

**COMMITTEE REPORT**  
**SENATE**

FURTHER:

5/7/85

Date \_\_\_\_\_

Mr. President

The Committee on FINANCE considered SB 92

benefits under the supplemental benefits system; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

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\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Chairman recommendation

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

1/31/85

Date May 7, 1985

Mr. President

The Committee on STATE AFFAIRS considered SB 92  
benefits under the supplemental benefits system; efd.

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~~ATTACH FISCAL NOTE~~  
NO

[ ] reports it back without recommendation

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MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

MEMBERS HAVING  
OTHER RECOMMENDATIONS

1 [Signature]

[Signature]  
Chairman

1 [Signature]  
Chairman recommendation

SENATE AMENDMENT #1

By STATE AFFAIRS COMMITTEE

To: \_\_\_\_\_ SENATE BILL No. 92

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

PAGE: 3      LINE: 12

DELET:

(6) OTHER EMPLOYEE BENEFITS SET OUT IN REGULATIONS ADOPTED BY THE PUBLIC EMPLOYEES RETIREMENT BOARD.

ADD:

(6) DEPENDENT CARE BENEFITS.

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

1/23/85

Date \_\_\_\_\_

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benefits under the supplemental benefits system; efd.

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\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Chairman recommendation

Introduced: 1/23/85  
Referred: Health, Education & Social Services  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 92

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 \* Section 1. AS 39.30.150(a) is amended to read:

11 (a) In place of contributions to the federal social security  
12 system that would have been required on behalf of an employee had the  
13 participating employer belonged to the social security system, the  
14 participating employer shall contribute 12.26 percent of the wages of  
15 the employee up to the taxable wage base then in effect in the social  
16 security system. All costs of establishing and administering the  
17 benefit program established by AS 39.30.160 must [SHALL] be paid from  
18 the contributions made by the participating employers under this  
19 section. The balance of the contributions made by the participating  
20 employers must [SHALL] be paid into special individual employee bene-  
21 fit accounts in the Department of Administration to be used to provide  
22 supplemental employee benefits provided in AS 39.30.160. In addition,  
23 voluntary wage reductions authorized under AS 39.30.150(c) must be  
24 paid into the special individual employee benefit accounts under the  
25 terms of the State of Alaska Supplemental Annuity Plan.

26 \* Sec. 2. AS 39.30.150(c) is amended to read:

27 (c) An employee of a participating employer is considered to  
28 have agreed to have the employee's wages reduced by an amount equal to  
29 one-half the total contribution that the participating employer is

1 required to make on behalf of the employee under this section. In  
2 addition, an employee may voluntarily elect additional wage reductions  
3 under the terms of the State of Alaska Supplemental Annuity Plan.

4 \* Sec. 3. AS 39.30.155(a) is amended to read:

5 (a) The Public Employees Retirement Board (AS 39.35.030) shall

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

10 (2) adopt, with modifications it considers proper, regu-  
11 lations recommended by the administrator for carrying out the supple-  
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13 additional benefit options not listed in AS 39.30.160(a)(1) -- (5),  
14 and regulations providing employees the opportunity to periodically  
15 change distribution of contributions among the supplemental benefit  
16 options listed in AS 39.30.160(a);

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

20 (4) act as an appeals board, hold hearings at the request  
21 of an employer, employee, surviving spouse, or a beneficiary on de-  
22 cisions made by the administrator that relate to the payment of bene-  
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24 findings to the administrator;

25 (5) prescribe policies for the operation of the supple-  
26 mental employee benefit program and take other action that it consid-  
27 ers necessary to carry out the purposes of that program;

28 (6) advise the Department of Administration concerning the  
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1 AS 39.30.160(a).

