

CS FOR SENATE BILL NO. 100(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/4/12
Referred: Rules

Sponsor(s): SENATORS PASKVAN, Menard, Hoffman, Davis, Thomas, Stedman, Ellis, Kookesh, Olson,
Wagoner, Stevens

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11 *** Sec. 2.** AS 39.35.625 is repealed and reenacted to read:

12 **Sec. 39.35.625. Termination costs.** An employer that terminates participation
13 in the plan of more than 20 percent of the employer's paid employees within any one-
14 year period shall pay for a termination cost study that is directly related to the costs of

1 that termination.

2 * **Sec. 3.** AS 39.35.958(c) is amended to read:

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

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

13 (e) An employer whose [TERMINATING] participation in the plan
14 terminates shall pay termination costs determined under (c) of this section [BY THE
15 ADMINISTRATOR], or enter into a payment plan acceptable to the administrator,
16 within 60 days after the employer receives notice of its termination costs from the
17 administrator. Termination costs not paid within the prescribed time limit or in
18 accordance with the approved payment plan shall be collected by the administrator in
19 accordance with AS 39.35.610(b). Termination of participation by an employer in the
20 plan does not bar future participation by the employer if the employer has paid in full
21 its prior termination costs.

22 * **Sec. 5.** AS 39.35.958(f) is repealed and reenacted to read:

23 (f) An employer that terminates participation in the plan of more than 20
24 percent of the employer's paid employees within any one-year period shall pay for a
25 termination cost study that is directly related to the costs of that termination.

26 * **Sec. 6.** 2 AAC 35.235 is annulled.

27 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 APPLICABILITY. Notwithstanding sec. 8 of this Act, secs. 3 and 4 of this Act do not
30 apply to AS 39.35.958, for termination costs paid before the effective date of this Act for
31 payroll periods or partial payroll periods that occur before the effective date of this Act.

1 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 **RETROACTIVITY.** Sections 1 and 2 of this Act are retroactive to July 1, 2008, secs.
4 3 - 5 of this Act are retroactive to June 7, 2007, and sec. 6 of this Act is retroactive to
5 January 13, 2010.