

HB

76

<TARGET><BILL>HB 76</BILL><SUBJECT>HB
76</SUBJECT><COMM>HFIN28</COMM></TARGET>

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 76
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB076CS(FIN)-DOLWD-CO-4-9-13
Title: UNEMPLOYMENT; ELEC. FILING OF LABOR
INFO
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance

Department: Department of Labor and Workforce Development
Appropriation: Commissioner and Administrative Services
Allocation: Commissioner's Office
OMB Component Number: 340

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

The committee substitute repeals the authority of the commissioner to suspend, in whole or in part, increases in unemployment tax rates effective July 1, 2016.

Prepared By:	Brynn Keith, Acting Deputy Commissioner	Phone:	(907)465-4518
Division	Office of the Commissioner	Date:	04/09/2013 06:00 PM
Approved By:	Dianne Blumer, Commissioner	Date:	04/09/13
	Department of Labor and Workforce Development		

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2013 LEGISLATIVE SESSION**

BILL NO. CSHB076(FIN)

Analysis

This proposed legislation authorizes the commissioner to allow the use of electronic filing methods in place of paper filing.

There is no fiscal impact to the department as a result of this legislation.

Other portions of this proposed legislation apply to the Unemployment Insurance component within the Employment Security Division. Please see the corresponding fiscal note from the Unemployment Insurance component for additional details.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 76
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB076CS(FIN)-DOLWD-UI-4-9-13
Title: UNEMPLOYMENT; ELEC. FILING OF LABOR
INFO
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance

Department: Department of Labor and Workforce Development
Appropriation: Employment Security
Allocation: Unemployment Insurance
OMB Component Number: 2276

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	500.0		500.0	500.0	500.0	500.0	500.0
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/14

Why this fiscal note differs from previous version:

The committee substitute repeals the authority of the commissioner to suspend, in whole or in part, increases in unemployment tax rates effective July 1, 2016.

Prepared By:	Paul Dick, Director	Phone:	(907)465-4518
Division	Employment Security Division	Date:	04/09/2013 06:00 PM
Approved By:	Dianne Blumer, Commissioner	Date:	04/09/13
	Department of Labor and Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB076(FIN)

Analysis

This proposed legislation makes changes to unemployment compensations laws: allows the legislature to appropriate money into the Unemployment Insurance (UI) trust fund (section 2); brings the state into conformity with federal law (sections 3 and 7); replaces a table method for determining UI trust fund solvency adjustments with a more precise calculation method (section 5); authorizes the commissioner to suspend, in whole or in part, increases in UI tax rates when certain conditions are met (section 6); authorizes the department to offset unemployment compensation debt, as defined in the legislation, against a claimant's federal income tax return (section 8); defines "covered unemployment compensation debt" in accordance with the federal statutory definition (section 9); repeals section 6 effective July 1, 2016 (section 10), specifies that section 3 applies to overpaid benefits established October 21, 2013 (section 11), and specifies that the department will adopt necessary regulations to implement changes (section 12). The section on the department adopting regulations will be effective immediately and all else has an effective date of July 1, 2013.

There is no financial impact to the department anticipated as a result of this legislation.

There is some impact to state revenue generation anticipated.

Section 7 brings the state into conformity with federal law which requires that a minimum of 30 percent of unemployment benefit penalties collected be deposited into Alaska's UI Trust Fund. Currently, 100 percent of the penalties collected are deposited into the state's general fund. During FY2012, approximately \$280.0 in penalties were collected and deposited into the general fund. Under this proposed legislation, the general fund would experience a decrease in revenue of approximately \$84.0 while the UI Trust Fund would experience an increase in revenue of the same amount.

Section 8 authorizes the department to offset unemployment compensation debt against a claimant's federal income tax return through participation in the U.S. Treasury Offset Program (TOP). The department anticipates that the state will recover approximately \$440.0 in overpaid benefits and approximately \$60.0 in penalties. The overpaid benefits and 30 percent of the penalties collected (estimated at \$458.0) will be deposited into the UI trust fund; the other 70 percent of the penalties collected (estimated at \$42.0) will be deposited into the general fund.

As a result of sections 7 and 8, the department anticipates a net reduction of revenue to the general fund of \$42.0 annually and a net increase of revenue to the UI trust fund of \$542.0 annually.

Section 1 of this legislation also authorizes the commissioner to allow the use of electronic filing methods in place of paper filing. Please see the corresponding zero fiscal note from the Commissioner's Office for additional details.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 76
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB076CS(L&C)-DOLWD-CO-3-20-13
Title: UNEMPLOYMENT; ELEC. FILING OF LABOR
INFO
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance

Department: Department of Labor and Workforce Development
Appropriation: Commissioner and Administrative Services
Allocation: Commissioner's Office
OMB Component Number: 340

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

The committee substitute repeals the authority of the commissioner to suspend, in whole or in part, increases in unemployment tax rates effective July 1, 2018.

Prepared By: Brynn Keith, Acting Deputy Commissioner
Division: Office of the Commissioner
Approved By: Dianne Blumer, Commissioner
Department of Labor and Workforce Development

Phone: (907)465-4518
Date: 03/20/2013 01:00 PM
Date: 03/20/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB076(L&C)

Analysis

This proposed legislation authorizes the commissioner to allow the use of electronic filing methods in place of paper filing.

There is no fiscal impact to the department as a result of this legislation.

Other portions of this proposed legislation apply to the Unemployment Insurance component within the Employment Security Division. Please see the corresponding fiscal note from the Unemployment Insurance component for additional details.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 76
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB076CS(L&C)-DOLWD-UI-3-20-13
Title: UNEMPLOYMENT; ELEC. FILING OF LABOR
INFO
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance

Department: Department of Labor and Workforce Development
Appropriation: Employment Security
Allocation: Unemployment Insurance
OMB Component Number: 2276

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	500.0		500.0	500.0	500.0	500.0	500.0
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/14

Why this fiscal note differs from previous version:

The committee substitute repeals the authority of the commissioner to suspend, in whole or in part, increases in unemployment tax rates effective July 1, 2018.

Prepared By: Paul Dick, Director
Division: Employment Security Division
Approved By: Dianne Blumer, Commissioner
Department of Labor and Workforce Development

Phone: (907)465-4518
Date: 03/20/2013 01:00 PM
Date: 03/20/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB076(L&C)

Analysis

This proposed legislation makes changes to unemployment compensations laws: allows the legislature to appropriate money into the Unemployment Insurance (UI) trust fund (section 2); brings the state into conformity with federal law (sections 3 and 7); replaces a table method for determining UI trust fund solvency adjustments with a more precise calculation method (section 5); authorizes the commissioner to suspend, in whole or in part, increases in UI tax rates when certain conditions are met (section 6); authorizes the department to offset unemployment compensation debt, as defined in the legislation, against a claimant's federal income tax return (section 8); defines "covered unemployment compensation debt" in accordance with the federal statutory definition (section 9); repeals section 6 effective July 1, 2018 (section 10), specifies that section 3 applies to overpaid benefits established October 21, 2013 (section 11), and specifies that the department will adopt necessary regulations to implement changes (section 12). The section on the department adopting regulations will be effective immediately and all else has an effective date of July 1, 2013.

