

SB

171

<target><bill>SB 171</bill><subject>SB
171</subject><comm>SFIN26</comm></target>

Alaska State Legislature

4/14/09

Interim:
716 West 4th Ave.
Anchorage, Alaska 99501
(907) 269-0199



Session:
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-4945

Senator Kevin Meyer
Senate District O

TO: Senator Kevin Meyer
FROM: Christine R. Marasigan, Legislative Aide *CRM*
DATE: April 7, 2009
RE: CS for SB 171, explanation of change.

The drafted CS for SB 171 makes one change.

Page 1, line 13
Inserted new language:
(a)(1) - (3)

Reason for change:

The bill originally exempted (a)(3) of the eligibility requirement since those who are deceased, even if their remains are in the state of Alaska are not technically a 'resident' since they are not living.

During discussion with the PFD Division Director, Debbie Bitney, it was pointed out that (a)(1) and (2) should also be exempted since (1) if the applicant is deceased it is not they who are applying but rather their successors and or estate (this is covered in page 1, line 14 of the bill). The second requirement (2) requires that an applicant is a state resident on the date of application and should be exempted in the bill for the same reason (3) was exempted—the applicant is deceased and technically not a resident.

The intent of the bill is to treat the deceased application as they would a living applicant in all of the requirements and eligibility one would have to meet in order to qualify for a PFD.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/7/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 171

SB 171 PERMANENT FUND DIVIDEND FOR DECEASED

"An Act relating to the permanent fund dividend of an otherwise qualified individual who dies during the qualifying year; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 171 (FIN)
- adopt previous SCS or CS _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input checked="" type="checkbox"/> Same Title	
<input type="checkbox"/> New Title	
HOUSE BILL:	
<input type="checkbox"/> Same Title	
<input type="checkbox"/> Technical Title Change	
<input type="checkbox"/> New Title w/ SCR # _____	

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	4-9-09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	THOMAS	✓			
	OLSON	✓			
	ELLIS	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR: _____					

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 171
() Publish Date: _____

Identifier (file name): CSSB171(STA)-DOR-PFD-04-09-09 Dept. Affected: O4
Title: PFD Dividends to Deceased Individuals RDU: Taxation and Treasury
Component: Permanent Fund Dividend Division
Sponsor: Senator Meyer
Requester: Senate Finance Committee Component Number: 981

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services	57.2		57.2	57.2	57.2	57.2	57.2	57.2
Travel								
Contractual	27.0		27.0	27.0	27.0	27.0	27.0	27.0
Supplies	2.5		2.5	2.5	2.5	2.5	2.5	2.5
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	86.7	0.0	86.7	86.7	86.7	86.7	86.7	86.7
CAPITAL EXPENDITURES								
CHANGE IN REVENUES ()								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	86.7		86.7	86.7	86.7	86.7	86.7
TOTAL	86.7	0.0	86.7	86.7	86.7	86.7	86.7

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	1.0		1	1	1	1	1
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

Historically, approx. 3,500 people die in Alaska each year. It is understood that all absence and eligibility rules will apply to deceased individuals, therefore, it is presumed that approx 1,750 people per year will qualify for this provision. Application on behalf of a deceased person will create an automatic eligibility case that must be assigned to a technician and worked. The average time a technician can expect to put into an deceased individual's eligibility case is estimated at one hour. This includes public response time in answering the many questions the executors of the estates will have regarding the deceased individuals eligibility as well as time spent reviewing documents, requesting information and writing letters. 1,750 man hours translates to 50 weeks or one full time position.

Prepared by: Deborah M. Bitney
Division: Permanent Fund Dividend
Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone 465-4785
Date/Time 4/9/09 3:23 PM
Date 4/9/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB 171

ANALYSIS CONTINUATION

It is expected that 100 of those applications will result in denial/appeal which translates to one full month of Appeals technician time, adding to the backlog that currently exists. OAH typically spends 15-20 hours at \$135 hour per case. This is estimated to increase our costs of Formal hearings by as much as \$27,000 annually. Supply cost is based solely on increased 1099 mailing.

1,750 additional complicated cases annually is not something the division can absorb without increased staffing. At current staffing levels, regular eligiblity casework is not complete for a given year until well into the 4th month of the following year. Applicants who appeal at the informal level can expect resolution of their case to take approximately 8 months.

Page _ of _

Adopted 4/13/09

WORK DRAFT

WORK DRAFT

WORK DRAFT

26-LS0804S
Cook
4/9/09

CS FOR SENATE BILL NO. 171()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR MEYER

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to the permanent fund dividend of an otherwise qualified individual
2 who dies during the qualifying year; and providing for an effective date."

