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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(5)

3/10/82

Date: 3-22-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had SSHB 639

"An Act relating to supplemental employee benefits; and providing for an effective date."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING

DO PASS

Larry Masten

[Signature]

MEMBERS HAVING

OTHER RECOMMENDATIONS:

Do Pass if HB121

Br. Rogers is added to it

Tony [Signature] "title"

Larry Masten

CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SSHB 639
 Title An Act Relating to Supplemental Employee Benefits; and Providing for an Effective
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Centralized Administrative Services
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits
 (Note: If more than one budget component is affected, separate line-item amounts and
 funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 100 RETIREMENT BENEFITS | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | 35.0 | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLATHS, ETC. | | | | | | |
| TOTAL | | 35.0 | -0- | -0- | -0- | -0- |

FUNDING (Thousands of Dollars)

| | | | | | | |
|----------------------|--|------|-----|-----|-----|-----|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| VETERAN'S FUND | | | | | | |
| FISH & GAME FUND | | | | | | |
| HIGHWAY FUND | | | | | | |
| AIRPORT FUND | | | | | | |
| CAPITAL FUND | | | | | | |
| PERS | | | | | | |
| SBS PROGRAM RECEIPTS | | 35.0 | -0- | -0- | -0- | -0- |

POSITIONS NONE

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

- Contractual costs include \$25 thousand for a one-time revision of the SBS annuity subsystem (data processing) and \$10 thousand for benefit consulting in drafting and implementing the required amendments to the Supplemental Annuity Plan.
- This bill would also result in some adverse impact on annuity earnings for all SBS participants because of the need for increased liquidity.

IV. DATE March 22, 1982 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Randolph
 Office of the Governor (Keith Specking)

C.S.
copy
4/1/2006

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letter of intent to finance

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permanent financial reform

HB 634

662 -

CS being prepared

House Copy

File

Introduced: 3/10/82
Referred: Labor & Commerce and
Finance

1 IN THE HOUSE

BY RANDOLPH

CS

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 639
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - SECOND SESSION

A BILL

6 For an Act entitled: "An Act relating to supplemental employee benefits; and
7 providing for an effective date."

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

9 * Section 1. AS 39.30.150 is amended by adding a new subsection to read:

10 (d) Upon termination of employment by an employee, the amount
11 *held on behalf of* contributed by the employee *may* that was used to purchase supplemental
12 *under the term of the State of Alaska* annuities may be *paid* refunded to the employee on application by the employee.

13 * Sec. 2. The plan administrator of the State of Alaska Supplemental
14 Annuity Plan shall apply to the United States Internal Revenue Service for a
15 ruling that an amendment to the plan to allow participants to receive an
16 annuity benefit as provided in AS 39.30.150(d) at any age will not adversely
17 affect the deferral of taxes and, on receipt of a favorable ruling, shall
18 amend the plan in accordance with the provisions of this Act.

19 * Sec. 3. Section 1 of this Act takes effect on amendment of the plan by
20 the plan administrator after receipt of a favorable tax ruling by the United
21 States Internal Revenue Service.

22 * Sec. 4. Section 2 of this Act takes effect immediately in accordance
23 with AS 01.10.070(c).

Sec. 5. Sec. 2

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Office Copy
Bennett

Original sponsor: Randolph

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 639 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to supplemental employee benefits; and
7 providing for an effective date."

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

9 * Section 1. AS 39.30.150 is amended by adding a new subsection to read:

10 (d) Upon termination of employment by an employee, the amount held
11 on behalf of the employee in the supplemental benefits account estab-
12 lished under AS 39.30.160 may, on application of the employee, be paid
13 to the employee under the terms of the State of Alaska Supplemental
14 Annuity Plan.

15 * Sec. 2. The plan administrator of the State of Alaska Supplemental
16 Annuity Plan shall apply to the United States Internal Revenue Service for a
17 ruling that an amendment to the plan to allow participants to receive an
18 annuity benefit as provided in AS 39.30.150(d) at any age will not adversely
19 affect the deferral of taxes and, on receipt of a favorable ruling, shall
20 amend the plan in accordance with the provisions of this Act.

21 * Sec. 3. Section 1 of this Act takes effect on amendment of the plan by
22 the plan administrator after receipt of a favorable tax ruling by the United
23 States Internal Revenue Service.

24 * Sec. 4. Section 2 of this Act takes effect immediately in accordance
25 with AS 01.10.070(c).

