

SB-551

"An Act relating to participation by political subdivisions and public organizations in the Public Employees' Retirement System; and providing for an effective date."

COMMITTEE REPORT

HOUSE

2/12/76

FINANCE

Mr. Speaker:

Date 4-7-76

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had SB 551

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 CS FOR _____ AND THAT

CS FOR _____ 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>		_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

HOUSE COMMUNITY & REGIONAL AFFAIRS

April 9, 1976

The meeting was called to order at 9:05 am by Chairman Cotten for discussion of SB 551, SB 529, HB's 656 and 657. Present were:

Rep. Cotten
Rep. Ose
Rep. Freeman
Rep. Kelley
Rep. Hackney
Rep. Davis

Rep. Ostrosky
Don Berry, Alaska Municipal League
Palmer Mc Carter, C&RA
Barbara Englert Thomas, Staff
Vicci Hansen, Staff

- 0009 Chairman Cotten explained SB 551. Since Anchorage unified it didn't automatically come under the Social Security Act and apparently it appears that unless municipal employees are covered under Title II of the Social Security Act, they don't qualify for state PERS so the procedure is for them to have a vote on an individual basis to find out if they want to.
- 0058 Don Berry pointed out that on February 17th the House passed HB 569, 35-0 and this bill is identical to SB 551.
- 0079 Rep Freeman asked to vote the bill out.
- 0110 Palmer McCarter gave a run-down on SB 539. Sections 1 and 2 were in the Governors bill and basically they consider that part to be part of a clean up of existing language. There would be the possibility under Section 1 where a borough could apply under the state for monies that the state says could be exempted to certain individuals without actually having given the exemption to the person. That part is a clean-up. Also, Section 2 they consider a clean-up.
- 0145 Cotten asked McCarter if the problem was that they had a \$10,000.00 exemption and so the state was paying the borough for revenue that they really hadn't lost.
- McCarter said yes.
- Cotten said that confused him.
- McCarter explained this. There basically is really no objection to either Section 1 or 2. Those are amendments that were proposed by the state assessor. Section 3 additionally had some language in it that the state assessor felt should have been left in and McCarter suspects that the committee members do not have the original bill but he explained this part.
- 0368 McCarter discussed the bill with the committee and said that it would have helped to have Bob Dozier present.
- 0425 Rep. Ose stated that this exemption leaves it wide open for the food stampers and so forth and an honest farmer has a tough time. He stated examples of this in his area.

There was further discussion on the bill.

0540

Rep. Ose said that he would like to have some people come in and discuss the other end of this. Cotten said he have it Wednesday.

0544

Cotten then discusse' HB 657, Planning, Platting and Zoning. Gene Hines testified on this. He said that there are some reservations about this bill. He listened to the people representing the Administration and he feels it has much more effect than what they testified to. This was first brought to their attention when they got a copy of unorganized borough zoning regulations put out by administration before the session started. He read portions of those regulations. The committee is to have copies of this letter and regulations. He felt that it should be stopped right now before a lot of money is spent if the committee doesn't approve of it.

Cotten said that it was a serious question.

He said that this should be resolved by the legislature and not by a single committee since it takes in quite a bit of scope. He will have a legal interpretation presented to the committee or this.

0857

Cotten asked the committee what they wanted to do with HB 656. He told the committee what the bill was briefly about.

There was discussion on the bill. He asked if someone would like to make a motion to pass the bill out.

0940

Ostrosky said that she moved to pass the bill out

The meeting was adjourned at 10:00 am.

4/8/76 Peter Argetsinger - Anch. Municipality Legal Staff

SSSI - When Anch unified it became a new
munic. Because of new federal law ^{employees of} new munic's
aren't covered automatically by Social Security
but the ~~munic's~~ employees have to vote to
opt into the program & that's done on
an individual basis. Even if a majority vote
to pay into Social Security, those who don't
won't be covered - individual choice.

City of Anchorage
on 6/11/76
Social Security
Employees
Anchorage Municipality
Anchorage, Alaska

6/11/76
Anchorage Municipality
Social Security
Employees
Anchorage, Alaska

SENATE CALENDAR

EIGHT-EIGHTH DAY

Thursday, 10:00 a.m.
April 8, 1976

SENATE BILLS IN THIRD READING

SB 724 Making corrective amendments in the Alaska
 Statutes

SECOND READING OF SENATE BILLS

SB 569 Workmen's compensation rates for injured workers
 residing outside Alaska
 L&M offered CS page 723

SB 629 Enactment of Interstate Compact on
 Placement of Children
 _____ effective date
 HESS offered CS page page 569

SB 720 Reacquisition of oil and gas leasehold
 interests in Kachemak Bay
 _____ effective date
 Finance offered CS page 723

CHAPLAIN: The Reverend Robert McNabb
 United Methodist Church, Douglas

JAN 19 1976

The Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill relating to participation by political subdivisions and public organizations in the Public Employees' Retirement System. The bill deletes provisions in two sections (AS 39.35.550 and 39.35.560) of the Public Employees' Retirement System (PERS) which presently require political subdivisions or public organizations desiring to participate in PERS to provide coverage for their employees under Title II of the federal Social Security Act, the Act providing for contributions under the Federal Insurance Contributions Act (FICA). The requirement is no longer needed and serves no public interest.

The requirement which would be deleted by this bill was originally imposed upon political subdivisions and public organizations in order to coordinate employee contributions to both FICA and PERS. Prior to 1968, employees participating in PERS contributed a fixed percentage of their earnings which was split between FICA and PERS. Ch. 143, SLA 1960. FICA contributions were deducted first, and the remainder went to PERS. In 1968, section 2, ch. 235, SLA 1968 altered the PERS and required a specified contributions by employees to PERS in addition to appropriate FICA contributions. The 1968 amendments thus eliminated the need for coordination between FICA and PERS contributions.

The requirements which would be deleted by this bill are not only unnecessary, but they also complicate participation in PERS. For example, after unification of the Anchorage borough and city governments, the Anchorage municipality as a new entity and employer no longer needs to maintain a FICA-contribution program. However, AS 39.35.550 as presently constituted requires such a contribution for participation in PERS. The bill would eliminate this prerequisite to PERS participation, and permit the municipality to freely choose FICA-participation. To require FICA-participation by the municipality would require it to conduct

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referendum elections to determine whether FICA coverage was desired. 26 U.S.C. 3121. Voter disapproval of FICA participation would under present law prohibit the municipality from participating in PERS. This possibility is undesirable and would be eliminated by this bill.

Sincerely,

Jay S. Hammond
Governor