

LEG. FINANCE - BILLS 1985 - 1986 2395 2393

HB 406 - HB 409



STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: HB 406  
 Title: "An Act relating to invest-  
 ment of funds . . . ."  
 Sponsor: Rep. Boucher  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: \_\_\_\_\_  
Public Protection  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Banking, Securities and Corporations

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 83	FY 84	FY 85	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

**ANALYSIS:** Attach a separate page if necessary

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521  
 Division: Banking, Securities and Corporations Date: \_\_\_\_\_  
 Approved by Commissioner: Loren H. Lounsbury Date: 5/6/85  
 Agency: Commerce and Economic Development

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

7/1/84

Introduced: 4/29/85  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

L. J. BOUCHER

2

HOUSE BILL NO. 406

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to investment of funds from deferred  
7 compensation."

8

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

9

\* Section 1. AS 39.45.010 is amended to read:

10

Sec. 39.45.010. AUTHORITY. The state or a political subdivision

11

of the state may, by contract, agree with an employee to defer, in

12

whole or in part, that employee's salary or wages. [IF INCLUDED IN

13

THE CONTRACT TO DEFER PAYMENT OF SALARY OR WAGES, THE STATE OR A

14

POLITICAL SUBDIVISION OF THE STATE SHALL PURCHASE A FIXED OR VARIABLE

15

LIFE INSURANCE OR ANNUITY CONTRACT FOR THE PURPOSE OF FUNDING THE

16

DEFERRED COMPENSATION PROGRAM PROVIDED FOR IN THIS CHAPTER, FOR THE

17

EMPLOYEE.]

18

\* Sec. 2. AS 39.45.030 is amended to read:

19

Sec. 39.45.030. INVESTMENT AUTHORITY. The administrator of the

20

state or political subdivision deferred compensation program is au-

21

thorized, subject to contracts with individual employees, to invest

22

the funds held under a deferred compensation program in

23

(1) fixed and variable life insurance and annuity con-

24

tracts;

25

(2) shares of or deposits in insured state or federal char-

26

tered credit unions in the state;

27

(3) shares of or deposits in insured state or federal char-

28

tered savings and loan associations in the state;

29

(4) deposits in insured mutual savings banks in the state;

1        and

2                    (5) deposits in insured state and national banks in the  
3        state.

4        \* Sec. 3. AS 39.45.030 is amended by adding a new subsection to read:

5                    (b) In this section, "insured" means insured by the federal  
6        government or an agency of the federal government.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB 405  
 Title: "An Act relating to invest-  
 ment of funds . . . ."  
 Sponsor: Rep. Boucher  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: \_\_\_\_\_  
Public Protection  
 BRU, Program or Subprogram(s) Affected:  
Banking, Securities and Corporations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
900 MISCELLANEOUS						
<u>TOTAL OPERATING</u>	-0-	-0-	-0-	-0-	-0-	-0-

<u>CAPITAL</u>						
----------------	--	--	--	--	--	--

<u>REVENUE</u>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

<u>GENERAL FUND</u>						
FEDERAL FUNDS						
OTHER						
<u>TOTAL</u>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

<u>FULL-TIME</u>	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521  
 Division: Banking, Securities and Corporations Date: \_\_\_\_\_  
 Approved by Commissioner: Loren H. Lounsbury Date: 5/6/85  
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

4100

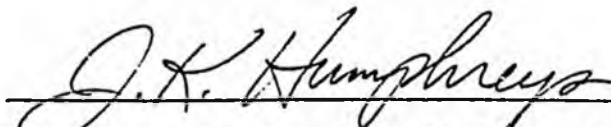
Position Paper


House Bill 406

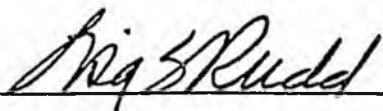
This bill would allow the state or a political subdivision of the state to invest funds held under a deferred compensation program in a manner other than fixed and variable life insurance and annuity contracts. This bill would give administrators of deferred compensation programs more flexibility in managing their individual programs and permit investment in shares of and deposits in certain insured financial institutions in Alaska. In any event, we feel that an administrator must ensure that the size and stability of any funding vehicle is adequate to invest the plan's deferred compensation funds. At this time, the department sees no problem with allowing these additional options.

This amendment would have no fiscal impact.

The department's position is neutral.

  
\_\_\_\_\_  
J.K. Humphreys, Director, Division of Retirement & Benefits

  
5/6/85  
Date

  
\_\_\_\_\_  
Lisa Rudd, Commissioner, Department of Administration

5/2/85  
Date



**FRONTIER,  
ALASKA  
STATE CREDIT UNION**

MAIN OFFICE:  
3500 SIDE STREET  
ANCHORAGE, AK 99503  
583-3788

SOLDOTNA BRANCH:  
P.O. BOX 3098  
SOLDOTNA, AK 99589  
262-7800

EAGLE RIVER BRANCH:  
CENTERFIELD DRIVE  
EAGLE RIVER, AK 99577  
894-8444

CAMPUS BRANCH:  
2801 PROVIDENCE DRIVE  
ANCHORAGE, AK 99508  
581-3151

DEFERRED COMPENSATION PLAN PROPOSAL

FROM

FRONTIER ALASKA STATE CREDIT UNION

January 15, 1985

Tom Freeman, Assistant Superintendent  
Anchorage School District  
Anchorage, Alaska

Dear Tom,

Frontier Alaska State Credit Union has instituted numerous programs over the past year in an attempt to improve relations with our core membership, employees of the Anchorage School District. Our best program has been to have monthly meetings at the credit union with representatives from the various schools and administrative departments. The credit union is looking for new services to offer its members and the Building Reps suggested that the credit union develop a tax shelter program. When we began to understand how much money was put into tax sheltered annuities, we developed a deferred compensation program.

Frontier Alaska State Credit Union is requesting that the Anchorage School District allow the credit union to offer a deferred compensation plan as specified in Section 457 of the Internal Revenue Code. The 457 plan is an alternative to the 403(b) annuity tax shelters offered by many insurance companies. Frontier believes the plan offers district employees the following advantages.

1. Significant Tax Savings. Employees may defer the lesser of 25% of gross income or \$7,500. Extra deductions are available during the last three years of employment.
2. Absolute Safety. 457 plan deposits receive \$100,000 federal insurance on each district employee's account. This is in addition to other insurance on existing accounts.

3. 457 Plans Are Easy to Understand. Rates will be set quarterly. A 457 plan participant may come in the credit union at any time and get the balance in his or her account. There are no hidden charges.
4. Guaranteed Rates. Frontier intends to set the dividend rate quarterly. The rate should be about the same as the IRA rate. Because these will be long-term deposits, employees will earn a relatively high yield.
5. No Charges. Frontier will not charge a service fee or put a front or back end load charge on the plan. There is no early withdrawal penalty. The credit union wishes to reserve the right to set future fees because of changes in the tax code.
6. Deposits Stay Home. Deposits to these accounts will be used by the credit union to make loans to its members.

One disadvantage of a 457 plan compared to the annuities is that the 457 plan cannot be transferred to a district outside Alaska if an employee leaves Anchorage.

Frontier believes that a 457 plan is an attractive fringe benefit at virtually no inconvenience to the district. Existing payroll deduction forms can be used without modification. Frontier is willing to pay for any legal, training, or other charges necessary to implement the program. IRS regulations require that the employer approve any emergency withdrawals prior to retirement or termination of employment.

Enclosed you will find a copy of the proposed plan, a legal opinion on the plan and a copy of the regulation regarding federal insurance coverage.

We have contacted several educator-based credit unions outside who offer a 457 plan and they have reported that the plan is popular with district employees and imposes no additional burdens on their district personnel.

We hope for a favorable decision in this matter and look forward to working on this program with you. Please contact Leslie Ellis, our General Manager, at 563-3766 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Art Arians".

Art Arians  
President, Board of Directors

AA/jg

Encl.

DEFERRED COMPENSATION PLAN AND AGREEMENT

AGREED AND ENTERED INTO this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_, between \_\_\_\_\_, the "Employer",  
and \_\_\_\_\_, the "Participant".

1. Purpose. Employer desires to establish and Participant desires to participate in an "eligible deferred compensation plan" as defined in Section 457 of the Internal Revenue Code. Participant performs services for Employer either as an employee or independent contractor.

NOW THEREFORE, in consideration of the mutual agreement and covenant contained herein and for other valuable consideration, receipt of which is hereby acknowledged, it is mutually agreed and covenanted by and between Employer and Participant as follows:

2. Deferral of Compensation. Beginning with the first full pay period commencing after execution of this Plan and Agreement and for each pay period thereafter, Employer shall deduct from Participant's compensation as of the last business day of each pay period and shall credit on its books and records in Participant's Deferred Compensation Account ("Account"), the following amount \$\_\_\_\_\_ (\$25.00 minimum).

3. Change in Amount of Deferral. The amount of compensation to be deferred and not yet earned may be increased or decreased by the execution of a revised deferred compensation agreement provided that any such revision shall be effective only for compensation which will be earned during the calendar month next succeeding the month during which such revision is executed.

4. Investment of Deferred Compensation. All amounts of deferred compensation credited to the Participant's Account shall be invested in a deposit account of Frontier Alaska State Credit Union. All dividends and other distributions of the accounts shall automatically be reinvested in a deposit account and all earnings shall be credited to the Participant's Account.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 2.

5. Payments Under the Plan. (a) Upon the Participant's Separation from Service, as defined in Paragraph 11, Employer shall direct Frontier Alaska State Credit Union to pay Participant the value of Participant's Account in the manner specified in the Settlement Agreement. (b) Upon the occurrence of an Unforeseeable Emergency, as defined in Paragraph 11, Participant may submit an Unforeseeable Emergency Withdrawal Request on such form supplied by Employer. The request will be approved by Employer for only the amount of payment, if any, as is consistent with the terms of this Plan and Agreement.

6. Distribution to Beneficiaries. If the Participant dies before the entire amount deferred is paid to the Participant, the Employer shall direct Frontier Alaska State Credit Union to pay the value of the Account to the Participant's beneficiary or beneficiaries in the manner and to the person(s) designated in the Designation of Beneficiary and Death Benefit Payment form. If no beneficiary has been designated in the Designation of Beneficiary and Death Benefit Payment form, Employer shall direct Frontier Alaska State Credit Union to liquidate and pay the entire amount of the Account to Participant's estate.

In the event of a distribution to beneficiaries, the entire amount deferred and not yet distributed must be paid to a beneficiary over -

- (a) The life of the beneficiary (or any shorter period), if the beneficiary is the Participant's surviving spouse, or
- (b) A period not in excess of fifteen years, if the beneficiary is not the Participant's surviving spouse.

7. Maximum Yearly Deferral. Except as in Paragraph 8, the maximum amount of Participant's compensation that may be deferred for a taxable year shall not exceed the lesser of:

(a) \$7,500, or

(b) 33-1/3% of the Participant's includible compensation for the taxable year, reduced by any amount excludible from the Participant's gross income for the taxable year under Section 402(b) of the Internal Revenue Code on account of contributions made by the Employer.

