

SB

48

<TARGET><BILL>SB 48</BILL><SUBJECT>SB
48</SUBJECT><COMM>SSTA28</COMM></TARGET>

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/11/13

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/8/13

State Affairs Committee considered SENATE BILL NO. 48

SB 48-PERS CONTRIBUTIONS BY MUNICIPALITIES

"An Act requiring each municipality with a population that decreased by more than 25 percent between 2000 and 2010 that participates in the defined benefit plan of the Public Employees' Retirement System of Alaska to contribute to the system an amount calculated by applying a rate of 22 percent of the total of all base salaries paid by the municipality to employees of the municipality who are active members of the system during a payroll period; reducing the rate of interest payable by a municipality with a population that decreased by more than 25 percent between 2000 and 2010 that is delinquent in transmitting employee and employer contributions to the defined benefit plan of the Public Employees' Retirement System of Alaska; giving retrospective effect to the substantive provisions of the Act; and providing for an effective date."

and recommends:

- be replaced with CS SB 48 (STA) Same Title [] New Title
- [] adopt previous CS _____ (_____) [] Same Title [] New Title
- [] attached amendment(s)
- [] adopt _____ Letter of Intent
- [] further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
<i>ADM</i>	<input checked="" type="checkbox"/>			<i>1</i>

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

[] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	No REC	AMEND
<i>[Signature]</i>	<i>wielechowski</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<i>Coghill</i>	<input checked="" type="checkbox"/>			
CHAIR: <i>[Signature]</i>	<i>Dyson</i>	<input checked="" type="checkbox"/>			

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON SENATE DISTRICT T

Session

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SPONSOR STATEMENT

SB 48 - PERS CONTRIBUTIONS BY MUNICIPALITIES

SB 48 seeks to provide relief to those communities that have faced hardship due to the PERS "salary floor" established in SB 125 of the 25th Legislature.

SB 125 changed the PERS system from a 'multiple employer plan' to a 'cost share plan'. That is, SB 125 transferred the individual liability of the 160 PERS employers and consolidated that liability so that all the employers share in that liability.

SB 125 also created what is commonly referred to as the 2008 salary floor. That is, every PERS employer will have a penalty imposed on them if their salary base is below that of 2008. This was instituted to ensure that the system could not be "gamed". This is to keep municipalities from hiring people on a contract basis and, therefore, allowing the base payments into the system from shrinking.

Many municipalities, due to circumstances beyond their control, have found themselves under the 2008 floor for a number of years. Most of these are very small remote communities. Some of the affected communities are simply trying to lower their budgets by actively laying-off or not re-hiring due to attrition. Some communities lost employees due to a base closure or a regional clinic closure.

To further make the point, there is currently one community that owes \$420,000 at 12% interest. SB 48 was introduced to help communities in this situation.

SB 48 will address this issue in two ways:

1. Calculate the PERS contribution to their current active employees of those communities that have lost 25% of their population between 2000 and 2010.
2. Provides relief to those communities that are delinquent in transferring contribution if their population decreased by more than 25% between 2000 and 2012.

SB 48 does not intend to repeat the "2008 floor" debate, but rather provide relief to those communities affected by the arbitrary line that debate created.

I urge your support of this legislation.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSSB 48(STA)
Fiscal Note Number: 1
(S) Publish Date: 4/8/13

Identifier: SB048-DOA-DRB-3-08-13
Title: PERS CONTRIBUTIONS BY MUNICIPALITIES
Sponsor: OLSON
Requester: Senate State Affairs

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)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous	187.0		176.0	167.0	157.0	148.0	139.0	
Total Operating	187.0	0.0	176.0	167.0	157.0	148.0	139.0	

Fund Source (Operating Only)

1004 Gen Fund	187.0		176.0	167.0	157.0	148.0	139.0
Total	187.0	0.0	176.0	167.0	157.0	148.0	139.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 706.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/14

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: <u>Jim Puckett, Director</u>	Phone: <u>(907)465-4471</u>
Division: <u>Retirement and Benefits</u>	Date: <u>03/01/2013 12:00 AM</u>
Approved By: <u>Curtis Thayer, Deputy Commissioner</u>	Date: <u>03/08/13</u>
<u>Department of Administration</u>	

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSSB 48(STA)

Analysis

This bill eliminates the 2008 salary floor on which PERS employer contributions are based for PERS municipalities that have sustained a 25% decrease in population between 2000 and 2010. The bill also lowers the interest charged for such municipalities on delinquent contributions from one and one-half times the most recent actuarially determined rate of earnings for the plan (12%) to 3 percentage points above the 12th Federal Reserve District Discount rate, which was 0.75% for 2012. The basic impact of the bill is that if a municipality qualifies, its contributions will be based on current payroll and its interest rate on delinquent contributions will be close to 4%, as opposed to 12%.

