

HOUSE BILL NO. 12

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES HAWKER, Dahlstrom, Wilson, Buch, Fairclough

Introduced: 1/16/07

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act providing that the employers' unfunded liability in the teachers' defined benefit**
2 **retirement plan be fully paid in seven years and that the state's portion of the unfunded**
3 **liability in the public employees' defined benefit retirement plan be fully paid in seven**
4 **years; and providing for an effective date."**

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

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 LEGISLATIVE INTENT. (a) It is the intent of the legislature to begin reducing the
9 amount of the employers' unfunded liability in the teachers' defined benefit retirement plan
10 and the public employees' defined benefit retirement plan in fiscal year 2008.

11 (b) This Act is intended to provide a mechanism for reducing the amount of the
12 employers' unfunded liability in the teachers' defined benefit retirement plan and the state's
13 share of the unfunded liability in the public employees' defined benefit retirement plan
14 beginning in fiscal year 2009.

1 * **Sec. 2.** AS 14.25.065 is amended by adding a new subsection to read:

2 (c) The contributions of the state under AS 14.25.071 must be transmitted to
3 the plan for deposit in the retirement fund within 15 days after the installment date
4 established under AS 14.25.071(c).

5 * **Sec. 3.** AS 14.25 is amended by adding a new section to read:

6 **Sec. 14.25.071. Payment by the state of unfunded liability in the teachers'**
7 **defined benefit retirement plan.** (a) In addition to contributions made by employers
8 as required under AS 14.25.070, starting with the fiscal year beginning July 1, 2008,
9 the state shall contribute to the plan the amount necessary to eliminate the employers'
10 unfunded liability in the plan.

11 (b) The state's contribution under (a) of this section may be amortized over a
12 period not to exceed seven full fiscal years beginning July 1, 2008, and may be made
13 according to an installment plan requiring at least one contribution under this section
14 each fiscal year.

15 (c) The administrator shall

16 (1) obtain annually updated actuarial determinations of the amount to
17 be contributed under (a) of this section;

18 (2) obtain three recommended installment plans under (b) of this
19 section; and

20 (3) report the determinations in writing to the office of management
21 and budget and the legislative council annually by September 1.

22 (d) Nothing in this section reduces an employer's obligation to fully fund
23 employer contributions under AS 14.25.070.

24 (e) In this section, "unfunded liability" means the excess of the accrued
25 liability over the assets of the teachers' defined benefit retirement plan.

26 * **Sec. 4.** AS 39.35.280 is amended by adding new subsections to read:

27 (b) In addition to contributions made by employers as required under
28 AS 39.35.270 and (a) of this section, the state shall pay into the plan the amount
29 necessary to eliminate the state's portion of the employer portion of the unfunded
30 liability in the plan calculated by actuarial method and reported under (d) of this
31 section.

1 (c) The state's payment under (b) of this section may be amortized over a
2 period not to exceed seven full fiscal years beginning July 1, 2008, and may be made
3 according to an actuarially determined payment plan in installments not less frequently
4 than once each fiscal year.

5 (d) The administrator shall

6 (1) obtain annually updated actuarial determinations of the amount to
7 be contributed under (a) of this section;

8 (2) obtain three recommended installment plans under (b) of this
9 section; and

10 (3) report the determination in writing to the office of management and
11 budget and the legislative council annually by September 1.

12 (e) Nothing in this section reduces the obligation of a nonstate employer to
13 pay its own unfunded liability in the plan and employer contributions under
14 AS 39.35.270.

15 (f) In this section, "unfunded liability" means the excess of the accrued
16 liability over the assets of the public employees' defined benefit retirement plan.

17 * **Sec. 5.** AS 39.35.610 is amended by adding a new subsection to read:

18 (b) The contributions of the state under AS 39.35.280(b) - (f) must be
19 transmitted to the administrator for deposit in the retirement plan within 15 days after
20 the installment date established under AS 39.35.280(d).

21 * **Sec. 6.** AS 14.25.065(c), 14.25.071; AS 39.35.280(b), 39.35.280(c), 39.35.280(d),
22 39.35.280(e), 39.35.280(f), and 39.35.610(b) are repealed July 1, 2015.

23 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).