

**SENATE JOURNAL
SUPPLEMENT**

May 14, 2024

Tuesday

No. 9

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**Amendment No. 1 to
SCS HB 230(EDC)
offered and withdrawn
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offered and withdrawn
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May 14, 2024

Juneau, Alaska

HB 230

Amendment No. 1 to SCS HB 230(EDC)

By Senator Giessel

Page 1, line 1:

Delete "and"

Insert "relating to the Public Employees' Retirement System of Alaska and the teachers' retirement system; providing certain employees an opportunity to choose between the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska and the teachers' retirement system;"

Page 1, line 3, following "scales":

Insert "; and providing for an effective date"

Page 1, following line 13:

Insert new bill sections to read:

** Sec. 2. AS 14.25.009 is repealed and reenacted to read:

Sec. 14.25.009. Applicability of AS 14.25.009 - 14.25.220.

The provisions of AS 14.25.009 - 14.25.220 apply to teachers who are eligible to be members of the defined benefit retirement plan under AS 14.25.009 - 14.25.220 and are not members of the defined contribution retirement plan under AS 14.25.310 - 14.25.590.

* Sec. 3. AS 14.25.040(a) is amended to read:

(a) **A teacher or member contracting for service with a participating employer is subject to AS 14.25.009 - 14.25.220 unless the** [UNLESS A] teacher or member

(1) participates in a university retirement program under AS 14.40.661 - 14.40.799;

(2) became a member after June 30, 2006, and before July 1, 2024, is eligible to participate in the defined contribution retirement plan under AS 14.25.310 - 14.25.590, and does not elect to participate in the defined benefit retirement plan under AS 14.25.009 - 14.25.220; or

(3) has elected under former AS 14.25.540 to participate in the plan established in AS 14.25.310 - 14.25.590 and does not

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elect to participate in the defined benefit retirement plan under AS 14.25.009 - 14.25.220 [A TEACHER OR MEMBER CONTRACTING FOR SERVICE WITH A PARTICIPATING EMPLOYER IS SUBJECT TO AS 14.25.009 - 14.25.220].

* **Sec. 4.** AS 14.25.040 is amended by adding new subsections to read:

(f) An active member of this plan who is also employed in a position in the public employees' retirement plan under AS 39.35.095 - 39.35.680 may elect to participate solely in this plan if

(1) the member directs the public employees' retirement plan employer in writing to

(A) pay into this plan the employer contributions required for a member under AS 14.25.009 - 14.25.220; and

(B) deduct from the member's salary and pay into this plan

(i) the employee contributions required for a member under AS 14.25.009 - 14.25.220; and

(ii) an amount equal to the difference between the total employer and state contributions required for a member under AS 14.25.009 - 14.25.220 and the employer contributions that would be required under AS 39.35.095 - 39.35.680 if the member participated in that plan; and

(2) the member provides written notice to the administrator.

(g) An active member of this plan who elects to participate solely in this plan under (f) of this section may not, while participating solely in this plan, receive credited service for benefit eligibility for service performed in a position in the public employees' retirement plan.

(h) A teacher who became a member of the system after June 30, 2006, and before July 1, 2024, or who has elected under former AS 14.25.540 to participate in the defined contribution retirement plan under AS 14.25.310 - 14.25.590, is subject to AS 14.25.009 - 14.25.220 and is not eligible to participate in the defined contribution retirement plan established in AS 14.25.310 - 14.25.590 if the teacher

(1) is not employed by an employer on July 1, 2024;

- (2) is reemployed by an employer after July 1, 2024; and
- (3) has, before the date of reemployment, received

- (A) a distribution, other than a rollover distribution, of the entire balance in the teacher's individual account in the defined contribution retirement plan; or

- (B) a rollover distribution of the entire balance in the teacher's individual account in the defined contribution retirement plan under AS 14.25.310 - 14.25.590 and has not within 180 days of reemployment had all or part of a direct rollover distribution from an eligible retirement plan owned by the teacher paid directly into the teacher's individual account under AS 14.25.310 - 14.25.590.

* **Sec. 5.** AS 14.25 is amended by adding a new section to read:

Sec. 14.25.044. Election of defined benefit retirement plan by reemployed teachers. (a) A teacher may make a one-time election to participate in the defined benefit retirement plan under AS 14.25.009 - 14.25.220 if the teacher

- (1) became a member of the defined contribution retirement plan under AS 14.25.310 - 14.25.590 after June 30, 2006, and before July 1, 2024;

- (2) is not employed by an employer on July 1, 2024;

- (3) is reemployed by an employer after July 1, 2024; and

- (4) before the date of reemployment,

- (A) has not received a distribution of the entire balance in the teacher's individual account under the defined contribution retirement plan under AS 14.25.310 - 14.25.590; or

- (B) has received a rollover distribution of the entire balance in the teacher's individual account in the plan under AS 14.25.310 - 14.25.590 and has within 180 days of reemployment had all or part of a direct rollover distribution from an eligible retirement plan owned by the teacher paid directly into the teacher's individual account under AS 14.25.310 - 14.25.590.

- (b) An election under (a) of this section may be made not more than 180 days after the date of reemployment. A reemployed teacher electing to participate under (a) of this section shall use the balance of the member's individual account in the plan under AS 14.25.310 - 14.25.590, including any rollover contributions, to

purchase credited service in the plan under AS 14.25.009 - 14.25.220. An election made under (a) of this section must be made in writing in the manner prescribed by the administrator. An election made by a teacher who is married is not effective unless the election is signed by the teacher's spouse. The administrator shall provide a teacher who is eligible to make an election under (a) of this section with information about the potential consequences of the teacher's election, including calculations to illustrate the effect of moving the teacher's retirement plan from a defined contribution retirement plan to a defined benefit retirement plan.

(c) An election made under (a) of this section to participate in the plan under AS 14.25.009 - 14.25.220 is irrevocable. On the effective date of the election, the teacher shall be enrolled as a member of the plan, and the teacher's participation in the plan shall be governed by the applicable provisions of the plan. The teacher's enrollment in the plan is retroactive to the date of hire.

(d) When a teacher makes an election under this section, the administrator shall cause the total amount of the teacher's member and employer contributions to the plan under AS 14.25.310 - 14.25.590, with investment earnings and losses through the day of the teacher's election to participate as a member in the plan under AS 14.25.009 - 14.25.220, to be actuarially calculated and, subject to (f) of this section, transferred to the retirement fund in the plan under AS 14.25.009 - 14.25.220. On the effective date of the teacher's participation in the plan under AS 14.25.009 - 14.25.220, the teacher shall be credited with service in the plan. The board shall determine the cost of the teacher's actual service time based on the teacher's accrued actuarial liability of pension benefits in the plan, and credit the teacher with service time equal to the value actuarially calculated and transferred to the retirement fund in the plan under AS 14.25.009 - 14.25.220. The board shall adopt regulations establishing transfer procedures. The transfer may not occur later than 60 days after the date the administrator receives the teacher's election, unless the major financial markets for securities available for a transfer are seriously disrupted by an unforeseen event that also causes the suspension of trading on any national securities exchange in the country where the securities were issued. In that event, the 60-day period may be extended by a

resolution of the board. A transfer is not commissionable or subject to other fees and may be in the form of cash or a security as determined by the board. A security shall be valued on the date of receipt in the teacher's account.

(e) When making a transfer under (d) of this section or a transfer for a reemployed teacher subject to the plan under AS 14.25.040(h), the administrator shall transfer

(1) an amount equal to the decrease in the accrued actuarial liability of the death and disability trust in the plan established under AS 14.25.310 - 14.25.590 resulting from the transfer as of the date of transfer, based on the most recent actuarial valuation of the death and disability trust, from the death and disability trust in the plan established under AS 14.25.310 - 14.25.590 to the retirement fund in the plan established under AS 14.25.009 - 14.25.220; and

(2) an amount equal to the increase in the accrued actuarial liability of the health care trust in the plan established under AS 14.25.009 - 14.25.220 resulting from the transfer as of the date of transfer, based on the actuarial assumptions set out in (g) of this section, from the trust established under AS 39.30.097(b) for the prefunding of medical benefits provided by AS 14.25.480 to the trust established under AS 39.30.097(a) for the prefunding of medical benefits provided by AS 14.25.171.

(f) If the value actuarially calculated under (d) of this section is insufficient to pay for service credit equal to the teacher's actual service time, the administrator shall allow the teacher the option of purchasing service credit in an amount up to the amount needed to eliminate the insufficiency; however, if that value exceeds the amount needed to pay for service credit equal to the teacher's actual service, the administrator shall cause the excess to be paid to the employee as a rollover transfer to either an individual employee annuity account in the Department of Administration under the terms of AS 39.30.150 - 39.30.180 (State of Alaska Supplemental Annuity Plan) or, if the member's employer does not participate in the State of Alaska Supplemental Annuity Plan, to an eligible retirement plan as defined in AS 14.25.360(d). An excess may not be used to purchase additional service credit in the plan under AS 14.25.009 - 14.25.220. When a reemployed teacher enters the plan under AS 14.25.040(h), the administrator shall

allow the teacher to pay for a period of service credit up to the teacher's actual service. When a teacher elects to purchase service credit under this section and does not immediately pay for the service credit purchased, an indebtedness is established. Interest as prescribed by regulation accrues on a teacher's indebtedness. Indebtedness that exists at the time the teacher is appointed to retirement necessitates an actuarial adjustment to the benefits payable due to service in the defined contribution retirement plan.

(g) Actuarial assumptions about the plan under AS 14.25.009 - 14.25.220 must be based on the most recent actuarial valuation of the plan, except that the retirement rates are computed at 25 percent of the retirement rates used in the most recent actuarial valuation of the retirement fund plus 75 percent of the retirement rates used in the most recent actuarial valuation of the plan under AS 14.25.310 - 14.25.590.

(h) The provisions of this section are subject to the requirements of the Internal Revenue Code and the limitations under AS 14.25.010, 14.25.181, 14.25.320(c) and (d), and 14.25.490.

* **Sec. 6.** AS 14.25.048(b) is amended to read:

(b) An employee or former employee **who first became a member of the plan before July 1, 2006,** may receive credit for retroactive membership service for employment before June 5, 1988, if the employee or former employee met the requirements listed in (a) of this section at the time of the employment. To receive credit for the retroactive membership service, the employee or former employee shall claim the service and pay the retroactive contributions required under **former** AS 14.25.061. However, an employee or former employee may not receive retroactive credit under this subsection if the employee received credited service under AS 39.35 for the employment.

* **Sec. 7.** AS 14.25.048(c) is amended to read:

(c) An employee or former employee **who first became a member of the plan before July 1, 2006, and** who received credit under AS 39.35 for service that qualifies under (a) of this section may elect to transfer those periods of employment to the plan. To receive credit for retroactive membership service under this subsection, the employee or former employee shall claim the service and pay the retroactive contributions required under

former AS 14.25.061.

* **Sec. 8** AS 14.25.050(a) is amended to read:

(a) Except as provided in (c) **and (e)** of this section, beginning January 1, 1991, each member shall contribute to the plan an amount equal to 8.65 percent of the member's base salary accrued from July 1 to the following June 30. [THE EMPLOYER SHALL DEDUCT THE CONTRIBUTION FROM THE MEMBER'S SALARY AT THE END OF EACH PAYROLL PERIOD, AND THE CONTRIBUTION SHALL BE CREDITED BY THE PLAN TO THE MEMBER CONTRIBUTION ACCOUNT. THE CONTRIBUTIONS SHALL BE DEDUCTED FROM EMPLOYEE COMPENSATION BEFORE THE COMPUTATION OF APPLICABLE FEDERAL TAXES AND SHALL BE TREATED AS EMPLOYER CONTRIBUTIONS UNDER 26 U.S.C. 414(h)(2). A MEMBER MAY NOT HAVE THE OPTION OF MAKING THE PAYROLL DEDUCTION DIRECTLY IN CASH INSTEAD OF HAVING THE CONTRIBUTION PICKED UP BY THE EMPLOYER.]

* **Sec. 9.** AS 14.25.050 is amended by adding new subsections to read:

(e) A member who first participates in the plan after June 30, 2006, shall contribute to the plan an amount equal to eight percent of the member's base salary accrued from July 1 to the following June 30. The board may, from time to time, adjust the contribution under this subsection to an amount that,

(1) if decreased, is not less than eight percent of the member's base salary; and

(2) if increased, is not more than 12 percent of the member's base salary.

(f) The employer shall deduct a contribution under this section from the member's salary at the end of each payroll period, and the contribution shall be credited by the plan to the member contribution account. The contributions shall be deducted from member compensation before the computation of applicable federal taxes and shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A member may not have the option of making the payroll deduction directly in cash instead of having the contribution picked up by the employer.

(g) The board shall increase the member contribution under

(e) of this section if the board determines that, unless the contribution is increased, the portion of the liability of the plan that is attributable to all members who first became members of the plan after June 30, 2006, will be funded below 90 percent. The board may not increase the member contribution unless the board increases the employer contribution under AS 14.25.070(a)(2) by an equal amount. The board may decrease the contribution under (e) of this section if the board determines that, after the contribution is decreased, the portion of the liability of the plan that is attributable to all members who first became members of the plan after June 30, 2006, will be funded above 90 percent. The board may not decrease the member contribution unless the board decreases the employer contribution under AS 14.25.070(a)(2) by an equal amount.

* **Sec. 10.** AS 14.25.065(b) is amended to read:

(b) The contributions of employers under AS 14.25.070 must be transmitted to the plan for deposit in the retirement fund and the Alaska retiree health care trust at the close of each pay period. If the contributions are not submitted within the prescribed time limit, interest must be assessed on the outstanding contributions at [ONE AND ONE-HALF TIMES] the most recent actuarially determined rate of earnings for the plan from the date that contributions were originally due. Amounts due from an employer and interest as prescribed in this section may be claimed by the administrator from any agency of the state or political subdivision that has in its possession funds of the employer or that is authorized to disburse funds to the employer that are not restricted by statute or appropriation to a specific purpose. The amount claimed shall be certified by the administrator as sufficient to pay the contributions and interest due from the employer. The amount claimed shall be submitted to the administrator for deposit in the retirement fund and the Alaska retiree health care trust.

* **Sec. 11.** AS 14.25.070(a) is amended to read:

(a) Each employer shall contribute to the system every payroll period **the lesser of** **(1)** an amount calculated by applying a rate of 12.56 percent to the total of all base salaries paid by the employer to active members of the system and to members who are retired from the plan and reemployed under AS 14.20.136, including any

adjustments to contributions required by AS 14.25.173(a); or
(2) an amount calculated by applying a rate established by the board under AS 37.10.220 to the total of all base salaries paid by the employer to active members of the system and to members who are retired from the plan and reemployed under AS 14.20.136, including any adjustments to contributions required by AS 14.25.173(a); the rate must be at least 12 percent and be sufficient to pay the actuarially determined employer normal cost, all contributions required under AS 14.25.350 and AS 39.30.370, and past service cost for members of the system.

* **Sec. 12.** AS 14.25.070 is amended by adding a new subsection to read:

(i) If the legislature appropriates funds for the purpose of decreasing an employer's contribution, the employer's contribution under (a) of this section shall decrease by that amount.

* **Sec. 13.** AS 14.25.075(a) is amended to read:

(a) An employee who is eligible to purchase credited service under AS 14.25.047 or 14.25.048, a member who is eligible to purchase credited service under **former AS 14.25.061 or under** AS 14.25.048, 14.25.050, 14.25.060, [14.25.061,] 14.25.100, or 14.25.107, or a teacher who is eligible to purchase credited service under AS 14.20.345, **AS 14.25.044, 14.25.050** [AS 14.25.050], or 14.25.105, in lieu of making payments directly to the plan, may elect to have the member's employer make payments as provided in this section.

* **Sec. 14.** AS 14.25.075(b) is amended to read:

(b) A member may elect to have the employer make payments for all or any portion of the amounts payable for the member's purchase of credited service through a salary reduction program as follows:

(1) the amounts paid under a salary reduction program are in lieu of contributions by the member making the election; the electing member's salary or other compensation shall be reduced by the amount paid by the employer under this subsection;

(2) the member shall make an irrevocable election under this subsection to purchase credited service as permitted in **former AS 14.25.061 or in** AS 14.20.345, **AS 14.25.044, 14.25.047**

[AS 14.25.047], 14.25.048, 14.25.050, 14.25.060, [14.25.061,] 14.25.100, 14.25.105, or 14.25.107 before the member's termination of employment; the irrevocable election must specify the number of payroll periods that deductions will be made from the member's compensation and the dollar amount of deductions for each payroll period during the specified number of payroll periods; the deductions made under this paragraph cease upon the earlier of the member's termination of employment with the employer or the member's death; amounts paid by an employer under (f) of this section may not be applied toward the payment of the dollar amount of the deductions representing the portion of the credited service that is being purchased by the member through payroll deduction in accordance with the member's irrevocable election under this paragraph;

(3) amounts paid by an employer under this subsection shall be treated as employer contributions for the purpose of determining tax treatment under 26 U.S.C. (Internal Revenue Code); the amounts paid by the employer under this section may not be included in the member's gross income for income tax purposes until those amounts are distributed by refund or retirement benefit payments.

* **Sec. 15.** AS 14.25.075(i) is amended to read:

(i) On satisfaction of the eligibility requirements of **former AS 14.25.061 or of AS 14.20.345, AS 14.25.044, 14.25.047** [AS 14.25.047], 14.25.048, 14.25.050, 14.25.060, [14.25.061,] 14.25.100, 14.25.105, or 14.25.107, the requirements of this section, and the administrative filing requirements specified by the administrator, the plan shall adjust the member's credited service history and add any additional service credits acquired.

