

LEG. FINANCE - BILLS 1977 - 1978

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1 (C) the commissioner of the Department of Community and
2 Regional Affairs;

3 (D) the commissioner of the Department of Environmental
4 Conservation;

5 (E) the commissioner of the Department of Fish and Game;

6 (F) the commissioner of the Department of Natural Re-
7 sources; and

8 (G) the commissioner of the Department of Public Works.

9 (b) Each public member appointed by the governor under (a)(1) of
10 this section serves a term of two years and until his successor is
11 appointed and qualified, except that the term of office of a public
12 member first appointed under (a)(1)(A), (a)(1)(C), (a)(1)(E) and (a)(1)-
13 (G) of this section shall be one year. A public member may be re-
14 appointed.

15 (c) The council shall designate co-chairmen, one of whom shall be
16 selected from among the public members appointed under (a)(1) of this
17 section and one from among the members designated in (a)(2) of this
18 section.

19 (d) Members appointed under (a) of this section may select one per-
20 son to serve as a permanent alternate at meetings of the council. If
21 the member appointed is unable to attend, the alternate may act in his
22 place.

23 (e) Four public members and three designated members of the
24 council constitute a quorum, but one or more of the members designated
25 by the council may hold hearings. All decisions of the council shall be
26 by a majority vote of the members present and voting.

27 (f) Members of the council are entitled to per diem and travel
28 expenses authorized by law for members of boards and commissions.

29 (g) If there is a vacancy among the public members appointed under

1 (a)(1) of this section, the governor shall make an appointment to
2 become immediately effective for the unexpired portion of the term.

3 Sec. 44.19.392. POWERS OF THE COUNCIL. The council may

4 (1) apply for and accept grants, contributions, and appropri-
5 ations, including application for and acceptance of federal funds which
6 may become available for coastal planning and management;

7 (2) contract for necessary services;

8 (3) consult and cooperate with

9 (A) persons, organizations, and groups, public or
10 private, interested in, affected by, or concerned with coastal area
11 planning and management;

12 (B) agents and officials of the coastal resource dis-
13 tricts of the state, and federal and state agencies concerned with
14 or having jurisdiction over coastal area planning and management;

15 (4) take any reasonable action necessary to carry out the
16 provisions of secs. 891 - 894 of this chapter.

17 Sec. 44.19.893. DUTIES OF THE COUNCIL. In conformity with the
18 Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1451 et
19 seq.), the council shall

20 (1) develop guidelines and standards for the preparation of,
21 and approve, in accordance with AS 46.35, the Alaska coastal management
22 program;

23 (2) establish continuing coordination among state agencies to
24 facilitate the development and implementation of the Alaska coastal
25 management program; in carrying out its duties under this paragraph, the
26 council shall initiate an interagency program of comprehensive coastal
27 resource planning for each geographic region described in sec. 891(a)(1)
28 of this chapter;

29 (3) assure continued provision of data and information to

1 coastal resource districts to carry out their planning and management
2 functions under the program;

3 (4) submit annually to the legislature, not later than the
4 10th day of each regular session, the portion of the coastal management
5 program approved or amended by the council during the preceding year.

6 Sec. 44.19.894. COUNCIL STAFF. The council shall utilize the
7 staff of the office of coastal management within the division of policy
8 development and planning in discharging its powers and duties. The
9 coordinator of the office, with the concurrence of the council, may
10 contract with or employ personnel or consultants he considers necessary
11 to carry out the powers and duties of the council.

12 * Sec. 4. AS 46 is amended by adding a new chapter to read:

13 CHAPTER 35. COASTAL MANAGEMENT PROGRAM.

14 ARTICLE 1. DEVELOPMENT OF ALASKA COASTAL MANAGEMENT PROGRAM.

15 Sec. 46.35.010. DEVELOPMENT OF ALASKA COASTAL MANAGEMENT PROGRAM.

16 (a) The Alaska Coastal Policy Council established in AS 44.19.891 shall
17 approve, in accordance with secs. 10 - 210 of this chapter, the Alaska
18 coastal management program.

19 (b) The council may approve the Alaska coastal management program
20 for a portion or portions of the coastal area before approving the
21 complete program under (a) of this section. Portions of the program
22 approved under this subsection shall be incorporated into the Alaska
23 coastal management program.

24 (c) The Alaska coastal management program shall be reviewed by the
25 council and, when appropriate, revised to

26 (1) add newly approved district coastal management programs,
27 or revisions and amendments to the Alaska coastal management program;

28 (2) integrate newly approved district coastal management
29 programs, or revisions and amendments of district coastal management

1 programs, with existing approved programs and with plans developed by
2 state agencies;

3 (3) add new or revised state statutes, policies, regulations
4 or other appropriate material;

5 (4) review the effectiveness of implementation of district
6 coastal management programs; and

7 (5) consider new information acquired by the state and
8 coastal resource districts.

9 (d) All reviews and revisions shall be in accordance with the
10 guidelines and standards adopted by the council under sec. 40 of this
11 chapter.

12 Sec. 46.35.020. OBJECTIVES. The Alaska coastal management program
13 shall be consistent with the following objectives:

14 (1) the use, management, restoration and enhancement of the
15 overall quality of the coastal environment;

16 (2) the development of industrial or commercial enterprises
17 which are consistent with the social, cultural, historical, economic and
18 environmental interests of the people of the state;

19 (3) the orderly, balanced utilization and protection of the
20 resources of the coastal area consistent with sound conservation and
21 sustained yield principles;

22 (4) the management of coastal land and water uses in such a
23 manner that, generally, those uses which are economically or physically
24 dependent on a coastal location are given higher priority when compared
25 to uses which do not economically or physically require a coastal
26 location;

27 (5) the protection and management of significant historic,
28 cultural, natural and aesthetic values and natural systems or processes
29 within the coastal area;

1 (6) the prevention of damage to or degradation of land and
2 water reserved for their natural values as a result of inconsistent land
3 or water usages adjacent to that land;

4 (7) the recognition of the need for a continuing supply of
5 energy to meet the requirements of the state and the contribution of a
6 share of the state's resources in meeting national energy needs; and

7 (8) the full and fair evaluation of all demands on the land
8 and water in the coastal area.

9 Sec. 46.35.030. DEVELOPMENT OF DISTRICT COASTAL MANAGEMENT PRO-
10 GRAMS. Coastal resource districts shall develop and adopt district
11 coastal management programs in accordance with the provisions of this
12 chapter. The program adopted by a coastal resource district shall be
13 based upon a comprehensive resource use plan or a comprehensive state-
14 ment of needs, policies, objectives and standards governing the use of
15 resources within the coastal area of the district. The program shall be
16 consistent with the guidelines and standards adopted by the council
17 under sec. 40 of this chapter and shall include:

18 (1) a delineation within the district of the boundaries of
19 the coastal area subject to the district coastal management program;

20 (2) a statement, list, or definition of the land and water
21 uses and activities subject to the district coastal management program;

22 (3) a statement of policies to be applied to the land and
23 water uses subject to the district coastal management program;

24 (4) regulations, as appropriate, to be applied to the land
25 and water uses subject to the district coastal management program;

26 (5) a description of the uses and activities which will be
27 considered proper and the uses and activities which will be considered
28 improper with respect to the land and water within the coastal area;

29 (6) a summary or statement of the policies which will be

1 applied and the procedures which will be used to determine whether
2 specific proposals for land or water uses or activities shall be allowed;
3 and

4 (7) a designation of, and the policies which will be applied
5 to the use of, areas within the coastal resource district which merit
6 special attention.

7 Sec. 46.35.040. DUTIES OF THE ALASKA COASTAL POLICY COUNCIL. The
8 Alaska Coastal Policy Council shall

9 (1) by regulation adopted under the provisions of the
10 Administrative Procedure Act (AS 44.62), identify and define, within
11 six months of the effective date of this Act, for the use of and
12 application by coastal resource districts and state agencies for carry-
13 ing out their responsibilities under this chapter, guidelines and
14 standards for

15 (A) identifying the boundaries of the coastal area
16 subject to the district coastal management program;

17 (B) determining the land and water uses and activities
18 subject to the district coastal management program;

19 (C) developing policies applicable to the land and
20 water uses subject to the district coastal management program;

21 (D) developing regulations applicable to the land and
22 water uses subject to the district coastal management program;

23 (E) developing policies and procedures to determine
24 whether specific proposals for the land and water uses or activities
25 subject to the district coastal management program shall be allowed;

26 (F) designating and developing policies for the use of
27 areas of the coast which merit special attention; and

28 (G) measuring the progress of a coastal resource dis-
29 trict in meeting its responsibilities under this chapter;

1 (2) develop and maintain a program of technical and financial
2 assistance to aid coastal resource districts in the development and
3 implementation of district coastal management programs;

4 (3) undertake review and approval of district coastal manage-
5 ment programs in accordance with this chapter;

6 (4) initiate a process for identifying and managing uses of
7 state, regional and district concern within specific areas of the coast;

8 (5) develop procedures or guidelines for consultation and
9 coordination with federal agencies managing land or conducting activi-
10 ties potentially affecting the coastal area of the state.

11 Sec. 46.35.050. ACTION AND SUBMISSION BY COASTAL RESOURCE DIS-
12 TRICTS. Each coastal resource district shall make substantial progress,
13 in the opinion of the council, toward completion of an approvable dis-
14 trict coastal management program and shall complete and submit to the
15 council for approval its program within 30 months of the effective date
16 of this Act or within 30 months of certification of the results of the
17 district's organization, whichever is later.

18 Sec. 46.35.060. REVIEW AND APPROVAL BY COUNCIL. (a) If, upon
19 submission of a district coastal management program for approval, the
20 council finds that the program is substantially consistent with the
21 provisions of this chapter and the guidelines and standards adopted by
22 the council and does not arbitrarily or unreasonably restrict or exclude
23 uses of state concern, the council may grant summary approval of the
24 district coastal management program, or may approve portions of the
25 district program which are consistent.

26 (b) If the council finds that a district coastal management pro-
27 gram is not approvable or is approvable only in part under (a) of this
28 section, it shall direct that deficiencies in the program submitted by
29 the coastal resource district be mediated. In mediating the deficien-

1 cies, the council may call for one or more public hearings in the dis-
2 trict. The council shall meet with officials of the coastal resource
3 district in order to resolve differences.

4 (c) If, after mediation, the differences have not been resolved to
5 the mutual agreement of the coastal resource district and the council,
6 the council shall call for a public hearing and shall resolve the dif-
7 ferences in accordance with the Administrative Procedure Act (AS 44.62).
8 After a public hearing held under this subsection, the council shall
9 enter findings and, by order, may require

10 (1) that the district coastal management program be amended
11 to make it consistent with the provisions of this chapter or the guide-
12 lines and standards adopted by the council;

13 (2) that the district coastal management program be revised
14 to accommodate a use of state concern; or

15 (3) any other action be taken by the coastal resource dis-
16 trict as appropriate.

17 (d) The superior courts of the state have jurisdiction to enforce
18 orders of the council entered under (c) of this section.

19 Sec. 46.35.070. STANDARDS FOR COUNCIL REVIEW AND APPROVAL. (a)
20 The council shall approve a district coastal management program sub-
21 mitted for review and approval if the program is consistent with the
22 provisions of this chapter and the guidelines and standards adopted by
23 the council.

24 (b) Notwithstanding an inconsistency of a district coastal manage-
25 ment program submitted for review and approval with the guidelines and
26 standards adopted, the council shall approve the program if it finds
27 that

28 (1) strict adherence to the guidelines and standards adopted
29 would result in a violation of another state law or policy;

1 (2) strict adherence to the guidelines and standards adopted
2 would cause or probably cause substantial irreparable harm to another
3 interest or value in the coastal area of the district; or

4 (3) the inconsistency is of a technical nature and no sub-
5 stantial harm would result to the policies and objectives of this
6 chapter or the Alaska coastal management program.

7 (c) In determining whether a restriction or exclusion of a use of
8 state concern is arbitrary or unreasonable, the council shall approve
9 the restriction or exclusion if it finds that

10 (1) the coastal resource district has consulted with and
11 considered the views of appropriate federal, state or regional agencies;

12 (2) the district has based its restriction or exclusion on
13 the availability of reasonable alternative sites; and

14 (3) the district has based its restriction or exclusion on an
15 analysis showing that the proposed use is incompatible with the proposed
16 site.

17 (d) A decision by the council under this section shall be given
18 within 90 days.

19 Sec. 46.35.080. EFFECTIVE DATE OF ALASKA COASTAL MANAGEMENT
20 PROGRAM. The Alaska coastal management program adopted by the council,
21 and any additions, revisions, or amendments of the program, take effect
22 upon adoption of a concurrent resolution by a majority of the members of
23 each house of the legislature or by a vote of the majority of the mem-
24 bers of each house at the time the houses are convened in joint session
25 to confirm executive appointments submitted by the governor.

26 Sec. 46.35.090. IMPLEMENTATION OF DISTRICT COASTAL MANAGEMENT
27 PROGRAMS. (a) A district coastal management program approved by the
28 council and the legislature for a coastal resource district which does
29 not have and exercise zoning or other controls on the use of resources

1 within the coastal area shall be implemented by appropriate state
2 agencies. Implementation shall be in accordance with the comprehensive
3 use plan or the statement of needs, policies, objectives and standards
4 adopted by the district.

5 (b) A coastal resource district which has and exercises zoning or
6 other controls on the use of resources within the coastal area shall
7 implement its district coastal management program. Implementation shall
8 be in accordance with the comprehensive use plan or the statement of
9 needs, policies, objectives and standards adopted by the district.

10 Sec. 46.35.100. COMPLIANCE AND ENFORCEMENT. (a) Municipalities
11 and state agencies shall administer land and water use regulations or
12 controls in conformity with district coastal management programs approv-
13 ed by the council and the legislature and in effect.

14 (b) On petition of a coastal resource district, a citizen of the
15 district, or a state agency, showing that a district coastal management
16 program is not being enforced or implemented, the council shall convene
17 a public hearing to consider the matter. A hearing called under this
18 subsection shall be held in accordance with the Administrative Procedure
19 Act (AS 44.62). After hearing, the council may order that the coastal
20 resource district or state agency take any action which the council
21 considers necessary to enforce, implement or comply with the district
22 coastal management program.

23 (c) In determining whether an approved district coastal management
24 program is being implemented, enforced or complied with by a coastal
25 resource district which exercises planning authority or controls on the
26 use of resources within the coastal area, the council shall find in
27 favor of the district if

28 (1) zoning or other regulations have been adopted and are
29 being enforced;

1 (2) variances are being granted according to procedures and
2 criteria which are elements of the district coastal management program,
3 or the variance is otherwise approved by the council; and

4 (3) procedures and standards adopted by the coastal resource
5 district as required by this chapter or by the guidelines and standards
6 adopted by the council and subsequently approved by the legislature have
7 been followed and considered.

8 (d) In determining whether a state agency is complying with a
9 district coastal management program with respect to its exercise of
10 regulation or control of the resources within the coastal area, the
11 council shall find in favor of the agency if

12 (1) the use or activity for which the permit, license or
13 approval is granted is consistent with the district coastal management
14 program and regulations adopted under it; and

15 (2) the use or activity for which the permit, license or
16 approval is granted is consistent with requirements imposed by state
17 statute, regulation, or local ordinance applicable to the use or activity

18 (e) The superior courts of the state have jurisdiction to enforce
19 lawful orders of the council.

