

11908

SENATE

LABOR

&

COMMERCE

SB

136

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 5/1/05

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule .3)

DATE TURNED
IN TO OFFICE: _____

Labor and Commerce Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 136

SB 136 UNEMPLOYMENT COMPENSATION BENEFITS

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

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate I
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
SCS House
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Change
<input type="checkbox"/> New Title
SCR #

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Z

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	
<i>Betty Davis</i>	X			
<i>Ed Gilman</i>	X			
<i>Ralph Nease</i>	✓			
<i>Ben Starnes</i>	/			
CHAIR: <i>C. Brando</i>	✓			

Alaska Department of Labor and Workforce Development –
Concepts on "Actively Seeking Work"

- Would require registration which includes the completion of a skills-based, electronically searchable worker profile (Resume) that is viewable by registered employers with valid job openings.
- Would require workers to keep profiles current and active throughout active Unemployment Insurance claim filing period.
- Should the claimant fail to register and actively seek work, unemployment benefits would cease.
- Should the claimant live outside of a 55-mile radius of an Alaska Job Center and does not have access to an internet capable computer in a remote area of the state, the director will accommodate those individuals as follows:
 - Individual could register and complete a resume worksheet and mail it to their local job center.
 - Individual could register with a job center over the phone, but the responsibility for this remains with the claimant.
 - Entities could request the director to provide technical assistance, e.g. job center employee would visit a village/town to assist claimants as a group to fulfill this requirement.
- Existing statute regarding hiring hall activities remain unchanged.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: **SB136CSSS-DOLWD-UI-02-08-06**
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: **Labor and Workforce Development**
 Title: **Unemployment Compensation Benefits** RDU: **Employment Security**
 Component: **Unemployment Insurance**
 Sponsor: **Senator Eilla**
 Requester: **Senate Finance** Component Number: **2276**

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: None
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the maximum unemployment insurance compensation weekly benefit amount (WBA) from \$248.00 to \$300.00 with an effective date of January 1, 2007.

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

Prepared by: **Thomas W. Nelson, Director** Phone: **465-5933**
 Division: **Employment Security Division** Date/Time: **2/8/06 1:20 PM**
 Approved by: **Greg O'Claray, Commissioner** Date: **2/8/2006**
 Agency: **Department of Labor and Workforce Development**

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSSSSB 136(L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Statewide
 Title: An Act relating to the calculation and payment RDU: Statewide
of unemployment compensation benefits Component: Statewide
 Sponsor: Senator Ellis
 Requester: _____ Component No.: Statewide

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	141.0	282.0	282.0	282.0	282.0	282.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	141.0	282.0	282.0	282.0	282.0	282.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)	141.0	282.0	282.0	282.0	282.0	282.0
TOTAL	141.0	282.0	282.0	282.0	282.0	282.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation has a fiscal impact on the employer charge paid by all state agencies using the working reserves for unemployment insurance. The fiscal note calculations are based on a 3-year average of actual usage reimbursed to the unemployment program (\$4,031,409 in FY 2003 - FY 2005). Fiscal note assumes that 33% of the State's former employees would be eligible for new maximum benefit amount. It excludes the impact of the benefit increase on the University of Alaska.

Fiscal note is prepared as information only, not as support for appropriation. Working reserve rates are calculated annually in August for the next fiscal year's budget preparation. This benefit increase would not affect the FY 2007 rates which have already been factored into the FY 2007 budget, but it would increase the amount the State as an employer reimburses the unemployment program beginning January 1, 2007 (half of FY 2007) and raise budgeted rates beginning in FY 2008.

Prepared by: Kim Garner, Director Phone 465-3435
 Division: Division of Finance Date/Time 2/8/16 12:00 AM
 Approved by: Michael Tibbles, Deputy Commissioner Date 2/8/2006
 Agency: Department of Administration

24-LS0750AF
Wayne
2/6/06

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 136(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATOR ELLIS

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the calculation and payment of unemployment compensation
2 benefits; requiring insured workers eligible for benefits under the Alaska Employment
3 Security Act to actively seek work in order to be considered available for work; and
4 providing for an effective date."

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

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

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

11	(A)	(B)
12	Base Period Wages	Weekly Benefit
13		Amount
14	At least	But less than

WORK DRAFT

WORK DRAFT

24-LS0750AF

1	0	1,000	\$ 0
2	1,000	1,250	44
3	1,250	1,500	46
4	1,500	1,750	48
5	1,750	2,000	50
6	2,000	2,250	52
7	2,250	2,500	54
8	2,500	2,750	56
9	2,750	3,000	58
10	3,000	3,250	60
11	3,250	3,500	62
12	3,500	3,750	64
13	3,750	4,000	66
14	4,000	4,250	68
15	4,250	4,500	70
16	4,500	4,750	72
17	4,750	5,000	74
18	5,000	5,250	76
19	5,250	5,500	78
20	5,500	5,750	80
21	5,750	6,000	82
22	6,000	6,250	84
23	6,250	6,500	86
24	6,500	6,750	88
25	6,750	7,000	90
26	7,000	7,250	92
27	7,250	7,500	94
28	7,500	7,750	96
29	7,750	8,000	98
30	8,000	8,250	100
31	8,250	8,500	102

WORK DRAFT

WORK DRAFT

24-LS0750AF

1	8,500	8,750	104
2	8,750	9,000	106
3	9,000	9,250	108
4	9,250	9,500	110
5	9,500	9,750	112
6	9,750	10,000	114
7	10,000	10,250	116
8	10,250	10,500	118
9	10,500	10,750	120
10	10,750	11,000	122
11	11,000	11,250	124
12	11,250	11,500	126
13	11,500	11,750	128
14	11,750	12,000	130
15	12,000	12,250	132
16	12,250	12,500	134
17	12,500	12,750	136
18	12,750	13,000	138
19	13,000	13,250	140
20	13,250	13,500	142
21	13,500	13,750	144
22	13,750	14,000	146
23	14,000	14,250	148
24	14,250	14,500	150
25	14,500	14,750	152
26	14,750	15,000	154
27	15,000	15,250	156
28	15,250	15,500	158
29	15,500	15,750	160
30	15,750	16,000	162
31	16,000	16,250	164

1	16,250	16,500	166
2	16,500	16,750	168
3	16,750	17,000	170
4	17,000	17,250	172
5	17,250	17,500	174
6	17,500	17,750	176
7	17,750	18,000	178
8	18,000	18,250	180
9	18,250	18,500	182
10	18,500	18,750	184
11	18,750	19,000	186
12	19,000	19,250	188
13	19,250	19,500	190
14	19,500	19,750	192
15	19,750	20,000	194
16	20,000	20,250	196
17	20,250	20,500	198
18	20,500	20,750	200
19	20,750	21,000	202
20	21,000	21,250	204
21	21,250	21,500	206
22	21,500	21,750	208
23	21,750	22,000	210
24	22,000	22,250	212
25	22,250	22,500	214
26	22,500	22,750	216
27	22,750	23,000	218
28	23,000	23,250	220
29	23,250	23,500	222
30	23,500	23,750	224
31	23,750	24,000	226

1	24,000	24,250	228
2	24,250	24,500	230
3	24,500	24,750	232
4	24,750	25,000	234
5	25,000	25,250	236
6	25,250	25,500	238
7	25,500	25,750	240
8	25,750	26,000	242
9	26,000	26,250	244
10	26,250	26,500	246
11	26,500	26,750	248
12	26,750	<u>27,000</u>	<u>250</u>
13	<u>27,000</u>	<u>27,250</u>	<u>252</u>
14	<u>27,250</u>	<u>27,500</u>	<u>254</u>
15	<u>27,500</u>	<u>27,750</u>	<u>256</u>
16	<u>27,750</u>	<u>28,000</u>	<u>258</u>
17	<u>28,000</u>	<u>28,250</u>	<u>260</u>
18	<u>28,250</u>	<u>28,500</u>	<u>262</u>
19	<u>28,500</u>	<u>28,750</u>	<u>264</u>
20	<u>28,750</u>	<u>29,000</u>	<u>266</u>
21	<u>29,000</u>	<u>29,250</u>	<u>268</u>
22	<u>29,250</u>	<u>29,500</u>	<u>270</u>
23	<u>29,500</u>	<u>29,750</u>	<u>272</u>
24	<u>29,750</u>	<u>30,000</u>	<u>274</u>
25	<u>30,000</u>	<u>30,250</u>	<u>276</u>
26	<u>30,250</u>	<u>30,500</u>	<u>278</u>
27	<u>30,500</u>	<u>30,750</u>	<u>280</u>
28	<u>30,750</u>	<u>31,000</u>	<u>282</u>
29	<u>31,000</u>	<u>31,250</u>	<u>284</u>
30	<u>31,250</u>	<u>31,500</u>	<u>286</u>
31	<u>31,500</u>	<u>31,750</u>	<u>288</u>

1	<u>31.750</u>	<u>32.000</u>	<u>290</u>
2	<u>32.000</u>	<u>32.250</u>	<u>292</u>
3	<u>32.250</u>	<u>32.500</u>	<u>294</u>
4	<u>32.500</u>	<u>32.750</u>	<u>296</u>
5	<u>32.750</u>	<u>33.000</u>	<u>298</u>
6	<u>33.000</u>	<u>33.250</u>	<u>300</u>
7	<u>33.250</u>		<u>300</u> [248].

* Sec. 2. AS 23.20.378(a) is amended to read:

(a) An insured worker is entitled to receive waiting-week credit or benefits for a week of unemployment if for that week the insured worker is able to work and available for suitable work. An insured worker is not considered available for work unless registered for and actively seeking work in accordance with regulations adopted by the department. An insured worker may not be disqualified for failure to comply with this subsection if

(1) the insured worker is not available for work because the insured worker

(A) is ill or disabled;

(B) is traveling to obtain medical services that are not available in the area in which the insured worker resides, or, if a physician determines it is necessary, the insured worker is accompanying a spouse or dependent who is traveling to obtain medical services;

(C) resides in the state and is noncommercially hunting or fishing for personal survival or the survival of dependents;

(D) is serving as a prospective or impaneled juror in a court; or

(E) is attending the funeral of an immediate family member for a period of no longer than seven days; and

(2) a condition described in (1) of this subsection occurs during an uninterrupted period of unemployment immediately following a week for which the insured worker has filed a compensable claim, and work has not been offered that would have been suitable for the insured worker before the illness, disability, hunting, fishing, medical travel, jury service, or funeral attendance.

1 * Sec. 3. This Act takes effect January 1, 2007.

SB136-Alaska Department of Labor and Workforce Development

- ◆ Currently, Alaska's maximum unemployment insurance weekly benefit amount ranks 48th in the nation, while Alaska workers' average weekly earnings ranks 18th.
- ◆ SB 136 increases the maximum unemployment insurance weekly benefit amount from \$248 to \$300, which would improve Alaska's ranking to 41st, nationally.
- ◆ During calendar year 2004 there were 279,161 Alaskan's working in covered employment and potentially eligible for Unemployment Insurance Benefits.

Benefit Payments

- ◆ In calendar year 2004, Alaska paid a total of \$135.7 million in Unemployment Insurance benefits to 61,544 claimants.
- ◆ In calendar year 2004 a total of 428,936 benefit disbursements were made.
 - 261,516 disbursements were paid by check
 - 167,420 disbursements were paid by direct deposit
- ◆ In calendar year 2003 a total of 546,996 benefit disbursements were made.
- ◆ The average length of time a person received unemployment insurance payments during calendar year 2004 was 14.9 weeks.
- ◆ 31% of claimants received the maximum weekly benefit amount of \$248 in calendar year 2004.

Dependent Allowance

- ◆ Maximum dependent allowance = \$72 per week. (A claimant may claim \$24 per dependent up to 3 dependents per week.)
- ◆ Average dependent allowance for all claimants was \$18.73 for each week claimed in calendar year 2004.
- ◆ 23,567 claimants (38.3%) received a dependents allowance in calendar year 2004 totaling 12.8 million dollars.
- ◆ 6,256 claimants (10.2%) received maximum dependents allowance in calendar year 2004.
- ◆ 13 States currently provide for the payment of dependents' allowance.

SB136-Alaska Department of Labor and Workforce Development

Impact on the UI trust fund and on employer and employee tax rates

- ◆ When the full effect of increased benefits is reflected in the tax rates in 2011, the average employer tax rate is estimated to increase from 2.08% to 2.25% (from \$596 to \$645, an increase of \$49 per employee per year).
- ◆ The average employee tax rate is estimated to increase from 0.52% to 0.56% (\$149 to \$160, an increase of \$11 per employee per year).

Disqualification for Voluntarily Leaving Work without good cause

- ◆ 6 states (including Alaska) temporarily postpone benefits.
- ◆ Alaska's disqualification period is a 6 week postponement and total benefits are reduced by 3 times the weekly benefit amount.
- ◆ In Calendar Year 2004 a total of 9,098 or 73.54% of claimants that voluntarily left work were disqualified.

