

HB

305

HFIN

FILE

FISCAL NOTE

**STATE OF ALASKA
2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1
 Bill Version: HB 305
 (H) Publish Date: 5/10/03

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Unemployment Compensation Benefits BRU: Employment Security
 Component: Unemployment Insurance
 Sponsor: House L&C
 Requester: House L&C Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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 EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the maximum unemployment compensation weekly benefit amount (WBA) over a period of three years, from \$248.00 to \$308.00, and increases the qualifying wages in the existing statutory table. In calendar year 2004, the maximum WBA increases from \$248 to \$272. In calendar year 2005, the maximum WBA increases from \$272 to \$296. In calendar year 2006, the maximum WBA increases from \$296 to \$308.

Costs associated with implementing increases to the maximum WBA would be absorbed through routine resources. There is no fiscal impact to the department as a result of this legislation.

Prepared by: Thomas Nelson, Director Phone: 465-2712
 Division: Employment Security Division Date/Time: 5/7/03 1:59 PM
 Approved by: Greg O'Clary, Commissioner Date: 05/07/03
 Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

HOUSE BILL NO. 305

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 5/7/03

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the calculation and payment of unemployment compensation
2 benefits; and providing for an effective date."

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

4 * **Section 1.** AS 23.20.350(d) is amended to read:

5 (d) An individual who is eligible under (a) of this section is entitled to receive
6 the weekly benefit amount set out in column (B) of the table in this subsection that is
7 opposite the amount set out in column (A) of the individual's base period wages
8 determined under (c) of this section:

	(A)		(B)
	Base Period Wages		Weekly Benefit
	At least	But less than	Amount
11	0	1,000	\$ 0
12	1,000	1,250	44
13	1,250	1,500	46
14			

1	1,500	1,750	48
2	1,750	2,000	50
3	2,000	2,250	52
4	2,250	2,500	54
5	2,500	2,750	56
6	2,750	3,000	58
7	3,000	3,250	60
8	3,250	3,500	62
9	3,500	3,750	64
10	3,750	4,000	66
11	4,000	4,250	68
12	4,250	4,500	70
13	4,500	4,750	72
14	4,750	5,000	74
15	5,000	5,250	76
16	5,250	5,500	78
17	5,500	5,750	80
18	5,750	6,000	82
19	6,000	6,250	84
20	6,250	6,500	86
21	6,500	6,750	88
22	6,750	7,000	90
23	7,000	7,250	92
24	7,250	7,500	94
25	7,500	7,750	96
26	7,750	8,000	98
27	8,000	8,250	100
28	8,250	8,500	102
29	8,500	8,750	104
30	8,750	9,000	106
31	9,000	9,250	108

1	9,250	9,500	110
2	9,500	9,750	112
3	9,750	10,000	114
4	10,000	10,250 --	116
5	10,250	10,500	118
6	10,500	10,750	120
7	10,750	11,000	122
8	11,000	11,250	124
9	11,250	11,500	126
10	11,500	11,750	128
11	11,750	12,000	130
12	12,000	12,250	132
13	12,250	12,500	134
14	12,500	12,750	136
15	12,750	13,000	138
16	13,000	13,250	140
17	13,250	13,500	142
18	13,500	13,750	144
19	13,750	14,000	146
20	14,000	14,250	148
21	14,250	14,500	150
22	14,500	14,750	152
23	14,750	15,000	154
24	15,000	15,250	156
25	15,250	15,500	158
26	15,500	15,750	160
27	15,750	16,000	162
28	16,000	16,250	164
29	16,250	16,500	166
30	16,500	16,750	168
31	16,750	17,000	170

1	17,000	17,250	172
2	17,250	17,500	174
3	17,500	17,750	176
4	17,750	18,000	178
5	18,000	18,250	180
6	18,250	18,500	182
7	18,500	18,750	184
8	18,750	19,000	186
9	19,000	19,250	188
10	19,250	19,500	190
11	19,500	19,750	192
12	19,750	20,000	194
13	20,000	20,250	196
14	20,250	20,500	198
15	20,500	20,750	200
16	20,750	21,000	202
17	21,000	21,250	204
18	21,250	21,500	206
19	21,500	21,750	208
20	21,750	22,000	210
21	22,000	22,250	212
22	22,250	22,500	214
23	22,500	22,750	216
24	22,750	23,000	218
25	23,000	23,250	220
26	23,250	23,500	222
27	23,500	23,750	224
28	23,750	24,000	226
29	24,000	24,250	228
30	24,250	24,500	230
31	24,500	24,750	232

1	24,750	25,000	234
2	25,000	25,250	236
3	25,250	25,500	238
4	25,500	25,750 --	240
5	25,750	26,000	242
6	26,000	26,250	244
7	26,250	26,500	246
8	26,500	26,750	248
9	26,750	<u>27,000</u>	<u>250</u>
10	<u>27,000</u>	<u>27,250</u>	<u>252</u>
11	<u>27,250</u>	<u>27,500</u>	<u>254</u>
12	<u>27,500</u>	<u>27,750</u>	<u>256</u>
13	<u>27,750</u>	<u>28,000</u>	<u>258</u>
14	<u>28,000</u>	<u>28,250</u>	<u>260</u>
15	<u>28,250</u>	<u>28,500</u>	<u>262</u>
16	<u>28,500</u>	<u>28,750</u>	<u>264</u>
17	<u>28,750</u>	<u>29,000</u>	<u>266</u>
18	<u>29,000</u>	<u>29,250</u>	<u>268</u>
19	<u>29,250</u>	<u>29,500</u>	<u>270</u>
20	<u>29,500</u>	<u>29,750</u>	<u>272</u>
21	<u>29,750</u>		<u>272</u> [248].