20 ARTICLE 2. COASTAL MANAGEMENT PROGRAMS

21 IN THE UNORGANIZED BOROUGH.

22 Sec. 46.35.110. AUTHORITY IN THE UNORGANIZED BOROUGH. Under
23 AS 29.03.020 and secs. 110 - 180 of this chapter, the legislature autho-
24 rizes organization of coastal resource service areas in the unorganized
25 borough and grants authority to the service areas which may be organized
26 to perform the duties required under this chapter.

27 Sec. 46.35.120. COASTAL RESOURCE SERVICE AREAS. (a) Except as
28 provided in (b) of this section, each regional educational attendance
29 area established under AS 14.08.031 containing a part of the coastal

1 area may be organized as a coastal resource service area.

2 (b) The commissioner of the Department of Community and Regional
3 Affairs may, after public hearings held in the area affected, consoli-
4 date two or more regional educational attendance areas as a single
5 coastal resource service area

6 (1) if a substantial portion of the coastal area contains
7 land and water area owned by the federal government over which it exer-
8 cises exclusive jurisdiction or land held in trust by the federal govern-
9 ment for Alaska Natives over which the state would not exercise control
10 as to use; or

11 (2) if, after giving due consideration to the standards
12 applicable to incorporation of borough governments and the likelihood
13 that a borough will be incorporated within the area, the commissioner
14 determines that the functions to be performed under this chapter could
15 be undertaken more efficiently through the combination of two or more
16 regional educational attendance areas as a single coastal resource ser-
17 vice area.

18 (c) A determination under (b) of this section shall be made before
19 organization of the coastal resource service area and no later than six
20 months from the effective date of this Act.

21 Sec. 46.35.130. ORGANIZATION OF SERVICE AREA. (a) Organization
22 of a coastal resource service area may be initiated by

23 (1) submission to the council of a petition signed by a
24 number of registered voters equal to 15 per cent of the number of votes
25 cast within the coastal resource service area at the last state general
26 election;

27 (2) submission to the council of a resolution approved by the
28 city council or traditional governing body of not less than 25 per cent
29 of the number of cities and villages within the coastal resource service

1 area; or

2 (3) at the direction of a majority of the members of the
3 council in the manner set out in sec. 160 of this chapter.

4 (b) Acting at the request of the council, the lieutenant governor,
5 not less than 60 nor more than 90 days after receipt of a proper peti-
6 tion under (a)(1) of this section, a proper resolution under (a)(2) of
7 this section, or at the direction of the council under (a)(3) of this
8 section, shall conduct an election on the question of organization of a
9 coastal resource service area.

10 Sec. 46.35.140. COASTAL AREA BOARDS. (a) Each coastal resource
11 service area, upon organization, shall have an elected board represent-
12 ing the population of the service area. The board shall have the powers
13 and duties and perform the functions prescribed for or required of
14 coastal resource districts.

15 (b) A coastal area board shall contain seven members. Board
16 members shall be elected at large by the qualified voters of the coastal
17 resource service area.

18 (c) The commissioner of the Department of Community and Regional
19 Affairs, after consultation with residents of a coastal resource service
20 area, may divide a service area into sections only for the purpose of
21 nominating and electing board members. Division of a service area into
22 sections for the purpose of nomination and election shall be in accor-
23 dance with the provisions of AS 14.08.051(a). Division may be proposed
24 in the petition submitted under sec. 130(a)(1) of this chapter, in the
25 resolution submitted under sec. 130(a)(2) of this chapter, at the direc-
26 tion of the council under sec. 130(a)(3) of this chapter, or may be
27 proposed at any time by the members of the coastal area board. If
28 proposed by the board, the division of the service area into sections is
29 subject to approval of a majority of the qualified voters voting on the

1 question in the coastal resource service area at the next regular elec-
2 tion or at a special election called for that purpose and, if approved,
3 takes effect at the next regular election of members of the coastal area
4 board.

5 (d) The term of office of a member of a coastal area board is
6 three years, except that the terms of the members of the first board
7 elected after organization of a coastal resource service area shall be
8 determined by lot, with two members serving one-year terms, two members
9 serving two-year terms, and three members serving three-year terms.
10 Members serve until their successors are elected and have qualified.
11 Nothing in this section prohibits the reelection of a board member.

12 (e) The lieutenant governor shall provide for the election of the
13 members of coastal area boards. The first election of board members
14 shall occur not less than 60 nor more than 90 days after certification
15 of the results of an organization election under sec. 130(b) of this
16 chapter in which a majority of votes cast favors organization of the
17 service area.

18 (f) Except for the first election of members of coastal area
19 boards, elections shall be held annually on the date of election of
20 members of regional educational attendance area boards under AS 14.08.-
21 071(b).

22 (g) A vacancy on a coastal area board shall be filled by appoint-
23 ment as provided in AS 14.08.041(a) for vacancies in the membership of
24 regional educational attendance area boards.

25 (h) Members of coastal area boards are subject to recall on the
26 same grounds and in the same manner as provided for recall of municipal
27 officials in AS 29.28.130 - 29.28.250. The lieutenant governor functions
28 in place of the assembly or council and municipal clerk for receipt and
29 review of recall petitions and the conduct of recall elections.

1 Sec. 46.35.150. ELECTIONS IN SERVICE AREAS. Organization elec-
2 tions under sec. 130 of this chapter and other elections, including
3 recall elections conducted under sec. 140 of this chapter, shall be
4 administered by the lieutenant governor in the general manner provided
5 in the Alaska Election Code (AS 15.05 - 15.60). In addition, the
6 lieutenant governor may adopt regulations necessary to the conduct of
7 coastal area board elections. The state shall pay all election costs.

8 Sec. 46.35.160. ORGANIZATION AT THE DIRECTION OF THE COUNCIL. (a)
9 Whenever it appears that major economic development activity will occur
10 in a coastal resource service area or in waters adjacent to a coastal
11 resource service area which has not been organized, the council may
12 direct the lieutenant governor to submit to the voters of the service
13 area the question of organization. The council may require an election
14 on the question only after holding at least one public hearing within
15 the area proposed for organization.

16 (b) For purposes of this section, "major economic development
17 activity" includes a call for nomination by the secretary of the United
18 States Department of the Interior for leasing of tracts within petroleum
19 basins in waters of the outer continental shelf adjacent to the coastal
20 resource service area or any other significant industrial or commercial
21 activity which, in the opinion of the council, would commit the re-
22 sources of the coastal area to a use of direct and significant impact
23 upon the coastal waters of the state.

24 Sec. 46.35.170. PREPARATION OF DISTRICT COASTAL MANAGEMENT PROGRAM
25 BY THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS. (a) If residents
26 of a coastal resource service area reject organization of the service
27 area at an election called for the purpose and the council finds, after
28 public hearing, that major economic development activity has occurred or
29 will occur within the service area, the council may direct the Department

1 of Community and Regional Affairs to prepare and recommend for consid-
2 eration by the council and for submission to the legislature a district
3 coastal management program for the service area.

4 (b) At the request of the council, the Department of Community and
5 Regional Affairs shall complete the district coastal management program
6 in accordance with this chapter and the guidelines and standards adopted
7 by the council for a coastal resource service area which has been organ-
8 ized but which has failed to make substantial progress in the preparation
9 of an approvable district coastal management program within 18 months of
10 certification of the results of an organization election or which has
11 not submitted for approval to the council a program within 30 months of
12 certification of the results of its organization election. Preparation
13 of the program shall be conducted in consultation with the coastal
14 resource service area and shall, to the maximum extent consistent with
15 this chapter, reflect the expressed concerns of the residents of the
16 service area.

17 (c) Before requesting the department to complete the district
18 coastal management program under (b) of this section, the council shall
19 meet with the members of the coastal area board to determine whether the
20 coastal area board is able to complete a district coastal management
21 program within the time limitations established in this section.

22 Sec. 46.35.180. APPROVAL OF PROGRAMS IN COASTAL RESOURCE SERVICE
23 AREAS. (a) Before adoption by a coastal area board, or by the Depart-
24 ment of Community and Regional Affairs under sec. 170 of this chapter, a
25 district coastal management program shall be submitted for review to
26 each city or village within the coastal resource service area. The
27 council of a city and residents of a village shall consider the program
28 submitted for review. Within 60 days of submission, the council of a
29 city or residents of a village shall either approve the program or enter

1 objections to all or any portion of the program.

2 (b) If a city or village within a coastal resource service area
3 fails to approve a portion of the coastal district management program
4 prepared and submitted for approval under (a) of this section, the
5 governing body shall advise the coastal area board or the department, as
6 applicable, of its objections to the proposed program and suggest
7 alternative elements or components for inclusion in the district coastal
8 management program. New matter submitted by a city or village which is
9 substantially consistent with the guidelines and standards adopted by
10 the council shall be accepted and the district coastal management program
11 modified accordingly. If a city or village fails to provide objections
12 and suggested alternatives within the time limits established in this
13 section, the coastal area board or the department, as applicable, may
14 adopt the district coastal management program as initially offered.

15 (c) Objection by a city council under (b) of this section is
16 limited to objection to elements of the program affecting resources or
17 the use of resources within the corporate limits of the city. Objection
18 by a village under (b) of this section is limited to objection to
19 elements of the program affecting resources or the use of resources
20 within the village or within two miles of the village.

21 (d) For purposes of this section, "village" means an unincorpor-
22 ated community where at least 25 persons reside as a social unit as
23 determined by the Department of Community and Regional Affairs.

24 ARTICLE 3. GENERAL PROVISIONS.

25 Sec. 46.35.190. COOPERATIVE ADMINISTRATION. (a) A city within
26 the coastal area which is not part of an adjacent coastal resource
27 service area may include itself for purposes of this chapter within an
28 adjacent coastal resource service area if its governing body, by resolu-
29 tion adopted by a majority of its membership, consents to the inclusion

1 of the city and a copy of the resolution is filed with the commissioner
2 of the Department of Community and Regional Affairs.

3 (b) Nothing in this chapter restricts or prohibits cooperative or
4 joint administration of functions between a municipality and a coastal
5 resource service area organized under the provisions of this chapter
6 upon initiation of a mutual agreement for the purpose.

7 Sec. 46.35.200. STATE AGENCIES. Upon the adoption of the Alaska
8 coastal management program, state departments, boards and commissions
9 shall review their statutory authority, administrative regulations, and
10 applicable procedures pertaining to land and water uses within the
11 coastal area for the purpose of determining whether there are any defi-
12 ciencies or inconsistencies which prohibit compliance with the program
13 adopted. State agencies shall, within six months of the effective date
14 of the Alaska coastal management program, take whatever action is
15 necessary to facilitate full compliance with an implementation of the
16 program, including preparation and submission of recommendations to the
17 council for additional or amended legislation.

18 Sec. 46.35.210. DEFINITIONS. In this chapter, unless the context
19 otherwise requires,

20 (1) "area which merits special attention" means a delineated
21 geographic area within the coastal area which is sensitive to change or
22 alteration and which, because of plans or commitments or because a claim
23 on the resources within the area delineated would preclude subsequent
24 use of the resources to a conflicting or incompatible use, warrants
25 special management attention, or which, because of its value to the
26 general public, should be identified for current or future planning,
27 protection, or acquisition; these areas, subject to council definition
28 of criteria for their identification, include:

29 (A) areas of unique, scarce, fragile or vulnerable

1 natural habitat, cultural value, historical significance, or scenic
2 importance;

3 (B) areas of high natural productivity or essential
4 habitat for living resources;

5 (C) areas of substantial recreational value or oppor-
6 tunity;

7 (D) areas where development of facilities is dependent
8 upon the utilization of, or access to, coastal waters;

9 (E) areas of unique geologic or topographic significance
10 which are susceptible to industrial or commercial development;

11 (F) areas of significant hazard due to storms, slides,
12 floods, erosion or settlement; and

13 (G) areas needed to protect, maintain, or replenish
14 coastal land or resources, including coastal flood plains, aquifer
15 recharge areas, beaches and offshore sand deposits;

16 (2) "coastal resource district" means each of the following
17 which contains a portion of the coastal area of the state:

18 (A) unified municipalities established under AS 29.68.-
19 240 - 29.68.440;

20 (B) organized boroughs of any class which exercise
21 planning and zoning authority;

22 (C) home rule and first class cities of the unorganized
23 borough or within boroughs which do not exercise planning and
24 zoning authority;

25 (D) second class cities of the unorganized borough, or
26 within boroughs which do not exercise planning and zoning author-
27 ity, which have established a planning commission, and which, in
28 the opinion of the commissioner of the Department of Community and
29 Regional Affairs, have the capability of preparing and implementing

1 a comprehensive district coastal management program under sec. 30
2 of this chapter;

3 (E) coastal resource service areas established and
4 organized under AS 29.03.020 and secs. 110 - 180 of this chapter;

5 (3) "council" means the Alaska Coastal Policy Council;

6 (4) "department" means the Department of Community and
7 Regional Affairs;

8 (5) "use of direct and significant impact" means a use, or an
9 activity associated with the use, which proximately contributes to a
10 material change or alteration in the natural or social characteristics
11 of a part of the state's coastal area and in which

12 (A) the use, or activity associated with it, would have
13 a net adverse effect on the quality of the resources of the coastal
14 area;

15 (B) the use, or activity associated with it, would limit
16 the range of alternative uses of the resources of the coastal area;
17 or

18 (C) the use would, of itself, constitute a tolerable
19 change or alteration of the resources within the coastal area but
20 which, cumulatively, would have an adverse effect;

21 (6) "uses of state concern" means those land and water uses
22 which would significantly affect the long-term public interest; these
23 uses, subject to council definition of their extent, include:

24 (A) uses of national interest, including the use of
25 resources for the siting of ports and major facilities which con-
26 tribute to meeting national energy needs, construction and mainte-
27 nance of navigational facilities and systems, resource development
28 of federal land, and national defense and related security facili-
29 ties that are dependent upon coastal locations;

1 (B) uses of more than local concern, including those
2 land and water uses which confer significant environmental, social,
3 cultural, or economic benefits or burdens beyond a single coastal
4 resource district;

5 (C) the siting of major energy facilities or large-scale
6 industrial or commercial development activities which are dependent
7 on a coastal location and which, because of their magnitude or the
8 magnitude of their effect on the economy of the state or the sur-
9 rounding area, are reasonably likely to present issues of more than
10 local significance;

11 (D) facilities serving statewide or interregional trans-
12 portation and communication needs; and

13 (E) uses in areas established as state parks or recrea-
14 tional areas under AS 41.20 or as state game refuges, game sanctu-
15 aries or critical habitat areas under AS 16.20.

16 * Sec. 5. AS 44.47 is amended by adding a new section to read:

17 Sec. 44.47.095. PLANNING ASSISTANCE FOR DEVELOPMENT AND MAINTENANCE
18 OF DISTRICT COASTAL MANAGEMENT PROGRAMS. The department shall conduct a
19 program of research, training, and technical assistance to coastal
20 resource districts necessary for the development and implementation of
21 district coastal management programs under AS 46.35. State agencies
22 shall assist the department in carrying out the purposes of this section.

