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Wayne
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CS FOR HOUSE BILL NO. 174()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act requiring each municipality with a population that decreased by more than 25**
2 **percent between 2000 and 2010 that participates in the defined benefit plan of the Public**
3 **Employees' Retirement System of Alaska to contribute to the system an amount**
4 **calculated by applying a rate of 22 percent of the total of all base salaries paid by the**
5 **municipality to employees of the municipality who are active members of the system**
6 **during a payroll period; reducing the rate of interest payable by a municipality with a**
7 **population that decreased by more than 25 percent between 2000 and 2010 that is**
8 **delinquent in transmitting employee and employer contributions to the defined benefit**
9 **plan of the Public Employees' Retirement System of Alaska; giving retrospective effect**
10 **to the substantive provisions of the Act; and providing for an effective date."**

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

12 *** Section 1. AS 39.35.255(a) is amended to read:**

1 (a) Each employer shall contribute to the system every payroll period an
2 amount calculated by applying a rate of 22 percent of the greater of the total of all base
3 salaries

4 (1) paid by the employer to employees who are active members of the
5 system, including any adjustments to contributions required by AS 39.35.520; or

6 (2) paid by the employer to employees who were active members of
7 the system during the corresponding payroll period for the fiscal year ending June 30,
8 2008, or, if the employer is a municipality in which the population decreased by
9 more than 25 percent between 2000 and 2010, according to the decennial census
10 conducted by the United States Census Bureau, the corresponding payroll period
11 for the fiscal year ending June 30, 2012.

12 * **Sec. 2.** AS 39.35.610 is amended by adding a new subsection to read:

13 (c) Notwithstanding (a) of this section, if an employer that is delinquent in
14 transferring contributions under (a) of this section is a municipality in which the
15 population decreased by more than 25 percent between 2000 and 2010, according to
16 the decennial census conducted by the United States Census Bureau, interest shall be
17 assessed on the outstanding contributions from the date that the contributions were
18 originally due at a rate that is the lesser of

19 (1) three percentage points above the 12th Federal Reserve District
20 discount rate in effect on January 2 of the calendar year in which the applicable
21 payroll period ended; or

22 (2) a rate specified under a contract between the employer and the
23 administrator.

24 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 **RETROACTIVITY.** Sections 1 and 2 of this Act are retroactive to July 1, 2009.

27 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).