There is no financial impact to the department anticipated as a result of this legislation.

There is some impact to state revenue generation anticipated.

Section 7 brings the state into conformity with federal law which requires that a minimum of 30 percent of unemployment benefit penalties collected be deposited into Alaska's UI Trust Fund. Currently, 100 percent of the penalties collected are deposited into the state's general fund. During FY2012, approximately \$280.0 in penalties were collected and deposited into the general fund. Under this proposed legislation, the general fund would experience a decrease in revenue of approximately \$84.0 while the UI Trust Fund would experience an increase in revenue of the same amount.

Section 8 authorizes the department to offset unemployment compensation debt against a claimant's federal income tax return through participation in the U.S. Treasury Offset Program (TOP). The department anticipates that the state will recover approximately \$440.0 in overpaid benefits and approximately \$60.0 in penalties. The overpaid benefits and 30 percent of the penalties collected (estimated at \$458.0) will be deposited into the UI trust fund; the other 70 percent of the penalties collected (estimated at \$42.0) will be deposited into the general fund.

As a result of sections 7 and 8, the department anticipates a net reduction of revenue to the general fund of \$42.0 annually and a net increase of revenue to the UI trust fund of \$542.0 annually.

Section 1 of this legislation also authorizes the commissioner to allow the use of electronic filing methods in place of paper filing. Please see the corresponding zero fiscal note from the Commissioner's Office for additional details.

CS FOR HOUSE BILL NO. 76(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to electronic filing of certain information with the Department of**
2 **Labor and Workforce Development; relating to fund solvency adjustments, rate**
3 **increase reduction, prohibition on the relief of certain charges, the unemployment trust**
4 **fund account, and the offset of certain unemployment compensation debt under the**
5 **Alaska Employment Security Act; relating to the definition of 'covered unemployment**
6 **compensation debt' in the Alaska Employment Security Act; and providing for an**
7 **effective date."**

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

9 *** Section 1.** AS 23.05 is amended by adding a new section to read:

10 **Sec. 23.05.055. Electronic filing.** Notwithstanding any contrary provision of
11 the law, if the commissioner determines by order that it is in the public interest, the
12 commissioner may authorize electronic filing of certain information with the
13 department in a format prescribed by the department as an additional means of filing

1 under this title. If the commissioner authorizes electronic filing, the department shall
 2 consider the electronic filing as equivalent to paper filing for purposes of compliance
 3 with other requirements of this title. Electronic filings authorized under this section are
 4 equivalent to paper filings for the purposes of civil or criminal penalties for violations
 5 of this title or AS 11.

6 * **Sec. 2.** AS 23.20 is amended by adding a new section to read:

7 **Sec. 23.20.021. Certain appropriations to the fund.** In accordance with
 8 AS 37.07 (Executive Budget Act), the legislature may appropriate money to the fund.

9 * **Sec. 3.** AS 23.20 is amended by adding a new section to article 3 to read:

10 **Sec. 23.20.279. Prohibition on relief of certain charges to an employer's**
 11 **account.** (a) An employer's account may not be relieved of charges relating to a
 12 payment that was made erroneously from the unemployment trust fund account
 13 (AS 23.20.135(a)) if the department determines that

14 (1) the erroneous payment was made because the employer or an agent
 15 of the employer was at fault for failing to respond timely or adequately to a
 16 documented request from the department for information relating to the claim for
 17 unemployment compensation; and

18 (2) the employer or an agent of the employer has established a pattern
 19 of failing to respond timely or adequately to requests under (1) of this subsection.

20 (b) In this section,

21 (1) "erroneous payment" means a payment that, but for the failure by
 22 the employer or an agent of the employer with respect to the claim for unemployment
 23 compensation, would not have been made;

24 (2) "pattern of failing" means repeated documented failure by the
 25 employer or the agent of the employer to respond, taking into consideration the
 26 number of instances of failure in relation to the total volume of requests; however, an
 27 employer or an agent of the employer that fails to respond as described in (a)(2) of this
 28 section may not be determined to have engaged in a pattern of failure if the number of
 29 failures during the year before the request is made is fewer than two or the percentage
 30 of failures is less than two percent.

31 * **Sec. 4.** AS 23.20.290(c) is amended to read:

(c) The rate of contributions for each employer is a percentage of the average benefit cost rate multiplied by the employer's experience factor set out in column C of the table in this subsection opposite the employer's applicable rate class set out in column A plus the fund solvency adjustment surcharge required under (f) of this section. That percentage is 76 percent beginning January 1, 2009, and 73 percent beginning January 1, 2010. However, the rate of contributions for an employer may not be less than one percent or more than six and one-half percent. The rate of contributions for an employer in rate class 21 may not be less than 5.4 percent. The rate of contributions for an employer must be rounded to the nearest 1/100th of one percent.

COLUMN A	COLUMN B		COLUMN C	
	Cumulative			Experience
	Rate Class	Ratable Payroll		
	at least (percent)	but less than (percent)		
1		5	.40	
2	5	10	.45	
3	10	15	.50	
4	15	20	.55	
5	20	25	.60	
6	25	30	.65	
7	30	35	.70	
8	35	40	.80	
9	40	45	.90	
10	45	50	1.00	
11	50	55	1.00	
12	55	60	1.10	
13	60	65	1.20	
14	65	70	1.30	
15	70	75	1.35	
16	75	80	1.40	

1	17	80	85	1.45
2	18	85	90	1.50
3	19	90	95	1.55
4	20	95	99.99	1.60
5	21	99.99		1.65.

6 * **Sec. 5.** AS 23.20.290(f) is repealed and reenacted to read:

7 (f) An employer shall pay a fund solvency adjustment surcharge if the reserve
8 rate is less than three percent. The surcharge is a percentage equal to the difference
9 between three percent and the reserve rate, rounded to the nearest 1/100 of one
10 percent. An employer shall receive a fund solvency adjustment credit if the reserve
11 rate is greater than 3.3 percent. The credit is a percentage equal to the difference
12 between 3.3 percent and the reserve rate rounded to the nearest 1/100 of one percent.
13 The solvency surcharge may not be greater than 1.1 percent, and the solvency credit
14 may not be greater than 0.4 percent. However, an employer's fund solvency
15 adjustment surcharge may not increase more than 0.3 percent from one year to the
16 next year.

17 * **Sec. 6.** AS 23.20 is amended by adding a new section to read:

18 **Sec. 23.20.291. Rate increase reductions.** (a) When the most current average
19 high cost multiple published by the United States Department of Labor, Employment
20 and Training Administration, is 0.8 or above on September 30 in the year preceding
21 the year for which rates are being calculated, the commissioner shall consult with the
22 actuary in the department regarding the expected unemployment rate for the next tax
23 year, the expected number and amount of state funds needed to pay claims for state-
24 funded benefits for the next tax year, and the expected amount of state tax revenue.
25 Based on the actuary's advice and any other relevant information, the commissioner
26 may suspend, in whole or in part, any unemployment rate of contribution increases
27 that would have occurred for that year under the calculation of the rate of
28 contributions described in AS 23.20.290. If an increase of the rate of contribution
29 calculated under AS 23.20.290 is suspended, in whole or in part, the calculation of the
30 fund solvency adjustment surcharge as described in AS 23.20.290(f) for the
31 subsequent year must refer to the results of the last rate of contribution calculation for

1 which the increase was not suspended, in whole or in part, when determining the level
2 from which the fund solvency adjustment may not increase by more than 0.3 percent.

