

**CS FOR SENATE BILL NO. 135(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

**BY THE SENATE LABOR AND COMMERCE COMMITTEE**

**Offered: 4/8/24**

**Referred: Finance**

**Sponsor(s): SENATORS WIELECHOWSKI, Dunbar**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act establishing the Alaska Work and Save Program; establishing the Alaska**  
 2 **Retirement Savings Board; and providing for an effective date."**

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

4 **\* Section 1.** AS 43.23.130(a) is amended to read:

5 (a) Notwithstanding AS 43.23.200, the Department of Revenue shall prepare  
 6 the electronic Alaska permanent fund dividend application to allow an applicant who  
 7 files electronically to direct that money be subtracted from the dividend payment and  
 8 contributed to **the applicant's Alaska Work and Save Program participant**  
 9 **account (AS 44.25.400 - 44.25.490)**, the crime victim compensation fund  
 10 (AS 18.67.162), the peace officer and firefighter survivors' fund, or one or more of the  
 11 educational organizations, community foundations, or charitable organizations that  
 12 appear on the contribution list contained in the application. A contribution to **an**  
 13 **Alaska Work and Save Program participant account**, the crime victim  
 14 compensation fund, the peace officer and firefighter survivors' fund or to an

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

11 \* **Sec. 2.** AS 43.23.130(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, each  
14 university campus that applies under (l) of this section, **the Alaska Work and Save**  
15 **Program**, the crime victim compensation fund, and the peace officer and firefighter  
16 survivors' fund on the contribution list. The department shall maintain an electronic  
17 database for the contribution list that is accessible to the public and that permits  
18 searches by organization or fund name, geographic location, and type. The department  
19 shall provide a statement of the contributions made by an individual that is suitable for  
20 federal income tax purposes to each individual who elects to contribute under (a) of  
21 this section.

22 \* **Sec. 3.** AS 43.23.130(m) is amended to read:

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

1 The annual estimated balance in the account maintained under AS 37.05.142 for  
 2 coordination fees collected under this subsection may be appropriated for costs of  
 3 administering this section. The department may not withhold a coordination fee for  
 4 contributions to **an Alaska Work and Save Program participant account**, the crime  
 5 victim compensation fund or the peace officer and firefighter survivors' fund.

6 \* **Sec. 4.** AS 44.25 is amended by adding new sections to read:

7 **Article 5. Alaska Work and Save Program.**

8 **Sec. 44.25.400. Alaska Work and Save Program.** (a) The Alaska Work and  
 9 Save Program is established in the Department of Revenue and administered by the  
 10 Alaska Retirement Savings Board.

11 (b) An employer that does not offer a qualified retirement plan shall facilitate  
 12 participation of the employer's employees in the program.

13 (c) Under the program,

14 (1) an eligible employee is automatically enrolled in the program at the  
 15 default contribution rate established by the board;

16 (2) an eligible employee's contribution rate increases at the default rate  
 17 established by the board;

18 (3) an eligible employee may

19 (A) opt out of the program or a contribution rate increase;

20 (B) make contributions at a rate different than the default rate  
 21 established by the board;

22 (C) increase contributions at a rate different than the default  
 23 rate established by the board;

24 (4) any person who earns compensation in this state is eligible to  
 25 voluntarily enroll in the program.

26 (d) The state, the program, the board, and trustees

27 (1) may not guarantee a specific rate of return or interest for a  
 28 contribution;

29 (2) are not liable for any loss incurred by a participant as a result of  
 30 participating in the program;

31 (3) have no proprietary interest in contributions to, or earnings on

1 amounts contributed to, participant accounts.

2 (e) Nothing in AS 44.25.400 - 44.25.490 prohibits an employer from  
3 establishing an alternative retirement plan for the employer's employees.

4 **Sec. 44.25.410. Alaska Retirement Savings Board.** (a) The Alaska  
5 Retirement Savings Board is established in the Department of Revenue. The board is  
6 the trustee of all contributions and earnings on amounts contributed to participant  
7 accounts. The board's primary mission is to

8 (1) develop a retirement program for employees in this state who are  
9 not offered a qualified retirement plan by an employer;

10 (2) conduct a market and legal analysis of the program; and

11 (3) facilitate the investment of funds contributed to participant  
12 accounts.

13 (b) The board consists of nine trustees, as follows:

14 (1) the commissioner of labor and workforce development and the  
15 commissioner of revenue;

16 (2) seven trustees appointed by the governor who meet the eligibility  
17 requirements for an Alaska permanent fund dividend and who are professionally  
18 credentialed or have recognized competence in investment management, finance,  
19 banking, economics, or accounting.