Disqualification for Discharge for Misconduct

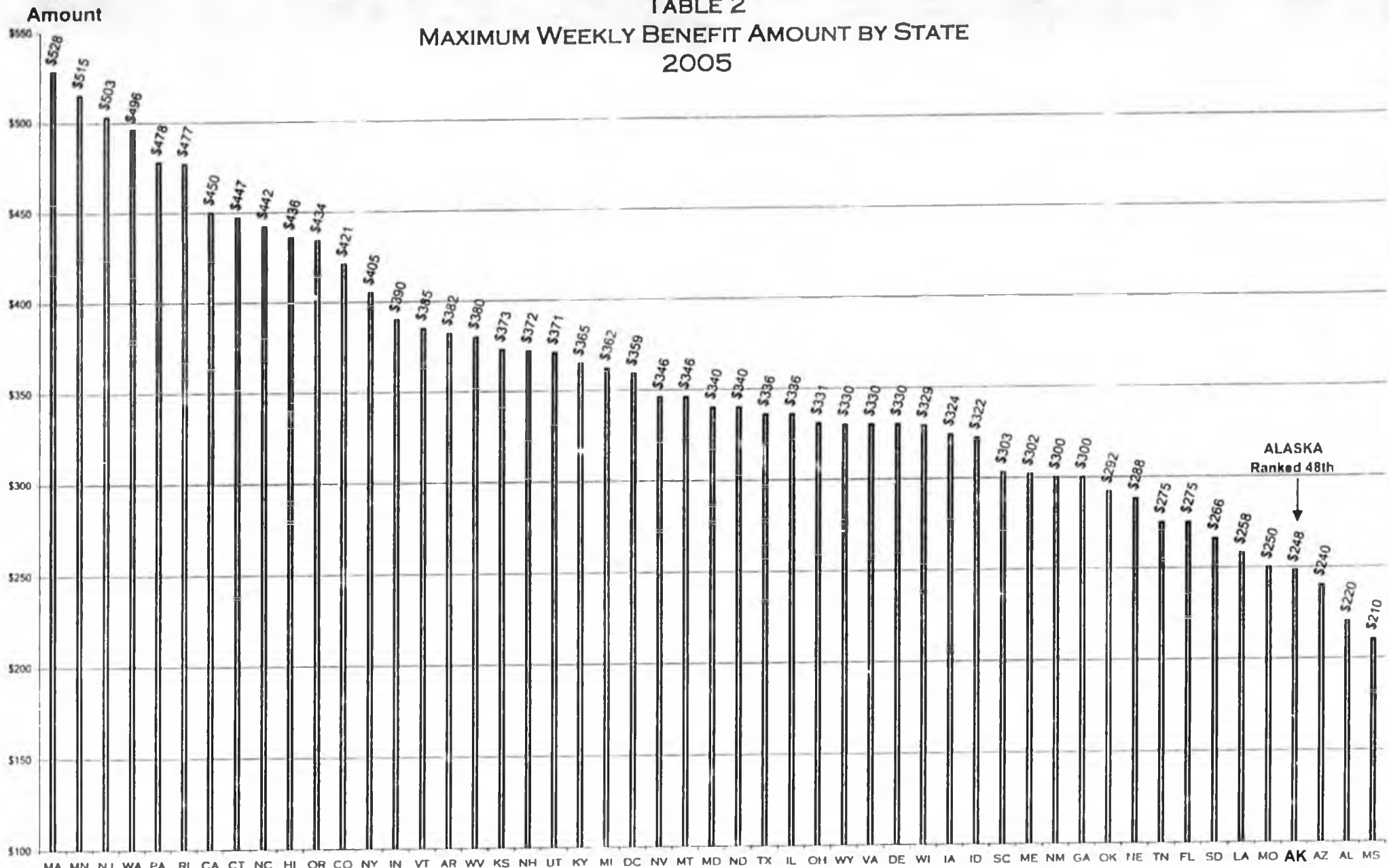
- ◆ 12 states (including Alaska) temporarily postpone benefits.
- ◆ Alaska's disqualification period is a 6 week postponement and total benefits are reduced by 3 times the weekly benefit amount.
- ◆ In Calendar Year 2004 a total of 3048 or 41.95% of claimants that that were discharged for misconduct were disqualified.

Work Search

**Amount of Unemployment Insurance (UI) Benefit
Payments by Census Area, 2004 (\$)**

Census Areas	All UI Programs Total
Aleutians East Borough	316,979
Aleutians West	945,384
Anchorage Municipality	35,407,156
Bethel	3,747,830
Bristol Bay Borough	244,294
Denali Borough	641,653
Dillingham	916,889
Fairbanks North Star Borough	11,903,991
Haines Borough	619,682
Juneau Borough	4,184,467
Kenai Peninsula Borough	11,013,554
Ketchikan Gateway Borough	2,448,596
Kodiak Island Borough	3,415,569
Lake & Peninsula Borough	405,152
Matanuska-Susitna Borough	13,642,303
Nome	1,938,093
North Slope Borough	1,674,384
Northwest Arctic Borough	1,667,984
Prince of Wales-Outer Ketchikan	1,610,270
Sitka Borough	1,234,366
Skagway-Hoonah-Angoon	1,074,972
Southeast Fairbanks	1,594,686
Valdez - Cordova	2,504,902
Wade Hampton	2,330,227
Wrangell - Petersburg	1,644,225
Yakutat Borough	218,401
Yukon - Koyukuk	1,648,145
Area Unknown	2,555,200
 In-State Totals	 111,549,354
 Interstate Totals	 24,234,098
 Totals All Areas	 135,783,452

TABLE 2
 MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE
 2005



Note: Data includes 50 states and District of Columbia
 Source: Highlights of State Unemployment Compensation Laws, July 2005

State

Prepared by: Alaska Department of Labor and Workforce Development, Employment Security Division
 January 18, 2006

Table 1
**Average Weekly Benefits (Regular UI) as a Percentage of
 Average Weekly Earnings (Covered Employment), 2004**

State	Average (\$) Benefit Amount	Rank	Average (\$) Weekly Earnings	Rank	AWBA as % of Earnings	Rank
Alabama	176.64	50	€29.47	34	28.1	48
ALASKA	193.71	49	728.86	18	26.6	49
Arizona	176.95	49	697.44	22	25.4	50
Arkansas	228.16	35	573.64	45	39.8	15
California	260.27	17	853.77	6	30.5	44
Colorado	298.04	7	766.00	12	38.9	17
Connecticut	284.04	10	979.53	2	29.0	46
Delaware	246.63	28	815.42	7	30.2	45
Dist. of Columbia	257.35	20	1133.02	1	22.7	51
Florida	223.15	37	669.01	25	33.4	37
Georgia	242.02	30	719.48	19	33.6	35
Hawaii	323.32	4	656.27	31	49.3	1
Idaho	229.00	34	565.20	47	40.5	11
Illinois	279.12	11	808.62	8	34.5	34
Indiana	266.88	14	662.40	30	40.3	13
Iowa	216.08	16	613.04	36	42.6	5
Kansas	271.76	12	621.98	35	43.7	4
Kentucky	257.38	19	630.73	33	40.8	9
Louisiana	194.78	47	604.68	39	32.2	38
Maine	235.33	33	603.18	40	39.0	16
Maryland	253.70	23	789.75	9	32.1	39
Massachusetts	351.35	1	938.70	4	37.4	25
Michigan	289.15	9	773.12	11	37.4	26
Minnesota	317.67	5	773.43	10	41.1	8
Mississippi	171.87	51	538.46	49	31.9	40
Missouri	205.05	45	663.68	29	30.9	43
Montana	197.32	46	520.35	51	37.9	21
Nebraska	219.51	39	599.49	41	36.6	28
Nevada	244.83	29	708.20	21	34.6	33
New Hampshire	250.69	26	748.56	14	33.5	36
New Jersey	330.90	2	920.36	5	36.0	30
New Mexico	220.41	38	585.75	43	37.6	24
New York	270.53	13	958.06	3	28	47
North Carolina	255.66	22	663.87	27	38.5	19
North Dakota	226.39	36	548.49	48	41.3	7
Ohio	251.97	24	694.64	23	36.3	29
Oklahoma	218.55	41	576.81	44	37.9	22
Oregon	251.61	25	678.18	24	37.1	27
Pennsylvania	293.61	8	735.18	16	39.9	14
Rhode Island	324.34	3	712.84	20	45.5	2
South Carolina	210.66	42	606.23	38	34.8	32
South Dakota	204.71	44	532.81	50	38.5	18
Tennessee	209.26	43	663.87	28	31.5	42
Texas	259.34	18	734.48	17	35.3	31
Utah	265.71	15	607.10	37	43.8	3
Vermont	256.36	21	632.47	32	40.5	10
Virginia	240.28	31	757.44	13	31.7	41
Washington	309.76	6	748.46	15	41.4	6
West Virginia	219.07	40	569.28	46	38.5	20
Wisconsin	250.67	27	664.94	26	37.7	23
Wyoming	238.36	32	589.72	42	40.4	12

Source: Unemployment Insurance Actuarial Study and Financial Handbook 2004

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

January 18, 2006



Alaska State Legislature

Official Business, State Capitol, Juneau, Alaska, 99801

Senator Johnny Ellis

SPONSOR STATEMENT FOR SB 136

Senate Bill 136 would increase the maximum weekly benefit available through unemployment insurance from \$248 to \$336. Future unemployment benefit amounts would be indexed to Alaska's average weekly wage; adjustments would be automatic and synchronized with the state's economy.

Alaska's economy includes many seasonal industries and current benefits fall short in helping families cover living expenses during periods of unemployment. Alaska's maximum weekly unemployment insurance benefit of \$248, which would only be available to individuals with an annual income exceeding \$38,000, is the fourth lowest in the nation. Increasing the maximum weekly benefit is not only long overdue, it is essential in alleviating skill shortages by ensuring Alaskan workers and their families survive periods of unemployment.

The current maximum weekly benefit amount of \$248 is only 35% of Alaska's average weekly wage, the third lowest state in the country. Other western states provide a much higher percentage of average weekly earnings in their maximum weekly benefit amount: Washington, 67%; Hawaii, 66%; Oregon, 63%; and Idaho, 59%. Using Alaska's average weekly earnings as the basis for calculating future unemployment insurance benefits will not only provide greater flexibility, it will also make certain the benefits accurately reflect the state's economy. The maximum weekly benefit amount would be indexed to the average weekly wage in the state for the preceding fiscal year, and benefits would not exceed 50% of the average weekly wage.

Retaining a well-trained Alaskan workforce is essential for a strong economy. Providing an overdue increase in the weekly benefit amount is necessary to keep Alaska's workers in Alaska. Linking the method for future benefit calculations to average weekly earnings will ensure any changes are in concert with Alaska's economy.

We urge your support of SB 136.



Alaska State Legislature

Senator Johnny Ellis

Attached is a copy of a report by the Alaska Department of Labor and Workforce Development that was compiled for the House Labor and Commerce Committee. It is in a question and answer format, and includes several tables and charts.

**Alaska Department of Labor and Workforce Development Responses to House
Labor and Commerce Committee Hearing Regarding
House Bill 7-Unemployment Insurance Benefits-
February 23, 2005 Hearing**

Q: What is the mission of the Unemployment Insurance (UI) Program?

A: As authorized in AS 23.20.005 and AS 23.20.010, Alaska's Unemployment Insurance Program is intended to lighten the burden on unemployed individuals and to maintain purchasing power as a factor in stabilizing the economy of the state during periods of high unemployment. Alaska's Unemployment Insurance Program is part of a nationwide employment security program and provides for meeting the requirements of Title III of the Social Security Act and the requirements of 26 U.S.C. 3303 and 3304 (Federal Unemployment Tax Act, Internal Revenue Code).

Q: What was the time span between when the weekly benefit amount was \$212.00 and when it was raised to \$248.00?

A: The maximum weekly benefit amount was \$212.00 beginning October 1, 1990 until it was raised on January 1, 1997 to \$248.

Q: What about inflation during this time period?

A: The cost of living in Alaska increased 61.4% between 1984 and 2004, during the same time period Alaska's maximum weekly benefit amount increased by 32%.

See Tables 1, 2 and 3 for detailed history

Q: What is the percentage of UI claimants that collect the maximum weekly benefit amount?

A: 31% received the maximum weekly benefit amount in calendar year (CY) 2004.

Q: Is the duration of weeks claimed relative to the weekly benefit amount paid to an individual?

A: The average number of weeks paid during CY 2004 to individuals receiving the maximum weekly benefit amount of \$248 was 11.81.

The average number of weeks paid to individuals receiving the middle weekly benefit amount of \$190 was 12.43. The average number of weeks paid to individuals receiving a relatively low weekly benefit amount of \$94 was 12.49.

Q: What is the amount of regular UI benefits payments by industry?

A: See Table 4.

Q: What is the average weekly wage compared to the average weekly benefit amount?

A: Alaska Figures:

In CY 2003 the average weekly wage was \$706.49, while the average weekly benefit amount paid to unemployed individuals was \$193.04. These figures reflect an average wage replacement of 27.3%.

A: National Figures:

In CY 2003 the average weekly wage was \$716.44, while the average weekly benefit amount paid to unemployed individuals was \$261.67. These figures reflect an average of wage replacement of 36.5%.

For a comparison of all states average weekly benefits as a percentage of average weekly earnings in CY 2003; see Table 5

The percentage of wage replacement in Alaska drops as the weekly benefit amount increases.

An individual earning \$6,999.00 per year, with an average weekly wage of \$134.60, is eligible for a UI benefit of \$90.00 per week, resulting in a 67% wage replacement.

An individual earning \$19,499.00 per year, with an average weekly wage of \$374.88, is eligible for a UI benefit of \$190.00 per week, resulting in a 51% wage replacement.

An individual earning \$26,699.00 per year, with an average weekly wage of \$514.41, is eligible for a UI benefit of \$248.00 per week, resulting in a 49% wage replacement.

An individual earning \$37,749.00 per year, with an average weekly wage of \$725.95, is eligible for a UI benefit of \$248.00 per week, resulting in a 35% wage replacement.

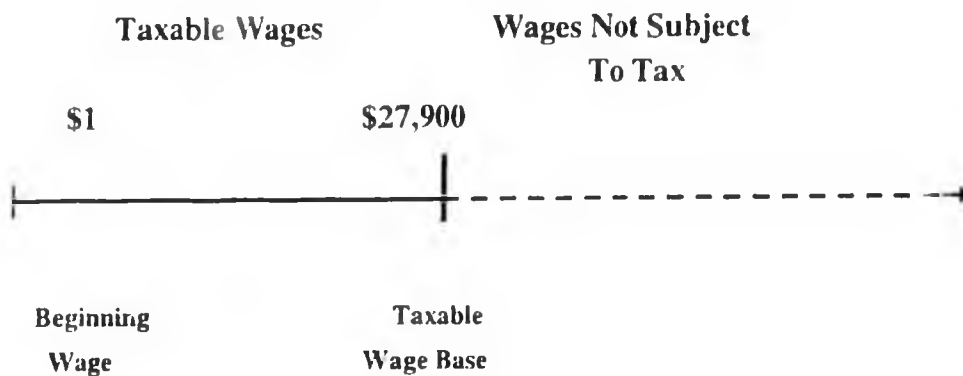
An individual earning \$47,000.00 per year, with an average weekly wage of \$903.85, is eligible for a UI benefit of \$248 per week, resulting in a 28% wage replacement.