Buck Consultants, the PERS actuarial consultant, has calculated the financial effects if this bill should pass. Since the bill is retroactive to 2009, it would require forgiveness of all salary floor contributions and fees immediately upon becoming law. Therefore the largest cost would occur in that fiscal year. For the purposes of this fiscal note, the retroactive costs are shown as a supplemental appropriation for the FY 13 budget. Employer rates for the PERS are set in statute at 22% of salary and cannot be increased. The costs associated with this bill would be borne by the State of Alaska under AS 39.35.280 which requires the State to make up any payments to the plan that exceed employer contributions to sufficiently pay the plan's past service liability for each fiscal year.

The table below shows the estimated cost of the bill from FY 14 through FY 19. Dollars are in thousands. Additional information regarding the development of the estimate is included in Buck Consultant's March 1, 2013 attached letter.

PERS DB Plan	FY13 Approp	FY14	FY15	FY16	FY17	FY18	FY19
Cost due to AS 39.35.255 amendment	\$ 195.0	\$ 187.0	\$ 176.0	\$ 167.0	\$ 157.0	\$ 148.0	\$ 139.0
Cost due to AS 39.35.610 amendment	\$ 511.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Total Increase in cost	\$ 706.0	\$ 187.0	\$ 176.0	\$ 167.0	\$ 157.0	\$ 148.0	\$ 139.0

ALASKA STATE LEGISLATURE

Sen. Fred Dyson, Chair
Sen. Cathy Giessel, Vice Chair
Sen. John Coghill
Sen. Bert Stedman
Sen. Bill Wielechowski



State Capitol, Room 121
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Senate State Affairs Committee

MEMORANDUM

To: Committee Members
From: Senator Dyson, Chairman *FJD*
Date: 4/1/2013
Re: SB 48 Questions to Dept. of Administration with Responses From the Deputy Commissioner (Barnhill)

After the committee heard SB 48 at the 3/12/hearing, we sent the following questions to the Department of Administration—the responses from the Deputy Commissioner (Barnhill) follow each question:

1. How much of the debt SB 48 seeks to forgive can be tied to faulty actuarial advice from the actuary the State sued and secured a negotiated settlement from?
 - A: Interesting question, and based on my involvement in the actuarial malpractice litigation at [the Department of] Law, I have a fairly informed view—though you may disagree with it.

In the Mercer litigation, we were seeking three basic forms of damages: (1) the principal amounts that we should have collected from employers over the time period in question, but didn't because of negligent advice from Mercer; (2) investment earnings on those principal amounts; (3) punitive damages for false reporting.

At oral argument, Judge Collins expressed grave concerns about the validity of our claim for principal amounts that we did not collect from employers. In her view, those were amounts that employers owed regardless of Mercer's negligence, and that if anything, by retaining those funds the employers had the benefit of the use of those funds through to the present. We subsequently settled

the case. The net amount we recovered (\$403mm) equated to the investment earnings that we lost by not having the principal amounts from employers during the time period in question.

That's a long way of saying, that in my view, the systems recovered 100% of their actual losses attributable to Mercer's conduct. The amounts not recovered were and are employer obligations. (we also did not recover our claim for punitive damages—but that is an amount that is not tied to loss, but an amount intended to punish for outrageous conduct).

I don't expect everyone to agree with that view, but having been a part of the legal team that handled that case, I feel very comfortable with it.

That being said, the amounts at issue in SB 48 are only indirectly related to actuarial malpractice. The amounts at issue are the difference between 22% of the employer's current payroll and 22% of the employer's 2008 payroll. That differential is the product of 2008 legislation (SB 125) that was intended to maintain a certain level of political subdivision participation in paying off the unfunded liability. The unfunded liability has multiple causal factors: (1) negligent incorrect actuarial assumptions regarding health care cost growth; (2) non-negligent but nevertheless incorrect actuarial assumptions regarding investment returns; and (3) changes to multiple actuarial assumptions, including investment return, healthcare cost growth, etc.

2. Regarding policy/legal issues related to municipalities, as long as current Alaska law precludes municipal bankruptcies, do any other debt restructuring options exist for municipalities in Alaska statute?

We're assuming not, as SB 44 is before the committee—should there be?

