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SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER HB 73

SPONSOR Governor

BILL TITLE Technical amendments to public
employee benefit statutes.

DATE REFERRED 2-28-89

HEARING SCHEDULED 4-5-89

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED

INTERESTED PARTIES CONTACTED

✓ Dean Gottehrer, DOA 2201
yes Bob Stalnaker, DN Ret 4460
Sally Smith
w/PP
call ✓ Mitt Banker, DOR 2350

OTHER

SENATE COMMITTEE REPORT

FURTHER FINANCE

2/28/89

DATE TURNED INTO OFFICE 4-5-89

Mr. President:

STATE AFFAIRS

HB 73

Committee considered _____

technical amendments to public employee benefits statutes; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

Tom Kelly
Al Adams
Rich Ube

OTHER RECOMMENDATIONS

Pat Tomlin do pass
 Chairman signature and recommendation

Committee Backup attached

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members

FROM: Senator Pat Pourchot, Chairman

RE: April 5 Committee Meeting

DATE: April 4, 1989

On Wednesday, April 5 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bill:

SB 201, An Act making a special appropriation to the Department of Transportation and Public Facilities for an environmental impact statement concerning Seward and Kodiak as homeports for navy ships

SB 201 would appropriate \$750,000 to the Department of Transportation for preparation of an environmental impact statement on the establishment of homeports in Seward and Kodiak. At the sponsor's request, a draft committee substitute has been prepared that clarifies funds would also be used for work associated with feasibility assessments, the negotiation of agreements with the Navy, and any necessary legal activity. Unused funds would lapse to the general fund June 30, 1990.

In 1988 the legislature approved a resolution (SJR 55) supporting a homeport, and indicating the state's willingness to consider investment of as much as \$100 million for capital improvements. The resolution specified that the commitment of funds was contingent upon the completion of a cost-benefit analysis demonstrating that the state would derive net benefits from its investment.

The Navy's January 1989 letter to DOT, which announced Kodiak and Seward as the preferred Alaskan sites, indicated that "due to the constrained budget climate in Washington, the entire capital cost of a new homeport facility in Alaska would be an Alaskan investment". The letter also indicated that the next step would be joint preparation of an EIS.

SB 232, An Act relating to certain beverage dispensary licensees

SB 232 would authorize the holder of a beverage dispensary license issued to a hotel, motel, resort or similar business to stock alcoholic beverages in guest rooms. The beverages could be consumed only on the premises. Access would be restricted to guests age 21 and older, and would be controlled through a lock system.

The bill is intended to address the expectations of travelers accustomed to receiving hospitality services in their rooms.

HB 73, An Act making technical amendments to public employee benefits statutes

HB 73 would correct changes to statute inadvertently made last year. Section 1 reinstates the policy of income and interest earned on the Teachers Retirement Fund being returned to the fund.

Section 2 clarifies the procedure under which judges who have had contributions to the retirement account involuntarily refunded can repay the contributions, conforming the procedure to that currently followed under TRS and PERS.

Section 3 clarifies that, because municipal as well as state employees can be members of PERS, the "employer" of a supplemental benefits system member -- not the Department of Administration -- is required to make payments to the member's account.

In addition, HB 74, An Act relating to the financing of the Seward Student Service Center by ASBA, will be back before the committee. The Department of Revenue is preparing additional information on the current and proposed financing agreements.

H73POOP.TXT
4/5/89

HB 73 TECHNICAL AMENDMENTS TO PUBLIC EMPLOYEE BENEFITS
 STATUTES

TO TESTIFY

BOB STALNAKER, DIV. RETIREMENT, D.O.A.

F.Y.I.

ABOUT SEC. 1 -- LAST YEAR DEPT. REVENUE REWROTE THE
T.R.S./P.E.R.S. STATUTES -- INADVERTENTLY DROPPED "INCOME AND
INTEREST" FROM THE DEFINITION OF T.R.S. RETIREMENT FUND.

WOULD IT MAKE SENSE FOR INTEREST TO GO TO THE GENERAL FUND?
STALNAKER SAYS NO, SINCE FUND IS MADE UP ENTIRELY OF EMPLOYER
CONTRIBUTIONS, AND ACTUARIAL ASSUMPTIONS RELY ON THE INTEREST
BEING RETURNED TO THE RETIREMENT FUND.

NOTE THAT THIS SECTION IS RETROACTIVE TO THE DATE OF PASSAGE
OF LAST YEAR'S BILL.