A Participant's "includible compensation" for a taxable year includes only compensation from the Employer that is attributable to services performed for the Employer and that is includible in the Participant's gross income for the taxable year.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 3.

8. Limited Catch-Up. For one or more of the Participant's last three (3) taxable years ending before he attains normal retirement age under the Plan, the ceiling set forth in Paragraph 7 shall be the lesser of:

(a) \$15,000.00, or

(b) The sum of -

- (i) The Plan ceiling established for purposes of Paragraph 7 for the taxable year (determined without regard to this paragraph), plus
- (ii) So much of the Plan ceiling established for Paragraph 7 for taxable years before the taxable year as has not theretofore been used under Paragraph 7 or this paragraph.

9. All of the terms and conditions of the Deferred Compensation Plan and Agreement contained on the reverse hereof, are incorporated herein and by this reference made a part hereof.

EMPLOYER:

PARTICIPANT:

By \_\_\_\_\_  
(Signature Typed Name)

\_\_\_\_\_  
(Employee, Independent Contractor)  
(Circle One)

Title \_\_\_\_\_

DO YOU HAVE A 401(b) TAX DEFERRED ANNUITY \_\_\_\_\_ Yes \_\_\_\_\_ No

THIS AGREEMENT INCLUDES DEFERRALS FROM THE LIMITED CATCH-UP  
PROVISION - PARAGRAPH 8.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 4.

10. Timing of Deferral. Compensation will be deferred for any calendar month only if an agreement providing for such deferral has been entered into before the first day of such calendar month. Compensation may be deferred for the calendar month during which a prospective participant first becomes a Participant, if an agreement providing for such deferral is entered into on or before the first day on which the prospective Participant becomes a Participant.

11. Availability of Deferred Funds. In no event will any amount payable be paid or made available to a Participant or any beneficiaries before the Participant incurs a Separation from Service or an Unforeseeable Emergency, which are defined as follows:

(a) Separation from Service shall be determined in the manner prescribed by the Internal Revenue Service Regulation Sections 1.457-2(n)(2) & (3).

(b) Unforeseeable Emergency shall mean severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Internal Revenue Code) of the Participant, loss of Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Employee. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved -

- (i) through reimbursement of compensation by insurance or otherwise,
- (ii) by liquidation of the participant's assets, to the extent the liquidation would not itself cause severe financial hardship,
- (iii) by cessation of deferrals under the plan.

Examples of what are not considered to be Unforeseeable Emergencies include the need to send a Participant's child to college or the desire to purchase a home.

It shall be the sole responsibility of the Employer to determine whether an Unforeseeable Emergency exists.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 5.

12. Settlement Agreement. The Settlement Agreement provides for the time and manner in which the value of the Participant's Account is to be paid. The Participant must elect a payment commencement date prior to Separation from Service. Such an election can only be made by Participant completing and executing the "Payment Commencement Date" portion of the Settlement Agreement and delivering it to Employer prior to Separation from Service.

The Participant may make or change an election regarding the manner in which payments are to be made by completing and executing the "Manner of Payment" portion of the Settlement Agreement and delivering it to the Employer at any time prior to the payment commencement date. In no event shall an election regarding the manner of payments be allowed which will cause payments to be made beyond a date fifteen (15) years from the initial payment commencement date, and payments in any event must be made on at least an annual basis.

If the Participant fails to elect a payment commencement date prior to Separation from Service, the Employer shall cause payment to commence sixty (60) days after Separation from Service. If the Participant fails to elect the manner in which payments are to be made prior to the payment commencement date, payments shall be made in an amount equal to one-fifteenth (1/15th) of the value of the Account in fifteen (15) annual payments adjusted annually for any increase or decrease in the value of the Account. The "Payment Commencement Date" portion of the Settlement Agreement shall become effective when executed by both Participant and Employer. The "Manner of Payment" portion of the Settlement Agreement shall become effective when executed by both the Participant and Employer.

In the event the payment commencement date is changed prior to the Participant's Separation from Service or the manner of payment elected is changed prior to the payment commencement date, the latter date applicable to each respectively shall govern and shall apply to deferred compensation that had already been earned and deferred under the Employer's program of deferred compensation as well as compensation that shall be subsequently earned and deferred.

DEFERRED COMPENSATION PLAN AND AGREEMENT

PAGE 6.

13. Distribution of Deferrals. Payments of amounts deferred will commence not later than THE LATER OF -

(a) Sixty (60) days after the close of the Plan year in which the Participant or former Participant attains (or would have attained) normal retirement age, defined as the later of age 55 or 8 years of service with the Employer, or

(b) Sixty (60) days after the close of the Plan year in which the Participant Separates from Service with the Employer.

14. Employer's Property. All amounts of compensation deferred under the Plan and Agreement, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall remain (until made available to the Participant or other beneficiary) solely the property and right of the Employer (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Employer's general creditors.

15. Employer Obligation to Participant. At any particular time, the value of the account shall represent the sole obligation of Employer to Participant. With respect to Employer's obligation, Participant shall be a general (not secured) creditor.

16. Non-Assignment. Participant may not assign, anticipate, alienate, sell, transfer, pledge or in any way encumber any of the rights Participant may have hereunder and Employer shall reject and refuse to honor any such purported action with respect to such rights. This Plan and Agreement shall be binding on the assigns and successors of Employer and on the Personal Representative, Executor and Administrator of Participant. The interest of the Participant or any beneficiary designated by the Participant or in any obligation established by the Plan and Agreement shall not be subject to the claims of Participant's creditors or to legal process on behalf of Participant's creditors or be liable for the debts of any beneficiary.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 7.

17. Plan to Plan Transfers. If a Participant Separates from Service in order to accept employment with another employer within the state of Alaska that sponsors an "eligible deferred compensation plan" within the meaning of Section 457 of the Internal Revenue Code, and that employer's plan accepts transfers; the amount previously deferred shall automatically be transferred to such plan of the new employer, regardless of any other provision of this Plan and Agreement.

18. Acceptance of Deferrals From Another Plan. Amounts of compensation deferred by a Participant pursuant to another "eligible deferred compensation plan" within the meaning of the Internal Revenue Code, will be accepted by this Plan and Agreement. Such amounts shall be credited to the Participant's Account established pursuant to this Plan and Agreement and shall be subjected to all the terms and provisions of this Plan and Agreement.

19. Revocation. A Participant may revoke any and all deferred compensation Plan and Agreements previously executed by agreement in writing signed by the Participant and the Employer. Revocation of the Plan and Agreement will not accelerate payment of amounts deferred. Payment will occur only upon the happening of one of the specific events detailed in this Plan and Agreement.

20. Frontier Alaska State Credit Union is not a party of this Plan and Agreement. Any account established hereunder may be subject to rate schedules adopted by the credit union from time to time.

21. Compliance with Section 457. This Plan and Agreement is intended to comply with and to be administered in a manner consistent with Section 457 of the Internal Revenue Code. The provisions of this Plan and Agreement shall be interpreted in accordance with this intent. If requested by the Employer, the Participant agrees to cooperate in correcting any inconsistency in the administration of the Plan and Agreement under Section 457 of the Internal Revenue Code.

# ALASKA PENSION SERVICES

---

December 18, 1984

Mr. Robert Libbey  
Assistant General Manager  
Frontier Alaska State Credit Union  
3500 Eide Street  
Anchorage, AK 99503

Dear Mr. Libbey:

We have reviewed the document and related forms which you have presented to us, which are entitled "Deferred Compensation Plan and Agreement".

It is our opinion that this "Deferred Compensation Plan and Agreement" will qualify for use as an eligible State deferred compensation plan in accordance with Internal Revenue Code Section 457, assuming the parties to the plan and agreement are qualified in accordance with Section 457.

Sincerely,

  
Robert L. Doss, Jr.

26/RLD/llg



(b) **Qualifying joint accounts.** A joint account shall be deemed to exist, for purposes of insurance of accounts, only if each coowner has personally executed a joint account signature card and possesses withdrawal rights. The restrictions of this paragraph shall not apply to coowners of a time certificate of deposit or to any deposit obligations evidenced by a negotiable instrument, but such a deposit must in fact be jointly owned.

(c) **Failure to qualify.** An account owned jointly which does not qualify as a joint account for purposes of insurance of accounts shall be treated as owned by the named persons as individuals and the actual ownership interest of each such person in such account shall be added to any other accounts individually owned by such person and insured up to \$100,000 in the aggregate.

(d) **Same combination of individuals.** All joint accounts owned by the same combination of individuals shall first be added together and insured up to \$100,000 in the aggregate.

(e) **Interest of each coowner.** The interests of each coowner in all joint accounts owned by different combinations of individuals shall then be added together and insured up to \$100,000 in the aggregate.

#### §745.9-1 Trust accounts.

All trust interests, for the same beneficiary, deposited and established pursuant to valid trust agreements created by the same settlor (grantor) shall be added together and insured up to \$100,000 in the aggregate, separately from other deposit or share accounts of the trustee of such trust funds or the settlor or beneficiary of such trust arrangements.

#### §745.9-2 Keogh Accounts and Individual Retirement Accounts.

(a) The present vested ascertainable interest of a participant or designated beneficiary in a trust or custodial account maintained pursuant to a pension or profit-sharing plan described under §401(d) or §408(a) of the Internal Revenue Code shall be insured up to \$100,000 separately from other deposits of the participant or designated beneficiary.

(b) Upon liquidation of the credit union, any insurance coverage payment shall be made by the Administrator to the trustee or custodian, or the successor trustee or custodian, unless otherwise directed in writing, by the plan participant or beneficiary.

#### §745.9-3 Deferred Compensation Accounts.

Funds deposited by an employer pursuant to a deferred compensation plan shall be insured up to \$100,000 as to the interest of each plan participant who is a member, separately from other accounts of the participant or employer.