3 (b) In this section, "average high cost multiple" has the meaning given in 20
4 C.F.R. 606.3.

5 * **Sec. 7.** AS 23.20.390(f) is amended to read:

6 (f) In addition to the liability under (a) of this section for the amount of
7 benefits improperly paid, an individual who is disqualified from receipt of benefits
8 under AS 23.20.387 is liable to the department for a penalty in an amount equal to 50
9 percent of the benefits that were obtained by knowingly making a false statement or
10 misrepresenting a material fact, or knowingly failing to report a material fact, with the
11 intent to obtain or increase benefits under this chapter. [THE DEPARTMENT MAY,
12 UNDER REGULATIONS ADOPTED UNDER THIS CHAPTER, WAIVE THE
13 COLLECTION OF A PENALTY UNDER THIS SECTION.] The department shall
14 deposit into the unemployment trust fund account (AS 23.20.135(a)) a minimum
15 of 30 percent of the penalties collected because of benefits that were obtained by
16 knowingly making a false statement or misrepresenting a material fact, or
17 knowingly failing to report a material fact, with the intent to obtain or increase
18 benefits under this chapter [GENERAL FUND THE PENALTY THAT IT
19 COLLECTS].

20 * **Sec. 8.** AS 23.20 is amended by adding a new section to read:

21 **Sec. 23.20.486. Participation in the federal offset program.** In addition to
22 any remedies authorized by this chapter, the department may offset any covered
23 unemployment compensation debt against a claimant's federal income tax refund in
24 accordance with 26 U.S.C. 6402.

25 * **Sec. 9.** AS 23.20.520 is amended by adding a new paragraph to read:

26 (23) "covered unemployment compensation debt" means

27 (A) a past due debt for erroneous payment of unemployment
28 compensation under this chapter because of fraud or the person's failure to
29 report earnings that has become final under this chapter and that remains
30 uncollected;

31 (B) contributions due to the unemployment trust fund account

1 (AS 23.20.135(a)) for which a person is liable and that remain uncollected; and

2 (C) any penalties and interest assessed on the debt.

3 * **Sec. 10.** AS 23.20.291 is repealed July 1, 2016.

4 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 APPLICABILITY. AS 23.20.279, added by sec. 3 of this Act, applies to overpaid
7 benefits established after October 21, 2013.

8 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 TRANSITION: REGULATIONS. The Department of Labor and Workforce
11 Development may adopt regulations necessary to implement the changes made by this Act.
12 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before
13 July 1, 2013.

14 * **Sec. 13.** Section 12 of this Act takes effect immediately under AS 01.10.070(c).

15 * **Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect July 1, 2013.

Adopted
4/9/13

4/9/13

AMENDMENT #1

To CS for House Bill No. 76(L&C)

Offered in the House

To page 6, line 3:

Delete "2018"

Insert: "2016"

By Representatives Holmes
CASTELLO
Munoz
Thompson

P/T closed
on 4/7/13

28-GH1494C

CS FOR HOUSE BILL NO. 76(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 3/20/13
Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to electronic filing of certain information with the Department of
2 Labor and Workforce Development; relating to fund solvency adjustments, rate
3 increase reduction, prohibition on the relief of certain charges, the unemployment trust
4 fund account, and the offset of certain unemployment compensation debt under the
5 Alaska Employment Security Act; relating to the definition of 'covered unemployment
6 compensation debt' in the Alaska Employment Security Act; and providing for an
7 effective date."

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

9 * **Section 1.** AS 23.05 is amended by adding a new section to read:

10 **Sec. 23.05.055. Electronic filing.** Notwithstanding any contrary provision of
11 the law, if the commissioner determines by order that it is in the public interest, the
12 commissioner may authorize electronic filing of certain information with the
13 department in a format prescribed by the department as an additional means of filing

1 under this title. If the commissioner authorizes electronic filing, the department shall
2 consider the electronic filing as equivalent to paper filing for purposes of compliance
3 with other requirements of this title. Electronic filings authorized under this section are
4 equivalent to paper filings for the purposes of civil or criminal penalties for violations
5 of this title or AS 11.

6 * **Sec. 2.** AS 23.20 is amended by adding a new section to read:

7 **Sec. 23.20.021. Certain appropriations to the fund.** In accordance with
8 AS 37.07 (Executive Budget Act), the legislature may appropriate money to the fund.

9 * **Sec. 3.** AS 23.20 is amended by adding a new section to article 3 to read:

10 **Sec. 23.20.279. Prohibition on relief of certain charges to an employer's**
11 **account.** (a) An employer's account may not be relieved of charges relating to a
12 payment that was made erroneously from the unemployment trust fund account
13 (AS 23.20.135(a)) if the department determines that

14 (1) the erroneous payment was made because the employer or an agent
15 of the employer was at fault for failing to respond timely or adequately to a
16 documented request from the department for information relating to the claim for
17 unemployment compensation; and

18 (2) the employer or an agent of the employer has established a pattern
19 of failing to respond timely or adequately to requests under (1) of this subsection.

20 (b) In this section,

21 (1) "erroneous payment" means a payment that, but for the failure by
22 the employer or an agent of the employer with respect to the claim for unemployment
23 compensation, would not have been made;

24 (2) "pattern of failing" means repeated documented failure by the
25 employer or the agent of the employer to respond, taking into consideration the
26 number of instances of failure in relation to the total volume of requests; however, an
27 employer or an agent of the employer that fails to respond as described in (a)(2) of this
28 section may not be determined to have engaged in a pattern of failure if the number of
29 failures during the year before the request is made is fewer than two or the percentage
30 of failures is less than two percent.

31 * **Sec. 4.** AS 23.20.290(c) is amended to read:

(c) The rate of contributions for each employer is a percentage of the average benefit cost rate multiplied by the employer's experience factor set out in column C of the table in this subsection opposite the employer's applicable rate class set out in column A plus the fund solvency adjustment surcharge required under (f) of this section. That percentage is 76 percent beginning January 1, 2009, and 73 percent beginning January 1, 2010. However, the rate of contributions for an employer may not be less than one percent or more than six and one-half percent. The rate of contributions for an employer in rate class 21 may not be less than 5.4 percent. The rate of contributions for an employer must be rounded to the nearest 1/100th of one percent.

COLUMN A	COLUMN B		COLUMN C
	Cumulative		
Rate Class	Ratable Payroll		Experience
	at least	but less than	Factor
	(percent)	(percent)	
1		5	.40
2	5	10	.45
3	10	15	.50
4	15	20	.55
5	20	25	.60
6	25	30	.65
7	30	35	.70
8	35	40	.80
9	40	45	.90
10	45	50	1.00
11	50	55	1.00
12	55	60	1.10
13	60	65	1.20
14	65	70	1.30
15	70	75	1.35
16	75	80	1.40

1	17	80	85	1.45
2	18	85	90	1.50
3	19	90	95	1.55
4	20	95	99.99	1.60
5	21	99.99		1.65.