Q: What is the cost to employers if the maximum weekly benefit amount is raised to \$336?

A: The estimated maximum increased cost to employers with an average tax rate would be \$64 per employee, per year.

See Table 6 for detailed tax increase estimates.

The amount of each worker's wage subject to UI taxation is called the taxable wage base. The taxable wage base is defined as 75 percent of the statewide average annual earnings of workers covered by the UI program. The Alaska taxable wage base for 2005 is \$27,900.



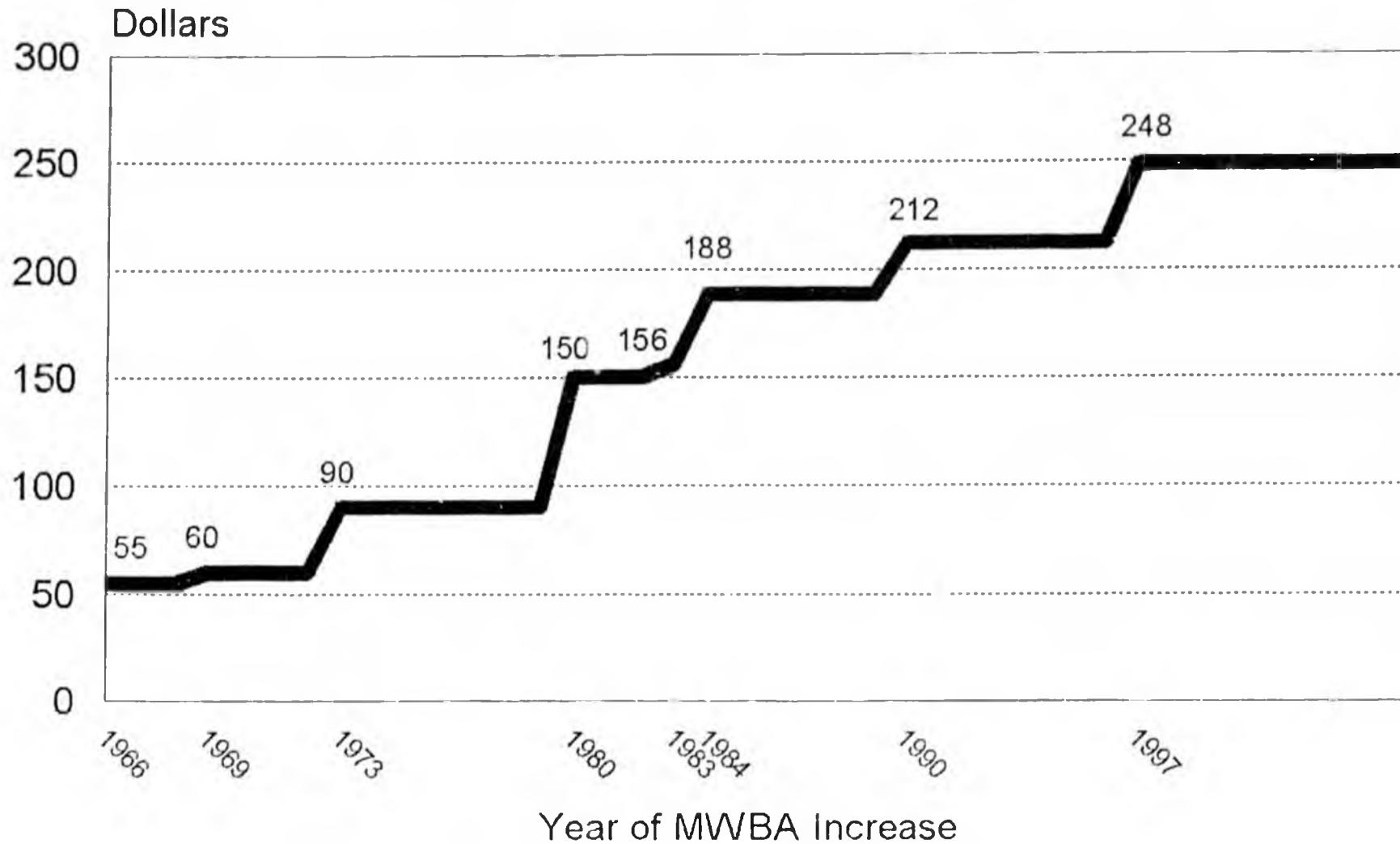
- The highest tax (excluding the penalty rate) on an employee's salary of \$25,000 per year would be \$930.
- The average tax for the same salary would be \$582.50 per year.
- An employer paying the lowest tax rate would pay \$250 per year.

Q: What is the history of tax rates over the past 20 years?

A: See Table 7

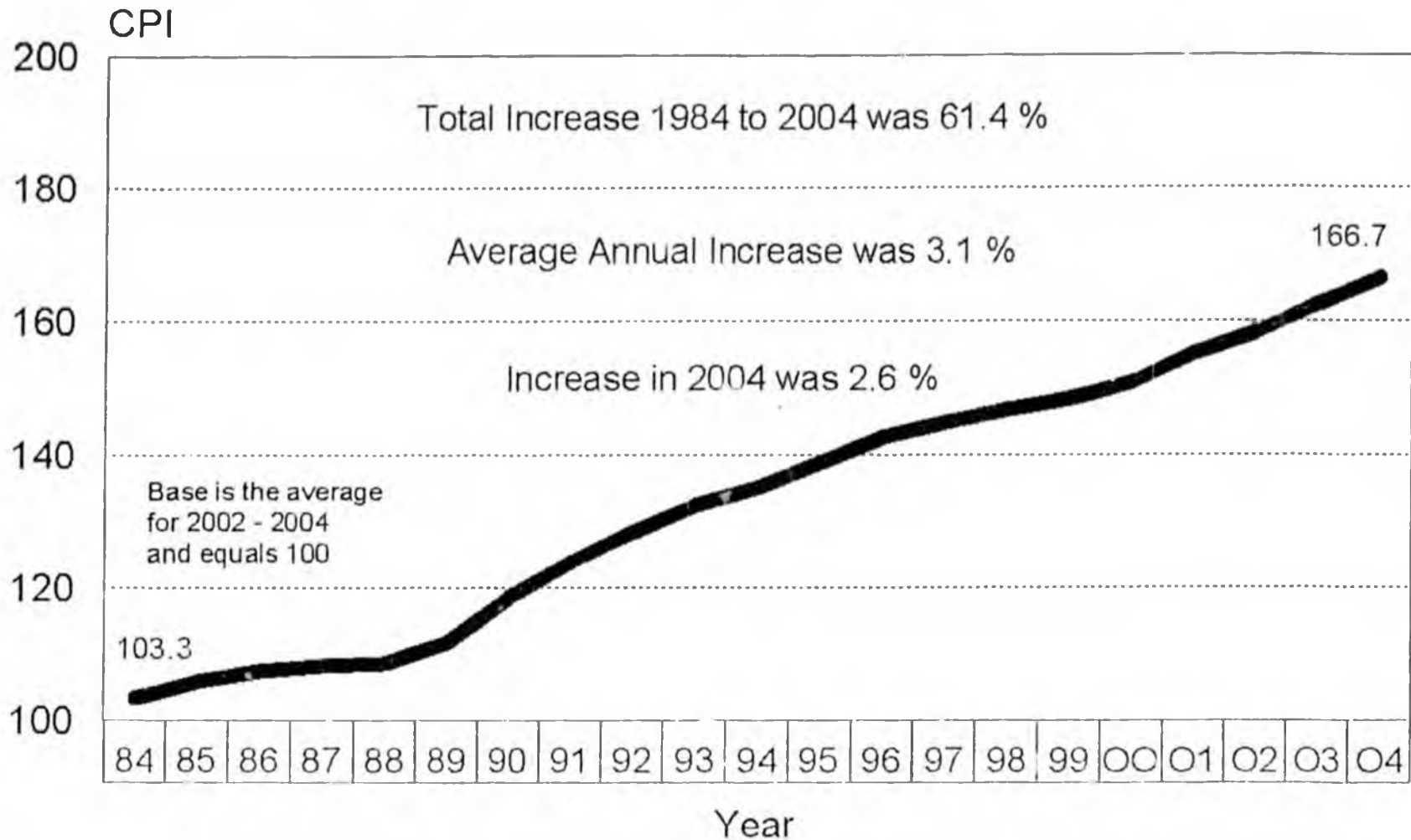
Table 1

U.I. Maximum Weekly Benefit Amount History from 1966 to 2005



Source: Alaska Department of Labor & Workforce Development Feb. 28, 2005

Table 2 Growth of the Anchorage CPI-U Alaska's Cost of Living Index



Prepared by: Alaska Department of Labor & Workforce Development
Source: US Department of Labor, Bureau of Labor Statistics

Rev. Feb. 28, 2005

**Table 3 - The Purchasing Power of One
Unemployment Insurance Dollar**

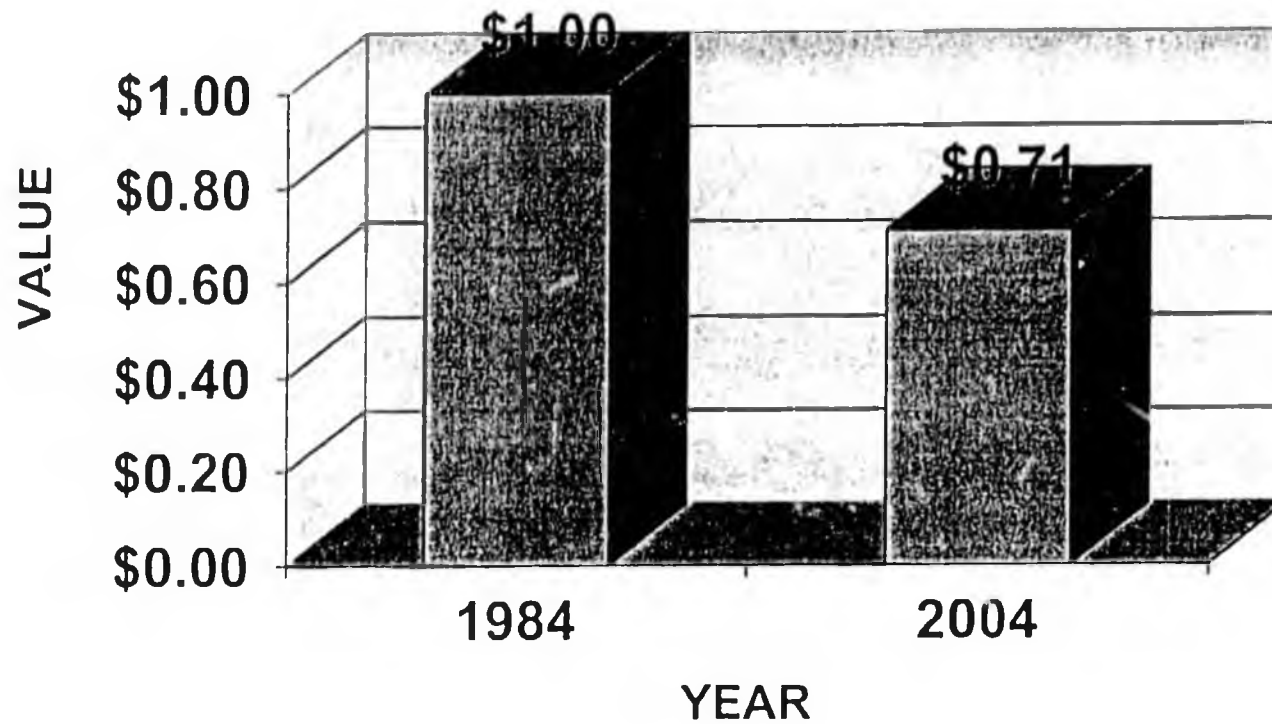


Table 4
UI Regular Benefit Payments (Taxable and Reimbursable)
by Industry - Intrastate & Interstate Total, 2004

Industry	Benefits Paid
Agri, Forestry, Fish & Hunt	\$1,724,135
Mining	7,440,978
Utilities	714,617
Construction	22,351,487
Manufacturing	13,999,656
Wholesale Trade	2,246,594
Retail Trade	12,219,039
Transportation & Warehouse	8,839,046
Information	1,842,206
Finance & Insurance	2,968,727
Real Estate, Rentals & Leasing	2,689,402
Prof & Tech Services	3,578,003
Mgmt of Companies	77,402
Admin & Waste Services	5,369,975
Educational Services	3,735,049
Health Care & Social Assistance	9,532,509
Arts, Entertainment & Recreation	1,190,154
Accommodations & Food Services	9,515,780
Other Services, except PA	4,622,915
Public Administration	11,851,103
Unclassified	1,451,926
Totals (incl. unclass.)	\$127,960,703

Source: Alaska Department of Labor and Workforce Development

Feb. 28, 2005

Table 5
Average Weekly Benefits (Regular UI) as a Percentage of
Average Weekly Earnings (Covered Employment), 2003