* **Sec. 16.** AS 14.25 is amended by adding a new section to read:

Sec. 14.25.086. Sub-trust for members who first became members after June 30, 2006. The administrator shall deposit a portion of employer contributions under AS 14.25.070 and 14.25.085 in a sub-trust of the retirement fund established by the board for members who first became members after June 30, 2006. The amount deposited, when combined with the amount separately computed for medical benefits under AS 14.25.087,

must be sufficient to pay the actuarially determined employer normal cost and past service cost for members of the system who first became members after June 30, 2006. When the amount sufficient to pay the actuarially determined employer normal cost, all contributions required under AS 14.25.350 and AS 39.30.370, and past service cost for members of the system is less than 12 percent of all base salaries paid to active members of the system and to members who are retired from the plan and reemployed under AS 14.20.136, including any adjustments to contributions required by AS 14.25.173(a), the administrator shall deposit the difference in the sub-trust established under this section.

* **Sec. 17.** AS 14.25.087 is amended to read:

Sec. 14.25.087. Contributions for medical benefits.

Contributions made by an employer under AS 14.25.070 and 14.25.085 **must** [SHALL] be separately computed for benefits provided by AS 14.25.168 **and retiree major medical insurance plan benefits provided under AS 14.25.171**, and **must** [SHALL] be deposited in the Alaska retiree health care trust established under AS 39.30.097(a).

* **Sec. 18.** AS 14.25.110(a) is amended to read:

(a) Subject to AS 14.25.167,

(1) a member **who first became a member of the plan before July 1, 2006**, is eligible for a normal retirement benefit if the member

(A) [(1)] was first hired before July 1, 1975, has attained the age of 55 years, and has at least 15 years of credited service, the last five of which have been membership service, or is otherwise vested in the plan;

(B) [(2)] has attained the age of 60 years and has at least eight years of membership service;

(C) [(3)] has attained the age of 60 years, has at least five years of membership service, and has Alaska BIA service which, when added to the membership service, will equal at least eight years;

(D) [(4)] has at least 25 years of credited service, the last five of which have been membership service;

(E) [(5)] has at least 20 years of membership service;

(F) [(6)] has at least 20 years of combined membership service and Alaska BIA service, the last five of

which have been membership service; or

(G) [(7)] has, for each of 20 school years,

(i) [(A)] at least one-half year of membership service as a part-time teacher;

(ii) [(B)] one full year of membership service as a full-time teacher; or

(iii) [(C)] any combination of service qualified under this **subparagraph**;

(2) a member who first became a member of the plan after June 30, 2006, is eligible for a normal retirement benefit if the member

(A) has attained the age of 60 years and has at least five years of membership service; or

(B) has at least 30 years of membership service
[PARAGRAPH].

* **Sec. 19.** AS 14.25.110(b) is amended to read:

(b) Subject to AS 14.25.167, a member is eligible for an early retirement benefit upon completing the service requirements in **(a)(1)(A)** [(a)(1)] of this section and attaining the age of 50 years or upon completing the service requirements in **(a)(1)(B) or (C)** [(a)(2) OR (3)] of this section and attaining the age of 55 years.

* **Sec. 20.** AS 14.25.110(d) is amended to read:

(d) The monthly amount of a retirement benefit

(1) for a member who first became a member of the plan before July 1, 2006, and who has paid the full amount of any indebtedness is one-twelfth of the member's average base salary during any three school years of membership service multiplied by

(A) [(1)] two percent of the years of credited service earned before June 30, 1990, including credited fractional years, and the years of credited service through a total of 20 years; plus

(B) [(2)] two and one-half percent of the years of credited service earned after June 30, 1990, that are more than 20 years of total credited service;

(2) for a member who first became a member of the plan after June 30, 2006, and who has paid the full amount of any indebtedness is one-twelfth of the member's average base salary during any five school years of membership service

multiplied by

(A) two percent of the years of credited service through a total of 10 years; plus

(B) two and one-quarter percent of the years over 10 years of total credited service through 20 years; plus

(C) two and one-half percent of the years of credited service that are more than 20 years of total credited service.

* **Sec. 21.** AS 14.25.142(a) is amended to read:

(a) While residing in the state, a person who first became a member of the plan before July 1, 2006, who is receiving a benefit under AS 14.25.009 - 14.25.220, and who is at least 65 years of age or a person who first became a member of the plan before July 1, 2006, and who is receiving a disability benefit under AS 14.25.009 - 14.25.220 is entitled to receive a monthly cost-of-living allowance in addition to the basic benefit. The amount of this allowance is 10 percent of the basic benefit.

* **Sec. 22.** AS 14.25.143(a) is amended to read:

(a) Once each year, the administrator shall increase benefit payments to eligible disabled members, to persons age 60 or older receiving benefits under this plan in the preceding calendar year, and to persons who have received benefits under this plan for at least five [EIGHT] years who are not otherwise eligible for an increase under this section.

* **Sec. 23** AS 14.25.143(b) is amended to read:

(b) Subject to (g) and (h) of this section, the [THE] increase in benefit payments applies to total benefit payments except for the cost-of-living allowance under AS 14.25.142. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old and for members receiving disability benefits; and

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old or for recipients who on July 1 are less than 60 years old but who have received benefits from the plan for at least five [EIGHT] years.

* **Sec. 24.** AS 14.25.143 is amended by adding new subsections to

read:

(g) Subject to (h) of this section, the amount of an increase for members who first became members of the plan after June 30, 2006, and do not meet the eligibility requirements for a permanent fund dividend in effect on July 1, 2024, under AS 43.23.005(a) is equal to one-half of the applicable percentage under (b) of this section.

(h) If the board determines that the portion of the liability of the plan that is attributable to all members who first became members of the plan after June 30, 2006, is funded below 90 percent, the board may reduce the amount of the increase determined under (b) or (g) of this section that is payable to a member who first became a member after June 30, 2006. At any time, the board may terminate a reduction made under this subsection.

* **Sec. 25.** AS 14.25.168(a) is amended to read:

(a) Except as provided in **AS 14.25.171** and (c) of this section, the following persons are entitled to major medical insurance coverage under this section:

(1) for teachers first hired before July 1, 1990,

(A) a teacher who is receiving a monthly benefit from the plan and who has elected coverage;

(B) the spouse and dependent children of the teacher described in (A) of this paragraph;

(C) the surviving spouse of a deceased teacher who is receiving a monthly benefit from the plan and who has elected coverage;

(D) the dependent children of a deceased teacher who are dependent on the surviving spouse described in (C) of this paragraph;

(2) for teachers first hired [ON OR] after **June 30** [JULY 1], 1990,

(A) a teacher who is receiving a monthly benefit from the plan and who has elected coverage for the teacher;

(B) the spouse of the teacher described in (A) of this paragraph if the teacher elected coverage for the spouse;

(C) the dependent children of the teacher described in (A) of this paragraph if the teacher elected coverage for the dependent children;

(D) the surviving spouse of a deceased teacher who is receiving a monthly benefit from the plan and who has elected coverage;

(E) the dependent children of a deceased teacher who are dependent on the surviving spouse described in (D) of this paragraph if the surviving spouse has elected coverage for the dependent children.

* **Sec. 26.** AS 14.25 is amended by adding a new section to read:

Sec. 14.25.171. Medical benefit; eligibility of employees first hired after June 30, 2006; surviving spouses and dependents.

(a) A teacher who first became a member of the plan after June 30, 2006, receives a monthly benefit from the plan, retired directly from the plan, and has elected benefits under this section is entitled to medical benefits under this section. A member who applies for medical benefits under this section shall apply on the forms and in the manner prescribed by the administrator. A member is eligible to retire from the plan if the member has been an active member for at least 12 months before application for retirement and the member

(1) has at least 30 years of service; or

(2) reaches the age set for Medicare eligibility and has at least 10 years of service.

(b) The member's surviving spouse is eligible to elect medical benefits if the member had retired or was eligible for retirement and medical benefits at the time of the member's death.

(c) The medical benefits available to eligible persons are access to the retiree major medical insurance plan and access to the health reimbursement arrangement plan under AS 39.30.300. Access to the retiree major medical insurance plan means that an eligible person may not be denied insurance coverage except for failure to pay the required premium.

(d) Retiree major medical insurance plan coverage elected by an eligible member under this section covers the eligible member, the spouse of the eligible member, and the dependent children of the eligible member.

(e) Retiree major medical insurance plan coverage elected by a surviving spouse of an eligible member under this section covers the surviving spouse and the dependent children of the eligible member who are dependent on the surviving spouse.

(f) Participation in the retiree major medical insurance plan is not required in order to participate in the health reimbursement arrangement plan.

(g) A person eligible for medical benefits under this section is not required to participate in the health reimbursement arrangement plan in order to participate in the retiree major medical insurance plan.

(h) A person who is eligible for medical benefits under this section must make the irrevocable election to participate or not participate in the retiree major medical insurance plan on or before the date the person reaches 70 1/2 years of age or when the person applies for retirement and medical benefits, whichever is later.

(i) Major medical insurance coverage takes effect on the first day of the month following the date of the administrator's approval of the election and stops when the person who elects coverage dies or fails to make a required premium payment.

(j) The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors, and disability insurance program.

(k) The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement plan. If the amount of the health reimbursement arrangement plan becomes insufficient to pay the premiums, the person who elects coverage under (a) of this section shall pay the premiums directly.

(l) The cost of premiums for retiree major medical insurance coverage under this section for an eligible member or surviving spouse who is

(1) not eligible for Medicare is an amount equal to the full monthly group premiums for retiree major medical insurance coverage;

(2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:

(A) 30 percent if the member had 10 or more, but less than 15, years of service;

(B) 25 percent if the member had 15 or more, but less than 20, years of service;

(C) 20 percent if the member had 20 or more, but less than 25, years of service;

(D) 15 percent if the member had 25 or more, but less than 30, years of service;

(E) 10 percent if the member had 30 or more years of service.

(m) The eligibility for retiree major medical insurance coverage for an alternate payee under a qualified domestic relations order shall be determined based on the eligibility of the member to elect coverage. The alternate payee shall pay the full monthly premium for retiree major medical insurance coverage.

(n) The administrator shall

(1) inform a person entitled to retiree major medical insurance coverage under this section in writing

(A) that the health insurance coverage available to retired members may be different from the health insurance coverage provided to employees;

(B) of time limits for selecting optional health insurance coverage; and

(C) whether the election is irrevocable; and

(2) require that a person entitled to retiree major medical insurance coverage under this section indicate in writing on a form provided by the administrator whether the person has chosen to receive optional health insurance coverage.

(o) The monthly group premiums for retiree major medical insurance coverage under this section are established by the administrator in accordance with AS 39.30.095. Nothing in this chapter guarantees a person who elects coverage under (a) of this section a monthly group premium rate for retiree major medical insurance coverage other than the premium in effect for the month in which the premium is due for coverage for that month.

(p) In this section, "health reimbursement arrangement plan" means the State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan established in AS 39.30.300.

* **Sec. 27.** AS 14.25.220(5) is amended to read:

(5) "average base salary" means,

(A) for a teacher who first became a member before July 1, 2006, the result obtained by dividing the sum of the member's three highest years' base salary by three, or if a member does not have three years base salary, then by dividing the sum of all base salaries by the number of years of base salary; the base salary for a year in which credit is granted for disability totaling more than one-third of a year may not be used in the computation of the average base salary; the base salary in a school year for which the member receives compensation for less than two-thirds of a year may not be used in the computation of the average base salary; if compensation is received for more than two-thirds of a year, the full base salary for that school year shall be used in the computation of the average base salary;

(B) for a teacher who first became a member after June 30, 2006, the result obtained by dividing the sum of the member's five highest years' base salary by five, or if a member does not have five years' base salary, then by dividing the sum of all base salaries by the number of years of base salary; the base salary for a year in which credit is granted for disability totaling more than one-third of a year may not be used in the computation of the average base salary; the base salary in a school year for which the member receives compensation for less than two-thirds of a year may not be used in the computation of the average base salary; if compensation is received for more than two-thirds of a year, the full base salary for that school year shall be used in the computation of the average base salary;

* Sec. 28. AS 14.25.220(6) is amended to read:

(6) "base salary"

(A) means the total remuneration payable under contract for a full year of membership service, including addenda to the contract **and, for a member who elects to participate solely in this plan under AS 14.25.040(f), remuneration paid by the public employees' retirement plan employer,** but, for a member first hired on or after July 1, 1996, does not include remuneration in excess of the limitations set out in 26 U.S.C. 401(a)(17);

(B) has the same meaning as "compensation" under AS 39.35.680(9) when applied to a state legislator who elects membership under AS 14.25.040(b);

* **Sec. 29.** AS 14.25.220(46) is amended to read:

(46) "vested member" or "vested teacher" means an active member who [HAS COMPLETED EITHER]

(A) **first became a member before July 1, 2006, and has completed**

(i) 15 years of service, the last five of which have been membership service, for a member first hired before July 1, 1975;

(ii) [(B)] eight years of membership service;

(iii) [(C)] five years of membership and three years of BIA service; or

(iv) [(D)] 12 school years of part-time membership service or 12 school years in each of which the member earned either part-time or full-time membership service;

(B) **first became a member after June 30, 2006, and has completed five years of membership service;**

* **Sec. 30.** AS 14.25.220 is amended by adding a new paragraph to read:

(48) "first became a member after June 30, 2006" and "first became a member of the plan after June 30, 2006" include a member who elected under former AS 14.25.540 to participate in the defined contribution retirement plan under AS 14.25.310 - 14.25.590 and who elects to participate in the defined benefit retirement plan under AS 14.25.009 - 14.25.220.

* **Sec. 31.** AS 14.25.310 is amended to read:

Sec. 14.25.310. Applicability of AS 14.25.310 - 14.25.590.
The provisions of AS 14.25.310 - 14.25.590 apply only to

(1) **teachers who first become members [ON OR] after June 30, 2006, and before July 1, 2024, and who are eligible but do not elect to participate in a defined benefit retirement plan under AS 14.25.009 - 14.25.220 or AS 39.35.095 - 39.35.680; and**

(2) **teachers** [JULY 1, 2006, TO MEMBERS WHO ARE EMPLOYED BY EMPLOYERS THAT DO NOT PARTICIPATE IN THE DEFINED BENEFIT RETIREMENT

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PLAN ESTABLISHED UNDER AS 14.25.009 - 14.25.220, TO FORMER MEMBERS UNDER AS 14.25.220, OR TO MEMBERS] who **transferred** [TRANSFER] into the defined contribution retirement plan under **former AS 14.25.540 and do not elect to participate in the defined benefit retirement plan under AS 14.25.009 - 14.25.220.**

* **Sec. 32.** AS 14.25.310 is amended by adding a new subsection to read:

(b) An employer that participates in the plan shall also participate in the defined benefit retirement plan under AS 14.25.009 - 14.25.220.

* **Sec. 33.** AS 14.25.330(a) is amended to read:

(a) A teacher who first becomes a member [ON OR] after **June 30, 2006, and before July 1, 2024, and who does not participate in a defined benefit retirement plan under AS 14.25.009 - 14.25.220 or AS 39.35.095 - 39.35.680 is** [JULY 1, 2006, SHALL PARTICIPATE IN THE PLAN AS] a member of the defined contribution retirement plan.

* **Sec. 34.** AS 14.25.490(a) is amended to read:

(a) **Subject to art. XII, sec. 7, Constitution of the State of Alaska, the** [THE] state **may** [HAS THE RIGHT TO] amend the plan at any time and from time to time, in whole or in part, including the right to make retroactive amendments referred to in 26 U.S.C. 401(b).

* **Sec. 35.** AS 14.25.490(b) is amended to read:

(b) The plan administrator may not modify or amend the plan retroactively [IN SUCH A MANNER AS] to reduce [THE] benefits **accrued by a** [OF ANY] member [ACCRUED TO DATE UNDER THE PLAN BY REASON OF CONTRIBUTIONS MADE] before the modification or amendment except to the extent that the reduction is permitted by **art. XII, sec. 7, Constitution of the State of Alaska, and** the Internal Revenue Code.

* **Sec. 36.** AS 14.25.490(c) is amended to read:

(c) **Subject to art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code, the** [THE] state may [, IN ITS DISCRETION,] terminate the plan in whole or part [AT ANY TIME] without liability for the termination. If the plan is terminated, all investments **at the time of termination** remain in

force until all individual accounts have been completely distributed under the plan. **After** [, AND, AFTER] all plan liabilities are satisfied, excess assets **of the plan** revert to the employer.

* **Sec. 37.** AS 14.25.490(d) is repealed and reenacted to read:

(d) Within one year after determining that a contribution to the plan by an employer was the result of a mistake of fact, the administrator shall return the contribution to the employer.

