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Wayne
2/20/25

CS FOR SENATE BILL NO. 21()

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): SENATORS WIELECHOWSKI, Gray-Jackson

A BILL

FOR AN ACT ENTITLED

"An Act establishing the Alaska Work and Save Program in the Department of Revenue; relating to the duties of the commissioner of labor and workforce development; and providing for an effective date."

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

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

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

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

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

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

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

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

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

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

Article 5. Alaska Work and Save Program.

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

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

(c) Under the program,

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

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

(3) an eligible employee may

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

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

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

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

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

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

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

(3) have no proprietary interest in contributions to, or earnings on amounts contributed to, participant accounts.

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

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

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

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

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

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

(1) develop and administer the program;

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

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

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

(A) investment restrictions established by the administrator;

and

(B) standards of prudence;

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

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

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

penalties issued under the program;

(8) develop an annual operating budget;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(E) how to obtain additional program information;

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

(G) that financial advisors are best positioned to provide financial advice and that employers are not liable for employee financial decisions under AS 44.25.400 - 44.25.490;

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

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

(b) The administrator may

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

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

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

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

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

(6) request that the commissioner of labor and workforce development investigate an employer under AS 44.25.440;

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

(8) change the default contribution rate and default rate for contribution increases;

(9) use private sector partnerships to administer and invest contributions to the program;

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

Sec. 44.25.430. Confidentiality of information. (a) Individual account information for participant accounts, including an account holder's name, address, telephone number, personal identification information, contributions, earnings, and

account balance, is confidential and not subject to disclosure as a public record.

(b) Notwithstanding (a) of this section, individual account information may be disclosed

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

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

Sec. 44.25.440. Complaints. (a) An employee may file a complaint with the commissioner of labor and workforce development alleging that an employer subject to AS 44.25.400 - 44.25.490 failed to facilitate employee participation in the program.

(b) The commissioner of labor and workforce development may, upon receiving an employee complaint or upon request of the administrator, investigate an employer. If the commissioner determines that the employer was required but failed to facilitate employee participation in the program for six months, the commissioner may impose a civil penalty on the employer.

(c) The commissioner of labor and workforce development may impose on an employer a civil penalty of up to \$100 for each employee of the employer who is eligible to participate in the program but for whom the employer does not facilitate participation in the program. The commissioner may not impose penalties under this section on a single employer that exceed \$5,000 in a calendar year.

(d) The commissioner of labor and workforce development shall notify the administrator when an employer has failed to facilitate employee participation in the program and when the commissioner imposes a civil penalty on an employer.

(e) The administrator may notify an employer that has failed to facilitate employee participation in the program that the employer may be subject to a civil penalty for failure to comply with program requirements.

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

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

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

(3) "employer" means a person or business that has employed one or more other persons in the state for not less than one year and does not provide a

1 qualified retirement plan to employees;

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

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

5 * **Sec. 5.** This Act takes effect January 1, 2026.