



March 25, 2026

Senator Jesse Bjorkman, Chair
Senate Labor and Commerce Committee

Re: Senate Bill 217, Employer Contributions (version 34-GS2585\A)

Dear Chair Bjorkman, and members of the Senate Labor and Commerce Committee,

The Alaska Chamber (the Chamber) writes to support Senate Bill 217, an Act relating to employer contributions to the unemployment compensation fund; establishing an employer contribution for the state training and employment program; and providing for an effective date.

The Alaska Chamber is the state's largest statewide business advocacy organization. Our mission is to promote a healthy business environment in Alaska. The Chamber has more than 700 members and represents businesses of all sizes and industries from across the state, representing 58,000 Alaskan workers and \$4.6 billion in wages.

Senate Bill 217 represents a thoughtful and balanced approach to reducing employer costs while strengthening Alaska's workforce development efforts. Alaska's Unemployment Insurance (UI) Trust Fund is currently in a strong financial position, with a balance of \$833 million, well above the statutory solvency range of \$530 million to \$583 million. Despite this, employers continue to pay a minimum UI tax rate of 1%, preventing rates from adjusting to reflect current economic conditions.

SB 217 addresses this imbalance by allowing the employer UI tax rate to decrease appropriately, even to zero when warranted by fund solvency. At the same time, employers would contribute 0.4% to the State Training and Employment Program (STEP), maintaining compliance with federal requirements while ensuring continued investment in Alaska's workforce.

Employers across Alaska are struggling to find skilled workers, and with major projects on the horizon, workforce shortages are expected to intensify. Existing STEP funding is already insufficient to meet demand, with applications far exceeding available resources and training funds projected to run out before the end of the fiscal year. SB 217 would significantly increase funding for workforce training programs, helping more Alaskans gain the skills needed to fill in-demand jobs and support economic growth statewide.

By reducing the effective tax rate from 1% to 0.4%, SB 217 is projected to save Alaska businesses approximately \$68 million in the first year alone, providing much-needed support while still investing in long-term workforce solutions.

We urge legislators to fully support SB 217. Thank you for your consideration of the Chamber's comments on this resolution.

Sincerely,

A handwritten signature in black ink that reads 'Kati Capozzi'.

Kati Capozzi
President and CEO



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