#### §745.10 Public unit accounts.

(a) Public funds invested in Federal credit unions and federally-insured state credit unions authorized to accept such investments shall be insured as follows:

(1) Each official custodian of funds of the United States lawfully investing the same in a federally-insured credit union shall be separately insured up to \$100,000;

(2) Each official custodian of funds of any state of the United States or any county, municipality, or political subdivision thereof lawfully investing the same in a federally-insured credit union in the same state shall be separately insured up to \$100,000;

(3) Each official custodian of funds of the District of Columbia lawfully investing the same in a federally-insured credit union in the District of Columbia shall be separately insured up to \$100,000;

(4) Each official custodian of funds of the Commonwealth of Puerto Rico, the Panama Canal Zone, or any territory or possession of the United States, or any county, municipality, or political subdivision thereof lawfully investing the same in a federally-insured credit union in Puerto Rico, the Panama Canal Zone, or any such territory or possession, respectively, shall be separately insured up to \$100,000;

(5) Each official custodian referred to in subsections (a)(2), (3), and (4) of this section lawfully investing such funds in a federally-

**Anchorage School District  
AUTHORIZED PAYROLL DEDUCTION**

SOCIAL SECURITY NUMBER	CD	NAME - Last	First	Middle		
<b>Check and sign all blocks where applicable. To stop a deduction write the word DELETE in the amount. PLEASE READ AND CHECK CAREFULLY.</b>			<b>CARD CODE</b>	<b>Administrative Use Only</b>		
				CODE	AMOUNT	LIMIT
1. TEACHER'S RETIREMENT REINSTATEMENT \$ _____ per month			K	0203		
2. TEACHER RETIREMENT ARREARAGES \$ _____ per month			K	0202		
3. PUBLIC EMPLOYMENT RETIREMENT REINSTATEMENT \$ _____			K	0252		
4. SAVINGS BONDS \$ _____ per pay period			K	0802		
5. UNITED WAY \$ _____ per month \$ _____ Annual Limit			K	0500		
6. TOTEM \$ _____ per month			K	0465		
7. FOOD SERVICE ASSOCIATION DUES \$ _____			K	0460		
8. PUPIL TRANSPORTATION TEAMSTER'S DUES \$ _____ per month			K	0450		
9. TEAMSTER'S MAINTENANCE DUES \$ _____ per month			K	0457		
10. ALASKA LABORER'S LOCAL 71 \$ _____			K	0453		
11. ALASKA LABORER'S LOCAL 71 INITIATION FEE \$ _____			K	0454		
12. ANCHORAGE PRINCIPAL ASSOCIATION \$ _____ per month \$ _____ Annual Limit			K	0410		
13. OTHER \$ _____ \$ _____						
14. CREDIT UNION \$ _____ per month Account Number _____ I understand that all new accounts or changes must be processed at the Credit Union. This amount will replace all other established deductions. Account number must be present.			K	0700		
			J	Account Number _____		

CLERK

I hereby authorize the above deductions with the understanding that written notice is required FIFTEEN (15) days prior to payday to change a deduction.

Name \_\_\_\_\_

Location \_\_\_\_\_

Date \_\_\_\_\_

DISTRIBUTION: White - Personnel, Yellow - Payroll, Pink - Individual

# ALASKA PENSION SERVICES

---

January 21, 1985

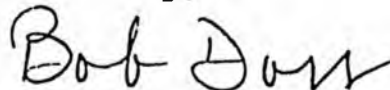
Mr. Robert Libbey  
Assistant General Manager  
Frontier Alaska State Credit Union  
3500 Eide Street  
Anchorage, AK 99503

Dear Bob:

Enclosed as we discussed is a draft of an Unforeseeable  
Emergency Withdrawal Request form that can be used with your  
proposed Deferred Compensation plan.

Let me know if you have any questions or comments  
regarding the form.

Sincerely,



Robert L. Doss, Jr.

27/RLD/llg

UNFORESEEABLE EMERGENCY WITHDRAWAL REQUEST

Employer: \_\_\_\_\_  
Name of Participant \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
City State Zip

Daytime Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security No.: \_\_\_\_\_

I hereby request that amounts deferred for me under the Deferred Compensation Plan and Agreement be paid to me in the amount and manner and at the time indicated below.

This request is made as a result of the following circumstances: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Please attach additional pages if more space is necessary.)

I certify that funds are not or will not be available to meet this emergency either:

- (i) through reimbursement of compensation by insurance or otherwise,
- (ii) by liquidation of any assets I may have without causing severe financial hardship or
- (iii) by cessation of deferrals under the Plan.

AMOUNT OF PAYMENT REQUESTED: \_\_\_\_\_

MANNER OF PAYMENT REQUESTED (select one):

\_\_\_\_\_ equal payments for \_\_\_\_\_ years.  
 ( \_\_\_\_\_ Annual \_\_\_\_\_ Semiannual \_\_\_\_\_ Quarterly \_\_\_\_\_ Monthly )  
 \_\_\_\_\_ % of Account each year for \_\_\_\_\_ year(s), then the balance  
 of the Account in \_\_\_\_\_ equal payments for \_\_\_\_\_ year(s).  
 \_\_\_\_\_ Lump Sum  
 \_\_\_\_\_ Other: \_\_\_\_\_

(If the amounts accumulated by the Participant as of the Payment Commencement Date total less than \$2,000.00, or if monthly payments would be less than \$25.00, the Employer will specify a lump sum or an accelerated payment schedule.)

PAYMENT COMMENCEMENT DATE REQUESTED: \_\_\_\_\_

I agree to provide whatever additional information the Employer may deem reasonably necessary to make a determination regarding this request.

PARTICIPANT:

DATE \_\_\_\_\_

ACTION BY EMPLOYER:

\_\_\_\_\_ Request APPROVED

\_\_\_\_\_ Request DENIED

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

# ALASKA PENSION SERVICES

---

January 21, 1985

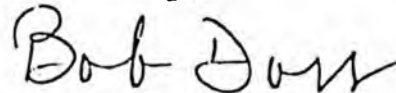
Mr. Robert Libbey  
Assistant General Manager  
Frontier Alaska State Credit Union  
3500 Eide Street  
Anchorage, AK 99503

Dear Bob:

Enclosed as we discussed is a draft of an Unforeseeable  
Emergency Withdrawal Request form that can be used with your  
proposed Deferred Compensation plan.

Let me know if you have any questions or comments  
regarding the form.

Sincerely,



Robert L. Doss, Jr.

27/RLD/llg

UNFORESEEABLE EMERGENCY WITHDRAWAL REQUEST

Employer: \_\_\_\_\_  
Name of Participant \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
City State Zip

Daytime Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security No.: \_\_\_\_\_

I hereby request that amounts deferred for me under the Deferred Compensation Plan and Agreement be paid to me in the amount and manner and at the time indicated below.

This request is made as a result of the following circumstances: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Please attach additional pages if more space is necessary.)

I certify that funds are not or will not be available to meet this emergency either:

- (i) through reimbursement of compensation by insurance or otherwise,
- (ii) by liquidation of any assets I may have without causing severe financial hardship or
- (iii) by cessation of deferrals under the Plan.

AMOUNT OF PAYMENT REQUESTED: \_\_\_\_\_

MANNER OF PAYMENT REQUESTED (select one):

\_\_\_\_\_ equal payments for \_\_\_\_\_ years.  
 ( \_\_\_\_\_ Annual \_\_\_\_\_ Semiannual \_\_\_\_\_ Quarterly \_\_\_\_\_ Monthly)  
 \_\_\_\_\_ % of Account each year for \_\_\_\_\_ year(s), then the balance  
 of the Account in \_\_\_\_\_ equal payments for \_\_\_\_\_ year(s).  
 \_\_\_\_\_ Lump Sum  
 \_\_\_\_\_ Other: \_\_\_\_\_

(If the amounts accumulated by the Participant as of the Payment Commencement Date total less than \$2,000.00, or if monthly payments would be less than \$25.00, the Employer will specify a lump sum or an accelerated payment schedule.)

PAYMENT COMMENCEMENT DATE REQUESTED: \_\_\_\_\_

I agree to provide whatever additional information the Employer may deem reasonably necessary to make a determination regarding this request.

PARTICIPANT:

\_\_\_\_\_  
DATE \_\_\_\_\_

ACTION BY EMPLOYER:

\_\_\_\_\_ Request APPROVED

\_\_\_\_\_ Request DENIED

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

§ 39.45.025

ations withheld  
States savings  
ion. After the  
mployee.  
regulations to

rred

ents

ubdivision of  
fer, in whole  
the contract  
al subdivision  
ce or annuity  
tion program  
SLA 1973)

administra-  
yees is under  
litical subdi-  
esignate the

nd shall be

ogram may  
billing and

retirement  
39.35.030)

try to carry  
on program  
l the board

regulations  
erred com-

onnection  
mpensation

§ 39.45.030 PUBLIC OFFICERS AND EMPLOYEES § 39.45.060

(4) act as an appeals board, hold hearings at the request of an employer, employee, surviving spouse, or a beneficiary on decisions made by the administrator that relate to the deferred compensation program for state employees, and submit its findings to the administrator;

(5) prescribe the policies for the proper operation of the deferred compensation program for state employees and take other action that it considers necessary to carry out the intent and purpose of the program.

(b) In this section "administrator" means the administrator of the deferred compensation program for state employees. (§ 38 ch 146 SLA 1980)

**Sec. 39.45.030. Investment authority.** The administrator of the state or political subdivision deferred compensation program is authorized, subject to contracts with individual employees, to invest the funds held under a deferred compensation program in fixed and variable life insurance and annuity contracts. (§ 1 ch 40 SLA 1973)

**Sec. 39.45.040. Additional benefits.** The deferred compensation program established under this chapter exists and serves in addition to any existing retirement, pension, or benefit system established by the state or its political subdivisions and may not effect a reduction in benefits receivable under an existing system. (§ 1 ch 40 SLA 1973)

**Revisor's notes.** — In ch. 40, SLA 1973, this section contained the phrase "may not affect a reduction." That appears to involve a typographical error, and "affect" has been changed to "effect" here.

**Sec. 39.45.050. Tax deferred investments.** The administrator of a deferred compensation program under this chapter shall invest only in contracts that allow for deferment of the state and federal income tax until benefits are receivable under the program and shall make appropriate withholding adjustments in each participating employee's payroll. (§ 1 ch 40 SLA 1973)

**Sec. 39.45.060. Definition.** In this chapter "employee" means a person, whether appointed, elected or under contract, who provides services for the state or a political subdivision of the state for which compensation is given. (§ 1 ch 40 SLA 1973)

Chapter 50. Conflict of Interest.

Section	Section
10. Findings and purpose	35. Exemptions
20. Report of financial and business interests	40. Blind trusts
25. Notification to candidates for legislature	50. Administration and inspection
30. Contents of statements	60. Penalty for wilful violation of disclosure requirements
	70.- Failure to report by department, divi-

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB 406  
 Title: "An Act relating to invest-  
 ment of funds . . . ."  
 Sponsor: Rep. Boucher  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: \_\_\_\_\_  
Public Protection  
 BRU, Program or Subprogram(s) Affected:  
Banking, Securities and Corporations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
300 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521  
 Division: Banking, Securities and Corporations Date: \_\_\_\_\_

Approved by Commissioner: Loren H. Lounsbury Date: 5/6/85  
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

Page 1 of 1

**REQUEST**

Bill/Resolution No.: HB 406

Title: An Act relating to investment of funds from deferred compensation

Sponsor: Boucher

Requestor: \_\_\_\_\_

Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Administration

Program Category Affected: \_\_\_\_\_

Labor Services

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
Operating						
100 Personal Svcs						
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**                      -0-                      -0-                      -0-                      -0-                      -0-                      -0-

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared By: J.K. Humphreys, Director                      Phone: 465-4470  
 Division: Retirement & Benefits                      Date: 5/6/85

Approved by Commissioner: Lisa Rudd                      Date: 5/7/85  
 Agency: Department of Administration

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

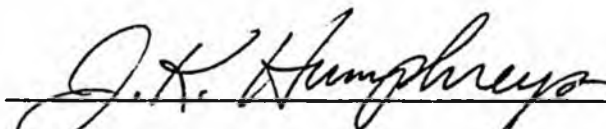
Position Paper


House Bill 406

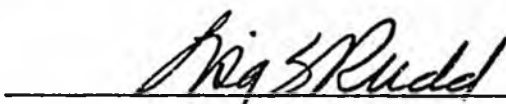
This bill would allow the state or a political subdivision of the state to invest funds held under a deferred compensation program in a manner other than fixed and variable life insurance and annuity contracts. This bill would give administrators of deferred compensation programs more flexibility in managing their individual programs and permit investment in shares of and deposits in certain insured financial institutions in Alaska. In any event, we feel that an administrator must ensure that the size and stability of any funding vehicle is adequate to invest the plan's deferred compensation funds. At this time, the department sees no problem with allowing these additional options.

