

**HB**

**286**

<TARGET><BILL>HB 286</BILL><SUBJECT>HB  
286</SUBJECT><COMM>HMLV28</COMM></TARGET>

STATE CAPITOL  
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Governor Sean Parnell  
STATE OF ALASKA

January 28, 2014

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

Dear Speaker Chenault,

With over 74,000 veterans calling Alaska home, our state has more veterans per capita than any other state, comprising 15 percent of Alaska's population. Together, we strongly support and honor our veterans and military families.

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the Teachers' Retirement System, the Judicial Retirement System, and the Public Employees' Retirement System for qualified military service; and relating to the definition of "veteran" for purposes of housing, eligibility for veterans' loans, and preferences in State employment hiring.

Under Alaska law, veterans are eligible for special loan, housing, and employment preferences. However, the current statutory language limits these preferences to veterans of foreign wars up to and including the Vietnam War, and the State is currently unable to extend these preferences to veterans of recent conflicts. In recognition of our servicemen and women, this bill amends preference eligibility statutes to reflect updated periods of service in order to include veterans of more recent wars and conflicts extending eligibility for veterans' preferences to veterans of the 1991 Gulf War, veterans who served on active duty during Operation Iraqi Freedom, and includes provisions should future conflicts arise.

The bill will also ensure that military families receive full survivor benefits for fallen soldiers by implementing provisions of Heroes Earnings Assistance and Relief Tax Act (HEART Act) as they apply to the State PERS, TERS, and JERS retirement plans. Under the HEART Act, employers are required to treat workers as if they were rehired the day before they died, ensuring that the worker is covered by the retirement plan at the time of death. The Act also addresses differential wage payments, compensation that a service member would have received from the employer during the service member's period of active duty had the employee not been called to active duty, to be treated as compensation for purpose of IRS reporting.

The Honorable Mike Chenault

January 28, 2014

Page 2

In addition to our many veterans, Alaska is privileged to have nearly 25,000 active military members and their families in our state. We are honored to have these forces call Alaska home, and we remain committed to supporting them and encouraging them to be an active part of our state for years after their military service ends.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean Parnell". The signature is written in a cursive, flowing style.

Sean Parnell  
Governor

Enclosure

# HB 286 Sectional Analysis

## Department of Administration

**Section 1:** Amends Teachers' Retirement System statute AS 14.25.195 to add new subsections.

Subsection (b) provides that in the event a member dies while performing qualified military service, the survivors can have access to additional benefits that would have been provided had the member resumed employment and then terminated on account of death. Benefits include accelerated vesting, ancillary life insurance benefits, and benefits that are contingent on the member being actually employed at the time of death (does not include duplicative credited service accrual).

Subsection (c) provides that differential wage payments (these are payments that some employers pay for employees called to military service—they are the difference between what the military pays, and what the employer paid) shall be treated as compensation (not benefits) for purposes of retirement plan qualification. This statute pertains to the TRS defined benefit plan.

**Section 2:** Amends TRS statute AS 14.25.582 to add the same subsections as section 1. This statute pertains to the TRS defined contribution plan.

**Section 3:** Amends AS 18.55.470(4) to also include a veteran having served between August 2, 1990, and January 2, 1992; September 11, 2001 and ending on the day prescribed by presidential proclamation or by law as the last date of Operation Iraqi Freedom; or any of the time periods listed in federal code 5 U.S.C. 2108(1). This will bring the Alaska Statute referring to the “veterans” definition into alignment with the federal definition.

**Section 4:** Amends Judicial Retirement System statute AS 22.25.110 to add the same subsections as section 1. JRS is only a defined benefit plan.

**Section 5:** Amends AS 26.15.130(a) relating to eligibility for veterans' loans in the Department of Commerce, Community, and Economic Development.

**Section 6:** Amends AS 26.15.160 extending the chapter to members of the United States Armed forces, removing references to specific conflicts, and updating qualifying dates of service.

**Section 7:** Amends AS 39.25.159(f)(5) to include the more recent range of service dates, including the 1991 Gulf War and Operation Iraqi Freedom, and incorporate by reference the corresponding federal statute related to veterans' preferences (5 U.S.C. 2108) so that the state statutes will not need further updating when future service dates arise.

**Section 8:** Amends Public Employees Retirement System statute 39.35.677 to add the same subsections as section 1.

**Section 9:** Amends PERS statute AS 39.35.972 to add the same subsections as section 2. This statute pertains to the PERS defined contribution plan.