State	(\$)		(\$)		AWBA	
	Benefit Amount	Rank	Weekly Earnings	Rank	as % of Earnings	Rank
Alabama	175.84	49	607.10	33	29.0	48
ALASKA	193.04	48	706.49	16	27.3	49
Arizona	173.26	51	667.35	23	26.0	50
Arkansas	228.90	36	548.38	46	41.7	12
California	246.37	28	814.85	6	30.2	45
Colorado	307.68	7	741.42	12	41.5	13
Connecticut	286.19	10	928.40	2	30.8	44
Delaware	235.46	32	785.99	7	30.0	46
Dist. of Columbia	258.43	21	1071.88	1	24.1	51
Florida	225.02	37	637.34	30	35.3	36
Georgia	243.43	29	695.47	19	35.0	38
Hawaii	312.21	5	627.95	31	49.7	1
Idaho	231.77	33	543.32	47	42.7	8
Illinois	280.94	11	776.02	8	36.2	34
Indiana	263.44	16	637.63	29	41.3	15
Iowa	260.12	18	586.42	37	44.4	5
Kansas	275.99	13	598.77	35	46.1	2
Kentucky	249.62	27	606.94	34	41.1	17
Louisiana	194.93	47	584.39	39	33.4	40
Maine	231.13	34	581.31	40	38.8	22
Maryland	252.14	24	754.51	9	33.4	39
Massachusetts	356.58	1	887.76	5	40.2	19
Michigan	290.52	9	753.56	10	38.6	26
Minnesota	322.15	4	739.36	13	43.6	7
Mississippi	173.43	50	520.98	49	33.3	41
Missouri	203.62	44	643.67	25	31.9	43
Montana	201.91	46	503.49	51	40.1	20
Nebraska	216.16	40	578.45	41	37.4	31
Nevada	236.29	31	674.56	21	35.0	37
New Hampshire	258.60	19	713.18	15	36.3	33
New Jersey	333.67	2	887.83	4	37.6	29
New Mexico	210.63	41	563.53	43	37.4	30
New York	271.55	14	907.12	3	29.9	47
North Carolina	258.33	22	640.33	26	40.3	18
North Dakota	222.30	38	523.41	48	42.5	9
Ohio	252.04	25	670.38	22	37.6	28
Oklahoma	229.45	35	557.31	44	41.2	16
Oregon	258.45	20	655.7	24	39.4	23
Pennsylvania	291.84	8	705.47	17	41.4	14
Rhode Island	308.78	6	690.70	20	44.7	4
South Carolina	210.05	43	585.65	38	35.9	35
South Dakota	201.96	45	512.86	50	39.4	24
Tennessee	210.24	42	638.02	28	33.0	42
Texas	260.80	17	705.25	18	37.0	32
Utah	269.38	15	587.28	36	45.9	3
Vermont	255.08	23	610.57	32	41.8	11
Virginia	276.09	12	721.69	14	38.3	27
Washington	324.40	3	743.01	11	43.7	6
West Virginia	219.87	39	549.32	45	40.0	21
Wisconsin	251.69	26	640.05	27	39.3	25
Wyoming	238.07	30	565.93	42	42.1	10
United States	261.67		716.44		36.5	

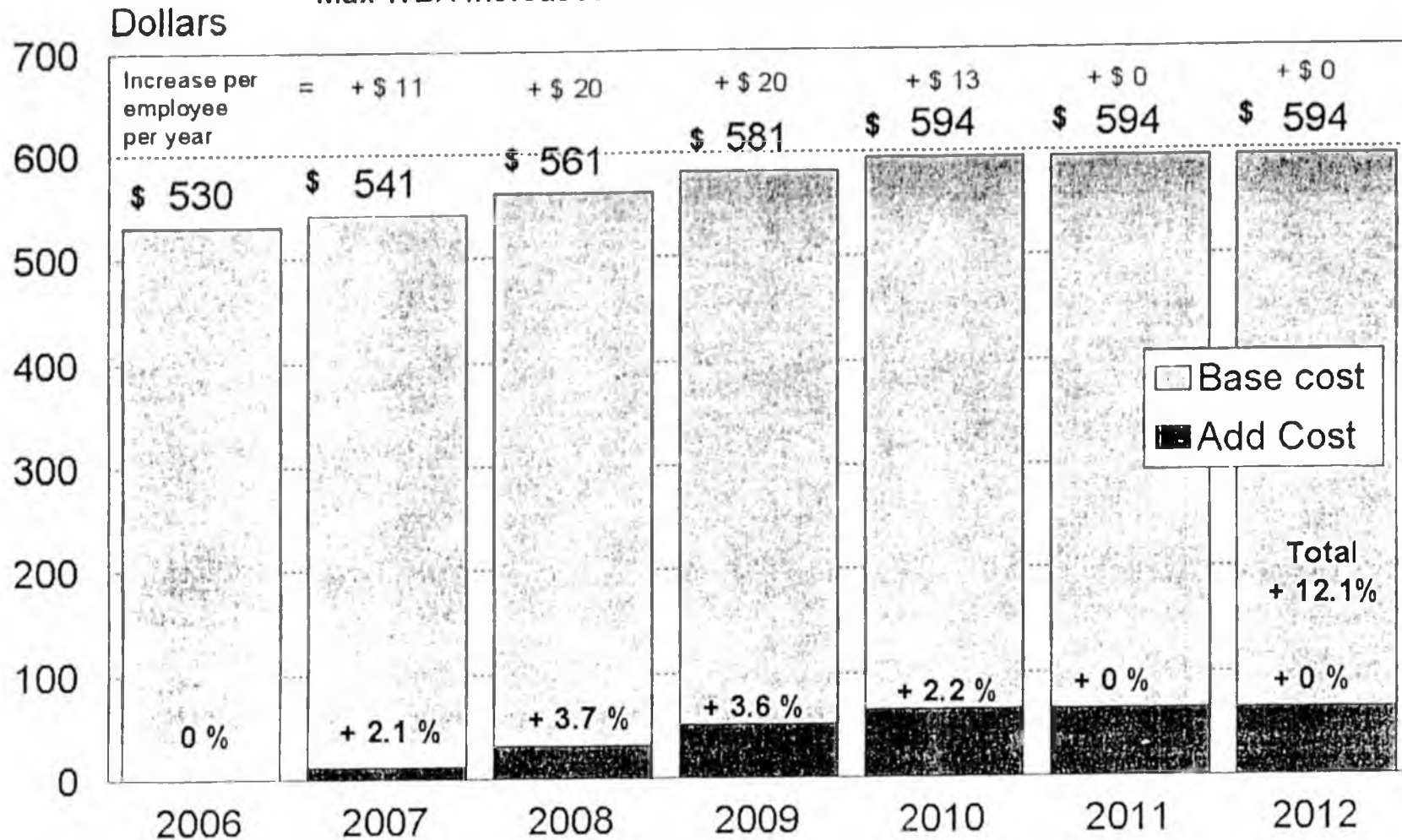
Note: U.S. Data include Puerto Rico and the Virgin Islands.

Sources: Alaska Department of Labor and Workforce Development

Feb. 28, 2005

Table 6
Estimated Max Cost per Worker for Average Employer
(4 years to reach cost of the proposal)

Max WBA Increases from 248 to 336 effective Jan 01 2006

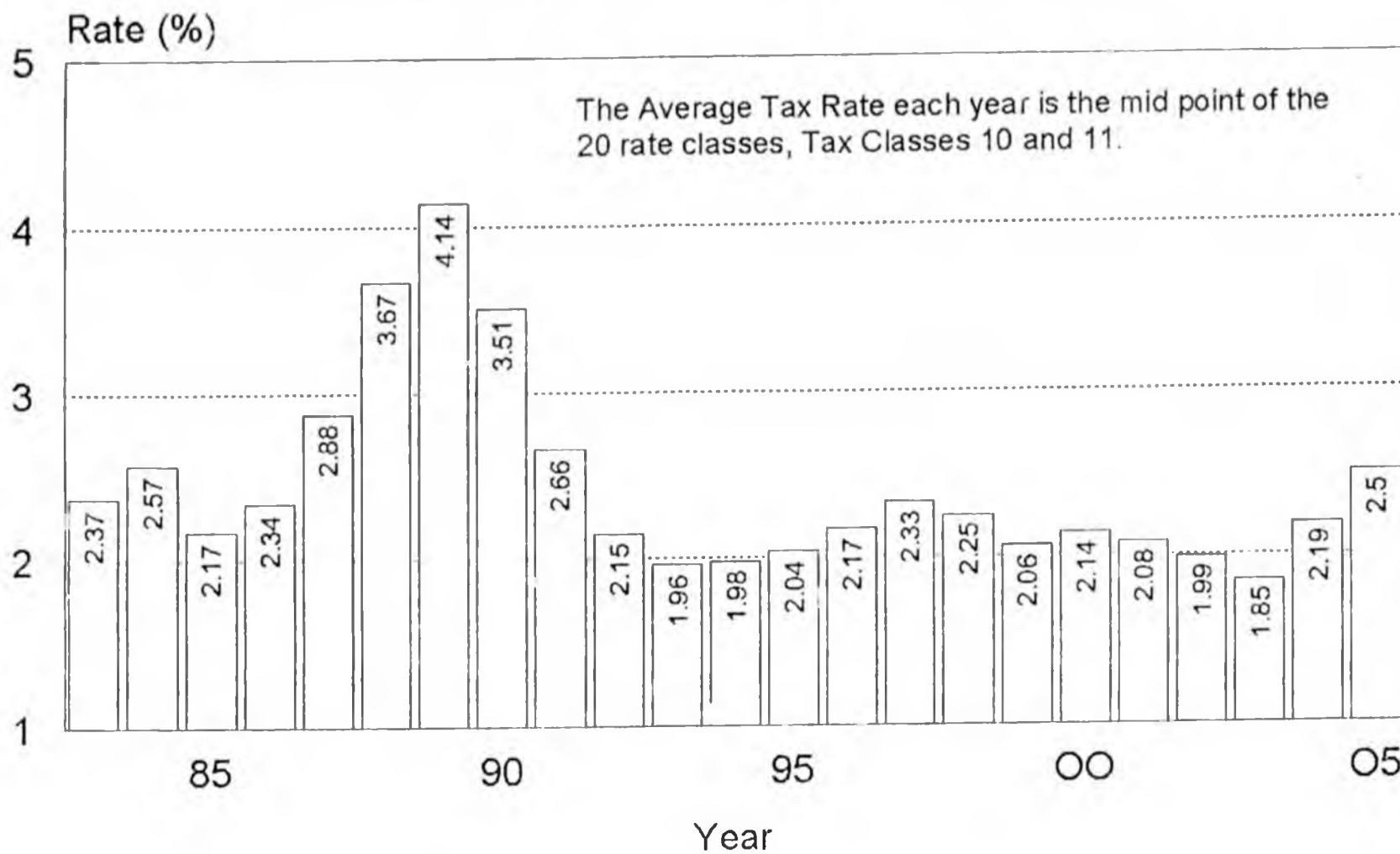


Note: Average Employer = Tax Classes 10 & 11

Source: Alaska Department of Labor & Workforce Development

Rev Feb. 28, 2005

Table 7 Alaska UI Average Tax Rates from 1983 to the Present



Source: Alaska Department of Labor & Workforce Development Feb. 28, 2005

**Average Weekly Earnings in All State Compared to Maximum Weekly
Unemployment Insurance Benefit Amounts as of January 2004, by WBA
percentage of Average Weekly Earnings**

<u>State</u>	<u>Average Weekly Earnings</u>	<u>Max WBA</u>	<u>Max WBA percentage % of Average Weekly Earnings</u>
WA	\$743.01	\$496.00	66.8%
HI	\$627.95	\$417.00	66.4%
PA	\$705.67	\$461.00	65.3%
WV	\$549.32	\$358.00	65.2%
NC	\$640.33	\$416.00	65.0%
MN	\$739.36	\$478.00	64.7%
UT	\$587.28	\$377.00	64.2%
MT	\$503.49	\$323.00	64.2%
RI	\$690.70	\$441.00	63.8%
AR	\$548.38	\$345.00	62.9%
OR	\$655.97	\$410.00	62.5%
KY	\$606.94	\$365.00	60.1%
ND	\$523.41	\$312.00	59.6%
ID	\$543.32	\$320.00	58.9%
VT	\$610.57	\$359.00	58.8%
KS	\$598.77	\$351.00	58.6%
CO	\$741.42	\$429.00	57.9%
MA	\$887.76	\$508.00	57.2%
NJ	\$887.83	\$490.00	55.2%
IN	\$637.63	\$348.00	54.6%
WY	\$565.93	\$306.00	54.1%
NH	\$713.18	\$372.00	52.2%
NM	\$563.53	\$290.00	51.5%
WI	\$640.05	\$329.00	51.4%
IA	\$586.42	\$300.00	51.2%
CA	\$814.85	\$410.00	50.3%
ME	\$581.31	\$292.00	50.2%
OK	\$557.31	\$275.00	49.3%
SC	\$585.68	\$285.00	48.7%
NE	\$578.45	\$280.00	48.4%
SD	\$512.86	\$248.00	48.4%
OH	\$670.38	\$323.00	48.2%
MI	\$753.56	\$362.00	48.0%

NV	\$674.56	\$317.00	47.0%
TX	\$705.25	\$330.00	46.8%
VA	\$721.69	\$326.00	45.2%
NY	\$907.12	\$405.00	44.6%
LA	\$584.39	\$258.00	44.1%
IL	\$776.02	\$336.00	43.3%
FL	\$637.34	\$275.00	43.1%
GA	\$695.47	\$300.00	43.1%
TN	\$638.02	\$275.00	43.1%
CN	\$928.40	\$398.00	42.9%
MD	\$754.51	\$310.00	41.1%
MS	\$520.98	\$210.00	40.3%
DE	\$785.99	\$309.00	39.3%
MO	\$643.67	\$250.00	38.8%
AK	\$706.49	\$248.00	35.1%
AL	\$607.10	\$210.00	34.6%
District of Columbia	\$1,071.88	\$330.00	30.8%
AZ	\$667.35	\$205.00	30.7%

Source: Highlights of State Unemployment Compensation Laws, January 2004

Prepared by the Alaska Department of Labor and Workforce Development, Employment Security Division, February 2005