* **Sec. 38.** AS 37.10.220(a) is amended to read:

(a) The board shall

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

(2) after reviewing recommendations from the Department of Revenue, adopt investment policies for each of the funds entrusted to the board;

(3) determine the appropriate investment objectives for the defined benefit plans established under the teachers' retirement system under AS 14.25 and the public employees' retirement system under AS 39.35;

(4) assist in prescribing the policies for the proper operation of the systems and take other actions necessary to carry out the intent and purpose of the systems in accordance with AS 37.10.210 - 37.10.390;

(5) provide a range of investment options and establish the rules by which participants can direct their investments among those options with respect to accounts established under

(A) AS 14.25.340 - 14.25.350 (teachers' retirement system defined contribution individual accounts);

(B) AS 39.30.150 - 39.30.180 (State of Alaska Supplementary Annuity Plan);

(C) AS 39.35.730 - 39.35.750 (public employees' retirement system defined contribution individual accounts); and

(D) AS 39.45.010 - 39.45.060 (public employees' deferred compensation program);

(6) establish the rate of interest that shall be annually credited to each member's individual contribution account in accordance with AS 14.25.145 and AS 39.35.100 and the rate of

interest that shall be annually credited to each member's account in the health reimbursement arrangement plan under AS 39.30.300 - 39.30.495; the rate of interest shall be adopted on the basis of the probable effective rate of interest on a long-term basis, and the rate may be changed from time to time;

(7) adopt a contribution surcharge as necessary under AS 39.35.160(c);

(8) coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios and to certify to the appropriate budgetary authority of each employer in the system

(A) an appropriate contribution rate for normal costs;
[AND]

(B) an appropriate contribution rate for liquidating any past service liability; in this subparagraph, the appropriate contribution rate for liquidating the past service liability of the defined benefit retirement plan under AS 14.25.009 - 14.25.220 or the past service liability of the defined benefit retirement plan under AS 39.35.095 - 39.35.680 must be determined by a level percent of pay method based on amortization of the past service liability for a closed term of 25 years;

(C) an appropriate monthly employer contribution under AS 14.25.070 and AS 39.35.255; and

(D) appropriate adjustments, if any, under AS 14.25.050(e) and AS 39.35.160(e);

(9) review actuarial assumptions prepared and certified by a member of the American Academy of Actuaries and conduct experience analyses of the retirement systems not less than once every four years, except for health cost assumptions, which shall be reviewed annually; the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the board;

(10) contract for an independent audit of the state's actuary not less than once every four years;

(11) contract for an independent audit of the state's performance consultant not less than once every four years;

(12) obtain an external performance review to evaluate the investment policies of each fund entrusted to the board and report the results of the review to the appropriate fund fiduciary;

(13) by the first day of each regular legislative session, report to the governor, the legislature, and the individual employers participating in the state's retirement systems on the financial condition of the systems in regard to

(A) the valuation of trust fund assets and liabilities;

(B) current investment policies adopted by the board;

(C) a summary of assets held in trust listed by the categories of investment;

(D) the income and expenditures for the previous fiscal year;

(E) the return projections for the next calendar year;

(F) one-year, three-year, five-year, and 10-year investment performance for each of the funds entrusted to the board; and

(G) other statistical data necessary for a proper understanding of the financial status of the systems;

(14) submit quarterly updates of the investment performance reports to the Legislative Budget and Audit Committee;

(15) develop an annual operating budget; [AND]

(16) administer pension forfeitures required under AS 37.10.310 using the procedures of AS 44.62 (Administrative Procedure Act);

(17) establish one or more sub-trusts of the pension fund to hold employer contributions deposited under AS 14.25.086 and AS 39.35.281, employee contributions, assets, and earnings attributable to members of the defined benefit retirement plan under AS 14.25.009 - 14.25.220 or the defined benefit retirement plan under AS 39.35.095 - 39.35.680 who first became members of the respective plan after June 30, 2006; and

(18) account for and track employer contributions, employee contributions, assets, and earnings in each trust fund or sub-trust attributable to members who first became members after June 30, 2006, of the defined benefit retirement

plan under AS 14.25.009 - 14.25.220 and members who first became members after June 30, 2006, of the defined benefit retirement plan under AS 39.35.095 - 39.35.680; employer contributions that exceed those assigned to members who first became members after June 30, 2006, of the defined benefit retirement plan under AS 14.25.009 - 14.25.220 and members who first became members after June 30, 2006, of the defined benefit retirement plan under AS 39.35.095 - 39.35.680 shall be transferred or retained in trusts or sub-trusts with liability allocated toward employer normal costs for members who became members of the respective defined benefit retirement plan before July 1, 2024, past service costs, the State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan under AS 39.30.300 - 39.30.495, and employer contributions under AS 14.25.350 and AS 39.35.750.

* **Sec. 39.** AS 37.10.220(b) is amended to read:

(b) The board may

(1) employ outside investment advisors to review investment policies;

(2) enter into an agreement with the fiduciary of another state fund in order to assume the management and investment of those assets;

(3) contract for other services necessary to execute the board's powers and duties;

(4) enter into confidentiality agreements that would exempt records from AS 40.25.110 and 40.25.120 if the records contain information that could affect the value of investment by the board or that could impair the ability of the board to acquire, maintain, or dispose of investments;

(5) adjust the amount of the increase in benefits payable to a member who first became a member after June 30, 2006, as provided under AS 14.25.143 and AS 39.35.475;

(6) adjust contributions under AS 14.25.050(e) and AS 39.35.160(e).

* **Sec. 40.** AS 39.30.090(a) is amended to read:

(a) The Department of Administration may obtain a policy or policies of group insurance covering state employees, persons

entitled to coverage under AS 14.25.168, 14.25.171, 14.25.480, AS 22.25.090, AS 39.35.535, 39.35.537, 39.35.880, or former AS 39.37.145, employees of other participating governmental units, or persons entitled to coverage under AS 23.15.136, subject to the following conditions:

(1) a group insurance policy shall provide one or more of the following benefits: life insurance, accidental death and dismemberment insurance, weekly indemnity insurance, hospital expense insurance, surgical expense insurance, dental expense insurance, audiovisual insurance, or other medical care insurance;

(2) each eligible employee of the state, the spouse and the unmarried children chiefly dependent on the eligible employee for support, and each eligible employee of another participating governmental unit shall be covered by the group policy, unless exempt under regulations adopted by the commissioner of administration;

(3) a governmental unit may participate under a group policy if

(A) its governing body adopts a resolution authorizing participation and payment of required premiums;

(B) a certified copy of the resolution is filed with the Department of Administration; and

(C) the commissioner of administration approves the participation in writing;

(4) in procuring a policy of group health or group life insurance as provided under this section or excess loss insurance as provided in AS 39.30.091, the Department of Administration shall comply with the dual choice requirements of AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to transact business in the state under AS 21.09, a hospital or medical service corporation authorized to transact business in this state under AS 21.87, or a health maintenance organization authorized to operate in this state under AS 21.86; an excess loss insurance policy may be obtained from a life or health insurer authorized to transact business in this state under AS 21.09 or from a hospital or medical service corporation authorized to transact business in this state under AS 21.87;

(5) the Department of Administration shall make available bid specifications for desired insurance benefits or for

administration of benefit claims and payments to (A) all insurance carriers authorized to transact business in this state under AS 21.09 and all hospital or medical service corporations authorized to transact business under AS 21.87 who are qualified to provide the desired benefits; and (B) insurance carriers authorized to transact business in this state under AS 21.09, hospital or medical service corporations authorized to transact business under AS 21.87, and third-party administrators licensed to transact business in this state and qualified to provide administrative services; the specifications shall be made available at least once every five years; the lowest responsible bid submitted by an insurance carrier, hospital or medical service corporation, or third-party administrator with adequate servicing facilities shall govern selection of a carrier, hospital or medical service corporation, or third-party administrator under this section or the selection of an insurance carrier or a hospital or medical service corporation to provide excess loss insurance as provided in AS 39.30.091;

(6) if the aggregate of dividends payable under the group insurance policy exceeds the governmental unit's share of the premium, the excess shall be applied by the governmental unit for the sole benefit of the employees;

(7) a person receiving benefits under AS 14.25.110, AS 22.25, AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in effect under this section at the time of termination of employment with the state or participating governmental unit;

(8) a person electing to have insurance under (7) of this subsection shall pay the cost of this insurance;

(9) for each permanent part-time employee electing coverage under this section, the state shall contribute one-half the state contribution rate for permanent full-time state employees, and the permanent part-time employee shall contribute the other one-half;

(10) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35, or former AS 39.37 may obtain auditory, visual, and dental insurance for that person and eligible dependents under this section; the level of coverage for persons over 65 shall be the same as that available before reaching age 65

except that the benefits payable shall be supplemental to any benefits provided under the federal old age, survivors, and disability insurance program; a person electing to have insurance under this paragraph shall pay the cost of the insurance; the commissioner of administration shall adopt regulations implementing this paragraph;

(11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35, or former AS 39.37 may obtain long-term care insurance for that person and eligible dependents under this section; a person who elects insurance under this paragraph shall pay the cost of the insurance premium; the commissioner of administration shall adopt regulations to implement this paragraph;

(12) each licensee holding a current operating agreement for a vending facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that applies to governmental units other than the state.

* **Sec. 41.** AS 39.30.097(a) is amended to read:

(a) The commissioner of administration is authorized to prefund medical benefits provided by AS 14.25.168, **14.25.171**, AS 22.25.090, [AND] AS 39.35.535, **and 39.35.537** by establishing an irrevocable trust that is exempt from federal income tax under 26 U.S.C. 115 and subject to the applicable financial reporting, disclosure, and actuarial requirements of the Governmental Accounting Standards Board.

* **Sec. 42.** AS 39.30.097(b) is amended to read:

(b) The commissioner of administration is authorized to prefund medical benefits provided by AS 14.25.480 [, AS 39.30.300,] and AS 39.35.880 by establishing an irrevocable trust that is exempt from federal income tax under 26 U.S.C. 115 and subject to the applicable financial reporting, disclosure, and actuarial requirements of the Governmental Accounting Standards Board.

* **Sec. 43.** AS 39.30.097 is amended by adding a new subsection to read:

(f) The commissioner of administration is authorized to prefund medical benefits provided by AS 39.30.300 by establishing an irrevocable trust that is exempt from federal income tax under 26 U.S.C. 115 and subject to the applicable

financial reporting, disclosure, and actuarial requirements of the Governmental Accounting Standards Board.

* **Sec. 44.** AS 39.30.300 is amended to read:

Sec. 39.30.300. State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan established. The State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is established for

(1) teachers who first become members of the [DEFINED CONTRIBUTION PLAN OF THE] teachers' retirement system under AS 14.25.009 - 14.25.590 [AS 14.25.310 - 14.25.590 ON OR] after June 30, 2006 [JULY 1, 2006], and teachers who elected under former AS 14.25.540 to participate in the plan under AS 14.25.310 - 14.25.590; and

(2) employees of the state, political subdivisions of the state, and public organizations of the state who first become members [OF THE DEFINED CONTRIBUTION PLAN] of the Public Employees' Retirement System of Alaska (AS 39.35) [PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDER AS 39.35.700 - 39.35.990 ON OR] after June 30, 2006, and employees of the state, political subdivisions of the state, and public organizations of the state who elected under former AS 39.35.940 to participate in the plan established under AS 39.35.700 - 39.35.990 [JULY 1, 2006].

* **Sec. 45.** AS 39.30.340 is amended to read:

Sec. 39.30.340. Powers and duties of the administrator. The administrator shall establish a teachers' and public employees' retiree health reimbursement arrangement plan trust fund under AS 39.30.097(f) in which the assets of the plan shall be deposited and held. [THE RETIREE HEALTH REIMBURSEMENT ARRANGEMENT PLAN TRUST FUND MAY BE A SUB-TRUST OF THE ALASKA RETIREE HEALTH CARE TRUST ESTABLISHED UNDER AS 39.30.097(b).] The administrator has the same powers and duties with regard to the plan and the trust fund as provided in AS 14.25.003 and 14.25.004.

* **Sec. 46.** AS 39.30.380 is amended to read:

Sec. 39.30.380. Termination of employment. A person who terminates employment before meeting the eligibility requirements of AS 14.25.171, 14.25.470, AS 39.35.537, or

39.35.870 [AS 14.25.470 OR AS 39.35.870] loses any right to the contributions made on behalf of the person to the teachers' and public employees' retiree health reimbursement arrangement trust fund. If a person returns to employment with a participating employer by December 31 of the year in which the person reaches 65 years of age, the person's account balance shall be restored in the amount recorded on the date of termination from the trust, adjusted for inflation at the rate of the Consumer Price Index for Anchorage, Alaska. The earlier period of employment with a participating employer shall be credited toward eligibility for medical benefits.

* **Sec. 47.** AS 39.30.390 is amended to read:

Sec. 39.30.390. Eligibility and reimbursement. Persons who meet the eligibility requirements of **AS 14.25.171, 14.25.470, AS 39.35.537, or 39.35.870** [AS 14.25.470 AND AS 39.35.870] are eligible for reimbursements from the individual account established for a member under the plan, except members do not have to retire directly from the system. A person who is the dependent child of an eligible member is eligible for reimbursements if the eligible member and surviving spouse have both died so long as the person meets the definition of dependent child.

* **Sec. 48.** AS 39.30.400(a) is amended to read:

(a) The administrator may deduct the cost of monthly premiums from the individual account for retiree major medical insurance on behalf of an eligible person who elected retiree major medical insurance under **AS 14.25.171, 14.25.480, AS 39.35.537, or 39.35.880** [AS 14.25.480 OR AS 39.35.880].

* **Sec. 49.** AS 39.30.420(a) is amended to read:

(a) **Subject to art. XII, sec. 7, Constitution of the State of Alaska, the** [THE] state **may** [HAS THE RIGHT TO] amend the plan at any time and from time to time, in whole or in part, including the right to make retroactive amendments referred to in 26 U.S.C. 401(b).

* **Sec. 50.** AS 39.30.420(b) is amended to read:

(b) The plan administrator may not modify or amend the plan retroactively [IN SUCH A MANNER AS] to reduce [THE] benefits **accrued by a** [OF ANY] member [ACCRUED TO DATE UNDER THE PLAN BY REASON OF

CONTRIBUTIONS MADE] before the modification or amendment except to the extent that the reduction is permitted by **art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code.**

* **Sec. 51.** AS 39.30.420(c) is amended to read:

(c) **Subject to art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code, the** [THE] state may [, IN ITS DISCRETION,] terminate the plan in whole or part [AT ANY TIME] without liability for the termination. If the plan is terminated, all investments **at the time of termination** remain in force until all individual accounts have been completely distributed under the plan. **After** [, AND, AFTER] all plan liabilities are satisfied, excess assets **of the plan** revert to the employer.

* **Sec. 52.** AS 39.30.420(d) is repealed and reenacted to read:

(d) Within one year after determining that a contribution to the plan by an employer was the result of a mistake of fact, the administrator shall return the contribution to the employer.

* **Sec. 53.** AS 39.30.495(5) is amended to read:

(5) "eligible person" means a person who meets the eligibility requirements of **AS 14.25.171, 14.25.470, AS 39.35.537, or 39.35.870** [AS 14.25.470 OR AS 39.35.870];

* **Sec. 54.** AS 39.30.495(6) is amended to read:

(6) "employer" has the meaning given in **AS 14.25.220 for employers of teachers in the defined benefit retirement plan established in AS 14.25.009 - 14.25.220, has the meaning given in** AS 14.25.590 for employers of teachers in the defined contribution plan established in AS 14.25.310 - 14.25.590, **has the meaning given in AS 39.35.680 for employers of public employees in the defined benefit retirement plan established in AS 39.35.095 - 39.35.680,** and has the meaning given in AS 39.35.990 for employers of public employees in the defined contribution plan established in AS 39.35.700 - 39.35.990;

* **Sec. 545.** AS 39.30.495(9) is amended to read:

(9) "member" means a member of the **State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan established in AS 39.30.300 - 39.30.495** [DEFINED CONTRIBUTION PLAN OF THE TEACHERS' RETIREMENT SYSTEM IN

AS 14.25.310 - 14.25.590 OR A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM IN AS 39.35.700 - 39.35.990];

* **Sec. 56.** AS 39.35.095 is amended to read:

Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680.

The [FOLLOWING] provisions of AS 39.35.095 - 39.35.680 [THIS CHAPTER] apply only to members first hired

(1) before July 1, 2006, who have

(A) not elected under former AS 39.35.940 to participate in the defined contribution retirement plan under AS 39.35.700 - 39.35.990; or

(B) elected under former AS 39.35.940 to participate in the defined contribution retirement plan under AS 39.35.700 - 39.35.990 and are former members of the defined contribution retirement plan under AS 39.35.700 - 39.35.990;

(2) after June 30, 2006, and before July 1, 2024, who are former members of the defined contribution retirement plan under AS 39.35.700 - 39.35.990; or

(3) on or after July 1, 2024 [: AS 39.35.095 - 39.35.680].

* **Sec. 57.** AS 39.35.095 is amended by adding a new subsection to read:

(b) An employee who became a member of the system after June 30, 2006, and before July 1, 2024, or who has elected under former AS 39.35.940 to participate in the defined contribution retirement plan under AS 39.35.700 - 39.35.990, is subject to AS 39.35.095 - 39.35.680 if the employee

(1) is not employed by an employer on July 1, 2024;

(2) is reemployed by an employer after July 1, 2024; and

(3) has, before the date of reemployment, received

(A) a distribution, other than a rollover distribution, of the entire balance in the member's individual account in the defined contribution retirement plan; or

(B) a rollover distribution of the entire balance in the member's individual account in the defined contribution retirement plan and has not within 180 days of reemployment had all or part of a direct rollover distribution from an eligible retirement plan owned by the member paid directly into the

member's individual account.

* **Sec. 58.** AS 39.35.100(b) is amended to read:

(b) An individual account shall be maintained for each employee to record the amount of the employee's mandatory contributions collected under **AS 39.35.160** [AS 39.35.160(a)]. As of the last day of each calendar year and of each fiscal year, this account shall be credited with interest by applying the prescribed rate of interest, as determined by the board, to the balance in the account as of that date. When the employee is appointed to retirement, the amount held in the individual account shall be used first to fully finance the benefits paid. Once this account has been exhausted, the plan shall fully finance the benefits paid that were not financed by the employee's individual account.

* **Sec. 59.** AS 39.35 is amended by adding a new section to article 3 to read:

Sec. 39.35.159. Election of defined benefit retirement plan by reemployed employees. (a) An employee may make a one-time election to participate in the plan under AS 39.35.095 - 39.35.680 if the employee

(1) became a member of the defined contribution retirement plan under AS 39.35.700 - 39.35.990 after June 30, 2006, and before July 1, 2024;

(2) is not employed by an employer on July 1, 2024;

(3) is reemployed by an employer after July 1, 2024; and

(4) before the date of reemployment,

(A) has not received a distribution of the entire balance in the employee's individual account under the defined contribution retirement plan established in AS 39.35.700 - 39.35.990; or

(B) has received a rollover distribution of the entire balance in the member's individual account in the defined contribution retirement plan and has within 180 days of reemployment had all or part of a direct rollover distribution from an eligible retirement plan owned by the member paid directly into the member's individual account.

(b) An election under (a) of this section may be made not more than 180 days after the date of reemployment. A reemployed employee electing to participate under (a) of this section shall use the balance of the employee's individual account in the plan under

AS 39.35.700 - 39.35.990, including any rollover contributions, to purchase credited service in the plan under AS 39.35.095 - 39.35.680. An election made under (a) of this section must be made in writing in the manner prescribed by the administrator. An election made by an employee who is married is not effective unless the election is signed by the employee's spouse. The administrator shall provide an employee who is eligible to make an election under (a) of this section with information about the potential consequences of the employee's election, including calculations to illustrate the effect of moving the employee's retirement plan from a defined contribution retirement plan to a defined benefit retirement plan.