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

4 * Section 1. AS 43.23.005(h) is amended to read:

5 (h) If an individual who would otherwise have been eligible for a permanent
6 fund dividend dies after applying for the dividend but before the dividend is paid, the
7 department shall pay the dividend to a personal representative of the estate or to a
8 successor claiming personal property under AS 13.16.680. If an individual who would
9 otherwise have been eligible for a dividend and who did not apply for the dividend
10 dies during the application period, a personal representative of the estate or a
11 successor claiming personal property under AS 13.16.680 may apply for and receive
12 the dividend. If an individual who received a dividend for the year immediately
13 before the qualifying year and who would otherwise have been eligible for a
14 dividend dies during the qualifying year after having been a state resident for at

1
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6
7

least 180 days immediately before the date of death, notwithstanding (a)(1) - (3) and (a)(6) of this section, a personal representative of the estate or a successor claiming personal property under AS 13.16.680 may apply for and receive the dividend. Notwithstanding AS 43.23.011, an [THE] application for a [THE] dividend may be filed by the personal representative or the successor under this subsection at any time before the end of the application period for the next dividend year.

* Sec. 2. This Act takes effect January 1, 2010.

Replaced

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 171(STA)
(S) Publish Date: 4/7/09

Identifier (file name): SB171-DOR-TAX-04-03-09 Dept. Affected: 4
Title: PFD Dividends to Deceased Individuals RDU: Taxation and Treasury
Sponsor: Senator Meyer Component: Permanent Fund Dividend Division
Requester: Senate State Affairs Component Number: 981

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services	114.4			114.4	114.4	114.4	114.4	114.4
Travel								
Contractual	27.0			27.0	27.0	27.0	27.0	27.0
Supplies	2.5			2.5	2.5	2.5	2.5	2.5
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	143.9	0.0	143.9	143.9	143.9	143.9	143.9	143.9

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 Interagency Receipts	143.9		143.9	143.9	143.9	143.9	143.9	143.9
TOTAL	143.9	0.0	143.9	143.9	143.9	143.9	143.9	143.9

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	2.0		2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

Historically, approx. 3,500 people die in Alaska each year. This does not take into consideration Alaskans who die outside of Alaska that may also result in an application. Application on behalf of a deceased person will create an automatic eligibility case that must be assigned to a technician and worked. It is expected that some of the applicants will apply for the first time as deceased individuals, complicating the issue. The average time a technician can expect to put into an deceased individual's eligibility case is estimated at one hour. This includes public response time in answering the many questions the executors of the estates will have regarding the deceased individuals eligibility as well as time spent reviewing documents, requesting information and writing letters. 3,500 man hours translates to 100 weeks or two full time positions.

Prepared by: Deborah M. Bitney Phone 465-4785
Division: Permanent Fund Dividend Date/Time 4/2/09 5:44 PM
Approved by: Ginger Blaisdell, Director Date 4/3/2009
Administrative Services Division

FISCAL NOTE # 1

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSSB 171(STA)

ANALYSIS CONTINUATION

It is expected that 100 of those applications will result in denial/appeal which translates to one full month of Appeals technician time, adding to the backlog that currently exists. OAH typically spends 15-20 hours at \$135 hour per case. This is estimated to increase our costs of Formal hearings by as much as \$27,000 annually. Supply cost is based solely on increased 1099 mailing.

3,500 additional complicated cases annually is not something the division can absorb without increased staffing. At current staffing levels, regular eligibility casework is not complete for a given year until well into the 4th month of the following year. Applicants who appeal at the informal level can expect resolution of their case to take approximately 8 months.

4/14/09

Alaska State Legislature



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Session:
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-4945

Senator Kevin Meyer Senate District O

TO: Senator Kevin Meyer
FROM: Christine R. Marasigan, Legislative Aide *CRM*
DATE: April 9, 2009
RE: CS for CSSB 171, explanation of change.

The drafted CS for CSSB 171 makes three changes.

1. Page 1, Line 12, "received a dividend for the year immediately before the qualifying year and" was inserted after the words, "If an individual who"
2. Page 1, Line 13, "after having been a state resident for at least 180 days immediately before the date of death," was inserted after the words, "dies during the qualifying year"
3. Page 1, Line 14, "and (a)(6)" was inserted after the words, "notwithstanding (a)(1) - (3)"

Reason for change:

Immediately after the passage of CSSB 171 from the Senate State Affairs committee, Chris Poag from the Department of Law and Debbie Bitney from the Permanent Fund Dividend division noted a few technical issues that they thought should be fixed. The current CS satisfies their concerns.