Average Weekly Earnings by State Calendar Year 2003

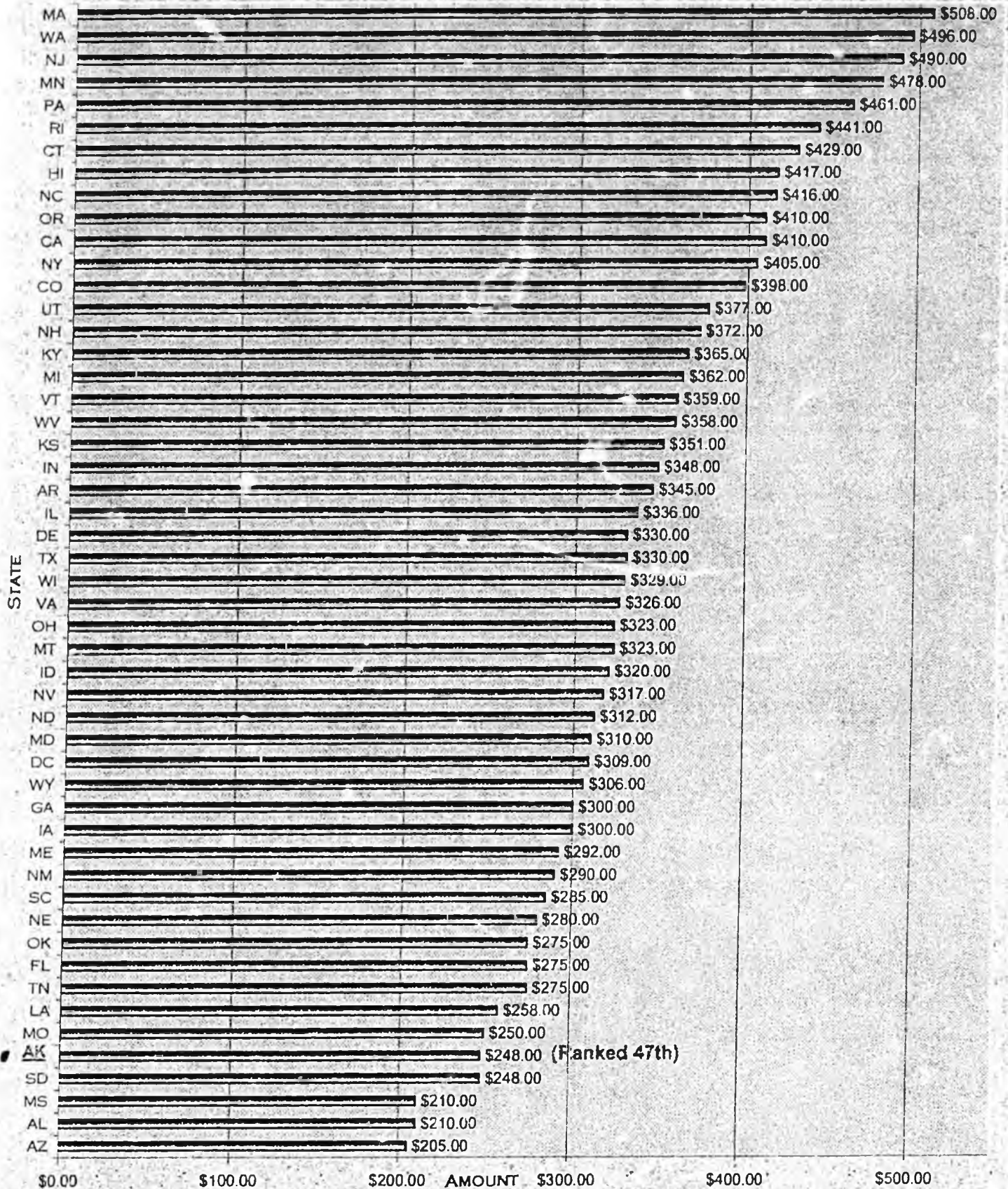
Table B

<u>Rank</u>	<u>State</u>	<u>Average Weekly Earnings</u>
1	District of Columbia	\$1,071.88
2	Connecticut	\$928.40
3	New York	\$907.12
4	New Jersey	\$887.83
5	Massachusetts	\$887.76
6	California	\$814.85
7	Delaware	\$785.99
8	Illinois	\$776.02
9	Maryland	\$754.51
10	Michigan	\$753.56
11	Washington	\$743.01
12	Colorado	\$741.42
13	Minnesota	\$739.36
14	Virginia	\$721.69
15	New Hampshire	\$713.18
16	Alaska	\$706.49
17	Pennsylvania	\$705.67
18	Texas	\$705.25
19	Georgia	\$695.47
20	Rhode Island	\$690.70
21	Nevada	\$674.56
22	Ohio	\$670.38
23	Arizona	\$667.35
24	Oregon	\$655.97
25	Missouri	\$643.67
26	North Carolina	\$640.33
27	Wisconsin	\$640.05
28	Tennessee	\$638.02
29	Indiana	\$637.63
30	Florida	\$637.34
31	Hawaii	\$627.95
32	Vermont	\$610.57
33	Alabama	\$607.10
34	Kentucky	\$606.94
35	Kansas	\$598.77
36	Utah	\$587.28
37	Iowa	\$586.42
38	South Carolina	\$585.68
39	Louisiana	\$584.39
40	Maine	\$581.31
41	Nebraska	\$578.45
42	Wyoming	\$565.93
43	New Mexico	\$563.53
44	Oklahoma	\$557.31
45	West Virginia	\$549.32
46	Arkansas	\$548.38
47	Idaho	\$543.32
48	North Dakota	\$523.41
49	Mississippi	\$520.98
50	South Dakota	\$512.86
51	Montana	\$503.49

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section
 Prepared by: Alaska Department of Labor and Workforce Development, Employment Security Division
 Date: January 25, 2005

MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE

TABLE A



Note: Data includes 50 states and District of Columbia

Source: Highlights of State Unemployment Compensation Laws, January 2004

adn.com

Anchorage Daily News

Print Page

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Alaska near the bottom**State ranks 47th, 48th and 49th among states for jobless benefits***(Published: January 19, 2006)*

There's nothing to be proud about in how Alaska treats its unemployed workers. Looking at 2004 statistics -- the latest year available -- Alaska ranks 47th out of 50 states for maximum weekly jobless benefits, 48th for average weekly benefits, and 49th for average benefits as a percentage of earnings.

Translating the numbers into real life, unemployed Alaskans receive smaller weekly benefits to buy food and shelter than almost every other American struggling with the financial hurt of losing a job.

The average weekly jobless check in Alaska was \$193.91 in 2004, and covered just 26 percent of a worker's earnings before unemployment. That's far below the national average of \$262.50 a week, covering 35 percent of lost wages.

The Legislature has not seen fit to increase unemployment insurance benefits since 1997, and it's time to break that embarrassing streak. Benefits are not even tied to inflation. And, to be clear, unemployment benefits do not come out of the state general fund -- the checks come from employee and employer payroll taxes.

The Senate Labor and Commerce Committee is scheduled to consider legislation today that would boost benefits for workers who earn more than \$27,000 a year. Though it does nothing to help workers below that line, at least it would bring some relief to workers above the line.

The legislation would slightly increase benefits for workers earning between \$27,000 and \$32,000 a year, while raising the weekly maximum benefit from \$248 to \$300 a week.

This is the first hearing for the bill, introduced last March by Anchorage Democrat Sen. Johnny Ellis. It has no Republican co-sponsors, not a good sign in the partisan world of legislative vote-counting.

But maybe the chances are better in the House, where Anchorage Democrat Rep. Harry Crawford is in his third year of pushing for an increase in benefits. Rep. Crawford's bill, identical to the Senate version, is sitting in the House Rules Committee, the final gatekeeper for which bills make it to the full House for a vote. Before getting to Rules, the bill moved out of House Finance with a unanimous "do pass" recommendation, including support from four Republicans.

It's time the Rules Committee chairman, Anchorage Republican Rep. Norm Rokeberg, and the Republican-controlled House majority, let the bill out of its final committee and sent it to the floor for a vote. Then on to the Senate.

"Our unemployment benefits are so piddly low," Rep. Crawford said last year. We're sorry to say, nothing has changed. Alaska can do better. It owes it to its workers.

BOTTOM LINE: The Legislature should make it a priority to approve an increase in benefits for

jobless Alaskans.

Don't blame tax assessor

Don't hewall those assessments; remember when values plunged

The total value of Anchorage property, as assessed by the city, rose 10 percent in the past year. The increase includes new construction, plus the rising value of existing residential and commercial properties -- reflecting a still-robust housing market. The increase also reflects the Begich administration's policy to bring assessments closer to actual market value, as required by law.

The higher assessments, however, don't mean an automatic 10 percent boost in individual property tax bills. A strict tax cap in the city charter keeps a lid on how much the city can collect. That cap is based on the Consumer Price Index and changes in population, as well as the value of new construction and the cost of voter-approved bonds. Actual tax rates, which are multiplied against assessments to calculate tax bills and which the Assembly will set this spring, are split between paying for city services and schools.

But it's likely most property owners in town will pay more in taxes this year.

That won't inspire joy. Economic facts and history, however, should mute any cries of tax burdens.

- Increased assessments reflect real market value of properties. That means if you're a property owner, your equity has increased substantially this year. So a few hundred dollars more in taxes pales next to a \$20,000 or \$30,000 or \$40,000 increase in your home's value.
- Anchorage residents who were here about 20 years ago remember what happens when property values dive. Typical condo owner, 1987: Owes \$80,000. Has condo worth \$60,000. Must sell. Can't afford to close deal. This is known in some quarters as being "buried upside down." Solution? Ride it out, or take the loss, or, as often happened in the late '80s, give the keys to the bank and start over. Given a choice between higher taxes for a sound investment and head-first burial, what do we choose?
- Our property taxes take a healthy bite, but that's because we don't balance them with a general sales tax. Anchorage taxes cigarettes, hotel rooms and rental cars, but residents pay no across-the-board sales tax as do many other Alaskans and most Americans. The money for police and schools has to come from somewhere. A sales tax deserves a serious look to reduce property taxes, but there's not enough time to build the necessary voter support to put it on this year's ballot.

Meanwhile, the property tax is reasonably progressive -- meaning those with more, who have profited more from city services and rising property values, pay more.

So if your property tax bill goes up this spring, check your rising property value. Chances are you're doing all right.

BOTTOM LINE: Assessments up, taxes likely to follow, but most Anchorage property owners enjoy a net gain.

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FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SSSB 136
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Statewide
 Title An Act relating to the calculation and payment RDU Statewide
of unemployment compensation benefits Component Statewide
 Sponsor Senator Ellis
 Requester _____ Component No. Statewide

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	141.0	282.0	282.0	282.0	282.0	282.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	141.0	282.0	282.0	282.0	282.0	282.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)	141.0	282.0	282.0	282.0	282.0	282.0
TOTAL	141.0	282.0	282.0	282.0	282.0	282.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation has a fiscal impact on the employer charge paid by all state agencies using the working reserves for unemployment insurance. The fiscal note calculations are based on a 3-year average of actual usage reimbursed to the unemployment program (\$4,031,409 in FY 2003 - FY 2005). Fiscal note assumes that 33% of the State's former employees would be eligible for new maximum benefit amount. It excludes the impact of the benefit increase on the University of Alaska.

Fiscal note is prepared as information only, not as support for appropriation. Working reserve rates are calculated annually in August for the next fiscal year's budget preparation. This benefit increase would not affect the FY 2007 rates which have already been factored into the FY 2007 budget, but it would increase the amount the State as an employer reimburses the unemployment program beginning January 1, 2007 (half of FY 2007) and raise budgeted rates beginning in FY 2008.

Prepared by: Kim Garner, Director Phone 465-3435
 Division Division of Finance Date/Time 1/12/06 7:30 PM
 Approved by: Michael Tibbles, Deputy Commissioner Date 1/13/2006
 Agency Department of Administration

Hi Paula-

Please see in red the questions Senator Bunde would like addressed. Thanks for your help.

- jane

1.like what things to they have to do....what time frame.....verification of applying for jobs.....etc. Just what is the current protocol/requirements in order to show they are looking for work.

One of the fundamental requirements for collecting Unemployment Insurance (UI) benefits is that the individual is able, available and actively seeking full time employment.

(Senator Bunde would like to know how these people are tracked. How do they demonstrate that they indeed are looking for work? What is that process? Who do they report to ?)

A: UI Recipients demonstrate that they are able, available and actively seeking full time work each time they file for a week of benefits. Claimants report to our office on a bi-weekly basis either by telephone or mail, certifying that they have met the eligibility requirements for the prior two weeks. Only then, do they receive benefits. If there is a question regarding their willingness to work, a claims specialist will investigate the matter and make an eligibility determination based on law and policy. If a job referral is ignored or declined, Job Center staff will notify UI staff and future benefits may be denied.

A claimant's need for work search assistance is assessed when they file for benefits. Most individuals are required to register with their local Job Center and pursue any job referrals made by the department, with few exceptions such as: Individuals who are normally dispatched to work by a labor union and are currently registered on the out-of-work list with the local union chapter, individuals who are job attached but temporarily laid off for a period of 90 days or less or individuals who are unemployed due to a labor dispute.

(Senator Bunde would like to know what happens if this person does not get dispatched to another assignment? Are they required to go look for something else? If not, why not?)

A: The Department considers a claimant that is in good standing with their labor union and registered on the out-of-work list to be actively seeking full time work. We do not require individuals to seek work outside their trade union. When a union member accepts non-union work, it jeopardizes their standing in the labor organization, and can potentially cause a loss of retirement, health benefits, and future employment. The offers of work generated through the local union chapter are more likely to meet the claimant's skill level, and prior earnings.

A mathematical formula is used to identify claimants with barriers to employment that will make them most likely to exhaust their benefits. Job Center staff are assigned to these claimants and they receive individual and group counsel to make them job ready. Once a claimant has been identified as in need of service, they are compelled to attend the orientation, counseling and workshops provided by the department, or their UI benefits are denied.

The maximum duration for Alaska UI is 26 out of 52 weeks in the benefit year. The minimum duration is 16 weeks. The duration of a claim is dependant upon the claimants work history.

(?? Please explain this concept of a minimum duration.)

A: A benefit year begins Sunday of the week in which a claimant files a claim and ends 52 weeks after that date. During those 52 weeks, an individual's maximum potential duration is dependant on their recent work history. The potential total weeks of benefits available ranges from 16 to 26.

2. Do you feel the program is abused or UI recipients often exaggerate their efforts to find work?

The Department does not feel that unemployed workers abuse the program, because of the requirement that most UI claimants must register for work. The majority of workers want to work. Nationally, in Calendar Year (CY) 2004 the average number of weeks claimed was 16.2, during the same time period in the State of Alaska, the average number of weeks claimed was 14.9.

The Department operates a fraud investigations unit that actively seeks to detect and prevent fraudulent activities, such as filing for benefits while fully employed.

3. Is there a way to encourage folks to land a job rather than to just collect the UI, even though the job might not be what they wanted.....

Federal requirements dictate that UI recipients accept work that is suitable to the workers training and experience. Alaska Statute provides for a disqualification from collecting benefits if a claimant fails to apply for suitable work to which they have been referred by the Job Center, or if they fail to accept suitable work when it is offered to them.

(Senator Bunde would like to know the definition of "suitable work." ...and who determines whether a job is "suitable" or not.)

