

HB

76

<TARGET><BILL>HB 76</BILL><SUBJECT>HB
76</SUBJECT><COMM>SFIN28</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/12/13

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 76(FIN)

HB 76-UNEMPLOYMENT; ELEC. FILING OF LABOR INFO

"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; relating to the definition of 'covered unemployment compensation debt' in the Alaska Employment Security Act; and providing for an effective date."

and recommends:

- be replaced with SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____
- adopt previous SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

| Dept Abbr. | |
|------------|-----|
| ADM | LWF |
| CED | LAW |
| COR | LEG |
| CRT | MVA |
| EED | DNR |
| DEC | DPS |
| DFG | REV |
| GOV | DOT |
| DHS | UA |

| NEW FISCAL NOTE(S) | | | | |
|--------------------|--------|--------|------|------|
| Dept. | Fiscal | Indet. | Zero | FN # |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| PREVIOUS FISCAL NOTE(S) | | | | |
|-------------------------|--------|--------|------|------|
| Dept. | Fiscal | Indet. | Zero | FN # |
| LWF | ✓ | | | 1 |
| LWF | | | ✓ | 3 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | PRINTED LAST NAME | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|-------------------|---------|-------------|--------|-------|
| | ORSON | | | ✓ | |
| | FAIRCLOUGH | X | | | |
| | DUNLEAVY | | | ✓ | |
| | | | | | |
| CO-CHAIR: | Kelly | ✓ | | | |
| CO-CHAIR: | Meyer | ✓ | | | |

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSHB 76(FIN)

Fiscal Note Number: 4

(H) Publish Date: 4/10/13

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 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 | 500.0 | | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 |
|---------------------------|-------|--|-------|-------|-------|-------|-------|-------|

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 #4

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 76(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: CSHB 76(FIN)
Fiscal Note Number: 3
(H) Publish Date: 4/10/13

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 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

| | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|
| Change in Revenues | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|

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 #3

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 76(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.

CSHB 76 (FIN)
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, 2016 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, Committee Substitute House Bill 76 (L&C) and Committee Substitute House Bill 76 (FIN)

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.

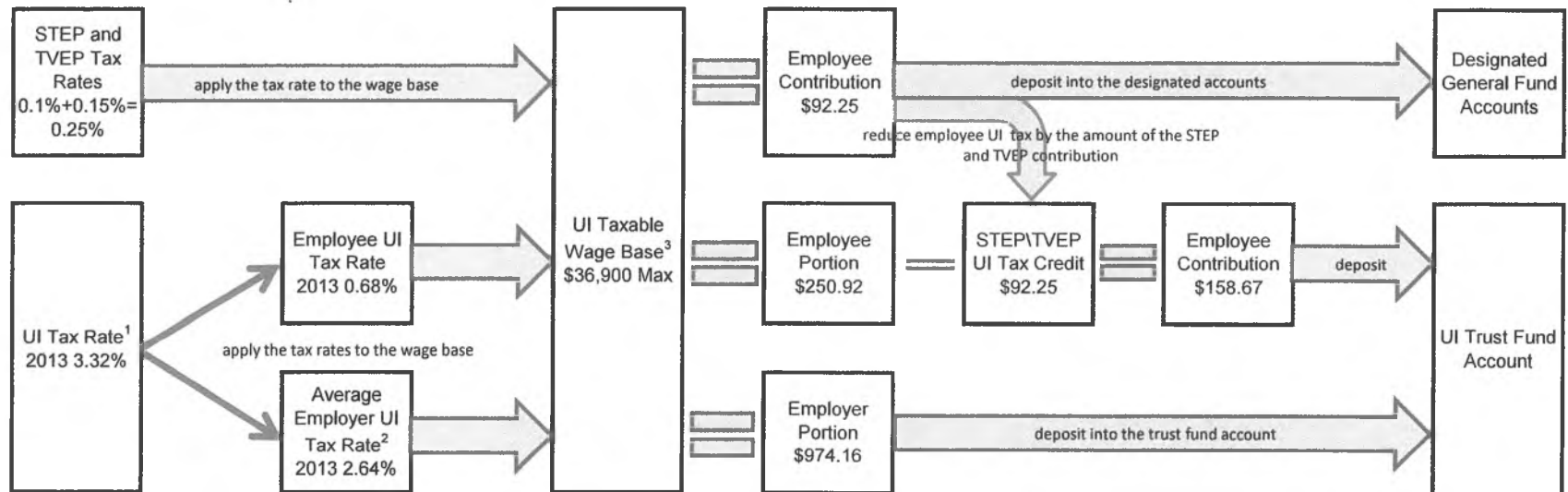
The only change made in the House Finance Committee was to change the date of the sunset clause from July 1, 2018 to July 1, 2016.