1. A majority of letters and emails supporting this bill are from people whose loved one died in November or December, was a longtime Alaskan, and met all PFD eligibility requirements with the exception of their death. There was some concern about SB 171 opening up the PFD to deceased, first time applicants. By adding language requiring that the deceased received a dividend in the prior year will effectively close any loophole for new deceased applicants. This has precedent in other application requirements and eligibility for the PFD.
2. In order to make absolutely sure that the deceased that the estate or successor is applying for was truly a resident, the requirement of 180 days of residency has been added—this has precedent in other application requirements and eligibility for the PFD.
3. (a)(6) reads "at all times during the qualifying year, physically present in the state or, if absent, was absent only as allowed in AS 43.23.008" If the applicant is deceased, they can not be physically present in the state and so (a) (6) was exempted in the text of the bill. Physical presence is required in the 2nd change in the CS which requires residency 180 days prior to death. The intent is that all other eligibility and exemptions for absences -- with the exception for death, which this bill addresses -- still apply.

4/14/09

JUNEAU EMPIRE.COM

State tells families deceased Alaskans not eligible for PFD

Rule requires residents to live in Alaska for entire year to qualify

Monday, February 09, 2009

By Mike Nesper | **Peninsula Clarion**

When Kasilof resident Carole Okamoto contacted the Alaska Permanent Fund dividend division with questions concerning the PFD application process on behalf of her late husband, she was asked a series of questions one would expect:

Did the applicant receive the 2008 dividend? Yes.

During 2008 was the applicant gone from Alaska more than 90 days total? No.

Did the applicant die during the period beginning January 1, 2009, and ending at midnight March 31, 2009?

Huh?

Why does this matter? Okamoto wondered.

What she discovered was that because her husband, Bob, died Nov. 8, 2008, he was not eligible to apply for a 2009 PFD check, which is paid to Alaska residents for the 2008 calendar year. But how could this be?

Okamoto's husband was a long-time Alaska resident, he was in state the necessary 180 days and wasn't a convicted felon. He should be entitled to his check, his wife thought.

"It negated his whole life that year," Okamoto said. "It just doesn't make sense. He deserves it."

Okamoto contacted Rep. Mike Chenault's office, looking for assistance and an explanation of the law. Chenault's office put Okamoto in contact with Deborah Bitney, the director of the permanent fund dividend division.

Chenault's office e-mailed Bitney explaining Okamoto's situation and asked if her husband qualified to receive a 2009 PFD check. Bitney responded with one line: "A person who dies during 2008 does not qualify for a 2009 dividend."

In an interview Friday, Bitney said in order to apply for the PFD Bob would have had to have been alive at some point during 2009. She said a person has to be a resident of Alaska the entire year of 2008 to qualify.

"The rule is you have to be a resident of the state the entire qualifying year," she said.

Bitney said if a person dies during the application process then a family member can apply for them on their behalf, but if a person dies during the qualifying year, 2008 in this case, they are not eligible to apply.

Bitney said the PFD division doesn't have the authority to change the laws surrounding the application process and that any changes would have to come from the Legislature.

Okamoto has attempted to call Chenault and Sen. Tom Wagoner but has not received any return calls. With the Legislature now in session, Okamoto wants to see this law changed.

"This is the time to address it," she said. "This is the time to correct it."

"We need to change the rules, this is not right," said Rose Renner, of Kasilof.

Renner's father died Nov. 14, 2008, and like Okamoto, the PFD office told Renner her father did not qualify to apply for the 2009 dividend.

Renner said if someone can live in Alaska for half of the year and Outside for the other six months and still receive a check, then her father, who lived in the state more than 10 months of 2008, should be eligible to receive the PFD.

"I am still going to file his PFD," Renner said. "There are a lot of people facing this same issue. I do not think that these laws are acceptable."

Click here to return to story:

http://www.juneauempire.com/stories/020909/sta_386176653.shtml

4/14/09

Mary K. (Katy) Neher
1230 West 79th Ave. ~ Anchorage, AK 99518
Work Phone 265-6207 ~ Email K.Neher@conocophillips.com
Home Phone 344-3382 ~ Email mkneher@chugach.net

March 27, 2009

The Honorable Kevin Meyer
Alaska State Legislature
The State Senate
Alaska State Capitol
Juneau, AK 99801-1182

Dear Senator Meyer,

Thank you for taking the time to meet with me when I was in Juneau with the ConocoPhillips Alaska CAP program.

As we discussed, I am very anxious to have the Permanent Fund Dividend eligibility for deceased Alaskans changed. Currently statute AS43.23.005 (h) states: ... "If an individual who would otherwise have been eligible for a dividend and who did not apply for the dividend *dies during the application period*, a personal representative of the estate or a successor claiming personal property under AS 13.16.680 may apply for and receive the dividend."...

I would like to see the simple words "*dies during the application period*" changed to "*dies during the dividend year*". I think this simple change would effect what is fair. Alaskans deserve to receive their final PFD. Although this change won't affect my daughter Melissa's last PFD or other Alaskans that have been denied their final PFD it will affect those in the future.

Accomplishing this change to the PFD eligibility is very important to me. It's the last task I have to do in memory of my daughter, Melissa. Please let me know if you need me to do anything to help with this change.

Once again, thank you for your help.