**Section 10:** This section provides for retroactive effect of the HEART Act sections of the bill (1, 2, 4, 8, 9). The sections that pertain to providing survivor access to benefits had the employee resumed service are retroactive to January 1, 2007 [AS 14.25.195 (b), AS 14.42.582 (b), AS 22.25.110 (b), AS 39.35.677 (b), and AS 39.35.972 (b)]. The sections that pertain to the impact of differential wage payments on plan qualification are retroactive to January 1, 2009 [AS 14.25.195 (c), AS 14.25.582 (c), AS 22.25.110 (c), AS 39.35.677(c) and AS 39.35.972 (c)].



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

**Department of Administration**

CURTIS W. THAYER, COMMISSIONER

10<sup>th</sup> Fl. State Office Building  
PO Box 110200  
Juneau, Alaska 99811  
Main: 907.465.2200  
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January 29, 2014

The Honorable Neal Foster, Co-Chair  
The Honorable Gabrielle LeDoux Co-Chair  
House Military and Veterans' Affairs Special Committee  
Alaska State Capitol, 120  
Juneau, AK 99801

Dear Representatives Foster and LeDoux:

The Department of Administration respectfully requests a hearing to be scheduled on House Bill 286, *"An Act relating to the Teachers' Retirement System, the Judicial Retirement System, and the Public Employees' Retirement System for qualified military service; relating to the definition of 'veteran' for purposes of housing, eligibility for veterans' loans, and preferences in state employment hiring; and providing for an effective date."* at the committees earliest convenience.

If you should need any additional information please contact 465-2200 and ask for:

Andy Mills, Special Asst. to the Commissioner – [andy.mills@alaska.gov](mailto:andy.mills@alaska.gov)

Cheri Lowenstein, Administrative Services Director – [cheryl.lowenstein@alaska.gov](mailto:cheryl.lowenstein@alaska.gov)

Thank you in advance for prompt attention to this bill at the start of another year's legislative session.

Sincerely,

A handwritten signature in black ink, appearing to read "C. W. Thayer".

Curtis W. Thayer  
Commissioner

cc: House Military and Veterans' Affairs Special Committee members  
Governor's Legislative Office

# HB 286 Talking Points

## Department of Administration

### **Veteran's Hiring Preference Sections**

- Alaska statute currently defines the veteran's preference for hiring as applying to those that have served up to the end of the Korean and Vietnam wars.
- To ensure our veterans who have served in 1991 Gulf War, Operation Iraqi Freedom and conflicts arising after September 11, 2001 can benefit from that hiring preference, the bill extends a hiring preference to veterans who have served since the Vietnam War.
- Additionally the bill changes Alaska statutes to reference the federally established definitions so that our veterans of current and future conflicts can benefit from the preference without delay.
- It is anticipated that with expanded consideration of veteran applicants that these applicants will have a greater opportunity to gain employment with the State of Alaska, who will in turn attract talented services members to further public service.
- Currently if you are a disabled veteran or were a prisoner of war, you are guaranteed an interview for positions when you apply for and meet minimum qualifications.
- If you are a veteran but not a disabled veteran or prisoner of war, you are entitled to be given complete consideration for positions when you apply and meet minimum qualifications.
- The veteran's preference only applies to positions within the State of Alaska, classified service.

### **Veteran's Housing Preference Sections**

- For Alaska Housing Finance Corporation the bill provides state statutory alignment with the federal definitions already used for public housing and mortgage loans.
- This bill will bring current the definition of 'veteran' as it applies to loan programs through the Division of Economic Development. While there are no programs currently funded that will be impacted by this bill, changing the definition to include veterans of recent and current conflicts is necessary should new loan programs be introduced, or existing programs funded.

### **HEART Act Sections**

- The Heroes Earnings Assistance and Relief Tax Act (HEART Act) was signed into law in June 2008, to provide additional tax and pension benefits to individuals who are absent from work due to duty in the uniformed military service.
- All private and governmental employers must comply with the Uniformed Services Employment and Reemployment Rights Act (USERRA), which provides special employment and benefit rights to individuals who leave employment to perform qualified military service.
- "Qualified military service" is service in the uniformed services while on active or inactive duty, including training periods. "Uniformed services" include the Army, Navy, Air Force, Marines, Coast Guard, Reserves, Army and Air National Guard, the commissioned corps of the Public Health Service, and any other persons designated by the President.