A: "Suitable Work" is defined in statute AS 23.20.385(a) and (b) and regulation 8 AAC 85.410(a) and (b) and 8 AAC 85.420 (b) and (c).

A UI claims specialist evaluates whether work is suitable for an individual and examines many factors to make this decision, such as: Degree of risk to the claimant's health, safety, and morals; distance of work from a claimant's residence; claimant's physical fitness; length of unemployment; claimant's prior training and experience, prior earnings, and prospects for obtaining local work at the claimant's highest skill level.

We can do better, and in order to improve Alaska's labor exchange system, the Department is in the process of establishing new work registration regulations. To receive benefits, UI claimants will soon be required to register for work via the internet.

(How will this work for those out-of-work employees who do not have a computer? Don Etheridge testified last Tuesday that a lot of his guys did not have skills for office work...and may not even have computers. Will this be an option or requirement to register on line?)

A: Claimants who do not have access to the internet or the computer skills to navigate and complete an on-line worker profile and registration for work, will be required to visit their local Job Center for assistance. The Department will also maintain a "help-desk" with a toll free telephone number to assist those claimants who may be restricted by distance. Registration will not be optional for the majority of UI recipients.

In 2006 most UI claimants will be required to post an on-line resume' and worker profile. This system will enable potential employers to post job openings and give them instant on-line access to the worker profiles of UI recipients.

***Section 1.** AS 23.20.378(a) is amended to read:

(a) An insured worker is entitled to receive waiting-week credit or benefits for a week of unemployment if for that week the insured worker is able to work and available for suitable work. An insured worker is not considered available for work unless registered for **and actively seeking** work in accordance with regulations adopted by the department. An insured worker may not be disqualified for failure to comply with this subsection if:

(1) the insured worker is not available for work because the insured worker

(A) is ill or disabled;

(B) is traveling to obtain medical services that are not available in the area in which the insured worker resides, or, if a physician determines it is necessary, the insured worker is accompanying a spouse or dependent who is traveling to obtain medical services;

(C) resides in the state and is noncommercially hunting or fishing for personal survival or the survival of dependents;

(D) is serving as a prospective or impaneled juror in a court; or

(E) is attending the funeral of an immediate family member for a period of no longer than seven days; and

(2) a condition described in (1) of this subsection occurs during an uninterrupted period of unemployment immediately following a week for which the insured worker has filed a compensable claim, and work has not been offered that would have been suitable for the insured worker before the illness, disability, hunting, fishing, medical travel, jury service, or funeral attendance.

(b) A waiver of disqualification for an illness or disability under (a)(1) of this section may not exceed six consecutive weeks.

(c) An insured worker is disqualified for waiting-week credit or benefits for a week of unemployment while the insured worker is pursuing an academic education. A disqualification under this subsection begins with the first week of academic instruction and ends with the week immediately before the first full week in which the insured worker is no longer pursuing an academic education. However, an insured worker who has been pursuing an academic education for at least one school term and who was working at least 30 hours a week during a significant portion of the time that the worker was pursuing an academic education is not disqualified for waiting-week credit or benefits under this subsection if the worker's academic schedule does not preclude full-time work in the worker's occupation and if the insured worker became unemployed because the worker was laid off or the worker's job was eliminated. In this subsection,

(1) "pursuing an academic education" means attending an established school in a course of study providing academic instruction of 10 or more credit hours per week, or the equivalent;

(2) "school" includes primary schools, secondary schools, and institutions of higher education.

SB

137

SENATE COMMITTEE REPORT First Committee of Referral

RE: 3/8/05

FURTHER: Judiciary

of 5-Day Notice: _____
accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

and Commerce Committee considered SENATE BILL NO. 137

SB 137 EVICTING INSTITUTIONAL PROPERTY USERS

Act providing that an institution providing accommodations exempt from the provisions of the Uniform Residential Landlord and Tenant Act may evict tenants without resorting to court proceedings under AS 09.45.060 - 09.45.160."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- Same Title
- New Title

House Bill:

- Same Title
- Technical Title Change
- New Title w/ SCR # _____

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
<i>Bettye Davis</i>	X			
<i>Ben Stevens</i>	✓			
CHAIR: <i>A. Bende</i>	✓			

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB137-LAW-C&FB-3-21-
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act providing that an institution providing RDU CIVIL
accommodations exempt from the provisions of the Uniform ..." Component Commercial and Fair Business
 Sponsor Senator Seekins
 Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill adds a new subsection to AS 09.45.070 in order to provide that institutions that are exempt from the Landlord Tenant Act (as listed in AS 34.03.330(b)(1)) can evict tenants without resorting to court action under AS 09.45.070 -0.160 (Code of Civil Procedure - Actions Relating to Real Property). This statute currently requires court action before eviction can occur.

Passage of this legislation will have no fiscal impact on the Department of Law.

Prepared by: Kathryn Daughhete, Director Phone 465-3673
 Division: Administrative Services Division Date/Time 3/21/05 11:14 AM
 Approved by: K. Daughhete for Scott Nordstrand, Acting Attorney General Date 3/21/2005
 Agency: Department of Law

Bill Back Up

Removing Students from Student Housing: The university has experienced unnecessary and unjustifiable expense, disruption, and delay associated with efforts to remove disruptive students from university housing. This issue arises out of judicial application of forcible entry and detainer law, which law more properly applies to non-educational rental and lease contracts, to student housing contracts. In short, the application of this law requires the university to obtain a court order before removing a student from housing, whether or not the student has been expelled. The university has so far wasted \$22,000 of public funds, not to mention a probably greater expenditure of internal time, litigating with student housing residents who have succeeded in convincing the court that they cannot be removed from student housing without a court order. But the real cost will come if the law is not changed to remedy this issue.

A number of factors distinguish student housing situations from the usual landlord tenant arrangement.

- ✓ Students need to study. Other students who repeatedly play loud music, or allow their children (in the case of family student housing) to run unsupervised, can seriously interfere with a threshold requirement of a successful university, i.e. to maintain an effective learning environment.
- ✓ Students who live on campus do not have many good options for alternative housing. They are essentially a captive audience, and should not have to bear the insults to their study atmosphere that in other circumstances they could avoid by moving elsewhere.
- ✓ By statute, the President of the university or designee can "expel" students: "The power to suspend and expel a student for misconduct or other cause and to reinstate the student is vested solely in the president of the University of Alaska." AS 14.40.240. But, courts have taken the rather arbitrary view that a student housing contract overrides this power, by placing the power to evict a student from student housing solely with the courts. And, in some cases, the university chooses to remove students from housing, but would prefer that they be allowed to continue as students. But, as the law currently reads, the university may be forced to expel students just to get them to leave student housing.
- ✓ Distinct from the usual landlord/tenant relationship, the university's provision of student housing is only part, but an integral part, of a larger relationship with the student. Under the approach followed by the courts, a student could be expelled from school, but insist on remaining in student housing until a court order is obtained removing the student.
- ✓ Distinct from the usual landlord/tenant relationship, the university has two additional reasons to accept people into its student housing that a private/commercial entity would not: First, as a public entity, the university has less latitude in rejecting people who might be difficult residents. Second, society benefits when it takes in socially challenged residents in an effort help them become more productive citizens. The university should not be saddled with the expense and delay of going to court to remove from housing students who have proven themselves too disruptive.

One way to address this issue would be to amend AS 14.40.240 to define the power to suspend or expel a student to include the power to terminate a student housing contract and remove the occupants from housing without going through court proceedings under AS 09.45, as follows:

AS 14.40.240. Power of president to suspend and expel students. The power to suspend and expel a student for misconduct or other cause and to reinstate the student is vested solely in the president of the University of Alaska. The president may delegate the exercise of the power to the chancellor or other official on each campus of the university or to the administrative head or director of the community college or other campus or extended unit of the university. For the purposes of this section, the power to suspend or expel a student includes the power to restrict a student from entering or remaining on or in all or a portion of university premises, to terminate a student housing contract, or, notwithstanding AS 09.45, to forcibly remove a student from university provided housing, if the student refuses to leave peacefully.

Another approach that would work well in combination with the first would be to amend the statute upon which the courts' rulings are based. The legal history of student housing includes exclusion from operation of the Uniform Landlord Tenant Act. ULTA was designed to alleviate injustices inflicted on residential renters by unscrupulous private landlords. Because public service institutional entities such as hospitals, schools, nursing homes, church housing, and counseling operations were not among the offenders, and because the realities of operating such services are not compatible with the heightened protections designed for residential renters, these public service institutions were exempted from the ULTA. See AS 34.30.330(b) exempting from ULTA "residence at an institution, public or private, if incidental to detention or the provision of medical, geriatric, educational, counseling, religious, or similar services." But, according to the courts, this exemption does not apply to exempt these entities from having to obtain a court order to remove patrons from their premises.

The issue as it applies to the university is one that could apply equally to these other public service entities. For instance, a hospital should not be required to obtain a court order to remove a patient who no longer needs its services, or who is disrupting operations. And a church should not be required to seek a court order to remove a convent resident who takes to preaching a different faith. Thus, it would be reasonable to also propose an exemption to the forcible entry and detainer statute that eliminates any requirement of seeking a court order to recover possession of such institutional property from users.

Sec. 09.45.060 Prohibition of use of force for entry on realty.

(a) A person may not enter upon any land, tenement, or other real property except in cases where entry is given by law. In those cases the entry may not be made with force but only in a peaceable manner.

(b) Nothing in this section or chapter shall be read to require court action to recover possession of institutional property that is excepted from the provisions of the Uniform Residential Landlord and Tenant Act by AS 34.03.330(b)(1).

Sec. ~~34.03.330~~. Application and exclusions.

(a) This chapter applies to and determines rights, obligations and remedies under a rental agreement, wherever made, for a dwelling unit in this state.

(b) Unless created to avoid the application of this chapter, the following arrangements are not governed by this chapter:

(1) residence at an institution, public or private, if incidental to detention or the provision of medical, geriatric, educational, counseling, religious, or similar services;

(2) occupancy under a contract of sale of a dwelling unit or the property of which it is a part if the occupant is the purchaser or a person who succeeds to the interest of a purchaser;

(3) occupancy by a member of a fraternal or social organization in the portion of a structure operated for the benefit of the organization;

(4) transient occupancy in a hotel, motel, lodgings, or other transient facility;

(5) occupancy by an employee of a landlord whose right to occupancy is conditioned upon employment substantially for services, maintenance, or repair to the premises;

(6) occupancy by an owner of a condominium unit or a holder of a proprietary lease in a cooperative;

(7) occupancy under a rental agreement covering premises used by the occupant primarily for agricultural purposes;

(8) occupancy under a rental agreement covering premises used as part of a transitional or supportive housing program that is sponsored or operated by a public corporation or by a nonprofit corporation and that provides shelter and

related support services intended to improve the occupant's opportunity to obtain permanent housing.

Sec. ~~14.40.240~~. Power of president to suspend and expel students.

The power to suspend and expel a student for misconduct or other cause and to reinstate the student is vested solely in the president of the University of Alaska. The president may delegate the exercise of the power to the chancellor or another official on each campus of the university or to the administrative head or director of a community college or other campus or extended unit of the university.



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: Senator Ralph Seekins

Current Version: SB 137

Contact: Joe Michel, 465-2327

Fact Sheet for: Senate Bill 137

Short Title: EVICTING INSTITUTIONAL PROPERTY USERS

Summary:

- Amends the Uniform Residential Landlord and Tenant Act.
- Allows an institution to evict a person from housing owned by the institution.

Benefits:

- Allows an institution to avoid the cost of going through court in order to evict someone from property owned by the institution.

Background:

- Current law requires institutions to obtain a court order before evicting a person living in institutional residences. For example, the University of Alaska spends thousands of dollars in court costs obtaining a court order so expelled students can be evicted. This is an unnecessary financial burden for the university and other institutions like hospitals, counseling centers and nursing homes. SB 137 adds a new section to the Uniform Residential Landlord and Tenant Act that lifts the requirement for institutions to obtain a court order to evict someone from the residence.

ALASKA STATE SENATE

Session
State Capitol
Juneau, Alaska 99801-1182
(907) 465-2327
(907) 465-5241 Fax



Interim:
119 N. Cushman, Suite 201
Fairbanks, Alaska 99701
(907) 456-8161
Senator_Ralph_Seekins@legis.state.ak.us

Senator Ralph Seekins
District D

Senate Bill 137 Sponsor Statement

"An Act providing that an institution providing accommodations exempt from the provisions of the Uniform Residential Landlord and Tenant Act may evict tenants without resorting to court proceedings under AS 09.45.060-09.45.160"

Currently the University of Alaska does not have the ability to evict problem students out of University residences. In order to remove a student from a University residence, the University must obtain a court order. Thousands of dollars of public funds and numerous hours have been spent litigating with students who have succeeded in convincing the court that they cannot be removed from student housing without a court order.

Alaska Statute 34.03.330(b) exempts certain types of institutions from the Uniform Residential Landlord and Tenant Act. The Landlord Tenant Act was designed to alleviate injustices inflicted on residential renters by unscrupulous private landlords. Public service institutional entities such as hospitals, schools, nursing homes, educational establishments, church housing, and counseling centers are not compatible with the heightened protections designed for residential renters under ULTA. AS 34.03.330(b)(1) recognizes this, and lists different types of organizations where the ULTA should not be applied.

A hospital should not be required to obtain a court order to remove a patient who no longer needs its services. A student expelled from school, should not be able to insist on remaining in student housing until a court order is obtained removing the former student. Counseling agencies dealing with individuals with problems shouldn't have to get a court order to evict or remove disruptive patients after their course of treatment has been completed.

SB 137 adds a new section to title nine under, actions relating to real property. It provides institutions listed under, AS 34.03.330, would no longer require a court action to recover possession of a residence.

