

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 47
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB047-DOA-DRB-02-24-17
Title: MUNICIPAL PERS CONTRIBUTIONS/INTEREST
Sponsor: FOSTER
Requester: (H) Community & Regional Affairs

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Retirement and Benefits
OMB Component Number: 64

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By:	Ajai Desai, Director	Phone:	(907)465-4471
Division:	Division of Retirement and Benefits	Date:	02/24/2017 02:14 PM
Approved By:	Sheldon Fisher	Date:	02/24/17
Agency:	Department of Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 47

Analysis

This bill modifies the 2008 salary floor set out in AS 39.35.255 on which the Public Employees' Retirement System (PERS) employer contributions are based for PERS municipalities that have sustained more than a 25% decrease in population between 2000 and 2010.

The bill applies to five (5) PERS employers: Anderson, Atka, Galena, Pelican, and St. George.

The bill creates a new subsection in AS 39.35.004 that allows the PERS Plan Administrator to determine the interest rate charged on delinquent payments to the PERS. It only applies to municipalities that meet the population decline described above.

The bill also adds AS 39.35.610(c) that if an employer who has suffered a decrease of more than 25% in population is late in transferring payrolls and funds, the Plan Administrator may assess an interest rate less than that required in section (a), which is one and one-half of the Plan's actuarial rate of return, or currently 8%.

Principal amounts owed by the City of Galena (the difference between the salary floor and actual payroll amounts times 22% for each fiscal year) are still due for fiscal years 2009 to 2016, if this bill passes, since this bill takes effect immediately. The Division would set the City of Galena's salary floor from 2008 to the 2012 amount, since it is lower. The City of Pelican would also have the 2008 salary floor replaced by its 2012 salary amount. At this time, there is no impact to the remaining three cities, unless there is a change in their reported salaries for 2012 based on audit work performed by the Division.

This note is indeterminate as an actuarial analysis would need to be completed in order to determine the impact of reducing the salary floor for these employers, and the related financial impact it would have on the additional state contributions under AS 39.35.280, which all other things being equal, would represent an increased cost.

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