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Wayne  
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**CS FOR SENATE BILL NO. 21(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATORS WIELECHOWSKI, Gray-Jackson

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing the Alaska Work and Save Program in the Department of**  
2 **Revenue; and providing for an effective date."**

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

4 \* **Section 1.** AS 43.23.130(a) is amended to read:

5 (a) Notwithstanding AS 43.23.200, the Department of Revenue shall prepare  
6 the electronic Alaska permanent fund dividend application to allow an applicant who  
7 files electronically to direct that money be subtracted from the dividend payment and  
8 contributed to **the applicant's Alaska Work and Save Program participant**  
9 **account (AS 44.25.400 - 44.25.490),** the crime victim compensation fund  
10 (AS 18.67.162), the peace officer and firefighter survivors' fund, or one or more of the  
11 educational organizations, community foundations, or charitable organizations that  
12 appear on the contribution list contained in the application. A contribution to **an**  
13 **Alaska Work and Save Program participant account,** the crime victim  
14 compensation fund, the peace officer and firefighter survivors' fund or to an

1 organization may be \$25, \$50, \$75, \$100, or more, in increments of \$50, up to the  
2 total amount of the permanent fund dividend that the applicant is entitled to receive. If  
3 the total amount of contributions elected by an applicant exceeds the amount of the  
4 permanent fund dividend that the applicant is entitled to receive, contributions shall be  
5 deducted from the dividend in the order of priority elected by the applicant on the  
6 application until the entire amount of the dividend that the applicant is entitled to  
7 receive is allocated for contribution. The electronic dividend application form must  
8 include notice that seven percent of the money contributed will be used for  
9 administrative costs incurred in implementing this section, and money from the  
10 dividend fund will not be used for that purpose.

11 \* **Sec. 2.** AS 43.23.130(b) is amended to read:

12 (b) The department shall list each educational organization, community  
13 foundation, or charitable organization eligible under (c) and (d) of this section, each  
14 university campus that applies under (l) of this section, **the Alaska Work and Save**  
15 **Program**, the crime victim compensation fund, and the peace officer and firefighter  
16 survivors' fund on the contribution list. The department shall maintain an electronic  
17 database for the contribution list that is accessible to the public and that permits  
18 searches by organization or fund name, geographic location, and type. The department  
19 shall provide a statement of the contributions made by an individual that is suitable for  
20 federal income tax purposes to each individual who elects to contribute under (a) of  
21 this section.

22 \* **Sec. 3.** AS 43.23.130(m) is amended to read:

23 (m) In addition to the application fee in (f) of this section, the department shall  
24 withhold a coordination fee from each organization, foundation, or university campus  
25 that receives contributions under this section in the immediately preceding dividend  
26 year. The coordination fee for an organization, foundation, or university campus that  
27 receives contributions under this section shall be seven percent of the amount of  
28 contributions reported by the department under (j) of this section for the organization,  
29 foundation, or university campus for the immediately preceding dividend year. The  
30 coordination fee shall be separately accounted for under AS 37.05.142 and shall be  
31 accounted for separately from the application fee collected under (f) of this section.

1 The annual estimated balance in the account maintained under AS 37.05.142 for  
2 coordination fees collected under this subsection may be appropriated for costs of  
3 administering this section. The department may not withhold a coordination fee for  
4 contributions to an Alaska Work and Save Program participant account, the crime  
5 victim compensation fund or the peace officer and firefighter survivors' fund.

6 \* **Sec. 4.** AS 44.25 is amended by adding new sections to read:

7 **Article 5. Alaska Work and Save Program.**

8 **Sec. 44.25.400. Alaska Work and Save Program.** (a) The Alaska Work and  
9 Save Program is established in the Department of Revenue. The commissioner of  
10 revenue or the commissioner's designee shall administer the program.

11 (b) An employer that does not offer a qualified retirement plan shall facilitate  
12 participation of the employer's employees in the program.

13 (c) Under the program,

14 (1) an eligible employee is automatically enrolled in the program at the  
15 default contribution rate established by the administrator;

16 (2) an eligible employee's contribution rate increases at the default rate  
17 established by the administrator;

18 (3) an eligible employee may

19 (A) opt out of the program or a contribution rate increase;

20 (B) make contributions at a rate different than the default rate  
21 established by the administrator;

22 (C) increase contributions at a rate different than the default  
23 rate established by the administrator;

24 (4) any person who earns compensation in this state is eligible to  
25 voluntarily enroll in the program.

26 (d) The state, the program, and the administrator

27 (1) may not guarantee a specific rate of return or interest for a  
28 contribution;

29 (2) are not liable for any loss incurred by a participant as a result of  
30 participating in the program;

31 (3) have no proprietary interest in contributions to, or earnings on

1 amounts contributed to, participant accounts.

2 (e) Nothing in AS 44.25.400 - 44.25.490 prohibits an employer from  
3 establishing an alternative retirement plan for the employer's employees.

4 **Sec. 44.25.410. Purpose of program.** The administrator is the trustee of all  
5 contributions and earnings on amounts contributed to participant accounts. The  
6 administrator's primary mission is to

7 (1) develop a retirement program for employees in this state who are  
8 not offered a qualified retirement plan by an employer;

9 (2) conduct a market and legal analysis of the program; and

10 (3) facilitate the investment of funds contributed to participant  
11 accounts.

