

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	HB 47
Fiscal Note Number:	2
(H) Publish Date:	4/14/2017

Identifier: HB047-DOA-DRB-04-09-17
 Title: MUNICIPAL PERS CONTRIBUTIONS/INTEREST
 Sponsor: FOSTER
 Requester: House Finance

Department: Department of Administration
 Appropriation: Centralized Administrative Services
 Allocation: Retirement and Benefits
 OMB Component Number: 64

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2018 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Updated to reflect no cost to the Division for administering the additional PERS state assistance.

Prepared By: Ajai Desai, Director
 Division: Division of Retirement and Benefits
 Approved By: Sheldon Fisher
 Agency: Department of Administration

Phone: (907)465-4471
 Date: 04/07/2017 02:00 PM
 Date: 04/09/17

**REPORTED OUT OF
HFC 04/13/2017**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

This bill modifies the 2008 salary floor set out in AS 39.35.255 on which the Public Employees' Retirement System (PERS) employer contributions are based for PERS municipalities that have sustained more than a 25% decrease in population between 2000 and 2010. The bill also creates a new subsection in AS 39.35.004 that allows the PERS Plan Administrator to determine the interest rate charged on delinquent payments to the PERS, which is currently a penalty rate of 12%. This Plan Administrator determined interest rate only applies to municipalities that meet the population decline described above.

This bill applies to five (5) PERS employers: Anderson, Atka, Galena, Pelican, and St. George. Of these five (5) employers, Atka is not impacted as their 2012 salary exceeds the 2008 salary floor. The remaining four (4) employers will see their 2008 salary floor reduced to their reported 2012 salaries.

This bill also adds AS 39.35.610(c) that if an employer who has suffered a decrease of more than 25% in population is late in transferring payrolls and funds, the Plan Administrator may assess an interest rate less than that required in section (a), which is one and one-half of the Plan's actuarial rate of return (8%), or currently 12%.

Conduent Human Resource Services (Conduent) (formerly Buck Consultants), the PERS actuarial consultant, has calculated the financial effects if this bill should pass. The basic result will be a shortfall in actuarially projected PERS employer contributions in the following amounts (\$ are in thousands):

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
\$121.0	\$112.0	\$102.0	\$93.0	\$84.0	\$75.0

This legislation will have zero fiscal impact on the department in administering the payment if additional payment is added to the existing PERS state assistance payment.

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