Thank you,

Mary K. (Katy) Neher

MKN:kn

4/14/09

My name is Lena Mason. I would like to thank you for giving me the opportunity to testify at this important hearing. I would like to thank Representative Harry Crawford for introducing bill # HB205 and Senator Kevin Meyer for introducing Bill #SB171. Special thanks to their staff for their support and research they rendered me in this important situation. It is very much appreciated.

My husband Robert and I have been residence of Alaska since 1969. Unfortunately he passed away suddenly on Nov 18, 2008. We have both received permanent fund checks since its inception.

I contacted the permanent fund office to inquire what the procedure was to file for my spouses dividend for 2008. We were advised he was not eligible. If he had passed away in Jan, Feb., or March of 2009 he would have been eligible for the 2008 permanent fund. They also advised that they had to implement a deadline for deceased residents and to be eligible they would have had to be a resident for one full year prior to death. I do know that prior to this new ruling deceased resident's received a check for the year they passed away.

If a child is born on Dec 31st they are eligible for a permanent fund check for the year they were born. Residents are allowed to be out of state for 180 days and still be eligible for the permanent fund. This new ruling for deceased residents does not make any sense.

My husband contributed to the state economy and was never out of state for for the maximum amount of time required to qualify to receive the fund.

How is it that the Permanent Fund Office is authorized to make changes for the distribution of the funds? It should be up to the legislature to make rulings regarding how State money is spent and distributed.

My situation is not unique judging by the letters I have read in the Anchorage Daily News.

I did submit an estate form to the PFD office with a copy of a death certificate. The estate form states it must be submitted by Mar 31st 2010., Whether they will honor our request remains to be seen.

I would like to request that you review this ruling and take it under advisement to rectify the guidelines for distribution of funds.

Please accept my most sincere Thanks for your consideration in this matter.

Sincerely,

Lena Mason

2926 Campbell Airstrip Rd.

Anchorage, Ak 99504

907-333-4166

4/14/09

[REDACTED]

From: [REDACTED]
Sent: Wednesday, March 25, 2009 8:04 AM
To: [REDACTED]
Subject: FW: Permanent Fund - Alan Kajikawa

[REDACTED]

[REDACTED]

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, March 25, 2009 7:24 AM
To: Sen. Kevin Meyer
Subject: Permanent Fund - Alan Kajikawa

Good Morning Kevin,

This is Alan Kajikawa. I talked to you about the status of the permanent fund issue for deceased family members for 2008. You may know that I lost my wife Carol in December after 45 years together with 31 of those in Alaska. I found out like many others through the article in the newspaper that she wouldn't qualify for the permanent fund dividend for 2008 even though she was present in the state all year. It seems a shame that any Alaskan who was here even through December 31 at 11:59pm of any year would be denied a benefit that was earned by their presence actually in the state vs. many who are not really here. Please let me know if you and your colleagues can correct this situation to benefit those who don't need another situation in their lives to compound the grief that we all will be facing for a long time to come.

On another note, the UAA women came from 12 points behind to win their first game and will play at 3pm Alaska time for their second game. It was a great effort on their part and a heart stopping one for all Alaska fans present at the game.

thank you for your consideration,
e malama pono,

Alan & Hanna Malia Kajikawa

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
Sent: Tuesday, April 07, 2009 9:58 AM
[REDACTED]

Subject: FW: Senate Bill #171

[REDACTED]
Sent: Tuesday, April 07, 2009 9:54 AM
To: Sen. Kevin Meyer
Subject: Senate Bill #171

Dear Senator Meyer,

I am writing today to voice my unqualified support for Senate Bill #171. I personally find it ludicrous that an otherwise qualified individual is ineligible for the PFD should he or she have the misfortune to die outside the specified time frame of January to March! Were these people (assuming Alaska residency and otherwise being eligible) somehow *not* Alaskans during the previous 9 months in the cycle? I commend you wholeheartedly for introducing this bill and I assure you that I will continue to support it during its travels through the legislative process.

God bless you!
Molly Palmer
Valdez, Alaska

4/7/2009

4461

Adopted 4.7.09

26-LS0762S
Wayne
4/6/09

CS FOR SENATE BILL NO. 170(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATOR ELLIS

A BILL

FOR AN ACT ENTITLED

1 "An Act modifying the Alaska unemployment insurance statutes to comply with the
2 requirements of the federal economic stimulus bill by redefining the base period for
3 determining eligibility for unemployment benefits; relating to contributions, interest,
4 penalties, and payments under the Alaska Employment Security Act; and providing for
5 an effective date."

