

**CS FOR HOUSE BILL NO. 545(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/26/96

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the cost-of-living differential for certain public employees  
2 residing in the state and the establishment of criteria for determining eligibility  
3 for the differential; and providing for an effective date."

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

5 \* **Section 1.** PURPOSE AND LEGISLATIVE INTENT. The purpose of this Act is to  
6 affirm the interpretation and practice of the state with regard to the use of criteria similar to  
7 the criteria in the permanent fund dividend program for determining the establishment and  
8 maintenance of state residency for eligibility for the cost-of-living differential under  
9 AS 23.40.210. It is also the intent of the legislature to provide express statutory authority to  
10 the state to establish or clarify those standards through adoption of regulations by the  
11 Department of Administration and to set the eligibility criteria for the differential and the  
12 differential rate itself outside of the collective bargaining context.

13 \* **Sec. 2.** AS 23.40.210 is amended by adding new subsections to read:

14 (b) An employee is eligible for the cost-of-living differential under (a) of this

1 section only if the individual is a state resident. The required presence of an employee  
2 at a work station where room and board are provided or reimbursed by the employer  
3 may not be considered to be physical presence in the state or physical absence from  
4 the state for purposes of determining eligibility for the cost-of-living differential.

5 (c) The commissioner of administration may adopt regulations under AS 44.62  
6 (Administrative Procedure Act) to clarify and implement the criteria for establishing  
7 and maintaining eligibility for the cost-of-living differential.

8 (d) An agreement entered into under AS 23.40.070 - 23.40.260 must require  
9 compliance with the eligibility criteria for receiving the cost-of-living differential  
10 contained in this section and the regulations adopted by the commissioner under (c)  
11 of this section.

12 (e) An employee eligible for the cost-of-living differential is entitled to receive  
13 the following pay differential unless a different rate is established by the director of  
14 personnel under (f) of this section:

15 Community of Residence	16 Percent Increase Above 17 Out-of-State Rate
18 Anchorage	19 0.0
20 Juneau	21 0.0
22 Ketchikan/Prince of Wales	23 5.0
24 Petersburg/Wrangell/Sitka	25 5.0
26 Kodiak	27 5.0

28 (f) The director of personnel in the Department of Administration may adopt  
29 regulations to adjust the pay differential set out in (e) of this section and to establish  
30 a differential for employees residing in places not designated in (e) of this section.  
31 The differential is not subject to collective bargaining under AS 23.40.070 - 23.40.260  
(Public Employment Relations Act). The differential shall be established or adjusted  
under this subsection to reflect changes in the cost of living between communities of  
residence in this state and the cost of living in Bellingham, Washington, as a base of  
100. The director of personnel shall conduct a cost-of-living survey every five years.  
The cost-of-living differential is subject to legislative review on an annual basis.

(g) In this section, "state resident" means an individual who is physically

1 present in the state with the intent to remain permanently in the state under the  
2 requirements of AS 01.10.055 or, if the individual is not physically present in the state,  
3 intends to return to the state and remain permanently in the state under the  
4 requirements of AS 01.10.055, and is absent only temporarily for any of the following  
5 reasons:

6 (1) vocational, professional, or other specific education for which a  
7 comparable program was not reasonably available in the state;

8 (2) secondary or postsecondary education;

9 (3) military service;

10 (4) medical treatment;

11 (5) other reasons that the commissioner of administration may establish  
12 by regulation.

13 \* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).