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Public Hearing Testimony of  
Sharon M. Palmer, Commissioner  
Department of Labor  
Labor and Public Employees Committee  
February 19, 2013

Good Afternoon Senator Osten, Representative Tercyak, Senator Markley, Representative Smith and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with testimony regarding *House Bill # 926 AAC an Increasing in Penalties due to False or Misleading Declarations, Statements or Representations*. My name is Sharon Palmer and I am the Labor Commissioner.

I am here to testify in support of this bill. The bill seeks to increase penalties assessed against employers who willfully fail to declare payment of wages in payroll records or who knowingly make a false statement or representation or fail to disclose a material fact in order to obtain, increase, prevent or decrease any benefit, contribution or other payment under the Unemployment Compensation Act. All states impose penalties for fraudulent employer activities that lead to improper benefit or contribution payments. The amount of those penalties varies widely among states ranging to amounts as high as \$100,000. In states with strong fraud deterrents, it is believed that improper benefit and contribution payments are reduced and program integrity is enhanced.

Due to the insolvency of the unemployment insurance trust fund, many constituencies from both labor and business have called for increased penalties for fraudulent activities. Also, the United States Department of Labor has charged states with improving the integrity of their unemployment insurance programs, including implementing stronger deterrents to fraud. This bill will level the playing field because it will penalize those employers who are willfully failing to report wages in its wage record.

Thank you for the opportunity to provide this testimony. I am available to answer any questions you might have.