22 * Sec. 2. AS 23.20.350(d) is amended to read:

23 (d) An individual who is eligible under (a) of this section is entitled to receive
 24 the weekly benefit amount set out in column (B) of the table in this subsection that is
 25 opposite the amount set out in column (A) of the individual's base period wages
 26 determined under (c) of this section:

	(A)		(B)
	Base Period Wages		Weekly Benefit
	At least	But less than	Amount
29	0	1,000	\$ 0
30	1,000	1,250	44

1	1,250	1,500	46
2	1,500	1,750	48
3	1,750	2,000	50
4	2,000	2,250	52
5	2,250	2,500	54
6	2,500	2,750	56
7	2,750	3,000	58
8	3,000	3,250	60
9	3,250	3,500	62
10	3,500	3,750	64
11	3,750	4,000	66
12	4,000	4,250	68
13	4,250	4,500	70
14	4,500	4,750	72
15	4,750	5,000	74
16	5,000	5,250	76
17	5,250	5,500	78
18	5,500	5,750	80
19	5,750	6,000	82
20	6,000	6,250	84
21	6,250	6,500	86
22	6,500	6,750	88
23	6,750	7,000	90
24	7,000	7,250	92
25	7,250	7,500	94
26	7,500	7,750	96
27	7,750	8,000	98
28	8,000	8,250	100
29	8,250	8,500	102
30	8,500	8,750	104
31	8,750	9,000	106

1	9,000	9,250	108
2	9,250	9,500	110
3	9,500	9,750	112
4	9,750	10,000	114
5	10,000	10,250	116
6	10,250	10,500	118
7	10,500	10,750	120
8	10,750	11,000	122
9	11,000	11,250	124
10	11,250	11,500	126
11	11,500	11,750	128
12	11,750	12,000	130
13	12,000	12,250	132
14	12,250	12,500	134
15	12,500	12,750	136
16	12,750	13,000	138
17	13,000	13,250	140
18	13,250	13,500	142
19	13,500	13,750	144
20	13,750	14,000	146
21	14,000	14,250	148
22	14,250	14,500	150
23	14,500	14,750	152
24	14,750	15,000	154
25	15,000	15,250	156
26	15,250	15,500	158
27	15,500	15,750	160
28	15,750	16,000	162
29	16,000	16,250	164
30	16,250	16,500	166
31	16,500	16,750	168

1	16,750	17,000	170
2	17,000	17,250	172
3	17,250	17,500	174
4	17,500	17,750	176
5	17,750	18,000	178
6	18,000	18,250	180
7	18,250	18,500	182
8	18,500	18,750	184
9	18,750	19,000	186
10	19,000	19,250	188
11	19,250	19,500	190
12	19,500	19,750	192
13	19,750	20,000	194
14	20,000	20,250	196
15	20,250	20,500	198
16	20,500	20,750	200
17	20,750	21,000	202
18	21,000	21,250	204
19	21,250	21,500	206
20	21,500	21,750	208
21	21,750	22,000	210
22	22,000	22,250	212
23	22,250	22,500	214
24	22,500	22,750	216
25	22,750	23,000	218
26	23,000	23,250	220
27	23,250	23,500	222
28	23,500	23,750	224
29	23,750	24,000	226
30	24,000	24,250	228
31	24,250	24,500	230

1	24,500	24,750	232
2	24,750	25,000	234
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9	26,500	26,750	248
10	26,750	27,000	250
11	27,000	27,250	252
12	27,250	27,500	254
13	27,500	27,750	256
14	27,750	28,000	258
15	28,000	28,250	260
16	28,250	28,500	262
17	28,500	28,750	264
18	28,750	29,000	266
19	29,000	29,250	268
20	29,250	29,500	270
21	29,500	29,750	272
22	29,750	<u>30,000</u>	<u>274</u>
23	<u>30,000</u>	<u>30,250</u>	<u>276</u>
24	<u>30,250</u>	<u>30,500</u>	<u>278</u>
25	<u>30,500</u>	<u>30,750</u>	<u>280</u>
26	<u>30,750</u>	<u>31,000</u>	<u>282</u>
27	<u>31,000</u>	<u>31,250</u>	<u>284</u>
28	<u>31,250</u>	<u>31,500</u>	<u>286</u>
29	<u>31,500</u>	<u>31,750</u>	<u>288</u>
30	<u>31,750</u>	<u>32,000</u>	<u>290</u>
31	<u>32,000</u>	<u>32,250</u>	<u>292</u>

1	<u>32,250</u>	<u>32,500</u>	<u>294</u>
2	<u>32,500</u>	<u>32,750</u>	<u>296</u>
3	<u>32,750</u>		<u>296</u> [272].