23 * Sec. 6. The Administrative Regulation Review Committee established in
24 AS 24.20.400 - 24.20.460 shall review the administrative regulations adopted
25 by the executive departments of the state government which affect the re-
26 sources and use of the resources of the state's coastal area. The committee
27 shall, not later than January 20, 1979, make formal recommendation with
28 respect to annulment of regulations adopted which in the opinion of the
29 committee, fail to implement, interpret or carry out the policies, objectives

1 and standards of the Alaska coastal management program. The recommendations
2 of the committee shall be transmitted to the first regular Session of the
3 Eleventh Alaska Legislature.

4 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
5 070(c).

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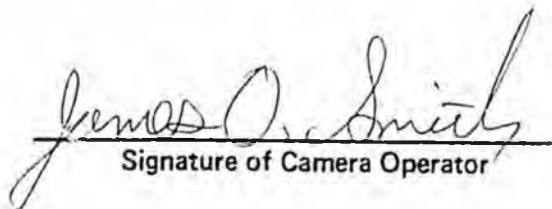
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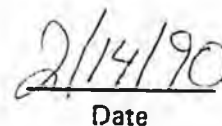


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

June 21, 1977

Mr. O. Dean Settles
Tanana, Alaska 99777

Dear Mr. Settles:

Thank you for your telegram regarding CSHB 343. I am happy to inform you that the bill, which included a C.O.L.A. for TRS retirees, did pass in the closing days of the session.

Sincerely,

John C. Sackett

JCS:pw

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 936-8440

JUNEAU, ALASKA 99801

Rest - Fed.

#

02074 POM TDA TANANA ALASKA 15 05-19 0950P ADT

PMS SEN JOHN SACKETT

JUN

PLEASE SUPPORT EARLY PASSAGE OF CSHB343 TO PROVIDE

C.O.L.A. FOR TRS RETIREES.

O. DEAN SETTLES TANANA ALASKA

1977 MAY 20 00 25

COMMITTEE REPORT

SENATE

5/18/77

May 27 1977 Date

Mr. President:

The Committee on Finance has had CSHB 343
teachers' retirement
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for CSHB 343 - Finance and that
CS for CSHB 343 - Finance do pass incl. rec. & new
fiscal note
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u>[Signature]</u>	<u>Do Pass</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>Do Pass</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>Do Pass</u>	<u>[Signature]</u>
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

[Signature]
Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

BY: _____

To: _____ HOUSE BILL No. _____

SENATE BILL No. _____

PAGE: _____

LINE: _____

AS 39.35.400 (d) is amended to read:

(d) The monthly amount of a nonoccupational disability pension is 40 per cent of the disabled employee's gross monthly compensation at the time of termination due to disability. The application of this subsection includes employees terminated before July 1, 1977.

[THE MONTHLY AMOUNT OF THE NONOCCUPATIONAL DISABILITY PENSION SHALL BE DETERMINED IN ACCORDANCE WITH SEC. 370(c) OF THIS CHAPTER, CONSIDERING THE EMPLOYEE'S CREDITED SERVICE AND COMPENSATION BEFORE TERMINATION OF EMPLOYMENT.]



Alaska State Legislature

JUNEAU ALASKA

Facts on amendment which provides the same disability benefits for non-occupational disability as occupational.

68 people are presently on disability retirement.

35 of those are on non-occupational disability retirement and are the only ones affected by the amendment.

They receive on the average, 23% (11.5 years service) of the average of their 3 high years salary. This cost the State \$165,000 last year.

The amendment provides that these 35 and all future non-occupational disabled receive 40% of their salary at the time of being terminated, an increase of 17%.

The actuary estimate for this additional 17% would be \$345,000!! The present 23% is only \$165,000!!!

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 507
 Title An act relating to retirement credit for disability under PERS
 Requested by Representative Eliason Date 5/10/77

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected General Government
 Budget Request Unit(s) Affected All

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS-CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
100 BENEFITS		729.6	802.6	882.9	971.2	1,068.3
TOTAL		\$729.6	\$802.6	\$882.9	\$971.2	\$1,068.3

FUNDING (Thousands of Dollars)

		FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND	80%	-0-	583.3	642.1	706.3	777.0	854.6
FEDERAL FUNDS	10%	-0-	72.9	80.3	88.3	97.1	106.8
OTHER (Specify)	10%	-0-	72.9	80.2	88.3	97.1	106.9

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Assume FY 78 covered State payroll to be \$192,000,000.
2. Assume State payroll will increase @ 10% annually.
3. Increase in all participating employers contribution rates will be .38% of covered payroll

Increase to 40% w/o account accrual
 $.18 = \$345,600$

Adding accrual
 $add. .07 = \$135,000$
\$480,600

IV. DATE May 11, 1977 PREPARED BY [Signature]
 AGENCY Administration - Division of Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Rep. Eliason

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCS CSHB 343 (finance)Title An act relating to the Teachers' and Public Employees' Retirement SystemsRequested by Senate FinanceDate 5/25/77

II. FISCAL DETAIL

Agency Affected Administration - Retirement & BenefitsProgram Category Affected Education and General GovernmentBudget Request Unit(s) Affected DOE, II of A, TRS Match, and TRS AdministrationEXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	15.0	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	363.8	407.4	Increase @ 12% per year		
100 BENEFITS (DOE & II of A)	-0-	70.7	79.2			
TOTAL		\$449.5	\$486.6			

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	434.5	486.6	Increase @ 12% per year
FEDERAL FUNDS	-0-	-0-	-0-	
OTHER (Specify)	-0-	-0-	-0-	
TRS (Administration)	-0-	15.0	-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-

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Estimated covered payroll for FY 78 is \$214,000,000.
2. Contribution rate for state (including TRS match) will increase by .34% of covered payroll.
3. Payroll estimated to increase about 12% per year.
4. See attachment for cost analysis.

IV. DATE May 25, 1977PREPARED BY *Robert J. Latta*AGENCY Administration - Division of Retirement & BenefitsPHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

ATTACHMENT

Bill/Resolution No. SCS CSHB 343ASSUMPTIONS:

- | | | |
|--|---|---------------|
| 1. Estimated FY78 Payroll (Total System) | = | \$214,000,000 |
| 2. State Contribution Rate to Fund Bill | = | .17% |
| 3. State TRS Matching Rate to Fund Bill | = | .17% |
| 4. School District Rate to Fund Bill | = | .17% |

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 3,600,000	X .17%	\$ 6,120	To Their Budget
2. University of Alaska	\$ 38,000,000	X .17%	\$ 64,600	To Their Budget
3. State TRS Matching	\$214,000,000	X .17%	\$363,800	To TRS Match
4. State TRS Regular Budget				
Personnel Services			\$ -0-	To Personal Services
Travel			\$ -0-	To Travel
Contractual			\$ 15,000	To Contractual
Equipment			\$ -0-	To Equipment
			<u>\$449,520</u>	
COST TO STATE IN FY78				
5. All School Districts	\$172,400,000	X .17%	<u>\$293,080</u>	
TOTAL COST IN FY78			<u>\$742,600</u>	

REMARKS:

Estimated costs for data processing system modifications are \$15,000. This would be a one time only expenditure.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCS CSHB 343 (finance)Title An act relating to the Public Employees' and Teachers' Retirement SystemsRequested by Senate Finance Date 5/25/77

II. FISCAL DETAIL

Agency Affected Administration - Retirement & BenefitsProgram Category Affected General GovernmentBudget Request Unit(s) Affected All + PERS AdministrationEXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	5.0	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
100 BENEFITS	-0-	38.4	42.2	Increase @ 10% per year		
TOTAL		\$43.4	\$42.2			

FUNDING (Thousands of Dollars)

GENERAL FUND	80%	-0-	30.7	33.8	Increase @ 10% per year	
FEDERAL FUNDS	10%	-0-	3.9	4.2		
OTHER (Specify)	10%	-0-	3.8	4.2		
PERS (Administration)		-0-	5.0	-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-

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Assume FY 78 state covered payroll to be \$192,000,000.
2. Assume total state payroll will increase @ 10% annually.
3. Increase in the employer contribution rate will be .02%. (There will be no increase in the employer rate for other participating employers.)
4. There will be a one time only charge of \$5,000 to modify the PERS data processing systems.

IV. DATE May 25, 1977PREPARED BY AGENCY Administration - Division of Retirement & BenefitsPHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 343 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' and public employees'
7 retirement; and providing for an effective date."

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

9 * Section 1. AS 14.25.050 is amended by adding a new subsection to read:

10 (b) Each teacher is entitled to receive credit for unrefunded
11 contributions paid into the retirement fund of 1945.

12 * Sec. 2. AS 14.25.055 is amended to read:

13 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY TEACHERS [A TEACHER].
14 If a teacher is married or has a minor child and wishes to make his
15 spouse or minor child eligible for a spouse's pension or a survivor's
16 allowance, he may elect to make a supplemental contribution of an
17 additional one per cent of his base salary within 90 days of his entry
18 into participation in the system, [OR WITHIN 90 DAYS FOLLOWING THE FIRST
19 DAY ON WHICH HE IS ENTITLED TO MAKE THE ELECTION,] or within 90 days of
20 his marriage, or within 90 days of the birth or adoption of a child
21 dependent upon him, or during any open enrollment period authorized by
22 the Teachers' Retirement System Board.

23 * Sec. 3. AS 14.25.060 is repealed and re-enacted to read:

24 Sec. 14.25.060. ARREARAGE INDEBTEDNESS. (a) If a member joined
25 the system before July 1, 1977 and has creditable outside service, or
26 if a member has military service or Alaska Bureau of Indian Affairs
27 (BIA) service, the member is indebted to the retirement fund as follows:

28 (1) At the time of first becoming a member of the system, the
29 arrearage indebtedness is seven per cent of the base salary multiplied

1 by the total number of years of creditable outside, military and Alaska
2 BIA service. Compound interest at the rate prescribed by regulation
3 shall be added to the arrearage indebtedness beginning July 1, 1963,
4 or at the time of first becoming employed as a member, whichever is
5 later, to the date of payment or the date of retirement, whichever occurs
6 first.

7 (2) If a member terminates from the system and is subsequently
8 reemployed as a member, the arrearage indebtedness to the retirement
9 fund for outside, military, or Alaska BIA service accumulated in the
10 interim is seven per cent of the base salary upon reentering membership
11 service, multiplied by the number of years of interim outside, military,
12 and Alaska BIA service. Compound interest at the rate prescribed by
13 regulation shall be added to the arrearage indebtedness beginning July 1,
14 1963, or the date of reemployment as a member, whichever is later, to
15 the date of payment or the date of retirement, whichever occurs first.

16 (b) If a member joined the system on or after July 1, 1977 and
17 has creditable outside service, the member may claim this service. If
18 claimed, the member is indebted to the retirement fund as follows:

19 (1) The arrearage indebtedness is the full actuarial cost of
20 providing benefits for the service being claimed. Compound interest at
21 the rate prescribed by regulation shall be added to the arrearage
22 indebtedness beginning the date the actuarial cost is established to the
23 date of payment or the date of retirement, whichever occurs first.

24 (2) If a member terminates from the system and is subsequent-
25 ly reemployed as a member, the arrearage indebtedness for outside service
26 during the interim is the full actuarial cost of providing benefits for
27 the interim service being claimed. Compound interest at the rate
28 prescribed by regulation shall be added to the arrearage indebtedness
29 beginning the date the actuarial cost is established to the date of

1 payment or the date of retirement, whichever occurs first.

2 (c) The total military service claimed may not exceed five years.
3 The combined total of outside and military service may not exceed 10
4 years, except that, if entry into the armed forces is immediately pre-
5 ceded by membership service and within one year after discharge is con-
6 tinued by membership service, that service will not be counted for pur-
7 poses of determining the applicability of the 10 year limitation on the
8 combined total of outside and military service. The combined total of
9 outside, military, and Alaska BIA service may not exceed 15 years.

10 * Sec. 4. AS 14.25 is amended by adding new sections to read:

11 Sec. 14.25.061. RETROACTIVE INDEBTEDNESS. (a) A member who was
12 not subject to the provisions of this chapter, but who becomes subject
13 to them because of a legislative change, may elect to receive credit for
14 retroactive creditable service by contributing to the retirement fund an
15 amount equal to the contributions he would have made had he been subject
16 to the provisions of this chapter for those years of creditable service
17 after June 30, 1955. Retroactive contributions are not required for
18 creditable service before July 1, 1955. Compound interest at the rate
19 prescribed by regulation shall be added to the retroactive indebtedness
20 from July 1, 1966 or the time of first becoming eligible under this
21 chapter, whichever is later, to the date of payment or the date of
22 retirement, whichever occurs first.

23 (b) If retroactive indebtedness contributions have been made for
24 creditable service before July 1, 1955, the member is entitled to a
25 refund of those retroactive indebtedness contributions.

26 (c) A refund of retroactive indebtedness contributions for re-
27 troactive service before July 1, 1955 is not subject to the repayment
28 provision of sec. 62 of this chapter.

29 Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. If a teacher who has

1 received a refund of contributions in accordance with sec. 150 of this
2 chapter is reemployed in membership service, he is indebted to the
3 retirement fund in the amount of the total refund. Compound interest at
4 the rate prescribed by regulation shall be added to the reinstatement
5 indebtedness from the date of the refund to the date of repayment or the
6 date of retirement, whichever occurs first.

7 * Sec. 5. AS 14.25.100 is amended by adding a new subsection to read:

8 (e) A teacher may not be credited with service in the armed
9 forces under this section if credit for military service was granted
10 under the public employees' retirement system (AS 39.35).

11 * Sec. 6. AS 14.25.142 is repealed and re-enacted to read:

12 Sec. 14.25.142. COST-OF-LIVING ALLOWANCE. (a) While residing in
13 the state, a person receiving a benefit under this chapter is entitled to
14 receive a monthly cost-of-living allowance in addition to his basic bene-
15 fit. The amount of this allowance is 10 per cent of the basic benefit.

16 (b) A person receiving a cost-of-living allowance under this
17 section shall notify the administrator when he expects to be absent from
18 the state for a continuous period that exceeds 60 days. After that
19 notification, the person is no longer entitled to receive the monthly
20 cost-of-living allowance. Upon his return to the state, and upon noti-
21 fication to the administrator, the person is again entitled to receive
22 the monthly cost-of-living allowance, commencing with the first monthly
23 benefit payment made after notification of the person's return.

24 (c) For purposes of this section, "residing in the state" means
25 domiciled and physically present in the State of Alaska. Being absent
26 from the state for a continuous period of 60 days or less does not
27 change a person's status as "residing in the state."

28 * Sec. 7. AS 14.25.143 is amended by adding a new subsection to read:

29 (d) A person receiving benefits under this chapter shall be

1 granted a 10 per cent increase in his current base benefit if he was
2 receiving benefits on July 1, 1976. The increase shall be effective
3 July 1, 1977.

