obtain for the state and its citizens

the advantages available under 42 U.S.C. 1321 - 1324, the department shall notify the governor and take other action which is appropriate to obtain an advance to the unemployment trust fund and arrange for its repayment in accordance with 42 U.S.C. 1321 - 1324.

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

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

AS 23.20 contains a comprehensive scheme for both the collection of unemployment insurance contributions from employers and employees and for the payment of unemployment insurance benefits to unemployed workers in the State of Alaska. The economic conditions in the State of Alaska over the past couple of years have created a situation in which, at the same time that employee and employer contributions to the unemployment compensation fund have decreased, the payment of benefits out of that fund has dramatically increased. The result will be that by or near the end of 1987, the ability of the state to pay unemployment insurance benefits will be in jeopardy because the fund balance will be reduced to near zero.

Therefore, in accordance with existing AS 23.20.140, the state will need to obtain advances from the federal government in order to support the payment of unemployment insurance benefits until such time as the economic conditions in the State of Alaska turn around and employer and employee contributions once again are sufficient to keep the fund solvent.

Since 1982, the federal government has charged interest on the advances it makes to states. Under federal law (42 U.S.C. 1322(b)(5)), the interest may not be paid from employer contributions, nor may it be paid from the unemployment compensation fund. The Department of Labor has determined that interest can, however, be paid from a portion of employee contributions to the fund. This bill clarifies the Department of Labor's authority to pay the interest on advances by using employee contributions.

Section 2 of the bill is a housekeeping measure that simply makes a related provision make sense.

I recommend prompt and favorable action on this proposal.

Sincerely,

Steve Cowper
Governor

Offered: 4/27/87
Referred: Finance

wo1487hB

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE LABOR AND COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 268 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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16 the clearing account in the same manner, or from the training and
17 building fund. Interest and penalty payments may not be refunded from
18 the unemployment compensation fund. After clearance, all money in the
19 clearing account, <u>except for that portion of employee contributions</u>
20 <u>under AS 23.20.140,</u> shall be immediately deposited with the United
21 States Secretary of the Treasury to the credit of the account of this
22 state in the unemployment trust fund established and maintained under
23 42 U.S.C. 1104 (sec. 904, Social Security Act), as amended.

24 * Sec. 2. AS 23.20.140 is amended to read:

25 Sec. 23.20.140. ADVANCES. When, in accordance with 42 U.S.C.
26 1321 - 1324 (Title XII, Social Security Act), as amended, the balance
27 in the unemployment trust fund reaches a point where the governor must
28 apply for an advance in order to obtain for the state and its citizens
29 the advantages available under 42 U.S.C. 1321 - 1324, the department

1 shall notify the governor and take other action which is appropriate
2 to obtain an advance to the unemployment trust fund and arrange for
3 its repayment in accordance with 42 U.S.C. 1321 - 1324.

Introduced: 4/13/87
Referred: Labor & Commerce
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 268

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

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16 clearing account, <u>except for that portion of employee contributions</u>
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18 <u>under AS 23.20.140,</u> shall be immediately deposited with the United
19 States Secretary of the Treasury to the credit of the account of this
20 state in the unemployment trust fund, established and maintained under
21 42 U.S.C. 1104 (sec. 904 of the Social Security Act), as amended.

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25 in the unemployment trust fund reaches a point where the governor must
26 apply for an advance in order to obtain for the state and it citizens
27 the advantages available under 42 U.S.C. 1321 -- 1324, the department
28 shall notify the governor and take other action which is appropriate
29 to obtain an advance to the unemployment trust fund and <u>arrange for</u>

1 its repayment in accordance with 42 U.S.C. 1321 -- 1324.