* Sec. 3. AS 23.20.350(d) is amended to read: ---

(d) An individual who is eligible under (a) of this section is entitled to receive the weekly benefit amount set out in column (B) of the table in this subsection that is opposite the amount set out in column (A) of the individual's base period wages determined under (c) of this section:

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26	4,250	4,500	70
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10	8,000	8,250	100
11	8,250	8,500	102
12	8,500	8,750	104
13	8,750	9,000	106
14	9,000	9,250	108
15	9,250	9,500	110
16	9,500	9,750	112
17	9,750	10,000	114
18	10,000	10,250	116
19	10,250	10,500	118
20	10,500	10,750	120
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22	11,000	11,250	124
23	11,250	11,500	126
24	11,500	11,750	128
25	11,750	12,000	130
26	12,000	12,250	132
27	12,250	12,500	134
28	12,500	12,750	136
29	12,750	13,000	138
30	13,000	13,250	140
31	13,250	13,500	142

1	13,500	13,750	144
2	13,750	14,000	146
3	14,000	14,250	148
4	14,250	14,500 ---	150
5	14,500	14,750	152
6	14,750	15,000	154
7	15,000	15,250	156
8	15,250	15,500	158
9	15,500	15,750	160
10	15,750	16,000	162
11	16,000	16,250	164
12	16,250	16,500	166
13	16,500	16,750	168
14	16,750	17,000	170
15	17,000	17,250	172
16	17,250	17,500	174
17	17,500	17,750	176
18	17,750	18,000	178
19	18,000	18,250	180
20	18,250	18,500	182
21	18,500	18,750	184
22	18,750	19,000	186
23	19,000	19,250	188
24	19,250	19,500	190
25	19,500	19,750	192
26	19,750	20,000	194
27	20,000	20,250	196
28	20,250	20,500	198
29	20,500	20,750	200
30	20,750	21,000	202
31	21,000	21,250	204

1	21,250	21,500	206
2	21,500	21,750	208
3	21,750	22,000	210
4	22,000	22,250 --	212
5	22,250	22,500	214
6	22,500	22,750	216
7	22,750	23,000	218
8	23,000	23,250	220
9	23,250	23,500	222
10	23,500	23,750	224
11	23,750	24,000	226
12	24,000	24,250	228
13	24,250	24,500	230
14	24,500	24,750	232
15	24,750	25,000	234
16	25,000	25,250	236
17	25,250	25,500	238
18	25,500	25,750	240
19	25,750	26,000	242
20	26,000	26,250	244
21	26,250	26,500	246
22	26,500	26,750	248
23	26,750	27,000	250
24	27,000	27,250	252
25	27,250	27,500	254
26	27,500	27,750	256
27	27,750	28,000	258
28	28,000	28,250	260
29	28,250	28,500	262
30	28,500	28,750	264
31	28,750	29,000	266

1	29,000	29,250	268
2	29,250	29,500	270
3	29,500	29,750	272
4	29,750	30,000	274
5	30,000	30,250	276
6	30,250	30,500	278
7	30,500	30,750	280
8	30,750	31,000	282
9	31,000	31,250	284
10	31,250	31,500	286
11	31,500	31,750	288
12	31,750	32,000	290
13	32,000	32,250	292
14	32,250	32,500	294
15	32,500	32,750	296
16	32,750	<u>33,000</u>	<u>298</u>
17	<u>33,000</u>	<u>33,250</u>	<u>300</u>
18	<u>33,250</u>	<u>33,500</u>	<u>302</u>
19	<u>33,500</u>	<u>33,750</u>	<u>304</u>
20	<u>33,750</u>	<u>34,000</u>	<u>306</u>
21	<u>34,000</u>		<u>308</u> [296].

22 * Sec. 4. Section 1 of this Act takes effect January 1, 2004.

23 * Sec. 5. Section 2 of this Act takes effect January 1, 2005.

24 * Sec. 6. Section 3 of this Act takes effect January 1, 2006.

Comparison of Weekly Benefit Amount (WBA) Proposals

	2003 Proposal	HB 58 (FIN) (2002)
<p>Brief Synopsis: The major difference in the 2003 WBA proposal and the 2002 WBA bill is that section 3 of the 2003 proposal caps the maximum WBA at \$308 instead of \$320. In addition, sections 4, 5, and 6 of the 2003 proposal provide for extended effective dates.</p>		
Purpose	3-phase increase of the maximum unemployment insurance weekly benefit amount	3-phase increase of the maximum unemployment insurance weekly benefit amount
Section 1	Increase maximum weekly benefit amount to \$272; increase qualifying wage requirement from \$26,750 to \$29,750.	Increase maximum weekly benefit amount to \$272; increase qualifying wage requirement from \$26,750 to \$29,750.
Section 2	Increase maximum weekly benefit amount to \$296; increase the qualifying wage requirement from \$29,750 to \$32,750.	Increase maximum weekly benefit amount to \$296; increase the qualifying wage requirement from \$29,750 to \$32,750.
Section 3	Increase maximum weekly benefit amount to \$308; increase the qualifying wage requirement from \$32,750 to \$34,250.	Increase maximum weekly benefit amount to \$320; increase the qualifying wage requirement from \$32,750 to \$35,750.
Section 4	Section 1 effective 01/01/04.	Section 1 effective 07/01/02.
Section 5	Section 2 effective 01/01/05.	Section 2 effective 01/01/03.
Section 6	Section 3 effective 01/01/06.	Section 3 effective 01/01/04.

