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SENATE CS FOR CS FOR HOUSE BILL NO. 23(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/16/17

Referred: Rules

Sponsor(s): REPRESENTATIVES JOSEPHSON, Kawasaki, Kito, Tuck, Wool, LeDoux, Grenn, Westlake, Kopp, Gara, Guttenberg, Millett, Drummond, Parish, Spohnholz, Rauscher, Fansler, Tarr

SENATORS Coghill, Micciche, Costello, Giessel, Stevens, Gardner, Bishop, Egan, Hughes, Begich, Wielechowski, Olson, Wilson, Meyer, Kelly, von Imhof, Dunleavy, MacKinnon, Stedman

A BILL

FOR AN ACT ENTITLED

1 "An Act creating a fund in the Department of Public Safety; providing for payment of
2 certain medical insurance premiums for surviving dependents of certain peace officers
3 or firefighters who die in the line of duty; relating to contributions from permanent fund
4 dividends to the peace officer and firefighter survivors' fund; and providing for an
5 effective date."

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

7 * **Section 1.** AS 39 is amended by adding a new chapter to read:

8 **Chapter 60. Peace Officer and Firefighter Survivors' Fund.**

9 **Sec. 39.60.010. Peace officer and firefighter survivors' fund established. (a)**

10 The peace officer and firefighter survivors' fund is established in the general fund for
11 the purpose of paying medical insurance premiums for an eligible surviving spouse or
12 dependent child of a peace officer or a firefighter. The department may make premium
13 payments from the fund to the medical insurance provider for the former employer of

1 the deceased peace officer or firefighter.

2 (b) The department shall create the following two separate accounts in the
3 fund:

4 (1) a state employee survivor account that consists of

5 (A) appropriations to the account;

6 (B) donations to the account; and

7 (2) a municipal employee survivor account that consists of

8 (A) municipal contributions under AS 39.60.060;

9 (B) appropriations to the account; and

10 (C) donations to the account.

11 (c) The legislature may appropriate money to the fund. Money in the fund
12 does not lapse.

13 (d) Money appropriated to the fund may be spent for purposes of the fund
14 without further appropriation.

15 (e) Nothing in this section creates a dedicated fund.

16 **Sec. 39.60.020. Powers and duties of the commissioner.** (a) Annually, not
17 later than December 1, the commissioner shall determine the amount of money
18 sufficient to pay premiums under AS 39.60.030 and the associated administrative
19 costs.

20 (b) The commissioner shall adopt regulations to implement this chapter.

21 **Sec. 39.60.030. Payment authorized.** The commissioner may use money in
22 the fund to pay medical insurance premiums for a surviving dependent who is eligible
23 under AS 39.60.040 and to pay the department's costs associated with administering
24 the fund. The state employee survivor account and the municipal employee survivor
25 account shall be used to pay premiums for the respective surviving dependents.

26 **Sec. 39.60.040. Eligibility of surviving dependents of peace officers and**
27 **firefighters for medical insurance premiums.** (a) A surviving dependent of a
28 deceased peace officer or firefighter may apply to the commissioner for payment of
29 medical insurance premiums for a surviving dependent under AS 39.60.030. Within
30 the first 60 days after the death of the peace officer or firefighter, the surviving
31 dependent is presumed to be eligible to receive the premium payment. Not later than

1 30 days after receiving the application, the commissioner shall determine whether the
 2 surviving dependent is eligible under (b) of this section. If the commissioner
 3 determines the surviving dependent is eligible under (b) of this section, the
 4 commissioner shall thereafter determine annually, not later than 30 days before the
 5 anniversary of the employee's death, whether the surviving dependent has become
 6 ineligible under (c) or (d) of this section or AS 39.60.060(b). A surviving dependent
 7 who has been determined ineligible under (c)(2) or (d)(1) of this section may reapply
 8 under this subsection. The commissioner may require a surviving dependent to
 9 provide information relevant to a determination under this subsection.

10 (b) A person who is a surviving dependent of an employee who was a peace
 11 officer or firefighter is eligible for premium payments under (a) of this section if

12 (1) on the date of the employee's death, the employee was employed
 13 by the state or a municipality that has elected to participate under AS 39.60.050, in a
 14 permanent, full-time position for which the state or municipality paid or expected to
 15 pay the employee for 12 months each year;

16 (2) on the date of the employee's death, the surviving dependent was
 17 receiving benefits under the employee's employer-sponsored medical insurance
 18 coverage;

19 (3) the proximate cause of the employee's death was a bodily injury
 20 sustained or a hazard undergone while in the performance and within the scope of the
 21 employee's duties, as determined by the commissioner; and

22 (4) the injury or hazard was not the proximate result of wilful
 23 negligence by the employee.

