

**HB**

**140**

## SENATE COMMITTEE REPORT

DATE: '3/18/03

FURTHER:

DATE TURNED  
IN TO OFFICE: 3/19/03

State Affairs Committee considered HOUSE BILL NO. 140(efd fld)

### HB 140 BENEFITS FOR CERTAIN RIP PARTICIPANTS

"An Act relating to benefits for retired teachers or employees who participated in retirement incentive programs and are subsequently reemployed as a commissioner."

and recommends:

- be replaced with Senate CS HB 140 (STA)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
<u>DOA</u>	<u>2/27/03</u>		<input checked="" type="checkbox"/>	<u>1</u>

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
			<input checked="" type="checkbox"/>	
				<input checked="" type="checkbox"/>
<b>CHAIR:</b>	<input checked="" type="checkbox"/>			

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
Bill Version: HB 140  
(H) Publish Date: 2/28/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title An Act relating to reemployment of BRU Centralized Admin Services  
RIP retirees as Commissioner... Component Retirement & Benefits  
Sponsor Rules  
Requester Governor Component No. 64

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
This bill amends the Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS) statutes to allow a person who participated in a TRS or PERS sponsored retirement incentive program (RIP) to become a commissioner (1) without losing the incentive credit provided under the applicable RIP and without any related RIP reemployment indebtedness, and (2) continue receiving their retirement benefit by waiving accrual of an additional retirement benefit during the period of reemployment as commissioner.  
  
This legislation will have no actuarial impact to the TRS or PERS since the full actuarial cost of the Retirement Incentive Program was paid by the employer and the employee at retirement.

Prepared by: Guy Bell Phone 465-2292  
Division: Retirement & Benefits Date/Time February 27, 2003  
Approved by: Mike Miller, Commissioner Date February 27, 2003  
Agency: Department of Administration

FRANK H. MURKOWSKI  
GOVERNOR  
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OFFICE OF THE GOVERNOR  
JUNEAU

HB 140  
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February 27, 2003

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to reemployment of certain members of the Teachers' Retirement System of Alaska (TRS) and the Public Employees' Retirement System (PERS) who have retired under a retirement incentive plan (RIP).

The objective of this bill is to allow a person who retired under a RIP to return to state service as a commissioner without being penalized.

It is in the best interest of the people of Alaska to ensure that administrative departments of state government be managed by competent, skilled, knowledgeable, and experienced persons. Choosing to serve Alaska as the head of a state agency, in many cases, requires an individual to make sacrifices they may never have anticipated. This bill would remove one of the major disincentives, and give the Governor greater flexibility in filling out his cabinet.

Under existing law, if a TRS or PERS member who took normal retirement and retired under a RIP is re-employed in the TRS or PERS system, the member forfeits the incentive credit and becomes indebted to the TRS or PERS. This bill would allow a TRS or PERS member in this situation who is re-employed as a commissioner to accept the position without being subject to the reemployment indebtedness.

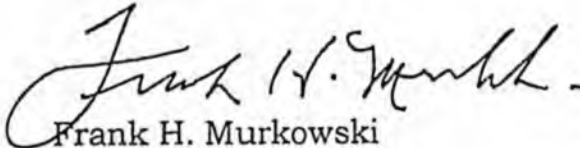
The Honorable Pete Kott  
February 10, 2003  
Page 2

Under existing law, a retired member of the TRS or PERS who took normal retirement and is re-employed in a TRS or PERS position may elect to continue receiving the member's retirement benefits during the period of employment. A member who retired under a RIP, however, may not make the election to continue receiving TRS or PERS retirement benefits. This bill would allow a TRS or PERS member in this situation who is subsequently re-employed as a commissioner to elect to continue receiving retirement benefit payments during the period of reemployment.

Finally, under existing law, the option to elect to continue receiving TRS or PERS benefits during the period of reemployment is repealed as of July 1, 2005. This bill repeals that option for individuals subject to the bill, *i.e.*, TRS or PERS members who retired under a RIP and are subsequently re-employed as a commissioner.

I urge your prompt and favorable action on this measure.

Sincerely,



Frank H. Murkowski

AMENDMENT #1

*Adopted  
w/orig.*

OFFERED IN THE SENATE BY \_\_\_\_\_  
STATE AFFAIRS COMMITTEE  
TO: HB 140(efd fld)

1 Page 1, line 2, following "commissioner":  
2 Insert "; and providing for an effective date"

3  
4 Page 1, following line 3:

5 Insert a new bill section to read:  
6 **"\* Section 1.** The uncodified law of the State of Alaska is amended by adding a new  
7 section to read:

8 FINDINGS AND PURPOSE. (a) The legislature finds that it is in the best  
9 interests of the people of Alaska to ensure that the principal departments of state  
10 government are managed by competent, skilled, knowledgeable, and experienced  
11 individuals. Choosing to serve Alaska as the commissioner of a principal department  
12 often requires an individual to make sacrifices, including reduced pay and benefits as  
13 well as relocation of the individual and the individual's family to the state capital.

14 (b) The purposes of this Act are to remove a major disincentive to serving as the  
15 commissioner of a principal department and to give the governor greater flexibility in  
16 filling those positions ."

17  
18 Renumber the following bill sections accordingly.

19  
20 Page 3, line 8:  
21 Delete "sec. 2"  
22 Insert "sec. 3"

1 Page 3, line 9:

2 Delete "sec. 3"

3 Insert "sec. 4"

4

5 Page 3, following line 10:

6 Insert a new bill section to read:

7 "\* Sec. 7. This Act takes effect immediately under AS 01.10.070(c)."