The best I can articulate this is, “should/could there be a bankruptcy like mechanism for municipalities to restructure at least the obligations being considered by SB 48?

A: At this point, we are very uncomfortable recommending bankruptcy as a means for restructuring public pension obligations. Litigation is currently pending in California federal court regarding whether the municipalities of Stockton and San Bernadino can discharge obligations to CalPERS in bankruptcy. Court decisions on this issue should come relatively soon.

There are at least two policy perspectives that we take into consideration here:

First, protecting the system: is there a funding mechanism in place that will ensure that all benefits will be paid when due?

Under SB 125, for now, the answer is yes—every year the participating employers and legislature pay the entire actuarially

required contribution to ensure that the unfunded liability will be retired in 25 years. If a municipality were to discharge its public pension obligation in bankruptcy or by some other means, this would not directly impact system funding, because that obligation is simply shifted to the state under SB 125. So from this policy perspective, the system is relatively indifferent to municipal bankruptcy, so long as SB 125 is in place and the legislature continues to appropriate the actuarially required amount.

But that begs the second policy perspective, which is the importance of sustainable solutions and maintaining appropriate employer participation in the retirement of the unfunded liability. At what point does shifting costs to the State become unsustainable?

We believe that sustainability, and basic fairness, require robust participation by all PERS employers in retiring the unfunded liability. For that reason, we are reluctant to concede solutions that result in material cost shifting. There is also a view that is reluctant to concede solutions that result in immaterial cost shifting because of the fear of what happens once the door is opened to any cost shifting.

3. How many other communities are on the verge, or headed towards the 25% population decrease as the 3 communities the bill currently addresses?

A: We have that information, and if it hasn't already been provided, we will send separately.

4. [We] [w]ould like Dept. of Admin's perspective on the problem, in general, and specifically, if there are any ideas over there . . . about how to give relief to municipalities that are true victims without extending a benefit to municipalities that might game the system. Senator Stedman identified municipalities that were "gaming" they system as one of the reasons for SB 125.

A: I think some of this is covered in my response to question 2. Another option to consider is to revisit this on an annual basis through the appropriation process. Is it wise to give permanent relief if there is a possibility that one or more of these communities may experience a population rebound at some point in the future?

David Scott

From: Ruby, Scott (CED) <scott.ruby@alaska.gov>
Sent: Thursday, February 28, 2013 10:23 AM
To: David Scott
Cc: Koeneman, Crystal A (CED)
Subject: RE: quick question

Dave,
No, it does not.

Federal bankruptcy law requires a state to pass a statute allowing it, Alaska has not passed such a statute.

Scott

From: David Scott [<mailto:David.Scott@akleg.gov>]
Sent: Thursday, February 28, 2013 10:06 AM
To: Koeneman, Crystal A (CED)
Cc: Ruby, Scott (CED)
Subject: quick question

Does state law allow for municipalities to declare bankruptcy?

Thanks,

Dave

David Scott
Chief of Staff
Office of Senator Olson
465-3877
david_scott@akleg.gov

