

CS FOR HOUSE BILL NO. 238(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 2/17/06

Referred: Finance

Sponsor(s): HOUSE STATE AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to establishing a past service cost offset account for required past
2 service cost offset payments owed by employers other than the state to the public
3 employees' pension fund; and providing for an effective date."

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

5 * **Section 1.** AS 39.35 is amended by adding a new section to read:

6 **Sec. 39.35.287. Past service cost offset account.** (a) The public employees'
7 pension fund past service cost offset account is established in the state treasury and
8 shall be administered by the Department of Administration. The legislature may
9 appropriate money to the account.

10 (b) The administrator shall pay from the account into the public employees'
11 pension fund, on behalf of each employer, other than the state, under the defined
12 contribution plan in AS 39.35.700 - 39.35.990, the employer past service cost offset
13 contributions for that year, not to exceed the blended employer past service cost rate.
14 The amount shall be determined by actuarial method.

1 (c) Contributions for each employer under (b) of this section shall be
2 determined by applying the employer's past service cost rate, up to an amount equal to
3 the blended employer past service cost rate, as calculated on the employer's entire
4 wage base, to the average salary of all employees of the employer multiplied by the
5 number of employees of that employer who are members of the public employees'
6 defined contribution plan in AS 39.35.700 - 39.35.990.

7 (d) Unless the context requires otherwise, in this section,

8 (1) "account" means the public employees' pension fund past service
9 cost offset account;

10 (2) "blended employer past service cost rate" means the average past
11 service cost rate of all employers, other than the state, in the public employees' defined
12 contribution plan established in AS 39.35.700 - 39.35.990 and the defined benefit plan
13 established in AS 39.35.095 - 39.35.680;

14 (3) "past service cost" means the amount of an annual payment made
15 over a stipulated number of years to amortize the unfunded liability of the public
16 employees' pension fund under AS 39.35.095 - 39.35.680;

17 (4) "past service cost rate" means the annual payment as a percentage
18 of total wage base of employee salary required to pay the past service cost as an
19 amortized contribution in percentage over a stipulated number of years;

20 (5) "unfunded liability" means the excess of the accrued liability over
21 the assets of the public employees' pension fund under AS 39.35.095 - 39.35.680.

22 * **Sec. 2.** This Act takes effect July 1, 2006.