24 (c) Subject to (f) of this section, a surviving spouse becomes ineligible for
 25 premium payments under this section on the earlier of the date the surviving spouse

26 (1) has received the premium payments for 10 years;

27 (2) becomes eligible to receive major medical insurance coverage by
 28 other means; or

29 (3) becomes eligible for Medicare.

30 (d) Except for a child who is totally and permanently disabled, a child who
 31 survives the employee becomes ineligible for premium payments under this section on

1 the earlier of the date the surviving dependent child

2 (1) becomes eligible to receive major medical insurance coverage by
3 other means; or

4 (2) reaches 26 years of age.

5 (e) Subject to AS 39.60.060(b), the commissioner shall pay the premium for
6 the medical insurance coverage, beginning the first day of the month following the
7 application process and continuing until the first day of the month following the date
8 the commissioner determines the surviving dependent is ineligible under (c) or (d) of
9 this section. Payment of premiums shall be made to the applicable employer medical
10 insurance provider. The medical insurance coverage provided under this section must
11 be the level of coverage existing at the time of the employee's death or, if the level of
12 coverage provided by the employer for active, permanent, full-time employees is
13 amended, the amended level of coverage.

14 (f) A surviving spouse who is a parent of a child eligible for premium
15 payments under this section is not subject to (c)(1) of this section.

16 **Sec. 39.60.050. Municipal election to participate in peace officer and**
17 **firefighter survivors' fund.** (a) A municipality may elect to participate in the fund by
18 entering into an agreement with the commissioner that is consistent with
19 AS 39.60.070. If a municipality elects to participate in the fund, the commissioner
20 shall determine the amount and frequency of the municipality's required contributions
21 to the fund based on the anticipated cost of the municipality's participation, including
22 the department's cost of administering the agreement under this subsection.

23 (b) The commissioner shall administer agreements entered into under (a) of
24 this section.

25 (c) A surviving dependent of a peace officer or firefighter who died while
26 employed by a municipality is not eligible for payments from the fund unless the
27 municipality elects to participate in the fund and is in compliance with an agreement
28 entered into under (a) of this section.

29 **Sec. 39.60.060. Eligibility of municipal peace officers and firefighters.** (a)
30 Notwithstanding AS 39.60.050(c), and subject to AS 39.60.040(b), the commissioner
31 may determine that a surviving dependent of a peace officer or firefighter who was

1 employed by a municipality is eligible for premium payments under AS 39.60.040(a),
 2 if the municipality elects to participate in the fund and is in compliance with the terms
 3 of an agreement entered into under AS 39.60.050(a).

4 (b) If a municipality enters into an agreement under AS 39.60.050(a) and fails
 5 to meet a requirement of that agreement, including a requirement under AS 39.60.070,
 6 the commissioner may determine that a surviving dependent of a peace officer or
 7 firefighter employed by a municipality who would otherwise be eligible for payments
 8 from the fund under AS 39.60.040 is ineligible and deny payment from the fund until
 9 the commissioner determines all requirements of the agreement are satisfied.

10 **Sec. 39.60.070. Terms of agreement by municipality to participate in fund.**

11 An agreement under AS 39.60.050(a) for a municipality to participate in the fund must
 12 require that the municipality

13 (1) contribute to the fund as determined by the commissioner under
 14 AS 39.60.050(a);

15 (2) is current with contributions required under this section; and

16 (3) complies with applicable regulations adopted by the commissioner.

17 **Sec. 39.60.190. Definitions.** In this chapter,

18 (1) "child" means a biological child, adopted child, or stepchild of an
 19 employee;

20 (2) "commissioner" means the commissioner of public safety or the
 21 commissioner's designee;

22 (3) "department" means the Department of Public Safety;

23 (4) "dependent" means a surviving spouse or child of an employee;

24 (5) "firefighter" means an employee of the state or a municipality
 25 whose primary duty is to perform fire suppression services;

26 (6) "fund" means the peace officer and firefighter survivors' fund
 27 established in AS 39.60.010;

28 (7) "peace officer" means

29 (A) an employee of the state or a municipal police department
 30 with the authority to arrest and issue citations; detain a person taken into
 31 custody until that person can be arraigned before a judge or magistrate;

1 conduct investigations of violations of and enforce criminal laws, regulations,
2 and traffic laws; search with or without a warrant persons, dwellings, and other
3 forms of property for evidence of a crime; and take other action consistent with
4 exercise of these enumerated powers when necessary to maintain the public
5 peace;

6 (B) an officer or employee of the Department of Transportation
7 and Public Facilities who is stationed at an international airport and has been
8 designated to have the general police powers authorized under
9 AS 02.15.230(a);

10 (C) a University of Alaska public safety officer with general
11 police powers authorized under AS 14.40.043;

12 (D) a person appointed by the commissioner of corrections or
13 employed by a correctional facility in this state to perform the duties of a
14 probation officer under AS 33.05;

15 (E) a person appointed by the commissioner of corrections,
16 whose primary duty under AS 33.30 is to provide custody, care, security,
17 control, and discipline of persons charged or convicted of offenses against the
18 state or held under authority of state law;

19 (F) a person employed in a correctional facility in the state,
20 whose primary duty is to provide custody, care, security, control, and
21 discipline of persons charged or convicted of offenses or held under authority
22 of law;

23 (8) "surviving spouse" means a person who was married to an
24 employee at the time of the employee's death.

