

AMENDMENT #1

Rep. Pruitt

OFFERED IN THE HOUSE

TO: HB 47

1 Page 1, line 9, following "plan;":

2 Insert "requiring that certain employers who terminate participation in the
3 defined benefit retirement plan or the defined contribution retirement plan of the Public
4 Employees' Retirement System of Alaska to make contributions related to past service
5 liability and pay termination costs; repealing a requirement that employers who
6 terminate participation in the defined contribution retirement plan or the defined
7 benefit retirement plan of the Public Employees' Retirement System of Alaska pay for a
8 termination cost study; "

9

10 Page 2, following line 16:

11 Insert a new bill section to read:

12 "** Sec. 3. AS 39.35.255 is amended by adding a new subsection to read:

13 (i) After an employer's participation in the plan terminates with regard to some
14 or all of the employer's employees who are active members of the system, the
15 employer remains obligated to make contributions under (a) of this section until the
16 plan does not have a past service liability."

17

18 Renumber the following bill sections accordingly.

19

20 Page 2, following line 30:

21 Insert new bill sections to read:

22 "** Sec. 6. AS 39.35.625 is repealed and reenacted to read:

23 Sec. 39.35.625. Termination costs. (a) An employer that terminates

1 participation under AS 39.35.615 or 39.35.620 shall pay a termination cost for a
2 payroll period in which the employer's salary base, if annualized, is

3 (1) \$5,000,000 or more, and is less than 80 percent of the employer's
4 salary base for the fiscal year ending one year before the beginning of the fiscal year
5 in which the payroll period occurs; or

6 (2) \$1,000,000 or more, but less than \$5,000,000, and is less than 50
7 percent of the employer's salary base for the fiscal year ending one year before the
8 beginning of the fiscal year in which the payroll period occurs.

9 (b) The requirements in (a) of this section do not apply to a payroll period in
10 which the employer's annualized salary base is less than \$1,000,000.

11 (c) Notwithstanding AS 39.35.255, an employer is subject to the termination
12 cost requirements in (a) of this section until the past service liability of the plan is
13 extinguished. The amount of a termination cost payment shall be calculated by
14 multiplying the current past service contribution rate adopted by the board by the
15 amount, in dollars, by which

16 (1) the employer's annualized salary base is less than 80 percent of its
17 salary base for the fiscal year ending one year before the beginning of the fiscal year
18 in which the payroll period occurs, for employers under (a)(1) of this section; or

19 (2) the employer's annualized salary base is less than 50 percent of its
20 salary base for the fiscal year ending one year before the beginning of the fiscal year
21 in which the payroll period occurs, for employers under (a)(2) of this section.

22 (d) In this section, "salary base" means the total of all base salaries paid by the
23 employer to employees who are active members of the system.

24 * Sec. 7. AS 39.35.958(c) is repealed and reenacted to read:

25 (c) An employer shall pay a termination cost for a payroll period in which the
26 employer's salary base, if annualized, is

27 (1) \$5,000,000 or more, and is less than 80 percent of the employer's
28 salary base for the fiscal year ending one year before the beginning of the fiscal year
29 in which the payroll period occurs; or

30 (2) \$1,000,000 or more, but less than \$5,000,000, and is less than 50
31 percent of the employer's salary base for the fiscal year ending one year before the

1 beginning of the fiscal year in which the payroll period occurs.

2 * Sec. 8. AS 39.35.958(e) is repealed and reenacted to read:

3 (e) An employer that is assessed a cost under (c) of this section shall pay the
4 cost, or enter into a payment plan acceptable to the administrator, within 60 days after
5 the employer receives notice from the administrator that the cost is assessed. A cost
6 assessed under (c) of this section and not paid within 60 days or in accordance with a
7 payment plan acceptable to the administrator shall be collected by the administrator in
8 accordance with AS 39.35.610(b).

9 * Sec. 9. AS 39.35.958 is amended by adding new subsections to read:

10 (g) The requirements in (c) of this section do not apply to a payroll period in
11 which the employer's annualized salary base is less than \$1,000,000.

12 (h) Notwithstanding AS 39.35.255, an employer is subject to the termination
13 cost requirements in (c) of this section until the past service liability of the plan is
14 extinguished. The amount of a termination cost payment shall be calculated by
15 multiplying the current past service contribution rate adopted by the board by the
16 amount, in dollars, by which

17 (1) the employer's annualized salary base is less than 80 percent of its
18 salary base for the fiscal year ending one year before the beginning of the fiscal year
19 in which the payroll period occurs, as calculated under (c)(1) of this section; or

20 (2) the employer's annualized salary base is less than 50 percent of its
21 salary base for the fiscal year ending one year before the beginning of the fiscal year
22 in which the payroll period occurs, as calculated under (c)(2) of this section.

23 (i) An employer that has terminated participation in the plan is barred from
24 future participation in the plan until all payments owed by the employer under (e) of
25 this section are made.

26 (j) In this section, "salary base" means the total of all base salaries paid by the
27 employer to employees who are active members of the system.

28 * Sec. 10. AS 39.35.958(f) is repealed.

29 * Sec. 11. 2 AAC 35.235 is annulled.

30 * Sec. 12. The uncoded law of the State of Alaska is amended by adding a new section to
31 read:

1 **APPLICABILITY. AS 39.35.625, as repealed and reenacted by sec. 6 of this Act,**
2 **AS 39.35.958(c) and (e), as repealed and reenacted by secs. 7 and 8 of this Act, and**
3 **AS 39.35.958(g) - (j), added by sec. 9 of this Act, apply only to termination costs paid on or**
4 **after the effective date of this Act."**

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6 **Renumber the following bill section accordingly.**