

"An Act relating to the coverage of former elected state officials in the public employees' retirement system; and providing for an effective date."

COMMITTEE REPORT

3/22/76

HOUSE

Mr. Speaker:

Date April 1 1976

The Committee on FINANCE has had CSSE 579

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH ^{HOUSE} CS FOR CS 5513 579 AND THAT

CS FOR CS 5513 ^{FINANCE} DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Sub: 3/29/76



Original sponsor: Ziegler by request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 579

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the coverage of elected state
7 officials in retirement systems; and providing for an
8 effective date."

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

10 * Section 1. AS 39.35.125 is amended by adding new subsections to read:

11 (d) A former elected state official whose latest term of office
12 expired before May 12, 1966 may be included retroactively in the system
13 and receive credit for time previously served as an elected state offi-
14 cial if he makes retroactive contributions equal to what he would have
15 made if he had been eligible for membership in the system.

16 (e) Former elected state officials whose latest term of office
17 expired before May 12, 1966 must claim prior legislative service and
18 make retroactive contributions before July 1, 1977.

19 * Sec. 2. AS 39.37.060 is amended by adding a new subsection to read:

20 (f) Upon the death of an elected public officer who has served at
21 least two years, if the death occurred after June 28, 1975 but before
22 January 1, 1976, the surviving spouse is entitled to the benefits
23 provided in this chapter including the benefits which would have accrued
24 under this section had the elected public officer died after January 1,
25 1976. If the elected public officer would have been entitled, before
26 the expiration of the term to which he was elected, to service credit by
27 complying with the provisions of sec. 70 of this chapter, the surviving
28 spouse is entitled to that service credit if any payments required under
29 that section are made before the date on which the term would have

1 expired. If this payment is made, the benefits are in addition to the
2 benefits provided in this section.

3 * Sec. 3. This Act takes effect July 1, 1976.
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proposed
3/25

Original sponsor: Ziegler by request

1 IN THE SENATE BY THE FINANCE COMMITTEE

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Original Sponsor: (((must be on all CS's)))

Ziegler by request

BY *Finnish Committee*

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HOUSE
IN THE
SENATE

House
HCS ~~*CS*~~ *Senate* BILL NO. *579*

IN THE LEGISLATURE OF THE STATE OF ALASKA
NINTH LEGISLATURE - SECOND SESSION
A BILL

For an Act entitled: "*attached*"

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

* Section 1. *attached*

Original sponsor: Ziegler by request

Offered: 2/25/76
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 579

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the coverage of ~~former~~ elected state officials in ~~the public employees'~~ retirement system; and providing for an effective date."

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

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(f) Upon the death of an elected public officer who has served at least two years, if the death occurred after passage of this chapter but before its effective date, the surviving spouse is entitled to the benefits provided in this chapter including the benefits which would have accrued under this section had the elected public officer died after the effective date of this chapter. If the elected public officer would have been entitled, before the expiration of the term to which he was elected, to service credit by complying with the provisions of sec. 70 of this chapter, the surviving spouse is entitled to that service credit if any payments required under that section are made before the date on which the term would have expired. If this payment is made, the benefits are in addition to the benefits provided in this section.

(11 Dec 4 558480))

CSSB 579

204 East 5th Avenue, Room 213
Anchorage, Alaska 99501
January 14, 1976

Honorable Robert Ziegler
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Bob:

I am writing you concerning my State retirement, which I thought I had and the State told me I had, until last month when I was informed by the Division of Retirement that I was not eligible. I served in the State Legislature from 1961 through 1964. I was a State employee from February 1967 until February 1971--a total of eight years with the government. When I left State government in 1971, I contacted Mary Jean Hackwood, then director of retirement and benefits, and asked her to provide me with a P.E.R.S. benefit projection, which is enclosed. At that time, I did pay in the amount of money which Miss Hackwood informed me would pay for my four years of legislative time and that I would be fully vested for eight years of government employment and eligible for P.E.R.S. //

While in Juneau last month, I went into the P.E.R.S. office to inform them that I would be fifty-five years of age in March 1976 and I would like to fill out the proper papers necessary to start drawing retirement for eight years of State employment. I was informed that I was not eligible as I only had four years of State employment and my legislative time did not count because of Section 39.35.125, which was passed during the 1966 legislature. I was also informed that the money which the State told me I owed the system and I paid, for my four years of legislative time, would be returned to me with interest. I told them I did not want the money. They were very cordial and said they were extremely sorry that Mary Jean Hackwood had misinformed me as to my eligibility as a former legislator. I did write Commissioner Warwick December 18, 1975, copy enclosed, what had transpired to that date. Dick Freer answered my letter on December 22, 1975, copy enclosed, stating that my legislative time was not creditable under P.E.R.S. Dick said there were three options on how I could qualify: (1) be reelected as a legislator, (2) elected to a city position (Ketchikan is not under this system), or (3) return to State employment but my legislative time would still not count. I do not plan to do any of the above three Bob and see no other way to get my legislative time to count other than by legislative action. I did not know of the 1966 legislation until December 1975 and from Mary Jean Hackwood's actions, the P.E.R.S. office also did not know.