4 * Sec. 8. AS 14.25.150 is repealed and re-enacted to read:

5 Sec. 14.25.150. REFUND UPON TERMINATION. A terminated member is
6 entitled to a refund of the balance of (1) his mandatory contributions
7 and accrued interest, and (2) his indebtedness principal contributions.
8 A member is not entitled to a refund of his supplemental contributions
9 except as provided in sec. 160(a) of this chapter.

10 * Sec. 9. AS 14.25.162(a) is amended to read:

11 (a) If a teacher dies while in membership service or while re-
12 ceiving a service or disability retirement salary [OR AFTER NORMAL RETIRE-
13 MENT] and leaves a minor child, his surviving spouse is entitled to a
14 survivor's allowance if the teacher has made a supplemental contribution
15 for at least one year before his death, but if a guardian has been
16 appointed for a minor child, the guardian is entitled to the allowance.
17 A minor child who has neither a surviving parent nor a guardian is
18 entitled to the allowance. If a minor child who is at least 19 years old
19 but less than 23 years old is out of school for more than one semester,
20 payments of his benefits terminate permanently. A teacher's child who is
21 totally and permanently disabled before he is 19 years old or, if he is
22 attending school and becomes totally and permanently disabled before he
23 is 23 years old, and who is financially dependent on the teacher at the
24 time of the teacher's death is entitled to the benefits under this sec-
25 tion until he dies or is no longer totally and permanently disabled.
26 Application for the survivor's allowance shall be made in writing to the
27 administrator.

28 * Sec. 10. AS 14.25.162(b) is amended to read:

29 (b) The amount of the survivor's allowance for each minor child

1 shall be equal to [EITHER (1)] 10 per cent of the teacher's base salary
2 immediately before his death, [OR AFTER NORMAL] retirement, or becoming
3 disabled [FOR EACH MINOR CHILD, OR (2) 40 PER CENT OF THE BASE SALARY,
4 WHICHEVER IS LESS]. However, if there are five or more minor children,
5 the total amount paid to those children shall be 40 per cent of the
6 teacher's base salary before his death, retirement, or becoming dis-
7 abled, paid in equal amounts to each child. In addition, an allowance
8 of 35 per cent of the teacher's base salary shall be paid to his sur-
9 living spouse. If there is no surviving spouse, [IF THE SPOUSE IS
10 ENTITLED TO THE SURVIVOR'S ALLOWANCE AND IS NOT REMARRIED, AND] an
11 allowance of 10 per cent of the base salary shall be paid to a court
12 appointed guardian [ENTITLED TO THE SURVIVOR'S ALLOWANCE]. The [NEITHER
13 THE REMARRIAGE OF A SURVIVING SPOUSE NOR THE] adoption of a minor child
14 by a new spouse of a surviving spouse will not bar the minor child from
15 [RECEIVING OR] continuing to receive a [HIS] survivor's allowance. If
16 more than one guardian is appointed, the allowance, including the 10 per
17 cent additional allowance, shall be paid according to the number of
18 minor children assigned to each guardian.

19 * Sec. 11. AS 14.25.164(a) is repealed and re-enacted to read:

20 (a) If the death of a teacher occurs while in membership service
21 or while receiving a disability retirement salary, a spouse's pension is
22 payable under this section only if supplemental contributions under sec.
23 55 of this chapter have been made for at least one year before the
24 teacher's death. If the death of a retired teacher or deferred vested
25 member occurs, a spouse's pension is payable under this section only if
26 supplemental contributions under sec. 55 of this chapter have been made
27 for at least five years before the teacher's retirement or termination.
28 Application for the spouse's pension shall be made in writing to the
29 administrator. Benefits are not payable under this section if benefits

1 are being paid under sec. 162 of this chapter.

2 * Sec. 12. AS 14.25.220(23) is repealed and re-enacted to read:

3 (23) "normal retirement" means retirement after

4 (A) completing at least 15 years of creditable service,
5 the last five of which have been membership service, for a member
6 first hired before July 1, 1975 and attaining the age of 55 years;

7 (B) completing at least eight years of membership ser-
8 vice and attaining the age of 55 years;

9 (C) completing at least 25 years of creditable service,
10 the last five of which are membership service;

11 (D) completing at least five years of membership service
12 and at least three years Alaska BIA service and attaining the age
13 of 55 years;

14 (E) completing at least 20 years of membership service;
15 or

16 (F) completing at least 20 years of combined membership
17 service and Alaska BIA service, the last five of which are member-
18 ship service;

19 * Sec. 13. AS 14.25.220(24) is repealed and re-enacted to read:

20 (24) "early retirement" means retirement after

21 (A) completing at least 15 years of creditable service,
22 the last five of which have been membership service, and attaining
23 the age of 50 years for a member first hired before July 1, 1975;

24 (B) completing at least eight years of membership service
25 and attaining the age of 50 years; or

26 (C) completing at least five years of membership service
27 and at least three years of Alaska BIA service and attaining the
28 age of 50 years;

29 * Sec. 14. AS 39.35.030(b) is amended to read:

1 (b) Three board members [OF THE BOARD] shall be members of the
2 personnel board of the Department of Administration. The remaining two
3 board members [OF THE BOARD] shall be members of the system and elected
4 by the members of the [RETIREMENT] system [FROM AMONG MEMBERS OF THE
5 RETIREMENT SYSTEM].

6 * Sec. 15. AS 39.35.030(c) is repealed and re-enacted to read:

7 (c) The elected board members shall be determined by a majority of
8 votes cast by members of the system. Elections shall be conducted by
9 the board. The term of office of an elected member is six years. A
10 vacancy in an unexpired elective term shall be filled by election for a
11 new six year term.

12 * Sec. 16. AS 39.35.040(4) is amended to read:

13 (4) to act as an appeals board, hold hearings at the request
14 of an employer, employee, surviving spouse [WIDOW] or a beneficiary on
15 decisions made by the administrator, and submit its findings to the
16 administrator;

17 * Sec. 17. AS 39.35.040(5) is amended to read:

18 (5) to have prepared, at least biennially, an actuarial
19 valuation of the total obligations under the system of each employer
20 [THE STATE AND EACH PARTICIPATING POLITICAL SUBDIVISION AND PUBLIC
21 ORGANIZATION] and, on the basis of the valuation and in time for
22 incorporation of the results in the state budget, to certify to the
23 appropriate budgetary authorities of each employer [THE STATE AND EACH
24 PARTICIPATING POLITICAL SUBDIVISION AND PUBLIC ORGANIZATION]:

25 (A) an appropriate contribution rate for all [PARTI-
26 CIPATING] employers, in addition to which the state shall pay the
27 appropriate social security contribution; and

28 (B) an amount appropriate for each [PARTICIPATING]
29 employer to liquidate his past service liability; the board shall

1 have an actuarial and financial experience analysis of the system
2 conducted at appropriate intervals, but no less frequently than
3 once every six years; the actuarial [BIENNIAL] valuations and the
4 actuarial and financial experience analysis shall be prepared and
5 certified by a member of the American Academy of Actuaries;

6 * Sec. 18. AS 39.35.100(b) is amended to read:

7 (b) All income of the pension fund and all disbursements made by
8 the fund shall be credited or charged, whichever is appropriate, to the
9 following accounts:

10 (1) an individual account shall be maintained for each
11 employee to record [WHICH] the amount of his mandatory contributions
12 collected under sec. 160(a) of this chapter [SHALL BE CREDITED AS OF THE
13 DATE OF DEDUCTION OR PAYMENT, AS THE CASE MAY BE]. As of the last day
14 of each calendar year and each fiscal year beginning with June 30, 1969,
15 this account shall be credited with interest, by applying one-half of
16 the prescribed rate of interest to the balance in the account as of that
17 date. Upon retirement [GRANTING A PENSION], the amount actuarially
18 determined as necessary to fully fund the benefits to be received shall
19 be transferred first from the employee contribution account and, after
20 the employee contribution account has been exhausted, then from the
21 employer contribution account into the retirement reserve account.

22 (2) An individual account shall be maintained for each
23 employee to record [WHICH] the amount of his voluntary contributions
24 [SHALL BE CREDITED AS OF THE DATE OF DEDUCTION OR PAYMENT, AS THE CASE
25 MAY BE]. As of the last day of each calendar year and each fiscal year
26 beginning with June 30, 1969, this account shall be credited with
27 interest, by applying one-half of the prescribed rate of interest to the
28 balance in the account as of that date. Amounts which, before termi-
29 nation of employment, are withdrawn by an employee from his savings

1 account shall be charged to that account. Upon [AN EMPLOYEE'S] retire-
2 ment, the amount actuarially determined as necessary to fully fund the
3 benefits to be received shall be transferred first from the employee
4 savings [CONTRIBUTION] account and, after the employee savings [CONTRI-
5 BUTION] account has been exhausted, then from the employer contribution
6 account into the retirement reserve account.

7 (3) A separate account for each employer shall be maintained.
8 The account shall be credited with contributions of the employer [EXCEPT
9 THAT CONTRIBUTIONS MADE BY AN EMPLOYER FOR THE PURPOSE OF PROVIDING THE
10 EMPLOYER'S PORTION OF THE TOTAL ADMINISTRATIVE EXPENSE OF THE SYSTEM MAY
11 NOT BE CREDITED TO THIS ACCOUNT]. This account shall be charged with
12 the employer's actuarial charge for pension, death benefits, and other
13 benefits paid under this system to or on behalf of the employee of the
14 employer. After an allowance for interest credited to employee contri-
15 bution accounts and employee savings accounts, the investment income of
16 the pension fund shall be allocated to each employer asset share account
17 according to the ratio that the average of the assets in an employer's
18 account as of the beginning and as of the end of the fiscal year bears
19 to the total of the average balance of all employers.

20 (4) An expense account shall be maintained for the system.
21 This account shall be [CREDITED WITH ALL CONTRIBUTIONS OF EMPLOYERS FOR
22 THE PURPOSES OF MEETING THEIR RESPECTIVE PROPORTION OF THE TOTAL ADMIN-
23 ISTRATIVE EXPENSES OF THE SYSTEM DURING EACH FISCAL YEAR, AND IT SHALL
24 BE] charged with all disbursements representing administrative expenses
25 incurred by the system. At [THE SURPLUS OR DEFICIENCY OF THIS ACCOUNT
26 AT] the end of the year the expense account shall be allocated to each
27 employer in accordance with (b)(3) of this section [SHALL BE USED IN
28 DETERMINING THE EXPENSE RATE APPLICABLE FOR THE FOLLOWING FISCAL YEAR].
29 Expenditures from this account shall be included in the governor's budget

1 for each fiscal year and are subject to approval by the legislature.

2 * Sec. 19. AS 39.35.125(b) is amended to read:

3 (b) After an elected official has elected to be included in the
4 system he and his employer are liable for contributions whenever he is
5 a qualified elected official of an [A PARTICIPATING] employer.

6 * Sec. 20. AS 39.35.150 is repealed and re-enacted to read:

7 Sec. 39.35.150. REEMPLOYMENT OF FORMER EMPLOYEES. If a retired
8 employee subsequently becomes an active member, no benefit payments will
9 be made during the period of reemployment. During the period of reem-
10 ployment, deductions from the employee's salary will be made in accor-
11 dance with sec. 160 of this chapter. Upon subsequent retirement, the re-
12 tired employee is entitled to receive an additional pension based on
13 the credited service and the average monthly compensation earned during
14 the period of reemployment in accordance with sec. 370 of this chapter.

15 * Sec. 21. AS 39.35 is amended by adding a new section to read:

16 Sec. 39.35.155. FORMER MAGISTRATES. A magistrate who terminated
17 his employment before July 1, 1977 may be included retroactively in the
18 system and receive service credit for time previously served as a magis-
19 trate if, before July 1, 1978, he makes retroactive contributions equal
20 to what he would have made if he had been participating in the system.

21 * Sec. 22. AS 39.35.200 is amended to read:

22 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON
23 OTHER THAN DEATH. (a) An inactive employee, not on leave-without-pay
24 status or layoff status, [UPON TERMINATION OF EMPLOYMENT FOR A REASON
25 OTHER THAN DEATH, AN EMPLOYEE] is entitled to receive a refund of the
26 balance [, DETERMINED AS OF THE DATE OF TERMINATION OF EMPLOYMENT,] of
27 (1) his employee contribution account and (2) his employee savings
28 account.

29 (b) If, upon termination of employment, an [THE] employee has

1 credited service of less than five years and has less than \$1,000 in his
2 employee contribution account, a refund of the employee contribution
3 account and the employee savings account must be made. An employee who
4 is reemployed with an [A PARTICIPATING] employer [OF THE SYSTEM] and
5 whose contributions have not been refunded before reemployment is not
6 eligible for a refund.

7 * Sec. 23. AS 39.35.240 is amended to read:

8 Sec. 39.35.240. WITHDRAWAL OF VOLUNTARY CONTRIBUTIONS. An active
9 employee [WHILE AN EMPLOYEE IS EMPLOYED BY AN EMPLOYER, HE] may withdraw
10 his savings account [VOLUNTARY CONTRIBUTIONS AND INTEREST ACCRUED ON
11 THEM, OR PART OF THIS AMOUNT,] only if he receives the consent of the
12 administrator [BOARD]. The administrator [BOARD] may permit a with-
13 drawal before termination of employment only in cases of financial need.

14 * Sec. 24. AS 39.35.250 is repealed and re-enacted to read:

15 Sec. 39.35.250. CALCULATION OF EMPLOYER'S CONTRIBUTION RATE. (a)
16 An employer shall make contributions to the system in amounts determined
17 in accordance with this section. For the purposes of this section, the
18 past service date for each employer is the entry date of the employer or
19 December 31, 1972, whichever is later. After December 31, 1972, if
20 amendments to this chapter are enacted which substantially affect
21 benefits accrued before the effective date of the amendment, the past
22 service date will be changed to December 31 of the year immediately
23 preceding that in which the amendment is enacted. The contribution rate
24 is the sum of the consolidated employer rate and the past service rate.

25 (b) As used in (a) of this section, "consolidated employer rate"
26 means the percentage of compensation of all active employees in the
27 system which, if paid over the period of their credited service after
28 their past service date and when combined with all employee contribu-
29 tions, is sufficient to provide the benefits earned after such past

1 service dates. This percentage is uniformly determined for all em-
2 ployers and is applicable to each employer.

3 (c) As used in (a) of this section, "past service rate" means the
4 percentage of compensation of all active employees in the system neces-
5 sary to provide the annual amount required to amortize the unfunded
6 obligations of the employer for benefits earned before the employer's
7 past service date over a period not to exceed 40 years. The period of
8 amortization begins at the past service date of each employer. The
9 percentage is separately determined for each employer.

10 * Sec. 25. AS 39.35.270 is amended to read:

11 Sec. 39.35.270. AMOUNT OF EMPLOYER'S CONTRIBUTIONS. The amount of
12 each employer's contributions shall be determined by applying the
13 employer's contribution rate to the total [OF ALL] compensation paid to
14 the active [PARTICIPATING] employees of the employer for each payroll
15 period. This [, AND THIS] amount [, PLUS A PERCENTAGE OF THE ANNUAL
16 PAYMENT FOR PAST SERVICE LIABILITY,] shall be remitted by the employer
17 to the administrator in accordance with sec. 610 of this chapter [COM-
18 MISSIONER OF ADMINISTRATION. THE PERCENTAGE OF THE ANNUAL PAYMENT FOR
19 PAST SERVICE LIABILITY PAYABLE SHALL BE DETERMINED BY A FRACTION, THE
20 NUMERATOR OF WHICH IS ONE AND THE DENOMINATOR OF WHICH IS THE NUMBER OF
21 PAYROLL PERIODS OF THE EMPLOYER IN ONE YEAR].