- The HEART Act clarified and expanded on some of the Uniformed Services Employment and Reemployment Rights Act (USERRA) requirements that apply to employer-sponsored retirement programs.
- Participants in the Alaska Public Employees Retirement System (PERS), Teachers Retirement System (TRS) or Judicial Retirement System (JRS) pension plans who die on or after January 1, 2007, while performing qualified military service, will be treated as first having been reemployed and then dying, to allow for the distribution of those survivor benefits that require the participant's termination of employment due to death.
- This ensures that the families of our military members who gave everything in service to this country and state receive our support.
- Some employers make differential wage payments to their employees who are called to active duty in the uniformed services. "Differential wage payments" (or "differential pay") are typically the difference between the individual's normal pay from the employer and his military pay. Employers are not required to make these wage payments, but for those that do, the HEART Act changed their tax treatment.
- Under the HEART Act, differential wage payments are considered W-2 wages. As a result, individuals receiving such payments are considered to be active employees of the employer.
- As required under the Internal Revenue Code ("Code"), the draft bill includes differential pay for purposes of applying the Annual Additions and Annual Benefit limits under Section 415 of the Code.

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: HB 286  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB286-DCCED-DED-01-17-14  
Title: VETS'  
RETIREMENT/LOANS/HOUSING/EMPLOYMENT  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Governor

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Economic Development  
Allocation: Economic Development  
OMB Component Number: 2743

**Expenditures/Revenues**

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

(Thousands of Dollars)

|                               | FY2015<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2015<br>Request | Out-Year Cost Estimates |            |            |            |            |            |
|-------------------------------|--------------------------------------|------------------------------------------------|-------------------------|------------|------------|------------|------------|------------|
|                               |                                      |                                                | FY 2015                 | FY 2016    | FY 2017    | FY 2018    | FY 2019    | FY 2020    |
| <b>OPERATING EXPENDITURES</b> |                                      |                                                |                         |            |            |            |            |            |
| Personal Services             |                                      |                                                |                         |            |            |            |            |            |
| Travel                        |                                      |                                                |                         |            |            |            |            |            |
| Services                      |                                      |                                                |                         |            |            |            |            |            |
| Commodities                   |                                      |                                                |                         |            |            |            |            |            |
| Capital Outlay                |                                      |                                                |                         |            |            |            |            |            |
| Grants & Benefits             |                                      |                                                |                         |            |            |            |            |            |
| 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>0.0</b> | <b>0.0</b> |

**Fund Source (Operating Only)**

|              |            |            |            |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None         |            |            |            |            |            |            |            |            |
| <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> | <b>0.0</b> | <b>0.0</b> |

**Positions**

|           |  |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |  |

**Change in Revenues**

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|--|--|--|--|--|--|--|--|--|

**Estimated SUPPLEMENTAL (FY2014) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2015) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

|                                                        |                                  |
|--------------------------------------------------------|----------------------------------|
| Prepared By: <u>Joseph Jacobson, Division Director</u> | Phone: <u>(907)465-2625</u>      |
| Division: <u>Economic Development</u>                  | Date: <u>01/17/2014 03:11 PM</u> |
| Approved By: <u>Jeanne Mungle, Director</u>            | Date: <u>01/17/14</u>            |
| Agency: <u>Administrative Services</u>                 |                                  |

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. HB 286

**Analysis**

This legislation expands the definition of 'veteran' to include military members who have served in recent conflicts. The Veteran's Loan Program is currently inactive. Therefore, this proposed legislation creates no additional work for the Division of Economic Development and no fiscal impact over the next six years.

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: HB 286  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB286-DOA-DOP-01-20-14  
Title: VETS'  
RETIREMENT/LOANS/HOUSING/EMPLOYMENT  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Governor

Department: Department of Administration  
Appropriation: Centralized Administrative Services  
Allocation: Finance  
OMB Component Number: 59

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

|                               | FY2015<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2015<br>Request | Out-Year Cost Estimates |            |            |            |            |            |
|-------------------------------|--------------------------------------|------------------------------------------------|-------------------------|------------|------------|------------|------------|------------|
|                               |                                      |                                                | FY 2015                 | FY 2016    | FY 2017    | FY 2018    | FY 2019    | FY 2020    |
| <b>OPERATING EXPENDITURES</b> |                                      |                                                |                         |            |            |            |            |            |
| Personal Services             |                                      |                                                |                         |            |            |            |            |            |
| Travel                        |                                      |                                                |                         |            |            |            |            |            |
| Services                      |                                      |                                                |                         |            |            |            |            |            |
| Commodities                   |                                      |                                                |                         |            |            |            |            |            |
| Capital Outlay                |                                      |                                                |                         |            |            |            |            |            |
| Grants & Benefits             |                                      |                                                |                         |            |            |            |            |            |
| 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>0.0</b> | <b>0.0</b> |

