

HOUSE BILL NO. 338

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE COSTELLO

Introduced: 2/23/26

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska Work and Save Program for employees who do not
2 have access to a qualified retirement savings plan at work; relating to the duties of the
3 commissioner of labor and workforce development; and providing for an effective
4 date."

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

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

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

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

13 * **Sec. 2.** AS 43.23.130(b) is amended to read:

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

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

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

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

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

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

10 **Sec. 44.25.400. Alaska Work and Save Program.** (a) The Alaska Work and
 11 Save Program is established in the Department of Revenue. The commissioner of
 12 revenue or the commissioner's designee shall administer the program.

13 (b) An employer that does not offer a qualified retirement plan shall facilitate
 14 participation of the employer's employees in the program. Any person who earns
 15 compensation in this state is eligible to voluntarily enroll in the program.

16 (c) An employee is automatically enrolled in the program at the default
 17 contribution rate established by the administrator. A participating employee's
 18 contribution rate increases at the default rate established by the administrator. An
 19 employee may

20 (1) opt out of the program or a contribution rate increase;

21 (2) make contributions at a rate different than the default rate
 22 established by the administrator;

23 (3) increase contributions at a rate different than the default rate
 24 established by the administrator.

25 (d) The state, the program, and the administrator

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

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

30 (3) have no proprietary interest in contributions to, or earnings on
 31 amounts contributed to, participant accounts.

1 **Sec. 44.25.410. Purpose of program.** The administrator is the trustee of all
 2 contributions and earnings on amounts contributed to participant accounts. The
 3 administrator's primary mission is to

- 4 (1) develop a retirement program for employees in this state who are
 5 not offered a qualified retirement plan by an employer;
 6 (2) conduct a market and legal analysis of the program; and
 7 (3) facilitate the investment of funds contributed to participant
 8 accounts.

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

- 11 (1) develop and administer the program;
 12 (2) adopt regulations to implement AS 44.25.400 - 44.25.490;
 13 (3) establish a process for enrollment in the program, including
 14 automatic employee enrollment and a process for an employee to opt out of the
 15 program;
 16 (4) direct the investment of funds contributed to participant accounts
 17 and professionally manage participant accounts, consistent with
 18 (A) investment restrictions established by the administrator;
 19 and
 20 (B) standards of prudence;
 21 (5) provide a range of investment options and establish the rules by
 22 which a participant may direct the participant's investments among those options;
 23 (6) obtain an external performance review to evaluate the investment
 24 policies of the program and include the results in the report provided under (7) of this
 25 subsection;
 26 (7) by the first day of each regular legislative session, report to the
 27 governor and legislature on the financial condition of the program and any civil
 28 penalties issued under the program;
 29 (8) develop an annual operating budget;
 30 (9) in accordance with Internal Revenue Code limits, set a minimum,
 31 maximum, and default contribution rate and set a default rate for contribution

1 increases;

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

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

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

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

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

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

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

18 (17) disclose to employees, employers, and program participants

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

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

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

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

24 (E) how to obtain additional program information;

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

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

30 (H) that the state, the program, and the administrator do not
31 guarantee participant accounts or a rate of return;

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

3 (b) The administrator may

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

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

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

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

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

11 (6) request that the commissioner of labor and workforce development
12 investigate an employer as provided under AS 44.25.440;

13 (7) when prudent or necessary to do so for the benefit of the program,
14 enter into agreements, including contracts, memoranda of understanding, partnerships,
15 or other arrangements, with other governmental entities, including other states, or
16 agencies or instrumentalities of other states, that maintain or are establishing
17 retirement savings programs compatible with or similar to the program;

18 (8) change the default contribution rate and default rate for
19 contribution increases;

20 (9) use private sector partnerships to administer and invest
21 contributions to the program;

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

24 **Sec. 44.25.430. Confidentiality of information.** (a) Individual account
25 information for participant accounts, including an account holder's name, address,
26 telephone number, personal identification information, contributions, earnings, and
27 account balance, is confidential and not subject to disclosure as a public record.

28 (b) Notwithstanding (a) of this section, individual account information may be
29 disclosed

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

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

2 **Sec. 44.25.440. Complaints.** (a) An employee may file a complaint with the
3 commissioner of labor and workforce development alleging that an employer subject
4 to AS 44.25.400 - 44.25.490 failed to facilitate employee participation in the program.

5 (b) The commissioner of labor and workforce development may, upon
6 receiving an employee complaint or upon request of the administrator, investigate an
7 employer. If the commissioner determines that the employer was required but failed to
8 facilitate employee participation in the program for six months, the commissioner may
9 impose a civil penalty on the employer.

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

15 (d) The commissioner of labor and workforce development shall notify the
16 administrator when an employer has failed to facilitate employee participation in the
17 program and when the commissioner imposes a civil penalty on an employer.

18 (e) The administrator may notify an employer that has failed to facilitate
19 employee participation in the program that the employer may be subject to a civil
20 penalty for failure to comply with program requirements.

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

22 (1) "administrator" means the commissioner of revenue or the
23 commissioner's designee;

24 (2) "employee" has the meaning given in AS 23.30.395;

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

28 (4) "program" means the Alaska Work and Save Program established
29 in AS 44.25.400;

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

1 * **Sec. 5.** This Act takes effect January 1, 2027.