25 * **Sec. 2.** AS 43.23.062(a) is amended to read:

26 (a) Notwithstanding AS 43.23.069, the Department of Revenue shall prepare
27 the electronic Alaska permanent fund dividend application to allow an applicant who
28 files electronically to direct that money be subtracted from the dividend payment and
29 contributed **to the peace officer and firefighter survivors' fund or** to one or more of
30 the educational organizations, community foundations, or charitable organizations that
31 appear on the contribution list contained in the application. A contribution **to the**

1 **peace officer and firefighter survivors' fund or** to an organization may be \$25, \$50,
 2 \$75, \$100, or more, in increments of \$50, up to the total amount of the permanent fund
 3 dividend that the applicant is entitled to receive. If the total amount of contributions
 4 elected by an applicant exceeds the amount of the permanent fund dividend that the
 5 applicant is entitled to receive, contributions shall be deducted from the dividend in
 6 the order of priority elected by the applicant on the application until the entire amount
 7 of the dividend that the applicant is entitled to receive is allocated for contribution.
 8 The electronic dividend application form must include notice that seven percent of the
 9 money contributed will be used for administrative costs incurred in implementing this
 10 section, and money from the dividend fund will not be used for that purpose.

11 * **Sec. 3.** AS 43.23.062(b) is amended to read:

12 (b) The department shall list each educational organization, community
 13 foundation, or charitable organization eligible under (c) and (d) of this section, [AND]
 14 each university campus that applies under (l) of this section, **and the peace officer**
 15 **and firefighter survivors' fund** on the contribution list. The department shall
 16 maintain an electronic database for the contribution list that is accessible to the public
 17 and that permits searches by organization **or fund** name, geographic location, and
 18 type. The department shall provide a statement of the contributions made by an
 19 individual that is suitable for federal income tax purposes to each individual who
 20 elects to contribute under (a) of this section.

21 * **Sec. 4.** AS 43.23.062(m) is amended to read:

22 (m) In addition to the application fee in (f) of this section, the department shall
 23 withhold a coordination fee from each organization, foundation, or university campus
 24 that receives contributions under this section in the immediately preceding dividend
 25 year. The coordination fee for an organization, foundation, or university campus that
 26 receives contributions under this section shall be seven percent of the amount of
 27 contributions reported by the department under (j) of this section for the organization,
 28 foundation, or university campus for the immediately preceding dividend year. The
 29 coordination fee shall be separately accounted for under AS 37.05.142 and shall be
 30 accounted for separately from the application fee collected under (f) of this section.
 31 The annual estimated balance in the account maintained under AS 37.05.142 for

1 coordination fees collected under this subsection may be appropriated for costs of
 2 administering this section. **The department may not withhold a coordination fee**
 3 **for contributions to the peace officer and firefighter survivors' fund.**

4 * **Sec. 5.** AS 43.23.062(n) is amended to read:

5 (n) In this section,

6 **(1)** "community foundation" means a nonprofit, autonomous,
 7 philanthropic institution that is organized and operated primarily as a permanent
 8 collection of endowed funds for the long-term benefit of a defined geographic area
 9 within one or more municipalities, that has a long-term goal of increasing its
 10 permanent unrestricted charitable endowment to benefit the area served, that primarily
 11 provides benefits by making grants and may also provide other forms of charitable
 12 services, that makes grants that are not limited to providing one type of benefit or to
 13 serving one population segment, and that makes grants to multiple grantees;

14 **(2) "peace officer and firefighter survivors' fund" has the meaning**
 15 **given in AS 39.60.010(a).**

16 * **Sec. 6.** AS 44.41.020 is amended by adding a new subsection to read:

17 (g) The Department of Public Safety shall manage and administer the peace
 18 officer and firefighter survivors' fund established in AS 39.60.010 in cooperation with
 19 the Department of Administration. The Department of Public Safety shall establish
 20 standardized procedures and forms for use in administering the peace officer and
 21 firefighter survivors' fund.

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

24 TRANSITION: REGULATIONS. The commissioner of public safety may adopt
 25 regulations necessary to implement secs. 1 and 6 of this Act. The regulations take effect under
 26 AS 44.62 (Administrative Procedure Act), but not before the effective date of secs. 1 and 6 of
 27 this Act.

28 * **Sec. 8.** Section 7 of this Act takes effect immediately under AS 01.10.070(c).

29 * **Sec. 9.** Except as provided in sec. 8 of this Act, this Act takes effect July 1, 2017.