6 * **Sec. 5.** AS 23.20.290(f) is repealed and reenacted to read:

7 (f) An employer shall pay a fund solvency adjustment surcharge if the reserve
8 rate is less than three percent. The surcharge is a percentage equal to the difference
9 between three percent and the reserve rate, rounded to the nearest 1/100 of one
10 percent. An employer shall receive a fund solvency adjustment credit if the reserve
11 rate is greater than 3.3 percent. The credit is a percentage equal to the difference
12 between 3.3 percent and the reserve rate rounded to the nearest 1/100 of one percent.
13 The solvency surcharge may not be greater than 1.1 percent, and the solvency credit
14 may not be greater than 0.4 percent. However, an employer's fund solvency
15 adjustment surcharge may not increase more than 0.3 percent from one year to the
16 next year.

17 * **Sec. 6.** AS 23.20 is amended by adding a new section to read:

18 **Sec. 23.20.291. Rate increase reductions.** (a) When the most current average
19 high cost multiple published by the United States Department of Labor, Employment
20 and Training Administration, is 0.8 or above on September 30 in the year preceding
21 the year for which rates are being calculated, the commissioner shall consult with the
22 actuary in the department regarding the expected unemployment rate for the next tax
23 year, the expected number and amount of state funds needed to pay claims for state-
24 funded benefits for the next tax year, and the expected amount of state tax revenue.
25 Based on the actuary's advice and any other relevant information, the commissioner
26 may suspend, in whole or in part, any unemployment rate of contribution increases
27 that would have occurred for that year under the calculation of the rate of
28 contributions described in AS 23.20.290. If an increase of the rate of contribution
29 calculated under AS 23.20.290 is suspended, in whole or in part, the calculation of the
30 fund solvency adjustment surcharge as described in AS 23.20.290(f) for the
31 subsequent year must refer to the results of the last rate of contribution calculation for

1 which the increase was not suspended, in whole or in part, when determining the level
2 from which the fund solvency adjustment may not increase by more than 0.3 percent.

3 (b) In this section, "average high cost multiple" has the meaning given in 20
4 C.F.R. 606.3.

5 * **Sec. 7.** AS 23.20.390(f) is amended to read:

6 (f) In addition to the liability under (a) of this section for the amount of
7 benefits improperly paid, an individual who is disqualified from receipt of benefits
8 under AS 23.20.387 is liable to the department for a penalty in an amount equal to 50
9 percent of the benefits that were obtained by knowingly making a false statement or
10 misrepresenting a material fact, or knowingly failing to report a material fact, with the
11 intent to obtain or increase benefits under this chapter. [THE DEPARTMENT MAY,
12 UNDER REGULATIONS ADOPTED UNDER THIS CHAPTER, WAIVE THE
13 COLLECTION OF A PENALTY UNDER THIS SECTION.] The department shall
14 deposit into the unemployment trust fund account (AS 23.20.135(a)) a minimum
15 of 30 percent of the penalties collected because of benefits that were obtained by
16 knowingly making a false statement or misrepresenting a material fact, or
17 knowingly failing to report a material fact, with the intent to obtain or increase
18 benefits under this chapter [GENERAL FUND THE PENALTY THAT IT
19 COLLECTS].

20 * **Sec. 8.** AS 23.20 is amended by adding a new section to read:

21 **Sec. 23.20.486. Participation in the federal offset program.** In addition to
22 any remedies authorized by this chapter, the department may offset any covered
23 unemployment compensation debt against a claimant's federal income tax refund in
24 accordance with 26 U.S.C. 6402.

25 * **Sec. 9.** AS 23.20.520 is amended by adding a new paragraph to read:

26 (23) "covered unemployment compensation debt" means

27 (A) a past due debt for erroneous payment of unemployment
28 compensation under this chapter because of fraud or the person's failure to
29 report earnings that has become final under this chapter and that remains
30 uncollected;

31 (B) contributions due to the unemployment trust fund account

1 (AS 23.20.135(a)) for which a person is liable and that remain uncollected; and
2 (C) any penalties and interest assessed on the debt.

3 * **Sec. 10.** AS 23.20.291 is repealed July 1, 2018.

4 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 APPLICABILITY. AS 23.20.279, added by sec. 3 of this Act, applies to overpaid
7 benefits established after October 21, 2013.

8 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 TRANSITION: REGULATIONS. The Department of Labor and Workforce
11 Development may adopt regulations necessary to implement the changes made by this Act.
12 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before
13 July 1, 2013.

14 * **Sec. 13.** Section 12 of this Act takes effect immediately under AS 01.10.070(c).

15 * **Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect July 1, 2013.

House Bill 76 -- CSHB 76(L&C)
Clarification to testimony on Section 6 in House Finance, April 7, 2013
Alaska Department of Labor and Workforce Development

House Bill 76 authorizes suspension of unemployment insurance (UI) tax increases, in whole or part, under restrictions prescribed in section 6 – when the Average High Cost Multiple is 0.8 or greater and after consultation with the department’s actuarial staff. The discretion to suspend unemployment insurance taxes included in the bill is restricted to tax increases and does not affect the base tax rate.

HB 76 provides for unemployment insurance tax relief during times when most needed, during periods of economic recovery. While any tax increases that are suspended would be deferred into subsequent periods when the economy is growing, there is a greater value in giving the tax relief during economic recovery because it provides relief to employers and employees and puts more money into the economy when most needed.

Given the pattern of normal business cycles, discretionary suspensions of tax increases under the limited circumstances set forth in HB 76 would create very little risk to the short-term or long-term solvency of the unemployment insurance trust fund.

According to U.S. Department of Labor (USDOL) information, Alaska’s UI trust fund as a percentage of wages (2.26) was, the fourth highest in the nation in the fourth quarter of 2012. The national average for that quarter was 0.33. USDOL information for fourth quarters of each year between 2006 and 2011 reflects that Alaska’s UI trust fund as a percentage of wages was well above the national average and proportionately similar to 2012 for each of those years. Alaska’s relatively high rate reflects the health of our fund and our ability to meet future UI benefit demands.

HB 76 does not affect the amount of funds deposited into the State Training and Employment Program (STEP) and the Alaska Training and Vocational Education Program (TVEP) programs under AS 23.15.625 and AS 23.15.830, respectively. Funds for both programs are components of the employee tax that is not affected by this legislation.

The UI trust fund model is dissimilar to the Alaska Public Employees’ Retirement System (PERS) model in multiple ways. The primary difference is that the UI trust fund model determines the level of funding and taxation needed on an annual basis using a three year historical period, whereas PERS funds must take into account projections of costs over a long period of time covering several decades.

CSHB 76 (L&C)
Sectional Analysis

Section 1 adds a new section, AS 23.05.055, authorizing the commissioner to allow the use of electronic filing methods in place of paper filing.

Section 2 adds a new section, AS 23.20.021, authorizing the legislature to appropriate money into the unemployment trust fund account.

