

**SENATE BILL NO. 100**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY SENATORS PASKVAN, Menard

Introduced: 3/14/11

Referred: Labor and Commerce, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to employer contributions to the Public Employees' Retirement System**  
2 **of Alaska; relating to requirements that employers who terminate some or all**  
3 **participation in the Public Employees' Retirement System of Alaska pay termination**  
4 **costs; and making the changes retroactive."**

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

6 **\* Section 1.** AS 39.35.255 is amended by adding a new subsection to read:

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

11 **\* Sec. 2.** AS 39.35.615(i) is amended to read:

12 (i) Termination of coverage of a department, group, or other classification of  
13 employees does not bar future coverage of that department, group, or classification [IF  
14 THE EMPLOYER IS CURRENT WITH PAYMENTS ON AMOUNTS DUE

1 UNDER AS 39.35.625]. If coverage of a department, group, or classification is  
 2 terminated under (a) of this section and the employer later amends its participation  
 3 agreement to provide renewed coverage of that department, group, or classification, an  
 4 affected employee may be credited only with future service.

5 \* **Sec. 3.** AS 39.35.620(k) is amended to read:

6 (k) Termination of an employer's participation in the plan does not bar future  
 7 participation in the system by that employer [IF THE EMPLOYER IS CURRENT  
 8 WITH PAYMENTS ON AMOUNTS DUE UNDER AS 39.35.625]. If a previously  
 9 terminated employer returns to the system, the employer may only participate in the  
 10 plan established under AS 39.35.700 - 39.35.990. Employees may be credited under  
 11 AS 39.35.700 - 39.35.990 only with service subsequent to the date of return.

12 \* **Sec. 4.** AS 39.35.958(c) is amended to read:

13 (c) When an employer's participation in the plan terminates [IS  
 14 TERMINATED, OR WHEN AN EMPLOYER TERMINATES COVERAGE OF A  
 15 DEPARTMENT, GROUP, OR OTHER CLASSIFICATION OF EMPLOYEES  
 16 UNDER AS 39.35.957(c)], the administrator shall assess the employer a termination  
 17 cost that the administrator determines is actuarially required to fully fund the costs to  
 18 the plan for employees whose coverage is terminated, including the cost of providing  
 19 the employer's share of retiree health benefits under AS 39.35.880, occupational  
 20 disability and occupational death benefits under AS 39.35.890 and 39.35.892, and  
 21 pension benefits elected under AS 39.35.890(h)(2).

22 \* **Sec. 5.** AS 39.35.958(e) is amended to read:

23 (e) An employer whose [TERMINATING] participation in the plan  
 24 terminates shall pay termination costs determined under (c) of this section [BY THE  
 25 ADMINISTRATOR], or enter into a payment plan acceptable to the administrator,  
 26 within 60 days after the employer receives notice of its termination costs from the  
 27 administrator. Termination costs not paid within the prescribed time limit or in  
 28 accordance with the approved payment plan shall be collected by the administrator in  
 29 accordance with AS 39.35.610(b). Termination of participation by an employer in the  
 30 plan does not bar future participation by the employer if the employer has paid in full  
 31 its prior termination costs.

1 \* **Sec. 6.** AS 39.35.625 is repealed.

2 \* **Sec. 7.** AS 39.35.958(f) is repealed.

3 \* **Sec. 8.** 2 AAC 35.235 is annulled.

4 \* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to  
5 read:

6 **APPLICABILITY.** Notwithstanding sec. 10 of this Act, secs. 2 and 3 of this Act do  
7 not apply to AS 39.35.625(a), and secs. 4 and 5 of this Act do not apply to AS 39.35.958, for  
8 termination costs paid before the effective date of this Act for payroll periods or partial  
9 payroll periods that occur before the effective date of this Act.

10 \* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

12 **RETROACTIVITY.** Sections 1 - 3 and 6 of this Act are retroactive to July 1, 2008,  
13 secs. 4, 5, and 7 of this Act are retroactive to June 7, 2007, and sec. 8 of this Act is retroactive  
14 to January 13, 2010.