

HOUSE BILL NO. 349

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE SEATON

Introduced: 2/26/14

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act creating the Alaska retirement reserve subaccount in the constitutional budget**
2 **reserve fund; relating to the duties of the Alaska Retirement Management Board; and**
3 **providing for an effective date."**

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

5 * **Section 1.** AS 37.10.210(a) is amended to read:

6 (a) The Alaska Retirement Management Board is established in the
7 Department of Revenue. The board's primary **missions are** [MISSION IS] to serve as
8 the trustee of the assets of the state's retirement systems, the State of Alaska
9 Supplemental Annuity Plan, [AND] the deferred compensation program for state
10 employees, and the Alaska retiree health care trusts established under AS 39.30.097,
11 **and to manage the Alaska retirement reserve subaccount established under**
12 **AS 37.10.500.** Consistent with standards of prudence, the board has the fiduciary
13 obligation to manage and invest these assets in a manner that is sufficient, **in**
14 **combination with contributions,** to meet the liabilities and pension obligations of the

1 systems, plan, program, and trusts. The board may, with the approval of the
 2 commissioner of revenue and upon agreement with the responsible fiduciary, manage
 3 and invest other state funds so long as the activity does not interfere with the board's
 4 primary mission. In making investments, the board shall exercise the powers and
 5 duties of a fiduciary of a state fund under AS 37.10.071.

6 * **Sec. 2.** AS 37.10 is amended by adding new sections to read:

7 **Article 8. Alaska Retirement Reserve Subaccount.**

8 **Sec. 37.10.500. Alaska retirement reserve subaccount established.** The
 9 Alaska retirement reserve subaccount is established in the budget reserve fund (art. IX,
 10 sec. 17, Constitution of the State of Alaska). Income earned on money in the
 11 subaccount shall be retained in the subaccount.

12 **Sec. 37.10.510. Management of the subaccount.** The Alaska Retirement
 13 Management Board shall manage the Alaska retirement reserve subaccount. The
 14 subaccount shall be managed in accordance with art. IX, sec. 17, Constitution of the
 15 State of Alaska and AS 37.10.210(a).

16 **Sec. 37.10.520. Use of subaccount.** (a) Money in the retirement reserve
 17 subaccount may be appropriated by the legislature

18 (1) to satisfy the liabilities of the Public Employees' Retirement
 19 System of Alaska owed to employees who entered the Public Employees' Retirement
 20 System of Alaska before July 1, 2006, if other funds available to the Public
 21 Employees' Retirement System of Alaska are exhausted in the next fiscal year;

22 (2) to satisfy the liabilities of the Teachers' Retirement System of
 23 Alaska owed to employees who entered the Teachers' Retirement System of Alaska
 24 before July 1, 2006, if other funds available to the Teachers' Retirement System of
 25 Alaska are exhausted in the next fiscal year; or

26 (3) for any other public purpose.

27 (b) If the board determines that the combined total value of the assets of the
 28 Public Employees' Retirement System of Alaska, the Teachers' Retirement System of
 29 Alaska, and the Alaska retirement reserve subaccount (AS 37.10.500) exceeds 95
 30 percent of the combined total value of the liabilities of the Public Employees'
 31 Retirement System of Alaska and the Teachers' Retirement System of Alaska, the

1 board shall notify the commissioner.

2 (c) If the commissioner is notified under (b) of this section, the commissioner
3 shall transfer an amount equal to the amount by which the total combined value of the
4 assets of the Public Employees' Retirement System of Alaska, the Teachers'
5 Retirement System of Alaska, and the Alaska retirement reserve subaccount
6 (AS 37.10.500) exceeds 95 percent of the combined total value of the liabilities of the
7 Public Employees' Retirement System of Alaska and the Teachers' Retirement System
8 of Alaska to the budget reserve fund (art. IX, sec. 17, Constitution of the State of
9 Alaska).

10 (d) When calculating the combined total value of assets under this section, the
11 assets of the Public Employees' Retirement System of Alaska and the Teachers'
12 Retirement System of Alaska and the balance of the Alaska retirement reserve
13 subaccount shall be used.

14 **Sec. 37.10.550. Definitions.** In AS 37.10.500 - 37.10.550, unless the context
15 otherwise requires,

16 (1) "board" means the Alaska Retirement Management Board;

17 (2) "commissioner" means the commissioner of revenue;

18 (3) "subaccount" means the Alaska retirement reserve subaccount
19 established under AS 37.10.500 in the budget reserve fund (art. IX, sec. 17,
20 Constitution of the State of Alaska).

21 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 **TRANSITION.** On July 1, 2014, the Department of Revenue is directed to transfer
24 \$3,000,000,000 from the constitutional budget reserve fund (art. IX, sec. 17, Constitution of
25 the State of Alaska) to the Alaska retirement reserve subaccount.

26 * **Sec. 4.** This Act takes effect June 30, 2014.