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

State of Alaska Tax Flow Chart:

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

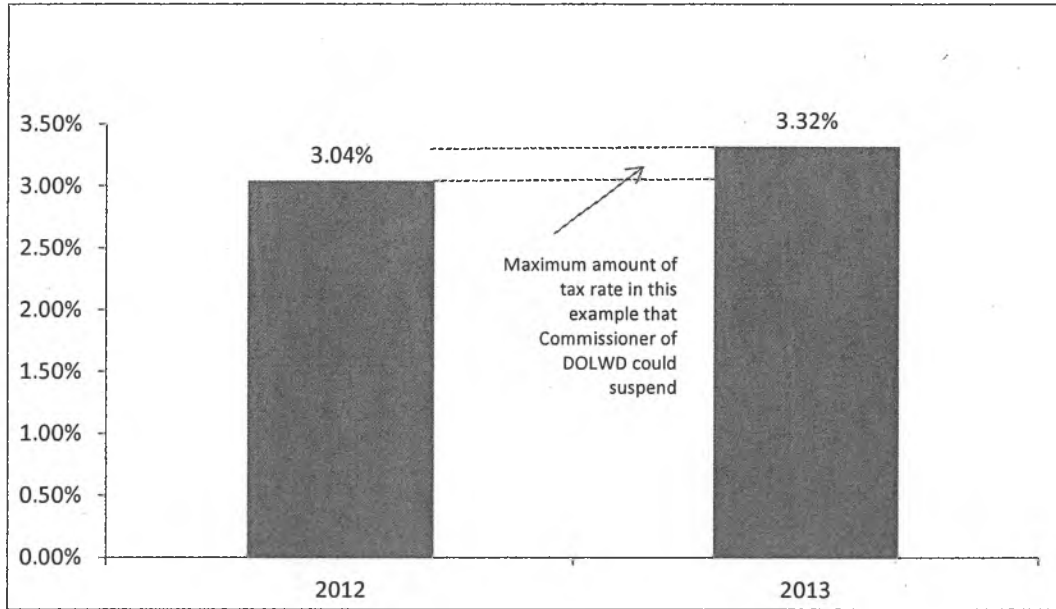
The STEP and TVEP tax rates are set in statute (AS 23.15.630 and AS 23.15.835 respectively) and are applied to the annual UI taxable wage base. The amount of STEP and TVEP revenue is not affected by the UI tax rate. For further information please contact Jim Wilson (465-4520). The calculations provided 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](#)

Limits on Discretion to Suspend an Unemployment Insurance Tax Increase under CSHB 76 (FIN)



Note: In this example, if CSHB 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.

**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% | ← Record Highest |
| 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% | ← Record Lowest |
| 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% | |

UI = Unemployment Insurance

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 | <\$.01 |
| 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 | <\$.01 | 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

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.

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.

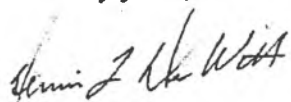
House Bill 76 addresses the unemployment trust fund account so that it will meet federal compliance requirements, ensure that the unemployment insurance (UI) fund remains solvent, and minimize the burden for employers and employees.

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

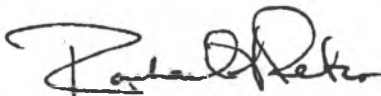
Dear Representative Olson:

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).

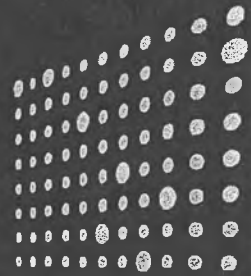
In years when the Unemployment Trust Fund's solvency is not at risk, the Alaska Chamber believes the goal of keeping more money in employer and employee pocket books is a worthy one. HB 76 provides a mechanism to reduce the increase in Unemployment tax for employers and employees without risking the 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*

Headquarters

471 W 36th Ave
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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!

330 E. 4th Avenue, Suite 201 • Anchorage, Alaska 99501 • (907) 272-1229 • Fax: (907) 272-1289 • E-mail: akhla@4aha.org