This amendment would have no fiscal impact.

The department's position is neutral.

  
\_\_\_\_\_  
J.K. Humphreys, Director, Division of Retirement & Benefits

  
5/6/85  
Date

  
\_\_\_\_\_  
Lisa Rudd, Commissioner, Department of Administration

5/7/85  
Date

Introduced: 4/29/85  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 406

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to investment of funds from deferred  
7 compensation."

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

9 \* Section 1. AS 39.45.010 is amended to read:

10 Sec. 39.45.010. AUTHORITY. The state or a political subdivision  
11 of the state may, by contract, agree with an employee to defer, in  
12 whole or in part, that employee's salary or wages. [IF INCLUDED IN  
13 THE CONTRACT TO DEFER PAYMENT OF SALARY OR WAGES, THE STATE OR A  
14 POLITICAL SUBDIVISION OF THE STATE SHALL PURCHASE A FIXED OR VARIABLE  
15 LIFE INSURANCE OR ANNUITY CONTRACT FOR THE PURPOSE OF FUNDING THE  
16 DEFERRED COMPENSATION PROGRAM PROVIDED FOR IN THIS CHAPTER, FOR THE  
17 EMPLOYEE.]

18 \* Sec. 2. AS 39.45.030 is amended to read:

19 Sec. 39.45.030. INVESTMENT AUTHORITY. The administrator of the  
20 state or political subdivision deferred compensation program is au-  
21 thorized, subject to contracts with individual employees, to invest  
22 the funds held under a deferred compensation program in

23 (1) fixed and variable life insurance and annuity con-  
24 tracts;

25 (2) shares of or deposits in insured state or federal char-  
26 tered credit unions in the state;

27 (3) shares of or deposits in insured state or federal char-  
28 tered savings and loan associations in the state;

29 (4) deposits in insured mutual savings banks in the state;

1        and

2                    (5) deposits in insured state and national banks in the  
3        state.

4        \* Sec. 3. AS 39.45.030 is amended by adding a new subsection to read:

5                    (b) In this section, "insured" means insured by the federal  
6        government or an agency of the federal government.

COMMITTEE REPORT  
SENATE

FURTHER:

4/10/86

Date 5/7/86

President

The Committee on FINANCE considered HB 406

Investment of funds from deferred compensation.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for HB 406 (FIN)
- new title
- same title and recommends DO PASS
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation Commerce  
5/4/86
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

~~Rick Halford~~  
 Rick Halford  
 Paul Truh  
 [Signature]  
 [Signature]

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Co - [Signature]  
 Chairman  
do pass  
 Chairman recommendation

Q. 63  
5/8

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No. SB HB 406 (Fin)  
 Title: "An Act relating to invest-  
 ment of funds . . . ."  
 Sponsor: Rep. Boucher  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: \_\_\_\_\_  
Public Protection  
 BRU, Program or Subprogram(s) Affected:  
Banking, Securities and Corporations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521  
 Division: Banking, Securities and Corporations Date: \_\_\_\_\_  
 Approved by Commissioner: Loren H. Lounsbury Date: 5/6/85  
 Agency: Commerce and Economic Development

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

7/1/84

Original sponsors: Boucher and Taylor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 406 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to investment of funds from deferred  
7 compensation."

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

9 \* Section 1. AS 39.45.010 is amended to read:

10 Sec. 39.45.010. AUTHORITY. The state or a political subdivision  
11 of the state may, by contract, agree with an employee to defer, in  
12 whole or in part, that employee's salary or wages. [IF INCLUDED IN  
13 THE CONTRACT TO DEFER PAYMENT OF SALARY OR WAGES, THE STATE OR A  
14 POLITICAL SUBDIVISION OF THE STATE SHALL PURCHASE A FIXED OR VARIABLE  
15 LIFE INSURANCE OR ANNUITY CONTRACT FOR THE PURPOSE OF FUNDING THE  
16 DEFERRED COMPENSATION PROGRAM PROVIDED FOR IN THIS CHAPTER, FOR THE  
17 EMPLOYEE.]

18 \* Sec. 2. AS 39.45.030 is amended to read:

19 Sec. 39.45.030. INVESTMENT AUTHORITY. The administrator of the  
20 state or political subdivision deferred compensation program is au-  
21 thorized, subject to contracts with individual employees, to invest  
22 the funds held under a deferred compensation program in

23 (1) fixed and variable life insurance and annuity con-  
24 tracts or other contracts issued by life insurance companies, ~~that~~  
25 ~~guarantee principal and interest;~~

26 (2) shares of or deposits in insured state or federal char-  
27 tered credit unions in the state;

28 (3) shares of or deposits in insured state or federal char-  
29 tered savings and loan associations in the state;

- 1                   (4) deposits in insured mutual savings banks in the state;  
2                   (5) deposits in insured state and national banks in the  
3                   state; and  
4                   (6) multi-employer trusts established for investment of  
5                   deferred compensation assets of state and local governments.

6 \* Sec. 3. AS 39.45.030 is amended by adding a new subsection to read:

7                   (b) In this section, "insured" means insured by the federal  
8                   government or an agency of the federal government.  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

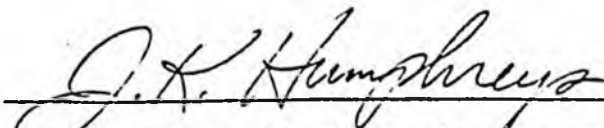
Position Paper


House Bill 406

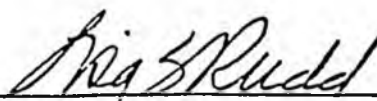
This bill would allow the state or a political subdivision of the state to invest funds held under a deferred compensation program in a manner other than fixed and variable life insurance and annuity contracts. This bill would give administrators of deferred compensation programs more flexibility in managing their individual programs and permit investment in shares of and deposits in certain insured financial institutions in Alaska. In any event, we feel that an administrator must ensure that the size and stability of any funding vehicle is adequate to invest the plan's deferred compensation funds. At this time, the department sees no problem with allowing these additional options.

This amendment would have no fiscal impact.

The department's position is neutral.

  
\_\_\_\_\_  
J.K. Humphreys, Director, Division of Retirement & Benefits

  
5/6/85  
Date

  
\_\_\_\_\_  
Lisa Rudd, Commissioner, Department of Administration

5/7/85  
Date

**Municipality  
of  
Anchorage**



POUCH 6-650  
ANCHORAGE, ALASKA 99502-0650  
(907) 264-6610

TONY KNOWLES,  
MAYOR

DEPARTMENT OF FINANCE  
Fiscal Administration

Recommended Changes to HB 406:

Under 39.45.030

To (1) add - or other contracts issued by life insurance companies which guarantee principal and interest;

Add new item - participation in a multi-employer trust established for investment of deferred compensation assets of state and local governments.

The above two amendments are being recommended to allow the state and local governments full flexibility in selecting providers for deferred compensation plans. The new item allows a corporation other than an insurance company, savings & loan, credit union or bank to be an eligible investment opportunity for deferred comp plans.

For additional information, contact Barbara Steckel, Chief Fiscal Officer, at 264-6610.

Introduced: 4/29/85  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 406

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to investment of funds from deferred  
7 compensation."

7

8

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

9

\* Section 1. AS 39.45.010 is amended to read:

10

Sec. 39.45.010. AUTHORITY. The state or a political subdivision

11

of the state may, by contract, agree with an employee to defer, in

12

whole or in part, that employee's salary or wages. [IF INCLUDED IN

13

THE CONTRACT TO DEFER PAYMENT OF SALARY OR WAGES, THE STATE OR A

14

POLITICAL SUBDIVISION OF THE STATE SHALL PURCHASE A FIXED OR VARIABLE

15

LIFE INSURANCE OR ANNUITY CONTRACT FOR THE PURPOSE OF FUNDING THE

16

DEFERRED COMPENSATION PROGRAM PROVIDED FOR IN THIS CHAPTER, FOR THE

17

EMPLOYEE.]

18

\* Sec. 2. AS 39.45.030 is amended to read:

19

Sec. 39.45.030. INVESTMENT AUTHORITY. The administrator of the

20

state or political subdivision deferred compensation program is au-

21

thorized, subject to contracts with individual employees, to invest

22

the funds held under a deferred compensation program in

23

(1) fixed and variable life insurance and annuity con-

24

tracts;

25

(2) shares of or deposits in insured state or federal char-

26

tered credit unions in the state;

27

(3) shares of or deposits in insured state or federal char-

28

tered savings and loan associations in the state;

29

(4) deposits in insured mutual savings banks in the state;

1        and

2                    (5) deposits in insured state and national banks in the  
3        state.

4        \* Sec. 3. AS 39.45.030 is amended by adding a new subsection to read:

5                    (b) In this section, "insured" means insured by the federal  
6        government or an agency of the federal government.



**FRONTIER  
ALASKA  
STATE CREDIT UNION**

**MAIN OFFICE**  
2500 BIRD STREET  
ANCHORAGE, AK 99503  
531-3788

**SOLDOTNA BRANCH**  
P.O. BOX 3088  
SOLDOTNA, AK 99688  
535-7600

**EAGLE RIVER BRANCH**  
CENTERFIELD DRIVE  
EAGLE RIVER, AK 99577  
534-5444

**CAMPUS BRANCH**  
2201 PROVIDENCE DRIVE  
ANCHORAGE, AK 99503  
581-3181

DEFERRED COMPENSATION PLAN PROPOSAL

FROM

FRONTIER ALASKA STATE CREDIT UNION

January 15, 1985

Tom Freeman, Assistant Superintendent  
Anchorage School District  
Anchorage, Alaska

Dear Tom,

Frontier Alaska State Credit Union has instituted numerous programs over the past year in an attempt to improve relations with our core membership, employees of the Anchorage School District. Our best program has been to have monthly meetings at the credit union with representatives from the various schools and administrative departments. The credit union is looking for new services to offer its members and the Building Reps suggested that the credit union develop a tax shelter program. When we began to understand how much money was put into tax sheltered annuities, we developed a deferred compensation program.

Frontier Alaska State Credit Union is requesting that the Anchorage School District allow the credit union to offer a deferred compensation plan as specified in Section 457 of the Internal Revenue Code. The 457 plan is an alternative to the 403(b) annuity tax shelters offered by many insurance companies. Frontier believes the plan offers district employees the following advantages.

1. Significant Tax Savings. Employees may defer the lesser of 25% of gross income or \$7,500. Extra deductions are available during the last three years of employment.
2. Absolute Safety. 457 plan deposits receive \$100,000 federal insurance on each district employee's account. This is in addition to other insurance on existing accounts.