20 (c) The trustees, other than the two commissioners, shall serve for staggered  
21 terms of four years and may be reappointed to the board.

22 (d) The governor may, by written notice to the trustee, remove an appointed  
23 trustee. After an appointed trustee receives written notice of removal, the trustee may  
24 not participate in board business and may not be counted for purposes of establishing a  
25 quorum.

26 (e) A vacancy on the board shall be promptly filled. A person filling a vacancy  
27 holds office for the balance of the unexpired term of the person's predecessor. A  
28 vacancy on the board does not impair the authority of a quorum of the board to  
29 exercise all the powers and perform all the duties of the board.

30 (f) Five trustees constitute a quorum for the transaction of business and the  
31 exercise of the powers and duties of the board.

1 (g) A trustee may not designate another person to serve on the board in the  
2 absence of the trustee.

3 (h) The board shall provide annual training to the trustees on the duties and  
4 powers of a fiduciary and other training as necessary to keep the trustees educated  
5 about retirement program management and investment.

6 (i) The board shall elect a trustee to serve as chair and a trustee to serve as  
7 vice-chair for one-year terms. A trustee may be reelected to serve additional terms as  
8 chair or vice-chair.

9 **Sec. 44.25.420. Powers and duties of the board.** (a) The board shall

10 (1) develop and administer the program;

11 (2) adopt regulations to implement AS 44.25.400 - 44.25.490;

12 (3) establish a process for enrollment in the program, including  
13 automatic employee enrollment and a process for an employee to opt out of the  
14 program;

15 (4) direct the investment of funds contributed to participant accounts  
16 and professionally manage participant accounts, consistent with

17 (A) investment restrictions established by the board; and

18 (B) standards of prudence;

19 (5) hold regular and special meetings at the call of the chair or of at  
20 least five trustees; meetings are open to the public, and the board shall keep a full  
21 record of all its proceedings;

22 (6) provide a range of investment options and establish the rules by  
23 which a participant may direct the participant's investments among those options;

24 (7) obtain an external performance review to evaluate the investment  
25 policies of the program and report the results to the department;

26 (8) by the first day of each regular legislative session, report to the  
27 governor and legislature on the financial condition of the program and any civil  
28 penalties issued under the program;

29 (9) develop an annual operating budget;

30 (10) in accordance with Internal Revenue Code limits, set a minimum,  
31 maximum, and default contribution rate and set a default rate for contribution

1 increases;

2 (11) allow a participant to adjust the rate of contributions to the  
3 participant's account and the rate of increases to the contribution rate;

4 (12) establish a process to allow a participant to make contributions, in  
5 addition to the participant's contributions through payroll deduction, to the  
6 participant's account, including contributions from the participant's permanent fund  
7 dividend;

8 (13) establish a process to allow a participant to withdraw funds from a  
9 program account;

10 (14) deposit a contribution to the program directly in a participant  
11 account;

12 (15) maintain separate records and accounting for each participant  
13 account;

14 (16) provide program and account status reports to participants at least  
15 once a year;

16 (17) allow participants to maintain a program account regardless of  
17 employer;

18 (18) keep program administrative fees low;

19 (19) disclose to employees, employers, and program participants

20 (A) the benefits and risks of contributing to the program;

21 (B) instructions on contributing to the program and changing  
22 contribution rates;

23 (C) the process to opt out of the program;

24 (D) the process to withdraw funds from a participant account;

25 (E) how to obtain additional program information;

26 (F) that the program is not an employer-sponsored retirement  
27 plan;

28 (G) that financial advisors are best positioned to provide  
29 financial advice and that employers are not liable for employee financial  
30 decisions under AS 44.25.400 - 44.25.490;

31 (H) that the state does not guarantee participant accounts or a

1 rate of return;

2 (I) how an employee may file a complaint against an employer  
3 who fails to facilitate employee participation in the program.

4 (b) The board may

5 (1) contract for services necessary to execute the board's powers and  
6 duties;

7 (2) employ outside investment advisors to review investment policies;

8 (3) establish and collect fees to defray program administration costs;

9 (4) consider and purchase pooled private insurance for the program;

10 (5) develop and conduct outreach about the program and retirement  
11 savings;

12 (6) request that the commissioner of labor and workforce development  
13 investigate an employer under AS 44.25.470;

14 (7) enter into agreements with other states to provide services related  
15 to retirement savings programs similar to the program;

16 (8) change the default contribution rate and default rate for  
17 contribution increases;

18 (9) use private sector partnerships to administer and invest  
19 contributions to the program;

20 (10) access information held by, and enter into service agreements  
21 with, other departments and agencies of the state.