3/10/05

Sponsor Statement

SB

138

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 3/8/05

FURTHER: Finance

Date of 5-Day Notice: _____
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: _____

Labor and Commerce Committee considered SENATE BILL NO. 138

SB 138 MOTOR VEHICLE DEALER SALES

"An Act relating to a motor vehicle dealer's selling certain motor vehicles as new model motor vehicles or as new model motor vehicles having a manufacturer's warranty."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Bettye Davis</i>	X			
<i>[Signature]</i>			X	
<i>Alvin Perkins</i>	✓			
<i>[Signature]</i>	X			
CHAIR: <i>[Signature]</i>	✓			

24-LS0755\1
Bannister
4/18/05

CS FOR SENATE BILL NO. 138(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a motor vehicle dealer's selling or offering to sell new or current**
2 **model motor vehicles."**

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

4 *** Section 1.** AS 08.66.015(a) is amended to read:

5 (a) A person who does business as a dealer in this [THE] state may not offer
6 to sell or sell a new motor vehicle [AS A NEW OR CURRENT MODEL MOTOR
7 VEHICLE] unless the dealer has a current sales and service agreement with the
8 manufacturer of the [MOTOR] vehicle for sales in this state [RETAINS THE
9 MANUFACTURER'S CERTIFICATE OF ORIGIN].

10 *** Sec. 2.** AS 08.66.015 is amended by adding a new subsection to read:

11 (c) In this section, "new motor vehicle" means a motor vehicle that retains the
12 manufacturer's certificate of origin.



"The Credit Car Specialists"

Representative Tom Anderson
Senator Con Bunde
Labor and Commerce Committees

Re: HB 203 and SB 138

Dear Mr. Anderson and Mr. Bunde

In reference to the above captioned bills, I believe when a consumer purchases a vehicle it becomes used. The vehicle is titled in the consumers name and the value of that vehicle has decreased. The consumer could not resale that vehicle as a new vehicle, nor could a new car or used car dealer sell it as a new vehicle.

These bills are not benefiting the consumer in any way. These bills are designed to "limit" the used car dealer and benefit the new car dealer. We need to keep things simple and use a little common sense. Once a vehicle has been titled it becomes used.

Sincerely,

Todd Butler
General Manager

Mohammad Malik
United Auto Sales LLC.,
6500 Old Seward Hwy.,
Anchorage, Alaska 99518

Representative Tom Anderson
Senator Con Bunde
Labor and Commerce Committees

March 17th , 2005

To whom it may concern:

My name is Mohammad Malik and I am the owner of United Auto Sales in Anchorage. First I would like to thank the Senate Labor and Commerce committee for listening to my testimony today.

My testimony will be short. I understand that all of you have many more bills that need your attention. There needs to be an amendment to AS 08.66.015, but in your decision to amend this, please keep your thoughts as: **What is right is right and What is wrong is wrong.** Consider all the facts. If you decide to put language in that gives **certain dealers more exclusive rights that will hurt competition.** Lets have common sense and not amend this bill to have further ramifications in the future. Insure that all of you know the difference between a new vehicle and used vehicle. Please be fair in your decision.

Again thank you for your time.

Sincerely,

Mohammad Malik

A handwritten signature in black ink, appearing to read 'M. Malik', written over a large, loopy circular flourish.

24-LS0755VG
Bannister
3/17/05

CS FOR SENATE BILL NO. 138()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a motor vehicle dealer's selling or offering to sell new motor
2 vehicles."

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

4 * Section 1. AS 08.66.015(a) is amended to read:

5 (a) A person who does business as a dealer in the state may not offer to sell or
6 sell a new motor vehicle [AS A NEW OR CURRENT MODEL MOTOR VEHICLE]
7 unless

8 (1) the [MOTOR] vehicle retains the manufacturer's certificate of
9 origin;

10 (2) the vehicle has the manufacturer's warranty; and

11 (3) the dealer has a current sales and service agreement with the
12 manufacturer of the vehicle.

13 * Sec. 2. AS 08.66.015 is amended by adding new subsections to read:

14 (c) An offer to sell or the sale of a motor vehicle is not prohibited under (a) of

1 this section if

2 (1) the dealer obtained the vehicle from a bona fide retail purchaser or
3 lessee of the vehicle;

4 (2) the vehicle has been lawfully repossessed from a bona fide
5 purchaser or lessee of the vehicle; or

6 (3) the vehicle is not any longer a current model vehicle;

7 (d) In this section,

8 (1) "bona fide retail purchaser or lessee" means a retail purchaser or
9 lessee who purchases or lease a motor vehicle for the purpose of using the motor
10 vehicle, rather than for the purpose of reselling the motor vehicle or leasing the motor
11 vehicle to another;

12 (2) "new motor vehicle" means a motor vehicle that

13 (A) retains the manufacturer's certificate of origin; or

14 (B) has not been

15 (i) operated to the extent that the miles on its odometer
16 exceed 3,000 miles; or

17 (ii) titled or registered under AS 28.10 or the motor
18 vehicle laws of another governmental jurisdiction by a purchaser for
19 more than 90 days.

20 * **Sec. 3.** AS 08.66.015(b) is repealed.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 138
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title: Motor Vehicle Dealer Sales RDU: Insurance (116)
 Component: Insurance Operations
 Sponsor: Labor & Commerce
 Requester: Senate Labor & Commerce Component No.: 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation relates to a motor vehicle dealer selling certain motor vehicles as new models, or as new models having a manufacturer's warranty. It does not impact the operations of the division.

Prepared by: Linda S. Hall, Director Phone: 907-269-7900
 Division: Insurance Date/Time: 3/16/05 5:05 PM
 Approved by: Edgar Blatchford, Commissioner Date: 3/16/2005
 Agency: Commerce, Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 138
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act relating to a motor vehicle RDU Division of Motor Vehicles
dealers.. Component Motor Vehicles
 Sponsor Sen. Bunde
 Requester (S) Labor & Commerce Component No. 2348

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will not change the procedure of vehicle titling at DMV. Revenues and expenses are not expected to change as a result of this bill.

Prepared by: Duane Bannock, Director Phone (907) 269-5008
 Division Motor Vehicles Date/Time 3/15/05 1:09 PM
 Approved by: Mike Tibbles, Deputy Commissioner Date 3/15/2005
 Agency Department of Administration

**FRANK H. MURKOWSKI,
GOVERNOR**

DEPARTMENT OF LAW

1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-5903
PHONE: (907)269-5100
FAX: (907)276-8554

OFFICE OF THE ATTORNEY GENERAL

**REPORT TO THE LEGISLATURE
REGARDING AMENDMENTS TO AS 08.66.015**

January 13, 2005

Background

At the end of the 2004 regular legislative session, the Alaska Legislature passed HB 272, an Act relating to certain amendments to Alaska's Auto Dealer Act. Section 10 of the bill requires the Department of Law ("Department") to: (1) monitor and investigate consumer and enforcement problems associated with AS 08.66.015 that relate to the sale of new or current model motor vehicles; and (2) report to the legislature on or before January 24, 2005, on the consumer and enforcement problems identified under (1) and include a recommendation for resolving the problems. This Report discusses these issues and proposes amendments to AS 08.66.015.

AS 08.66.015 reads in its entirety as follows:

Sec. 08.66.015. Sale of motor vehicle. (a) A person who does business as a dealer in the state may not offer to sell or sell a motor vehicle as a new or current model motor vehicle unless the motor vehicle retains the manufacturer's certificate of origin.

(b) A person who does business as a dealer in the state may not offer to sell or sell a motor vehicle as a new or current model motor vehicle having a manufacturer's warranty unless

(1) the dealer has a current sales and service agreement with the manufacturer and the agreement requires the dealer, upon demand of the motor vehicle buyer, to perform or arrange for, within a reasonable distance of the dealer's place of business in the state, the repair and replacement work required of the manufacturer under the warranty; or

(2) the dealer offers to give the buyer a rebate to cover the repair and replacement work that the dealer cannot perform or arrange for within a reasonable distance of the dealer's place of business.

Accordingly, AS 08.66.015(a) prohibits the sale of a new or current model motor vehicle unless the motor vehicle retains the manufacturer's statement of origin, referred to as the "MSO." An MSO is issued for every new vehicle when it leaves the factory. When the vehicle is sold to the first purchaser, the MSO is delivered to the Division of Motor Vehicles ("DMV") as part of the application for a new title. Once titled, the MSO for the vehicle is retained by the DMV. No used current model vehicle will have an MSO. Thus, AS 08.66.015 prohibits the sale of any used current model vehicle in Alaska by any auto dealer.

There are a variety of circumstances under which an auto dealer may come into possession of a used current model vehicle. It may be purchased at an auction, from a rental fleet, from an individual consumer, or taken on trade. Regardless of how the vehicle is obtained, AS 08.66.015 prohibits all Alaska auto dealers from selling used current model vehicles.

Legislative History of AS 08.66.015

When enacting AS 08.66.015, the 1993 legislature did not discuss, and was likely not aware of, the result this language would have on the sale of used current model vehicles. AS 08.66.015 was added as part of a comprehensive bill (Senate Bill 105, and concurrent House Bill 164) aimed at regulating auto brokers. According to the bill's sponsor, Senator Robin Taylor, an auto broker operating in Southeast Alaska sold cars to several consumers then went out of business. Some consumers did not get the car they thought they purchased, did not receive titles, and had warranty problems. The auto broker was gone, and these consumers had no recourse.

In response to these problems, AS 08.66 was amended to define a "buyers agent" and regulate the conduct of these agents doing business in Alaska. A new section was added to AS 45.45 (now in AS 08.66) to require that buyer's agents obtain a license just like an auto dealer, and follow certain practices. Only limited discussion about the sale of "new or current model" vehicles occurred in the House Judiciary committee. Joe Ambrose, aid to Senator Taylor, testified the bill would prevent a car from being sold as new if it had been sold before. This was important, according to Mr. Ambrose, for warranty reasons. In this same

committee, Mr. Steve Allwine, representing the Alaska Auto Dealers Association, testified that customers sometimes bought cars that were supposed to be new, but in fact were used, resulting in warranty problems. The nature of the "warranty problems" mentioned by Messrs. Ambrose and Allwine is not discussed in the legislative history anywhere.

The only other consideration in SB 105 of current model vehicles is found in a proposed definition of "current model motor vehicle." These vehicles were defined as "a motor vehicle that is the current model made by the manufacturer and that has been sold one or more times before the dealer proposes to sell it." This definition no longer appears in the statute.

The Departments understanding of this history is that AS 08.66.015 was primarily aimed at stopping auto brokers from selling cars to consumers unless they were licensed as auto dealers. The restriction on selling new or current model motor vehicles was part of this effort, and was not intended to restrict legitimate car dealers from selling used current model motor vehicles. Instead, it appears the 1993 legislature intended to stop auto brokers from selling used current model vehicles as "new" vehicles if the vehicle had in fact been sold at least once before.

Concerns raised by the AADA

Representatives of the Alaska Auto Dealers Association ("AADA") have raised several concerns with the purchase and resale of used current model vehicles. Many of these vehicles are obtained from Canadian auto dealers through "straw" purchasers and importers who immediately sell them to Alaska dealers for resale to the public. There is no question that auto manufacturers in the U.S. and Canada universally agree that its dealers are prohibited, under existing franchise agreements, from selling vehicles for the purpose of export to another country. There is nothing illegal about these restrictions. Unfortunately, manufacturers have had difficulties in stopping this practice because Canadian dealers are often unaware that some sales result in the immediate export of the vehicle.

Regardless of the method, in most circumstances there appears to be an illegitimate transaction somewhere in the chain of events that results in a low mileage, used current model vehicle making its way to Alaska, even though the actual importation may be legal.

The AADA believes this practice results in unfair competition between franchised dealers and used car dealers. Franchised dealers not only invest significant amounts of time and money in their facilities, but are also required to

provide training to its employees, maintain service facilities, and are responsible for the vehicle after it is sold. The majority of used car dealers are not burdened with these requirements. Regardless of the impacts on franchised auto dealers, *the fact remains that existing law already prohibits the sale of used current model vehicles.*

Concerns Raised by the IADA

The Alaska Independent Auto Dealers Association ("IADA") is concerned about any restriction on the sale of used vehicles, regardless of whether the vehicle is a current model. Most IADA members express the belief that a vehicle is either new or used, and current model vehicles should not be treated differently. A vehicle is "used" once it has been title to the first purchaser and loses its MSO. Thus, the IADA believes that used auto dealers should be allowed to sell any used vehicle. The problem addressed by AS 08.66.015 associated with transient "brokers" is not a concern for legitimate, licensed used car dealers in Alaska.

Consumer Impacts

It is unclear whether consumers would be adversely impacted if the Department began enforcing AS 08.66.015 to prohibit the sale of used current model vehicles. These vehicles have the appearance of new vehicles with very low mileage when, in fact, they are used. This has significant consequences. Alaska's lemon law, for example, does not apply to used vehicles. Some manufacturers are not honoring warranties on vehicles originally manufactured for sale in Canada or another country. Nearly all odometers must be changed before importation, and the Department is aware that not all odometer swaps are performed in accordance with federal requirements.

Some auto dealers offer after-market service contracts to consumers for vehicles that are not covered by a manufacturer's warranty. The viability of some after-market service contracts has been recently called into question. National Warranty Insurance Company ("NWIC") was a large Risk Retention Group ("RRG") that offered service contracts called "Smart Choice" contracts. Several Alaska used car dealers sold these contracts with used vehicles. NWIC went into "provisional liquidation" in 2003. Most consumers who purchased contracts from NWIC will not receive the benefit of the contract (repairs will not be paid for), and will not get a refund of the cost of the contract. NWIC was formed under the laws of the Cayman Islands, and the liquidation proceeding will be governed by Cayman Island law. There is some concern that consumers who purchase used

current model vehicles with these kinds of service contracts will not understand the risks associated with them.

Alaska law requires that every motor vehicle dealer disclose, in writing, whether a motor vehicle was originally manufactured for sale in Canada or a foreign country, whether the warranty provisions of AS 45.45.300 - 45.45.36 (the lemon law) apply, and whether the vehicle is subject to the manufacturer's warranty. AS 45.25.465. These disclosures provide important information to the consumer, and address many of the issues surrounding the enactment of AS 08.66.015.

The Department has received several consumer complaints relating to the purchase of a used current model vehicle. Nearly all of these complaints relate to warranty and odometer issues. These complaints allege that franchised auto dealers refuse to honor warranties for used current model vehicles imported from Canada. One consumer complained, for example, that Chrysler refused to repair an odometer cluster because the cluster was replaced with an after-market cluster during the importation process. Most manufacturers will not perform warranty work on after-market parts. The "big three" American auto makers (Chrysler, Ford, and GM) are aware of this issue, and are taking varying steps to address this. These types of complaints have slowed significantly in the past six months.