3. 457 Plans Are Easy to Understand. Rates will be set quarterly. A 457 plan participant may come in the credit union at any time and get the balance in his or her account. There are no hidden charges.
4. Guaranteed Rates. Frontier intends to set the dividend rate quarterly. The rate should be about the same as the IRA rate. Because these will be long-term deposits, employees will earn a relatively high yield.
5. No Charges. Frontier will not charge a service fee or put a front or back end load charge on the plan. There is no early withdrawal penalty. The credit union wishes to reserve the right to set future fees because of changes in the tax code.
6. Deposits Stay Home. Deposits to these accounts will be used by the credit union to make loans to its members.

One disadvantage of a 457 plan compared to the annuities is that the 457 plan cannot be transferred to a district outside Alaska if an employee leaves Anchorage.

Frontier believes that a 457 plan is an attractive fringe benefit at virtually no inconvenience to the district. Existing payroll deduction forms can be used without modification. Frontier is willing to pay for any legal, training, or other charges necessary to implement the program. IRS regulations require that the employer approve any emergency withdrawals prior to retirement or termination of employment.

Enclosed you will find a copy of the proposed plan, a legal opinion on the plan and a copy of the regulation regarding federal insurance coverage.

We have contacted several educator-based credit unions outside who offer a 457 plan and they have reported that the plan is popular with district employees and imposes no additional burdens on their district personnel.

We hope for a favorable decision in this matter and look forward to working on this program with you. Please contact Leslie Ellis, our General Manager, at 563-3766 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Art Arians".

Art Arians

President, Board of Directors

AA/jg

Encl.

DEFERRED COMPENSATION PLAN AND AGREEMENT

AGREED AND ENTERED INTO this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_, between \_\_\_\_\_, the "Employer",  
and \_\_\_\_\_, the "Participant".

1. Purpose. Employer desires to establish and Participant desires to participate in an "eligible deferred compensation plan" as defined in section 457 of the Internal Revenue Code. Participant performs services for Employer either as an employee or independent contractor.

NOW THEREFORE, in consideration of the mutual agreement and covenant contained herein and for other valuable consideration, receipt of which is hereby acknowledged, it is mutually agreed and covenanted by and between Employer and Participant as follows:

2. Deferral of Compensation. Beginning with the first full pay period commencing after execution of this Plan and Agreement and for each pay period thereafter, Employer shall deduct from Participant's compensation as of the last business day of each pay period and shall credit on its books and records in Participant's Deferred Compensation Account ("Account"), the following amount: \_\_\_\_\_ (\$25.00 minimum).

3. Change in Amount of Deferral. The amount of compensation to be deferred and not yet earned may be increased or decreased by the execution of a revised deferred compensation agreement provided that any such revision shall be effective only for compensation which will be earned during the calendar month next succeeding the month during which such revision is executed.

4. Investment of Deferred Compensation. All amounts of deferred compensation credited to the Participant's Account shall be invested in a deposit account of Frontier Alaska State Credit Union. All dividends and other distributions of the accounts shall automatically be reinvested in a deposit account and all earnings shall be credited to the Participant's Account.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 2.

5. Payments Under the Plan. (a) Upon the Participant's Separation from Service, as defined in Paragraph 11, Employer shall direct Frontier Alaska State Credit Union to pay Participant the value of Participant's Account in the manner specified in the Settlement Agreement. (b) Upon the occurrence of an Unforeseeable Emergency, as defined in Paragraph 11, Participant may submit an Unforeseeable Emergency Withdrawal Request on such form supplied by Employer. The request will be approved by Employer for only the amount of payment, if any, as is consistent with the terms of this Plan and Agreement.

6. Distribution to Beneficiaries. If the Participant dies before the entire amount deferred is paid to the Participant, the Employer shall direct Frontier Alaska State Credit Union to pay the value of the Account to the Participant's beneficiary or beneficiaries in the manner and to the person(s) designated in the Designation of Beneficiary and Death Benefit Payment form. If no beneficiary has been designated in the Designation of Beneficiary and Death Benefit Payment form, Employer shall direct Frontier Alaska State Credit Union to liquidate and pay the entire amount of the Account to Participant's estate.

In the event of a distribution to beneficiaries, the entire amount deferred and not yet distributed must be paid to a beneficiary over -

- (a) The life of the beneficiary (or any shorter period), if the beneficiary is the Participant's surviving spouse, or
- (b) A period not in excess of fifteen years, if the beneficiary is not the Participant's surviving spouse.

7. Maximum Yearly Deferral. Except as in Paragraph 8, the maximum amount of Participant's compensation that may be deferred for a taxable year shall not exceed the lesser of:

(a) \$7,500, or

(b) 5%-17 1/2% of the Participant's includible compensation for the taxable year, reduced by any amount excludable from the Participant's gross income for the taxable year under Section 402(b) of the Internal Revenue Code on account of contributions made by the Employer.

A Participant's "includible compensation" for a taxable year includes only compensation from the Employer that is attributable to services performed for the Employer and that is includible in the Participant's gross income for the taxable year.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 3.

8. Limited Catch-Up. For one or more of the Participant's last three (3) taxable years ending before he attains normal retirement age under the Plan, the ceiling set forth in Paragraph 7 shall be the lesser of:

(a) \$15,000.00, or

(b) The sum of -

- (i) The Plan ceiling established for purposes of Paragraph 7 for the taxable year (determined without regard to this paragraph), plus
- (ii) So much of the Plan ceiling established for Paragraph 7 for taxable years before the taxable year as has not theretofore been used under Paragraph 7 or this paragraph.

9. All of the terms and conditions of the Deferred Compensation Plan and Agreement contained on the reverse hereof, are incorporated herein and by this reference made a part hereof.

EMPLOYER:

PARTICIPANT:

By \_\_\_\_\_  
(Signature Typed Name)

\_\_\_\_\_  
(Employee, Independent Contractor)  
(Circle One)

Title \_\_\_\_\_

DO YOU HAVE A 401K TAX DEFERRED ANNUITY      Yes      No

THIS AGREEMENT INCLUDES DEFERRALS FROM THE LIMITED CATCH-UP  
PROVISION - PARAGRAPH 8.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 4.

10. Timing of Deferral. Compensation will be deferred for any calendar month only if an agreement providing for such deferral has been entered into before the first day of such calendar month. Compensation may be deferred for the calendar month during which a prospective participant first becomes a Participant, if an agreement providing for such deferral is entered into on or before the first day on which the prospective Participant becomes a Participant.

11. Availability of Deferred Funds. In no event will any amount payable be paid or made available to a Participant or any beneficiaries before the Participant incurs a Separation from Service or an Unforeseeable Emergency, which are defined as follows:

(a) Separation from Service shall be determined in the manner prescribed by the Internal Revenue Service Regulation Sections 1.457-2(n)(2) & (3).

(b) Unforeseeable Emergency shall mean severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Internal Revenue Code) of the Participant, loss of Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Employee. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved -

- (i) through reimbursement of compensation by insurance or otherwise,
- (ii) by liquidation of the participant's assets, to the extent the liquidation would not itself cause severe financial hardship,
- (iii) by cessation of deferrals under the plan.

Examples of what are not considered to be Unforeseeable Emergencies include the need to send a Participant's child to college or the desire to purchase a home.

It shall be the sole responsibility of the Employer to determine whether an Unforeseeable Emergency exists.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 5.

12. Settlement Agreement. The Settlement Agreement provides for the time and manner in which the value of the Participant's Account is to be paid. The Participant must elect a payment commencement date prior to Separation from Service. Such an election can only be made by Participant completing and executing the "Payment Commencement Date" portion of the Settlement Agreement and delivering it to Employer prior to Separation from Service.

The Participant may make or change an election regarding the manner in which payments are to be made by completing and executing the "Manner of Payment" portion of the Settlement Agreement and delivering it to the Employer at any time prior to the payment commencement date. In no event shall an election regarding the manner of payments be allowed which will cause payments to be made beyond a date fifteen (15) years from the initial payment commencement date, and payments in any event must be made on at least an annual basis.

If the Participant fails to elect a payment commencement date prior to Separation from Service, the Employer shall cause payment to commence sixty (60) days after Separation from Service. If the Participant fails to elect the manner in which payments are to be made prior to the payment commencement date, payments shall be made in an amount equal to one-fifteenth (1/15th) of the value of the Account in fifteen (15) annual payments adjusted annually for any increase or decrease in the value of the Account. The "Payment Commencement Date" portion of the Settlement Agreement shall become effective when executed by both Participant and Employer. The "Manner of Payment" portion of the Settlement Agreement shall become effective when executed by both the Participant and Employer.

In the event the payment commencement date is changed prior to the Participant's Separation from Service or the manner of payment elected is changed prior to the payment commencement date, the latter date applicable to each, respectively, shall govern and shall apply to deferred compensation that had already been earned and deferred under the Employer's program of deferred compensation as well as compensation that shall be subsequently earned and deferred.

DEFERRED COMPENSATION PLAN AND AGREEMENT

PAGE 6.

13. Distribution of Deferrals. Payments of amounts deferred will commence not later than THE LATER OF -

(a) Sixty (60) days after the close of the Plan year in which the Participant or former Participant attains (or would have attained) normal retirement age, defined as the later of age 55 or 3 years of service with the Employer, or

(b) Sixty (60) days after the close of the Plan year in which the Participant Separates from Service with the Employer.

14. Employer's Property. All amounts of compensation deferred under the Plan and Agreement, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall remain (until made available to the Participant or other beneficiary) solely the property and right of the Employer (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Employer's general creditors.

15. Employer Obligation to Participant. At any particular time, the value of the Account shall represent the sole obligation of Employer to Participant. With respect to Employer's obligation, Participant shall be a general (not secured) creditor.

16. Non-Assignment. Participant may not assign, anticipate, alienate, sell, transfer, pledge or in any way encumber any of the rights Participant may have hereunder and Employer shall reject and refuse to honor any such purported action with respect to such rights. This Plan and Agreement shall be binding on the assigns and successors of Employer and on the Personal Representative, Executor and Administrator of Participant. The interest of the Participant or any beneficiary designated by the Participant or in any obligation established by the Plan and Agreement shall not be subject to the claims of Participant's creditors or to legal process on behalf of Participant's creditors or be liable for the debts of any beneficiary.

DEFERRED COMPENSATION PLAN AND AGREEMENT  
PAGE 7.

17. Plan to Plan Transfers. If a Participant Separates from Service in order to accept employment with another employer within the state of Alaska that sponsors an "eligible deferred compensation plan" within the meaning of Section 457 of the Internal Revenue Code, and that employer's plan accepts transfers; the amount previously deferred shall automatically be transferred to such plan of the new employer, regardless of any other provision of this Plan and Agreement.

18. Acceptance of Deferrals From Another Plan. Amounts of compensation deferred by a Participant pursuant to another "eligible deferred compensation plan" within the meaning of the Internal Revenue Code, will be accepted by this Plan and Agreement. Such amounts shall be credited to the Participant's Account established pursuant to this Plan and Agreement and shall be subjected to all the terms and provisions of this Plan and Agreement.