22 * Sec. 26. AS 39.35.300 is amended to read:

23 Sec. 39.35.300. EMPLOYMENT WITH THE STATE. (a) An active
24 employee is entitled to credited service [SERVICE CREDIT] for periods
25 [THE ENTIRE PERIOD] of [UNINTERRUPTED] employment with the state after
26 [FOR WHICH HE MAKES CONTRIBUTIONS REQUIRED BY THIS CHAPTER BEGINNING]
27 January 1, 1961, [OR THE LATEST DATE THE EMPLOYEE ENTERED EMPLOYMENT,
28 WHICHEVER IS LATER, AND ENDING WITH THE TERMINATION OF HIS EMPLOYMENT,]
29 regardless of the office, department, division, or agency of the state

1 in which he was employed.

2 (b) A permanent part-time employee of the state receives credited
3 service [SERVICE CREDIT] on a pro rata basis to that which would have
4 been earned as a permanent full-time employee.

5 * Sec. 27. AS 39.35.310 is repealed and re-enacted to read:

6 Sec. 39.35.310. EMPLOYMENT WITH OTHER EMPLOYERS. (a) An active
7 employee is entitled to credited service for periods of employment with
8 a political subdivision or a public or quasi-public organization begin-
9 ning with the effective date of the employer's participation in the
10 system. The employee is also entitled to credited service for periods
11 of employment as designated in the employer's participation agreement.

12 (b) A permanent part-time employee of a political subdivision or
13 a public or quasi-public organization receives credited service on a
14 basis proportionate to that which would have been earned as a permanent
15 full-time employee.

16 * Sec. 28. AS 39.35.330 is amended to read:

17 Sec. 39.35.330. LEAVE OF ABSENCE [AUTHORIZED ABSENCES]. (a) A
18 leave of absence with pay authorized by an employer will [MAY] not be
19 considered as interrupting employment [, IF THE EMPLOYEE RETURNS TO
20 EMPLOYMENT AFTER THE EXPIRATION OF THE PERIOD OF AUTHORIZED ABSENCE].
21 If the employee is a permanent part-time employee, credited service will
22 be granted on a basis proportionate to that which would have been
23 earned as a permanent full-time employee [THE BOARD SHALL ADOPT RULES TO
24 GOVERN THE EXTENT TO WHICH PERIODS OF AUTHORIZED ABSENCE SHALL BE
25 CONSIDERED AS CREDITED SERVICE, EXCEPT AS PROVIDED IN THIS CHAPTER].

26 (b) A leave of absence without pay which exceeds 10 working days
27 in any calendar year or layoff status authorized by an employer will be
28 considered as an interruption of employment and no credited service
29 will be granted.

1 * Sec. 29. AS 39.35.340 is amended to read:

2 Sec. 39.35.340. MILITARY SERVICE. (a) A vested [AN] employee is
3 entitled to credited service [SERVICE CREDIT] for active military service
4 in the armed forces of the United States, either by enlistment or induc-
5 tion, if the employee did not receive a dishonorable discharge. The
6 credited service [SERVICE CREDIT] allowed may not exceed an aggregate
7 period of five years. [THE SERVICE CREDIT AVAILABLE TO THE EMPLOYEE
8 UNDER THIS SECTION MAY NOT BE GRANTED UNTIL THE EMPLOYEE BECOMES VESTED
9 IN THE RETIREMENT SYSTEM.] Benefits are not payable on credited service
10 for military service [CREDIT] unless the employee makes retroactive con-
11 tributions to the system for the period of time that service credit is
12 claimed. However, if the employee was in the employ of an employer on
13 the date of entry into the armed forces and returned to the employ of an
14 employer within 90 days after the date of his discharge from military
15 service, he is not required to make retroactive contributions under this
16 system for the period of credited service [SERVICE CREDIT].

17 (b) In order to obtain credited service [SERVICE CREDIT] under
18 this section, an employee shall make an election to do so and shall
19 verify his period of military service before July 1, 1977 or within one
20 year following the date when the employee first becomes vested under
21 this chapter, if later. When eligibility for credited service for
22 military service [CREDIT] has been established, an indebtedness shall be
23 determined as follows: (1) the employee's actual compensation, or the
24 calculated annual compensation for those employees working less than 12
25 months, during the calendar year 1976 or the year in which an employee
26 first becomes vested under this chapter, whichever is later, multiplied
27 by (2) six per cent, this product multiplied by (3) the number of years
28 of military service credited under this section. Interest as prescribed
29 by regulation accrues on this indebtedness commencing on July 1, 1977 or

1 one year following the date a person first becomes vested, whichever is
2 later. Any outstanding indebtedness which exists at the time a person
3 is appointed to retirement will necessitate an actuarial adjustment to
4 the benefits payable based upon that military service.

5 (c) A retired employee [PERSON RECEIVING RETIREMENT BENEFITS UNDER
6 THIS CHAPTER] on July 1, 1976 is eligible to receive increased benefits
7 based upon military service as described in (a) of this section. To
8 receive credited service for military service [CREDIT], a retired
9 employee [PERSON] must verify his military service before July 1, 1977.
10 When [SUCH SERVICE HAS BEEN] verified, [FOR] a retired employee [PERSON
11 TO RECEIVE MILITARY SERVICE CREDIT, HE] is entitled to receive an in-
12 creased benefit which shall be actuarially adjusted to reflect his indebt-
13 edness for such credit. The indebtedness shall be calculated in the same
14 manner as described in (b) of this section except that it shall be based
15 on the average monthly compensation used in calculating the [RETIREMENT]
16 benefit. The effective date of this increased benefit is the beginning
17 of the month following that in which eligibility has been established.

18 (d) The credited service [SERVICE CREDIT] granted under this
19 section may not be used to satisfy the credited service requirements
20 [COUNT YEARS OF SERVICE FOR THE PURPOSE OF SATISFYING ELIGIBILITY FOR
21 NORMAL RETIREMENT OR AS ELIGIBILITY] for normal retirement [BEFORE
22 REACHING NORMAL RETIREMENT AGE UNDER THIS CHAPTER].

23 (e) A deferred vested employee on July 1, 1976 is eligible to
24 claim credited service under (a) of this section. In order to obtain
25 credited service under this section, such an employee must make an
26 election to do so and must verify his period of military service before
27 July 1, 1978. When eligibility for military service has been
28 established, an indebtedness shall be determined as follows: the em-
29 ployee's actual compensation, or the calculated annual compensation for

1 those employees working less than 12 months, during the calendar year
2 the employee terminated, shall be multiplied by six per cent; this
3 product shall then be multiplied by the number of years of military
4 service credit under this section. Interest as prescribed by regulation
5 accrues on this indebtedness commencing July 1, 1978. Any outstanding
6 indebtedness which exists at the time a person is appointed to retire-
7 ment will necessitate an actuarial adjustment to the benefits payable
8 based upon that military service.

9 (f) An employee cannot be credited with active military service in
10 the armed forces of the United States under this section if credit for
11 military service was granted under AS 14.25.

12 * Sec. 30. AS 39.35.350 is repealed and re-enacted to read:

13 Sec. 39.35.350. REINSTATEMENT OF CREDITED SERVICE. (a) An
14 employee who receives a refund of contributions in accordance with sec.
15 200 of this chapter forfeits corresponding service under this chapter.

16 (b) An employee may reinstate credited service associated with a
17 refund by repaying the total amount of the refund. Interest will
18 accrue from the date of the refund until repayment of the refund or
19 retirement, whichever occurs first. Payments will apply first to
20 accrued interest and then to principal.

21 (c) If, on the date of retirement, an employee has not paid in
22 full the amount of his reinstatement indebtedness, he may irrevocably
23 elect either (1) option one - to receive a refund of the principal paid
24 on the reinstatement indebtedness and forfeit the corresponding credited
25 service, or (2) option two - to cancel the outstanding indebtedness due
26 by accepting an actuarial reduction to the retirement benefit for life.

27 * Sec. 31. AS 39.35.360(a) is amended to read:

28 (a) An employee who completes three years of service with the
29 state after January 1, 1961, for which he makes contributions required

1 by this chapter is entitled to credited service [SERVICE CREDIT] for em-
2 ployment rendered to the State and former Territory of Alaska before
3 January 1, 1961, regardless of the office, department, division, or
4 agency of the state or territory in which he was employed, including (1)
5 service as a commissioned officer of the United States Public Health
6 Service, (2) service with the United States District court and the United
7 States Commissioner's court serving the Territory and State of Alaska
8 succeeded to by the Alaska court system, (3) persons employed as United
9 States marshals, United States deputy marshals, Civil Aeronautics Adminis-
10 tration security guards and [HEAVY EQUIPMENT OPERATORS,] United States
11 Corps of Engineers security guards, (4) employees of the Alaska Jail
12 System of the United States Department of Justice, (5) Civil Aeronautics
13 Administration heavy equipment operators, (6) [AND] employees of the
14 United States Fish and Wildlife Service, and (7) employees of the Alaska
15 Road Commission and Bureau of Public Roads. The retirement benefits
16 payable to an employee under this section which are attributable to
17 employment rendered to the State and former Territory of Alaska before
18 January 1, 1961, shall be reduced by the amount of the retirement pen-
19 sion benefits paid to him by the United States government for the same
20 period of service.

21 * Sec. 32. AS 39.35.360(b) is amended to read:

22 (b) An employee who is entitled to credited service [SERVICE
23 CREDIT] for employment before January 1, 1961, [PRIOR SERVICE] is not
24 required to make retroactive contributions under this chapter [SYSTEM
25 FOR THE PERIOD OF PRIOR SERVICE CREDIT].

26 * Sec. 33. AS 39.35.360(e) is amended to read:

27 (e) An employee of a detention facility provided by a local
28 government unit to the territorial or state government under AS 33.30.-
29 060, who continues in state employment upon transfer of the facility to

1 the state, is entitled to credited service [SERVICE CREDIT] for his
2 prior service with the facility if the employee remains in continuous
3 employment with the state until July 1, 1976. To obtain credited ser-
4 vice [SERVICE CREDIT] the employee is required to make retroactive
5 contributions for the period of service between January 1, 1961 and the
6 effective date of the transfer of the facility to the state.

7 * Sec. 34. AS 39.35.370 is repealed and re-enacted to read:

8 Sec. 39.35.370. RETIREMENT BENEFITS. (a) A terminated employee
9 is eligible for a normal retirement benefit (1) at age 55 with at least
10 five years credited service, or (2) with at least 20 years of credited
11 service as a peace officer or fireman, or (3) with at least 30 years of
12 credited service for all other employees.

13 (b) A terminated employee is eligible for an early retirement
14 benefit at age 50 with at least five years credited service.

15 (c) The monthly amount of a retirement benefit for a peace officer
16 or fireman is two per cent of the average monthly compensation times the
17 years of credited service up through 10 years, plus two and one-half per
18 cent of the average monthly compensation times the years of service over
19 10 years. For all other employees it is two per cent of the average
20 monthly compensation times the years of service. An actuarial adjust-
21 ment must be made for early retirement benefit.

22 (d) The amount of a retirement benefit for a deferred
23 vested member is determined in accordance with (c) of this section
24 as it was in effect on the date of the employee's termination of employ-
25 ment.

26 (e) Benefits payable under this section accrue from the first day
27 of the month after which all of the following requirements are met: (1)
28 the member meets the eligibility requirements of this section; (2) he
29 terminates his employment; and (3) he applies for retirement. The

1 benefits are payable the last day of the month. If payment is delayed,
2 a retroactive payment shall be made to cover the period of deferment.
3 The last payment shall be made for the month in which a benefit is
4 payable under this section.

5 * Sec. 35. AS 39.35 is amended by adding a new section to read:

6 Sec. 39.35.395. VOLUNTARY CONTRIBUTION BENEFIT. The balance of
7 the employee's savings account will be paid in one of the following
8 options as elected by the employee: (1) a lump sum payment; or (2) a
9 life annuity on a full cash refund or term-certain basis; or (3)
10 installments over a designated period of time.

11 * Sec. 36. AS 39.35.400(b) is amended to read:

12 (b) The nonoccupational disability [PENSION] benefits accrue
13 beginning the first day of the month following termination of employment
14 as a result of the disability and are payable the last day of the month.
15 If a final determination granting the benefit [PENSION] is not made in
16 time to pay the benefit [FIRST MONTH'S PENSION] when due, a retroactive
17 payment shall be made to cover the period of deferment. Benefits shall
18 be continued after one year from the date of appointment to nonoccupa-
19 tional disability only if the disabled employee [PERSON] fulfills the
20 requirements set out in (e) of this section. The last payment shall be
21 for (1) the month in which [(1)] the death of the disabled employee
22 occurs, or (2) the month in which the disabled employee recovers from
23 disability, or (3) the month in which the disabled employee ceases to be
24 eligible for disability benefits under the Social Security Act, or (4)
25 the month in which the disabled employee reaches normal retirement age,
26 whichever occurs first.

27 * Sec. 37. AS 39.35.400(e) is amended to read:

28 (e) A disabled employee receiving a nonoccupational disability
29 benefit [PENSION] shall provide the administrator, one year after

1 appointment to disability benefits [RETIREMENT] and once each year
2 thereafter until disability benefits cease, proof of continuing eligi-
3 bility to receive disability payments under the Social Security Act. If
4 the disabled employee is otherwise ineligible for a social security
5 payment, he shall provide the administrator with sufficient medical
6 evidence once each year to demonstrate that disability payments [BENE-
7 FITS] under the Social Security Act would be payable had the employee
8 been otherwise eligible. If the disabled employee fails to provide the
9 administrator with evidence of continuing eligibility for disability
10 payments under the Social Security Act or other medical evidence re-
11 quired by the administrator within 30 days following each anniversary
12 date, the disability benefits [PAYMENTS] from the system shall cease.
13 If that information is subsequently provided to the administrator,
14 benefit payments will resume beginning for the month following that in
15 which the information is provided. When disability payments under the
16 Social Security Act cease, it is the responsibility of the disabled
17 employee to notify the administrator immediately. [UPON NOTIFICATION,
18 THE ADMINISTRATOR SHALL CEASE MAKING DISABILITY PAYMENTS.]

19 * Sec. 38. AS 39.35.410(b) is amended to read:

20 (b) The occupational disability [PENSION] benefits accrue beginning
21 the first day of the month following termination of employment as a
22 result of the disability and are payable the last day of the month.
23 If a final determination granting the benefit [PENSION] is not made in
24 time to pay the benefit [FIRST MONTH'S PENSION] when due, a retroactive
25 payment shall be made to cover the period of deferment. Benefits shall
26 be continued after one year from date of appointment to occupational
27 disability only if the disabled employee [PERSON] fulfills the require-
28 ments set out in (g) of this section. The last payment shall be for the
29 month in which (1) the death of the disabled employee occurs, or (2) the

1 month in which the disabled employee recovers from disability, or (3)
2 the month in which the disabled employee ceases to be eligible for
3 disability payments [BENEFITS] under the Social Security Act, or (4) the
4 month the disabled employee reaches normal retirement age, whichever
5 occurs first.