2003 Weekly Benefit Amount (WBA) proposal

History

- ◆ Alaska's maximum weekly benefit amount has increased only 4 times in the last 20 years. In 1997 the maximum weekly benefit amount increased by \$36.00.
- ◆ The maximum weekly unemployment insurance benefit paid to the Alaskan worker is 23% less than the 2001 poverty-level guidelines.
 - ✓ In 1997 the Alaska Poverty Guidelines for a family of three was \$351.73.
 - ✓ Alaska median family size is three.
- ◆ Alaska ranks 47th nationally in terms of the maximum weekly benefit amount available to claimants. With this proposal implemented, effective January 1, 2006, Alaska would rank approximately 28th.

The Proposal

- ◆ The 2003 WBA proposal seeks to raise the maximum weekly benefit amount in three phases. The proposal offers a three-phase increase to minimize the impact to employers, employees, and the UI Trust Fund.

Phase	Benefit Amount	WBA Increase	Effective Date
Year 1	\$248 to \$272	\$24	January 1, 2004
Year 2	\$272 to \$296	\$24	January 1, 2005
Year 3	\$296 to \$308	\$12	January 1, 2006

- ◆ The advantages of the 2003 WBA proposal are:
 - ✓ Unemployment benefits are distributed back into the local economy, maintaining economic stability for communities, businesses and workers.
 - ✓ Enables Alaskan workers to weather periods of economic downturn.
 - ✓ Alleviates skill shortages by keeping trained workers in Alaska.

The Impact

- ◆ The cost for each increment of the 3-phase increase is estimated to be approximately \$4.0, \$3.2 and \$1.4 million respectively for a total cost of \$8.6 million. This represents an 8.2% increase in benefit costs.
- ◆ The full impact of the increase in benefit costs will not be reflected in employer tax rates until 2010.
- ◆ When the cumulative impact (8.2%) of the increased benefit costs is included in the tax rate calculation (by 2010), the average employer tax rate will increase from 2.08% to 2.25%; the average employee tax rate will increase from 0.52% to 0.56%.

Unemployment Insurance - Estimated Impact on Employer Contributions 2004-2010

HB 305

Estimated Maximum Contribution Per Employee and Increase Over Prior Year(s)

YEAR	RATE CLASS*	CY: 2004		2005		2006		2007		2008		2009		2010		Cumulative Increase
		Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	Est. Max Contrib Per Empl.	
	1	\$ 267	\$ 267	\$0	\$ 267	\$0	\$ 267	\$0	\$ 267	\$0	\$ 267	\$0	\$ 267	\$0	\$ 267	\$0
	2	267	267	0	267	0	267	0	267	0	270	3	270	3	270	3
	3	278	278	0	283	5	291	8	296	5	299	3	299	3	299	21
	4	304	307	3	312	5	320	8	326	5	328	3	331	3	331	27
	5	334	334	0	342	8	350	8	355	5	360	5	360	5	360	27
	6	360	363	3	368	5	379	11	387	8	390	3	390	3	390	29
	7	387	390	3	398	8	409	11	417	8	419	3	419	3	419	32
	8	443	446	3	454	8	465	11	475	11	481	5	481	5	481	37
	9	499	502	3	510	8	523	13	534	11	539	5	539	5	539	40
	10 Average	555	558	3	569	11	582	13	593	11	598	5	601	5	601	45
	11 Average	555	558	3	569	11	582	13	593	11	598	5	601	5	601	45
	12	609	614	5	625	11	641	16	654	13	659	5	659	5	659	51
	13	665	670	5	681	11	700	19	713	13	718	5	721	5	721	56
	14	721	726	5	737	11	756	19	772	16	780	8	780	8	780	59
	15	748	753	5	766	13	785	19	801	16	809	8	812	8	812	64
	16	777	780	3	796	16	814	19	830	16	838	8	841	8	841	64
	17	804	809	5	822	13	844	21	862	19	868	5	870	5	870	67
	18	830	836	5	852	16	873	21	892	19	900	8	900	8	900	69
	19	860	865	5	881	16	902	21	921	19	929	8	932	8	932	72
	20	886	892	5	908	16	932	24	951	19	959	8	961	8	961	75
	21	1,442	1,442	0	1,442	0	1,442	0	1,442	0	1,442	0	1,442	0	1,442	0

*RATE CLASS: Each employer is assigned one of the 21 rate classes depending on circumstances peculiar to each employer.
 Rate Class 21 is a PENALTY rate class for delinquencies. An employer may change Rate Class from year to year.

Example: An employer in Rate Class 10 in 2006 could pay UI contributions of up to \$569 per full time employee, \$11 more than in 2005, and \$14 more than 2004. All estimates based on \$26,700 (wage base for 2003) per year - wages over the taxable wage base are not taxable.