(c) An election made under (a) of this section to participate in the plan under AS 39.35.095 - 39.35.680 is irrevocable. On the effective date of the election, an eligible employee shall be enrolled as a member of the plan, and the employee's participation in the plan shall be governed by the applicable provisions of the plan. The employee's enrollment in the plan is retroactive to the date of hire.

(d) When an eligible employee makes an election under this section, the administrator shall cause the total amount of the employee's employee and employer contributions to the plan under AS 39.35.700 - 39.35.990, with investment earnings and losses through the day of the employee's election to participate as a member in the plan under AS 39.35.095 - 39.35.680, to be actuarially calculated and, subject to (f) of this section, transferred to the pension fund in the plan under AS 39.35.095 - 39.35.680. On the effective date of the employee's participation in the plan under AS 39.35.095 - 39.35.680, the employee shall be credited with service in the plan. The board shall determine the cost of the employee's actual service time based on the employee's accrued actuarial liability of pension benefits in the plan, and credit the employee with service time equal to the value actuarially calculated and transferred to the pension fund in the plan under AS 39.35.095 - 39.35.680. The board shall adopt regulations establishing transfer procedures. The transfer may not occur later than 60 days after the date the administrator receives the employee's election, unless the major financial markets for securities available for a transfer are seriously disrupted by an

unforeseen event that also causes the suspension of trading on any national securities exchange in the country where the securities were issued. In that event, the 60-day period may be extended by a resolution of the board. A transfer is not commissionable or subject to other fees and may be in the form of cash or a security as determined by the board. A security shall be valued on the date of receipt in the employee's account.

(e) When making a transfer under (d) of this section or a transfer for a reemployed employee subject to the plan under AS 39.35.095(b), the administrator shall transfer

(1) an amount equal to the decrease in the accrued actuarial liability of the death and disability trust in the plan under AS 39.35.700 - 39.35.990 resulting from the transfer as of the date of transfer, based on the most recent actuarial valuation of the death and disability trust, from the death and disability trust in the plan under AS 39.35.700 - 39.35.990 to the pension fund in the plan under AS 39.35.095 - 39.35.680; and

(2) an amount equal to the increase in the accrued actuarial liability of the health care trust in the plan under AS 39.35.095 - 39.35.680 resulting from the transfer as of the date of transfer, based on the actuarial assumptions set out in (g) of this section, from the trust established under AS 39.30.097(b) for the prefunding of medical benefits provided by AS 39.35.880 to the trust established under AS 39.30.097(a) for the prefunding of medical benefits provided by AS 39.35.537.

(f) If the value actuarially calculated under (d) of this section is insufficient to pay for service credit equal to the employee's actual service, the administrator shall allow the employee the option of purchasing service credit in an amount up to the amount needed to eliminate the insufficiency; however, if that value exceeds the amount needed to pay for service credit equal to the employee's actual service, the administrator shall cause the excess to be paid to the employee as a rollover transfer to either an individual employee annuity account in the Department of Administration under the terms of AS 39.30.150 - 39.30.180 (State of Alaska Supplemental Annuity Plan) or, if the member's employer does not participate in the State of Alaska Supplemental Annuity Plan, to an eligible retirement plan as defined in AS 39.35.760(d). An excess may not be used to purchase

additional service credit in the plan under AS 39.35.095 - 39.35.680. When a reemployed employee enters the plan under AS 39.35.095(b), the administrator shall allow the employee to pay for a period of service credit up to the employee's actual service. When an employee elects to purchase service credit under this section and does not immediately pay for the service credit purchased, an indebtedness is established. Interest as prescribed by regulation accrues on an employee's indebtedness. Indebtedness that exists at the time the employee is appointed to retirement necessitates an actuarial adjustment to the benefits payable due to service in the defined contribution retirement plan.

(g) Actuarial assumptions about the plan under AS 39.35.095 - 39.35.680 must be based on the most recent actuarial valuation of the plan, except that the retirement rates are computed at 25 percent of the retirement rates used in the most recent actuarial valuation of the pension fund for the plan plus 75 percent of the retirement rates used in the most recent actuarial valuation of the plan under AS 39.35.700 - 39.35.990.

(h) The provisions of this section are subject to the requirements of the Internal Revenue Code and the limitations under AS 39.35.115, 39.35.678, 39.35.710(c) and (d), and 39.35.895. In this subsection, "Internal Revenue Code" has the meaning given in AS 39.35.990.

* **Sec. 60.** AS 39.35.160(a) is amended to read:

(a) **Subject to (e) of this section, beginning** [BEGINNING] January 1, 1987, each peace officer or firefighter shall contribute to the plan an amount equal to seven and one-half percent of the peace officer's or firefighter's compensation, **and, except** [. EXCEPT] as provided in **(d) - (e)** [(d)] of this section, beginning January 1, 1987, each other employee shall contribute to the plan an amount equal to six and three-quarters percent of the employee's compensation. [THE CONTRIBUTIONS SHALL BE DEDUCTED BY THE EMPLOYER AT THE END OF EACH PAYROLL PERIOD. THE CONTRIBUTIONS SHALL BE DEDUCTED FROM EMPLOYEE COMPENSATION BEFORE COMPUTATION OF APPLICABLE FEDERAL TAXES, AND THE CONTRIBUTIONS SHALL BE TREATED AS EMPLOYER CONTRIBUTIONS UNDER 26 U.S.C. 414(h)(2). A MEMBER MAY NOT HAVE THE OPTION OF MAKING

THE PAYROLL DEDUCTION DIRECTLY INSTEAD OF HAVING THE CONTRIBUTION PICKED UP BY THE EMPLOYER.]

* **Sec. 61.** AS 39.35.160 is amended by adding new subsections to read:

(e) An employee who first participates in the plan after June 30, 2006, shall contribute to the plan an amount equal to eight percent of the employee's compensation. The board may, from time to time, adjust the employee contribution under this subsection to an amount that,

(1) if decreased, is not less than eight percent of the employee's compensation; and

(2) if increased, is not more than 12 percent of the employee's compensation.

(f) Contributions under (a) and (e) of this section shall be deducted by the employer at the end of each payroll period. The contributions shall be deducted from employee compensation before computation of applicable federal taxes, and the contributions shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A member may not have the option of making the payroll deduction directly instead of having the contribution picked up by the employer.

(g) The board shall increase the employee contribution under (e) of this section if the board determines that, unless the contribution is increased, the portion of the liability of the plan that is attributable to employees who first participate in the plan after June 30, 2006, will be funded below 90 percent. The board may not increase the employee contribution unless the board increases the employer contribution under AS 39.35.255(a)(2) by an equal amount. The board may decrease the contribution under (e) of this section if the board determines that, after the contribution is decreased, the portion of the liability of the plan that is attributable to all members who first became members of the plan after June 30, 2006, will be funded above 90 percent. The board may not decrease the employee contribution unless the board decreases the employer contribution under AS 39.35.255(a)(2) by an equal amount.

* **Sec. 62.** AS 39.35.165(a) is amended to read:

(a) An employee who is eligible to purchase credited service

under AS 39.35.159, 39.35.310 [AS 39.35.310], 39.35.330, 39.35.340, 39.35.342, 39.35.345, 39.35.360, or 39.35.370, a member who is eligible to purchase credited service under AS 39.35.375, or an elected public official who is eligible to purchase credited service under AS 39.35.381 is an employee for purposes of this section. An employee may, in lieu of making payments directly to the plan, elect to have the employee's employer make payments as provided in this section.

* **Sec. 63.** AS 39.35.165(b) is amended to read:

(b) An employee may elect to have the employer make payments for all or any portion of the amounts payable for the employee's purchase of credited service through a salary reduction program as follows:

(1) the amounts paid under a salary reduction program are in lieu of contributions by the employee making the election; the electing employee's salary or other compensation shall be reduced by the amount paid by the employer under this subsection;

(2) the employee shall make an irrevocable election under this section to purchase credited service as permitted in AS 39.35.159, 39.35.310 [AS 39.35.310], 39.35.330, 39.35.340, 39.35.342, 39.35.345, 39.35.360, 39.35.370, 39.35.375, or 39.35.381 and before the employee's termination of employment; the irrevocable election must specify the number of payroll periods that deductions will be made from the employee's compensation and the dollar amount of deductions for each payroll period during the specified number of payroll periods; the deductions made under this paragraph cease upon the earlier of the member's termination of employment with the employer or the member's death; amounts paid by an employer under (f) of this section may not be applied toward the payment of the dollar amount of the deductions representing the portion of the credited service that is being purchased by the member through payroll deduction in accordance with the member's irrevocable election under this subsection;

(3) amounts paid by an employer under this subsection shall be treated as employer contributions for the purpose of determining tax treatment under the Internal Revenue Code; the amounts paid by the employer under this section may not be

included in the member's gross income for income tax purposes until those amounts are distributed by refund or retirement benefit payments.

* **Sec. 64.** AS 39.35.165(g) is amended to read:

(g) Payments made under this section shall be applied to reduce the employee's outstanding indebtedness described in **AS 39.35.159, 39.35.310** [AS 39.35.310], 39.35.330, 39.35.340, 39.35.342, 39.35.345, 39.35.360, 39.35.370, 39.35.375, or 39.35.381 at the time that the contributions are received by the plan.

* **Sec. 65.** AS 39.35.165(i) is amended to read:

(i) On satisfaction of the eligibility requirements of **AS 39.35.159, 39.35.310** [AS 39.35.310], 39.35.330, 39.35.340, 39.35.341, 39.35.345, 39.35.360, 39.35.370, 39.35.375, or 39.35.381, the requirements of this section, and the administrative filing requirements specified by the commissioner, the plan shall adjust the employee's credited service history and add any additional service credits acquired.

* **Sec. 66.** AS 39.35.255(a) is amended to read:

(a) Each employer, except as provided in (h) of this section, shall contribute to the system every payroll period **the lesser of**

(1) an amount calculated by applying a rate of 22 percent of the greater of the total of all base salaries

(A) [(1)] paid by the employer to employees who are active members of the system, including any adjustments to contributions required by AS 39.35.520; or

(B) [(2)] paid by the employer to employees who were active members of the system during the corresponding payroll period for the fiscal year ending

(i) [(A)] June 30, 2008; or

(ii) [(B)] June 30, 2012, if that total is less than the total under **(i) of this subparagraph** [(A) OF THIS PARAGRAPH], and the employer is a municipality in which the population decreased by more than 25 percent between 2000 and 2010, according to the decennial census conducted by the United States Bureau of the Census; or

(2) an amount calculated by applying a rate

established by the board under AS 37.10.220 to the total of all base salaries paid by the employer to active members of the system; the rate must be at least 12 percent and be sufficient to pay the actuarially determined employer normal cost, all contributions required under AS 39.30.370 and AS 39.35.750, and past service cost for members of the system.

* **Sec. 667.** AS 39.35.255 is amended by adding a new subsection to read:

(j) If the legislature appropriates funds for the purpose of decreasing an employer's contribution, the employer's contribution under (a) of this section shall decrease by that amount.

* **Sec. 68.** AS 39.35 is amended by adding a new section to read:

Sec. 39.35.281. Sub-trust for members who first became members after June 30, 2006. The administrator shall deposit a portion of employer contributions under AS 39.35.255 and 39.35.280 in a sub-trust of the retirement fund established by the board for members who first became members after June 30, 2006. The amount deposited, when combined with the amount separately computed for medical benefits under AS 39.35.282, must be sufficient to pay the actuarially determined employer normal cost and past service cost for members of the system who first became members after June 30, 2006. When the amount sufficient to pay the actuarially determined employer normal cost, all contributions required under AS 39.30.370 and AS 39.35.750, and past service cost for members of the system is less than 12 percent of all base salaries paid to active members of the system, the administrator shall deposit the difference in the sub-trust established under this section.

* **Sec. 69.** AS 39.35.282 is amended to read:

Sec. 39.35.282. Contributions for medical benefits. Contributions made by an employer under AS 39.35.255 and 39.35.280 **must** [SHALL] be separately computed for benefits provided by AS 39.35.535 **and retiree major medical insurance plan benefits provided under AS 39.35.537,** and **must** [SHALL] be deposited in the Alaska retiree health care trust established under AS 39.30.097(a).

* **Sec. 70.** AS 39.35.340(i) is amended to read:

(i) Notwithstanding (d) of this section, a member who retires as a peace officer or firefighter may elect to

use five or fewer years of credited service granted under this section in computing years of credited service under AS 39.35.535(c) **or 39.35.537**. When eligibility for credited service for military service has been established and an election under this subsection has been made, an indebtedness in addition to the indebtedness determined under (b) of this section shall be determined for each year of military service used under this subsection, in an amount based on the increase, if any, in the present value of future benefits for that year as determined by the department.

* **Sec. 71.** AS 39.35.345(d) is amended to read:

(d) An employee may choose whether the credited service granted under this section is used to satisfy the credited service requirements for normal retirement under **AS 39.35.370(a)(1)(B) or (C), 39.35.370(a)(2)(B), (C), or (D)**, [AS 39.35.370(a)(2) OR (3)] or 39.35.385(f) or is only used for the calculation of benefits. An election under this subsection is irrevocable and applies to all temporary credited service that the employee has accrued when the employee retires. An election under this subsection does not change the date that an employee is considered to have commenced participation in the plan under AS 39.35.120.

* **Sec. 72.** AS 39.35.370(a) is amended to read:

(a) Subject to AS 39.35.450, a terminated employee **(1) who first became a member before July 1, 2006, is eligible for a normal retirement benefit**

(A) [(1)] at age 60 with at least five years of credited service;

(B) [(2)] with at least 20 years of credited service as a peace officer or firefighter; or

(C) [(3)] with at least 30 years of credited service;

(2) who first became a member after June 30, 2006, is eligible for a normal retirement benefit

(A) at age 60 with at least five years of credited service;

(B) at age 55 with at least 20 years of credited service as a peace officer or firefighter;

(C) at age 50 with at least 25 years of credited service as a peace officer or firefighter; or

(D) with at least 30 years of credited service [FOR ALL OTHER EMPLOYEES].

* **Sec. 73.** AS 39.35.381(e) is amended to read:

(e) A person who retires under this section is not entitled to disability or death benefits under AS 39.35.400 - 39.35.440, a minimum benefit under AS 39.35.485, or to medical benefits under AS 39.35.535 **or 39.35.537**. Service earned under this section may not be used for vesting under AS 39.35.095 - 39.35.680.

* **Sec. 74.** AS 39.35.475(b) is amended to read:

(b) **Subject to (g) and (h) of this section, the** [THE] increase in benefit payments applies to total benefit payments except for the cost-of-living allowance under AS 39.35.480. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old and for members receiving disability benefits; and

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old or for recipients who are less than 60 years old on July 1 but who have received benefits from the plan for at least five years.

* **Sec. 75.** AS 39.35.475 is amended by adding new subsections to read:

(g) Subject to (h) of this section, the amount of an increase for members who first became members of the plan after June 30, 2006, and do not meet the eligibility requirements for a permanent fund dividend in effect on July 1, 2024, under AS 43.23.005(a) is equal to one-half of the applicable percentage under (b) of this section.

(h) If the board determines that the portion of the liability of the plan that is attributable to all members who first became members of the plan after June 30, 2006, is funded below 90 percent, the board may reduce the amount of the increase determined under (b) or (g) of this section that is payable to a member who first became a member after June 30, 2006. At any time, the board may terminate a reduction made under this subsection.

* **Sec. 756.** AS 39.35.480(a) is amended to read:

(a) While residing in the state, a person **who first became a member of the plan before July 1, 2006, who is** receiving a benefit under AS 39.35.095 - 39.35.680, **and** who is 65 years of age or older or **a person who first became a member of the plan before July 1, 2006, and** who is receiving a disability benefit is entitled to receive a monthly cost-of-living allowance in addition to the basic benefit. The amount of this allowance shall be \$50 or 10 percent of the basic benefit, whichever is greater.

* **Sec. 77.** AS 39.35.535(a) is amended to read:

(a) Except as provided in (d) **and (g)** of this section, the following persons are entitled to major medical insurance coverage under this section:

(1) for employees first hired before July 1, 1986,

(A) an employee who is receiving a monthly benefit from the plan and who has elected coverage;

(B) the spouse and dependent children of the employee described in (A) of this paragraph;

(C) the surviving spouse of a deceased employee who is receiving a monthly benefit from the plan and who has elected coverage;

(D) the dependent children of a deceased employee who are dependent on the surviving spouse described in (C) of this paragraph;

(2) for members first hired [ON OR] after **June 30** [JULY 1], 1986,

(A) an employee who is receiving a monthly benefit from the plan and who has elected coverage for the employee;

(B) the spouse of the employee described in (A) of this paragraph if the employee elected coverage for the spouse;

(C) the dependent children of the employee described in (A) of this paragraph if the employee elected coverage for the dependent children;

(D) the surviving spouse of a deceased employee who is receiving a monthly benefit from the plan and who has elected coverage;

(E) the dependent children of a deceased employee who are dependent on the surviving spouse described in (D)

of this paragraph if the surviving spouse has elected coverage for the dependent children.

* **Sec. 78.** AS 39.35.535(c) is amended to read:

(c) A benefit recipient **who became a member before July 1, 2006, or the surviving spouse of the member** may elect major medical insurance coverage in accordance with regulations and under the following conditions:

(1) a person, other than a disabled member or a disabled member who is appointed to normal retirement, **shall** [MUST] pay an amount equal to the full monthly group premium for retiree major medical insurance coverage if the person is

(A) younger than 60 years of age and has less than

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

(ii) 30 years of credited service under AS 39.35.360 and 39.35.370 that is not service as a peace officer; or

(B) of any age and has less than 10 years of credited service;

(2) a person is not required to make premium payments for retiree major medical coverage if the person

(A) is a disabled member;

(B) is a disabled member who is appointed to normal retirement;

(C) is 60 years of age or older and has at least 10 years of credited service; or

(D) has at least

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

(ii) 30 years of credited service under AS 39.35.360 and 39.35.370 not as a peace officer.