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

7 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
8 to read:

9 **LEGISLATIVE FINDINGS AND INTENT.** (a) The legislature finds that
10 (1) P.L. 106-544 (Consolidated Appropriations Act, 2001) amended 26 U.S.C.
11 3301 - 3311 (Federal Unemployment Tax Act) to require certified state unemployment
12 insurance programs to provide federally recognized tribes and their wholly owned
13 subdivisions, subsidiaries, or businesses the option to be a reimbursable employer;

1 (2) the state's unemployment insurance program has been certified by the
2 United States Department of Labor;

3 (3) as a certified program, the Department of Labor and Workforce
4 Development receives federal funds to administer its unemployment insurance program;

5 (4) because this state has a certified program, Alaska employers receive a tax
6 credit of up to 90 percent of the federal unemployment tax that employers are required to pay;

7 (5) to maintain its certified status, this state must conform AS 23.20 (Alaska
8 Employment Security Act) with the requirements of 26 U.S.C. 3301 - 3311 (Federal
9 Unemployment Tax Act);

10 (6) failure to bring AS 23.20 (Alaska Employment Security Act) into
11 compliance with federal legislation could result in the loss of approximately \$20,000,000 in
12 administrative funding under 26 U.S.C. 3301 - 3311 (Federal Unemployment Tax Act) and
13 the loss of approximately \$111,000,000 in tax credits under 26 U.S.C. 3301 - 3311 (Federal
14 Unemployment Tax Act) to employers in this state;

15 (7) of the 33 states that have federally recognized tribes, Alaska is the only
16 state that has not yet passed conforming legislation; and

17 (8) to bring AS 23.20 (Alaska Employment Security Act) into conformity with
18 26 U.S.C. 3301 - 3311 (Federal Unemployment Tax Act), the legislature finds that it is
19 necessary to amend AS 23.20 to allow federally recognized tribes and their wholly owned
20 subdivisions, subsidiaries, or businesses the option to be a reimbursable employer.

21 (b) It is the intent of the legislature that this Act not alter or expand in any way the
22 governmental relationship between federally recognized tribes and the state.

23 * Sec. 2. AS 23.20.277(b) is amended to read:

24 (b) At the end of each calendar quarter, or at the end of any other period as
25 determined by the department, the department shall bill each government entity,
26 federally recognized tribe, nonprofit organization, or group of nonprofit
27 organizations that has elected to make payments in place of contributions, for benefits
28 paid during the quarter or other prescribed period that are attributable to service in the
29 employ of the government entity, federally recognized tribe, nonprofit organization,
30 or group. In the case of nonprofit organizations and groups of nonprofit organizations,
31 the amount billed is an amount equal to the full amount of regular benefits plus

1 extended benefits that are not reimbursable by the federal government. In the case of a
2 government entity or federally recognized tribe, the amount billed is an amount
3 equal to the full amount of the regular benefits plus the full amount of the extended
4 benefits paid.

5 * Sec. 3. AS 23.20.277(e) is amended to read:

6 (e) At the end of each taxable year, the department shall determine whether
7 the total of payments for the year made by a nonprofit organization or group of
8 nonprofit organizations is less than, or in excess of, the total amount of regular
9 benefits plus extended benefits not reimbursable by the federal government paid to
10 individuals during the taxable year based on wages attributable to service in the
11 employ of the nonprofit organization or group. In the case of a government entity or
12 federally recognized tribe that has elected to make payments under this section, the
13 department shall determine whether the total of payments for the year is less than, or
14 in excess of, the total amount of regular benefits plus the total amount of extended
15 benefits as determined in this subsection. If [EACH ORGANIZATION OR GROUP
16 WHOSE] total payments for the taxable year are less than the amount so determined,
17 the employer is liable for payment of the unpaid balance to the fund in accordance
18 with (f) of this section. If the total payments exceed the amount so determined for the
19 taxable year, all or part of the excess may, at the discretion of the department, be
20 refunded from the fund or retained in the fund as part of the payments that may be
21 required for the next taxable year.

22 * Sec. 4. AS 23.20.277(f) is amended to read:

23 (f) Payment of any bill rendered under (b) or (c) of this section shall be made
24 not later than 30 days after the bill was mailed to the last known address of the
25 nonprofit organization, group of nonprofit organizations, government entity, or
26 federally recognized tribe or was otherwise delivered to it, unless there has been an
27 application for review and redetermination in accordance with (h) of this section.

28 * Sec. 5. AS 23.20.277(g) is amended to read:

29 (g) Payments made by any nonprofit organization, group of nonprofit
30 organizations, government entity, or federally recognized tribe under the
31 provisions of this section may not be deducted or deductible, in whole or in part, from

1 the remuneration of an individual [INDIVIDUALS] in the employ of the
2 organization, group of organizations, government entity, or federally recognized
3 tribe; nor may contributions be required of an employee on the basis of wages paid to
4 that employee for services performed by the employee in employment for a nonprofit
5 organization, group of nonprofit organizations, government entity, or federally
6 recognized tribe that [WHICH] makes an election to become liable for payments in
7 place of contributions under AS 23.20.276 - 23.20.278 [AS 23.20.276], and the wages
8 are paid during the period of election.