Unemployment Insurance - Estimated Impact on Employer Contributions 2004-2010

HB 305

Employer Tax Rates

RATE CLASS*	Estimated CY 2004	Estimated CY 2005	Estimated CY 2006	Estimated CY 2007	Estimated CY 2008	Estimated CY 2009	Estimated CY 2010
1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
2	1.00	1.00	1.00	1.00	1.00	1.01	1.01
3	1.04	1.04	1.06	1.09	1.11	1.12	1.12
4	1.14	1.15	1.17	1.20	1.22	1.23	1.24
5	1.25	1.25	1.28	1.31	1.33	1.35	1.35
6	1.35	1.36	1.38	1.42	1.45	1.46	1.46
7	1.45	1.46	1.49	1.53	1.56	1.57	1.57
8	1.66	1.67	1.70	1.74	1.78	1.80	1.80
9	1.87	1.88	1.91	1.96	2.00	2.02	2.02
10 Average	2.08	2.09	2.13	2.18	2.22	2.24	2.25
11 Average	2.08	2.09	2.13	2.18	2.22	2.24	2.25
12	2.28	2.30	2.34	2.40	2.45	2.47	2.47
13	2.49	2.51	2.55	2.62	2.67	2.69	2.70
14	2.70	2.72	2.76	2.83	2.89	2.92	2.92
15	2.80	2.82	2.87	2.94	3.00	3.03	3.04
16	2.91	2.92	2.98	3.05	3.11	3.14	3.15
17	3.01	3.03	3.08	3.16	3.23	3.25	3.26
18	3.11	3.13	3.19	3.27	3.34	3.37	3.37
19	3.22	3.24	3.30	3.38	3.45	3.48	3.49
20	3.32	3.34	3.40	3.49	3.56	3.59	3.60
21	5.40	5.40	5.40	5.40	5.40	5.40	5.40

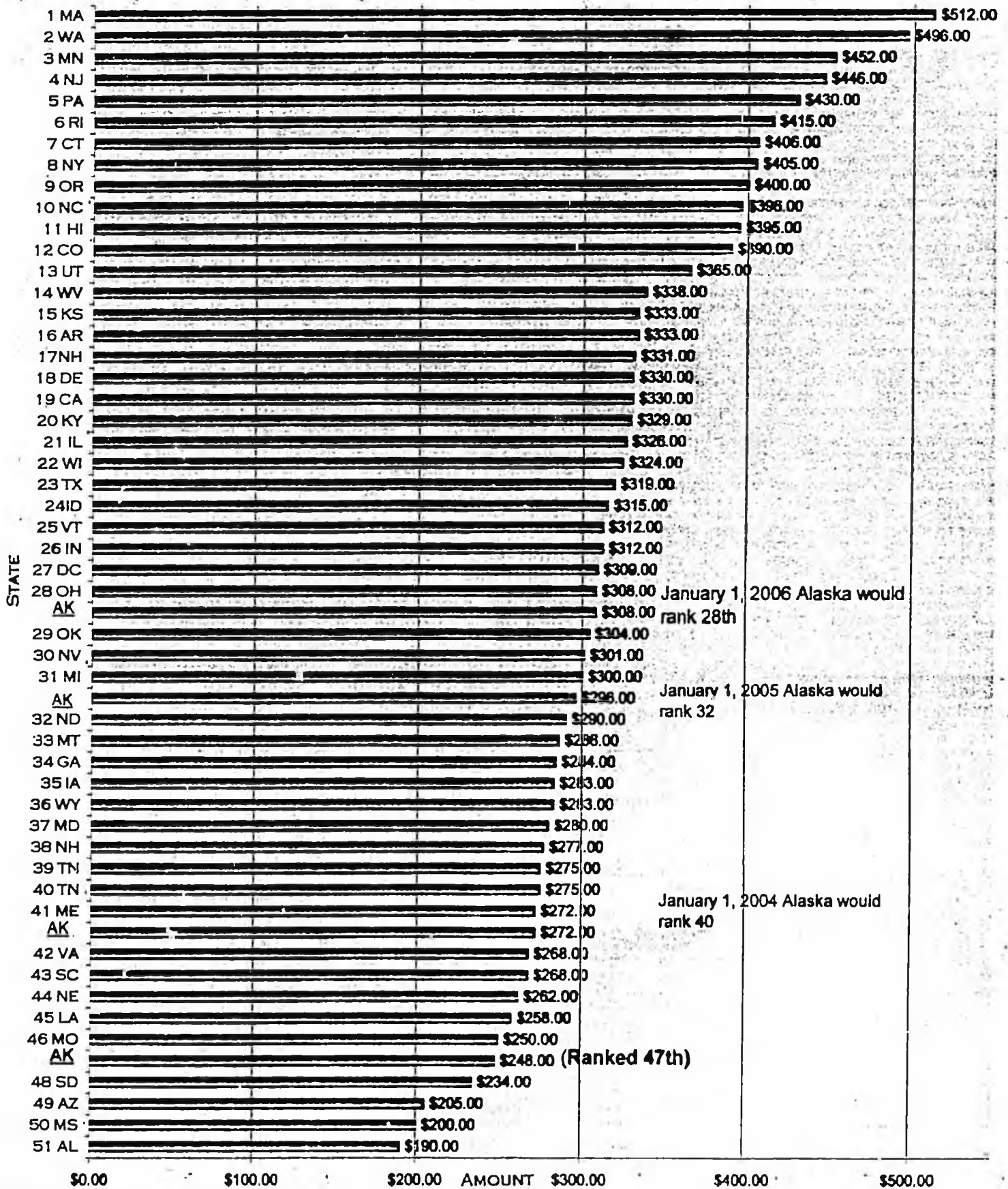
Employee Tax Rates

0.52	0.52	0.53	0.54	0.56	0.56	0.56
------	------	------	------	------	------	------

*RATE CLASS: Each employer is assigned one of the 21 rate classes depending on circumstances peculiar to each employer. Rate Class 21 is a PENALTY rate class for delinquencies. An employer may change rate class from year to year.