Incorporated Cities of Alaska by 2010 Population--US Census

Rank	City Name	Class[3][4]	Borough or Census area[5][6]	2010 Pop.[7]	2000 Pop.[8]	Population % Decrease	Employer Salary Floor Outstanding	Estimated		Census Code (FIPS code)	Notes	Current Salary Floor Interest	Recalculated Salary Floor per SB 48	Current	Recalculated
								Contributions Outstanding	Estimated Late Fees					Estimated Late Fees on Delinquent Contributions	Estimated Late Fees on Delinquent Contributions
83	Adak	Second Class[3]	Aleutians West (CA)	326	316	0%				02-00065					
27	Akutan	Second Class[3]	Aleutians East	1,027	713	0%				02-01090					
127	Allakaket	Second Class[3]	Yukon-Koyukuk (CA)	105	97	0%				02-01860					
84	Anaktuvuk Pass	Second Class[3]	North Slope	324	282	0%				02-02080					
1	Anchorage	Unified Home Rule[3][5]	Anchorage	291,826	260,283	0%				02-03000					
95	Anderson	Second Class[3]	Denali	246	367	33%	-	57,306.95	236,652.01	02-03220	Salary Floor fully paid for all years; never late to pay Salary Floor thus interest for Salary Floor not applicable.	-	-	236,652.01	80,529.07
63	Angoon	Second Class[3]	Hoonah-Angoon (CA)	459	572	20%				02-03440					
56	Aniak	Second Class[3]	Bethel (CA)	501	572	12%				02-03550					
142	Atka	Second Class[3]	Aleutians West (CA)	61	92	34%		1,352.31	172.63	02-04210				172.63	53.95
13	Barrow	First Class[3]	North Slope	4,212	4,581	8%				02-05200					
9	Bethel	Second Class[3]	Bethel (CA)	6,080	5,471	0%				02-06520					
22	Cordova	Home Rule[3]	Valdez-Cordova (CA)	2,239	2,454	9%				02-17410					
25	Craig	First Class[3]	Prince of Wales-Hyder (CA)	1,201	1,397	14%				02-17740					
29	Delta Junction	Second Class[3]	Southeast Fairbanks (CA)	958	840	0%				02-18620					
21	Dillingham	First Class[6]	Dillingham (CA)	2,329	2,466	6%				02-18950					
86	Eek	Second Class[3]	Bethel (CA)	296	280	0%				02-21040					
125	Egegik	Second Class[3]	Lake and Peninsula	109	116	6%				02-21150					
82	Elim	Second Class[3]	Nome (CA)	330	313	0%				02-22250					
35	Emmonak	Second Class[3]	Wade Hampton (CA)	762	767	1%				02-22910					
2	Fairbanks	Home Rule[3][10]	Fairbanks North Star	31,535	30,224	0%				02-24230					
47	Fort Yukon	Second Class[3]	Yukon-Koyukuk (CA)	583	595	2%				02-26760					
62	Galena	First Class[3]	Yukon-Koyukuk (CA)	470	675	30%	419,141.08	-	-	02-27530		34,452.80	10,356.71	-	-
105	Grayling	Second Class[3]	Yukon-Koyukuk (CA)	194	194	0%				02-30060					
N/A	Haines	(former city)	Haines	1,713	1,811	5%				02-31050					
11	Homer	First Class[3]	Kenai Peninsula	5,003	3,946	0%				02-33140					
36	Hoonah	First Class[3]	Hoonah-Angoon (CA)	760	860	12%				02-33360					
26	Hooper Bay	Second Class[3]	Wade Hampton (CA)	1,093	1,014	0%				02-33470					
89	Huslia	Second Class[3]	Yukon-Koyukuk (CA)	275	293	6%				02-34350					
3	Juneau	Unified Home Rule[3][11]	Juneau	31,275	30,711	0%				02-36400					
60	Kachemak	Second Class[3]	Kenai Peninsula	472	431	0%				02-36550					
51	Take	First Class[3]	Petersburg (CA)	557	710	22%				02-36770					
108	Kaltag	Second Class[3]	Yukon-Koyukuk (CA)	190	230	17%				02-37430					
7	Kenai	Home Rule[10]	Kenai Peninsula	7,100	6,942	0%				02-38420					
5	Ketchikan	Home Rule[10]	Ketchikan Gateway	8,050	7,922	0%				02-38970					
30	King Cove	First Class[3]	Aleutians East	938	792	0%				02-39410					
76	Kivalina	Second Class[3]	Northwest Arctic	374	377	1%				02-39960					
37	Klawock	First Class[3]	Prince of Wales-Hyder (CA)	755	854	12%				02-40400					
48	Kotlik	Second Class[3]	Wade Hampton (CA)	577	591	2%				02-41720					
17	Kotzebue	Second Class[3]	Northwest Arctic	3,201	3,082	0%				02-41830					
81	Koyuk	Second Class[3]	Nome (CA)	332	297	0%				02-41940					
87	Lower Kalskag	Second Class[3]	Bethel (CA)	282	267	0%				02-45460					
68	Marshall	Second Class[3]	Wade Hampton (CA)	414	349	0%				02-47000					
107	Mekoryuk	Second Class[3]	Bethel (CA)	191	210	9%				02-47990					
34	Mountain Village	Second Class[3]	Wade Hampton (CA)	813	755	0%				02-51180					
74	Nenana	Home Rule[10]	Yukon-Koyukuk (CA)	378	402	6%				02-53050					
16	Nome	First Class[6]	Nome (CA)	3,598	3,505	0%				02-54920					
45	Noorvik	Second Class[3]	Northwest Arctic	668	634	0%				02-55140					
23	North Pole	Home Rule[3]	Fairbanks North Star	2,117	1,570	0%				02-55910					



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Research Brief

TO: Senator Donald Olson
FROM: Chuck Burnham, Legislative Analyst
DATE: March 1, 2013
RE: Municipal Bankruptcy Provisions in Alaska Law
LRS Report 13.253

You asked if Alaska law provides for municipal bankruptcies.

