

Original sponsor: Ray

Offered: 3/31/79
Referred: Finance

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 25
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to withdrawal from the federal Social
7 Security System; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 39.35.160(b) is amended to read:

10 (b) In addition each employee shall pay the appropriate social
11 security contribution or the contribution required under AS 39.30.150
12 in place of the social security contribution.

13 * Sec. 2. AS 39.35.680(21) is amended by adding a new subparagraph to
14 read:

15 (D) may include employees of the division of marine
16 transportation excluded under (C)(v) of this paragraph provided
17 that

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

20 (ii) no collective bargaining agreement has the
21 effect of obligating contributions made by the state under
22 AS 39.30.150 in the event the state resumes participation in
23 the federal Social Security System;

24 * Sec. 3. AS 39.30 is amended by adding new sections to read:

25 ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON
26 WITHDRAWAL FROM SOCIAL SECURITY.

27 Sec. 39.30.150. CONTRIBUTIONS. (a) In place of contributions to
28 the federal Social Security System which would have been required had
29 the state remained in the system, the state and an employee of the state

1 shall each contribute 6.13 per cent of the wages of the employee up to
2 the taxable wage base then in effect in the social security system. All
3 costs of establishing and administering the benefit program established
4 by AS 39.30.160 shall be paid from the contributions made by the state
5 under this section. The contributions made by the employee under this
6 section and the balance of the contributions made by the state shall be
7 paid into special individual employee benefit accounts in the Department
8 of Administration to be used to provide supplemental employee benefits
9 provided in AS 39.30.160.

10 (b) Employees of the division of marine transportation included in
11 the public employees' retirement system through the process of collec-
12 tive bargaining under AS 39.35.680(21)(D) may, under the terms of a
13 collective bargaining agreement, utilize contributions made under (a) of
14 this section by them and on their behalf to offset the costs of inclu-
15 sion in the public employees' retirement system; however,

16 (1) the state is placed under no obligation to continue
17 making contributions under this section if the state resumes participa-
18 tion in the federal Social Security System;

19 (2) the bargaining agreement must provide a mechanism for
20 satisfying any residual liabilities which might exist if the state
21 resumes participation in the federal Social Security System; and

22 (3) no funds contributed under (a) of this section by or on
23 the behalf of employees who are not covered by maritime union contracts
24 may be obligated or expended to pay any costs associated with the inclu-
25 sion of marine transportation employees in the public employees' retire-
26 ment system.

27 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The
28 Department of Administration shall provide to employees for whom benefit
29 accounts are established under AS 39.30.150 the following benefit op-

1 tions:

- 2 (1) supplemental health benefits,
3 (2) supplemental death benefits,
4 (3) supplemental disability benefits,
5 (4) supplemental survivor benefits, and
6 (5) supplemental annuities.

7 (b) An employee making contributions under AS 39.30.150 may select
8 the types and amounts of supplemental benefits to be purchased from the
9 special account established for him under AS 39.30.150. The selection
10 shall be from the benefit options listed in (a) of this section.

11 (c) The entire amounts paid by both the state, after the deduction
12 for administrative costs under AS 39.30.150, and by the employee into
13 the special individual benefit accounts under AS 39.30.150 shall be used
14 for supplemental benefits under this section.

15 (d) The Department of Administration shall adopt regulations to
16 implement AS 39.30.150 and 39.30.160. The regulations shall provide
17 employees the opportunity to periodically change the distribution of
18 contributions among the supplemental benefit options listed in (a) of
19 this section.

20 (e) Regulations adopted by the Department of Administration imple-
21 menting AS 39.30.150 and AS 39.30.160 are not subject to the Administra-
22 tive Procedure Act (AS 44.62).

23 * Sec. 4. If approved by employees of the State of Alaska as set out in
24 sec. 5 of this Act, the state's notice of intention to withdraw from the
25 federal Social Security System shall be allowed to become effective January 1
26 1980.

27 * Sec. 5. The Department of Administration shall conduct an election by
28 secret ballot by September 25, 1979. The department shall, at least 90 days
29 before the election, prepare a list of all affected state employees, in-

1 cluding permanent, seasonal and temporary employees, who shall be eligible to
2 vote, along with mailing addresses, and make the list available to interested
3 persons or employee representative organizations. The question on the ballot
4 shall read: "Do you favor withdrawal from the Social Security System?" The
5 ballot shall contain a description of the benefits provided for in this Act
6 which would be provided in place of further benefits under the Social
7 Security System. No other information concerning the election issue may be
8 distributed with or attached to the ballot. A simple majority of those
9 employees voting shall determine the outcome of this issue.

10 * Sec. 6. Sections 1, 2 and 3 of this Act take effect on January 1, 1980
11 if approved by a majority of the votes cast by affected state employees under
12 sec. 5 of this Act. Sections 4 and 5 of this Act take effect immediately in
13 accordance with AS 01.10.070(c).

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