6 * Sec. 39. AS 39.35.410(g) is amended to read:

7 (g) A disabled employee receiving an occupational disability
8 benefit [PENSION] shall provide the administrator, one year after
9 appointment to disability benefits [RETIREMENT] and once each year
10 thereafter until disability benefits cease, proof of continuing eligi-
11 bility to receive disability payments under the Social Security Act. If
12 a disabled employee is otherwise ineligible for a social security pay-
13 ment, he shall provide the administrator with sufficient medical evidence
14 once each year to demonstrate that disability payments [BENEFITS] under
15 the Social Security Act would be payable had the employee been otherwise
16 eligible. If the disabled employee fails to provide the administrator
17 with evidence of continuing eligibility for disability payments under
18 the Social Security Act or other medical evidence required by the ad-
19 ministrator within 30 days following each anniversary date, the dis-
20 ability benefit [PAYMENTS] from the system shall cease. If that infor-
21 mation is subsequently provided to the administrator, benefit payments
22 will resume beginning for the month following that in which the infor-
23 mation is provided. When disability payments under the Social Security
24 Act cease, it is the responsibility of the disabled employee to notify
25 the administrator immediately. [UPON NOTIFICATION, THE ADMINISTRATOR
26 SHALL CEASE MAKING DISABILITY PAYMENTS.]

27 * Sec. 40. AS 39.35.420 is amended to read:

28 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If the death
29 of an employee occurs from nonoccupational causes after completing less

1 than one year of credited service, the employee's beneficiary shall be
2 paid the balance of: (1) the employee's contribution account; and (2)
3 the employee's savings account. If the death of an employee occurs from
4 nonoccupational causes [BEFORE APPOINTMENT TO RETIREMENT, AND] after
5 completing at least one year but less than five years of credited ser-
6 vice, a lump sum death benefit shall be paid to the beneficiary of the
7 employee. The amount of the lump sum death benefit shall be [\$1,000
8 PLUS] \$100 times years [FOR EACH YEAR] of credited service plus \$1,000.
9 The lump sum death benefit is in addition to [A REFUND OF] the balance
10 of the employee's [EMPLOYEE] contribution account and savings account
11 [OF THE DECEASED EMPLOYEE UNDER SEC. 210 OF THIS CHAPTER].

12 (b) If the death of a vested member [AN EMPLOYEE] or deferred
13 vested member occurs from nonoccupational causes [BEFORE APPOINTMENT TO
14 RETIREMENT AND AFTER COMPLETING AT LEAST FIVE YEARS OF CREDITED SERVICE],
15 the surviving spouse may at his or her discretion receive either the
16 benefits described in (a) of this section or a 50 per cent joint and
17 survivor option based upon credited service to the date of the employee's
18 death or termination. [AND PAYABLE TO THE SURVIVING SPOUSE COMMENCING FOR
19 THE MONTH FOLLOWING THE DEATH OF THE EMPLOYEE]. Benefits accrue from
20 the first day of the month following the employee's death and are pay-
21 able the last day of the month.

22 * Sec. 41. AS 39.35.430(b) is amended to read:

23 (b) If (1) the death of an employee occurs before his retirement
24 and before his normal retirement date, and (2) the proximate cause of
25 death is a bodily injury sustained or a hazard undergone while in the
26 performance and within the scope of his duties, and (3) the injury or
27 hazard is not the proximate result of wilful negligence of the employee,
28 a monthly survivor's pension equal to 40 per cent of his monthly
29 compensation in the month in which he dies shall be paid to his surviv-

1 .ing spouse. If there is no surviving spouse the monthly survivor's
2 pension shall be paid in equal parts to the dependent children of the
3 employee [, INCLUDING THOSE ADOPTED, WHO ARE EITHER UNDER 19 YEARS OLD
4 OR UNDER 23 YEARS OLD AND REGISTERED AT AND ATTENDING ON A FULL-TIME
5 BASIS AN ACCREDITED EDUCATIONAL OR TECHNICAL INSTITUTION RECOGNIZED BY
6 THE DEPARTMENT OF EDUCATION]. On the date the normal retirement of
7 the employee would have occurred if he had lived, monthly payments
8 shall equal the monthly amount of the normal retirement benefit to
9 which the employee, had he lived and continued his employment until
10 his normal retirement date, would have been entitled with an average
11 monthly compensation as existed at his death and the credited service
12 to which he would have been entitled.

13 * Sec. 42. AS 39.35.430(c) is amended to read:

14 (c) The first payment of the surviving spouse's pension or of
15 a dependent [THE SURVIVING] child's pension shall accrue from the
16 first day of [BE MADE FOR] the month following the employee's death
17 and is payable the last day of the month. The last [MONTH IN WHICH
18 THE EMPLOYEE DIES AND THE] payment shall [CEASE TO] be made for the
19 last month in which there is an [NO] eligible surviving spouse or
20 child.

21 * Sec. 43. AS 39.35.440(b) is amended to read:

22 (b) Upon the death of a disabled [RETIRED] employee who is
23 receiving or is entitled to receive an occupational disability benefit
24 [PENSION], a surviving spouse's pension equal to 40 per cent of his
25 average monthly compensation shall be paid to his surviving spouse.
26 If there is no surviving spouse, the survivor's pension shall be paid
27 in equal parts to the dependent children of the employee [, INCLUDING
28 THOSE ADOPTED, WHO ARE EITHER UNDER 19 YEARS OLD OR UNDER 23 YEARS OLD
29 AND REGISTERED AT AND ATTENDING ON A FULL-TIME BASIS AN ACCREDITED

1 EDUCATIONAL OR A TECHNICAL INSTITUTION RECOGNIZED BY THE DEPARTMENT OF
2 EDUCATION]. On the date the normal retirement of the employee would
3 have occurred if he had lived, monthly payments shall equal the monthly
4 amount of the normal retirement benefit to which the employee, had he
5 lived and continued his employment until his normal retirement date,
6 would have been entitled with an average monthly compensation as
7 existed at his death and the credited service to which he would have
8 been entitled.

9 * Sec. 44. AS 39.35.440(c) is amended to read:

10 (c) The first payment of the surviving spouse's pension or of
11 a dependent [THE SURVIVING] child's pension shall accrue from the first
12 day of [BE MADE FOR] the month following the [MONTH IN WHICH THE
13 EMPLOYEE DIES AND THE] employee's death and is payable the last day of
14 the month. The last payment [PAYMENTS] shall [CEASE TO] be made for
15 the last month in which there is an [NO] eligible surviving spouse or
16 child.

17 * Sec. 45. AS 39.35.450 is repealed and re-enacted to read:

18 Sec. 39.35.450. JOINT AND SURVIVOR OPTION. (a) Benefits
19 payable under this section are in place of benefits payable under sec.
20 370 of this chapter. Upon filing an application with the admini-
21 strator, an employee may designate his or her spouse or a dependent
22 approved by the administrator as the contingent beneficiary. The
23 benefit shall be determined in accordance with one of the following
24 options elected:

25 (1) the employee is entitled to receive a reduced benefit
26 payable for life, and payments in the amount of 75 per cent of the
27 reduced benefit shall, after the employee's death, be continued to the
28 contingent beneficiary for life;

29 (2) the employee is entitled to receive a reduced benefit

1 payable for life, and payments in the amount of 50 per cent of the
2 reduced benefit shall, after the employee's death, be continued to the
3 contingent beneficiary for life;

4 (3) the employee is entitled to receive a reduced benefit
5 payable during the joint lifetime of the employee and the contingent
6 beneficiary, and payments in the amount of 66 2/3 per cent of the
7 reduced benefit shall, after the death of either the employee or the
8 contingent beneficiary, be continued to the survivor for life.

9 (b) The aggregate of the pension payments expected to be paid to
10 an employee and his contingent beneficiary under the options set out
11 in (a) of this section shall be the actuarial equivalent of the pension
12 which the employee is otherwise entitled to receive upon retirement.

13 (c) An employee may elect, change, or revoke an option without
14 the approval of the administrator if his election, change, or revocation
15 is filed in writing with the administrator before the effective date
16 of his retirement.

17 (d) A member, including a deferred vested member, may, regardless
18 of his age, elect a joint and survivor option any time before appoint-
19 ment to receive a retirement benefit.

20 (e) If either the employee or contingent beneficiary dies before
21 the employee is appointed to retirement, the election becomes inopera-
22 tive. Once the employee is appointed to retirement, the election is
23 irrevocable. If a retired employee is reemployed and is subsequently
24 reappointed to retirement, those benefits earned during the period of
25 reemployment are subject to the initial election made under this
26 section, unless the contingent beneficiary is deceased. If the contin-
27 gent beneficiary is deceased, the benefits earned during the period of
28 reemployment are subject to sec. 370 of this chapter or this section
29 if another contingent beneficiary was elected during the period of

1 reemployment. All other benefits earned during prior periods of
2 employment are subject to the election at the time the employee was
3 appointed to retirement. If death occurs from nonoccupational causes
4 during the period of reemployment, those benefits earned while reem-
5 ployed are subject to sec. 420(b) of this chapter. All other benefits
6 earned during prior periods of employment are subject to the election
7 at the time the employee was appointed to retirement. If death occurs
8 from occupational causes during the period of reemployment, all benefits
9 earned during all periods of employment are subject to sec. 430(b) and
10 (c) of this chapter.

11 * Sec. 46. AS 39.35.480 is repealed and re-enacted to read:

12 Sec. 39.35.480. COST-OF-LIVING ALLOWANCE. (a) While residing
13 in the state, a person receiving a benefit under this chapter is
14 entitled to receive a monthly cost-of-living allowance in addition to
15 his basic benefit. The amount of this allowance shall be \$50 or 10
16 per cent of the basic benefit, whichever is greater.

17 (b) A person receiving a cost-of-living allowance under this
18 section shall notify the administrator when he expects to be absent
19 from the state for a continuous period that exceeds 60 days. After
20 that notification, the person is no longer entitled to receive the
21 monthly cost-of-living allowance. Upon his return to the state, and
22 upon notification to the administrator, the person is again entitled
23 to receive the monthly cost-of-living allowance, commencing with the
24 first monthly benefit payment made after notification of the person's
25 return.

26 (c) While residing in the state, a public employee of the Terri-
27 tory of Alaska who participated in the Public Employees' Retirement
28 Act established by ch. 41 SLA 1949, and who retired before the effective
29 date of ch. 102 SLA 1951, is entitled to the cost-of-living allowance

1 equal to 25 per cent of the amount received under ch. 41 SLA 1949.

2 (d) For purposes of this section, "residing in the state" means
3 domiciled and physically present in the State of Alaska. Being absent
4 from the state for a continuous period of 60 days or less does not
5 change a person's status as "residing in the state."

6 * Sec. 47. AS 39.35.490(b) is amended to read:

7 (b) The designation may be changed or revoked by the employee
8 without notice to the beneficiary or beneficiaries at any time. If an
9 employee designates more than one beneficiary, each shall share
10 equally unless the employee specifies a different allocation or
11 preference. The designation of a beneficiary and a change or revoca-
12 tion of a beneficiary shall be made on a form provided by the admini-
13 strator [BOARD] and is not effective until filed with the administrator
14 [BOARD].

15 * Sec. 48. AS 39.35.500 is amended to read:

16 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS [NONALIENATION OF
17 AMOUNTS] HELD BY THE SYSTEM. Employee contributions and other amounts
18 held in the pension fund are exempt from Alaska state and local taxes.
19 Amounts [EXCEPT WITH RESPECT TO INDEBTEDNESS OWING TO THE EMPLOYERS,
20 AMOUNTS] held on behalf of, or payable to, any employee or other
21 person who is or may become eligible for benefits under the system are
22 not subject to anticipation, alienation, sale, transfer, assignment,
23 pledge, encumbrance, charge, garnishment, execution, or levy of any
24 kind, either voluntary or involuntary, before being received by the
25 person entitled to the amount under the terms of the system. An
26 attempt to anticipate, alienate, sell, transfer, assign, pledge,
27 encumber, charge, or otherwise dispose of a right to amounts held
28 under the system is void.

29 * Sec. 49. AS 39.35.510 is amended to read:

1 Sec. 39.35.510. VOLUNTARY WAIVER OF BENEFITS. A retired employee
2 may, in writing, request the administrator [BOARD] to suspend, for any
3 period of time, payment of all or part of the benefits to which he is
4 entitled. The administrator [BOARD] shall grant the request and may
5 not require the retired employee to disclose his reason for desiring the
6 suspension. Amounts which are suspended pursuant to the request are
7 forfeited. The retired employee may subsequently terminate the suspen-
8 sion by filing a written notice with the administrator [BOARD] which
9 states his desire to revoke the suspension. Upon receipt of the
10 notice, the administrator [BOARD] shall authorize resumption of the
11 retired employee's regular pension payments.

12 * Sec. 50. AS 39.35.546 is amended to read:

13 Sec. 39.35.546. TAX EXEMPTION. Benefits of this chapter are
14 exempt from Alaska state and municipal income taxes.

15 * Sec. 51. AS 39.35.550 is amended to read:

16 Sec. 39.35.550. REQUEST BY POLITICAL SUBDIVISION TO PARTICIPATE
17 AND ADOPTION OF RESOLUTION. A municipality or other political subdivi-
18 sion of the state may request to become an [A PARTICIPATING] employer
19 in this system. The request shall be made after adoption of a resolu-
20 tion by the legislative body of the political subdivision and after
21 approval of the resolution by the person required by law to approve
22 the resolution. A certified copy of the resolution shall be filed
23 with the administrator [DEPARTMENT OF ADMINISTRATION]. If the admini-
24 strator [COMMISSIONER OF ADMINISTRATION] approves the request for
25 participation, the political subdivision is an [A PARTICIPATING]
26 employer of the system.

27 * Sec. 52. AS 39.35.560 is amended to read:

28 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE
29 AND ADOPTION OF RESOLUTION. A public or quasi-public organization

1 created wholly or partly by, or deriving its powers from, the legis-
2 lature of the state may request to become an [A PARTICIPATING] employer
3 in this system. The request shall be made after adoption of a resolu-
4 tion by the governing body of the public organization.. A certified
5 copy of the resolution shall be filed with the administrator [DEPART-
6 MENT OF ADMINISTRATION]. If the administrator [COMMISSIONER OF ADMINI-
7 STRATION] approves the request for participation, the public organiza-
8 tion is an [A PARTICIPATING] employer of the system.

9 * Sec. 53. AS 39.35.610 is amended to read:

10 Sec. 39.35.610. TRANSMITTAL OF CONTRIBUTIONS TO ADMINISTRATOR
11 [COMMISSIONER OF ADMINISTRATION]. The contributions of an employer
12 [THE POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION] and the contributions
13 of its employees shall be transmitted to the administrator [COMMISSIONER
14 OF ADMINISTRATION] as soon as practicable after the close of the
15 payroll period for which the contributions are made. If an employer
16 is delinquent in transferring the contributions for more than 15 days,
17 interest shall be assessed on the outstanding contributions at one and
18 one-half times the most recent actuarially determined rate of earnings
19 for the retirement system from the date that the contributions were
20 originally due.

