

HOUSE BILL NO. 378

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 3/12/26

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Public Employees' Retirement System of Alaska and the
2 teachers' retirement system; and providing for an effective date."

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

4 * **Section 1.** AS 14.25.009 is amended to read:

5 **Sec. 14.25.009. Applicability of AS 14.25.009 - 14.25.220.** The provisions of
6 AS 14.25.009 - 14.25.220 apply only to members first hired before July 1, 2006, **and**
7 **teachers who are also members of the public employees' defined benefit**
8 **retirement plan under AS 39.35.095 - 39.35.680 who do not elect under**
9 **AS 14.25.540 to participate in the defined contribution retirement plan under**
10 **AS 14.25.310 - 14.25.590.**

11 * **Sec. 2.** AS 14.25.065(b) is amended to read:

12 (b) The contributions of employers under AS 14.25.070 must be transmitted to
13 the plan for deposit in the retirement fund and the Alaska retiree health care trust at the
14 close of each pay period. If the contributions are not submitted within the prescribed

1 time limit, interest must be assessed on the outstanding contributions **for a period not**
 2 **to exceed six months** at **a rate equal to** [ONE AND ONE-HALF TIMES] the most
 3 recent actuarially determined rate of earnings for the plan from the date that
 4 contributions were originally due. Amounts due from an employer and interest as
 5 prescribed in this section may be claimed by the administrator from any agency of the
 6 state or political subdivision that has in its possession funds of the employer or that is
 7 authorized to disburse funds to the employer that are not restricted by statute or
 8 appropriation to a specific purpose. The amount claimed shall be certified by the
 9 administrator as sufficient to pay the contributions and interest due from the employer.
 10 The amount claimed shall be submitted to the administrator for deposit in the
 11 retirement fund and the Alaska retiree health care trust.

12 * **Sec. 3.** AS 14.25.070(a) is amended to read:

13 (a) Each employer shall contribute to the system every payroll period **the**
 14 **lesser of**

15 **(1)** an amount calculated by applying a rate of 12.56 percent to the
 16 total of all base salaries paid by the employer to active members of the system and to
 17 members who are retired from the plan and reemployed under AS 14.20.136,
 18 including any adjustments to contributions required by AS 14.25.173(a); **or**

19 **(2) an amount adopted by the board under AS 37.10.220.**

20 * **Sec. 4.** AS 14.25.310 is amended to read:

21 **Sec. 14.25.310. Applicability of AS 14.25.310 - 14.25.590.** The provisions of
 22 AS 14.25.310 - 14.25.590 apply only to teachers who first become members on or
 23 after July 1, 2006, to members who are employed by employers that do not participate
 24 in the defined benefit retirement plan established under AS 14.25.009 - 14.25.220, **to**
 25 **teachers who are also members of the defined benefit retirement plan under**
 26 **AS 39.35.095 - 39.35.680 and elect to participate in this plan** [TO FORMER
 27 MEMBERS UNDER AS 14.25.220], or to members who transfer into the defined
 28 contribution retirement plan under AS 14.25.540.

29 * **Sec. 5.** AS 14.25.330(a) is amended to read:

30 (a) A teacher who first becomes a member on or after July 1, 2006, **and who**
 31 **is not also a member of the defined benefit retirement plan under AS 39.35.095 -**

1 **39.35.680** shall participate in the **system** [PLAN] as a member of the defined
2 contribution retirement plan.

3 * **Sec. 6.** AS 14.25.470 is amended by adding a new subsection to read:

4 (h) Notwithstanding (a) and (g) of this section, a disabled employee who is
5 eligible to obtain a disability benefit under AS 14.25.483 or 14.25.485 is eligible to
6 obtain retiree major medical insurance benefits under AS 14.25.480.

7 * **Sec. 7.** AS 14.25.480(g) is amended to read:

8 (g) **Except as provided under (l) of this section, the** [THE] cost of
9 premiums for retiree major medical insurance coverage for an eligible member or
10 surviving spouse who is

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

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

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

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

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

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

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

24 * **Sec. 8.** AS 14.25.480 is amended by adding a new subsection to read:

25 (l) An eligible member or surviving spouse who receives a disability benefit as
26 provided under AS 14.25.483 or 14.25.485 and is not eligible for Medicare is not
27 required to pay a premium for retiree major medical insurance coverage.

28 * **Sec. 9.** AS 14.25 is amended by adding a new section to read:

29 **Sec. 14.25.483. Nonoccupational disability benefits.** (a) A member who has
30 10 or more years of credited service is eligible for a nonoccupational disability benefit
31 if the member's employment is terminated because of a total and apparently permanent

1 disability caused by a nonoccupational injury or illness, and the disability occurs
2 before the member's normal retirement age.