I certainly would not have waited this long to write you, Bob, but as you can see by both my actions and State actions, I thought I was fully vested. I know that I am not alone in this predicament as I have just talked to Irene Ryan and she has either six or eight years legislative time, prior to 1966, and four years as Commissioner of Economic Development. I also think that Bob Ditman and Al Widmark, and God knows how many others, are in the same position. I know that the Department of Administration notified the legislators in 1966 of the statute and how it would affect them but I think the State was negligent in not notifying previous legislators that they had sixty days to write the Department if they wanted to come under P.E.R.S. As a twenty-five year small businessman, I have no other retirement system to look forward to and this did come as quite a shock to lose the one I thought I had.

Sincerely yours,

Wally
W. L. Kubley

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C - JUNEAU 99811

December 22, 1975

Mr. Walter Kubley
2226 Susitna Drive
Anchorage, Alaska 99503

PERS: 574-03-1067

Dear Wally:

I have discussed the status of your eligibility for retirement under PERS with Robert Gates, Director of Retirement and Benefits. It appears quite obvious that the information provided you by Mary Jean Hackwood in her memorandum dated December 1970 was erroneous concerning your service credit. I hope that the following information will provide you with a clear explanation of your current status under the systems and what options are available to you.

As of February 16, 1971 when you were last covered under the Public Employees' Retirement System you had 4.036 years of creditable service. This service represents the time you were employed in the Department of Commerce and the Office of the Governor. Under the laws that existed at the time of your termination, an employee was required to have at least eight years of service in order to be vested for retirement. A copy of your computation of credited service is enclosed for your information.

The four years you served as a legislator from 1961 through 1964 were not creditable under the Public Employees' Retirement System until 1966. Effective May 12, 1966 an elected public official was first given the opportunity to participate under the Public Employees' Retirement System in accordance with AS 39.35.125. That section of the law permitted an elected public official to participate under the retirement system for future years of service and also allowed a person to claim retroactive service as an elected public official if they did so within 60 days after taking oath of office or within 60 days following May 12, 1966. Since you were not holding an elected public office on May 12, 1966 or subsequent to that date, there are no rights to claim that prior legislative service unless you again become elected to public office.

December 22, 1975

There are basically three options available to you in the future should you decide to return to employment covered by the Public Employees' Retirement System or are re-elected to the legislature. These options are as follows:

1. If you are re-elected as a legislator you would automatically become covered under the new Elected Public Officers' Retirement System which becomes effective January 1, 1976. During the first 60 days following taking oath of office you could elect to claim your four prior years served as a legislator. If this were done you would be entitled to your 4.036 years of service under PERS and the total number of years served as a legislator.

2. If you were elected to public office with a city or municipality which was participating with the Public Employees' Retirement System you would also be given an opportunity to claim your prior years of legislative service under the PERS system. Under this option you would likewise be entitled to your four years of legislative service plus your 4.036 years of state employment.

3. If you return to employment with the state or a political subdivision in a regular position for a period of one year or more you would then have a total of five years of service under the PERS which is all that is required for vesting under the current laws. Under this option you would not be given the opportunity to claim your prior four years of legislative service.

As you can see in the above three options, the key issue is whether you are elected to the legislature, a municipal office or take regular employment with a participating employer.

In reviewing your files we notice that based on the previous information given to you that you made a payment of \$113.25 for your years served as a legislator. These monies were erroneously accepted from you since there was no provision for you to make such payments under the statutes. These contributions plus interest will be refunded to you in the very near future.

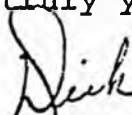
I really regret that this unfortunate situation has come up so long after the fact but there seems to be no way to resolve the matter unless one of the above mentioned options are taken by you. Please let me know if I can be of any further help.

Mr. Walter Kubley
Page 3

December 22, 1975

My best wishes to you for a happy holiday season.