* **Sec. 79.** AS 39.35.535 is amended by adding a new subsection to read:

(g) A benefit recipient who first became a member after June 30, 2006, or a surviving spouse who is eligible under AS 39.35.537(b), is not eligible for benefits under this section but may elect medical benefits under AS 39.35.537.

* **Sec. 80** AS 39.35 is amended by adding a new section to read:

Sec. 39.35.537. Medical benefit; eligibility of employees

first hired after June 30, 2006; surviving spouses and dependents. (a) An employee who first became a member of the plan after June 30, 2006, receives a monthly benefit from the plan, retired directly from the plan, and has elected benefits under this section is entitled to medical benefits under this section. A member who applies for medical benefits under this section shall apply on the forms and in the manner prescribed by the administrator. A member is eligible to retire from the plan if the member has been an active member for at least 12 months before application for retirement and the member

(1) is at least

(A) 50 years of age and has at least 25 years of membership service as a peace officer or firefighter;

(B) 55 years of age and has at least 20 years of membership service as a peace officer or firefighter;

(2) has at least 30 years of membership; or

(3) reaches the age set for Medicare eligibility and has at least 10 years of membership service.

(b) The member's surviving spouse is eligible to elect medical benefits if the member had retired or was eligible for retirement and medical benefits at the time of the member's death.

(c) The medical benefits available to eligible persons are access to the retiree major medical insurance plan and access to the health reimbursement arrangement plan under AS 39.30.300. Access to the retiree major medical insurance plan means that an eligible person may not be denied insurance coverage except for failure to pay the required premium.

(d) Retiree major medical insurance plan coverage elected by an eligible member under this section covers the eligible member, the spouse of the eligible member, and the dependent children of the eligible member.

(e) Retiree major medical insurance plan coverage elected by a surviving spouse of an eligible member under this section covers the surviving spouse and the dependent children of the eligible member who are dependent on the surviving spouse.

(f) Participation in the retiree major medical insurance plan is not required in order to participate in the health reimbursement arrangement plan.

(g) A person eligible for medical benefits under this section is

not required to participate in the health reimbursement arrangement plan in order to participate in the retiree major medical insurance plan.

(h) A person who is eligible for medical benefits under this section must make the irrevocable election to participate or not participate in the retiree major medical insurance plan on or before the date the person reaches 70 1/2 years of age or when the person applies for retirement and medical benefits, whichever is later.

(i) Major medical insurance coverage takes effect on the first day of the month following the date of the administrator's approval of the election and stops when the person who elects coverage dies or fails to make a required premium payment.

(j) The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors, and disability insurance program.

(k) The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement plan. If the amount of the health reimbursement arrangement plan becomes insufficient to pay the premiums, the person who elects coverage under (a) of this section shall pay the premiums directly.

(l) The cost of premiums for retiree major medical insurance coverage under this section for an eligible member or surviving spouse who is

(1) not eligible for Medicare is an amount equal to the full monthly group premiums for retiree major medical insurance coverage;

(2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:

(A) 30 percent if the member had 10 or more, but less than 15, years of service;

(B) 25 percent if the member had 15 or more, but less than 20, years of service;

(C) 20 percent if the member had 20 or more, but less than 25, years of service;

(D) 15 percent if the member had 25 or more, but less than 30, years of service;

(E) 10 percent if the member had 30 or more years of service.

(m) The eligibility for retiree major medical insurance coverage for an alternate payee under a qualified domestic relations order shall be determined based on the eligibility of the member to elect coverage. The alternate payee shall pay the full monthly premium for retiree major medical insurance coverage.

(n) The administrator shall

(1) inform a person entitled to retiree major medical insurance coverage under this section in writing

(A) that the health insurance coverage available to retired members may be different from the health insurance coverage provided to employees;

(B) of time limits for selecting optional health insurance coverage; and

(C) whether the election is irrevocable; and

(2) require that a person entitled to retiree major medical insurance coverage under this section indicate in writing on a form provided by the administrator whether the person has chosen to receive optional health insurance coverage.

(o) The monthly group premiums for retiree major medical insurance coverage under this section are established by the administrator in accordance with AS 39.30.095. Nothing in this chapter guarantees a person who elects coverage under (a) of this section a monthly group premium rate for retiree major medical insurance coverage other than the premium in effect for the month in which the premium is due for coverage for that month.

(p) In this section, "health reimbursement arrangement plan" means the State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan established in AS 39.30.300.

* **Sec. 81.** AS 39.35.610(a) is amended to read:

(a) The contributions of an employer and the contributions of its employees shall be transmitted to the administrator as soon as practicable after the close of the payroll period for which the contributions are made. Subject to (c) of this section, if an employer is delinquent in transferring the contributions for more

than 15 days, interest shall be assessed on the outstanding contributions at [ONE AND ONE-HALF TIMES] the most recent actuarially determined rate of earnings for the retirement plan from the date that the contributions were originally due.

* **Sec. 82.** AS 39.35.680(4) is amended to read:

(4) "average monthly compensation" means the result obtained by dividing the compensation earned by an employee during a considered period by the number of months, including fractional months, for which compensation was earned; an employee must have at least 115 days of credited service in the last payroll year in order for that year to be used as part of the consecutive payroll years; the considered period consists of

(A) for employees first hired before July 1, 1996, the three consecutive payroll years during the period of credited service that yield the highest average;

(B) for employees first hired [ON OR] after **June 30 [JULY 1]**, 1996, the five consecutive payroll years during the period of credited service that yield the highest average;

(C) if the employee does not have the number of consecutive payroll years required by (A) or (B) of this paragraph, the actual number of months, including fractional months, that the employee worked;

(D) for an employee who has made an election under AS 39.35.300(c) or 39.35.310(c), the actual number of months, including fractional months, that the employee worked;

(E) for a peace officer or firefighter hired **before July 1, 2006** [AT ANY TIME], the three consecutive payroll years during the period of credited service that yield the highest average;

* **Sec. 83.** AS 39.35.680(18) is amended to read:

(18) "employer" means

(A) the State of Alaska;

(B) a political subdivision or public organization of the state that participates in the plan based on a resolution to participate in the plan that was approved by the administrator [ON OR BEFORE JULY 1, 2006]; or

(C) a political subdivision or public organization of the state that, as a result of consolidation or reorganization

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[THAT OCCURS ON OR AFTER JULY 1, 2006], assumes liability under the plan of a political subdivision or public organization described in (B) of this paragraph;

* **Sec. 84.** AS 39.35.680 is amended by adding a new paragraph to read:

(44) "first became a member after June 30, 2006" and "first became a member of the plan after June 30, 2006" include a member who elected under former AS 39.35.940 to participate in the plan under AS 39.35.700 - 39.35.990 and who elects to participate in the defined benefit retirement plan under AS 39.35.095 - 39.35.680.

* **Sec. 85.** AS 39.35.700 is amended to read:

Sec. 39.35.700. Applicability of AS 39.35.700 - 39.35.990. The provisions of AS 39.35.700 - 39.35.990 apply only to

(1) members first hired [ON OR] after **June 30, 2006, and before July 1, 2024, who do not participate in a defined benefit retirement plan under AS 14.25.009 - 14.25.220 or AS 39.35.095 - 39.35.680; and**

(2) [JULY 1, 2006, TO] members [WHO ARE EMPLOYED BY EMPLOYERS THAT DO NOT PARTICIPATE IN THE DEFINED BENEFIT RETIREMENT PLAN ESTABLISHED UNDER AS 39.35.095 - 39.35.680, TO FORMER MEMBERS AS DEFINED IN AS 39.35.680, OR TO MEMBERS] who **transferred** [TRANSFER] into the defined contribution retirement plan under **former AS 39.35.940 and do not elect to participate in the defined benefit retirement plan under AS 39.35.095 - 39.35.680.**

* **Sec. 86.** AS 39.35.700 is amended by adding a new subsection to read:

(b) A public organization as defined in AS 39.35.680 or a municipality or other political subdivision of the state that participates in the plan shall also participate in the defined benefit retirement plan under AS 39.35.095 - 39.35.680.

* **Sec. 87.** AS 39.35.720 is amended to read:

Sec. 39.35.720. Membership. An employee who becomes a member [ON OR] after **June 30, 2006, and before July 1, 2024, who does not participate in a defined benefit retirement plan under AS 14.25.009 - 14.25.220 or AS 39.35.095 - 39.35.680** [JULY 1, 2006,] shall participate in the plan set out in

AS 39.35.700 - 39.35.990.

* **Sec. 88.** AS 39.35.895(a) is amended to read:

(a) **Subject to art. XII, sec. 7, Constitution of the State of Alaska, the** [THE] state **may** [HAS THE RIGHT TO] amend the plan at any time and from time to time, in whole or in part, including the right to make retroactive amendments referred to in 26 U.S.C. 401(b).

* **Sec. 89.** AS 39.35.895(b) is amended to read:

(b) The plan administrator may not modify or amend the plan retroactively [IN SUCH A MANNER AS] to reduce [THE] benefits **accrued by a** [OF ANY] member [ACCRUED TO DATE UNDER THE PLAN BY REASON OF CONTRIBUTIONS MADE] before the modification or amendment except to the extent that the reduction is permitted by **art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code.**

* **Sec. 90.** AS 39.35.895(c) is amended to read:

(c) **Subject to art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code, the** [THE] state may [, IN ITS DISCRETION,] terminate the plan in whole or part [AT ANY TIME] without liability for the termination. If the plan is terminated, all investments **at the time of termination** remain in force until all individual accounts have been completely distributed under the plan. **After** [, AND, AFTER] all plan liabilities are satisfied, excess assets **of the plan** revert to the employer.

* **Sec. 91.** AS 39.35.895(d) is repealed and reenacted to read:

(d) Within one year after determining that a contribution to the plan by an employer was the result of a mistake of fact, the administrator shall return the contribution to the employer."

Renumber the following bill sections accordingly.

Page 1, following line 14:

Insert a new bill section to read:

"* **Sec. 93.** AS 14.25.012(c), 14.25.061, 14.25.540; and AS 39.35.940 are repealed."

Renumber the following bill sections accordingly.

Page 2, line 4, following "of":

Insert "sec. 1 of"

Page 2, following line 4:

Insert new bill sections to read:

**** Sec. 95.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: RETIREMENT PLAN ELECTION. (a) A teacher who became a member of the defined contribution retirement plan of the teachers' retirement system after June 30, 2006, and before July 1, 2024, and who, on July 1, 2024, is a member employed by an employer in the defined contribution retirement plan of the teachers' retirement system may, before January 1, 2025, make a one-time election to participate in the defined benefit retirement plan and to transfer all contributions that have been made or should be made to the defined contribution retirement plan for service the member completes before the effective date of the member's participation in the defined benefit retirement plan. The transferred contributions shall be used to purchase credited service in the defined benefit retirement plan on an actuarial equivalent basis determined by the Alaska Retirement Management Board established under AS 37.10.210. The provisions of AS 14.25.044 apply to an election made under this subsection.

(b) An employee who became a member of the defined contribution retirement plan of the public employees' retirement system after June 30, 2006, and before July 1, 2024, and who, on July 1, 2024, is a member employed by an employer in the defined contribution retirement plan of the public employees' retirement system may, before January 1, 2025, make a one-time election to participate in the defined benefit retirement plan under AS 39.35.095 - 39.35.680 and to transfer all contributions that have been made or should be made to the defined contribution retirement plan for service the member completes before the effective date of the member's participation in the defined benefit retirement plan. The transferred contributions shall be used to purchase credited service in the defined benefit retirement plan on an actuarial equivalent basis determined by the Alaska Retirement Management Board established under AS 37.10.210. The provisions of AS 39.35.159 apply to an election made under this subsection.

* **Sec. 96.** The uncodified law of the State of Alaska is amended by adding a new section to read:

ADOPTION OF REGULATIONS. (a) The Alaska Retirement Management Board may adopt regulations necessary to implement secs. 38 and 39 of this Act. Regulations adopted by the Alaska Retirement Management Board under this Act relate to the internal management of a state agency and are not subject to AS 44.62 (Administrative Procedure Act) under AS 37.10.240.

(b) The commissioner of administration may adopt regulations necessary to implement secs. 2 - 37 and 40 - 93 of this Act. Regulations adopted by the commissioner of administration under this Act relate to the internal management of a state agency and are not subject to AS 44.62 (Administrative Procedure Act) under AS 14.25.005, AS 39.30.098, and AS 39.35.005.

(c) Regulations adopted under this section may not take effect before the effective date of the law being implemented by the regulation.

* **Sec. 97.** Section 96 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 98.** Sections 2 - 91, 93, and 95 of this Act take effect July 1, 2024."

HB 66

Amendment No. 7 to SCS CSHB 66(FIN)

By Senator Hughes

Page 1, line 3, following "**stalking;**":

Insert "**relating to sex trafficking; relating to human trafficking;**"

Page 1, line 5, following "**sentencing;**":

Insert "**relating to victim confidentiality; establishing the process for vacating judgments for certain convictions of prostitution;**"

Page 1, line 7, following "**teams;**":

Insert "**relating to licensing of school bus drivers;**"

Page 2, line 12:

Delete "sec. 49"

Insert "sec. 91"

Page 2, following line 18:

Insert new bill sections to read:

"* **Sec. 2.** AS 04.06.110 is amended to read:

Sec. 04.06.110. Peace officer powers. The director and the persons employed for the administration and enforcement of this title may, with the concurrence of the commissioner of public safety, exercise the powers of peace officers when those powers are specifically granted by the board. Powers granted by the board under this section may be exercised only when necessary for the enforcement of the criminally punishable provisions of this title, regulations of the board, and other criminally punishable laws and regulations, including investigation of violations of laws against PROSTITUTION AND sex trafficking described in AS 11.41.340 - 11.41.357, laws against prostitution described in AS 11.66.100 [AS 11.66.100 - 11.66.135] and laws against gambling, promoting gambling, and related offenses described in AS 11.66.200 - 11.66.280. Unless authorized by a search warrant described in AS 12.35, nothing in this section authorizes the use

of metal keys, magnetic card keys, or identification cards to access private clubs.

* **Sec. 3.** AS 09.25.400 is amended to read:

Sec. 09.25.400. Privilege relating to domestic violence, sex trafficking, and sexual assault counseling. Confidential communications between a victim of domestic violence, sex trafficking, or sexual assault and a victim counselor are privileged under AS 18.66.200 - 18.66.250.

* **Sec. 4.** AS 11.31.120(h)(2) is amended to read:

(2) "serious felony offense" means an offense

(A) against the person under AS 11.41, punishable as an unclassified or class A felony;

(B) involving controlled substances under AS 11.71, punishable as an unclassified, class A, or class B felony;

(C) that is criminal mischief in the first degree under AS 11.46.475;

(D) that is terroristic threatening in the first degree under AS 11.56.807;

(E) that is human trafficking in the first degree under AS 11.41.360;

(F) that is sex trafficking in the first degree under **AS 11.41.340** [AS 11.66.110]; or

(G) that is arson in the first degree under AS 11.46.400 or arson in the second degree under AS 11.46.410."

Renumber the following bill sections accordingly.

Page 5, following line 28:

Insert new bill sections to read:

** **Sec. 11.** AS 11.41 is amended by adding new sections to read:

Sec. 11.41.340. Sex trafficking in the first degree. (a) A person commits the crime of sex trafficking in the first degree if the person

(1) as other than a patron of a victim of sex trafficking, induces or causes another person to engage in a commercial sexual act through the use of force or threat of force against any person; or

(2) violates AS 11.41.345 and the person induced or

caused to engage in the commercial sexual act is

- (A) under 21 years of age; or
- (B) in that person's legal custody.

(b) Sex trafficking in the first degree is an unclassified felony.

Sec. 11.41.345. Sex trafficking in the second degree. (a) A person commits the crime of sex trafficking in the second degree if, as other than a patron of a victim of sex trafficking under AS 11.41.355, the person intentionally induces or causes another person to engage in a commercial sexual act.

(b) Sex trafficking in the second degree is a class A felony.

Sec. 11.41.350. Sex trafficking in the third degree. (a) A person commits the crime of sex trafficking in the third degree if, as other than a patron of a victim of sex trafficking, the person provides services, resources, or other assistance in furtherance of a violation of AS 11.41.340 or 11.41.345.

(b) Sex trafficking in the third degree is a

- (1) class B felony if the value of the services, resources, or other assistance provided is \$200 or more; or
- (2) class C felony if the value of the services, resources, or other assistance provided is less than \$200.

Sec. 11.41.355. Patron of a victim of sex trafficking. (a) A person commits the crime of patron of a victim of sex trafficking if the person solicits a commercial sexual act

- (1) with reckless disregard that the person engaging in the sexual act is a victim of sex trafficking; or
- (2) from a person who is under 18 years of age.

(b) In a prosecution under (a)(2) of this section, it is an affirmative defense that, at the time of the alleged offense, the defendant

- (1) reasonably believed the person to be 18 years of age or older; and
- (2) undertook reasonable measures to verify that the person was 18 years of age or older.

(c) Patron of a victim of sex trafficking is a

- (1) class B felony if the person violates (a)(2) of this section;
- (2) class C felony if the person violates (a)(1) of this section.

Sec. 11.41.357. Inducing or causing a person to engage in a commercial sexual act. For purposes of AS 11.41.340 - 11.41.355, a person induces or causes another person to engage in a commercial sexual act including by

(1) exposing or threatening to expose confidential information or a secret, whether true or false, that would subject a person to hatred, contempt, or ridicule;

(2) destroying, concealing, or threatening to destroy or conceal an actual or purported passport or immigration document or another actual or purported identification document of any person;

(3) threatening to report a person to a government agency for the purpose of arrest or deportation;

(4) threatening to collect a debt;

(5) instilling in a person a fear that lodging, food, clothing, or medication will be withheld from any person;

(6) providing a controlled substance to or withholding a controlled substance from the other person; or

(7) engaging in deception.