21 * Sec. 54. AS 39.35.680 is repealed and re-enacted to read:

22 Sec. 39.35.680. DEFINITIONS. In this chapter, unless the
23 context otherwise requires,

24 (1) "active member" means an employee who is employed by an
25 employer, is receiving compensation for seasonal, permanent full-time,
26 or permanent part-time services, and is making contributions to the
27 system;

28 (2) "actuarial adjustment" means equality in value of the
29 aggregate expected payments under two different forms of pension

1 payments, considering expected mortality and interest earnings on the
2 basis of tables adopted from time to time by the board;

3 (3) "administrator" means the person appointed by the
4 commissioner of administration under sec. 50 of this chapter;

5 (4) "average monthly compensation" means the result obtained
6 by dividing the compensation earned by an employee during a considered
7 period by the number of months, including fractional months, for which
8 compensation was earned; the considered period consists of the three
9 consecutive calendar years during the period of credited service which
10 yields the highest average, or if the employee does not have three
11 consecutive calendar years, his period of credited service; an employee
12 must have at least 120 days of credited service in the last calendar
13 year in order to be used as part of the three consecutive calendar
14 years;

15 (5) "beneficiary" means a person designated by an employee
16 to receive benefits that may be due from the system upon the employee's
17 death;

18 (6) "board" means the Public Employees Retirement Board;

19 (7) "calendar year" means the period beginning on January 1
20 and ending on December 31;

21 (8) "compensation" means the total remuneration earned by
22 an employee for personal services rendered, including cost-of-living
23 differentials, but does not include retirement benefits, welfare
24 benefits, per diem, expense allowances, or medical leave or annual leave
25 not used by the employee;

26 (9) "credited service" means the number of years, including
27 fractional years, recognized for computing benefits that may be due
28 from the system;

29 (10) "deferred vested member" means an inactive member who

1 ,meets the five-year credited service requirement to qualify for a
2 retirement benefit;

3 (11) "dependent child" means an unmarried child of an
4 employee, including one adopted, who is dependent upon the employee
5 for support and who is either (A) under 19 years old or (B) under 23
6 years old and registered at and attending on a full-time basis an
7 accredited educational or technical institution recognized by the
8 Department of Education; age restrictions set out in this paragraph
9 do not apply to a child who is totally and permanently disabled;

10 (12) "disabled member" means an employee who is terminated,
11 who has not received a refund from the system and is receiving a
12 disability benefit from the system;

13 (13) "early retirement" means retirement for a member who
14 is at least 50 years old and has a minimum of five years credited
15 service;

16 (14) "elected official" means a member whose compensation
17 results from personal services rendered as an elected representative
18 and who elects coverage under sec. 125 of this chapter;

19 (15) "employee contribution account" means the account
20 maintained by the system to record the mandatory contributions of each
21 employee, including interest and adjustments to the account in accor-
22 dance with sec. 100 of this chapter;

23 (16) "employee savings account" means the account maintained
24 by the system to record the voluntary contributions of each employee,
25 including interest and adjustments to the account in accordance with
26 sec. 100 of this chapter;

27 (17) "employer" means the State of Alaska or a political
28 subdivision or public or quasi-public organization of the state which
29 participates in the system;

1 (18) "fiscal year" means the period beginning on July 1 and
2 .ending on June 30 of the following calendar year;

3 (19) "former member" means an employee who is terminated
4 and who has received a total refund of the balance of his employee
5 contribution account, or who has requested in writing a refund of the
6 balance in his employee contribution account, or who is eligible for
7 a refund under sec. 200(b) of this chapter;

8 (20) "inactive member" means an employee who is terminated
9 and who has not received a refund from the system or an employee on
10 leave-without-pay status or layoff status;

11 (21) "member" or "employee"

12 (A) means a person eligible to participate in the
13 system and who is covered by the system;

14 (B) includes

15 (i) active member;

16 (ii) inactive member;

17 (iii) vested member;

18 (iv) deferred vested member;

19 (v) non-vested member;

20 (vi) disabled member;

21 (vii) retired member;

22 (C) does not include

23 (i) former members;

24 (ii) persons compensated on a contractual or fee
25 basis;

26 (iii) casual, emergency or temporary workers;

27 (iv) persons covered by the Alaska Teachers'
28 Retirement System;

29 (v) employees of the division of marine trans-

1 portation engaged in operating the state ferry system who
2 are covered by a union or group retirement system to which
3 the state makes contributions; and

4 (vi) justices of the supreme court or judges of
5 the superior or district courts of Alaska;

6 (22) "military service" means active duty service in the
7 armed forces of the United States;

8 (23) "nonoccupational disability" means a physical or
9 mental condition which, in the judgment of the administrator, presum-
10 ably permanently prevents an employee from satisfactorily performing
11 his usual duties for his employer or the duties of another position or
12 job which his employer makes available and for which the employee is
13 qualified by training or education, not including a condition resulting
14 from a cause which the board, in its regulations has excluded;

15 (24) "non-vested member" means an active or inactive member
16 who does not meet the five-year credited service requirement to qualify
17 for a retirement benefit;

18 (25) "normal retirement" means retirement for a member who
19 is at least 55 years old and has a minimum of five years credited
20 service, or who is any age and has 30 years or more of credited service,
21 or a peace officer or fireman who is any age and has 20 years or more
22 of credited service;

23 (26) "occupational disability" means a physical or mental
24 condition which, in the judgment of the administrator, presumably
25 permanently prevents an employee from satisfactorily performing his
26 usual duties for his employer; however, the proximate cause of the
27 condition must be a bodily injury sustained, or a hazard undergone,
28 while in the performance and within the scope of the employee's
29 duties and not the proximate result of the wilful negligence of the

1 employee;

2 (27) "peace officer" or "fireman" means an employee occupy-
3 ing a position as a peace officer, chief of police, correctional
4 officer, correctional superintendent, qualified employee of the Depart-
5 ment of Fish and Game, fireman, or fire chief;

6 (28) "pension fund" means all assets held in the name of
7 the system;

8 (29) "permanent full-time" means an employee who is occupy-
9 ing a permanent position which regularly requires working 30 or more
10 hours a week;

11 (30) "permanent part-time" means an employee who is occupy-
12 ing a permanent position which regularly requires working at least 15
13 hours but less than 30 hours a week;

14 (31) "prescribed rate of interest" means the rate of
15 interest used for computing employer contributions, for preparing
16 actuarial tables used by the system and for crediting interest to
17 employee contributions and savings accounts, and for charging interest
18 on employee indebtedness accounts;

19 (32) "qualified employee of the Department of Fish and
20 Game" means a full-time employee of that department whose duties
21 necessitate a significant amount of field work, travel, or exposure to
22 hazardous working conditions, and who holds a position which is desig-
23 nated as complying with the requirements of this section by regulations
24 adopted by the commissioner of administration after consultation with
25 the commissioner of fish and game, except that other personnel of that
26 department are not excluded by this paragraph from status as an
27 "employee" under (21) of this section;

28 (33) "retired member" means an employee who is terminated,
29 who has not received a refund from the system and is receiving a

1 benefit other than disability, from the system;

2 (34) "retirement" means that period of time from the first
3 day of the month following (A) the date of termination and (B) applica-
4 tion for retirement, in which a person is appointed to receive a
5 retirement benefit, other than occupational or nonoccupational disability
6 benefit;

7 (35) "seasonal" refers to an employee who is occupying a
8 position for less than 12 months each year where it is anticipated
9 that the same employee will return to the position when needed;

10 (36) "surviving spouse" means the spouse of an employee who
11 has been married to the employee for at least one year at the time of
12 the employee's death; the one-year marriage requirement does not apply
13 when the employee's death was an occupational or accidental death;

14 (37) "system" means the Public Employees' Retirement
15 System of Alaska;

16 (38) "vested member" is an active member who meets the five-
17 year credited service requirement to qualify for a retirement benefit.

18 * Sec. 55. The following laws are repealed: AS 14.25.120(i); 14.25.-
19 162(e); AS 39.35.130 - 39.35.140; 39.35.190; 39.35.210 - 39.35.220; 39.35.-
20 320; 39.35.380 - 39.35.390; 39.35.440(d); and 39.35.485(b).

21 * Sec. 56. The definition of "early retirement" contained in sec. 54 of
22 this Act (AS 39.35.680(13)) and the definition of "normal retirement" con-
23 tained in sec. 54 of this Act (AS 39.35.680(25)) are retroactive to
24 October 14, 1976.

25 * Sec. 57. This Act takes effect July 1, 1977, except that the definition
26 of "early retirement" contained in sec. 54 of this Act (AS 39.35.680(13))
27 and the definition of "normal retirement" contained in sec. 54 of this Act
28 (AS 39.35.680(25)) take effect immediately in accordance with AS 01.10.-
29 070(c).

March 21, 1977

The Honorable John Sackett
Chairman
Finance Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Sackett:

During a recent Senate Finance Committee hearing you requested that I provide you with information relating to the cost implications of continuing to provide for "outside" service credit under the Teachers' Retirement System. As I mentioned at that time, we have done some cost studies in this area and as a result the Governor has introduced House Bill 332 during the current session which would dramatically reduce the future cost of "outside" service credit under the Teachers' Retirement System.

Under Section 3 of House Bill 332 relating to the repeal and reenactment of AS 14.25.060 you will notice that the recommended language would provide that a member first joining the TRS after July 1, 1977 would have the option of claiming "outside" service or not. If this option is exercised it is required that the employee make indebtedness payments which are the equivalent of the full actuarial cost of such service. Enactment of this legislation would not have any affect on existing teachers inasmuch as their benefits are protected by the Constitution of the State of Alaska. Passage of this legislation would result in substantial cost savings in the future inasmuch as the state and the employer would no longer provide substantial funding for the benefits that are payable on "outside" service.

It is my understanding that one of the primary purposes behind the enactment of the original law granting "outside" service credit was to entice qualified classroom teachers to the state. This of course was a number of years ago when there was a tremendous shortage of teachers nationally and a particularly acute problem in Alaska. Since that time there has been a tremendous shift in the supply and demand equation for classroom teachers. I am told that for every vacancy there are often several hundred applicants. In my judgement, to continue to expend state monies to provide benefits based on service that was rendered outside the state would appear unwarranted.

The concept which is being presented in House Bill 332 would not deny a future TRS member the ability to receive benefits for "outside" service but would shift the entire cost burden to that individual. In other words, if for some reason a person wanted to claim his "outside" service, and the service was eligible for credit he would be indebted to the system in an amount sufficient to purchase an annuity payable over the remainder of his life. If this law is enacted the only time that the state or the employing school district would bear any of the cost would be in those instances where the individual out-lived the predetermined life span of that individual according to the mortality tables. I suggest that taking this approach would require negligible funding on the part of the retirement system for members joining the system in the future.

Attached is Exhibit A which provides some basic statistical information supporting the approximate cost savings which might be realized in the future as a result of changing the current concept of paying benefits for "outside" service. The data which is presented was developed by using, as a sample, all teachers who were appointed to retirement on July 1, 1976. This involved a total of 125 members.

You will notice on Exhibit A that for those members who retired on July 1, 1976, that 655 years of service or 22.5% of all service was related to "outside" service. House Bill 332 only pertains to "outside" service and does not contemplate making any changes in the BIA or military service provisions. If you assume that the sample group reasonably represents the breakdown of various types of service for all members who ultimately retire from the system our actuary advises us that the annual required percentage of employer contributions to pay for benefits on "outside" service will equal 3.22% of covered payroll. Using an estimated payroll for FY 78 of \$214,000,000, the cost to the state for funding benefits for "outside" service will be approximately \$4,115,160 and an additional cost to the school district of \$2,775,640. House Bill 332 will not reduce the current need for funding those benefits since they relate to persons who are already members of the Teachers' Retirement System. House Bill 332 however, will set the stage for gradually reducing the required employer contribution rate in the future as new members become involved.

Exhibit B which is attached reflects the potential cost avoidance for benefits payable on "outside" service assuming the "outside" service characteristics apply to future teachers in a similar percentage to that which is the case with current members. You will notice that the credit being given is an additional .20% for each year in the future until the year 1995 when the full 3.22% credit is reached. From that point on, the only increase in the annual cost is the result of an ever increasing payroll on which contributions are based. In the year 1978 there are no savings realized because it would only affect members who first joined the system during FY 78. The savings shown on Exhibit B are based on an assumed increase in total payroll of 10% compounded annually. Such an assumption is possibly on the low side if we are to look at what the actual

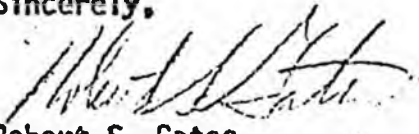
March 21, 1977

percentage increases have been over the past 10 years. However for purposes of estimating potential savings I think that a 10% increase is a reasonable assumption. The conclusion I have drawn, based on the attached information, is that over the next 23 years, if House Bill 332 is enacted there will be an estimated savings of \$445,744,238 to the taxpayer. This will be done by shifting the costs of "outside" service to those employees who are ultimately receiving the benefits. The reason for the difference in the savings between the state (\$266,115,963) and the school districts (\$179,628,275) is due to the fact that for employees of the Department of Education and the University of Alaska, the state pays the entire employer contribution. On the other hand, the school districts only pay 50% of the employer contributions for their employees. An argument can be made that in view of the substantial state funding which goes to the school districts, that perhaps the majority of the \$445,744,238 savings would ultimately accrue to the state.

Whether or not the estimated savings are actually realized or not is a secondary issue. It may well be considered that rather than realizing those savings the funds that are no longer used for paying benefits on "outside" service will instead be used for improved benefits for membership service or, teachers salary, or other matters relating to the total cost of education in the state.

I will be more than happy to discuss our findings with you at greater length, if you desire.

Sincerely,



Robert S. Gates
Director

RSG/jb
Enclosures

SERVICE ON WHICH BENEFITS ARE PAID FOR ALL MEMBERS RETIRING ON 7/1/76

	<u>Number of Years</u>	<u>Percentage</u>
Years of Membership service on which benefits are paid	2,125.10	73.01 %
Years of Outside service on which benefits are paid	655.00	22.50 %
Years of BIA service on which benefits are paid	39.00	1.34 %
Years of Military service on which benefits are paid	<u>91.70</u>	<u>3.15 %</u>
Total	2,910.80	100.00 %

Current cost of providing (outside service credit only) paid for by the State/Employer equal = 3.22 % of total salaries paid to active members.

Based on FY 78 estimated payroll of \$214,000,000

Cost to State	=	\$4,115,160*
School District	=	\$2,775,640*

* These amounts will increase each year in the future by the percentage increase in total payroll unless credit for outside service is changed to reflect the approach which is presented in HB 332.