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MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE



Note: Data includes 50 states and District of Columbia

Source: US Department of Labor, Significant Provisions of UI Law January 2002

Prepared by: Alaska Department of Labor and Workforce Development, Employment Security Division

April 26, 2003

Amount of UI Benefit Payments by Census Area, CY 2002

Census Areas	Total \$
Aleutians East Borough	325,721
Aleutians West	849,586
Anchorage Municipality	40,042,117
Bethel	3,508,736
Bristol Bay Borough	340,973
Denali Borough	705,109
Dillingham	924,134
Fairbanks N Star Borough	13,719,440
Haines Borough	830,247
Juneau Borough	4,366,051
Kenai Peninsula Borough	13,417,366
Ketchikan Gateway Borough	3,738,791
Kodiak Island Borough	3,786,638
Lake & Peninsula Borough	354,609
Matanuska-Susitna Borough	14,850,934
Nome	1,889,690
North Slope Borough	1,821,966
Northwest Arctic Borough	2,271,728
Prince of Wales	2,161,323
Sitka Borough	1,194,071
Skagway-Hoonah-Angoon	1,211,850
Southeast Fairbanks	1,829,668
Valdez - Cordova	2,991,080
Wade Hampton	2,394,407
Wrangell - Petersburg	1,779,164
Yakutat Borough	246,018
Yukon - Koyukuk	1,955,611
Area Unknown	3,230,295
In-State Totals	\$126,737,323
Out-of-State Totals	\$28,474,117
Totals All Areas	\$155,211,440

Ten-Year Historical Data Series for Census Area Totals (\$)

Calendar Year	\$ Total
1992	175,832,126
1993	180,188,366
1994	150,010,059
1995	126,843,010
1996	125,553,553
1997	118,474,227
1998	118,996,689
1999	129,234,098
2000	114,331,726
2001	117,515,002
2002	155,211,440
Total 1992-2002	 \$1,512,190,296

for Calendar Year 2001

<u>Rank</u>	<u>State</u>	<u>Max WBA</u>
1*	MA	\$768.00
2*	RI	\$528.00
3*	NJ	\$513.00
4	WA	\$496.00
5*	CT	\$481.00
6	MN	\$452.00
7*	PA	\$438.00
8*	IL	\$431.00
9*	OH	\$414.00
10*	ME	\$408.00
11	NY	\$405.00
12	OR	\$400.00
13	NC	\$396.00
14	HI	\$395.00
15	CO	\$390.00
16	UT	\$365.00
17*	IA	\$358.00
18	WV	\$338.00
19	AR	\$333.00
20	KS	\$333.00
21	NH	\$331.00
22	CA	\$330.00
23	DE	\$330.00
24*	MI	\$330.00
25	KY	\$329.00
26	WI	\$324.00
27*	AK	\$320.00
28	TX	\$319.00
29	ID	\$315.00
30	IN	\$312.00
31	VT	\$312.00
32*	MD	\$310.00
33	DC	\$309.00
34	OK	\$304.00
35	NV	\$301.00
36	ND	\$290.00
37	MT	\$286.00
38	GA	\$284.00
39	WY	\$283.00
40	NM	\$277.00
41	FL	\$275.00
42	TN	\$275.00
43	SC	\$268.00
44	VA	\$268.00
45	NE	\$262.00
46	LA	\$258.00
47	MO	\$250.00
48	SD	\$234.00
49	AZ	\$205.00
50	MS	\$200.00
51	AL	\$190.00

Notes: In CY 2001, 3.28% or 1,773 of UI claimants received the maximum weekly benefit amount of \$320.

In CY 2001 there were 53,999 UI claimants, 30,995 (57.4%) claimants did not receive dependent allowance. 6,156 (11.4%) claimants received the maximum number of dependent allowance.

In CY 2001, Alaska paid \$117,515,002 in UI benefits. Of the total benefits paid, \$12,523,440 or 10.65% was for dependent allowance.

Alaska's dependent allowance is \$24 per dependent, limit of 3 dependents.

* Includes dependent allowance.

**Calendar Year 2001
Average Weekly Benefit Amount by State**

<u>Rank</u>	<u>State</u>	<u>Average WBA</u>
1*+	MA	\$334.72
2+	WA	\$311.27
3*+	NJ	\$308.91
4+	MN	\$306.73
5+	HI	\$296.97
6+	CO	\$291.47
7*+	RI	\$289.12
8*+	PA	\$281.52
9*+	CT	\$277.09
10	NY	\$268.99
11*+	IL	\$268.68
12+	DC	\$261.56
13+	KS	\$260.89
14*	MI	\$260.73
15+	OR	\$255.97
16+	UT	\$252.84
17*+	IA	\$249.57
18+	NC	\$248.00
19*+	OH	\$247.65
20	IN	\$243.98
21	WI	\$241.71
22	TX	\$241.35
23	NH	\$240.59
24*	MD	\$235.27
25	VA	\$234.63
26+	KY	\$234.32
27+	VT	\$232.93
28+	NV	\$228.46
29	GA	\$228.42
30+	OK	\$227.88
31+	ID	\$223.46
32	FL	\$223.24
33	DE	\$220.17
34+	AR	\$220.10
35+	ND	\$218.17
36*+	ME	\$215.83
37+	WY	\$215.31
38+	SC	\$205.88
39+	NE	\$204.80
40+	WV	\$202.14
41	MO	\$200.49
42	TN	\$197.81
43+	MT	\$194.19
44+	LA	\$193.94
45+	NM	\$193.23
46*	AK	\$193.01
47+	SD	\$189.91
48	AZ	\$172.74
49	CA	\$172.01
50	AL	\$164.17
51	MS	\$162.99

Alaska's average weekly benefit amount calculations consider the following:

In CY 2001 there were 53,999 UI claimants, 30,995 (57.4%) claimants did not receive dependent allowance. 6,156 (11.4%) claimants received the maximum number of dependent allowance.