BILL MADE IT THROUGH THE HOUSE PROCESS WITH NO AMENDMENTS.
COURTS HAD REQUESTED AN AMENDMENT REGARDING JUDICIAL RETIREMENT
-- HOUSE COMMITTEES CHOSE NOT TO INCLUDE BECAUSE IT WAS
"SUBSTANTIVE" RATHER THAN "TECHNICAL". SENATE JUDICIARY HAS
SINCE INTRODUCED THE AMENDMENT AS A SEPARATE BILL, SB 252, WHICH
IS IN OUR COMMITTEE.



cc
24673

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to public employee benefits. The bill amends provisions of the teachers' retirement, judicial retirement, and supplemental benefits systems.

Section 1 of the bill amends the definition of "retirement fund" in the teachers' retirement system statutes to correct the inadvertent deletion last session of two provisions that provided specific statutory authority for dedication, to the fund, of income and interest earned on assets of the fund. Section 4, ch. 141, SLA 1988 deleted a provision allowing the commissioner of revenue to collect the interest and deposit it in the fund. Section 19, ch. 106, SLA 1988 deleted from the definition of "retirement fund" a pre-statehood provision that the fund includes "income and interest derived from the investment" of money. The bill's amendment reinstating that language is retroactive to June 5, 1988, the effective date of ch. 106, SLA 1988. Section 4 of the bill.

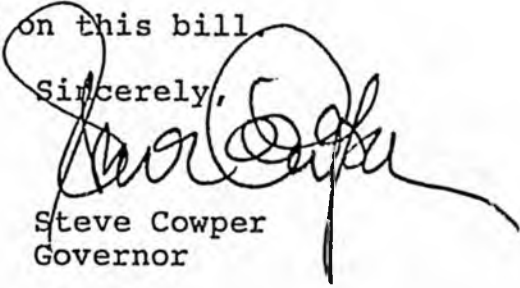
Section 2 of the bill amends a provision enacted last session by sec. 3, ch. 89, SLA 1988, which allows a former judge or justice whose judicial retirement system contribution account has been involuntarily refunded due to a levy, to repay his or her contribution account, whether or not the judge or justice returns to active service. Under AS 22.25.041(b), a former judge or justice may repay an involuntarily refunded contribution account under AS 22.25.041(a), which requires repayment to be made within one year after return to active service. The amendment made by sec. 2 of the bill clarifies that judges and justices who do not return to active service are not subject to the requirement that repayment of an involuntarily withdrawn contribution account be made within one year.

Section 3 of the bill amends AS 39.30.150(a) to clarify that, because municipal as well as state employees can be members of the system, the employer of a supplemental benefits system member, not the Department of Administration, is required to make payments to the member's individual annuity account.

Section 5 provides for an immediate effective date.

I urge your favorable action on this bill.

Sincerely,



Steve Cowper
Governor

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HB 73
Sec. 2

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Sec. 22.25.040. Refund of contributions. [Repealed, § 16 ch 83 SLA 1967.]

Sec. 22.25.041. Refund of contributions. (a) A justice or judge who vacates office for any reason and who has not then accrued five years of creditable service under this chapter is entitled to receive a refund of the total amount of contributions, together with interest credited on the amount. If a justice or judge who has received a refund of contributions returns to active service, the justice or judge shall repay within one year the refunded contributions with interest at the prevailing rate to receive credit for the earlier period of service under AS 22.25.010(f).

(b) A justice or judge whose contributions have been involuntarily refunded because of a levy may repay the amount levied together with accrued interest whether or not the justice or judge is on active service. Repayments shall be made under (a) of this section. (§ 7 ch 80 SLA 1978; am § 3 ch 89 SLA 1988)

Effect of amendments. — The 1988 amendment added subsection (b).

Sec. 22.25.045. Appropriations. [Repealed, § 42 ch 146 SLA 1980.]

Sec. 22.25.046. Employer contributions. (a) The state court system shall contribute to the judicial retirement system at the rate established by the commissioner of administration. The contribution rate shall be based on the results of an actuarial valuation of the judicial retirement system. The results of the actuarial valuation shall be based on actuarial methods and assumptions adopted by the commissioner of administration.

(b) The contribution rate shall be a percentage which, when applied to the covered compensation of all active members of the judicial retirement system, will generate sufficient money to support, along with contributions from members, the benefits of the judicial retirement system. (§ 8 ch 146 SLA 1980)

Sec. 22.25.048. Accounting and investment. (a) The commissioner of administration shall establish a judicial retirement trust fund for the judicial retirement system in which the assets of the system are deposited and held. The commissioner shall maintain accounts and records for the system.