* **Sec. 12.** AS 11.41.360(a) is amended to read:

(a) A person commits the crime of human trafficking in the first degree if, **under circumstances not proscribed under AS 11.41.340 - 11.41.357,** the person

(1) [COMPELS OR] induces **or causes** another person to engage in [SEXUAL CONDUCT,] adult entertainment [,] or labor [IN THE STATE] by force or threat of force against any person; **or**

(2) violates AS 11.41.365 and the victim is under 21 years of age [, OR BY DECEPTION].

* **Sec. 13.** AS 11.41.360(c) is amended to read:

(c) Human trafficking in the first degree is **an unclassified** [A CLASS A] felony.

* **Sec. 14.** AS 11.41.365 is amended to read:

Sec. 11.41.365. Human trafficking in the second degree. (a) A person commits the crime of human trafficking in the second degree if, **under circumstances not proscribed under AS 11.41.340 - 11.41.357,** the person **intentionally induces or causes another person to engage in adult entertainment or labor by**

(1) exposing or threatening to expose confidential information or a secret, whether true or false, tending to subject a person to hatred, contempt, or ridicule;

(2) destroying, concealing, or threatening to destroy or conceal an actual or purported passport or immigration document or another actual or purported identification document of any person;

(3) threatening to report a person to a government agency for the purpose of arrest or deportation;

(4) threatening to collect a debt;

(5) instilling in a person a fear that lodging, food, clothing, or medication will be withheld from any person;

(6) providing a controlled substance to or withholding a controlled substance from the other person; or

(7) engaging in deception [OBTAINS A BENEFIT FROM THE COMMISSION OF HUMAN TRAFFICKING UNDER AS 11.41.360, WITH RECKLESS DISREGARD THAT THE BENEFIT IS A RESULT OF THE TRAFFICKING].

(b) Human trafficking in the second degree is a class A [B] felony.

* **Sec. 15.** AS 11.41 is amended by adding new sections to read:

Sec. 11.41.366. Human trafficking in the third degree. (a)

A person commits the crime of human trafficking in the third degree if the person provides services, resources, or other assistance with the intent to promote a violation of AS 11.41.360 or 11.41.365.

(b) Human trafficking in the third degree is a

(1) class B felony if the value of the services, resources, or other assistance provided is \$200 or more;

(2) class C felony if the value of the services, resources, or other assistance provided is less than \$200.

Sec. 11.41.367. Applicability of AS 11.41.360 - 11.41.366.

AS 11.41.360 - 11.41.366 do not apply to acts that may reasonably be construed to be a normal caretaker request of a child or a normal interaction with a child.

Sec. 11.41.369. Forfeiture. (a) Property used to institute, aid, or facilitate, or received or derived from, a violation of AS 11.41.340 - 11.41.366, including real property, may be forfeited at sentencing.

(b) The legislature may appropriate funds received from the sale of property forfeited under (a) of this section for an offense under AS 11.41.340 - 11.41.357 to programs that provide resources to victims of sex trafficking.

* **Sec. 16.** AS 11.41.530(a) is amended to read:

(a) A person commits the crime of coercion if, under circumstances not proscribed under **AS 11.41.340 - 11.41.366 or 11.41.410 - 11.41.427** [AS 11.41.410 - 11.41.427], the person compels another to engage in conduct from which there is a legal right to abstain or abstain from conduct in which there is a legal right to engage, by means of instilling in the person who is compelled a fear that, if the demand is not complied with, the person who makes the demand or another may

(1) inflict physical injury on anyone, except under circumstances constituting robbery in any degree, or commit any other crime;

(2) accuse anyone of a crime;

(3) expose confidential information or a secret, whether true or false, tending to subject a person to hatred, contempt, or ridicule or to impair the person's credit or business repute;

(4) take or withhold action as a public servant or cause a public servant to take or withhold action;

(5) bring about or continue a strike, boycott, or other collective unofficial action, if the property is not demanded or received for the benefit of the group in whose interest the person making the threat or suggestion purports to act;

(6) testify or provide information or withhold testimony or information with respect to a person's legal claim or defense."

Renumber the following bill sections accordingly.

Page 7, line 21:

Delete "AS 11.66.110"

Insert "**AS 11.41.340** [AS 11.66.110]"

Page 7, line 22:

Delete "AS 11.66.120"

Insert "**AS 11.41.345** [AS 11.66.120]"

SENATE JOURNAL SUPPLEMENT

No. 9

May 14, 2024

Page 7, line 23:

Delete "AS 11.66.130"

Insert "**AS 11.41.350** [AS 11.66.130]"

Page 7, line 24:

Delete "sex trafficking in the fourth degree under AS 11.66.135"

Insert "**patron of a victim of sex trafficking under AS 11.41.355**
[SEX TRAFFICKING IN THE FOURTH DEGREE UNDER
AS 11.66.135]"

Page 7, following line 28:

Insert a new bill section to read:

**** Sec. 22.** AS 11.66.145 is amended to read:

Sec. 11.66.145. Forfeiture. Property used to institute, aid, or facilitate, or received or derived from, a violation of AS 11.66.100(e) [OR 11.66.110 - 11.66.135] may be forfeited at sentencing."

Renumber the following bill sections accordingly.

Page 10, following line 4:

Insert new bill sections to read:

**** Sec. 26.** AS 11.81.250(a) is amended to read:

(a) For purposes of sentencing under AS 12.55, all offenses defined in this title, except murder in the first and second degree, attempted murder in the first degree, solicitation to commit murder in the first degree, conspiracy to commit murder in the first degree, murder of an unborn child, **human trafficking in the first degree**, sexual assault in the first degree, sexual abuse of a minor in the first degree, misconduct involving a controlled substance in the first degree, sex trafficking in the first degree [UNDER AS 11.66.110(a)(2)], and kidnapping, are classified on the basis of their seriousness, according to the type of injury characteristically caused or risked by commission of the offense and the culpability of the offender. Except for murder in the first and second degree, attempted murder in the first degree, solicitation to commit murder in the first degree, conspiracy to commit murder in the first degree, murder of an unborn child, **human trafficking in the first degree**, sexual assault in the first

degree, sexual abuse of a minor in the first degree, misconduct involving a controlled substance in the first degree, sex trafficking in the first degree [UNDER AS 11.66.110(a)(2)], and kidnapping, the offenses in this title are classified into the following categories:

(1) class A felonies, which characteristically involve conduct resulting in serious physical injury or a substantial risk of serious physical injury to a person;

(2) class B felonies, which characteristically involve conduct resulting in less severe violence against a person than class A felonies, aggravated offenses against property interests, or aggravated offenses against public administration or order;

(3) class C felonies, which characteristically involve conduct serious enough to deserve felony classification but not serious enough to be classified as A or B felonies;

(4) class A misdemeanors, which characteristically involve less severe violence against a person, less serious offenses against property interests, less serious offenses against public administration or order, or less serious offenses against public health and decency than felonies;

(5) class B misdemeanors, which characteristically involve a minor risk of physical injury to a person, minor offenses against property interests, minor offenses against public administration or order, or minor offenses against public health and decency;

(6) violations, which characteristically involve conduct inappropriate to an orderly society but which do not denote criminality in their commission.

* **Sec. 27.** AS 11.81.250(b) is amended to read:

(b) The classification of each felony defined in this title, except murder in the first and second degree, attempted murder in the first degree, solicitation to commit murder in the first degree, conspiracy to commit murder in the first degree, murder of an unborn child, **human trafficking in the first degree**, sexual assault in the first degree, sexual abuse of a minor in the first degree, misconduct involving a controlled substance in the first degree, sex trafficking in the first degree [UNDER AS 11.66.110(a)(2)], and kidnapping, is designated in the section defining it. A felony under the law of this state defined outside

this title for which no penalty is specifically provided is a class C felony.

* **Sec. 28.** AS 11.81.900(b) is amended by adding new paragraphs to read:

(69) "adult entertainment" means an activity in which one or more individuals are employed, contracted, or permitted to, wholly or in part, entertain others by

(A) removing clothes or other items that clothe or hide the person's body;

(B) dancing or in any other manner exhibiting the individual's body in a completely or almost completely unclothed state;

(C) participating in a simulated illegal, indecent, or lewd exhibition, act, or practice, including simulated

(i) sexual penetration;

(ii) the lewd exhibition or touching of a person's genitals, anus, or breast; or

(iii) bestiality;

(70) "commercial sexual act" means a sexual act for which anything of value is given or received by any person;

(71) "services, resources, or other assistance" includes financial support, business services, lodging, transportation, providing false identification documents or other documentation, equipment, facilities, or any other service or property, regardless of whether a person is compensated;

(72) "sexual act" means sexual penetration or sexual contact;

(73) "victim of sex trafficking" means a person who has been induced or caused to engage in a commercial sexual act under AS 11.41.340 - 11.41.350."

Renumber the following bill sections accordingly.

Page 10, line 5:

Delete "AS 12.10.010(a)"

Insert "AS 12.10.010"

Page 10, line 6:

Delete "(a)"

Insert "**Sec. 12.10.010. General time limitations.** (a)"

Page 10, line 14:

Delete "AS 11.66.110 - 11.66.130,"

Insert "[AS 11.66.110 - 11.66.130,]"

Page 10, lines 19 - 21:

Delete "AS 11.66.110 - 11.66.130 that is an unclassified, class A, or class B felony or that is committed against a person who, at the time of the offense, was under 20 years of age"

Insert "**AS 11.41.340 or 11.41.345** [AS 11.66.110 - 11.66.130 THAT IS AN UNCLASSIFIED, CLASS A, OR CLASS B FELONY OR THAT IS COMMITTED AGAINST A PERSON WHO, AT THE TIME OF THE OFFENSE, WAS UNDER 20 YEARS OF AGE]"

Page 10, following line 22:

Insert new material to read:

"(b) Except as otherwise provided by law or in (a) of this section, a person may not be prosecuted, tried, or punished for an offense unless the indictment is found or the information or complaint is instituted not later than

(1) 10 years after the commission of a felony offense in violation of AS 11.41.120 - 11.41.330, **11.41.350, 11.41.366, 11.41.425(a)(1), 11.41.425(a)(5), 11.41.425(a)(6), or 11.41.450 - 11.41.458;** or

(2) five years after the commission of any other offense.

* **Sec. 30.** AS 12.37.010 is amended to read:

Sec. 12.37.010. Authorization to intercept communications. The attorney general, or a person designated in writing or by law to act for the attorney general, may authorize, in writing, an ex parte application to a court of competent jurisdiction for an order authorizing the interception of a private communication if the interception may provide evidence of, or may assist in the apprehension of persons who have committed, are committing, or are planning to commit, the following offenses:

(1) murder in the first or second degree under AS 11.41.100 - 11.41.110;

(2) kidnapping under AS 11.41.300;

(3) a class A or unclassified felony drug offense under

AS 11.71;

(4) sex trafficking in the first or second degree under **AS 11.41.340 or 11.41.345** [AS 11.66.110 AND 11.66.120]; or

(5) human trafficking [IN THE FIRST DEGREE] under AS 11.41.360 **or 11.41.365**.

* **Sec. 31.** AS 12.45.049 is amended to read:

Sec. 12.45.049. Privilege relating to domestic violence, sex trafficking, and sexual assault counseling. Confidential communications between a victim of domestic violence, sex trafficking, or sexual assault and a victim counselor are privileged under AS 18.66.200 - 18.66.250."

Renumber the following bill sections accordingly.

Page 13, following line 7:

Insert new bill sections to read:

** **Sec. 36.** AS 12.55.015 is amended by adding a new subsection to read:

(m) In addition to the penalties authorized by this section, if a defendant holds a business license and is convicted of an offense under AS 11.41.340 - 11.41.366, and the defendant used the business in furtherance of the offense, the court shall revoke the defendant's business license.

* **Sec. 37.** AS 12.55.035(b) is amended to read:

(b) Upon conviction of an offense, a defendant who is not an organization may be sentenced to pay, unless otherwise specified in the provision of law defining the offense, a fine of not more than

(1) \$500,000 for murder in the first or second degree, attempted murder in the first degree, murder of an unborn child, **human trafficking in the first degree**, sexual assault in the first degree under AS 11.41.410(a)(1)(A), (2), (3), or (4), sexual abuse of a minor in the first degree, kidnapping, sex trafficking in the first degree [UNDER AS 11.66.110(a)(2)], or misconduct involving a controlled substance in the first degree;

(2) \$250,000 for a class A felony;

(3) \$100,000 for a class B felony;

(4) \$50,000 for a class C felony;

(5) \$25,000 for a class A misdemeanor;

(6) \$2,000 for a class B misdemeanor;

(7) \$500 for a violation.

* **Sec. 38.** AS 12.55.078(f) is amended to read:

(f) The court may not suspend the imposition or entry of judgment and may not defer prosecution under this section of a person who

(1) is charged with a violation of AS 11.41.100 - 11.41.220, 11.41.260 - 11.41.320, **11.41.340 - 11.41.370** [11.41.360 - 11.41.370], 11.41.410 - 11.41.530, AS 11.46.400, **or** AS 11.61.125 - 11.61.128 [, OR AS 11.66.110 - 11.66.135];

(2) uses a firearm in the commission of the offense for which the person is charged;

(3) has previously been granted a suspension of judgment under this section or a similar statute in another jurisdiction, unless the court enters written findings that by clear and convincing evidence the person's prospects for rehabilitation are high and suspending judgment under this section adequately protects the victim of the offense, if any, and the community;

(4) is charged with a violation of AS 11.41.230, 11.41.250, or a felony and the person has one or more prior convictions for a misdemeanor violation of AS 11.41 or for a felony or for a violation of a law in this or another jurisdiction having similar elements to an offense defined as a misdemeanor in AS 11.41 or as a felony in this state; for the purposes of this paragraph, a person shall be considered to have a prior conviction even if

(A) the charges were dismissed under this section;

(B) the conviction has been set aside under AS 12.55.085; or

(C) the charge or conviction was dismissed or set aside under an equivalent provision of the laws of another jurisdiction; or

(5) is charged with a crime involving domestic violence, as defined in AS 18.66.990.

* **Sec. 39.** AS 12.55.085(f) is amended to read:

(f) The court may not suspend the imposition of sentence of a person who

(1) is convicted of a violation of AS 11.41.100 - 11.41.220, 11.41.260 - 11.41.320, **11.41.340 - 11.41.370**

[11.41.360 - 11.41.370], 11.41.410 - 11.41.530, AS 11.46.400, or AS 11.61.125 - 11.61.128 [, OR AS 11.66.110 - 11.66.135];

(2) uses a firearm in the commission of the offense for which the person is convicted; or

(3) is convicted of a violation of AS 11.41.230 - 11.41.250 or a felony and the person has one or more prior convictions for a misdemeanor violation of AS 11.41 or for a felony or for a violation of a law in this or another jurisdiction having similar elements to an offense defined as a misdemeanor in AS 11.41 or as a felony in this state; for the purposes of this paragraph, a person shall be considered to have a prior conviction even if that conviction has been set aside under (e) of this section or under the equivalent provision of the laws of another jurisdiction.

* **Sec. 40.** AS 12.55.125(b) is amended to read:

(b) A defendant convicted of attempted murder in the first degree, solicitation to commit murder in the first degree, conspiracy to commit murder in the first degree, kidnapping, **human trafficking in the first degree**, or misconduct involving a controlled substance in the first degree shall be sentenced to a definite term of imprisonment of at least five years but not more than 99 years. A defendant convicted of murder in the second degree or murder of an unborn child under AS 11.41.150(a)(2) - (4) shall be sentenced to a definite term of imprisonment of at least 15 years but not more than 99 years. A defendant convicted of murder in the second degree shall be sentenced to a definite term of imprisonment of at least 20 years but not more than 99 years when the defendant is convicted of the murder of a child under 16 years of age and the court finds by clear and convincing evidence that the defendant (1) was a natural parent, a stepparent, an adoptive parent, a legal guardian, or a person occupying a position of authority in relation to the child; or (2) caused the death of the child by committing a crime against a person under AS 11.41.200 - 11.41.530. In this subsection, "legal guardian" and "position of authority" have the meanings given in AS 11.41.470."

Renumber the following bill sections accordingly.

Page 14, lines 13 - 14:

Delete "under AS 11.66.110(a)(2)"
Insert "[UNDER AS 11.66.110(a)(2)]"

Page 15, line 4, following "AS 11.41.410(a)(1)(B)":
Insert "sex trafficking in the second degree,"

Page 15, line 8, following the first occurrence of "degree":
Insert "unlawful exploitation of a minor under AS 11.41.455(c)(2),"

Page 15, lines 8 - 9:
Delete "under AS 11.66.110(a)(2)"
Insert "[UNDER AS 11.66.110(a)(2)]"

Page 15, line 30, following "(3)":
Insert "sex trafficking in the third degree under AS 11.41.350(b)(1), patron of a victim of sex trafficking under AS 11.41.355(c)(1),"

Page 16, line 3, following "AS 11.41.410(a)(1)(B)":
Insert ", sex trafficking in the second degree, unlawful exploitation of a minor under AS 11.41.455(c)(1), or enticement of a minor under AS 11.41.452(e)"

Page 16, line 16, following "(4)":
Insert "sex trafficking in the third degree under AS 11.41.350(b)(2), patron of a victim of sex trafficking under AS 11.41.355(c)(2),"

Page 16, line 22, following "commit":
Insert "sex trafficking in the third degree under AS 11.41.350(b)(1), patron of a victim of sex trafficking under AS 11.41.355(c)(1),"

Page 18, following line 21:
Insert new bill sections to read:
** Sec. 45. AS 12.55.135 is amended by adding a new subsection to read:

(q) A defendant convicted under AS 11.66.100(a)(2) shall be

sentenced to a minimum term of imprisonment of 72 hours if the defendant has been previously convicted once in the previous five years in this or another jurisdiction of an offense under AS 11.66.100(a)(2) or an offense under another law or ordinance with similar elements.

