

**CS FOR SENATE BILL NO. 55(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATORS STEDMAN, Myers, Shower, Cronk

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to supplemental employee benefits; and providing for an effective  
2 date."

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

4 \* **Section 1.** AS 39.30.150(a) is amended to read:

5 (a) Except as provided in (d) of this section, in [IN] place of contributions to  
6 the federal social security system that would have been required on behalf of an  
7 employee had the participating employer belonged to the social security system, the  
8 participating employer shall contribute an amount equal to 6.13 percent of the wages  
9 of the employee up to the taxable wage base then in effect in the social security  
10 system. This contribution shall be paid into an individual employee annuity account in  
11 the Department of Administration under the terms of the State of Alaska Supplemental  
12 Annuity Plan. The department shall pay 6.13 percent of the wages of the employee up  
13 to the taxable wage base then in effect in the social security system into the individual  
14 employee annuity account established under this subsection. This wage reduction shall

1 be treated as an employer contribution under 26 U.S.C. 414(h)(2). All costs of  
2 establishing and administering the programs established under AS 39.30.150 -  
3 39.30.180 shall be paid from the contributions made to the individual employee  
4 annuity accounts under this section.

5 \* **Sec. 2.** AS 39.30.150 is amended by adding new subsections to read:

6 (d) Subject to (e) of this section, an employer who first becomes a  
7 participating employer after June 30, 2029, and an employee of that employer, shall  
8 each contribute under (a) of this section

9 (1) for the first 12-month period, an amount equal to one percent of the  
10 wages of the employee up to the taxable wage base then in effect in the social security  
11 system;

12 (2) for the second 12-month period, an amount equal to two percent of  
13 the wages of the employee up to the taxable wage base then in effect in the social  
14 security system;

15 (3) for the third 12-month period, an amount equal to three percent of  
16 the wages of the employee up to the taxable wage base then in effect in the social  
17 security system;

18 (4) for the fourth 12-month period, an amount equal to four percent of  
19 the wages of the employee up to the taxable wage base then in effect in the social  
20 security system;

21 (5) for the fifth 12-month period, an amount equal to five percent of  
22 the wages of the employee up to the taxable wage base then in effect in the social  
23 security system; and

24 (6) after the fifth 12-month period, the amount required under (a) of  
25 this section.

26 (e) After June 30, 2029, an employee of a participating employer may  
27 contribute under (a) of this section an amount that, when combined with an amount  
28 required under (d)(1) - (5) of this section, does not exceed 6.13 percent of the wages of  
29 the employee up to the taxable wage base then in effect in the social security system.

30 \* **Sec. 3.** AS 39.30.170(a) is amended to read:

31 (a) An employer **in either the teachers' retirement system (AS 14.25) or the**

**public employees' retirement system (AS 39.35) that does not participate in the federal social security system shall**

**(1) [MAY] become a participating employer in the employee benefits program under AS 39.30.150 - 39.30.180; or**

**(2) subject to (e) of this section, provide a different benefit program supplemental to the retirement system that requires the employer and each employee who is a member of the retirement system to contribute**

**(A) for the first 12-month period, an amount equal to one percent of the wages of the employee up to the taxable wage base then in effect in the social security system;**

**(B) for the second 12-month period, an amount equal to two percent of the wages of the employee up to the taxable wage base then in effect in the social security system;**

**(C) for the third 12-month period, an amount equal to three percent of the wages of the employee up to the taxable wage base then in effect in the social security system;**

**(D) for the fourth 12-month period, an amount equal to four percent of the wages of the employee up to the taxable wage base then in effect in the social security system;**

**(E) for the fifth 12-month period, an amount equal to five percent of the wages of the employee up to the taxable wage base then in effect in the social security system; and**

**(F) after the fifth 12-month period, an amount equal to 6.13 percent of the wages of the employee up to the taxable wage base then in effect in the social security system [, IF**

**(1) THE EMPLOYER PARTICIPATES AS AN EMPLOYER IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDER AS 39.35; AND**

**(2) THE EMPLOYER**

**(A) IS ELIGIBLE FOR MEMBERSHIP IN BUT HAS NEVER ELECTED TO BECOME A MEMBER OF THE FEDERAL SOCIAL SECURITY SYSTEM; OR**

(B) WITHDRAWS FROM MEMBERSHIP IN THE  
FEDERAL SOCIAL SECURITY SYSTEM].

\* **Sec. 4.** AS 39.30.170 is amended by adding a new subsection to read:

(e) An employee required to contribute to a benefit program established under (a)(2) of this section may contribute to the benefit program an amount that, when combined with an amount required under (a)(2) of this section, does not exceed 6.13 percent of the wages of the employee up to the taxable wage base then in effect in the social security system.

\* **Sec. 5.** AS 39.30.180(3) is amended to read:

(3) "participating employer" means

(A) the State of Alaska; [AND]

(B) an employer, other than the Board of Regents of the University of Alaska, who

(i) [WHO] is an employer as defined in AS 14.25.220, 14.25.590, AS 39.35.680, or 39.35.990; and

(ii) does not participate [WHO HAS NEVER PARTICIPATED IN OR HAS WITHDRAWN FROM PARTICIPATION] in the federal social security system [; AND

(iii) WHOSE PARTICIPATION IN THE SUPPLEMENTAL EMPLOYEE BENEFIT PROGRAM HAS BEEN APPROVED BY THE COMMISSIONER].

\* **Sec. 6.** This Act takes effect July 1, 2029.