(b) All income of the judicial retirement fund and all disbursements made from the fund shall be credited or charged, whichever is appropriate, to the following accounts:

(1) an individual account that contains the mandatory contributions collected from a person under AS 22.25.011;

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

Section	Section
150. Contributions	160. Benefits
153. Repayment of contributions	162. Safeguard of money

HB 73

Sec 3

Sec. 39.30.150. Contributions. (a) In place of contributions to the federal social security system that would have been required on behalf of an employee had the participating employer belonged to the social security system, the participating employer shall contribute an amount equal to 6.13 percent of the wages of the employee up to the taxable wage base then in effect in the social security system. This contribution must be paid into an individual employee annuity account in the Department of Administration under the terms of the State of Alaska Supplemental Annuity Plan. The department shall pay 6.13 percent of the wages of the employee up to the taxable wage base then in effect in the social security system into the individual employee annuity account established under this subsection. This wage reduction must be treated as an employer contribution under 26 U.S.C. 414(h)(2). All costs of establishing and administering the programs established under AS 39.30.150 — 39.30.180 must be paid from the contributions made to the individual employee annuity accounts under this section.

(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 that might exist if the state resumes participation in the federal social security system; and

(3) funds contributed under (a) of this section on behalf of employees who are not covered by maritime union contracts may not 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 may voluntarily elect additional wage reductions to be paid into special individual employee benefit accounts in the Department of Administration. Money in these accounts must be used to purchase benefits selected by the employee under the supplemental benefits plan established by the administrator. (§ 5 ch 58 SLA 1979;

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SB 252
in St Aff 3/31/89

Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

JANALEE R. STRANDBERG
Staff Counsel

February 15, 1989

303 K Street
Anchorage, AK 99501
(907) 264-8228

Representative Lyman Hoffman
Representative Ron Larson
House Finance Committee
P.O. Box V
Juneau, Alaska 99811

Re: House Bill 73

Dear Representatives Hoffman and Larson:

The court system would like you to include the enclosed amendment to AS 09.38.015 in your consideration of HB 73 on February 22. The amendment adds judicial retirement to the public employee and teacher retirement exemptions.

The present exemption statute, AS 09.38.015(b), provides that amounts held in the teachers' and public employees' retirement systems are exempt from execution. Individual retirement plans are also exempt from execution under AS 09.38.017(a). However, judicial retirement is not made exempt from execution by either of these statutes.

Because HB 73 is a technical bill which deals generally with employee benefits, including judicial retirement, we believe it is appropriate to include within it an exemption for judicial retirement. We have discussed this proposed amendment with the Director of Retirement and Benefits, Sally Smith, who has no objection to its inclusion.

Thank you for your consideration. I will be happy to answer any questions you may have about this proposed amendment.

Very truly yours,

Janalee R. Strandberg
Janalee R. Strandberg
Staff Counsel

Enclosure

cc: Carol Collins, House Finance Committee

Section AS 09.38.015 is amended to read:

Sec. 09.38.015. Property exempt without limitation. (a) An individual is entitled to exemption of the following property:

(1) a burial plot for the individual and the individual's family;

(2) health aids reasonably necessary to enable the individual or a dependent to work or to sustain health;

(3) benefits paid or payable for medical, surgical, or hospital care to the extent they are or will be used to pay for the care;

(4) an award under AS 18.67 (Violent Crimes Compensation Board) or a crime victim's reparations Act of another jurisdiction;

(5) benefits paid or payable as a longevity bonus under AS 47.45;

(6) compensation or benefits paid or payable and exempt under federal law;

(7) liquor licenses granted under AS 04;

(8) limited entry permits granted under AS 16.43, except as provided in that chapter.

(b) The right to benefits held by the state on behalf of an individual which may become payable by reason of disability, unemployment or illness, amounts held in the teachers', [OR] public employees', or judicial retirement system, and child support collections made by the child support enforcement agency are exempt.

(c) Property of the state, a general law or home rule

municipality, the Alaska State Building Authority, the Alaska Municipal Bond Bank Authority, or other state public corporation is exempt.

(d) Real property held by a cemetery association establish under AS 10.30 for the purpose of a cemetery and not exceeding 80 acres is exempt.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act Relating To BRU: Retirement and Benefits
 Public Employee Benefits . . .
 Sponsor: Rules Components: Retirement and Benefits
 Requestor: Governor Cowper

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS: 0 0 0 0 0 0

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill provides for technical corrections to the Teachers' Retirement System, Judicial Retirement System and the Supplemental Benefits System. There is no fiscal impact anticipated resulting from these changes.

Prepared By: Sally Smith *Sally Smith* Phone: 465-4470
 Division: Retirement and Benefits Date: _____
 Approved by Commissioner: John M. Andrews *J.M.A.* Date: 12/21/88
 Agency: Department of Administration

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

Bill Version: HB 73
Publish Date: HOUSE 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to Public Employee
Benefits
Sponsor: Rules
Requestor: Governor

Agency Affected: Department of Revenue
BRU: Treasury Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: 12-19-88

Approved by Commissioner: [Signature]
Agency: Department of Revenue

Date: 12/19/88

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