19. Revocation. A Participant may revoke any and all deferred compensation Plan and Agreements previously executed by agreement in writing signed by the Participant and the Employer. Revocation of the Plan and Agreement will not accelerate payment of amounts deferred. Payment will occur only upon the happening of one of the specific events detailed in this Plan and Agreement.

20. Frontier Alaska State Credit Union is not a party of this Plan and Agreement. Any account established hereunder may be subject to rate schedules adopted by the credit union from time to time.

21. Compliance with Section 457. This Plan and Agreement is intended to comply with and to be administered in a manner consistent with Section 457 of the Internal Revenue Code. The provisions of this Plan and Agreement shall be interpreted in accordance with this intent. If requested by the Employer, the Participant agrees to cooperate in correcting any inconsistency in the administration of the Plan and Agreement under Section 457 of the Internal Revenue Code.

# ALASKA PENSION SERVICES

---

December 18, 1984

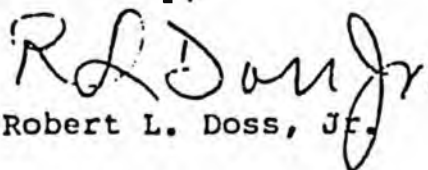
Mr. Robert Libbey  
Assistant General Manager  
Frontier Alaska State Credit Union  
3500 Eide Street  
Anchorage, AK 99503

Dear Mr. Libbey:

We have reviewed the document and related forms which you have presented to us, which are entitled "Deferred Compensation Plan and Agreement".

It is our opinion that this "Deferred Compensation Plan and Agreement" will qualify for use as an eligible State deferred compensation plan in accordance with Internal Revenue Code Section 457, assuming the parties to the plan and agreement are qualified in accordance with Section 457.

Sincerely,

  
Robert L. Doss, Jr.

26/RLD/11g



-----NATIONAL CREDIT UNION ADMINISTRATION-----  
REGION VI

VI/JRP:jm  
Charter No. 66157  
July 10, 1984

Leslie Ellis, Manager  
Frontier Alaska  
State Credit Union  
3500 Eide Street  
Anchorage, Alaska 99503

Dear Mr. Ellis:

We are responding to your recent letter on the National Credit Union Administration Share Insurance coverage for deferred compensation plans.

Section 745.9-3 of the National Credit Union Administration Rules and Regulations provides that funds deposited by an employer pursuant to a deferred compensation plan shall be insured up to \$100,000 as to the interest of each plan participant who is a member, separately from other accounts of the participant or employer.

A copy of the cited section of the regulation is enclosed for your reference.

Sincerely,

*for* D. MICHAEL RILEY  
Regional Director

Enclosure

(b) **Qualifying joint accounts.** A joint account shall be deemed to exist, for purposes of insurance of accounts, only if each coowner has personally executed a joint account signature card and possesses withdrawal rights. The restrictions of this paragraph shall not apply to coowners of a time certificate of deposit or to any deposit obligations evidenced by a negotiable instrument, but such a deposit must in fact be jointly owned.

(c) **Failure to qualify.** An account owned jointly which does not qualify as a joint account for purposes of insurance of accounts shall be treated as owned by the named persons as individuals and the actual ownership interest of each such person in such account shall be added to any other accounts individually owned by such person and insured up to \$100,000 in the aggregate.

(d) **Same combination of individuals.** All joint accounts owned by the same combination of individuals shall first be added together and insured up to \$100,000 in the aggregate.

(e) **Interest of each coowner.** The interests of each coowner in all joint accounts owned by different combinations of individuals shall then be added together and insured up to \$100,000 in the aggregate.

#### §745.9-1 Trust accounts.

All trust interests, for the same beneficiary, deposited and established pursuant to valid trust agreements created by the same settlor (grantor) shall be added together and insured up to \$100,000 in the aggregate, separately from other deposit or share accounts of the trustee of such trust funds or the settlor or beneficiary of such trust arrangements.

#### §745.9-2 Keogh Accounts and Individual Retirement Accounts.

(a) The present vested ascertainable interest of a participant or designated beneficiary in a trust or custodial account maintained pursuant to a pension or profit-sharing plan described under §401(d) or §408(a) of the Internal Revenue Code shall be insured up to \$100,000 separately from other deposits of the participant or designated beneficiary.

(b) Upon liquidation of the credit union, any insurance coverage payment shall be made by the Administrator to the trustee or custodian, or the successor trustee or custodian, unless otherwise directed in writing, by the plan participant or beneficiary.

#### §745.9-3 Deferred Compensation Accounts.

Funds deposited by an employer pursuant to a deferred compensation plan shall be insured up to \$100,000 as to the interest of each plan participant who is a member, separately from other accounts of the participant or employer.

#### §745.10 Public unit accounts.

(a) Public funds invested in Federal credit unions and federally-insured state credit unions authorized to accept such investments shall be insured as follows:

(1) Each official custodian of funds of the United States lawfully investing the same in a federally-insured credit union shall be separately insured up to \$100,000;

(2) Each official custodian of funds of any state of the United States or any county, municipality, or political subdivision thereof lawfully investing the same in a federally-insured credit union in the same state shall be separately insured up to \$100,000;

(3) Each official custodian of funds of the District of Columbia lawfully investing the same in a federally-insured credit union in the District of Columbia shall be separately insured up to \$100,000;

(4) Each official custodian of funds of the Commonwealth of Puerto Rico, the Panama Canal Zone, or any territory or possession of the United States, or any county, municipality, or political subdivision thereof lawfully investing the same in a federally-insured credit union in Puerto Rico, the Panama Canal Zone, or any such territory or possession, respectively, shall be separately insured up to \$100,000;

(5) Each official custodian referred to in subsections (a)(2), (3), and (4) of this section lawfully investing such funds in a federally-

Anchorage School District  
**AUTHORIZED PAYROLL DEDUCTION**

SOCIAL SECURITY NUMBER	CD	NAME - Last	First	Middle

<p><b>Check and sign all blocks where applicable.</b>  <b>To stop a deduction write the word DELETE in the amount.</b>  <b>PLEASE READ AND CHECK CAREFULLY.</b></p>	<b>CARD CODE</b>	<b>Administrative Use Only</b>		
		<b>CODE</b>	<b>AMOUNT</b>	<b>LIMIT</b>
1. TEACHER'S RETIREMENT REINSTATEMENT \$ _____ per month	K	0203		
2. TEACHER RETIREMENT ARREARAGES \$ _____ per month	K	0202		
3. PUBLIC EMPLOYMENT RETIREMENT REINSTATEMENT \$ _____	K	0252		
4. SAVINGS BONDS \$ _____ per pay period	K	0802		
5. UNITED WAY \$ _____ per month \$ _____ Annual Limit	K	0500		
6. TOTEM \$ _____ per month	K	0465		
7. FOOD SERVICE ASSOCIATION DUES \$ _____	K	0460		
8. PUPIL TRANSPORTATION TEAMSTER'S DUES \$ _____ per month	K	0450		
9. TEAMSTER'S MAINTENANCE DUES \$ _____ per month	K	0457		
10. ALASKA LABORER'S LOCAL 71 \$ _____	K	0453		
11. ALASKA LABORER'S LOCAL 71 INITIATION FEE \$ _____	K	0454		
12. ANCHORAGE PRINCIPAL ASSOCIATION \$ _____ per month \$ _____ Annual Limit	K	0410		
13. OTHER \$ _____ \$ _____				
14. CREDIT UNION \$ _____ per month Account Number _____ I understand that all new accounts or changes must be processed at the Credit Union. This amount will replace all other established deductions. Account number must be present.	K  J	0700	Account Number _____	

CLERK

I hereby authorize the above deductions with the understanding that written notice is required FIFTEEN (15) days prior to payday to change a deduction.

Name \_\_\_\_\_

Location \_\_\_\_\_

Date \_\_\_\_\_

DISTRIBUTION White - Personnel, Yellow - Payroll, Pink - Individual

# ALASKA PENSION SERVICES

---

January 21, 1985

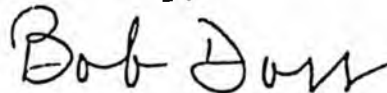
Mr. Robert Libbey  
Assistant General Manager  
Frontier Alaska State Credit Union  
3500 Eide Street  
Anchorage, AK 99503

Dear Bob:

Enclosed as we discussed is a draft of an Unforeseeable  
Emergency Withdrawal Request form that can be used with your  
proposed Deferred Compensation plan.

Let me know if you have any questions or comments  
regarding the form.

Sincerely,



Robert L. Doss, Jr.

27/RLD/llg

UNFORESEEABLE EMERGENCY WITHDRAWAL REQUEST

Employer: \_\_\_\_\_  
Name of Participant \_\_\_\_\_  
Address: \_\_\_\_\_

Daytime Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security No.: \_\_\_\_\_

\_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

I hereby request that amounts deferred for me under the Deferred Compensation Plan and Agreement be paid to me in the amount and manner and at the time indicated below.

This request is made as a result of the following circumstances: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Please attach additional pages if more space is necessary.)

I certify that funds are not or will not be available to meet this emergency either:

- (i) through reimbursement of compensation by insurance or otherwise,
- (ii) by liquidation of any assets I may have without causing severe financial hardship or
- (iii) by cessation of deferrals under the Plan.

AMOUNT OF PAYMENT REQUESTED: \_\_\_\_\_

MANNER OF PAYMENT REQUESTED (select one):

\_\_\_\_\_ equal payments for \_\_\_\_\_ years.  
 ( \_\_\_\_\_ Annual \_\_\_\_\_ Semiannual \_\_\_\_\_ Quarterly \_\_\_\_\_ Monthly )  
 \_\_\_\_\_ % of Account each year for \_\_\_\_\_ year(s), then the balance  
 of the Account in \_\_\_\_\_ equal payments for \_\_\_\_\_ year(s).  
 \_\_\_\_\_ Lump Sum  
 \_\_\_\_\_ Other: \_\_\_\_\_

(If the amounts accumulated by the Participant as of the Payment Commencement Date total less than \$2,000.00, or if monthly payments would be less than \$25.00, the Employer will specify a lump sum or an accelerated payment schedule.)

PAYMENT COMMENCEMENT DATE REQUESTED: \_\_\_\_\_

I agree to provide whatever additional information the Employer may deem reasonably necessary to make a determination regarding this request.

PARTICIPANT:

DATE \_\_\_\_\_

ACTION BY EMPLOYER:

\_\_\_\_\_ Request APPROVED

\_\_\_\_\_ Request DENIED

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

# ALASKA PENSION SERVICES

---

January 21, 1985

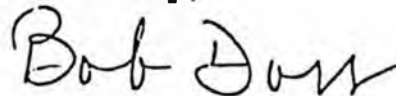
Mr. Robert Libbey  
Assistant General Manager  
Frontier Alaska State Credit Union  
3500 Eide Street  
Anchorage, AK 99503

Dear Bob:

Enclosed as we discussed is a draft of an Unforeseeable  
Emergency Withdrawal Request form that can be used with your  
proposed Deferred Compensation plan.