**Fund Source (Operating Only)**

|              |            |            |            |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None         |            |            |            |            |            |            |            |            |
| <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> | <b>0.0</b> | <b>0.0</b> |

**Positions**

|           |  |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |  |

|                           |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|
| <b>Change in Revenues</b> |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|

**Estimated SUPPLEMENTAL (FY2014) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2015) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

|                                                            |                                  |
|------------------------------------------------------------|----------------------------------|
| Prepared By: <u>Nicki Neal, Director</u>                   | Phone: <u>(907)465-3794</u>      |
| Division: <u>Division of Personnel and Labor Relations</u> | Date: <u>01/14/2014 11:45 AM</u> |
| Approved By: <u>Curtis Thayer, Commissioner</u>            | Date: <u>01/20/14</u>            |
| Agency: <u>Department of Administration</u>                |                                  |

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. HB 286

**Analysis**

AS 39.25.159 is titled "Employment preference for veterans and former prisoners of war." Within this statute is a definition of "veteran" which includes dates of war or conflict in which a person who has served is considered a veteran. At present, only veterans serving in conflicts up to the end of the Vietnam War are eligible for employment preferences. The bill would extend the employment preferences to veterans of the 1991 Gulf War and veterans who served on active duty beginning September 11, 2001, and ending on the date determined under federal law as the last date of Operation Iraqi Freedom. The bill would amend the relevant Alaska Statutes (AS 39.25.159) to include these more recent conflicts and incorporate by reference the corresponding federal statute related to veterans' preferences so that the state statutes would not need further updating when future conflicts arise.

It is anticipated that there will be a de minimis increase in productive work hours as a result of additional interviews that will be required as a result of expanding the date range for employment preferences for veterans. Therefore DOPLR submits a zero fiscal note.

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: HB 286  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB286-DOA-DRB-01-20-14  
Title: VETS'  
RETIREMENT/LOANS/HOUSING/EMPLOYMENT  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Governor

Department: Department of Administration  
Appropriation: Centralized Administrative Services  
Allocation: Retirement and Benefits  
OMB Component Number: 64

**Expenditures/Revenues**

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

(Thousands of Dollars)

|                               | FY2015<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2015<br>Request | Out-Year Cost Estimates |            |            |            |            |            |
|-------------------------------|--------------------------------------|------------------------------------------------|-------------------------|------------|------------|------------|------------|------------|
|                               |                                      |                                                | FY 2015                 | FY 2016    | FY 2017    | FY 2018    | FY 2019    | FY 2020    |
| <b>OPERATING EXPENDITURES</b> |                                      |                                                |                         |            |            |            |            |            |
| Personal Services             |                                      |                                                |                         |            |            |            |            |            |
| Travel                        |                                      |                                                |                         |            |            |            |            |            |
| Services                      |                                      |                                                |                         |            |            |            |            |            |
| Commodities                   |                                      |                                                |                         |            |            |            |            |            |
| Capital Outlay                |                                      |                                                |                         |            |            |            |            |            |
| Grants & Benefits             |                                      |                                                |                         |            |            |            |            |            |
| 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>0.0</b> | <b>0.0</b> |

**Fund Source (Operating Only)**

|              |            |            |            |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None         |            |            |            |            |            |            |            |            |
| <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> | <b>0.0</b> | <b>0.0</b> |

**Positions**

|           |  |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |  |

|                           |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|
| <b>Change in Revenues</b> |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|

**Estimated SUPPLEMENTAL (FY2014) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2015) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: Michael Barnhill, Deputy Commissioner  
Division: Retirement and Benefits  
Approved By: Curtis Thayer, Commissioner  
Agency: Department of Administration

Phone: (907)465-2200  
Date: 01/14/2014 12:00 AM  
Date: 01/20/2014

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. HB 286

**Analysis**

Sections 1-2, 4, 8-11 of this bill allows the survivors of members who die while performing qualified military service access to benefits they would have been provided had the member resumed employment and then died. This bill also subjects differential wage payments (any wages paid by the employer to a service member while on active duty) to the Internal Revenue Service (IRS) maximum contribution limits under IRS code 415(c).

Since the HEART Act inception in 2009 the PERS, TRS and JRS have had no members die while performing qualified military service. This bill has no fiscal impact on the funding or administration of the plans and therefore DRB submits a zero fiscal note.

