

Alaska State Legislature House of Representatives

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SPONSOR STATEMENT

HB 299

“An Act excluding certain persons from participating in the Public Employee’ Retirement System of Alaska.”

HB 299, is being brought forward on behalf of the 501(C)3, nonprofit corporation volunteer fire departments within the Fairbanks North Star Borough, operating as “independent contractors”. They are currently under contract with the borough to provide emergency response services. Each nonprofit fire department has both full time paid employees and trained volunteers as emergency responders. Each of these organizations provides benefit plans for all members.

Dolan vs King County was a lawsuit between the County and independent non-profit organizations which provided indigent legal services to the county. Over a period of thirty years, King County asserted increasing budgetary and day to day authority over the formerly independent non-profit organizations. In doing so, it asserted more control over the groups that provided the services. Employees of the organizations sued the County for the state employee benefits. They argued that the County’s funding and control over their “independent” organizations essentially made them state employees for the purposes of participating in the Public Employees Retirement System (PERS) and under pertinent statutes and common law principles, the Supreme Court agreed that employees of the organizations were “employees” under state law, and, as such, were entitled to be enrolled in the PERS.

HB 299 would clearly define who is eligible for the Public Employees’ Retirement System of Alaska and give added protection to municipalities against such liability. In times of such fiscal strife this legislation would encourage the exploration and utilization of cost effective measures for services and promote independent organizations and business. This bill emphasizes the need, however, to maintain the proprieties of the independent relationship when contracting for the provision of essential public service.

I would appreciate your support of HB 299.