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HOUSE COMMITTEE REPORT

(7)

Date Referred: April 20, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/5/90

The LABOR & COMMERCE Committee considered:

SB 542

SENATE BILL NO. 542

UNEMPLOYMENT INS. FOR SPORTS OFFICIALS

"An Act including employment of officials at certain amateur sports events for coverage under the Employment Security Act; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with _____ [] the same title
- be replaced with _____ [] a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) Dept of Labor ^{4/3/90}
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

<u>Dave Donley</u>	<u>Steve Leman</u>		
<u>1150 F. H. ...</u>			
<u>Collins</u>			

Dave Donley
Chairman's Signature

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 3, 1990

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

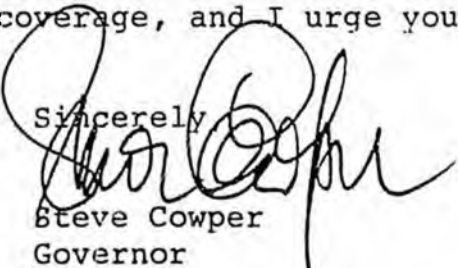
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that removes the exclusion of officials at amateur sports events from unemployment insurance.

In the final hours of the 1989 legislative session, SCS CSHB 147(L&C) was amended to exclude those officials from unemployment insurance. (Ch. 100, SLA 1989.) Section 26 of the final bill amended AS 23.20.526(a) by adding a new paragraph (23) to the list of exclusions. The U.S. Department of Labor (USDOL) subsequently advised the Alaska Department of Labor that this provision creates an issue of conformity with federal law.

The Federal Unemployment Tax Act (FUTA) requires that all employees of government entities and nonprofit organizations be covered for unemployment insurance. Therefore, the exclusion of sports officials working for a government or nonprofit entity presents an issue of noncompliance with the requirements of sec. 3304(a)(6)(A) of FUTA.

Conformity proceedings against Alaska are presently pending. A final ruling by the USDOL that Alaska's law is out of conformity with FUTA carries the penalty of loss of FUTA credit to all Alaska's employers (5.4 percent of the first \$7,000 of wages), plus the loss of administrative money for our employment security division (which is federal money) and Job Training Partnership Act, Title III money. To avoid these punitive measures, I recommend repeal of the 1989 provision that excludes sports officials from unemployment insurance coverage, and I urge your early passage of this bill.

Sincerely,


Steve Cowper
Governor

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: SB 542
PUBLISH DATE: 4/3/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act including employment of officials at amateur sports events for coverage..."
Sponsor: Rules Committee
Requestor: Governor

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	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	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Note: There is no fiscal impact in FY'90.

(see attached)

Prepared by: Judy Knight, Deputy Director Phone: 465-2711
Division: Employment Security Date: 4/2/90
Approved by Commissioner: Jim Sampson Date: 4/2/90
Agency: Department of Labor

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

Fiscal Note Analysis
for

"An Act including employment of officials at amateur sports events..."

AS 23.20.526(a)(23) excludes sports officials at amateur sporting events from coverage under the Employment Security Act for unemployment insurance. This exclusion presents an issue with the requirements of section 3304(a)(6)(A) of the Federal Unemployment Tax Act.

Conformity proceedings against Alaska are presently pending. A final ruling by the U.S. Department of Labor that Alaska's law is out of conformity with federal law carries the penalty of loss of FUTA credit to all Alaska's employers (5.4 percent of the first \$7,000 of wages for each employee). Additional sanctions would be the loss of federal administrative funds for Employment Services (including Youth Employment Services) and Unemployment Insurance programs as well as federal program funds for Title III, Job Training Partnership Act.