Section 3 adds a new section, AS 23.20.279, to bring the state into conformity with federal law, Public Law 112-40, by prohibiting the relief of charges to employers when an erroneous payment of unemployment insurance benefits is made due to an established pattern of the employer, or an agent of the employer, for failing to respond timely or adequately to a documented request for information relating to a claim for unemployment compensation. This section defines “erroneous payment” as a payment made that would not have otherwise been paid, but was due to the failure of the employer to respond timely or adequately. This section also defines “pattern of failing” as two or more times or 2% or more of all requests, whichever is greater, during the prior year.

Section 4 amends AS 23.20.290(c) by adding the word “surcharge” following the words “fund solvency adjustment”.

Section 5 repeals and reenacts AS 23.20.290(f), replacing a table method for determining fund solvency adjustment surcharges with a more precise calculation method. It also eliminates the 0.3 limitation on fund solvency adjustment surcharge decreases in a single year.

Section 6 adds a new section, AS 23.20.291, authorizing the commissioner to suspend, in whole or in part, increases in unemployment tax rates when the “average high cost multiple,” a measure of solvency calculated by the U.S. Department of Labor, Employment and Training Administration, is 0.8 or greater and after consultation with the department’s actuary.

Section 7 amends AS 23.20.390(f) to bring the state into conformity with federal law, Public Law 112-40, by removing the department’s authority to waive the collection of a penalty established due to misrepresentation and requires that a minimum of 30% of the unemployment insurance penalties collected due to misrepresentation be deposited into the state’s unemployment trust fund account.

Section 8 adds new section, AS 23.20.486 to authorize the department to offset unemployment compensation debt against a claimant’s federal income tax refund. This section would allow the state to participate in the federal treasury offset program.

Section 9 amends AS 23.20.520, by adding a new paragraph to define “covered unemployment compensation debt” in accordance with the federal statutory definition.

Section 10 effective July 1, 2018 repeals AS 23.20.291, added by section 6 of this bill.

Section 11 amends state uncodified law by specifying that AS 23.20.279, added by section 3 of this bill, applies to overpaid benefits established after October 21, 2013.

Section 12 specifies that the department will adopt necessary regulations to implement changes. Regulations will not be effective prior to July 1, 2013.

Section 13 establishes that section 12 takes effect immediately.

Section 14 establishes the effective date for the remaining sections of this Act as July 1, 2013.

Changes between House Bill 76 and Committee Substitute House Bill 76 (L&C)

The only substantive change made in the House Labor and Commerce Committee was to place a sunset clause on Section 6 (AS 23.20.291) of the bill. The repeal date is July 1, 2018.

All other changes to the bill were due to drafting edits by the Legislative Legal Services.

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Governor Sean Parnell
STATE OF ALASKA

January 17, 2013

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

To keep our state strong, we are working for small business growth. One way to grow Alaskan opportunity is to assure that Alaskans and business owners in our state do not have to pay more to State government in unemployment insurance taxes than necessary. I am submitting legislation to accomplish that goal. Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the unemployment trust fund account that will meet federal compliance requirements, ensure that the unemployment insurance (UI) fund remains solvent, and minimize the burden for employers and employees.

Alaska law currently provides for automatic increases in unemployment insurance contributions from Alaskan workers and business owners, even when Alaska's unemployment insurance fund is solvent without the increase. This legislation prevents overtaxing for UI contributions while safeguarding the solvency of the fund. It gives the Commissioner of the Department of Labor and Workforce Development (DOLWD) the authority to eliminate or reduce increases in unemployment insurance tax rates when appropriate, based on standards to ensure the actuarial soundness of the unemployment trust fund.

Additionally, the bill allows for greater efficiencies by giving DOLWD the authority to permit electronic filing. It also provides that the department may offset covered unemployment compensation debt against a claimant's federal income tax refund and clarifies participation in the federal treasury offset program.

This simple reform will allow Alaska's small and mid-sized businesses to grow and create more jobs for the prosperity of all Alaskans.

I urge your prompt and favorable action on this measure.

Sincerely,
Handwritten signature of Sean Parnell in black ink.

Sean Parnell
Governor

Enclosure



THE STATE
of **ALASKA**

GOVERNOR SEAN PARNELL

**Department of Labor and
Workforce Development**

Office of the Commissioner

Post Office Box 111149

Juneau, Alaska 99811

Main: 907.465.2700

Fax: 907.465.2784

March 20, 2013

The Honorable Alan Austerman, Co- Chair
The Honorable Bill Stoltze, Co-Chair
House Finance Committee
State Capitol
Juneau, AK 99801-1182

Dear Representatives Austerman and Stoltze,

I respectfully request a hearing by the House Finance Committee of CS House Bill 76 (L&C), "An Act relating to electronic filing of certain information with the Department of Labor and Workforce Development; relating to fund solvency adjustments, rate increase reduction, prohibition on the relief of certain charges, the unemployment trust fund account, and the offset of certain unemployment compensation debt under the Alaska Employment Security Act."

This legislation improves the performance of the unemployment insurance tax system by lowering the contribution rate more quickly once the fund's target reserve rate is met, and also allows the Department of Labor and Workforce Development to reduce contribution rate increases when the fund is healthy. These changes will benefit hard-working Alaskans and Alaska businesses while still maintaining a solvent unemployment insurance trust fund.

In addition to the aforementioned improvements, this legislation allows the legislature to appropriate funds into the trust fund, makes other changes to unemployment compensation laws that will bring the state into conformity with federal law, and gives the Department of Labor and Workforce Development another avenue for recovering unemployment insurance benefits from individuals attempting to defraud the state. All of these changes are designed to maintain the strength of the trust fund moving forward.

Finally, this legislation allows the Department of Labor and Workforce Development to use electronic filing in place of paper filing. This brings modern methods of conducting business to the department, and will improve program efficiency.

The only substantive change made to the bill by the House Labor and Commerce Committee was to place a sunset clause on Section 6 of the bill.

Thank you for your consideration of this important matter. Please contact me or my Legislative Liaison, Paula Scavera, at 465-4531, or paula.scavera@alaska.gov, if you would like to discuss this further.

Sincerely,


Dianne Blumer
Commissioner

Enclosures

CSHB 76 (L&C)
Sectional Analysis

Section 1 adds a new section, AS 23.05.055, authorizing the commissioner to allow the use of electronic filing methods in place of paper filing.

Section 2 adds a new section, AS 23.20.021, authorizing the legislature to appropriate money into the unemployment trust fund account.

Section 3 adds a new section, AS 23.20.279, to bring the state into conformity with federal law, Public Law 112-40, by prohibiting the relief of charges to employers when an erroneous payment of unemployment insurance benefits is made due to an established pattern of the employer, or an agent of the employer, for failing to respond timely or adequately to a documented request for information relating to a claim for unemployment compensation. This section defines “erroneous payment” as a payment made that would not have otherwise been paid, but was due to the failure of the employer to respond timely or adequately. This section also defines “pattern of failing” as two or more times or 2% or more of all requests, whichever is greater, during the prior year.