3 (b) The monthly amount of a nonoccupational disability benefit is 40 percent
4 of the disabled member's gross monthly compensation for the last full month the
5 member was employed before termination because of disability.

6 (c) While a member is receiving a nonoccupational disability benefit, the
7 employer shall contribute monthly

8 (1) to the member's individual account under AS 14.25.340; and

9 (2) to the trust account as provided under AS 14.25.350(e) in an
10 amount calculated by using the member's gross compensation as determined under (b)
11 of this section, without a deduction for a disability benefit.

12 (d) A member receiving a nonoccupational disability benefit may not elect
13 distribution under AS 14.25.410 of all or a portion of the member's individual account.

14 (e) A nonoccupational disability benefit terminates the last day of the month in
15 which the member

16 (1) dies;

17 (2) reaches normal retirement age; or

18 (3) is no longer totally and permanently disabled.

19 (f) When a member reaches normal retirement age, the member's retirement
20 eligibility and benefits shall be determined as if the member was an active member of
21 the plan while receiving the nonoccupational disability benefit. In this subsection,
22 "active member" has the meaning given in AS 14.25.220.

23 * **Sec. 10.** AS 39.35.120(b) is amended to read:

24 (b) Inclusion in the plan is a condition of employment for an employee except
25 as otherwise provided for

26 (1) an elected official;

27 (2) [REPEALED

28 (3)] an employee of the university who participates in a university
29 retirement program under AS 14.40.661 - 14.40.799;

30 **(3) an employee who is a member of a defined contribution**
31 **retirement plan under AS 14.25.310 - 14.25.590 or AS 39.35.700 - 39.35.990.**

1 * **Sec. 11.** AS 39.35.255(a) is amended to read:

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

4 **(1)** an amount calculated by applying a rate of 22 percent of the greater
5 of

6 **(A)** the total of all base salaries [(1)] paid by the employer to
7 employees who are active members of the system, including any adjustments
8 to contributions required by AS 39.35.520; or

9 **(B) an amount calculated by applying a rate of 75 percent**
10 **of the annual average total of all base salaries** [(2)] paid by the employer
11 **over the immediately preceding five fiscal years** to employees who were
12 active members of the system during **that** [THE CORRESPONDING
13 PAYROLL] period, **as determined by the board; or**

14 **(2) an amount adopted by the board under AS 37.10.220** [FOR
15 THE FISCAL YEAR ENDING

16 (A) JUNE 30, 2008; OR

17 (B) JUNE 30, 2012, IF THAT TOTAL IS LESS THAN THE
18 TOTAL UNDER (A) OF THIS PARAGRAPH, AND THE EMPLOYER IS A
19 MUNICIPALITY IN WHICH THE POPULATION DECREASED BY
20 MORE THAN 25 PERCENT BETWEEN 2000 AND 2010, ACCORDING
21 TO THE DECENNIAL CENSUS CONDUCTED BY THE UNITED STATES
22 BUREAU OF THE CENSUS].

23 * **Sec. 12.** AS 39.35.300 is amended by adding a new subsection to read:

24 (f) Notwithstanding AS 39.35.330 and (b) of this section, a seasonal employee
25 shall receive one year of credited service for each period of 12 consecutive months in
26 which the employee works not less than 1,560 hours. In this subsection, "seasonal
27 employee" does not include a temporary employee of the legislature.

28 * **Sec. 13.** AS 39.35.610(a) is amended to read:

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

1 employer is delinquent in transferring the contributions for more than 15 days, interest
 2 shall be assessed on the outstanding contributions **for a period not to exceed six**
 3 **months** at **a rate equal to** [ONE AND ONE-HALF TIMES] the most recent
 4 actuarially determined rate of earnings for the retirement plan from the date that the
 5 contributions were originally due.

6 * **Sec. 14.** AS 39.35.680(22) is amended to read:

7 (22) "member" or "employee"

8 (A) means a person eligible to participate in the plan and who
 9 is covered by the plan;

10 (B) includes

11 (i) an active member;

12 (ii) an inactive member;

13 (iii) a vested member;

14 (iv) a deferred vested member;

15 (v) a nonvested member;

16 (vi) a disabled member;

17 (vii) a retired member;

18 (viii) an elected public officer under AS 39.35.381;

19 (C) does not include

20 (i) former members;

21 (ii) persons compensated on a contractual or fee basis;

22 (iii) casual or emergency workers or nonpermanent
 23 employees as defined in AS 39.25.200;

24 (iv) persons covered by the Alaska Teachers'
 25 Retirement System except as provided under **AS 14.25.009**,
 26 AS 39.35.131 and 39.35.381, or persons covered by a university
 27 retirement program;

