

C S H B

2 6 8

SENATE COMMITTEE REPORT

FURTHER:

5/13/87

DATE TURNED INTO OFFICE 5/17/87

Mr. President:

FINANCE Committee considered CSHB 268(Fin)

use of employee contricutions for unemployment insurance; and clarifying provisions relating to repayment of advances to the unemployment trust fund

and recommended:

replace with CS FOR _____) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures: Paul G. ...]

[Handwritten signature: Dan ...]

[Handwritten signature: Jim ...]

[Handwritten signature: Rick ...]

[Handwritten signature: W. ...]

[Handwritten signature: ...]

[Handwritten signature: B] DO PASS
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: CSHB 268(Fin)
Publish Date: HOUSE 5/11/87

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

APR 20 1987
LEGISLATIVE FINANCE

Original sponsor: Rules/Governor

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:

12 (b) The department, or a designee of the department, shall
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.

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

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

1 the advantages available under 42 U.S.C. 1321 - 1324, the department
2 shall notify the governor and take other action which is appropriate
3 to obtain an advance to the unemployment trust fund and arrange for
4 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.

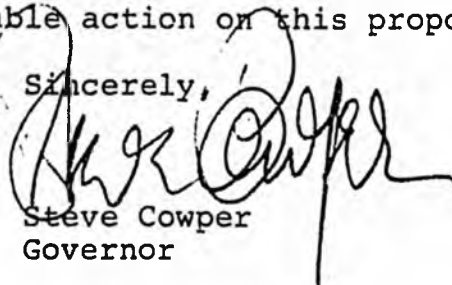
Hon. Ben Grussendorf

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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,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

Introduced: 4/16/87
Referred: State Affairs, Labor and
Commerce and Finance

wol4878

HB 2128

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 261

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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13 from the clearing account in the same manner, or from the training and
14 building fund. Interest and penalty payments may not be refunded from
15 the unemployment compensation fund. After clearance, all money in the
16 clearing account, except for that portion of employee contributions
17 under AS 23.20.290(d) used to pay interest on any advances received
18 under AS 23.20.140, 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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26 apply for an advance in order to obtain for the state and its 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 arrange for