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Section 6 adds a new section, AS 23.20.291, authorizing the commissioner to suspend, in whole or in part, increases in unemployment tax rates when the “average high cost multiple,” a measure of solvency calculated by the U.S. Department of Labor, Employment and Training Administration, is 0.8 or greater and after consultation with the department’s actuary.

Section 7 amends AS 23.20.390(f) to bring the state into conformity with federal law, Public Law 112-40, by removing the department’s authority to waive the collection of a penalty established due to misrepresentation and requires that a minimum of 30% of the unemployment insurance penalties collected due to misrepresentation be deposited into the state’s unemployment trust fund account.

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Changes between House Bill 76 and Committee Substitute House Bill 76 (L&C)

The only substantive change made in the House Labor and Commerce Committee was to place a sunset clause on Section 6 (AS 23.20.291) of the bill. The repeal date is July 1, 2018.

All other changes to the bill were due to drafting edits by the Legislative Legal Services.

Questions and Answers about CSHB 76 (L&C)

Does the proposed legislation allow unemployment insurance taxes to be completely suspended?

No, only tax increases could be suspended or reduced, and only under specific circumstances after it has been determined that the balance in the unemployment insurance trust fund is sufficient.

Will the commissioner of the Department of Labor and Workforce Development have full discretion to set unemployment insurance tax rates?

No, the commissioner can only suspend all or part of a tax increase and only under specific circumstances and after having consulted with the department's unemployment insurance actuarial experts. If the reserve drops below a certain level, there is no discretion to suspend tax increases generated by statutory calculations.

Are employers or employees being "overtaxed"?

Unemployment insurance systems are designed to keep a certain percentage of funds in reserve, but if too much is retained in reserve, money that would otherwise be circulating through the economy is kept on the sidelines. Employers and employees are being overtaxed if the amount kept in reserve is too large.

What does it mean when the fund is described as "solvent"?

The term "solvent" in the context of unemployment insurance can be used to mean different things, including simply that there is a positive balance in the unemployment insurance trust fund. There are different measures of "solvency" all designed to help determine whether enough money is being kept in reserve.

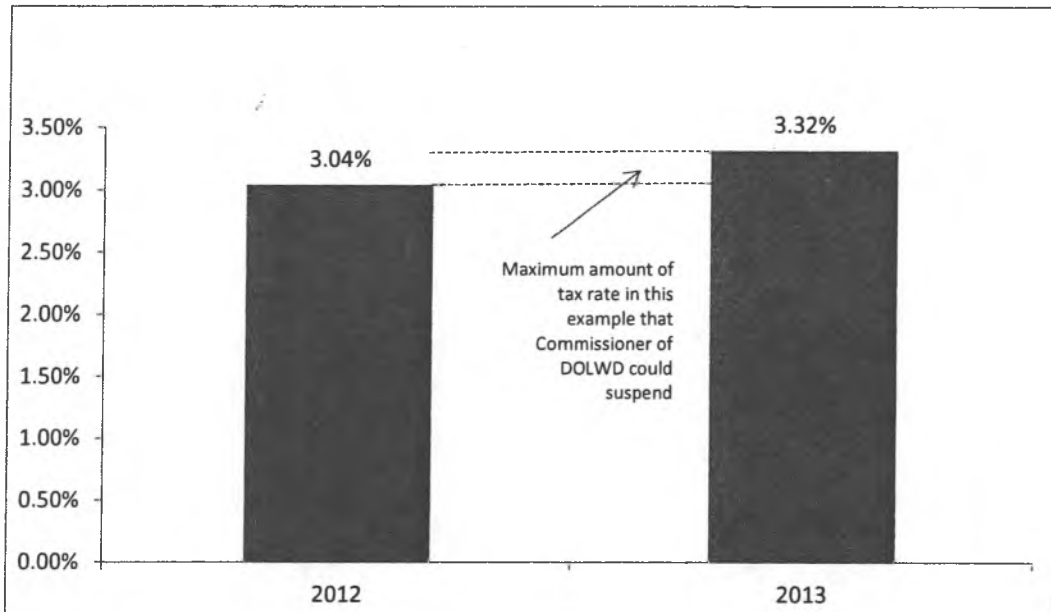
What about the parts of the bill that talk about "relief of charges" and penalties for making false statements?

Sections 3 and 7 of the bill are to bring Alaska's statutes into conformity with Federal law. If those changes are not made, Alaska could lose its grant for the administrative costs of operating the program and a significant amount in employer tax credits.

Is the state's current unemployment insurance system broken?

No, the state's current system has worked effectively since it was implemented in the early 1980s. The proposed legislation makes a small change to that system to provide the discretion to temporarily suspend tax increases in certain circumstances, allowing more money to stay in the hands of Alaska's employers and employees.

Limits on Discretion to Suspend an Unemployment Insurance Tax Increase under CSBH 76 (L&C)



Note: In this example, if CSBH 76 had been in effect, the Commissioner could not have determined that the 2013 tax rate could be anything lower than 3.04 percent because the 2012 tax rate was 3.04 percent.

Treasury Offset Program (TOP)

The Treasury Offset Program (TOP) is a centralized process that intercepts an individual's federal income tax refund on behalf of states that have submitted an offset request to the Department of the Treasury Financial Management Service (FMS) for collection. Offset is withholding funds payable by the United States to a person to satisfy an Unemployment Compensation (UC) debt owed to a state due to the following reasons:

- Overpayments caused by fraudulent reporting
- Overpayments made due to under reported earnings
- Uncollected employer tax contributions
- Associated penalties and interest if the debt is due to failure to report earnings or delinquent contributions

Following is a list of states that are participating in the TOP program.

State	TOP Participant?	ITD Collections*	State	TOP Participant?	ITD Collections*
Alabama	Yes	\$3.6	Montana	No	
Alaska	No		Nebraska	No	
Arizona	Yes	\$5.2	Nevada	No	
Arkansas	Yes	\$0.2	New Hampshire	Yes	<\$0.1
California	No		New Jersey	No	
Colorado	No		New Mexico	No	
Connecticut	Yes	\$1.0	New York	Yes	\$29.6
Delaware	No		North Carolina	No	
District of Columbia	Yes	\$0.3	North Dakota	No	
Florida	No		Ohio	No	
Georgia	Yes	\$0.1	Oklahoma	No	
Hawaii	No		Oregon	No	
Idaho	No		Pennsylvania	Yes	\$9.5
Illinois	Yes	\$35.2	Rhode Island	No	
Indiana	No		South Carolina	No	
Iowa	No		South Dakota	Yes	0.1
Kansas	No		Tennessee	Yes	0.1
Kentucky	No		Texas	No	
Louisiana	Yes	\$0.1	Utah	No	
Maine	No		Vermont	No	
Maryland	Yes	\$16.3	Virginia	No	
Massachusetts	No		Washington	No	
Michigan	Yes	\$5.5	West Virginia	Yes	0.2
Minnesota	Yes	<\$0.1	Wisconsin	Yes	\$11.6
Mississippi	Yes	\$14.5	Wyoming	No	
Missouri	No		Total All States		\$133.1

ITD = Inception to Date. State UI programs were authorized to participate in TOP beginning 2011.