Let me know if you have any questions or comments  
regarding the form.

Sincerely,



Robert L. Doss, Jr.

27/RLD/11g

UNFORESEEABLE EMERGENCY WITHDRAWAL REQUEST

Employer: \_\_\_\_\_  
Name of Participant \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
City State Zip

Daytime Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Social Security No.: \_\_\_\_\_

I hereby request that amounts deferred for me under the Deferred Compensation Plan and Agreement be paid to me in the amount and manner and at the time indicated below.

This request is made as a result of the following circumstances: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Please attach additional pages if more space is necessary.)

I certify that funds are not or will not be available to meet this emergency either:

- (i) through reimbursement of compensation by insurance or otherwise,
- (ii) by liquidation of any assets I may have without causing severe financial hardship or
- (iii) by cessation of deferrals under the Plan.

AMOUNT OF PAYMENT REQUESTED: \_\_\_\_\_

MANNER OF PAYMENT REQUESTED (select one):

\_\_\_\_\_ equal payments for \_\_\_\_\_ years.  
 ( \_\_\_\_\_ Annual \_\_\_\_\_ Semiannual \_\_\_\_\_ Quarterly \_\_\_\_\_ Monthly)  
 \_\_\_\_\_ % of Account each year for \_\_\_\_\_ year(s), then the balance  
 of the Account in \_\_\_\_\_ equal payments for \_\_\_\_\_ year(s).  
 \_\_\_\_\_ Lump Sum  
 \_\_\_\_\_ Other: \_\_\_\_\_

(If the amounts accumulated by the Participant as of the Payment Commencement Date total less than \$2,000.00, or if monthly payments would be less than \$25.00, the Employer will specify a lump sum or an accelerated payment schedule.)

PAYMENT COMMENCEMENT DATE REQUESTED: \_\_\_\_\_

I agree to provide whatever additional information the Employer may deem reasonably necessary to make a determination regarding this request.

PARTICIPANT:

\_\_\_\_\_  
DATE \_\_\_\_\_

ACTION BY EMPLOYER:

\_\_\_\_\_ Request APPROVED

\_\_\_\_\_ Request DENIED

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

§ 39.45.025

ctions withheld  
States savings  
ion. After the  
ployee.  
regulations to

rred

ents

ubdivision of  
fer, in whole  
the contract  
l subdivision  
ce or annuity  
tion program  
(SLA 1973)

administra-  
vees is under  
litical subdi-  
esignate the

nd shall be

ogram may  
billing and

retirement  
39.35.030)

try to carry  
on program  
l the board

regulations  
erred com-

onnection  
:ensation

§ 39.45.030

PUBLIC OFFICERS AND EMPLOYEES

§ 39.45.060

(4) act as an appeals board, hold hearings at the request of an employer, employee, surviving spouse, or a beneficiary on decisions made by the administrator that relate to the deferred compensation program for state employees, and submit its findings to the administrator;

(5) prescribe the policies for the proper operation of the deferred compensation program for state employees and take other action that it considers necessary to carry out the intent and purpose of the program.

(b) In this section "administrator" means the administrator of the deferred compensation program for state employees. (§ 38 ch 146 SLA 1980)

**Sec. 39.45.030. Investment authority.** The administrator of the state or political subdivision deferred compensation program is authorized, subject to contracts with individual employees, to invest the funds held under a deferred compensation program in fixed and variable life insurance and annuity contracts. (§ 1 ch 40 SLA 1973)

**Sec. 39.45.040. Additional benefits.** The deferred compensation program established under this chapter exists and serves in addition to any existing retirement, pension, or benefit system established by the state or its political subdivisions and may not effect a reduction in benefits receivable under an existing system. (§ 1 ch 40 SLA 1973)

Revisor's notes. — In ch. 40, SLA 1973, this section contained the phrase "may not affect a reduction." That appears to involve a typographical error, and "affect" has been changed to "effect" here.

**Sec. 39.45.050. Tax deferred investments.** The administrator of a deferred compensation program under this chapter shall invest only in contracts that allow for deferment of the state and federal income tax until benefits are receivable under the program and shall make appropriate withholding adjustments in each participating employee's payroll. (§ 1 ch 40 SLA 1973)

**Sec. 39.45.060. Definition.** In this chapter "employee" means a person, whether appointed, elected or under contract, who provides services for the state or a political subdivision of the state for which compensation is given. (§ 1 ch 40 SLA 1973)

### Chapter 50. Conflict of Interest.

Section

- 10. Findings and purpose
- 20. Report of financial and business interests
- 25. Notification to candidates for legislature
- 30. Contents of statements

Section

- 35. Exemptions
- 40. Blind trusts
- 50. Administration and inspection
- 60. Penalty for willful violation of disclosure requirements
- 70. Failure to report by department, divi-

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**  
 Bill/Resolution No.: HB 406  
 Title: "An Act relating to invest-  
 ment of funds . . . ."  
 Sponsor: Rep. Boucher  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**  
 Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: \_\_\_\_\_  
Public Protection  
 BRU, Program or Subprogram(s) Affected:  
Banking, Securities and Corporations

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 83	FY 84	FY 85	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
300 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

**ANALYSIS:** Attach a separate page if necessary

Prepared By: Willis F. Kirkpatrick, Director Phone: 465-2521  
 Division: Banking, Securities and Corporations Date: \_\_\_\_\_

Approved by Commissioner: Loren H. Lounsbury Date: 5/6/85  
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

HB 406

Presented to Senate Finance

HB 406 WOULD PERMIT ALASKA CREDIT UNIONS, AS  
AS WELL AS OTHER FINANCIAL INSTITUTIONS, TO DEVELOP TAX-EXEMPT  
'DEFERRED COMPENSATION' PROGRAMS TO BE OFFERED TO PUBLIC  
EMPLOYEES THROUGH THEIR VARIOUS EMPLOYERS.

DEFERRED COMPENSATION IS A TAX-EXEMPT SAVINGS PROGRAM  
APPROVED UNDER FEDERAL IRS CODE. THE IRS CODE PERMITS TWO  
KINDS OF PLANS, ONE THROUGH INSURANCE COMPANIES AND THE OTHER  
THROUGH FINANCIAL INSTITUTIONS.

CURRENTLY, ALASKA LAW ONLY RECOGNIZES INVESTMENT THROUGH  
INSURANCE COMPANIES, WITH FIXED AND VARIABLE LIFE INSURANCE  
AND ANNUITY CONTRACTS. THIS BILL WOULD ALLOW ALASKAN PUBLIC  
EMPLOYEES TO ALSO OBTAIN DEFERRED COMPENSATION THROUGH  
FINANCIAL INSTITUTIONS, IN KEEPING WITH FEDERAL LAW.

ALASKA LAW WAS WRITTEN FOR INSURANCE COMPANIES BECAUSE IN  
THE EARLY 1970'S ONLY INSURANCE AND ANNUITY INVESTMENTS COULD  
COMPETE EFFECTIVELY FOR THESE PROGRAMS. HOWEVER, IN RECENT  
YEARS DEREGULATION OF BANKING HAS MADE FINANCIAL INSTITUTIONS  
COMPETITIVE FOR THESE LONG-TERM DEPOSITS. BY EXPANDING THE  
LAW TO COVER FINANCIAL INSTUTITONS, WE ARE THUS EXPANDING THE  
OPTIONS OF BOTH THE EMPLOYER AND THE EMPLOYEE TO CHOOSE THE

DEFERRED COMPENSATION PLAN THAT FITS THEM BEST.

FINANCIAL INSTITUTIONS MEAN BANKS, CREDIT UNIONS, ETC.; BUT THAT IS NOT JUST AN ABSTRACT CONCEPT. ONE BIG ADVANTAGE OF THE BILL IS THAT IT WOULD ALLOW EMPLOYEES TO HAVE THE BENEFIT OF WORKING THROUGH A FINANCIAL INSTITUTION WHICH THEY FREQUENT REGULARLY AND WHERE EVIDENCE OF DEPOSITS MAY HELP THEM WITH OTHER FINANCING AS WELL.

SECONDLY, THIS BILL IS A KIND OF 'ALASKA RESIDENT HIRE' BILL. IT KEEPS ALASKAN EMPLOYEES' LONG-TERM SAVINGS INVESTED IN ALASKA, WHERE IT CAN BE RECIRCULATED TO HELP UNDERWRITE ALASKA LOANS AND INVESTMENTS. MOST INSURANCE AND ANNUITY MONEY AND DEPOSITS GO STRAIGHT OUT OF THE STATE AND ARE INVESTED ELSEWHERE.

THIRDLY, THE BILL WILL ALLOW ALASKA CREDIT UNIONS AND BANKS TO COMPETE FOR THESE LONG-TERM DEPOSITS. IN THE CASE OF CREDIT UNIONS IT WOULD HELP UNDERWRITE CONSUMER LEVEL LOANS AND LOANS OF CREDIT UNION BORROWERS. COMMERCIAL AND SAVINGS BANKS WOULD FIND A BROADER INVESTMENT ARENA JUST WHEN THE ECONOMY IS STARTING TO DROP DOWN BECAUSE OF DROPS IN OIL REVENUES.

THE BILL THUS DOES 3 THINGS: 1) IT BENEFITS THE EMPLOYEE BY GIVING HIM ADDITIONAL OPTIONS; 2) IT BENEFITS ALASKAN FINANCIAL INSTITUTIONS BY BUILDING LONG-TERM DEPOSITS; 3) IT HAS A GENERAL ECONOMIC BENEFIT TO THE STATE BY KEEPING CAPITAL WITHIN THE STATE.

THERE IS A ZERO FISCAL NOTE, AND THIS BILL PASSED OUT OF THE HOUSE UNANIMOUSLY. I WOULD APPRECIATE ANY SUPPORT YOU

COULD THEREFORE GIVE THE BILL.

Introduced: 4/29/85  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 406

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to investment of funds from deferred  
7 compensation."

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

9 \* Section 1. AS 39.45.010 is amended to read:

10 Sec. 39.45.010. AUTHORITY. The state or a political subdivision  
11 of the state may, by contract, agree with an employee to defer, in  
12 whole or in part, that employee's salary or wages. [IF INCLUDED IN  
13 THE CONTRACT TO DEFER PAYMENT OF SALARY OR WAGES, THE STATE OR A  
14 POLITICAL SUBDIVISION OF THE STATE SHALL PURCHASE A FIXED OR VARIABLE  
15 LIFE INSURANCE OR ANNUITY CONTRACT FOR THE PURPOSE OF FUNDING THE  
16 DEFERRED COMPENSATION PROGRAM PROVIDED FOR IN THIS CHAPTER, FOR THE  
17 EMPLOYEE.]

18 \* Sec. 2. AS 39.45.030 is amended to read:

19 Sec. 39.45.030. INVESTMENT AUTHORITY. The administrator of the  
20 state or political subdivision deferred compensation program is au-  
21 thorized, subject to contracts with individual employees, to invest  
22 the funds held under a deferred compensation program in

23 (1) fixed and variable life insurance and annuity con-  
24 tracts;

25 (2) shares of or deposits in insured state or federal char-  
26 tered credit unions in the state;

27 (3) shares of or deposits in insured state or federal char-  
28 tered savings and loan associations in the state;

29 (4) deposits in insured mutual savings banks in the state;

1        and

2                    (5) deposits in insured state and national banks in the  
3        state.