22 **Sec. 44.25.430. Attorney general.** The attorney general is the legal counsel for  
23 the board and shall advise the board and represent the board in a legal proceeding.

24 **Sec. 44.25.440. Compensation of trustees.** A trustee, other than a trustee who  
25 is an employee of the state, a political subdivision of the state, or a school district or  
26 regional educational attendance area in the state, receives an honorarium of \$400 for  
27 each day spent at a meeting of the board, a meeting of a subcommittee of the board, a  
28 public meeting as a representative of the board, or traveling to or from a meeting. A  
29 trustee who is a state employee is entitled to administrative leave for service as a  
30 trustee. A trustee who is an employee of a political subdivision of the state or a school  
31 district or regional educational attendance area in the state is entitled to leave benefits

1 provided by the trustee's employer comparable to leave benefits provided to state  
2 employees for service as a trustee. A trustee is entitled to per diem and travel expenses  
3 authorized for boards and commissions under AS 39.20.180.

4 **Sec. 44.25.450. Staff.** (a) The department shall provide staff for the board.

5 (b) The board may designate a trustee or an officer or employee of the  
6 department to be responsible for signing on behalf of the board a deed, contract, or  
7 other document that must be executed by or on behalf of the board.

8 **Sec. 44.25.460. Confidentiality of information.** (a) Individual account  
9 information for participant accounts, including an account holder's name, address,  
10 telephone number, personal identification information, contributions, earnings, and  
11 account balance, is confidential and not a public record subject to disclosure.

12 (b) Notwithstanding (a) of this section, individual account information may be  
13 disclosed

14 (1) to the extent necessary to administer the program in a manner  
15 consistent with the tax laws of the state and the Internal Revenue Code; or

16 (2) if the account holder expressly agrees to the disclosure in writing.

17 **Sec. 44.25.470. Complaints.** (a) An employee may file a complaint with the  
18 commissioner of labor and workforce development alleging that an employer subject  
19 to AS 44.25.400 - 44.25.490 failed to facilitate employee participation in the program.

20 (b) The commissioner of labor and workforce development may, upon  
21 receiving an employee complaint or upon request of the board, investigate an  
22 employer. If the commissioner determines that the employer was required but failed to  
23 facilitate employee participation in the program for six months, the commissioner may  
24 impose a civil penalty on the employer.

25 (c) The commissioner of labor and workforce development may impose on an  
26 employer a civil penalty of up to \$100 for each employee of the employer who is  
27 eligible to participate in the program but for whom the employer does not facilitate  
28 participation in the program. The commissioner may not impose penalties under this  
29 section on a single employer that exceed \$5,000 in a calendar year.

30 (d) The commissioner of labor and workforce development shall notify the  
31 board when an employer has failed to facilitate employee participation in the program

1 and when the commissioner imposes a civil penalty on an employer.

2 (e) The board may notify an employer that has failed to facilitate employee  
3 participation in the program that the employer may be subject to a civil penalty for  
4 failure to comply with program requirements.

5 **Sec. 44.25.490. Definitions.** In AS 44.25.400 - 44.25.490,

6 (1) "board" means the Alaska Retirement Savings Board;

7 (2) "department" means the Department of Revenue;

8 (3) "employee" has the meaning given in AS 23.30.395;

9 (4) "employer" means a person or business that has employed one or  
10 more other persons in the state for not less than one year and does not provide a  
11 qualified retirement plan to employees;

12 (5) "program" means the Alaska Work and Save Program;

13 (6) "qualified retirement plan" includes a plan qualified under 26  
14 U.S.C. 401(a) or (k), 403(a) or (b), 408(k) or (p), or 457(b) (Internal Revenue Code).

15 \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 **ALASKA RETIREMENT SAVINGS BOARD; INITIAL APPOINTMENTS.**  
18 Notwithstanding AS 44.25.410(c), added by sec. 4 of this Act, and AS 39.05.055, trustees of  
19 the Alaska Retirement Savings Board, other than the two commissioners, are appointed to  
20 initial terms as follows:

21 (1) four trustees shall serve four-year terms;

22 (2) three trustees shall serve two-year terms.

23 \* **Sec. 6.** This Act takes effect January 1, 2025.