9 * Sec. 6. AS 23.20.277(h) is amended to read:

10 (h) The amount due, specified in a bill from the department, is conclusive on
11 the employer [ORGANIZATION] unless, not later than 30 days after the bill was
12 mailed to its last address of record or otherwise delivered to it, the employer
13 [ORGANIZATION] files an application for redetermination by the department, setting
14 out the grounds for the application. The department shall promptly review and
15 reconsider the bill and shall [THEREAFTER] issue a redetermination in any case in
16 which an application for redetermination has been filed. Any redetermination is
17 conclusive on the employer [ORGANIZATION] unless, not later than 30 days after
18 the redetermination was mailed to its last address of record or otherwise delivered to
19 it, the employer [ORGANIZATION] files an appeal to the commissioner, setting out
20 the grounds for the appeal. Proceedings on appeal to the commissioner from the
21 amount of a bill rendered under this subsection or a redetermination of the amount
22 shall be in accordance with AS 23.20.410 - 23.20.470.

23 * Sec. 7. AS 23.20.277(j) is amended to read:

24 (j) At the discretion of the department, a nonprofit organization, group of
25 nonprofit organizations, government entity, or federally recognized tribe that
26 elects to become liable for payments in place of contributions under AS 23.20.276 -
27 23.20.278 [AS 23.20.276] is required, within 30 days after the effective date of its
28 election, to execute and file with the department a surety bond approved by the
29 department or it may elect instead to deposit with the department money or securities.
30 The amount of the bond or deposit shall be determined by the department in
31 accordance with regulations adopted by the department.

1 * **Sec. 8.** AS 23.20.277(k) is amended to read:

2 (k) If a nonprofit organization, group of nonprofit organizations,
3 government entity, or federally recognized tribe is delinquent in making payments
4 in place of contributions as required under this section and after having been given
5 notice, the department, after giving notice to the employer who is delinquent, shall
6 [MAY] terminate that employer's [ORGANIZATION'S] election to make payments
7 in place of contributions until a time provided by regulations adopted by the
8 department [AS OF THE BEGINNING OF THE NEXT TAXABLE YEAR, AND
9 THE TERMINATION IS EFFECTIVE FOR THAT AND THE NEXT TAXABLE
10 YEAR].

11 * **Sec. 9.** AS 23.20.277(l) is amended to read:

12 (l) Each employer that is liable for payments in place of contributions shall
13 pay to the department for the fund the amount of regular benefits plus the extended
14 benefits not reimbursable by the federal government paid to individuals that are
15 attributable to service in the employ of that employer. However, a government entity
16 or federally recognized tribe that has elected to make payments under this section is
17 liable for the amount of regular benefits plus the full amount of extended benefits that
18 are attributable to service in the employ of that entity or tribe. If benefits paid to an
19 individual are based on wages paid by more than one employer and one or more of
20 these employers is liable for payments in place of contributions, the amount payable to
21 the fund by each employer that is liable for payments shall be determined by the
22 department in accordance with regulations adopted by the department.

23 * **Sec. 10.** AS 23.20.277 is amended by adding a new subsection to read:

24 (m) The department may not approve an election to make payments in place
25 of contributions if, at the time of the election, a nonprofit organization, group of
26 nonprofit organizations, government entity, or federally recognized tribe is delinquent
27 in making contributions under AS 23.20.165.

28 * **Sec. 11.** AS 23.20.278 is amended to read:

29 **Sec. 23.20.278. Financing benefits paid to employees of the state, [AND**
30 **ITS] political subdivisions of the state, or a federally recognized tribe. A federally**
31 **recognized tribe, a political subdivision, or a department, division, or other agency of**

1 the state subject to this chapter, under AS 23.20.525(a)(14) [AS 23.20.525(a)(4) AND
2 (14)], shall pay contributions under the provisions of AS 23.20.165, unless it elects to
3 reimburse the department for the unemployment compensation fund according to the
4 provisions applicable to nonprofit organizations, government entities, or federally
5 recognized tribes under AS 23.20.276 and 23.20.277.

6 * Sec. 12. AS 23.20.381(j) is amended to read:

7 (j) Benefits based on services described in (e) and (h) of this section shall be
8 denied under (e), (h), and (i) of this section to an individual who performed those
9 services in an educational institution while in the employ of an educational service
10 agency. In this subsection, "educational service agency" means a governmental
11 agency, [OR] governmental entity, or federally recognized tribe that is established
12 and operated exclusively for the purpose of providing services to one or more
13 educational institutions [INSTITUTION].