12 **Sec. 44.25.420. Powers and duties of the administrator.** (a) The  
13 administrator shall

14 (1) develop and administer the program;

15 (2) adopt regulations to implement AS 44.25.400 - 44.25.490;

16 (3) establish a process for enrollment in the program, including  
17 automatic employee enrollment and a process for an employee to opt out of the  
18 program;

19 (4) direct the investment of funds contributed to participant accounts  
20 and professionally manage participant accounts, consistent with

21 (A) investment restrictions established by the administrator;

22 and

23 (B) standards of prudence;

24 (5) provide a range of investment options and establish the rules by  
25 which a participant may direct the participant's investments among those options;

26 (6) obtain an external performance review to evaluate the investment  
27 policies of the program and include the results in the report provided under (7) of this  
28 subsection;

29 (7) by the first day of each regular legislative session, report to the  
30 governor and legislature on the financial condition of the program;

31 (8) develop an annual operating budget;

1 (9) in accordance with Internal Revenue Code limits, set a minimum,  
2 maximum, and default contribution rate and set a default rate for contribution  
3 increases;

4 (10) allow a participant to adjust the rate of contributions to the  
5 participant's account and the rate of increases to the contribution rate;

6 (11) establish a process to allow a participant to make contributions, in  
7 addition to the participant's contributions through payroll deduction, to the  
8 participant's account, including contributions from the participant's permanent fund  
9 dividend;

10 (12) establish a process to allow a participant to withdraw funds from a  
11 program account;

12 (13) deposit a contribution to the program directly in a participant  
13 account;

14 (14) maintain separate records and accounting for each participant  
15 account;

16 (15) provide program and account status reports to participants at least  
17 once a year;

18 (16) allow participants to maintain a program account regardless of  
19 employer;

20 (17) keep fees assessed to defray program administration costs low;

21 (18) disclose to employees, employers, and program participants

22 (A) the benefits and risks of contributing to the program;

23 (B) instructions on contributing to the program and changing  
24 contribution rates;

25 (C) the process to opt out of the program;

26 (D) the process to withdraw funds from a participant account;

27 (E) how to obtain additional program information;

28 (F) that the program is not an employer-sponsored retirement  
29 plan;

30 (G) that financial advisors are best positioned to provide  
31 financial advice and that employers are not liable for employee financial

1 decisions under AS 44.25.400 - 44.25.490;

2 (H) that the state, the program, and the administrator do not  
3 guarantee participant accounts or a rate of return;

4 (I) how an employee may file a complaint against an employer  
5 who fails to facilitate employee participation in the program;

6 (19) to the extent practicable, develop and administer the Alaska Work  
7 and Save Program to allow employees in the state to benefit from applicable  
8 incentives for retirement savings that may be created or allowed by federal law.

9 (b) The administrator may

10 (1) contract for services necessary to execute the administrator's  
11 powers and duties;

12 (2) employ outside investment advisors to review investment policies;

13 (3) establish and collect fees to defray program administration costs;

14 (4) consider and purchase pooled private insurance for the program;

15 (5) develop and conduct outreach about the program and retirement  
16 savings;

17 (6) when prudent or necessary to do so for the benefit of the program,  
18 enter into agreements, including contracts, memoranda of understanding, partnerships,  
19 or other arrangements, with other governmental entities, including other states, or  
20 agencies or instrumentalities of other states, that maintain or are establishing  
21 retirement savings programs compatible with or similar to the program;

22 (7) change the default contribution rate and default rate for  
23 contribution increases;

24 (8) use private sector partnerships to administer and invest  
25 contributions to the program;

26 (9) access information held by, and enter into service agreements with,  
27 other departments and agencies of the state.

28 **Sec. 44.25.430. Confidentiality of information.** (a) Individual account  
29 information for participant accounts, including an account holder's name, address,  
30 telephone number, personal identification information, contributions, earnings, and  
31 account balance, is confidential and not subject to disclosure as a public record.

1 (b) The identity of an employee who files a complaint under AS 44.25.440 is  
2 confidential unless the employee waives confidentiality.

3 (c) Notwithstanding (a) of this section, individual account information may be  
4 disclosed

5 (1) to the extent necessary to administer the program in a manner  
6 consistent with the tax laws of the state and the Internal Revenue Code; or

7 (2) if the account holder expressly agrees to the disclosure, in writing.

8 **Sec. 44.25.440. Employer compliance.** (a) An employee may file a complaint  
9 with the administrator alleging that an employer subject to AS 44.25.400 - 44.25.490  
10 failed to facilitate employee participation in the program.

11 (b) The administrator may investigate, in response to a complaint or on the  
12 administrator's own initiative, whether an employer is facilitating participation of the  
13 employer's employees in the program as required under this section. If the  
14 administrator determines that the employer failed to facilitate employee participation  
15 in the program, the administrator may provide advice and training to the employer.

16 **Sec. 44.25.490. Definitions.** In AS 44.25.400 - 44.25.490,

17 (1) "administrator" means the commissioner of revenue or the  
18 commissioner's designee;

19 (2) "employee" has the meaning given in AS 23.30.395;

20 (3) "employer" means a person or business that has employed more  
21 than five other persons in the state for not less than three years and does not provide a  
22 qualified retirement plan to employees;

23 (4) "program" means the Alaska Work and Save Program;

24 (5) "qualified retirement plan" includes a plan qualified under 26  
25 U.S.C. 401(a) or (k), 403(a) or (b), 408(k) or (p), or 457(b) (Internal Revenue Code).

26 \* **Sec. 5.** This Act takes effect January 1, 2027.