* **Sec. 46.** AS 12.55.185(10) is amended to read:

(10) "most serious felony" means

(A) arson in the first degree, [SEX TRAFFICKING IN THE FIRST DEGREE UNDER AS 11.66.110(a)(2),] enticement of a minor under AS 11.41.452(e), or any unclassified or class A felony prescribed under AS 11.41; or

(B) an attempt, or conspiracy to commit, or criminal solicitation under AS 11.31.110 of, an unclassified felony prescribed under AS 11.41;"

Renumber the following bill sections accordingly.

Page 18, line 24, following the second occurrence of "degree,":

Insert "**sex trafficking in the second degree,**"

Page 18, line 25, following the second occurrence of "degree,":

Insert "**sex trafficking in the third degree, patron of a victim of sex trafficking,**"

Page 19, following line 1:

Insert new bill sections to read:

** **Sec. 48.** AS 12.61.125(a) is amended to read:

(a) The defendant accused of a **sex** [SEXUAL] offense, the defendant's counsel, or an investigator or other person acting on behalf of the defendant, may not

(1) notwithstanding AS 12.61.120, contact the victim of the offense or a witness to the offense if the victim or witness, or the parent or guardian of the victim or witness if the victim or witness is a minor, has informed the defendant or the defendant's counsel in writing or in person that the victim or witness does not wish to be contacted by the defense; a victim or witness who has not informed the defendant or the defendant's counsel in writing or in person that the victim does not wish to be contacted by the defense is entitled to rights as provided in AS 12.61.120;

(2) obtain a statement from the victim of the offense or a witness to the offense, unless,

(A) if the statement is taken as a recording, the recording is taken in compliance with AS 12.61.120, and written authorization is first obtained from the victim or witness, or from the parent or guardian of the victim or witness if the victim or witness is a minor; the written authorization must state that the victim or witness is aware that there is no legal requirement that the victim or witness talk to the defense; or

(B) if the statement is not taken as a recording, written authorization is first obtained from the victim or witness, or from the parent or guardian of the victim or witness if the victim or witness is a minor; the written authorization must state that the victim or witness is aware that there is no legal requirement that the victim or witness talk to the defense; a victim or witness making a statement under this subparagraph remains entitled to rights as provided in AS 12.61.120.

* **Sec. 49.** AS 12.61.125(d) is amended by adding a new paragraph to read:

(3) "sex offense" has the meaning given in AS 12.63.100 and includes a crime, or an attempt, solicitation, or conspiracy to commit a crime under AS 11.41.440(a)(1).

* **Sec. 50.** AS 12.61.140 is amended to read:

Sec. 12.61.140. Disclosure of victim's name. (a) The portion of the records of a court or law enforcement agency that contains the name of the victim of an offense under AS 11.41.300(a)(1)(C) or **a victim of a sex offense** [11.41.410 - 11.41.460]

(1) shall be withheld from public inspection, except with the consent of the court in which the case is or would be prosecuted; and

(2) is not a public record under AS 40.25.110 - 40.25.125.

(b) In all written court records open to public inspection, the name of the victim of an offense under AS 11.41.300(a)(1)(C) or **a victim of a sex offense** [11.41.410 - 11.41.460] may not appear. Instead, the victim's initials shall be used. However, a sealed record containing the victim's name shall be kept by the court in

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order to ensure that a defendant is not charged twice for the same offense.

* **Sec. 51.** AS 12.61.140 is amended by adding a new subsection to read:

(c) In this section, "sex offense" has the meaning given in AS 12.63.100 and includes a crime, or an attempt, solicitation, or conspiracy to commit a crime, under AS 11.41.440(a)(1).

* **Sec. 52.** AS 12.62.900(23) is amended to read:

(23) "serious offense" means a conviction for a violation or for an attempt, solicitation, or conspiracy to commit a violation of any of the following laws, or of the laws of another jurisdiction with substantially similar elements:

(A) a felony offense;

(B) a crime involving domestic violence;

(C) AS 11.41.410 - 11.41.470;

(D) AS 11.51.130 or 11.51.200 - 11.56.210;

(E) AS 11.61.110(a)(7) or 11.61.125;

(F) **AS 11.66.100** [AS 11.66.100 - 11.66.130];

(G) former AS 11.15.120, former 11.15.134, or assault with the intent to commit rape under former AS 11.15.160; or

(H) former AS 11.40.080, 11.40.110, 11.40.130, or 11.40.200 - 11.40.420, if committed before January 1, 1980."

Renumber the following bill sections accordingly.

Page 23, line 12:

Delete "[AS 11.66.110,]"

Insert "**former** AS 11.66.110, **former**"

Page 24, following line 7:

Insert a new sub-subparagraph to read:

"(xvi) AS 11.41.340, 11.41.345, or 11.41.355;

or"

Renumber the following sub-subparagraphs accordingly.

Page 24, line 8:

Delete "**or**"

Page 24, line 9:

Delete all material.

Page 24, following line 20:

Insert a new bill section to read:

**** Sec. 58.** AS 12.72 is amended by adding new sections to read:

Sec. 12.72.100. Vacation of judgment of conviction for prostitution. A person may petition the court to vacate the judgment if, at the time of the offense, the person was or would have been a victim of sex trafficking as defined in AS 11.81.900(b) and was convicted or adjudicated delinquent for prostitution under AS 11.66.100 or a similar municipal ordinance.

Sec. 12.72.105. Filing of petition for vacation of judgment.
(a) A person seeking a vacation of judgment under this chapter shall file a petition with the clerk at the court location where the underlying criminal case was filed and serve a copy on the prosecuting authority responsible for obtaining the conviction.

(b) If the prosecuting authority does not file a response within 45 days after service of the petition, the court may grant the vacation of judgment without further proceedings.

Sec. 12.72.110. Limitations on petition for vacation of judgment. (a) A person may file a petition under this chapter only after a judgment has been entered on the person's case or, if the conviction was appealed, after the court's decision on the case is final under the Alaska Rules of Appellate Procedure.

(b) An action for a petition for vacation of judgment under AS 12.72.100 does not give rise to the right to a trial by jury.

Sec. 12.72.115. Presumption and burden of proof in vacation of judgment proceedings. (a) The person petitioning the court for a vacation of judgment of conviction or adjudication of delinquency for prostitution under AS 11.66.100 or a similar municipal ordinance must prove all factual assertions by a preponderance of the evidence.

(b) There is a rebuttable presumption that a person who was under 21 years of age at the time of an offense under AS 11.66.100 was or would have been a victim of sex trafficking.

Sec. 12.72.120. Vacation of judgment. (a) If the court grants the petition for a vacation of judgment,

(1) the judgment of conviction or adjudication of delinquency for prostitution under AS 11.66.100 or a similar municipal ordinance shall be vacated;

(2) the Alaska Court System may not publish on a publicly available Internet website the court records of the conviction for prostitution under AS 11.66.100 or a similar municipal ordinance if the person was not convicted of a felony charge in that case; and

(3) the Department of Public Safety may not release information related to the conviction for prostitution under AS 11.66.100 or a similar municipal ordinance in response to a request under AS 12.62.160(b)(6), (8), or (9).

(b) The Alaska Court System shall remove a person's court records from a publicly available Internet website under (a)(2) of this section within 30 days after the court grants a petition for vacation of judgment."

Renumber the following bill sections accordingly.

Page 24, following line 20:

Insert new bill sections to read:

"* **Sec. 60.** AS 18.66.210 is amended to read:

Sec. 18.66.210. Exceptions. The privilege provided under AS 18.66.200 does not apply to

(1) reports of suspected child abuse or neglect under AS 47.17;

(2) evidence that the victim is about to commit a crime;

(3) a proceeding that occurs after the victim's death;

(4) a communication relevant to an issue of breach by the victim or victim counselor of a duty arising out of the victim-victim counselor relationship;

(5) a communication that is determined to be admissible hearsay as an excited utterance under the Alaska Rules of Evidence;

(6) a child-in-need-of-aid proceeding under AS 47.10;

(7) a communication made during the victim-victim counselor relationship if the services of the counselor were sought, obtained, or used to enable anyone to commit or plan a crime or to escape detection or apprehension after the commission of a crime;

or

(8) a criminal proceeding concerning criminal charges against a victim of domestic violence, sex trafficking, or sexual assault in which [WHERE] the victim is charged with a crime

(A) under AS 11.41 against a minor; or

(B) in which the physical, mental, or emotional condition of the victim is raised in defense of the victim.

* **Sec. 61.** AS 18.66.250(1) is amended to read:

(1) "confidential communication" means information exchanged between a victim and a victim counselor in private or in the presence of a third party who is necessary to facilitate communication or further the counseling process and that is disclosed in the course of victim counseling resulting from sex trafficking, a sexual assault, or domestic violence;

* **Sec. 62.** AS 18.66.250(3) is amended to read:

(3) "victim" means a person who consults a victim counselor for assistance in overcoming adverse effects of a sexual assault, sex trafficking, or domestic violence;

* **Sec. 63.** AS 18.66.250(4) is amended to read:

(4) "victim counseling" means support, assistance, advice, or treatment to alleviate the adverse effects of sex trafficking, a sexual assault, or domestic violence on the victim;

* **Sec. 64.** AS 18.66.250(5) is amended to read:

(5) "victim counseling center" means a private organization, an organization operated by or contracted by a branch of the armed forces of the United States, or a local government agency that

(A) has, as one of its primary purposes, the provision of direct services to victims for trauma resulting from [A] sexual assault, sex trafficking, or domestic violence;

(B) is not affiliated with a law enforcement agency or a prosecutor's office; and

(C) is not on contract with the state to provide services under AS 47;

* **Sec. 65.** AS 18.66.250(6) is amended to read:

(6) "victim counselor" means an employee or supervised volunteer of a victim counseling center that provides counseling to victims

(A) who has undergone a minimum of 40 hours of

training in sex trafficking, domestic violence, or sexual assault, crisis intervention, victim support, treatment, and related areas; or

(B) whose duties include victim counseling.

* **Sec. 66.** AS 18.66.990(2) is amended to read:

(2) "crisis intervention and prevention program" means a community program that provides information, education, counseling, and referral services to individuals experiencing personal crisis related to domestic violence, sex trafficking, or sexual assault and to individuals in personal or professional transition, excluding correctional half-way houses, outpatient mental health programs, and drug or alcohol rehabilitation programs;"

Renumber the following bill sections accordingly.

Page 25, following line 26:

Insert new bill sections to read:

** **Sec. 68.** AS 18.67.080(a) is amended to read:

(a) In a case in which a person is injured or killed by an incident specified in AS 18.67.101(1), [OR] by the act of any other person that is within the description of offenses listed in AS 18.67.101(2), or as a result of the person's involvement in a commercial sexual act as described in AS 18.67.101(3), the board may order the payment of compensation in accordance with the provisions of this chapter:

(1) to or for the benefit of the injured person;

(2) in the case of personal injury or death of the victim, to a person responsible or who had been responsible for the maintenance of the victim who has suffered pecuniary loss or incurred expenses as a result of the injury or death;

(3) in the case of death of the victim, to or for the benefit of one or more of the dependents of the victim; or

(4) to the provider of a service under AS 18.67.110(b).

* **Sec. 69.** AS 18.67.101 is amended to read:

Sec. 18.67.101. Incidents and offenses to which this chapter applies. The board may order the payment of compensation in accordance with the provisions of this chapter for personal injury or death that resulted from

(1) an attempt on the part of the applicant to prevent the commission of crime, or to apprehend a suspected criminal, or aiding or attempting to aid a police officer to do so, or aiding a victim of crime; [OR]

(2) the commission or attempt on the part of one other than the applicant to commit any of the following offenses:

- (A) murder in any degree;
- (B) manslaughter;
- (C) criminally negligent homicide;
- (D) assault in any degree;
- (E) kidnapping;
- (F) sexual assault in any degree;
- (G) sexual abuse of a minor;
- (H) robbery in any degree;
- (I) threats to do bodily harm;

(J) driving while under the influence of an alcoholic beverage, inhalant, or controlled substance or another crime resulting from the operation of a motor vehicle, boat, or airplane when the offender is under the influence of an alcoholic beverage, inhalant, or controlled substance;

(K) arson in the first degree;

(L) [SEX TRAFFICKING IN VIOLATION OF AS 11.66.110 OR 11.66.130(a)(2)(B);

(M)] human trafficking in any degree; or

(M) [(N)] unlawful exploitation of a minor; or

(3) the applicant's having been induced or caused to engage in a commercial sexual act under AS 11.41.340 - 11.41.350.

* **Sec. 70.** AS 18.85.100(c) is amended to read:

(c) An indigent person is entitled to representation under (a) and (b) of this section for purposes of bringing a timely application for post-conviction relief **or petition for vacation of judgment** under AS 12.72. An indigent person is not entitled to representation under (a) and (b) of this section for purposes of bringing

(1) an untimely or successive application for post-conviction relief **or petition for vacation of judgment** under AS 12.72 or an untimely or successive motion for reduction or modification of sentence;

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(2) a petition for review or certiorari from an appellate court ruling on an application for post-conviction relief; or

(3) an action or claim for habeas corpus in federal court attacking a state conviction."

Renumber the following bill sections accordingly.

Page 26, line 14:

Delete "AS 11.66.110 - 11.66.130"

Insert "**AS 11.41.340 - 11.41.350** [AS 11.66.110 - 11.66.130]"

Page 26, line 18:

Delete "or"

Page 26, following line 18:

Insert a new subparagraph to read:

"(K) patron of a victim of sex trafficking under AS 11.41.355; or"

Page 26, following line 27:

Insert new bill sections to read:

"* Sec. 72. AS 34.03.360(10) is amended to read:

(10) "illegal activity involving a place of prostitution" means a violation of **AS 11.41.340(a)(1), 11.41.345, or 11.41.350** [AS 11.66.120(a)(1) OR 11.66.130(a)(2)(A) OR (D)];

*** Sec. 73.** AS 44.23.080(a) is amended to read:

(a) If there is reasonable cause to believe that an Internet service account has been used in connection with a violation of **AS 11.41.340 - 11.41.350, 11.41.452** [AS 11.41.452], 11.41.455, or AS 11.61.125 - 11.61.128, and that the identity, address, and other information about the account owner will assist in obtaining evidence that is relevant to the offense, a law enforcement officer may apply to the attorney general or the attorney general's designee for an administrative subpoena to obtain the business records of the Internet service provider located inside or outside of the state.

*** Sec. 74.** AS 47.10.990(33) is amended to read:

(33) "sexual abuse" means the conduct described in AS 11.41.410 - 11.41.460₂ [;] conduct constituting "sexual

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exploitation" as defined in AS 47.17.290, and conduct prohibited by **AS 11.41.340 - 11.41.357 and AS 11.66.100** [AS 11.66.100 - 11.66.150];"

Renumber the following bill sections accordingly.

Page 27, lines 18 - 19:

Delete "in the first degree under AS 11.66.110"

Insert "[IN THE FIRST DEGREE] under **AS 11.41.340 or 11.41.345** [AS 11.66.110]"

Page 28, line 8:

Delete "in the first degree"

Insert "**under AS 11.41.340 or 11.41.345** [IN THE FIRST DEGREE]"

Page 29, following line 2:

Insert a new bill section to read:

**** Sec. 78.** AS 47.17.290(18) is amended to read:

(18) "sexual exploitation" includes

(A) allowing, permitting, or encouraging a child to engage in **a commercial sexual act prohibited by AS 11.41.340 - 11.41.357 or** prostitution prohibited by **AS 11.66.100** [AS 11.66.100 - 11.66.150], by a person responsible for the child's welfare;

(B) allowing, permitting, encouraging, or engaging in activity prohibited by AS 11.41.455(a), by a person responsible for the child's welfare."

Renumber the following bill sections accordingly.

Page 39, line 27:

Delete "AS 12.40.110 is"

Insert "AS 11.41.360(b), 11.41.470(7); AS 11.56.765(c)(3), 11.56.767(c)(3); AS 11.66.110, 11.66.120, 11.66.130, 11.66.135, 11.66.140, 11.66.150(1); AS 12.40.110; and AS 12.61.125(d)(2) are"

Page 41, lines 5 - 13:

Delete all material and insert:

"APPLICABILITY. (a) The following sections apply to offenses committed on or after the effective date of those sections:

- (1) AS 11.31.120(h)(2), as amended by sec. 4 of this Act;
- (2) AS 11.41.110, as amended by sec. 5 of this Act;
- (3) AS 11.41.110(c), enacted by sec. 6 of this Act;
- (4) AS 11.41.120(a), as amended by sec. 7 of this Act;
- (5) AS 11.41.140, as amended by sec. 8 of this Act;
- (6) AS 11.41.240, enacted by sec. 9 of this Act;
- (7) AS 11.41.260(a), as amended by sec. 10 of this Act;
- (8) AS 11.41.340 - 11.41.357, enacted by sec. 11 of this Act;
- (9) AS 11.41.360(a), as amended by sec. 12 of this Act;
- (10) AS 11.41.360(c), as amended by sec. 13 of this Act;
- (11) AS 11.41.365, as amended by sec. 14 of this Act;
- (12) AS 11.41.366 - 11.41.369, enacted by sec. 15 of this

Act;

- (13) AS 11.41.530(a), as amended by sec. 16 of this Act;
- (14) AS 11.71.010(a), as amended by sec. 23 of this Act;
- (15) AS 11.71.010(b), as amended by sec. 24 of this Act;
- (16) AS 11.71.021(a), as amended by sec. 25 of this Act;
- (17) AS 11.81.250(a), as amended by sec. 26 of this Act;
- (18) AS 11.81.250(b), as amended by sec. 27 of this Act;
- (19) AS 11.81.900(b)(69) - (73), enacted by sec. 28 of this

Act;

- (20) AS 12.37.010, as amended by sec. 30 of this Act;
- (21) AS 12.55.125(c), as amended by sec. 41 of this Act;
- (22) AS 12.55.127(c), as amended by sec. 43 of this Act; and
- (23) AS 18.66.990(3), as amended by sec. 67 of this Act.