The majority of other consumer complaints allege that adequate disclosures were not made when the vehicle was purchased. Some consumers allege they were not told the vehicle was imported (i.e. from Canada), or that factory warranties will not apply.

Recommendations

There are several approaches to resolving the issues presented by AS 08.66.015(a). The decision on how to resolve the concerns expressed above are largely policy questions to be decided by the legislature. AS 08.66.015 in its current form, however, should be amended or repealed. The Department recommends that the legislature consider one of the following.

Proposal 1: Remove the phrase "current model" from AS 08.66.015(a) and (b).

This proposal would remove the term "current model" from AS 08.66.015 so that a dealer could not sell a vehicle as "new" unless the vehicle has an MSO,

but allows any dealer to sell a used vehicle of any kind, including current model vehicles. This proposal leaves the issue of how to deal with "undesirable" sales of used current model vehicles to the manufactures and its dealers.

Proposal 2: Remove the phrase "current model" from AS 08.66.015(a) and (b) and add a definition of "new vehicle" to accomplish the goals of the legislature.

This option is a compromise that addresses most of the concerns raised by the new and used car dealers in Alaska. The State of Washington has adopted this approach. This proposal removes the phrase "current model" from AS 08.66.015(a) and (b), then defines "new vehicle" in a way that protects franchised car dealers from the practices described above.

New language would then be added that defines a used vehicle. The Department proposes adoption of the Washington definition, which is:

"A used vehicle is a vehicle that either (1) has been operated to the extent that its odometer registers 3,000 miles or more; or (2) titled or registered to a purchaser for a period of 90 days or more."

In addition, an exemption should be added for any vehicle purchased or leased by a bona fide retail purchaser/lessee who purchases or leases the vehicle for the purpose of using it rather than for resale. Washington uses the following language in its exemption:

"The requirements of this section will not apply if a bona fide retail purchaser/lessee sells, trades, or otherwise disposes of the vehicle prior to its having met these requirements. A "bona fide retail purchaser/lessee" is one who purchases or leases a vehicle for the purpose of using it, rather than for the purpose of resale or lease."

This option would allow the acquisition and sale of used current model vehicles with any number of miles so long as the vehicle was obtained from a bona fide retail purchaser/lessee as defined above. Thus, an ordinary consumer who purchases or leases a new vehicle for the purpose of using it could still sell the vehicle regardless of the mileage or title requirements, and Alaska auto dealers can resell it. Otherwise, a vehicle will be considered "new" (and subject to the

requirements of AS 08.66.015(a) and (b)) and can not be sold as "used" until it has at least 3,000 miles on the odometer, or it has been titled for at least 3 months.

Conclusion

The Department recommends the legislature consider amendments to AS 08.66.015 to correct the current problems associated with the sale of used "current model" vehicles. Either of the two proposals set out above will accomplish this goal. The Department is available to assist in drafting any proposed amendments to the statute.

Please contact Assistant Attorney General Ed Sniffen with any questions.
269-5200; ed_sniffen@law.state.ak.us.

1 A vehicle is a "current model" vehicle if it is still within the same year as currently offered new vehicles of the same model. For example, a 2005 Ford F-150 pickup truck is a current model vehicle so long as the 2006 F-150's are not available to the public. As soon as the 2006 model F-150's are available, the 2005 year is no longer the "current model" year.



Alaska State Legislature

Senator Con Bunde
Senate District P

Vice Chair, Senate Finance Committee
Chair, Senate Labor & Commerce Committee

SB 138 Sponsor Statement

"An Act relating to a motor vehicle dealer's selling certain motor vehicles as new model motor vehicles or as new model motor vehicles having a manufacturer's warranty."

In 2004, the Alaska Legislature passed HB 272, an Act relating to certain amendments to Alaska's Auto Dealer Act. Section 10 of the bill required the Department of Law to:

1. monitor and investigate consumer and enforcement problems associated with AS 08.66.015 that relate to the sale of new or current model motor vehicles; and
2. report to the legislature on the consumer and enforcement problems identified under (1) and include recommendations for resolving the problems.

The Department of Law submitted the report to the Legislature in January of 2005. The report indicated that there were consumer protection problems relating to warranty and odometer issues, and that enforcement of 08.66.015 would be more effective if the current law were amended.

This bill would amend AS 08.66.015 (a) by deleting the phrase "current model" and add a definition of a "new vehicle" generally consistent with the Department's recommendation. It would also clarify the rights of a bona fide purchaser/lessee to sell a new vehicle, also in accord with the Department's recommendation.

Sponsor Statement

Affordable USED CARS

Dear Senator Bunde,

I am writing to express my concerns regarding amendments being made to AS 08.66.015 Sale of a Motor Vehicle. I am referring to HB203 and SB138.

I am currently employed as the General Manager Affordable Used Cars in Anchorage and have been for 5 years. I have been in the automobile industry here in Alaska since 1983. I hope that my opinion will at least help to make a sound decision on this matter.

I understand that Assistant Attorney General Ed Sniffen was tasked with making recommendations on how to change a law that made it illegal for an automobile dealer, new or used, to sell or offer for sale a current model year vehicle if the dealer was not in possession of the MSO. This issue I believe definitely needed to be addressed.

I had the opportunity to express my opinion to Mr. Sniffen as to how the wording could be changed to allow the sell of used vehicles that were still within the current model year enabling for example any dealer to sell a used 2005 Chevrolet anytime during the year of 2005 without being in violation of the law. I recommended to Mr. Sniffen that he could simply remove the words "OR CURRENT" and the problem would be fixed.

I am pleased to see that my recommendation was considered and in fact it looks like this change is being offered in the amendment. I also see that by removing two words someone feels it became necessary to add two more complete subsections, (c) and (d) to define what a new vehicle is.

THE PURPOSE OF THIS LETTER IS TO POINT OUT THAT THE SUBSECTION (D) MAKES IT LEGAL FOR A NEW VEHICLE DEALER TO SELL A USED VEHICLE TO A CONSUMER AND TELL THEM THAT IT IS NEW. THIS SHOULD BE, WITHOUT A DOUBT, ILLEGAL.

I understand that a new vehicle will have some miles on it. If the lawmakers agree that up to 4000 miles could still be considered new and therefore the new dealers be allowed to sell the vehicle as new that's fine with me, but... there is no reason at all that a consumer should be sold a vehicle as new if it has already been owned by someone else, i.e. titled for any period of time. Subsection (d) is a bad amendment and without (d), (c) is not necessary.

828 East 8th Avenue • Anchorage, Alaska 99501 • (907) 274-8277 • Fax (907) 274-8278

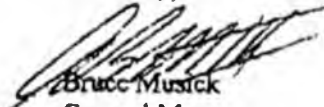
2625 B. Cushman • Fairbanks, Alaska 99701 • (907) 462-6707 • Fax 462-6241

So what do you do? Take out the two little words, add a mileage allowance and beyond that let the holder of the MSO sell that vehicle as a new vehicle. Vehicles are only new once.

I believe these statements with all my heart and would gladly answer questions or discuss this matter with you further. Feel free to contact me at any of the numbers listed or via E-Mail.

WK 907-274-2277
HM 907-336-5039
Cell 907-748-5401
bruce1@affordableusedcars.com

Sincerely,



Bruce Musick
General Manager
Affordable Used Cars Inc.

HB 203 and SB 138

Senator Con Bunde
Labor and Commerce Committee

Dear Senator Bunde,

Sec. 08.66.015 Sale of motor vehicle

Section 1 is very correct in stating the facts of selling of a new vehicle.

Section 2 is defining what a new vehicle is and defining what a used vehicle is not. This bill is a spin off from last years HB 272. There was a lot of testimony, some factual and some not so factual. The end results was that Section 1 of that bill did not pass. The Department of Law was asked to monitor and investigate consumer and enforcement problems with AS 08.66.015.

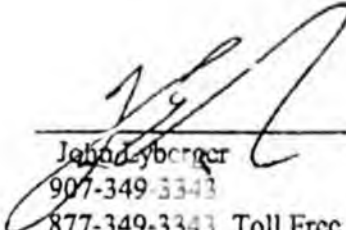
The conclusion of their report was 2 different proposals. **Proposal 1: Remove the phrase "current model" from AS 08.66.015 (a) and (b).**

This proposal would remove the term "current model" from AS 08.66.015 so that a dealer could not sell a vehicle as "new" unless the vehicle has an MSO, but allows any dealer to sell a used vehicle of any kind, including current model vehicles. This proposal leaves the issue of how to deal with "undesirable" sales of used current model vehicles to the manufactures and its dealers. This is from the report made by Assistant Attorney General Ed Sniffen.

This would be a simple fix without a lot of new definitions.

Your State of Alaska, Dept. of Motor Vehicles also says that the division definition of a **new vehicle** is a vehicle with a **manufacturer certificate of origin (MSO)**, and a **used vehicle** has a **Title**.

The new car dealership gets their vehicles from manufactures and other new vehicle dealers. The used car dealer gets their vehicles from consumers and auctions. Most are purchased from auctions. The largest auctions are located out of state, so if this law passes the Alaska used car dealer would be at a dis-advantage. The auctioneer will not announce before each vehicle is auctioned, if it meets the qualifications that the Alaska dealers has to abide by. This is a double standard between the new and used car dealer. **AS.08.66.015 needs to be amended, but it needs to be amended so that the State of Alaska is not changing the definitions of what a new or used vehicle is.**



John Lyberger
907-349-3343
877-349-3343 Toll Free

HB 203 and SB 138

Senator Con Bunde
Labor and Commerce Committee

Dear Senator Bunde,

I believe the issue here needs to be simplified. We need to use **common sense**. There is a new car and a used car. Since the beginning of time when a automobile came off the assembly line and shipped to the franchised dealer that vehicle was a new vehicle. When a customer(consumer) purchased that vehicle it became used. This vehicle is now a used vehicle. The MSO from manufacture to dealer was turned into a state for a title in the customers name. **The vehicle has been titled and now is a used vehicle.**

The customer could not resale that vehicle as a new, nor could a used car dealer sell it as new because it is not new, it is a used vehicle.

The value of that vehicle has changed. No one would be able to get what they paid for that new vehicle if they sold it the next day. Re-sell value is not the same, several thousands less.

In HB 203 and SB 138 we are going to have a new definition of a new vehicle. The new definition Sec.2 (d) "new model motor vehicle " means a motor vehicle that has not been 1. Operated to the extent that the miles on its odometer exceeds 4,000 miles or 2. Titled or registered for 120 days.

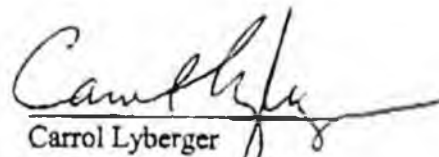
So a **new vehicle** is still new if it has less than 4000 miles and has been titled to someone less than 4 months.

A **used vehicle** is a vehicle that has 4,001 miles or has been titled more than 120 days.

The Auto Industry has several Federal and State regulation that protect the consumers.

These bills presented to you do not protect your consumer. **Who do they protect? Who gets the benefit from this new language?**

My point is that there is a difference between a new and used vehicle. The definition should read "Once a vehicle has been titled it is used." Take the word **current** out of AS08.66.015 and this would fix the problem.



Carrol Lyberger

Lyberger's Car & Truck Sales

907-349-3343

877-349-3343 Toll Free

349-3686 Fax

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VERSION
- CS ?

Sec. 08.66.015. Sale of motor vehicle.

(a) A person who does business as an automobile dealer in the state may not offer to sell or sell a new motor vehicle unless

- (1) the motor vehicle has the manufacturer's warranty and
- (2) the dealer has a current sales and service agreement with the manufacturer of the vehicle.

(b) For purposes of this section, "new motor vehicle" means a motor vehicle that retains the manufacturer's certificate of origin.

(c) A person who does business as an automobile dealer in the state may not offer to sell or sell a used motor vehicle unless

- (1) the vehicle has a minimum of 3,000 miles registered on the odometer;
- (2) the vehicle has been titled to a first purchaser for at least 90 days;
- (3) the vehicle has been lawfully repossessed from a bona fide purchaser; or
- (4) the dealer obtained the vehicle from a bona fide retail purchaser or lessee of the vehicle;

(d) In this section, "bona fide retail purchaser or lessee" means a retail purchaser or lessee who purchases or leases a motor vehicle for the purpose of using the motor vehicle, rather than for the purpose of reselling the motor vehicle or leasing the motor vehicle to another.

Senator John J Cowdery
March 30, 2005
SB 138 / HB 203 Amendment

Sec. 08.66.015. Sale of motor vehicle.

(a) A person who does business as an automobile dealer in the state may not offer to sell or sell a new motor vehicle unless

- (1) the motor vehicle has the manufacturer's warranty and
- (2) the dealer has a current sales and service agreement with the manufacturer of the vehicle.

(b) For purposes of this section, "new motor vehicle" means a motor vehicle that retains the manufacturer's certificate of origin.

(c) A person who does business as an automobile dealer in the state may not offer to sell or sell a used motor vehicle unless

- (1) the vehicle has a minimum of 3,000 miles registered on the odometer; or
- (2) the vehicle has been titled to a first purchaser for at least 30 days; or
- (3) the vehicle has been purchased from a dealers auction; or
- (4) the vehicle has been lawfully repossessed from a bona fide purchaser; or
- (5) the dealer obtained the vehicle from a bona fide retail purchaser or lessee of the vehicle;

(d) In this section, "bona fide retail purchaser or lessee" means a retail purchaser or lessee who purchases or leases a motor vehicle for the purpose of using the motor vehicle, rather than for the purpose of reselling the motor vehicle or leasing the motor vehicle to another.

*TOE HAYES
Lobbyist*
11-11-05
*loaner
vs
rental*

Sec. 08.66.015. Sale of motor vehicle.

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- (4) the dealer obtained the vehicle from a bona fide retail purchaser or lessee of the vehicle;

(d) In this section, "bona fide retail purchaser or lessee" means a retail purchaser or lessee who purchases or leases a motor vehicle for the purpose of using the motor vehicle, rather than for the purpose of reselling the motor vehicle or leasing the motor vehicle to another.

*Ed says this version
works for DVane.*