Briefly, Alaska law does not specifically authorize or otherwise provide a process by which municipal bankruptcies are allowed. As a result, Alaska is among the 24 states in which municipal bankruptcies are prohibited under provisions of federal law.

Bankruptcies in the United States are governed primarily by federal law at 11 USC 101, et seq. Provisions regarding municipal bankruptcies are delineated at section 109 of that chapter. As one would expect, municipal bankruptcies—known as “Chapter 9” filings—differ from those of private entities because they are political subdivisions of the states, which enjoy a substantial degree of sovereignty under the 10th Amendment and a number of other sections of the U.S. Constitution. Recognizing this, 11 USC 901(c) requires that, among other things, municipalities be specifically authorized under state statute to seek bankruptcy protection. That section reads as follows:

(c) An entity may be a debtor under chapter 9 of this title if and only if such entity

(1) is a municipality;

(2) is specifically authorized, in its capacity as a municipality or by name, to be a debtor under such chapter by State law, or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under such chapter;

(3) is insolvent;

(4) desires to effect a plan to adjust such debts; and

(5) (A) has obtained the agreement of creditors holding at least a majority in amount of the claims of each class that such entity intends to impair under a plan in a case under such chapter ;

(B) has negotiated in good faith with creditors and has failed to obtain the agreement of creditors holding at least a majority in amount of the claims of each class that such entity intends to impair under a plan in a case under such chapter;

(C) is unable to negotiate with creditors because such negotiation is impracticable;
or

(D) reasonably believes that a creditor may attempt to obtain a transfer that is avoidable under section 547 of this title.

The National Association of Bond Lawyers compiled a guide to municipal bankruptcy that you may find to be useful at http://www.nabl.org/uploads/cms/documents/municipal_bankruptcy_a_guide_for_public_finance_attorneys.pdf.

We hope this is helpful. If you have questions or need additional information, please let us know.

Cities and Boroughs Impacted by Salary Floor Billings

ER	Employer Name	FY2009 Contrib Due	FY2010 Contrib Due	FY2011 Contrib Due	FY2012 Contrib Due	FY09-FY12 Combined Contrib Due	Count of Years Billed
259	CITY OF ALLAKAKET	1,401.40	1,401.40	1,401.40	1,401.40	5,605.60	4
283	CITY OF ANDERSON	5,875.10	5,875.10	5,875.10	5,875.10	23,500.40	4
186	CITY OF CRAIG	-	-	47,401.67	59,873.55	107,275.22	2
178	CITY OF DILLINGHAM	9,709.69	-	-	-	9,709.69	1
192	CITY OF GALENA	-	115,276.09	139,395.33	164,469.66	419,141.08	3
235	CITY OF HUSLIA	395.56	370.48	101.86	2,756.51	3,624.41	4
237	CITY OF KALTAG	-	1,309.23	1,370.60	-	2,679.83	2
181	CITY OF KETCHIKAN	-	-	4,844.03	-	4,844.03	1
140	CITY OF KOTZEBUE	-	48,645.23	-	-	48,645.23	1
254	CITY OF MEKORYUK	2,424.59	2,698.35	2,698.35	2,698.35	10,519.64	4
241	CITY OF NOORVIK	27,304.87	33,518.82	33,518.82	33,518.82	127,861.33	4
200	CITY OF PELICAN	1,039.90	2,046.10	9,016.37	11,394.41	23,496.78	4
266	CITY OF QUINHAGAK	1,104.96	4,912.89	4,912.89	4,912.89	15,843.63	4
256	CITY OF SAINT GEORGE	-	13,374.45	13,374.45	13,374.45	40,123.35	3
176	CITY OF SAND POINT	-	6,485.24	-	-	6,485.24	1
291	CITY OF SHAKTOOLIK	666.47	-	-	-	666.47	1
189	CITY OF TANANA	1,599.10	-	-	-	1,599.10	1
206	CITY OF THORNE BAY	-	11,113.03	8,393.67	-	19,506.70	2
280	CITY OF TOKSOOK BAY	-	-	-	1,451.07	1,451.07	1
290	CITY OF UPPER KALSKAG	14.65	-	382.83	86.38	483.86	3
202	CITY OF WHITTIER	-	-	13,737.11	-	13,737.11	1
230	ALEUTIANS EAST BOROUGH	2,973.82	4,846.12	53,663.81	85,326.66	146,810.41	4
247	LAKE AND PENINSULA BOROUGH	25,462.96	29,198.70	28,846.18	32,714.49	116,222.33	4

