

**HOUSE BILL NO. 116**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES MILLETT, Holmes, Hawker, Foster, Costello, Lynn, Johnson, Hughes, LeDoux, Kerttula, Chenault, Muñoz, Thompson, Isaacson, Nageak, Peggy Wilson, Tuck, Herron, Kito III, Gattis, Higgins, Edgmon, Feige, Tammie Wilson

Introduced: 2/13/13

Referred: Labor and Commerce, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the use of credited military service by retired peace officers and  
2 firefighters to meet certain requirements for major medical insurance coverage; and  
3 providing for an effective date."

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

5 \* **Section 1.** AS 39.35.340(b) is amended to read:

6 (b) In order to obtain credited service under this section, an employee shall  
7 make an election to do so and shall verify the period of military service. When  
8 eligibility for credited service for military service has been established, an  
9 indebtedness shall be determined as follows:

10 (1) **determine** the employee's actual compensation, or the calculated  
11 annual compensation for those employees working less than 12 months, during the  
12 calendar year 1976 or the year in which an employee first becomes vested under AS  
13 39.35.095 - 39.35.680, whichever is later; [, MULTIPLIED BY]

14 (2) **multiply the amount determined under (1) of this subsection by**

1 the number of years of military service credited under this section; [, AND THIS  
2 PRODUCT MULTIPLIED BY]

3 (3) multiply the product determined under (2) of this subsection by  
4 six percent for members who are first eligible to claim this military service before  
5 January 1, 1987, or eight and one-half percent for members who are first eligible to  
6 claim this military service on or after January 1, 1987. [INTEREST AS  
7 PRESCRIBED BY REGULATION ACCRUES ON THIS INDEBTEDNESS  
8 BEGINNING ON JULY 1, 1977, OR ONE YEAR FOLLOWING THE DATE A  
9 PERSON FIRST BECOMES VESTED, WHICHEVER IS LATER. ANY  
10 OUTSTANDING INDEBTEDNESS THAT EXISTS AT THE TIME A PERSON IS  
11 APPOINTED TO RETIREMENT NECESSITATES AN ACTUARIAL  
12 ADJUSTMENT TO THE BENEFITS PAYABLE BASED UPON THAT MILITARY  
13 SERVICE.]

14 \* **Sec. 2.** AS 39.35.340 is amended by adding new subsections to read:

15 (j) Notwithstanding (d) of this section, a member who retires as a peace officer  
16 or firefighter may elect to use five or fewer years of credited service granted under this  
17 section in computing years of credited service under AS 39.35.535(c). When  
18 eligibility for credited service for military service has been established and an election  
19 under this subsection has been made, an indebtedness in addition to the indebtedness  
20 determined under (b) of this section shall be determined for each year of military  
21 service used under this subsection, in an amount based on the increase, if any, in the  
22 present value of future benefits for that year as determined by the department.

23 (k) For indebtedness determined under this section, interest as prescribed by  
24 regulation accrues beginning on July 1, 1977, or one year following the date a person  
25 first becomes vested, whichever is later. An outstanding indebtedness for pension  
26 benefits that exists at the time a person is appointed to retirement necessitates an  
27 actuarial adjustment to the pension benefits payable based on credited military service.

28 \* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).