In CY 2001, Alaska paid \$117,515,002 in UI benefits. Of the total benefits paid, \$12,523,440 or 10.65% was for dependent allowance.

Alaska's dependent allowance is \$24 per dependent, limit of 3 dependents.

* Includes dependent allowance.

+States that index their maximum weekly benefit amount as a percentage (50%-70%) of the statewide average weekly wage.

Alaska State Legislature

House of Representatives



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SECTIONAL ANALYSIS FOR HB 305 BY: Representative Tom Anderson

Section 1: AS 23.20.350(d) - Amends the benefit schedule, effective 01/01/04, by increasing qualifying wage requirements from \$26,750 to \$29,750. The benefit schedule is extended in \$250 increments to reach the new qualifying amounts. Amends the maximum benefit amount from \$248 to \$272. The benefit schedule is extended in \$2 increments to reach the new maximum benefit amount.

Section 2: AS 23.20.350(d) - Amends the benefit schedule, effective 01/01/05, by increasing qualifying wage requirements from \$29,750 to \$32,750. The benefit schedule is extended in \$250 increments to reach the new qualifying amounts. Amends the maximum benefit amount from \$272 to \$296. The benefit schedule is extended in \$2 increments to reach the new maximum benefit amount.

Section 3: AS 23.20.350(d) - Amends the benefit schedule effective 01/01/06, by increasing qualifying wage requirements from \$32,750 to \$34,250. The benefit schedule is extended in \$250 increments to reach the new qualifying amounts. Amends the maximum benefit amount from \$296 to \$308. The benefit schedule is extended in \$2 increments to reach the new maximum benefit amount.

Section 4: Section 1 takes effect 01/01/2004.

Section 5: Section 2 takes effect 01/01/2005.

Section 6: Section 3 takes effect 01/01/2006.

Constituent Group(s) affected by bill: Financial Impact

The estimated increase in employer tax is calculated by adding approximately 0.02 to the average employer tax rate for each \$1 million of net increase in benefit cost.

The estimated cost increase in UI benefits paid resulting from increasing the maximum WBA from \$248 to \$272 is \$4.0 million. The estimated cost increase in UI benefits paid resulting from increasing the maximum WBA from \$272 to \$296 is \$3.2 million. The estimated cost in UI benefits paid resulting from increasing the maximum WBA from \$296 to \$308 is \$1.4 million.

There would not be an impact to employer taxes during 2004. The estimated average employer tax rate would increase from 2.08 to 2.09 in 2005, from 2.09 to 2.13 in 2006, from 2.13 to 2.18 in 2007, from 2.18 to 2.22 in 2008, from 2.22 to 2.24 in 2009 and from 2.24 to 2.25 in 2010.

There would not be an impact to the employee portion of the tax during 2004 and 2005. The estimated employee portion of the tax would increase from 0.52% to 0.53% of the first \$25,500 taxable wages in 2006, from 0.53% to 0.54% in 2007, from 0.54% to 0.56% in 2008. The estimated employee portion of the tax would remain at 0.57% in 2009 and 2010.

Alaska State Legislature

House of Representatives



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SPONSOR STATEMENT FOR HB 305

BY: Representative Tom Anderson
House Labor & Commerce Committee Chair

TITLE: "An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

House Bill 305 provides an 8.2% increase the maximum weekly unemployment benefit amount. This increase, phased in over a three-year period, minimizes the impact to employers, employees, and the UI Trust Fund. Alaska currently ranks 47th in the nation with a maximum weekly benefit of \$248. Alaska will rank and estimated 28th in the nation when the maximum weekly benefit is fully increased to \$308 in 2006. The fully increased maximum benefit amount would be available to claimants earning \$34,250 or more per year.

The full impact of the increase in benefit costs will not be reflected in employer tax rates until 2010. When the cumulative impact of the increased benefit costs is included in the tax rate calculation by 2010, the average employer tax rate will increase by 0.17% and the average employee tax rate will only increase by 0.04%.

Alaska's unemployment benefits assist Alaskans who find themselves temporarily without work. The benefits are distributed back into the local economy, which in turn maintains economic stability for communities, business, and workers. HB 305 enables Alaskan workers to weather periods of economic downturn and alleviates skill shortages by keeping trained workers in Alaska.

I urge your support of HB 305.