14 * Sec. 13. AS 23.20.520(3) is amended to read:

15 (3) "base period" means the first four of the last five completed
16 calendar quarters immediately preceding the first day of an individual's benefit year,
17 except that if an individual would not otherwise be eligible for unemployment
18 compensation because of the use of a base period that does not include the most
19 recently completed calendar quarter immediately preceding the first day of an
20 individual's benefit year, "base period" means, and eligibility shall be
21 determined using, the four most recently completed calendar quarters before the
22 start of the benefit year;

23 * Sec. 14. AS 23.20.520(10) is amended to read:

24 (10) "employing unit" means one or more departments or other
25 agencies of the state, a political subdivision of the state, a federally recognized tribe,
26 an individual, or a type of organization, partnership, association, trust, estate, joint
27 trust company, insurance company, or domestic or foreign corporation, or the receiver,
28 referee in bankruptcy, trustee, or successor of one of these, or the legal representative
29 of a deceased person, that [WHICH] has or [, AFTER JANUARY 1, 1937,] had one
30 or more individuals performing service for it in the state; an individual performing
31 services in the state for an employing unit that [WHICH] maintains two or more

1 separate establishments in the state is considered as employed by a single employing
2 unit for the purposes of this chapter; notwithstanding any provision in this chapter, any
3 employing unit that [WHICH] employs individuals whose services must be covered
4 by the unemployment insurance laws of this state [AFTER DECEMBER 31, 1971] as
5 a condition of approval of the unemployment insurance laws of this state under 26
6 U.S.C. 3304(a) (Internal Revenue Code of 1954), as amended, will be considered an
7 employer as to those individuals and is subject to contributions on all wages paid
8 [AFTER DECEMBER 31, 1971,] or reimbursement payments to cover benefits paid
9 based on services performed [AFTER DECEMBER 31, 1971], depending on the
10 applicable law;

11 * Sec. 15. AS 23.20.520(14) is amended to read:

12 (14) "institution of higher education" means an educational institution
13 that [WHICH]

14 (A) admits as regular students only individuals having a
15 certificate of graduation from a high school, or the recognized equivalent of a
16 high school graduation certificate;

17 (B) is legally authorized in the state in which it is located to
18 provide a program of education beyond high school;

19 (C) provides an educational program for which it awards a
20 bachelor's or higher degree, or provides a program that [WHICH] is
21 acceptable for full credit toward either degree, a program of postgraduate or
22 postdoctoral studies, or a program of training to prepare students for gainful
23 employment in a recognized occupation; and

24 (D) is operated by a federally recognized tribe or is a public
25 or other nonprofit institution;

26 * Sec. 16. AS 23.20.520 is amended by adding a new paragraph to read:

27 (22) "federally recognized tribe"

28 (A) means a tribe that is recognized by the United States
29 Secretary of the Interior to exist as an Indian tribe under 25 U.S.C. 479a
30 (Federally Recognized Indian Tribe List Act of 1994);

31 (B) includes any subdivision, subsidiary, or business enterprise

1 wholly owned by a federally recognized tribe.

2 * Sec. 17. AS 23.20.525(a)(14) is amended to read:

3 (14) service performed [AFTER DECEMBER 31, 1977,] in the
4 employ of this state or any of its instrumentalities or any political subdivision of this
5 state or any of its instrumentalities or any instrumentality of any of the foregoing and
6 one or more other states or political subdivisions, or in the employ of a federally
7 recognized tribe, if that service is excluded from "employment" under 26 U.S.C.
8 3306(c)(7) (Federal Unemployment Tax Act, Internal Revenue Code) and is not
9 excluded from "employment" under AS 23.20.526(d) [AS 23.20.526(d)(8)];

10 * Sec. 18. AS 23.20.526(d) is amended to read:

11 (d) For the purposes of AS 23.20.525(a)(6) and (14) [AS 23.20.525(a)(4) - (6)
12 AND (14)], the term "employment" does not apply to service performed

13 (1) by a duly ordained, commissioned, or licensed minister of a church
14 in the exercise of the person's ministry or by a member of a religious order in the
15 exercise of duties required by the order;

16 (2) in a facility conducted for the purpose of carrying out a program of
17 rehabilitation for individuals whose earning capacity is impaired by age or physical or
18 mental deficiency or injury or providing remunerative work for individuals who,
19 because of their impaired physical or mental capacity, cannot be readily absorbed in
20 the competitive labor market by an individual receiving the rehabilitation or
21 remunerative work;

22 (3) as part of an unemployment work-relief or work-training program
23 assisted or financed in whole or in part by a federally recognized tribe or any federal
24 agency or any agency of a state or political subdivision of the state, by an individual
25 receiving work relief or work training;

26 (4) for a state hospital by an inmate of a prison or correctional
27 institution;

28 (5) in the employ of a school, college, or university if the service is
29 performed by a student who is enrolled and is regularly attending classes at the school,
30 college, or university;