Effect of amendment. — The 1980 amendment, effective September 17, 1980 substituted "workers' compensation" for "workmen's compensation."

Article 4. Supplemental Employee Benefits on Withdrawal from Social Security.

| | |
|---|---|
| <p>Section 150. Contributions 155. Duties of the public employees retirement board</p> | <p>Section 160. Benefits in place of social security 170. Participation in program 180. Definitions</p> |
|---|---|

Sec. 39.30.150. Contributions. (a) In place of contributions to the federal social security system which would have been required on behalf of an employee had the participating employer belonged to the social security system, the participating employer shall contribute 12.26 percent of the wages of the employee up to the taxable wage base then in effect in the social security system. All costs of establishing and administering the benefit program established by AS 39.30.160 shall be paid from the contributions made by the participating employers under this section. The balance of the contributions made by the participating employers shall be paid into special individual employee benefit accounts in the Department of Administration to be used to provide supplemental employee benefits provided in AS 39.30.160.

(b) Employees of the division of marine transportation included in the public employees' retirement system through the process of collective bargaining under AS 39.35.680(21)(D) may, under the terms of a collective bargaining agreement, utilize contributions made under (a) of this section on their behalf to offset the costs of inclusion in the public employees' retirement system; however,

(1) the state is placed under no obligation to continue making contributions under this section if the state resumes participation in the federal social security system;

(2) the bargaining agreement must provide a mechanism for satisfying any residual liabilities which might exist if the state resumes participation in the federal social security system; and

(3) no funds contributed under (a) of this section on behalf of employees who are not covered by maritime union contracts may be obligated or expended to pay any costs associated with the inclusion of marine transportation employees in the public employees' retirement system.

(c) An employee of a participating employer is considered to have agreed to have his wages reduced by an amount equal to one-half the total contribution which the participating employer is required to make on behalf of the employee under this section. (§ 5 ch 58 SLA 1979; am §§ 2, 3 ch 135 SLA 1980; am §§ 16, 17 ch 146 SLA 1980)

Revisor's note. — Under the provisions of § 7, Chapter 58, SLA 1979 the state employees voted in September, 1979, to withdraw from the federal Social Security

System. AS 39.30.150 — 39.30.160 there-
after became effective on January 1, 1980,
as provided in § 8, Chapter 58, SLA 1979.

Effect of amendments. — The 1980
amendments, retroactive to January 1,
1980, both substituted "participating
employer belonged to the social security"

for "state remained in the" in the first
sentence of subsection (a), substituted
"participating employer" in both the
singular and the plural forms for "state"
where it appeared in subsection (a), and
added subsection (c).

**Sec. 39.30.155. Duties of the public employees retirement
board.** (a) The Public Employees Retirement Board (AS 39.35.030)
shall

(1) hold regular and special meetings; it considers necessary to carry
out its responsibilities relating to the supplemental employee benefit
program; all meetings are open to the public and the board shall keep
a full record of all its proceedings;

(2) adopt, with modifications it considers proper, regulations
recommended by the administrator for carrying out the supplemental
employee benefit program, and regulations providing employees the
opportunity to periodically change distribution of contributions among
the supplemental benefit options listed in AS 39.30.160(a);

(3) consider matters referred to it by the administrator in connection
with changes in policy and revisions of the supplemental employee
benefit program;

(4) act as an appeals board, hold hearings at the request of an
employer, employee, surviving spouse, or a beneficiary on decisions
made by the administrator that relate to the payment of benefits under
the supplemental employee benefit program, and submit its findings to
the administrator;

(5) prescribe policies for the operation of the supplemental employee
benefit program and take other action which it considers necessary to
carry out the purposes of that program;

(6) advise the Department of Administration concerning the
features to be included in the benefit options provided under AS
39.30.160(a).

(b) In this section "administrator" means the administrator of the
public employees' retirement system appointed under AS 39.35.050.
(§ 18 ca 146 SLA 1980)

Sec. 39.30.160. Benefits in place of social security. (a) The
Department of Administration shall, in accordance with policies
prescribed by regulations of the Public Employees Retirement Board,
provide to employees for whom benefit accounts are established under
AS 39.30.150 the following benefit options:

- (1) supplemental health benefits,
- (2) supplemental death benefits,
- (3) supplemental disability benefits,
- (4) supplemental survivor benefits, and

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