

**HOUSE BILL NO. 152**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES THOMPSON, Isaacson, Millett

Introduced: 3/4/13

Referred: Labor and Commerce, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act requiring certain employers who terminate participation in the defined benefit**  
2 **retirement plan or the defined contribution retirement plan of the Public Employees'**  
3 **Retirement System to make contributions related to past service liability and pay**  
4 **termination costs; repealing a requirement that employers who terminate participation**  
5 **in the defined contribution retirement plan or the defined benefit retirement plan of the**  
6 **Public Employees' Retirement System pay for a termination cost study; and providing**  
7 **for an effective date."**

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

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

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

1 \* **Sec. 2.** AS 39.35.625 is repealed and reenacted to read:

2 **Sec. 39.35.625. Termination costs.** (a) An employer that terminates  
3 participation under AS 39.35.615 or 39.35.620 shall pay a termination cost for a  
4 payroll period in which the employer's salary base, if annualized, is

5 (1) \$5,000,000 or more, and is less than 80 percent of the employer's  
6 salary base for the fiscal year ending one year before the beginning of the fiscal year  
7 in which the payroll period occurs; or

8 (2) \$1,000,000 or more, but less than \$5,000,000, and is less than 50  
9 percent of the employer's salary base for the fiscal year ending one year before the  
10 beginning of the fiscal year in which the payroll period occurs.

11 (b) The requirements in (a) of this section do not apply to a payroll period in  
12 which the employer's annualized salary base is less than \$1,000,000.

13 (c) Notwithstanding AS 39.35.255, an employer is subject to the termination  
14 cost requirements in (a) of this section until the past service liability of the plan is  
15 extinguished. The amount of a termination cost payment shall be calculated by  
16 multiplying the current past service contribution rate adopted by the board by the  
17 amount, in dollars, by which

18 (1) the employer's annualized salary base is less than 80 percent of its  
19 salary base for the fiscal year ending one year before the beginning of the fiscal year  
20 in which the payroll period occurs, for employers under (a)(1) of this section; or

21 (2) the employer's annualized salary base is less than 50 percent of its  
22 salary base for the fiscal year ending one year before the beginning of the fiscal year  
23 in which the payroll period occurs, for employers under (a)(2) of this section.

24 (d) In this section, "salary base" means the total of all base salaries paid by the  
25 employer to employees who are active members of the system.

26 \* **Sec. 3.** AS 39.35.958(c) is repealed and reenacted to read:

27 (c) An employer shall pay a termination cost for a payroll period in which the  
28 employer's salary base, if annualized, is

29 (1) \$5,000,000 or more, and is less than 80 percent of the employer's  
30 salary base for the fiscal year ending one year before the beginning of the fiscal year  
31 in which the payroll period occurs; or

1 (2) \$1,000,000 or more, but less than \$5,000,000, and is less than 50  
 2 percent of the employer's salary base for the fiscal year ending one year before the  
 3 beginning of the fiscal year in which the payroll period occurs.

4 \* **Sec. 4.** AS 39.35.958(e) is repealed and reenacted to read:

5 (e) An employer that is assessed a cost under (c) of this section shall pay the  
 6 cost, or enter into a payment plan acceptable to the administrator, within 60 days after  
 7 the employer receives notice from the administrator that the cost is assessed. A cost  
 8 assessed under (c) of this section and not paid within 60 days or in accordance with a  
 9 payment plan acceptable to the administrator shall be collected by the administrator in  
 10 accordance with AS 39.35.610(b).

11 \* **Sec. 5.** AS 39.35.958 is amended by adding new subsections to read:

12 (g) The requirements in (c) of this section do not apply to a payroll period in  
 13 which the employer's annualized salary base is less than \$1,000,000.

14 (h) Notwithstanding AS 39.35.255, an employer is subject to the termination  
 15 cost requirements in (c) of this section until the past service liability of the plan is  
 16 extinguished. The amount of a termination cost payment shall be calculated by  
 17 multiplying the current past service contribution rate adopted by the board by the  
 18 amount, in dollars, by which

19 (1) the employer's annualized salary base is less than 80 percent of its  
 20 salary base for the fiscal year ending one year before the beginning of the fiscal year  
 21 in which the payroll period occurs, as calculated under (c)(1) of this section; or

22 (2) the employer's annualized salary base is less than 50 percent of its  
 23 salary base for the fiscal year ending one year before the beginning of the fiscal year  
 24 in which the payroll period occurs, as calculated under (c)(2) of this section.

25 (i) An employer that has terminated participation in the plan is barred from  
 26 future participation in the plan until all payments owed by the employer under (e) of  
 27 this section are made.

28 (j) In this section, "salary base" means the total of all base salaries paid by the  
 29 employer to employees who are active members of the system.

30 \* **Sec. 6.** AS 39.35.958(f) is repealed.

31 \* **Sec. 7. 2** AAC 35.235 is annulled.

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

3           **APPLICABILITY.** Notwithstanding sec. 9 of this Act, AS 39.35.625, as amended by  
4 sec. 2 of this Act, AS 39.35.958(c) and (e), as amended by secs. 3 and 4 of this Act, and  
5 AS 39.35.958(g) - (j), added by sec. 5 of this Act, apply only to termination costs paid on or  
6 after the effective date of this Act.

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

9           **RETROACTIVITY.** AS 39.35.625, as amended by sec. 2 of this Act, AS 39.35.958  
10 (c) and (e), as amended by secs. 3 and 4 of this Act, and AS 39.35.958(g) - (j), added by sec. 5  
11 of this Act, are retroactive to July 1, 2008.

12     \* **Sec. 10.** This Act takes effect immediately under AS 01.10.070(c).