

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**  
**FEBRUARY 9, 2026**  
**1:34 P.M.**

**MEMBERS PRESENT**

Senator Jesse Bjorkman, Chair  
Senator Forrest Dunbar  
Senator Robert Yundt

**MEMBERS ABSENT**

Senator Kelly Merrick, Vice Chair  
Senator Elvi Gray-Jackson

**COMMITTEE CALENDAR**

SENATE BILL NO. 81

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

- MOVED CSSB 81(L&C) OUT OF COMMITTEE

SENATE BILL NO. 121

"An Act relating to settlement of health insurance claims; relating to allowable charges for health care services or supplies; and providing for an effective date."

- REMOVED FROM AGENDA

**PREVIOUS COMMITTEE ACTION**

BILL: SB 81

SHORT TITLE: PUBLIC EMPLOYER PENSION CONTRIBUTIONS

SPONSOR(S): SENATOR(S) STEDMAN

01/31/25	(S)	READ THE FIRST TIME - REFERRALS
01/31/25	(S)	L&C, FIN
03/03/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/03/25	(S)	-- Testimony <Invitation Only> --
04/04/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/04/25	(S)	Heard & Held
04/04/25	(S)	MINUTE(L&C)
02/02/26	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/02/26	(S)	Heard & Held
02/02/26	(S)	MINUTE(L&C)

02/09/26

(S)

L&C AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

MARGEUX, LJUNGBERG, Staff  
Senator Bert Stedman  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented a brief summary for SB 81.

DAN WAYNE, Legislative Counsel  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions regarding SB 81.

CHRIS NOEL, Mayor  
Denali Borough  
Healy, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 81.

**ACTION NARRATIVE**

[1:34:16 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:34 p.m. Present at the call to order were Senators Dunbar, Yundt and Chair Bjorkman.

**SB 81-PUBLIC EMPLOYER PENSION CONTRIBUTIONS**

[1:35:19 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 81 "An Act relating to employer contribution rates in the teachers' retirement system and the Public Employees' Retirement System of Alaska; and providing for an effective date."

[At the last hearing of the bill the committee adopted a conceptual amendment to SB 81, work order 34-LS0110\A.]

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MARGEUX, LJUNGBERG, Staff, Senator Bert Stedman, Alaska State Legislature, Juneau, Alaska, presented a brief summary for SB 81. She said the legislation would remove the existing 22 percent cap and allow the Alaska Retirement Management (ARM) Board the flexibility to set a rate that better aligns with the actuarially determined rate.

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SENATOR DUNBAR asked if SB 81 effectively eliminates the existing 22 percent statutory cap, then why does the bill not include a repealer.

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DAN WAYNE, Legislative Counsel, Alaska State Legislature, Juneau, Alaska, answered questions regarding SB 81. He stated his belief that SB 81 does not eliminate the cap. Instead, SB 81 states that, "notwithstanding (a) of this section, the annual employer contribution rate may not be less than the rate sufficient to allow payment of the employer normal cost; an amount calculated at the rate certified under AS 37.10.220(a)(8), and the employer contributions required under AS 39.30.370 and AS 39.35.750."

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SENATOR DUNBAR stated his understanding that the "notwithstanding" language, combined with line 2, on page 2, creates an exception that effectively renders the 22 percent cap a dead letter in many circumstances. He asked why this approach was taken instead of repealing the 22 percent cap outright, and are there situations where the cap would still apply.

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MR. WAYNE answered that the 22 percent cap would remain in effect, while adding SB 81 adds a safeguard under AS 39.35.255(a) requiring that, regardless of the calculated rate, the contribution must be sufficient to cover the three specified costs listed on page 2 of the bill.

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SENATOR DUNBAR referred to SB 81, page 2, and asked whether the three items listed serve as the only factors that determine the rate or whether additional factors might hypothetically push the price above 22 percent but face disallowance. He requested examples of situations in which the 22 percent cap would still apply despite other influencing factors.

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MR. WAYNE replied he does not know how to answer the question. he stated his belief that the 22 percent cap remains in effect and that [AS 39.35.255](d) is intended to ensure the three requirements on page two are funded.

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SENATOR DUNBAR asked for clarity stating if the rate is under 22 percent, the cap is irrelevant; if the cap exceeds 22 percent, the cap does not apply—making the 22 percent effectively a dead

letter unless other costs are typically included beyond the three items listed in the bill.

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MR. WAYNE replied that the committee might need to ask the Department of Retirement and Benefits whether the policy needs to have AS 39.35.255(d) (a).

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SENATOR DUNBAR commented that the presentation by Senator Stedman indicates that SB 81 effectively eliminates the 22 percent cap. He said rather than repealing the cap, SB 81 creates such a broad exception that the cap can never apply, which is confusing and inelegant drafting. While it may accomplish the policy goal, the statute becomes misleading to the public, the approach is unclear and difficult to follow.

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CHAIR BJORKMAN continued with public testimony from the last meeting on SB 81.

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CHRIS NOEL, Mayor, Denali Borough, Healy, Alaska, testified with concerns on SB 81.

[Original punctuation provided.]

For the record, my name is Chris Noel, and I serve as Mayor of the Denali Borough. Thank you for the opportunity to testify on SB 81.

The Denali Borough understands the state's revenue shortfall and the pressure it creates. SB 81 would allow the state to increase (or decrease) the Employer contribution for PERS and TERS, allowing it to shift the costs of the unfunded liability onto local governments and school districts. This is at a time when costs continue to rise and state support has remained flat or declined depending on the program or department.

The borough has regularly advocated for maintaining the 22 percent employer contribution cap and appreciates the Committees consideration of the municipal impact of breaking away from the cap. Changing to an annual Alaska Retirement Management Board adjusted contribution would impose additional

complexity and shift the unfunded liability onto municipalities.

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CHAIR BJORKMAN closed public testimony on SB 81.

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CHAIR BJORKMAN commented that SB 81 does exactly what it is supposed to do. He read the fiscal note as follows:

[Original punctuation provided.]

This bill increases the annual employer contribution rate by requiring an additional employer contribution amount to be calculated at the rate certified under AS 37.10.220(a)(8) for both the Public Employees' Retirement System and the Teachers' Retirement System.

CHAIR BJORKMAN said the committee removed the Teachers' Retirement System from AS 37.10.220(a)(8) because teachers are not subject to the 22 percent cap.

This bill will cause employers who participate in the PERS and TRS retirement plans to pay more towards liquidating past service liability of the plans. This bill will take effect immediately [under AS 01.10.070(c).]

CHAIR BJORKMAN stated that this proposal amounts to cost shifting from the state to local governments, even though the problem stems from the state's past decisions, underfunding retirement plans in the 1990s and relying on poor actuarial assumptions. He said by deferring required contributions, the state created the current liability, much like postponing mortgage payments only to face higher costs later. SB 81 would effectively undo prior agreements with municipalities, erode public trust, and force local governments to raise taxes or cut services, even though no alternative plan has been offered to generate the additional state revenue needed to meet these obligations. The state's options are limited but not impossible. He stated he is not convinced SB 81 solves any problems, it mainly highlights the ones the state already has.

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CHAIR BJORKMAN solicited the will of the committee.

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SENATOR DUNBAR moved to report SB 81, work order 34-LS0110\A, as amended, from committee with individual recommendations and attached fiscal note(s) and authorize Legislative Legal Services to make technical and conforming changes.

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CHAIR BJORKMAN found no objection and CSSB 81(L&C) was reported from the Senate Labor and Commerce Standing Committee and authorize Legislative Legal Services to make technical and conforming changes.

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There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 1:54 p.m.