2 \* Sec. 4. AS 39.30.160(a) is amended to read:

3 (a) The Department of Administration shall, in accordance with  
4 policies prescribed by regulations of the Public Employees Retirement  
5 Board, provide to employees for whom benefit accounts are established  
6 under AS 39.30.150 the following benefit options:

- 7 (1) supplemental health benefits,  
8 (2) supplemental death benefits,  
9 (3) supplemental disability benefits,  
10 (4) supplemental survivor benefits, [AND]  
11 (5) supplemental annuities, and  
12 (6) other employee benefits set out in regulations adopted  
13 by the Public Employees Retirement Board.

14 \* Sec. 5. The plan administrator of the State of Alaska Supplemental  
15 Annuity Plan may submit plan amendments to the United States Internal  
16 Revenue Service to implement this Act and to convert the State of Alaska  
17 Supplemental Annuity Plan to a qualified plan that permits additional  
18 tax-deferred voluntary wage reductions and, on receipt of a favorable  
19 ruling, shall implement the provisions of secs. 1 and 2 of this Act.

20 \* Sec. 6. Sections 1 and 2 of this Act take effect upon receipt of a  
21 favorable ruling by the United States Internal Revenue Service on the  
22 amendments converting the supplemental annuity plan to a qualified plan  
23 that permits additional tax-deferred voluntary wage reductions.

24 \* Sec. 7. Sections 3, 4 , and 5 of this Act take effect immediately in  
25 accordance with AS 01.10.070(c).  
26  
27  
28  
29

B

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

Page 1 of 2

REQUEST

Bill/Resolution No.: SB-92

Title: An Act Relating to Benefits Under the Supplemental Benefits System

Sponsor: Governor

Requestor: \_\_\_\_\_

Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Administration

Program Category Affected: Labor Services

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		200.0				
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		200.0				

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		200.0				
<b>TOTAL</b>		200.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys

Division: Retirement & Benefits

Phone: 465-4460

Date: December 19, 1984

Approved by Commissioner: Lisa Rudd

Agency: Department of Administration

Date: 12-21-84

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Draft Bill \_\_\_\_\_

Fiscal Note Analysis

Prepared by Division of Retirement &amp; Benefits

Department of Administration

December 18, 1984

IV ANALYSIS: This bill would allow the Administrator of the state Supplemental Benefits System (SBS) to amend the State of Alaska Supplemental Annuity Plan to provide for additional voluntary contributions. This amendment to the Plan would be submitted for approval to the Internal Revenue Service (IRS) to retain the Plan's qualified status. The additional contributions would allow SBS participants to defer up to 18% of their compensation as contributions. This bill would also allow the inclusion of additional elective benefits under the SBS.

The total estimated cost is categorized as follows:

- a. \$150,000 for changes in EDP systems of Divisions of Finance and Retirement & Benefits.
- b. \$50,000 for consulting services and for booklet and form revision, connected with establishing and qualifying the new Plan in accordance with Federal Law and Internal Revenue Code and to assist in IRS qualification of the Plan. This should also cover



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

*Slip*

January 23, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to benefits under the supplemental benefits system (SBS) established by AS 39.30. The bill would allow the vast majority of employees voluntarily to defer and "tax shelter" additional compensation by raising the maximum limit on SBS contributions to approximately 18 percent of all compensation, rather than the 12.26 percent of the Social Security wage base that is currently allowed. This would be accomplished by converting the State of Alaska Supplemental Annuity Plan to a plan under sec. 401(k) of the Internal Revenue Code.

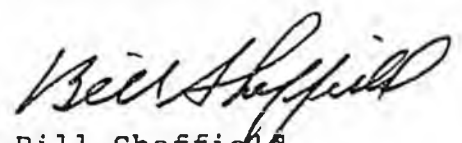
Sections 1 and 2 of the bill amend AS 39.30 to permit voluntary contributions in addition to the current 12.26 percent of employer contributions. Sections 3 and 4 amend AS 39.30 to allow the addition of new benefits through the adoption of administrative regulations.