Sectional Analysis of CSHB 295(STA) (Regulation Notices and Distribution)

(Prepared by the Department of Law, May 14, 2003)

CSHB 295(STA) would make notices of proposed regulations more readable, and would reduce the newspaper publishing costs for those notices, by requiring less detail in newspaper notices; by guiding the public to more detailed information, especially through the Internet; by making notice distribution requirements, such as publication in newspapers and on the Internet and by mail or electronic mail, more consistent across agencies; and by omitting newspaper notice for a few specialized subject areas, where interested businesses, firms, and other persons rely on the Internet or other means other than newspapers for notice.

I. Changes to requirements in the Administrative Procedure Act (AS 44.62) for publishing notice (Sections 23 - 24):

Sec. 23: *Abbreviated newspaper notice:* Section 23 amends the distribution requirements in AS 44.62.190(a) for a notice of proposed regulations, to allow an abbreviated notice in a newspaper of general circulation or in a trade or industry publication, and makes technical changes to improve readability.

Sec. 24: *Content requirements:* Section 24 amends the content requirements of AS 44.62.200, specifying requirements for the abbreviated notice that include:

- a statement of what is being changed;
 - a brief general description of the changes;
 - information on how to obtain more detailed information, through the Alaska Online Public Notice System or from a contact person at the state agency;
 - a statement of when hearings, if any, will take place.

II. Changes to make notice distribution consistent across agencies (Sections 3 - 6, 8 - 9, 14 - 15, 17 - 18, and 25):

Under the Administrative Procedure Act (APA), newspaper notice of proposed regulations is required in only one newspaper. For some agencies not subject to the requirements of the APA, newspaper notice of proposed regulatory changes is required in three or more newspapers. The bill allows the publication of notice in only one newspaper, the same as the minimum APA requirement.

The bill also allows agencies not subject to the APA to furnish notice by a means other than mailing, such as electronic mailing. As in the APA, the agency would, in most cases, still have to mail a paper copy of the notice to a person who requests one. This

amendment brings these agencies in conformance with other agencies whose statutes were similarly revised in 2000.

Secs. 3 - 4: Alaska Teachers' Retirement Board

Sec. 5: Alaska Aerospace Development Corporation

Sec. 6: Alaska Housing Finance Corporation

Secs. 8 - 9: Judicial Retirement System (Department of Administration)

Secs. 14 - 15: Public Employees' Retirement Board

Secs. 17 - 18: Alaska Railroad Corporation

Sec. 25: Alaska Industrial Development and Export Authority

III. Notice of proposed regulations for certain specialized subject areas (Sections 1 - 2, 7, 10 - 13, 16, 19 - 20, and 26):

The bill allows some agencies that are subject to the APA to omit newspaper publication of a notice of proposed regulations, for regulations in certain highly specialized subject areas listed in statute, where interested persons are most likely to rely on the Internet or other means to obtain such information.

Sec. 1: Department of Community and Economic Development, Division of Banking, Securities, and Corporations, with respect to all regulations implementing the Revised Trust Company Act (AS 06.26)

Sec. 2: Office of the Lieutenant Governor, with respect to electronic signatures (AS 09.25.510)

Sec. 7: Department of Community and Economic Development, Division of Insurance, with respect to regulations implementing the Insurance Code (AS 21)

Sec. 10: Alaska Oil and Gas Conservation Commission with respect to all regulations adopted by the Commission (AS 31.05)

Sec. 11: Department of Natural Resources, with respect to oil and gas leases, including: competitive bidding regulations; standards, criteria, and definitions of terms that apply to the filing of applications for, and the review and certification of, discovery oil and gas royalty certifications; bidding methods; the rental rate for a plugged or abandoned well; issuance of certain state shoreland leases covering land within the boundaries of existing federal or private leases; cooperative or unit plans among lessees; and the offering of land for lease that

was subject to a best interest finding within the previous ten years (AS 38.05.180)

Secs. 12 - 13: Department of Administration, with respect to the state personnel rules; while not specifically referencing the APA, this change would eliminate the requirement of publication of changes to personnel rules in one newspaper and add a requirement that notice of such changes be posted on the Alaska Online Public Notice System (AS 39.25.140)

An additional change allows furnishing of notice by a means other than mailing, and requires mailing of notice to a person who requests it

Sec. 16: Regulatory Commission of Alaska, with respect to the Pipeline Act and including such matters as issuance of certificates of public convenience and necessity, standards of service and facilities for oil and gas pipeline facilities, tariffs, records, reporting and enforcement (AS 42.06.140)

Secs. 19 - 20: Department of Revenue, with respect to corporate income taxes and oil and gas property taxes (AS 43.20; AS 43.56)

Sec. 26: Department of Community and Economic Development, Division of Banking, Securities, and Corporations, with respect to regulations implementing the Alaska Securities Act (AS 45.55)

IV. Changes to requirements in the Administrative Procedure Act (AS 44.62) for distribution of the Alaska Administrative Code (AAC) to local government units (Sections 21 - 22):

Sec. 21: *Distribution of the Alaska Administrative Code (AAC) to local government units:* Existing AS 44.62.140 requires the lieutenant governor to supply a paper copy of the Alaska Administrative Code (AAC) to the clerk of a local government unit, at no cost and regardless of whether the local clerk requests or wants the copy. Section 21 amends the statute to require that the local clerk first request a copy, and that the local government unit pay for it. The local clerk could request either a paper or an electronic copy.

Sec. 22: *Disclosure of costs:* Section 22 requires the lieutenant governor to tell a requesting local clerk the costs of complying with a request for the AAC.