

HOUSE BILL NO. 129

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE SEATON

Introduced: 2/14/07

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a past service cost offset account for required past service cost
2 offset payments owed by employers other than the state to the public employees' pension
3 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. The
8 Department of Administration shall administer the account. The legislature may
9 appropriate money to the account.

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

1 method.

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

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

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

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

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

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

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

23 * **Sec. 2.** This Act takes effect July 1, 2007.