POTENTIAL SAVINGS AS A RESULT OF
OUTSIDE SERVICE PROVISIONS UNDER HB 332

<u>Fiscal Year</u>	<u>Estimated Percentage Reduction in Total State/School District Contribution Rate</u>	<u>Annual Savings State</u>	<u>Annual Savings School Districts*</u>	<u>Cumulative Savings State + School Dist.**</u>
1978	-0- %	-0-	-0-	-0-
1979	.20 %	\$ 281,160	\$ 189,783	\$ 470,943
1980	.40 %	618,552	417,523	1,507,018
1981	.60 %	1,020,612	688,913	3,216,543
1982	.80 %	1,496,896	1,010,405	5,723,844
1983	1.00 %	2,058,230	1,389,305	9,171,379
1984	1.20 %	2,716,860	1,833,881	13,722,120
1985	1.40 %	3,486,644	2,353,485	19,562,249
1986	1.60 %	4,383,216	2,958,671	26,904,136
1987	1.80 %	5,424,228	3,661,354	35,989,718
1988	2.00 %	6,629,620	4,474,994	47,094,332
1989	2.20 %	8,021,838	5,414,741	60,530,911
1990	2.40 %	9,626,208	6,497,690	76,654,809
1991	2.60 %	11,471,226	7,743,078	95,869,113
1992	2.80 %	13,588,988	9,172,567	118,630,668
1993	3.00 %	16,015,590	10,810,523	145,456,781
1994	3.20 %	18,791,616	12,684,341	176,932,738
1995	3.22 %	20,799,976	14,039,984	211,772,698
1996	3.22 %	22,879,968	15,443,977	250,096,643
1997	3.22 %	25,167,971	16,988,380	292,252,994
1998	3.22 %	27,684,755	18,687,210	338,624,950
1999	3.22 %	30,453,247	20,555,942	389,634,148
2000	3.22 %	33,498,562	22,611,528	445,744,238
Total		\$266,115,963	\$179,628,275	

* Based on school district costs equalling 67.5% of State contributions which is presently the situation during FY 77.

** Estimates based on total covered payroll increasing @ 10% compounded annually.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

JAY S. HAMMOND, GOVERNOR

May 20, 1977

The Honorable John Sackett
Chairman
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Ak. 99811

Dear Senator Sackett:

In reviewing Senate CS for CS for House Bill #343, three technical errors were discovered which might be appropriately corrected in your committee.

1. On page 5 lines 8 and 9, the word "becoming" is duplicated.
2. On page 33 line 27

READS:

"employee" under (5) of this section;

SHOULD READ:

"employee" under (21) of this section;

REASON:

When this bill was originally prepared, (5) defined an employee. In a subsequent revision, all defined terms were placed in alphabetical order. This reordering then placed the definition of employee under (21).

3. On page 34 line 21

READS:

The definition of "normal retirement" contained in sec. 51 of



"1776-A TRIBUTE FROM OUR STATE TO OUR NATION-1976"



May 20, 1977

SHOULD READ:

The definition of "early retirement" and "normal retirement" contained in sec. 51 of

On page 34 line 22

READS:

this act (AS 39.35.680 (25)) is retroactive to October 14, 1976.

SHOULD READ:

this act (AS 39.35.680 (13) and (25)) is retroactive to October 14, 1976.

On page 34 line 24

READS.

of "normal retirement" contained in sec. 51 of this act (AS 39.35.680 (25))

SHOULD READ:

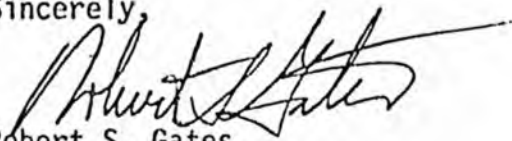
of "early retirement" and "normal retirement" contained in sec. 51 of this act (AS 39.35.680 (13) and (25))

REASON:

The intent of the bill was to reestablish normal retirement and early retirement at ages 55 and 50 respectively. However, through a technical error early retirement was not addressed through the retroactive effective date provision of this bill.

If you have any questions on these amendments, please do not hesitate to contact me.

Sincerely,



Robert S. Gates
Director
Division of Retirement & Benefits

STATE
of ALASKA

MEMORANDUM

TO: The Honorable John C. Sackett
Chairman, Senate Finance Committee

DATE : May 20, 1977

FROM: *JC* Judy Crondahl
Administrative Assistant

SUBJECT: HB 343

The attached proposed Senate Finance Committee Substitute for HB 343 incorporates changes suggested in letters (also attached) from Robert Gates, Director of Division of Retirement.

cc: Finance Committee Members

BIA

Marginalia

fail & trophies

PROPOSED

Original sponsors: Miller, Beirne,
Bradley, et al

Offered: 5/18/77
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 343

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' and public employees'
7 retirement; and providing for an effective date."

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

9 * Section 1. AS 14.25.050 is amended by adding a new subsection to read:

10 (b) Each teacher is entitled to receive credit for unrefunded
11 contributions paid into the retirement fund of 1945.

12 * Sec. 2. AS 14.25.055 is amended to read:

13 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY TEACHERS [A TEACHER].

14 If a teacher is married or has a minor child and wishes to make his
15 spouse or minor child eligible for a spouse's pension or a survivor's
16 allowance, he may elect to make a supplemental contribution of an
17 additional one per cent of his base salary within 90 days of his entry
18 into participation in the system, [OR WITHIN 90 DAYS FOLLOWING THE FIRST
19 DAY ON WHICH HE IS ENTITLED TO MAKE THE ELECTION,] or within 90 days of
20 his marriage, or within 90 days of the birth or adoption of a child
21 dependent upon him, or during any open enrollment period authorized by
22 the Teachers' Retirement System Board.

23 * Sec. 3. AS 14.25.060 is repealed and re-enacted to read:

23 Sec. 14.25.060. ARREARAGE INDEBTEDNESS. (a) If a member joined
24 the system before July 1, 1977 and has creditable outside service, or
25 if a member has military service or Alaska Bureau of Indian Affairs
26 (BIA) service, the member is indebted to the retirement fund as follows:

27 (1) At the time of first becoming a member of the system,
28 the arrearage indebtedness is seven per cent of the base salary mul-
29 tiplied by the total number of years of creditable outside, military

1 and Alaska BIA service. Compound interest at the rate prescribed by
2 regulation shall be added to the arrearage indebtedness beginning July
3 1, 1963, or at the time of first becoming employed as a member,
4 whichever is later, to the date of payment or the date of retirement,
5 whichever occurs first.

6 (2) If a member terminates from the system and is subsequent-
7 ly reemployed as a member, the arrearage indebtedness to the retirement
8 fund for outside, military, or Alaska BIA service accumulated in the
9 interim is seven per cent of the base salary upon reentering membership
10 service, multiplied by the number of years of interim outside, military,
11 and Alaska BIA service. Compound interest at the rate prescribed by
12 regulation shall be added to the arrearage indebtedness beginning July
13 1, 1963, or the date of reemployment as a member, whichever is later,
14 to the date of payment or the date of retirement, whichever occurs
15 first.

16 (b) If a member joined the system on or after July 1, 1977 and
17 has creditable outside service, the member may claim this service. If
18 claimed, the member is indebted to the retirement fund as follows:

19 (1) The arrearage indebtedness is the full actuarial cost
20 of providing benefits for the service being claimed. Compound interest
21 at the rate prescribed by regulation shall be added to the arrearage
22 indebtedness beginning the date the actuarial cost is established to
23 the date of payment or the date of retirement, whichever occurs first.

24 (2) If a member terminates from the system and is subse-
25 quently reemployed as a member, the arrearage indebtedness for outside
26 service during the interim is the full actuarial cost of providing
27 benefits for the interim service being claimed. Compound interest at
28 the rate prescribed by regulation shall be added to the arrearage
29 indebtedness beginning the date the actuarial cost is established to

~~HB-177~~

SCS CS11B 343

1 the date of payment or the date of retirement, whichever occurs first.

2 (c) The total military service claimed may not exceed five
3 years. The combined total of outside and military service may not
4 exceed 10 years, except that, if entry into the armed forces is imme-
5 diately preceded by membership service and within one year after
6 discharge is continued by membership service, that service will not be
7 counted for purposes of determining the applicability of the 10 year
8 limitation on the combined total of outside and military service. The
9 combined total of outside, military, and Alaska BIA service may not
10 exceed 15 years.

16 * Sec. 4. AS 14.25 is amended by adding new sections to read:

17 Sec. 14.25.061. RETROACTIVE INDEBTEDNESS. (a) A member who was
18 not subject to the provisions of this chapter, but who becomes subject
19 to them because of a legislative change, may elect to receive credit for
20 retroactive creditable service by contributing to the retirement fund an
21 amount equal to the contributions he would have made had he been subject
22 to the provisions of this chapter for those years of creditable service
23 after June 30, 1955. Retroactive contributions are not required for
24 creditable service before July 1, 1955. Compound interest at the rate
25 prescribed by regulation shall be added to the retroactive indebtedness
26 from July 1, 1966 or the time of first becoming eligible under this
27 chapter, whichever is later, to the date of payment or the date of
28 retirement, whichever occurs first.

29 (b) If retroactive indebtedness contributions have been made for

SCS CSHB 343

-2- b

pp 3-4: same as
HESS SCS CSHB 343

1 time of the teacher's death is entitled to the benefits under this sec-
2 tion until he dies or is no longer totally and permanently disabled.
3 Application for the survivor's allowance shall be made in writing to the
4 administrator.

5 * Sec. 10. AS 14.25.162(b) is amended to read:

6 (b) The amount of the survivor's allowance for each minor child
7 shall be equal to [EITHER (1)] 10 per cent of the teacher's base salary
8 immediately before his death, [OR AFTER NORMAL] retirement, ~~or becoming~~
9 becoming disabled [FOR EACH MINOR CHILD, OR (2) 40 PER CENT OF THE BASE
10 SALARY, WHICHEVER IS LESS]. However, if there are five or more minor
11 children, the total amount paid to those children shall be 40 per cent
12 of the teacher's base salary before his death, retirement, or becoming
13 disabled, paid in equal amounts to each child. In addition, an allowance
14 of 35 per cent of the teacher's base salary shall be paid to his sur-
15 living spouse. If there is no surviving spouse, [IF THE SPOUSE IS
16 ENTITLED TO THE SURVIVOR'S ALLOWANCE AND IS NOT REMARRIED, AND] an
17 allowance of 10 per cent of the base salary shall be paid to a court
18 appointed guardian [ENTITLED TO THE SURVIVOR'S ALLOWANCE]. The [NEITHER
19 THE REMARRIAGE OF A SURVIVING SPOUSE NOR THE] adoption of a minor child
20 by a new spouse of a surviving spouse will not bar the minor child from
21 [RECEIVING OR] continuing to receive a [HIS] survivor's allowance. If
22 more than one guardian is appointed, the allowance, including the 10 per
23 cent additional allowance, shall be paid according to the number of
24 minor children assigned to each guardian.

25 * Sec. 11. AS 14.25.164(a) is repealed and re-enacted to read:

26 (a) If the death of a teacher occurs while in membership service
27 or while receiving a disability retirement salary, a spouse's pension is
28 payable under this section only if supplemental contributions under sec.
29 55 of this chapter have been made for at least one year before the

1 employee;

2 (27) "peace officer" or "fireman" means an employee occupy-
3 ing a position as a peace officer, chief of police, correctional
4 officer, correctional superintendent, qualified employee of the Depart-
5 ment of Fish and Game, fireman, or fire chief;

6 (28) "pension fund" means all assets held in the name of
7 the system;

8 (29) "permanent full-time" means an employee who is occupy-
9 ing a permanent position which regularly requires working 30 or more
10 hours a week;

11 (30) "permanent part-time" means an employee who is occupy-
12 ing a permanent position which regularly requires working at least 15
13 hours but less than 30 hours a week;

14 (31) "prescribed rate of interest" means the rate of
15 interest used for computing employer contributions, for preparing
16 actuarial tables used by the system and for crediting interest to
17 employee contributions and savings accounts, and for charging interest
18 on employee indebtedness accounts;

19 (32) "qualified employee of the Department of Fish and
20 Game" means a full-time employee of that department whose duties
21 necessitate a significant amount of field work, travel, or exposure to
22 hazardous working conditions, and who holds a position which is desig-
23 nated as complying with the requirements of this section by regulations
24 adopted by the commissioner of administration after consultation with
25 the commissioner of fish and game, except that other personnel of that
26 department are not excluded by this paragraph from status as an
27 "employee" under ⁽²¹⁾~~(5)~~ of this section;

28 (33) "retired member" means an employee who is terminated,
29 who has not received a refund from the system and is receiving a

benefit other than disability, from the system;

(34) "retirement" means that period of time from the first day of the month following (A) the date of termination and (B) application for retirement, in which a person is appointed to receive a retirement benefit, other than occupational or nonoccupational disability benefit;

(35) "seasonal" refers to an employee who is occupying a position for less than 12 months each year where it is anticipated that the same employee will return to the position when needed;

(36) "surviving spouse" means the spouse of an employee who has been married to the employee for at least one year at the time of the employee's death; the one-year marriage requirement does not apply when the employee's death was an occupational or accidental death;

(37) "system" means the Public Employees' Retirement System of Alaska;

(38) "vested member" is an active member who meets the five-year credited service requirement to qualify for a retirement benefit.

* Sec. 52. The following laws are repealed: AS 14.25.120(i); 14.25.-162(e); AS 39.35.130 - 39.35.140; 39.35.190; 39.35.210 - 39.35.220; 39.35.-320; 39.35.380 - 39.35.390; 39.35.440(d); and 39.35.485(b).

* Sec. 53. The definition of ^{nearly retirement" and} "normal retirement" contained in sec. 51 of this Act (AS 39.35.680(25)) is retroactive to October 14, 1976.

* Sec. 54. This Act takes effect July 1, 1977, except that the definition of "normal retirement" contained in sec. 51 of this Act (AS 39.35.680(25)) takes effect immediately in accordance with AS 01.10.070(c).

(13) and

(13) and

"early retirement" and

March 21, 1977

The Honorable John Sackett
Chairman
Finance Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Sackett:

During a recent Senate Finance Committee hearing you requested that I provide you with information relating to the cost implications of continuing to provide for "outside" service credit under the Teachers' Retirement System. As I mentioned at that time, we have done some cost studies in this area and as a result the Governor has introduced House Bill 332 during the current session which would dramatically reduce the future cost of "outside" service credit under the Teachers' Retirement System.

Under Section 3 of House Bill 332 relating to the repeal and reenactment of AS 14.25.060 you will notice that the recommended language would provide that a member first joining the TRS after July 1, 1977 would have the option of claiming "outside" service or not. If this option is exercised it is required that the employee make indebtedness payments which are the equivalent of the full actuarial cost of such service. Enactment of this legislation would not have any affect on existing teachers inasmuch as their benefits are protected by the Constitution of the State of Alaska. Passage of this legislation would result in substantial cost savings in the future inasmuch as the state and the employer would no longer provide substantial funding for the benefits that are payable on "outside" service.

It is my understanding that one of the primary purposes behind the enactment of the original law granting "outside" service credit was to entice qualified classroom teachers to the state. This of course was a number of years ago when there was a tremendous shortage of teachers nationally and a particularly acute problem in Alaska. Since that time there has been a tremendous shift in the supply and demand equation for classroom teachers. I am told that for every vacancy there are often several hundred applicants. In my judgement, to continue to expend state monies to provide benefits based on service that was rendered outside the state would appear unwarranted.