

AML Questionnaire RE: IMPACT OF PERS INCREASED RATE FROM 22% to 26.5%.

Please complete and return to Kathie Wasserman as soon as possible:

The following bill has been introduced by the Senate Finance Committee and will be considered and voted on very soon: Please be prepared to testify by teleconference within the next few days. We will let you know when it's scheduled for public testimony.

SB 209: Raises the local government and school district PERS Contribution Rates from 22% to 26.5% between now and June 2018 as follows: **current \$109,354 annually**

1. June 30, 2016 increases to 24.5%---**\$121,780 annually**
2. Beginning June 30, 2017 increase to 25.5%----**\$126,751 annually**
3. Beginning June 30, 2018 increases to 26.5%----**\$131,721 annually**

Question One: Please tell us how much increase your municipality will pay for each year AND the total your municipality and school district (for PERS employees) will pay at 26.5%.----**See above there is over a \$20,000 increase, one half to 2/3 of the annual salary of an employee.**

Question two: Please tell us how your municipality will pay for these increases each year and the impact on services and taxes. ----**The City of Thorne Bay can make up the increase, as we have done with past increases, by reducing services, by terminating employment decreasing hours of employees or decreasing employee wages. Reducing services impacts all residents of the community. All which have a direct impact on the economy.**

Question three: Can your community afford these increase contribution rates?----**No the City of Thorne Bay cannot afford these increases. The City and employee would be money ahead to drop PERS and start paying social security for the employees. An option that gets discussed in more detail each year as the state sheds more of their financial woes on the City.**

Question three: Please provide an estimate of the average property tax increase local property owners will have to pay.----**The City of Thorne Bay, being a 2nd class City, does not have a property tax system in place. Our revenue comes (came) from Revenue Sharing, sales tax, PILT Funds, Timber Receipts and user fees. PILT and Timber Receipts also declining.**

Please keep in mind that Revenue Sharing will be reduced to \$30M this year from the \$60M which has been shared with municipalities most years since 2008.

Remember that the rate increase will be required for the next 22-25 years to pay off the unfunded liability so this is a long term cost increase for local governments. Total shift of liability is over \$1.1B over that period of time. **Maybe the State should consider taking 26.5 % out of the Permanent Fund and other free handouts the State of Alaska provides. The biggest economic benefit the Legislature could create is paying Permanent Fund and other social programs only to those working for a living.**

Members of senate finance committee and contact info is as follows:

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Please send your comments to your legislators and the members of Senate Finance Committee.

Kathie

Sent from my iPhone