Totals	79,973.07	281,071.23	368,934.47	419,853.74	1,149,832.51
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Count of Cities and Boroughs with Contributions Due	13	15	17	14	23
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David Scott

From: Puckett, Jim P (DOA) <jim.puckett@alaska.gov>
Sent: Sunday, March 10, 2013 3:05 PM
To: David Scott
Cc: Thayer, Curtis W (DOA); Barnhill, Michael A (DOA); Mills, Andy J (DOA); Lea, Kathleen S (DOA)
Subject: SB48

Mr. Scott,

The following communities have lost 25% or more of their population between 2000 and 2010: Galena, Pelican, Atka, Anderson, and St. George. The cities of Anderson and St. George do not currently have any active PERS eligible positions.

Let me know if you need anything else.

Jim Puckett
Division Director
Alaska Division of Retirement & Benefits
jim.puckett@alaska.gov
(907) 465-4471

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For your protection my response to you may be sent in an encrypted email if it contains personal or financial information. If so, you will receive an email notification that you have received a secure email from the State of Alaska with instructions how to access it.

From: David Scott <David.Scott@akleg.gov>
Date: March 8, 2013, 3:47:41 PM MST
To: "curtis.thayer@alaska.gov" <curtis.thayer@alaska.gov>
Cc: "mike.barnhill@alaska.gov" <mike.barnhill@alaska.gov>
Subject: Fwd: SB 48 Scheduling Memo

Hi fellas:

SB 48 will be heard on Tuesday. Can we get a list of those communities that will be affected? Namely, those communities that have lost 25% between 2000-2010.

Thanks.

David Scott
Office of Sen. Donny Olson

Sent from my iPhone.
Please excuse any typos.

ALASKA STATE LEGISLATURE

Sen. Fred Dyson, Chair
Sen. Cathy Giessel, Vice Chair
Sen. John Coghill
Sen. Bert Stedman
Sen. Bill Wielechowski



State Capitol, Room 121
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Senate State Affairs Committee

MEMORANDUM

To: Senator Meyer Finance Committee Co-Chair
Senator Kelly, Finance Committee Co-Chair
From: Senator Dyson, State Affairs Chairman *FJA*
Date: 3/27/2013 *2013*
Re: SB 45 Fiscal Note Anomalies

The State Affairs Committee members that deliberated and ultimately passed out SB 45 (Fee/Tax Exemption for Certain Vehicles) wish to highlight anomalies in the bill's fiscal note that comprised most of the committee's discussion.

SB 45 seeks to create a reduced vehicle registration fee for alternative fuel vehicles. The Department of Administration estimated a \$110,800.00 fiscal note with an ongoing \$25,000.00 annual cost. Last session's version of this bill (SB 26) had a \$20,000.00 fiscal note. The differences:

Last Session Fiscal Note		This Session Fiscal Note	
140	Hours of programming time to alter existing DMV database	250	Hours of programming time to alter existing DMV database
\$20,020.00	Programming cost	\$35,750.00	Programming cost
		\$75,000.00	Vehicle Identification Number decoding software
		\$25,000.00	Annual subscription/update cost
\$20,020.00	Total Fiscal Impact	\$110,800.00	Total Fiscal Impact

As a committee we did not get satisfactory answers related to the fiscal note differences, but members present did not want to prevent the bill progressing, especially since the bill has a Finance Committee referral. However, the members present thought it prudent to communicate the concerns to the finance committee.



City of Pelican

BOX 737 - PELICAN, ALASKA 99832 - PHONE: 735-2202/2203 - FAX: 735-2258 - EMAIL: cityhall@pelican.net - WEBSITE: www.pelican.net

March 11, 2013

Dear Senate State Affairs Committee Members

Subject: Support for SB 48

The City of Pelican has had significant population decline in the last decade due to the closure of the fish processing facility here. The City has had to endure economic hardship due to loss of revenue. Revenue decline has resulted in the need to reduce staff, so our total salary subject to PERS has declined below the 2008 floor. We have had to pay PERS on the wage amount of the 2008 floor which adds to the burden of financing city services. We understand that the 2008 floor was established to prevent 'gaming the system'. We can assure you that Pelican is not gaming the system, we are struggling for survival and paying PERS on wages that we don't even have anymore simply isn't helping.

Please support SB 48 so that Pelican can continue to provide services to our remaining residents.

Sincerely

Clint Bean

Clint Bean
Mayor