(b) The following sections apply to sentences imposed on or after the effective date of those sections for conduct occurring on or after the effective date of those sections:

- (1) AS 12.55.015(m), enacted by sec. 35 of this Act;
- (2) AS 12.55.035(b), as amended by sec. 36 of this Act;
- (3) AS 12.55.078(f), as amended by sec. 37 of this Act;
- (4) AS 12.55.085(f), as amended by sec. 38 of this Act;
- (5) AS 12.55.125(b), as amended by sec. 40 of this Act;
- (6) AS 12.55.125(i), as amended by sec. 42 of this Act;
- (7) AS 12.55.135(q), enacted by sec. 45 of this Act;
- (8) AS 12.55.185(10), as amended by sec. 46 of this Act;
- (9) AS 12.55.185(16), as amended by sec. 47 of this Act;

(10) AS 12.62.900(23), as amended by sec. 52 of this Act."

Reletter the following subsections accordingly.

Page 41, line 15:

Delete "sec. 26"

Insert "sec. 53"

Delete "sec. 27"

Insert "sec. 54"

Page 41, line 16:

Delete "sec. 28"

Insert "sec. 55"

Page 41, line 18:

Delete "secs. 26 - 28"

Insert "secs. 53 - 55"

Page 41, line 19:

Delete "sec. 29"

Insert "sec. 56"

Page 41, line 20:

Delete "sec. 29"

Insert "sec. 56"

Page 41, line 22:

Delete "sec. 29"

Insert "sec. 56"

Page 41, line 23:

Delete "sec. 29"

Insert "sec. 56"

Page 41, line 25:

Delete "sec. 29"

Insert "sec. 56"

Page 41, line 27:

Delete "sec. 30"
Insert "sec. 57"

Page 41, line 28:
Delete "sec. 30"
Insert "sec. 57"

Page 41, following line 28:

Insert new subsections to read:

"(g) AS 12.72.100 - 12.72.120, enacted by sec. 58 of this Act, and AS 18.85.100(c), as amended by sec. 70 of this Act, apply to petitions filed on or after the effective date of secs. 58 and 70 of this Act for conduct occurring before, on, or after the effective date of secs. 58 and 70 of this Act.

(h) The following sections apply to communications made on or after the effective date of those sections relating to offenses occurring on or after the effective date of those sections:

- (1) AS 09.25.400, as amended by sec. 3 of this Act;
- (2) AS 12.45.049, as amended by sec. 31 of this Act;
- (3) AS 12.61.125(d)(3), enacted by sec. 49 of this Act;
- (4) AS 12.61.140, as amended by sec. 50 of this Act;
- (5) AS 12.61.140(c), enacted by sec. 51 of this Act;
- (6) AS 18.66.210, as amended by sec. 60 of this Act;
- (7) AS 18.66.250(1), as amended by sec. 61 of this Act;
- (8) AS 18.66.250(3), as amended by sec. 62 of this Act;
- (9) AS 18.66.250(4), as amended by sec. 63 of this Act;
- (10) AS 18.66.250(5), as amended by sec. 64 of this Act;
- (11) AS 18.66.250(6), as amended by sec. 65 of this Act."

Page 41, line 29:
Delete "sec. 49"
Insert "sec. 91"

Page 41, line 30:
Delete "sec. 49"
Insert "sec. 91"

Page 41, line 31:
Delete "sec. 49"

Insert "sec. 91"

Page 42, line 4:

Delete "sec. 49" in both places

Insert "sec. 91" in both places

Page 42, line 6:

Delete "Section 48"

Insert "Section 90"

Page 42, line 7:

Delete "sec. 54"

Insert "sec. 96"

HB 344

Amendment No. 3 to HB 344

By Senator Giessel

Page 1, line 1, following "Act":

Insert **"relating to education tax credits for certain payments and contributions for child care and child care facilities; relating to the insurance tax education credit, the income tax education credit, the oil or gas producer education credit, the property tax education credit, the mining business education credit, the fisheries business education credit, and the fisheries resource landing tax education credit;"**

Page 1, line 2, following "Health":

Insert **"; renaming the day care assistance program the child care assistance program; relating to the child care assistance program and the child care grant program; providing for an effective date by amending the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014; and providing for an effective date"**

Page 1, following line 3:

Insert new bill sections to read:

**** Section 1.** AS 21.96.070(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED]

(1) **contributions of cash or equipment accepted** for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(2) **contributions of cash or equipment accepted** for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) **contributions of cash or equipment accepted** for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) **contributions of cash or equipment accepted** for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(5) **contributions of cash or equipment accepted** for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state; [AND]

(6) **contributions of cash or equipment accepted** for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) expenditures made to operate a child care facility in the state for the children of the taxpayer's employees;

(8) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the taxpayer's employees; and

(9) a payment to an employee of the taxpayer made by the taxpayer for the purpose of offsetting the employee's child care costs incurred in the state.

* Sec. 2. AS 43.20.014(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) **contributions of cash or equipment accepted for** direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) **contributions of cash or equipment accepted for** secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) **contributions of cash or equipment accepted for** vocational education courses, programs, equipment, and facilities

by a state-operated vocational technical education and training school, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, and an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 - 50b (National Apprenticeship Act);

(4) **contributions of cash or equipment accepted for** a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) **contributions of cash or equipment accepted for** Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) **contributions of cash or equipment accepted for** education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) **contributions of cash or equipment accepted for** the Alaska higher education investment fund under AS 37.14.750;

(8) **contributions of cash or equipment accepted for** funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) **contributions of cash or equipment accepted for**

constructing, operating, or maintaining a residential housing facility by a residential school in the state approved by the Department of Education and Early Development under AS 14.16.200;

(10) **contributions of cash or equipment accepted for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;**

(11) **contributions of cash or equipment accepted for science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; [AND]**

(12) **contributions of cash or equipment accepted for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state;**

(13) **expenditures made to operate a child care facility in the state for the children of the taxpayer's employees;**

(14) **contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the taxpayer's employees; and**

(15) **a payment to an employee of the taxpayer made by the taxpayer for the purpose of offsetting the employee's child care costs incurred in the state.**

* Sec. 3. AS 43.55.019(a) is amended to read:

(a) A producer of oil or gas is allowed a credit against the tax levied by AS 43.55.011(e) for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) **contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited**

by a national or regional accreditation association;

(2) **contributions of cash or equipment accepted for secondary school level vocational education courses, programs, and facilities by a school district in the state;**

(3) **contributions of cash or equipment accepted for vocational education courses, programs, equipment, and facilities by a state-operated vocational technical education and training school, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, and an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 - 50b (National Apprenticeship Act);**

(4) **contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;**

(5) **contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;**

(6) **contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]**

(7) **contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;**

(8) expenditures made to operate a child care facility in the state for the children of the producer's employees;

(9) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the producer's employees; and

(10) a payment to an employee of the producer made by the producer for the purpose of offsetting the employee's child care costs incurred in the state.

* Sec. 4. AS 43.56.018(a) is amended to read:

(a) The owner of property taxable under this chapter is

allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(2) contributions of cash or equipment accepted for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;

(8) expenditures made to operate a child care facility in the state for the children of the property owner's employees;

(9) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the property owner's employees; and

(10) a payment to an employee of the property owner

made by the owner for the purpose of offsetting the employee's child care costs incurred in the state.

* **Sec. 5.** AS 43.65.018(a) is amended to read:

(a) A person engaged in the business of mining in the state is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) contributions of cash or equipment accepted for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;

(8) contributions of cash or equipment accepted for funding a scholarship awarded by a nonprofit organization to a

dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) **contributions of cash or equipment accepted for constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;**

(10) **contributions of cash or equipment accepted for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;**

(11) **contributions of cash or equipment accepted for science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; [AND]**

(12) **contributions of cash or equipment accepted for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state;**

(13) **expenditures made to operate a child care facility in the state for the children of the person's employees;**

(14) **contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the**

person's employees; and

(15) a payment to an employee of the person's business made by the person for the purpose of offsetting the employee's child care costs incurred in the state.

* Sec. 6. AS 43.75.018(a) is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) contributions of cash or equipment accepted for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) contributions of cash or equipment accepted for the Alaska higher education investment fund under AS 37.14.750;

(8) **contributions of cash or equipment accepted for** funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) **contributions of cash or equipment accepted for** constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(10) **contributions of cash or equipment accepted for** childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) **contributions of cash or equipment accepted for** science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; [AND]

(12) **contributions of cash or equipment accepted for** the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state;

(13) expenditures made to operate a child care facility in the state for the children of the person's employees;

(14) contributions of cash or equipment accepted by a

child care facility in the state operated by a nonprofit corporation and attended by one or more children of the person's employees; and

(15) a payment to an employee of the person's business made by the person for the purpose of offsetting the employee's child care costs incurred in the state.

* Sec. 7. AS 43.77.045(a) is amended to read:

(a) A person engaged in a floating fisheries business is allowed a credit against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

(1) contributions of cash or equipment accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) contributions of cash or equipment accepted for secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) contributions of cash or equipment accepted for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) contributions of cash or equipment accepted for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) contributions of cash or equipment accepted for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) contributions of cash or equipment accepted for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) **contributions of cash or equipment accepted for** the Alaska higher education investment fund under AS 37.14.750;

(8) **contributions of cash or equipment accepted for** funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) **contributions of cash or equipment accepted for** constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(10) **contributions of cash or equipment accepted for** childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) **contributions of cash or equipment accepted for** science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; [AND]

(12) **contributions of cash or equipment accepted for** the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state;

(13) expenditures made to operate a child care facility

in the state for the children of the person's employees;

(14) contributions of cash or equipment accepted by a child care facility in the state operated by a nonprofit corporation and attended by one or more children of the person's employees; and

(15) a payment to an employee of the person's business made by the person for the purpose of offsetting the employee's child care costs incurred in the state.

* **Sec. 8.** AS 47.05.030(a) is amended to read:

(a) Except as provided in (b) and (c) of this section and for purposes directly connected with the administration of general assistance, adult public assistance, the child [DAY] care assistance program authorized under AS 47.25.001 - 47.25.095, or the Alaska temporary assistance program, and in accordance with the regulations of the department, a person may not solicit, disclose, receive, make use of, or authorize, knowingly permit, participate in, or acquiesce in the use of, a list of or names of, or information concerning, persons applying for or receiving the assistance directly or indirectly derived from the records, papers, files, or communications of the department or subdivisions or agencies of the department, or acquired in the course of the performance of official duties.

* **Sec. 9.** AS 47.05.085(a) is amended to read:

(a) The commissioner or the commissioner's designee at the director level may issue subpoenas to compel the production of books, papers, correspondence, memoranda, and other records considered necessary as evidence in connection with an investigation under or the administration of AS 47.07 (medical assistance), AS 47.08 (assistance for catastrophic illnesses and acute or chronic medical conditions), AS 47.25 (child [DAY] care assistance, child care grants, general relief, adult public assistance, and food stamps), and AS 47.27 (Alaska temporary assistance program)."

Page 1, line 4:

Delete "**Section 1**"

Insert "**Sec. 10**"

Page 1, following line 13:

Insert new bill sections to read:

** **Sec. 11.** AS 47.25.001(a) is amended to read:

(a) The department shall

(1) implement and administer a program to assist in providing **child** [DAY] care for the children of low and moderate income families according to the requirements of AS 47.25.001 - 47.25.095;

(2) establish standards of eligibility for **child** [DAY] care benefits; **the standards must provide that the maximum monthly household income for a family to be eligible for the program is 105 percent of the median monthly household income in the state, adjusted for family size, unless the family is otherwise exempt from income eligibility requirements;**

(3) contract for the care of children of eligible families;

(4) establish procedures to periodically review the needs of families receiving **child** [DAY] care benefits;

(5) provide notification to the local government body of the request for a contract with a **child** [DAY] care facility;

(6) establish an electronic application for assistance and allow an applicant to submit an application in electronic format or in other formats required by state and federal law; the electronic application must inform an applicant that a false statement made on the application will be investigated and is punishable under AS 11.56.210;

(7) establish a program to partner with private sector entities to create incentives for employers to develop on-site or near-site child care.

* **Sec. 12.** AS 47.25.011 is amended to read:

Sec. 47.25.011. Administrative costs of program contractors. To defray administrative expenses, a contractor under AS 47.25.001(b) may only retain \$1,000 or 12 percent, whichever is greater, of the **child** [DAY] care assistance program funds it receives from the department under the contract.

* **Sec. 13.** AS 47.25.021 is amended to read:

Sec. 47.25.021. Conditions of receipt of benefits. Benefits may be paid for the care of children of a low or moderate income family only if a parent or guardian, because of the **child** [DAY] care, is freed to work or to seek work or to attend school. Benefits may not be paid for the care of children of a family where one

parent or guardian is not working, actively seeking work, or attending school and is physically and mentally capable of caring for the children.

* **Sec. 14.** AS 47.25.031 is amended to read:

Sec. 47.25.031. Eligibility of families for benefits. The department shall determine the eligibility of families for child [DAY] care benefits on the basis of the following factors:

(1) income of the family including salary, alimony, child support, retirement benefits, social security, and any other source of income;

(2) number of children in the family;

(3) whether there is one parent or guardian solely responsible for the care of the family.

* **Sec. 15.** AS 47.25.041 is amended to read:

Sec. 47.25.041. Contributions by parent or guardian. The department shall develop a sliding fee scale based on the factors listed in AS 47.25.031 for purposes of determining the amount to be contributed by the parent or guardian for child care; the amount may not exceed seven percent of the family monthly income. The contribution of the parent or guardian shall be paid to the child [DAY] care facility.

* **Sec. 16.** AS 47.25.051 is amended to read:

Sec. 47.25.051. Placement; payment by state. (a) Parents or guardians shall select the child [DAY] care facility for the care of their children.

(b) Benefits shall be paid by the department directly to the municipality or organization contracting with the child [DAY] care facility.

* **Sec. 17.** AS 47.25.051 is amended by adding a new subsection to read:

(c) The department shall use a market rate study or a cost of care study to establish a subsidy rate for each region served by the program established under AS 47.25.001. The department shall use the subsidy rate to determine the amount of benefits payable by the department under (b) of this section.

* **Sec. 18.** AS 47.25.071(b) is amended to read:

(b) To qualify for a grant under (a) or (d) of this section, the child care facility must

(1) be currently licensed under AS 47.32 and applicable

municipal licensing requirements;

(2) participate in the **child** [DAY] care assistance program under AS 47.25.001 - 47.25.095; [AND]

(3) provide care under a payment system as provided in (g) of this section; **and**

(4) be designated as a quality child care facility by the department.

* **Sec. 19.** AS 47.25.071(g) is amended to read:

(g) **A** [EACH] child care facility receiving a grant under (a) or (d) of this section shall

(1) assure that at least 15 percent or one of its child care spaces receiving subsidy under this section, whichever is greater, will be made available, if requested, to children eligible for **child** [DAY] care assistance under AS 47.25.001 - 47.25.095, whose parents or guardians wish to pay for care based on attendance only;

(2) give priority to children from low-income families when filling available child care spaces in the facility.

* **Sec. 20.** AS 47.25.071(h) is amended to read:

(h) The department shall, in consultation with **a child care resource and referral agency in the state** [INTERESTED CHILD CARE PROVIDERS] and parents, adopt regulations to carry out the purposes of this section, **including criteria used to designate a child care facility as a quality child care facility under (b)(4) of this section.**

* **Sec. 21.** AS 47.25.071 is amended by adding new subsections to read:

(i) In addition to the grants provided in (a) and (d) of this section, the department may, subject to appropriations for that purpose, provide grants to the highest performing and highest quality child care facilities in the state. The department may use quality recognition and improvement system metrics to determine the highest performing and highest quality child care facilities in the state. To receive a grant under this subsection, the child care facility must be currently licensed under AS 47.32 and applicable municipal licensing requirements.

(j) A child care facility receiving a grant under (a) or (d) of this section may not deny a child acceptance to the facility based on disability or socioeconomic status.

* **Sec. 22.** AS 47.25.095(2) is amended to read:

(2) "child care facility" means an establishment licensed as a child care facility under AS 47.32 [, INCLUDING DAY CARE CENTERS, FAMILY DAY CARE HOMES, AND SCHOOLS FOR PRESCHOOL AGE CHILDREN,] that provides care for children not related by blood, marriage, or legal adoption to the owner, operator, or manager of the facility, or an establishment recognized by the federal government for the care of children;

* **Sec. 23.** AS 47.25.095(3) is amended to read:

(3) "child [DAY] care" means the care, supervision, and guidance of a child or children unaccompanied by a parent or legal guardian on a regular basis for periods of less than 24 hours a day;

* **Sec. 24.** AS 47.25.071(c) and 47.25.095(4) are repealed.

* **Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CHILD CARE AND DEVELOPMENT FUND PLAN FEDERAL APPROVAL. To the extent necessary to implement sec. 11 of this Act, the Department of Health shall amend and submit for federal approval the state plan for the state's child care assistance program under the federal child care and development fund program, consistent with AS 47.25.001(a), as amended by sec. 11 of this Act.

* **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT; NOTIFICATION. (a) This Act takes effect only if, on or before January 1, 2026, the United States Department of Health and Human Services

(1) approves the amendment to the state plan for child care assistance program under the federal child care and development fund program, consistent with AS 47.25.001(a), as amended by sec. 11 of this Act; or

(2) determines that approval of the amendment to the state plan for the child care assistance program is not necessary.

(b) The commissioner of health shall notify the revisor of statutes in writing within 30 days after the United States Department of Health and Human Services approves the amendment to the state plan or determines that approval is not necessary under (a)(1) or (2) of this section.

* **Sec. 27.** Section 37, ch. 61, SLA 2014, as amended by sec. 40, ch.

101, SLA 2018, is amended to read:

Sec. 37. Sections 1, 2, and 21, **ch. 61, SLA 2014**, [OF THIS ACT] take effect January 1, **2028** [2025].

* **Sec. 28.** If sec. 11 of this Act takes effect, it takes effect on the day after the date the United States Department of Health and Human Services approves the corresponding amendment to the state plan or determines that approval is not necessary.

* **Sec. 29.** Sections 1 - 9 and 11 - 27 of this Act take effect immediately under AS 01.10.070(c)."

Please report corrections to the Senate Secretary's office.