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: HB 286  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB286-DOR-AHFC-1-21-14  
Title: VETS'  
RETIREMENT/LOANS/HOUSING/EMPLOYMENT  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Governor

Department: Department of Revenue  
Appropriation: Alaska Housing Finance Corporation  
Allocation: AHFC Operations  
OMB Component Number: 110

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

|                               | FY2015<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2015<br>Request | Out-Year Cost Estimates |            |            |            |            |            |
|-------------------------------|--------------------------------------|------------------------------------------------|-------------------------|------------|------------|------------|------------|------------|
|                               |                                      |                                                | FY 2015                 | FY 2016    | FY 2017    | FY 2018    | FY 2019    | FY 2020    |
| <b>OPERATING EXPENDITURES</b> |                                      |                                                |                         |            |            |            |            |            |
| Personal Services             |                                      |                                                |                         |            |            |            |            |            |
| Travel                        |                                      |                                                |                         |            |            |            |            |            |
| Services                      |                                      |                                                |                         |            |            |            |            |            |
| Commodities                   |                                      |                                                |                         |            |            |            |            |            |
| Capital Outlay                |                                      |                                                |                         |            |            |            |            |            |
| Grants & Benefits             |                                      |                                                |                         |            |            |            |            |            |
| 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>0.0</b> | <b>0.0</b> |

**Fund Source (Operating Only)**

|              |            |            |            |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| None         |            |            |            |            |            |            |            |            |
| <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> | <b>0.0</b> | <b>0.0</b> |

**Positions**

|           |  |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |  |

|                           |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|
| <b>Change in Revenues</b> |  |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|--|

**Estimated SUPPLEMENTAL (FY2014) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2015) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial version.

|              |                                    |        |                     |
|--------------|------------------------------------|--------|---------------------|
| Prepared By: | Les Campbell, Budget Director      | Phone: | (907)330-8356       |
| Division:    | Alaska Housing Finance Corporation | Date:  | 01/13/2014 09:00 AM |
| Approved By: | Bryan Butcher, CEO                 | Date:  | 01/13/14            |
| Agency:      | Alaska Housing Finance Corporation |        |                     |

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. HB 286

**Analysis**

The bill relates to the definition of "veteran" across a number of state statutes.

The bill would extend the definition of "veteran" to include veterans of the 1991 Gulf War and veterans who served on active duty beginning on September 11, 2001, and ending on the date determined under federal law as the last date of Operation Iraqi Freedom. The bill would amend relevant Alaska Statutes to include these more recent conflicts and incorporate by reference the corresponding federal statute related to veterans' preferences (5 U.S.C. 2108) so that the state statutes would not need further updating when future conflicts arise.

With passage of the bill, the statute referencing AHFC which is AS 18.55.470 will include the expanded definition of "veteran" The change would have no significant impact on AHFC programs and operations.

AHFC does not foresee any additional significant cost impacts resulting from this bill.

December 12, 2013

**VIA EMAIL**

Ms. Kathy Lea  
Deputy Director  
Division of Retirement and Benefits  
Department of Administration  
State of Alaska  
333 Willoughby Avenue  
6th Floor State Office Building  
Juneau, AK 99811-0208

**RE: HEART Act Survivor Benefits in the Alaska Retirement Systems Actuarial Valuations**

Dear Kathy:

As requested, we are providing you this letter to document our correspondence regarding the application of the 2008 HEART Act in the actuarial valuations of the State of Alaska. Specifically, you have asked how we are treating retirement system members who are called to active duty and die while performing qualified military service. Under the requirements of the HEART Act, the eligible survivors would be eligible for death benefits under the retirement system as if the member had resumed employment and plan membership the day before death.

As you have confirmed, according to your records, no employees have died in this manner since 2009. In addition, our mortality assumptions are updated every four years to reflect actual death experience of members that are eligible to receive death benefits under the retirement systems. On the basis of your experience and our experience analysis, we expect any future impact on the retirement systems to be de minimus for actuarial valuation purposes. If in performing a future actuarial experience analysis we find that this mortality experience is not de minimus, we will recommend adjusting our mortality assumptions and request specific member data to capture and recognize expected future liability of these survivor benefits.

Please let us know if you need any further information.

Sincerely,



David H. Sliskinsky, F.C.A., A.S.A., E.A.  
Principal and Consulting Actuary

c: Mr. Mike Barnhill, State of Alaska  
Mr. Jim Puckett, State of Alaska  
Ms. Rebecca Williams, Buck Consultants