Very truly yours,



Richard W. Freer
Deputy Commissioner

RWF/be
Enclosure

CC: Division of Retirement
and Benefits

August 11, 1971

PERS BENEFIT PROJECTION

NAME: Walter Kubley

BIRTHDATE: 3-16-21

1961
1962
1963
1964 4 years House of Representatives

3.813	8.000	12-07-70.935
<u>7.813</u>	<u>8.813</u>	02-14-67.122
	.187 or 2 months and 9 days	<u>3.813</u>

02-14-71.122 (date of term.) 12-07-70 through 2-14-71
02-14-67.122 (date of hire)
4.000
8.000 Total years of service

SALARY:	\$24,615.44	1969 W-2	Term. 12-07-70
	30,249.96	1970 Est.	through 12-31-70
	<u>4,124.94</u>	1971 Est.	through 02-14-71 .122
	2.122/\$58,990.34		
	<u>12/\$27,779.94</u>		
	\$ 2,315.00		

1% X \$2,315.00 X 8 yrs. = \$185.20 deferred to age 60

Handwritten calculations and notes:

2315
102
4430
8.122
3.813
50
418.00

2315
102
4430
8.122
3.813
50
418.00

RYAN & RYAN

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GEOLOGY

ENGINEERING

LAND DEVELOPMENT

JOHN E. RYAN, ME
IRENE E. RYAN, PE

TEL. (907) 344-3189

BOX 84 STAR ROUTE A
ANCHORAGE, ALASKA
99502

January 24th, 1976

Hon. Robert H. Ziegler, Sr.,
Alaska State Senate
Capitol Building
Juneau, Alaska, 99801

Dear Senator Ziegler:

Walter Kubley informed me that you were considering amending the Public Employees Retirement Act to extend to those few former legislators who failed to apply within the sixty days following May 12, 1966 for retroactive service credits, another chance to do so.

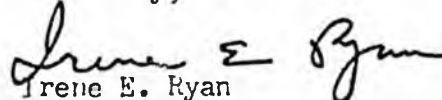
He also suggested that I write to you in support of such legislation. I served in the 22nd and 23rd Territorial Legislatures (1955 through 1958) as a representative from the Third Judicial District and in the first State Legislature (1959 through 1960) in the Senate. From January 1971 through June 1974 I served as Commissioner of Economic Development.

Had I been alerted to the opportunity extended former legislators under AS 39.35.125 within the time allowed for applying, I would have filed for retroactive credit and now would be eligible for some retirement benefit.

The opportunity to return to the legislature or other qualifying office may not again return. I know that others who served with me in the past are presently receiving retirement benefits from the State.

Both Mr. Kubley and I will greatly appreciate your efforts on our behalf. I understand there may be a few more former legislators who would also appreciate another opportunity to qualify for retroactive credit, however I do not at present know of any.

Sincerely,


Irene E. Ryan

ier/s

cc- Representative Helen Fischer.

MEMO February 6, 1976
FROM SENATOR ZIEGLER
TO SENATOR HUBER
RE SB 579

John--Bob Gates and I met on February 6th with reference to the captioned bill (the Kubley-Ryan special).

He has suggested new language; if adopted, he will have no objection to the legislation; I have no objections to the proposed language since it will accomplish my purpose.

Accordingly, I have taken the liberty of arranging with Legislative Affairs for the preparation of a State Affairs Committee Substitute bill which you should receive within a few days.

RHZ/pkz

enc.

cc - Mr. Robert Gates

The Legislature of the State of Alaska
 FISCAL NOTE
 Second Session - Eighth Legislature

I. REQUEST

Bill Identification: CS for Senate Bill #579
 Title: _____
 Requested by: Senate Finance Date: 3/2/76
 Return Date Requested: ASAP
 Agency: Administration-Retirement Program: PERS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: ALL
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	4.5	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
100 BENEFITS	0	72.0	80.6	Will increase @ 12% per annum		
TOTAL	0	76.5	80.6	0	0	0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	72.0	80.6	0		
FEDERAL FUNDS	0	0	0	0		
OTHER	0	0	0	0		
PERS		4.5	0			

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 1	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 3	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Would require an increase of .04% in the employer contribution rate if only those legislators who left office prior to May 12, 1966 were allowed to make an election.

2. If those legislators who left office subsequent to May 12, 1966 are also given the option, the total increase in the employers contribution rate will be .10% or \$180,000 in FY 77.

Personal services - one temporary position (Range 14) for 3 months.

IV. ATTACHMENTS

Monthly Salary \$1,407 x 3 = \$4,221
 Plus 7 1/4% benefits 306
\$4,527

V. DATE: 3/12/76

PREPARED BY: *Robert S. H. H.*

Director
 Division of Retirement & Benefits

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Original sponsor: Ziegler by request

Offered: 2/25/76
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 579

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the coverage of former elected
7 state officials in the public employees' retirement
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(e) Former elected state officials whose latest term of office
17 expired before May 12, 1966 must claim prior legislative service and
18 make retroactive contributions before July 1, 1977.

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* Sec. 2. This Act takes effect July 1, 1976.

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Introduced: 1/27/76
Referred: State Affairs and
Finance

1 IN THE SENATE

BY ZIEGLER BY REQUEST

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4 NINTH LEGISLATURE - SECOND SESSION

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10 (c) An elected official or a former elected official may be
11 included retroactively in the system and receive credit for time previ-
12 ously served as an elected official if he makes retroactive contribu-
13 tions equal to what he would have made if he had elected to be included
14 when he became eligible under (a) of this section.
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