All changes to the supplemental annuity plan must be approved by the Internal Revenue Service to protect the tax exempt features of the plan. Sections 4 and 5 of the bill permit the plan administrator to submit appropriate amendments to the Internal Revenue Service, and make implementation of the law contingent on a favorable ruling by that federal agency.

St. 92

These amendments will offer employees the advantage of tax sheltering additional deferrals of wages and will provide the state greater flexibility in tailoring benefit programs.

Sincerely,



Bill Sheffield  
Governor

Gov. letter  
FY note 55#7

ALASKA STATE LEGISLATURE

14th Legislature FIRST Session

SENATE BILL NO. 92

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to benefits under the supplemental benefits system; and providing for an effective date."

Introduced in the Senate 1/23, 19.85

HISTORY IN THE SENATE

19 85	Read first time and referred to Committee on																						
1 23 1 81 57	<p>HESS and Finance  <i>HESS WAVED, JA ADDED</i>                  Reported back with <i>S.P.</i>                  recommendation that <i>2 to pass</i>  <i>W/and, 2 no on to Finance</i>  <i>Fin:</i></p>																						
	Read second time and																						
	Read third time and																						
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Yeas	Yeas																						
Nays	Nays																						
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PASS	Effective Date																						
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Absent	Absent																						
Excused	Excused																						
	Reported correctly engrossed Signed by President Sent to House																						
SECRETARY OF THE SENATE																							

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on																						
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	Reported correctly engrossed Signed by Speaker Returned to Senate																						
CHIEF CLERK OF THE HOUSE																							

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

SR 92  
000

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_ Page 1 of 3

REQUEST

Bill/Resolution No.: \_\_\_\_\_  
Title: An Act Relating to Benefits Under the Supplemental Benefits System  
Sponsor: Governor  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Administration  
Program Category Affected: Labor Services  
BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
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400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		200.0				

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		200.0				
TOTAL		200.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys *JRH* phone: 465-4460  
Division: Retirement & Benefits Date: December 19, 1984

Approved by Commissioner: Lisa Rudd *A. Dill* Date: 12-21-84  
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

SR 92  
043

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_ Page 1 of 3

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*Some as  
 pickup FN  
 but includes  
 3rd page*

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Prepared By: J.K. Humphreys *J.K. Humphreys HR* Phone: 465-4460  
 Division: Retirement & Benefits Date: December 19, 1984  
 Approved by Commissioner: Lisa Rudd *A. Dullaghan* Date: 12-21-84  
 Agency: Department of Administration

**Distribution (by Agency preparing fiscal note):**  
 Legislative Finance  
 Legislative Sponsor  
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Draft Bill \_\_\_\_\_

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Draft Bill \_\_\_\_\_

Fiscal Note Analysis

Prepared by Division of Retirement & Benefits

Department of Administration

December 18, 1984

the cost incurred for the preparation and  
distribution of informational materials for  
employees.

SENATE AMENDMENT #1

By STATE AFFAIRS COMMITTEE

To: \_\_\_\_\_ SENATE BILL No. 92

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

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FURTHER: FINANCE

1/31/85

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and attached a "LETTER OF INTENT"

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MEMBERS SIGNING  
DO PASS

2 [Signature]  
2 Bill Ray  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

1 Edna De Vries to Rec  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman  
to Rec  
Chairman recommendation

Introduced: 1/23/85  
Referred: Health, Education & Social Services  
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BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

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SENATE BILL NO. 92

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - FIRST SESSION

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18 tax-deferred voluntary wage reductions and, on receipt of a favorable  
19 ruling, shall implement the provisions of secs. 1 and 2 of this Act.

20 \* Sec. 6. Sections 1 and 2 of this Act take effect upon receipt of a  
21 favorable ruling by the United States Internal Revenue Service on the  
22 amendments converting the supplemental annuity plan to a qualified plan  
23 that permits additional tax-deferred voluntary wage reductions.

24 \* Sec. 7. Sections 3, 4, and 5 of this Act take effect immediately in  
25 accordance with AS 01.10.070(c).