

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 19, 2009

SUBJECT: HB 30 Sectional Summary (Work Order No. 26-LS0181\E)

TO: Representative Cathy Muñoz

FROM: Dan Wayne
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Most of the bill can be summarized in one paragraph, as follows: **section 33** repeals the defined contribution plan for teachers and for public employees, and **sections 3 - 5, 9 - 24, 28 - 29, and 32** add the terms "former" or "former provisions of" in reference to sections and subsections of those plans that would become former sections or subsections upon the effective date of the repeals in **section 33**.

The remaining sections of the bill are summarized below:

Section 1 changes the definitions of "plan" and "system" in the teachers' defined benefit retirement plan.

Section 2 repeals language that says *the provisions of AS 14.25.009 - 14.25.220 apply only to members first hired before July 1, 2006*, replacing it with language that says *AS 14.25.009 - 14.25.220 set out a defined benefit retirement plan as the teachers' retirement plan*.

Sections 6 and 7 remove a limitation on the pension board's power to increase benefit payments to persons receiving benefits under the teachers' defined benefit retirement plan. The limitation was added by sec. 18, ch. 9, FSSLA 2005, a part of SB 141. SB 141 was the 2005 bill that created the defined contribution plan for teachers and public employees.

Section 25 changes the definition of "plan" in the public employees' defined benefit retirement plan.

Section 26 changes the definition of "system" in the public employees' defined benefit retirement plan.

Section 27 repeals language that says the provisions of AS 39.35.095 - 39.35.680 *apply only to members first hired before July 1, 2006*, and replaces it with language that says *AS 39.35.095 - 39.35.680 set out a defined benefit retirement plan as the public employees' retirement plan.*

Section 30 removes a limitation on the pension board's power to increase benefit payments to persons receiving benefits under the public employees' defined benefit retirement plan. The limitation was added by sec. 112, ch. 9, FSSLA 2005, a part of SB 141. SB 141 was the 2005 bill that created the defined contribution plan for teachers and public employees.

Section 31 removes language, made obsolete by the repeals in **section 33** of the Act, regarding the return of previously terminated employers to the public employees' retirement system.

Section 34 creates a temporary law that gives teachers and public employees (who are members of the defined contribution plan and were hired on or after July 1, 2006, and before the effective date of **section 34**) an opportunity to make a one-time election, before September 1, 2009, or within 90 days of the section's effective date, whichever is later, to switch to the defined benefit plan -- the plan for teachers or the plan for public employees, depending on whether they are a teacher or public employee. It also gives them the opportunity, within the same window period described here, to transfer their accrued contributions from the defined contribution plans to the defined benefit plan, if they make the switch described in this section.

Section 35 sets forth the procedure for making the elections described in section 34.

Section 36 creates a temporary law that requires the commissioner of administration to immediately adopt regulations consistent with the Act, although according to **section 36** the regulations may not take effect before the effective date of **section 34** of the Act.

Section 37 creates a temporary law instructing the revisor of statutes to submit, to the Alaska Legislative Council, a draft bill that would amend state statutes so that they are consistent with the Act.

Section 38 is an immediate effective date for **sections 35 and 36** of the Act.