28 (v) employees of the division of marine transportation
 29 engaged in operating the state ferry system who are covered by a union
 30 or group retirement system to which the state makes contributions;

31 (vi) justices of the supreme court or judges of the court

1 of appeals or of the superior or district courts of Alaska;

2 (vii) the administrative director of the Alaska Court
3 System appointed under art. IV, sec. 16 of the state constitution unless
4 the director becomes a member under AS 39.35.158;

5 (viii) members of the elected public officers' retirement
6 system (former AS 39.37); and

7 (ix) contractual employees of the legislative branch of
8 state government under AS 24.10.060(f);

9 (D) may include employees of the division of marine
10 transportation excluded under (C)(v) of this paragraph **if** [PROVIDED THAT]

11 (i) the State of Alaska formally agrees to their inclusion
12 through the process of collective bargaining; and

13 (ii) no collective bargaining agreement has the effect of
14 obligating contributions made by the state under AS 39.30.150 in the
15 event the state resumes participation in the federal social security
16 system;

17 * **Sec. 15.** AS 39.35.870 is amended by adding a new subsection to read:

18 (h) Notwithstanding (a) and (g) of this section, a disabled employee who is
19 eligible to obtain a disability benefit under AS 39.35.888 or 39.35.890 is eligible to
20 obtain retiree major medical insurance benefits under AS 39.35.880.

21 * **Sec. 16.** AS 39.35.880(g) is amended to read:

22 (g) **Except as provided under (I) of this section, the** [THE] cost of
23 premiums for retiree major medical insurance coverage for an eligible member or
24 surviving spouse who is

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

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

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

31 (B) 25 percent if the member had 15 or more, but less than 20,

1 years of service;

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

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

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

7 * **Sec. 17.** AS 39.35.880 is amended by adding a new subsection to read:

8 (l) An eligible member or surviving spouse who receives a disability benefit as
9 provided under AS 39.35.888, 39.35.890, or 39.35.891 and is not eligible for Medicare
10 is not required to pay a premium for retiree major medical insurance coverage.

11 * **Sec. 18.** AS 39.35 is amended by adding a new section to read:

12 **Sec. 39.35.888. Nonoccupational disability benefits.** (a) A member who has
13 10 or more years of credited service is eligible for a nonoccupational disability benefit
14 if the member's employment is terminated because of a total and apparently permanent
15 disability caused by a nonoccupational injury or illness, and the disability occurs
16 before the member's normal retirement age.

17 (b) The monthly amount of a nonoccupational disability benefit is 40 percent
18 of the disabled member's gross compensation for the last full month the member was
19 employed.

20 (c) While a member is receiving a nonoccupational disability benefit, the
21 employer shall contribute monthly

22 (1) to the member's individual account under AS 39.35.730; and

23 (2) to the trust account as provided under AS 39.35.750(e) in an
24 amount calculated by using the member's monthly compensation for the last full
25 month the member was employed before termination because of disability.

26 (d) A member receiving a nonoccupational disability benefit may not elect
27 distribution under AS 39.35.810 of all or a portion of the member's individual account.

28 (e) A nonoccupational disability benefit terminates the last day of the month in
29 which the employee

30 (1) dies;

31 (2) reaches normal retirement age; or

1 (3) is no longer totally and permanently disabled.

2 (f) When a member reaches normal retirement age, the member's retirement
3 eligibility and benefits shall be determined as if the employee was an active member
4 of the plan while receiving the nonoccupational disability benefit. In this subsection,
5 "active member" has the meaning given in AS 39.35.680.

6 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **TRANSITION: RETIREMENT PLAN ELECTION.** A teacher who became a member
9 of the defined contribution retirement plan under AS 14.25.310 - 14.25.590 after June 30,
10 2006, and before the effective date of this Act, and who, on the effective date of this Act, is a
11 member employed by an employer in that defined contribution retirement plan and is also a
12 member of the defined benefit retirement plan under AS 39.35.095 - 39.35.680 may, within
13 180 days after the effective date of this Act, make a one-time election to participate in the
14 defined benefit retirement plan under AS 14.25.009 - 14.25.220 and to transfer all
15 contributions that have been made or should be made to the defined contribution retirement
16 plan for service the member completes before the effective date of the member's participation
17 in the defined benefit retirement plan. The transferred contributions shall be used to purchase
18 credited service in the defined benefit retirement plan under AS 14.25.009 - 14.25.220 on an
19 actuarial equivalent basis determined by the Alaska Retirement Management Board
20 established under AS 37.10.210. The provisions of AS 14.25.044 apply to an election made
21 under this subsection.

22 * **Sec. 20.** This Act takes effect July 1, 2026.