31 (6) by an individual under the age of 22 who is enrolled at a nonprofit

1 or public educational institution that normally maintains a regular faculty and
2 curriculum and normally has a regularly organized body of students in attendance at
3 the place where its educational activities are carried on as a student in a full-time
4 program, taken for credit at the institution, that combines academic instruction with
5 work experience if the service is an integral part of the program and the institution has
6 so certified to the employer, except that this paragraph does not apply to service
7 performed in a program established for or on behalf of an employer or group of
8 employers;

9 (7) in the employ of a hospital if the service is performed by a patient
10 of the hospital, as defined in AS 23.20.520;

11 (8) in the employ of the state or a political subdivision of the state if
12 the service is performed by an individual in the exercise of duties

13 (A) as a judicial officer, the governor, the lieutenant governor,
14 a person hired or appointed as the head or deputy head of a department in the
15 executive branch, a person hired or appointed as the director of a division of a
16 department in the executive branch, an assistant to the governor, a chair or
17 member of a state commission or board, state investment officers and the state
18 comptroller in the Department of Revenue, an appointed or elected municipal
19 officer, any other elected official, the fiscal analyst of the legislative finance
20 division, the legislative auditor of the legislative audit division, the executive
21 director of the Legislative Affairs Agency, and the directors of the divisions
22 within the Legislative Affairs Agency;

23 (B) as a member of the Alaska Army National Guard or Alaska
24 Air National Guard or Alaska Naval Militia;

25 (C) as an employee serving on only a temporary basis in case
26 of fire, storm, snow, earthquake, flood, or similar emergency; or

27 (D) as an election official or election worker if the amount of
28 remuneration received by the individual during the calendar year for services
29 as an election official or election worker is less than \$1,000;

30 (9) in the employ of

31 (A) a church or a convention or association of churches; or

1 (B) an organization that is operated primarily for religious
2 purposes and that is operated, supervised, controlled, or principally supported
3 by a church or a convention or association of churches;

4 (10) in the employ of a federally recognized tribe in this state if the
5 service is performed by an individual in the exercise of duties as an officer of the
6 federally recognized tribe and meets the requirements of 26 U.S.C. 3309(b)(3)(E)
7 (Federal Unemployment Tax Act, Internal Revenue Code).

8 * Sec. 19. The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 REVISOR'S INSTRUCTION. The revisor of statutes shall change the heading of
11 AS 23.20.277 from "Reimbursement payments by nonprofit organizations and government
12 entities" to "Reimbursement payments by nonprofit organizations, government entities, and
13 federally recognized tribes."

14 * Sec. 20. Section 13 of this Act takes effect January 1, 2010.

15 * Sec. 21. Sections 1 - 12 and 14 - 19 of this Act take effect immediately under
16 AS 01.10.070(c).

April 10, 2009

The Honorable Johnny Ellis
State Capitol Building Room 103
Juneau Alaska 99801-1182

Senator Ellis,

The Alaska State Chamber of Commerce has previously expressed concerns regarding the State of Alaska acceptance of the federal stimulus money for the Unemployment Insurance (UI) program. Those concerns centered on the painstakingly difficult process in finding a compromise on UI contained in Senate Bill 120 from last year's legislative session. Under your leadership, we worked to update Alaska's UI program, therefore we had no desire to have the federal government dictate revisions to Alaska's program that were not in the best interest of Alaskan businesses and their employees.

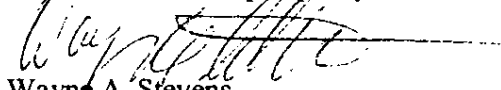
After extensive conversations with your staff Max Hensley, Dana Owen of the Juneau Senator's office, Department of Labor Commissioner Click Bishop, Tom Nelson, Director of Employment Security and Bill Kramer Assistant Director of Employment Security, those concerns have been abated. Through those interactions assurances that acceptance of the federal stimulus monies related to UI programs will not offset hard-made changes to the UI program through passage of Senate Bill 120.

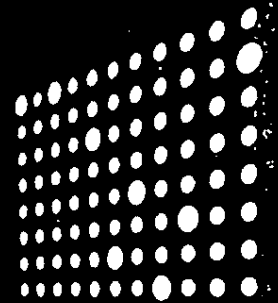
It is our understanding that Alaska will need to amend our statutes relative to the base period for the calculation of eligibility. This is a relatively simple administrative change, the cost of which will be born by stimulus funding. The larger benefit to Alaska will be the availability of funding that can be used for additional vocational training to assist unemployed Alaskans get back into the workforce more quickly. This is good for individual Alaskans, employers and Alaska's economy.

Commissioner Bishop and Tom Nelson are to be commended for their hard work in clarifying the U. S. Department of Labor rules with acceptance of the stimulus funds. Due to their efforts, Alaska will not need to change any of its statutes with regards to worker eligibility.

The Alaska State Chamber of Commerce supports the acceptance of the federal stimulus funds for the Unemployment Insurance Program.

Yours in economic prosperity,


Wayne A. Stevens
President/CEO



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