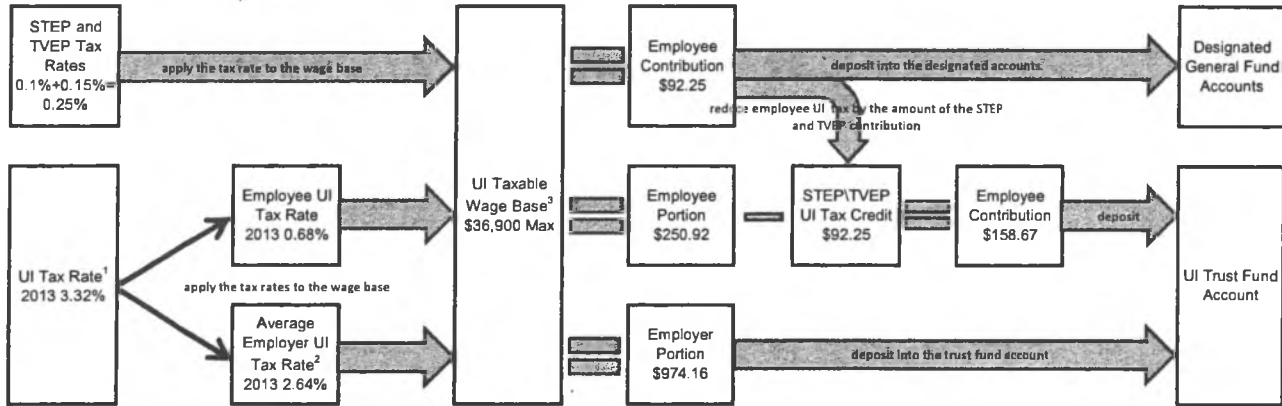
* in millions

Source: National Association of State Workforce Agencies (NASWA) Bulletin 10/31/12

State of Alaska Tax Flow Chart:

**Unemployment Insurance (UI)
State Training and Employment Program (STEP)
Technical and Vocational Education Program (TVEP)**

The STEP and TVEP tax rates are set in statute (AS 23.15.630 and AS 23.15.835 respectively) and are applied to the annual UI taxable wage base. The amount of STEP and TVEP revenue is not affected by the UI tax rate. For further information please contact Jim Wilson (465-4520). The calculations provided below are per employee, assume the maximum wage for 2013, and are based on the 2013 UI tax rate.



- 1) The UI tax rate is calculated each year to ensure solvency of the trust fund account and cover benefit payments.
- 2) The exact employer tax rate varies by employer. The rate provided above is the average employer UI tax rate. For more information please reference the UI Tax Calculation Cookbook (http://labor.alaska.gov/research/uiprog/Tax_Cookbook.pdf).
- 3) The UI maximum taxable wage base per employee is calculated each year as 75% of the average annual wage in Alaska (AS 23.20.175).

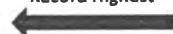
Further reference materials:
[2011 UI Actuarial Study and Financial Handbook](#)
[UI Tax Calculation Cookbook](#)

**Alaska Department of Labor and Workforce Development
Employment Security Division**

**Historical Average Combined UI Contribution Rates
Rate Class 10**

Year	Employer	Employee	Combined
1983	2.37%	0.50%	2.87%
1984	2.57%	0.60%	3.17%
1985	2.17%	0.50%	2.67%
1986	2.34%	0.50%	2.84%
1987	2.88%	0.60%	3.48%
1988	3.67%	0.70%	4.37%
1989	4.14%	0.70%	4.84%
1990	3.51%	0.60%	4.11%
1991	2.66%	0.50%	3.16%
1992	2.15%	0.50%	2.65%
1993	1.96%	0.50%	2.46%
1994	1.98%	0.50%	2.48%
1995	2.04%	0.50%	2.54%
1996	2.17%	0.50%	2.67%
1997	2.33%	0.58%	2.91%
1998	2.25%	0.56%	2.81%
1999	2.06%	0.54%	2.60%
2000	2.14%	0.54%	2.68%
2001	2.08%	0.52%	2.60%
2002	1.99%	0.50%	2.49%
2003	1.85%	0.50%	2.35%
2004	2.19%	0.50%	2.69%
2005	2.50%	0.50%	3.00%
2006	2.43%	0.51%	2.94%
2007	1.94%	0.50%	2.44%
2008	1.50%	0.50%	2.00%
2009	1.15%	0.50%	1.65%
2010	1.31%	0.50%	1.81%
2011	1.87%	0.58%	2.45%
2012	2.38%	0.66%	3.04%
2013	2.64%	0.68%	3.32%

Record Highest



Record Lowest



UI = Unemployment Insurance

NFIB

The Voice of Small Business®

ALASKA

January 18, 2013

The Honorable Sean Parnell
Governor of Alaska
Third Floor
State Capitol Building
PO Box 110001
Juneau, Alaska 99811-0001

RE: House Bill 76

Dear Governor Parnell,

On behalf of the National Federation of Independent Business/Alaska, I wish to respectfully share our support for House Bill 76. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

House Bill 76 addresses the unemployment trust fund account so that it will meet federal compliance requirements, ensure that the unemployment insurance (UI) fund remains solvent, and minimize the burden for employers and employees.

House Bill 76 revises the contribution requirements to keep the trust fund solvent and allows the commissioner the authority to eliminate or reduce increases in unemployment insurance tax rates when the fund is fully funded, based on standards to ensure the actuarial soundness of the unemployment trust fund. It also permits electronic filing of information in an effort to reduce cost and improve accuracy of data received from employers.

These changes recognize the need to implement federal requirements addressing payment errors, revise the requirements that have lead to overfunding the UI Trust Fund, and improve the operations of the system.

We applaud you for putting forth this legislation that will help home-grown small businesses in real ways.

Sincerely yours,



Dennis L. DeWitt
Alaska State Director

Cc: NFIB/AK Leadership Council
Representative Kurt Olson, Chair, House Labor & Commerce Committee

March 12, 2013

The Honorable Kurt Olson
Alaska House of Representatives
Chairman, Labor and Commerce Committee
Capitol Room 24
Juneau, Alaska 99801

Re: House Bill 76

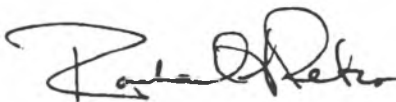
Dear Representative Olson:

The mission of the Alaska State Chamber of Commerce (Alaska Chamber) is to promote a positive business environment in Alaska. The Alaska Chamber represents hundreds of businesses and local chambers from across Alaska. These member businesses support legislation that updates and clarifies laws as they relate to doing business and that generally improves Alaska's business climate. The Alaska Chamber supports House Bill 76 (HB 76).

In years when the Unemployment Trust Fund's solvency is not at risk, the Alaska Chamber believes the goal of keeping more money in employer and employee pocket books is a worthy one. HB 76 provides a mechanism to reduce the increase in Unemployment tax for employers and employees without risking the solid solvency of Alaska's Unemployment Insurance (UI) system. While a rate increase may be decreased, over the long term, those funds can be recouped as set out in Section 4 of the bill. If there were catastrophic economic events, impossible for actuaries to anticipate, which devastated the funds available in the system, the Legislature maintains the ability to bring the fund back to solvency.

Additionally, HB 76 adds provisions to state statute to comply with federal law, improves the ability for the Department of Labor and Workforce Development to collect on fraudulent claims, and allows electronic filing. These provisions ensure that Alaska's UI system remains compliant, efficient, and fair – all benefiting Alaska employers and employees.

Sincerely,



Rachael A. Petro
President/CEO



ALASKA STATE
CHAMBER
OF COMMERCE

*The Voice of
Alaska Business*

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Suite 300
Juneau
AK 99801
(907) 586-2323

www.alaskachamber.com



March 25, 2013

Governor Parnell
State Capitol Rm 3
Juneau, Alaska 99801-1182

SUBJECT: Support for HB74 & SB25, Unemployment Insurance Trust Fund

Dear Governor Parnell,

The Alaska Hotel & Lodging Association (AkH&LA) appreciates Governor Parnell's introduction of HB76 and SB25 relating to the Unemployment Insurance Trust Fund. This legislation is forward thinking in these challenging economic times when too many Alaska businesses are struggling to pay increased operating costs while maintaining financial viability. AkH&LA applauds this effort and requests passage of this legislation this session.

AkH&LA recognizes that it is imperative that Alaska safeguard the solvency of the UI Trust Fund. However, allowing the Commissioner of the Department of Labor & Workforce Development to conditionally eliminate or reduce unneeded increases in the UI tax rates on employers and employees while meeting federal compliance requirements is an effective tool with which to respond to Alaska's economic conditions while maintaining the integrity of the Fund.

Over 27,000 Alaskans are employed by the lodging and restaurant industries. These employees and the businesses that hire them are vital to the Alaskan economy. AkH&LA supports efforts by the Legislature to strike a balance between employee protections and employers' affordability. We believe this bill does just that. We urge your support and swift passage of HB 76 and SB 25.

Sincerely,

Gretchen Kenney
Executive Director
Alaska Hotel & Lodging Association



United in a common goal to make Alaska the most hospitable place on earth!

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NFIB

The Voice of Small Business®

House Fin
April 7

ALASKA

March 28, 2013

The Honorable Bill Stoltze
House Finance Committee
Room 515
State Capitol Building
Juneau, Alaska 99801

RE: House Bill 76

Dear Representative Stoltze:

On behalf of the National Federation of Independent Business/Alaska, I wish to respectfully share our support for House Bill 76. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

House Bill 76 addresses the unemployment trust fund account so that it will meet federal compliance requirements, ensure that the unemployment insurance (UI) fund remains solvent, and minimize the burden for employers and employees. Federal compliance is important to business in order to avoid penalties that would be assessed beginning this fall. It also permits electronic filing of information in an effort to reduce cost and improve accuracy of data received from employers.

HB 76 revises the contribution requirements to keep the trust fund solvent and allows the commissioner the authority to eliminate or reduce increases in unemployment insurance tax rates that apply to the trust fund when it is fully funded, based on standards to ensure the actuarial soundness of the unemployment trust fund. This section has a 5-year sunset to relieve concerns that it might not work as expected.

These changes recognize the need to implement federal requirements addressing payment errors, revise the requirements that have lead to overfunding the UI Trust Fund, and improve the operations of the system.

We believe the changes put forth in this legislation will help homegrown small businesses in real ways. Currently the trust fund balance is \$275,938,000. Benefits paid in the past 12 months were \$159,664,000. Thus, the trust fund can support about a year and $\frac{3}{4}$ worth of benefits. We believe that this level of reserves is sufficient and small businesses ought not be taxed to build state reserves beyond this level.

Sincerely yours,



Dennis L. DeWitt
Alaska State Director

Attachment: UI Data Summary for Alaska from US Dept. of Labor

Cc: NFIB/AK Leadership Council
House Finance Committee members

UI Data Summary for Alaska

CYQ: 2012.4

Benefits	(Quarterly)	Past 12 Months	Rank	High Value : Qtr	Low Value : Qtr
Benefits Paid (000):	\$41,085	\$159,664	41	\$60,313 2010.1	\$1,663 1971.3
Initial Claims:	30,123	97,609	36	33,787 2009.4	6,230 1973.2
First Payments:	11,200	33,633	40	19,617 1977.1	2,132 1971.3
Weeks Claimed:	212,702	796,114	38	269,282 2010.1	39,062 1971.3
Wks Compensated:	170,553	671,062	38	321,508 1977.1	36,386 1971.3
Exhaustions:	4,738	20,771	38	9,445 1986.2	937 1971.3
Exhaustion Rate:		59.9%	3	76.5% 2010.4	20.2% 1976.3
Average Duration:		20.0	4	24.0 2010.2	14.1 2002.2
AWBA:	\$246.90	\$244.60	44	\$246.90 2012.4	\$46.09 1971.3
As % of AWW:		25.9	47		
Avg. Benefits per First Payment:		\$4,747			

Financial Information	Past 12 Months	Rank
State Revenues (000):	\$210,318	42
Total Wages (000)**:	\$3,808,741	48
Total Wages (Taxable Employers)(000)**:	\$2,908,341	49
Taxable Wages (000)**:	\$2,067,637	41
Avg. Weekly Wage**:	\$944.61	14
Avg. Tax Rate on Taxable Wages (%)**:	2.84	31
Avg. Tax Rate on Total Wages (%)**:	1.75	4
Calendar Yr Taxable Wage Base:	\$35,800	3
Trust Fund (TF) Balance (000):		
(Including Loans):	\$275,938	21
TF as % of Total Wages*:	2.26	4
Interest Earned (000):	\$1,826	21
Avg. High Cost Multiple +:	1	11
High Cost Multiple +:	0.52	10

Labor Force	(Quarterly)	Past 12 Mos	Rank
IUR (%):	4.2	4.2	2
TUR (%):	6.5	7.0	30
Total Unemp. (000):	23.6	25.6	48
Insured Unemployed (000)***			
Regular Programs:	13.0	12.8	42
All Programs:	20.2	21.9	42
Reciprocity Rates (%)***			
Regular Programs:	55	50	1
All Programs:	85	86	1
Covered Emp. (000)**:	315	308	50
Civ. Labor Force (000):	364	366	50
Subj. Employers (000):	18	18	52

Extended Benefits	(Quarterly)	Past 12 Months	Rank
Extended Benefits (000):	\$5	\$5,871	
EB First Payments:	0	459	
EB Weeks Claimed:	0	27,499	
EB Exhaustions:	0	475	

Loans	Rank
Outstanding Loan Bal (000):	\$0 21
Loan per Cov Employee:	\$0 21
Loan as % of Total Wages:	0 21

* Based on extrapolated wages for the most recent 12 months.

** Wages and Covered Employment lag the rest of the Data Summary information by six months

*** Regular programs include State UI, UCFE and UCX

+ Refers to most recent calendar year. Fourth and first quarter issues publish measure based on extrapolated wages. Second and third quarter issues publish measure based on actual wages.

See glossary for data definitions

Note: Blank cells appearing in any section of this report indicates that information is unavailable