4        \* Sec. 3. AS 39.45.030 is amended by adding a new subsection to read:

5                    (b) In this section, "insured" means insured by the federal  
6        government or an agency of the federal government.

COMMITTEE REPORT  
SENATE

FURTHER:

FINANCE

5/10/85

Date 4/10/80

Mr. President

The Committee on STATE AFFAIRS considered HB 406

investment of funds from deferred compensation.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Edu. By Ume  
V. J. ...  
Bill Ray  
Tom Kelly

MEMBERS HAVING  
OTHER RECOMMENDATIONS

[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman  
[Signature]  
Chairman recommendation

**HOUSE  
COMMITTEE REPORT**

(11)

Date referred: 2/5/86

FURTHER REFERRALS:

(Finance added 2/5)

DATE: 2-28-86

The FINANCE Committee has considered HB 409

"An Act relating to licensing of school bus drivers; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 409 (TRAN)  same title  new title

and recommends do pass

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal notes (2)

SIGNING DO PASS:

Alberto Adams

Ronald J. Jarama

Pat Fournier

Steve Kujala

Al Trout

John P. Bielez

Gene Costa

Mike Symonelli

SIGNING OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Alberto Adams  
Chairman

Offered: 1/29/86  
Referred: State Affairs

Original sponsors: Jenkins, Larson,  
Hurley, et al

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR HOUSE BILL NO. 409 (Transportation)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to training and licensing of school  
7 bus drivers; and providing for an effective date."

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

9 \* Section 1. AS 14.07.020(a) is amended by adding a new paragraph to  
10 read:

11 (14) establish, in coordination with the Department of  
12 Public Safety, a school bus driver training course.

13 \* Sec. 2. AS 28.15.041(b) is amended to read:

14 (b) A person may not drive a [SCHOOL BUS TRANSPORTING SCHOOL  
15 CHILDREN, OR A BUS TRANSPORTING SCHOOL-AGE CHILDREN OR ANOTHER] motor  
16 vehicle when in use for the transportation of persons for compensation  
17 until the person has applied for and has been issued a license for  
18 that purpose under (a) of this section. The department may not issue  
19 a license under this subsection unless the applicant is at least 19  
20 years of age, has had at least one year of driving experience, and the  
21 department is satisfied as to the applicant's good character, compe-  
22 tence and fitness to be licensed; nor may the department issue the  
23 license until proper application has been made and all required driv-  
24 ing, written, and physical examinations have been successfully com-  
25 pleted. A license issued under this subsection expires on September 1  
26 of the year following issuance. Application for renewal may be made  
27 by submitting to the department the results of a current physical  
28 examination and paying the required fee.

29 \* Sec. 3. AS 28.15 is amended by adding a new section to read:

1           Sec. 28.15.046. LICENSING OF SCHOOL BUS DRIVERS. (a) In addi-  
2           tion to the requirements of AS 28.15.041(a), a person may not drive a  
3           school bus transporting school children, or a bus transporting school-  
4           age children until the person has applied for and has been issued a  
5           license for that purpose under this section.

6           (b) The department may not issue a license under this section  
7           unless the applicant

8                     (1) is at least 19 years of age;

9                     (2) has had a license to operate a motor vehicle at least  
10           one year before the date of application;

11                    (3) has successfully completed all required driving, writ-  
12           ten, and physical examinations;

13                    (4) has submitted information sufficient to complete a  
14           background check consisting of a fingerprint check of national crimi-  
15           nal records and state criminal records of the state or states in which  
16           the applicant has resided for the past two years;

17                    (5) has completed a state approved school bus driver train-  
18           ing course established under AS 14.07.020(a)(14) or has for the previ-  
19           ous two years been licensed by the state to operate a school bus.

20           (c) The department may not issue a license under this section to  
21           an applicant who has been convicted of any of the following offenses  
22           within 20 years of the time of application:

23                    (1) sexual abuse of a minor in any degree (AS 11.41.434 -  
24           11.41.440);

25                    (2) sexual assault in any degree (AS 11.41.410 or 11.41.-  
26           420);

27                    (3) incest (AS 11.41.450);

28                    (4) unlawful exploitation of a minor (AS 11.41.455);

29                    (5) contributing to the delinquency of a minor

1 (AS 11.51.130);

2 (6) a felony involving possession of a controlled or imita-  
3 tion controlled substance (AS 11.71 or AS 11.73);

4 (7) a felony or misdemeanor involving distribution of a  
5 controlled or imitation controlled substance (AS 11.71 or AS 11.73);

6 (8) promoting prostitution in the first or second degree  
7 (AS 11.66.110 or 11.66.120).

8 (d) The department may not issue a license to an applicant who  
9 has been convicted of driving while intoxicated (AS 28.30.030) within  
10 two years of the time of application or to an applicant who has two or  
11 more convictions for driving while intoxicated within 10 years of the  
12 time of application.

13 (e) For purposes of determining whether an applicant has been  
14 convicted of an offense listed under (c) or (d) of this section, a  
15 conviction under prior state law or in another jurisdiction of an  
16 offense having elements substantially similar to those of the offenses  
17 listed in (c) or (d) of this section is considered a conviction.

18 (f) Costs of conducting the background check required under  
19 (b)(4) of this section shall be paid by the applicant. A license  
20 issued under this section expires on September 1 of the year following  
21 issuance. Application for renewal may be made by submitting to the  
22 department the results of a current physical examination and paying  
23 the required fee.

24 \* Sec. 4. This Act takes effect September 1, 1987.

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 2/27/86

**REQUEST**

Bill/Resolution No.: CSHB 409 (Trans)  
 Title: Training and licensing  
School Bus Drivers

Sponsor: Jenkins  
 Requestor: House Finance Committee  
 Date of Request: 2/27/86

**FISCAL DETAIL**

Agency Affected: Education  
 BRU: Education, Finance and  
Support Services

Components : \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		0	0	0	0	0
TRAVEL		0	0	0	0	0
CONTRACTUAL		0	0	0	0	0
SUPPLIES		0	0	0	0	0
EQUIPMENT		0	0	0	0	0
LAND & STRUCTURES		0	0	0	0	0
GRANTS, CLAIMS		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
TOTAL OPERATING		0	0	0	0	0

CAPITAL		0	0	0	0	0
---------	--	---	---	---	---	---

REVENUE		0	0	0	0	0
---------	--	---	---	---	---	---

**FUNDING : (Thousands of Dollars)**

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

**POSITIONS :**

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

**ANALYSIS :** Attach a separate page if necessary

The Governor's budget includes \$24 million for pupil transportation. The cost of the school bus driver training program can be absorbed in the budget appropriation for pupil transportation.

Prepared by: Al Adams, Chair *APA* Phone: 465-3706  
 Division: House Finance Committee Date: 2/27/86

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

**Distribution (by Agency preparing fiscal note):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

H 0 40-1

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : CS HB 409 (Trans.)  
 Title : An Act relating to training  
and licensing of school bus drivers.  
 \_\_\_\_\_  
 Sponsor : Jenkins  
 Requestor : House Transportation  
 Date of Request : 1-28-86

**FISCAL DETAIL**

Agency Affected : Public Safety  
 BRU : Motor Vehicles  
 \_\_\_\_\_  
 Components : Driver Services  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL			8.8	9.2	9.7	10.2
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>8.8</b>	<b>9.2</b>	<b>9.7</b>	<b>10.2</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>8.8</b>	<b>9.2</b>	<b>9.7</b>	<b>10.2</b>
----------------	----------	----------	------------	------------	------------	-------------

**FUNDING : (Thousands of Dollars)**

GENERAL FUND	0	0	8.8	9.2	9.7	10.2
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>8.8</b>	<b>9.2</b>	<b>9.7</b>	<b>10.2</b>

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

This legislation requires fingerprint search of FBI files on each original school bus driver applicant. The FBI charges \$12.00 per search. DMV will receive approximately 733 original applications in FY88. DMV will be required to pay the FBI for the searches, however, the applicant is required to cover this cost. (cont')

Prepared by : Bill Brown RB Phone : 465-2650  
 Division : Motor Vehicles Date : 1-21-86

Approved by Commissioner : J. Wynn Date : 1/28/86  
 Agency : Public Safety

**Distribution (by Agency preparing fiscal note) :**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

## CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CS HB 409 (Trans)

### ANALYSIS (cont')

At time of application each applicant will be required to pay \$12.00 (in addition to license fee), which will be deposited in the general fund. 733 applicants x \$12.00 per search = \$8,800. A 5% growth factor was used for FY89 and subsequent years.

### INFORMATION

For the fiscal note dated 5-1-85, an estimate of the number of original school bus applicants was used. During 1985, statistics were compiled to obtain the actual number. This fiscal note is based on actual number of applicants in calendar year 1985, with a 5% growth factor.

Alaska  
State Board  
of Education

Ernestine Griffin  
President  
Box 808  
Sitka, AK 99835  
747-3319

Don Gray  
326 Ketchikan Avenue  
Fairbanks, AK 99701  
456-7794 (w) 452-5737 (h)

Mary Schaeffer  
Second Vice President  
Box 106  
Kotzebue, AK 99752  
442-3311 (w) 442-3468 (h)

William Eubank  
Box 112  
Sand Point, AK 99661  
383-2377 or 393-3211

Sue Hull  
1630 Washington Drive  
Fairbanks, AK 99701  
479-5729

Barney Gottstein  
Vice President  
6411 "A" Street  
Anchorage, AK 99501  
561-1944 (w) 277-0382 (h)

Janie Leask  
P.O. Box 104836  
Anchorage, AK 99510  
274-3611 (w)

Col. Roger K. Strosnider  
Military Advisory Member  
USAF  
P.O. Box 4556  
Eielson AFB, AK 99702  
377-4222 (w) 488-3663 (h)

Katie Henry  
Student Advisory Member  
418 Kennedy Street  
Juneau, AK 99801  
586-1632

# BOARD REPORT

Pouch F, Juneau, Alaska 99811  
More Information: Harry Gamble 465-2821

FOR IMMEDIATE RELEASE  
February 6, 1986

Here is the action from the State Board of Education meeting February 3 and 4 in Juneau. The Board:

\*Approved a resolution supporting Governor Bill Sheffield's debt containment legislation, HB 520.

\*Supported the following legislation: CSSB 240, which would increase the penalty for illegally passing a school bus; Executive Order 62, which would transfer fire service training responsibilities from the Department of Education to the Division of Public Safety; SB 230, which would increase from two to three years the requirement for teacher tenure, and would permit schools to dismiss teachers because of loss of funds; SB 104, which would increase from three to five years the maximum duration of pupil transportation contracts; SB 8, which would encourage school districts to offer curriculum in personal safety; SB 381, which would establish a forward funding provision for funding public schools; HB 526, which would provide funding to the Alaska State Museum for preservation of important artifacts of Alaska culture; and HB 409, which would provide for training and licensing of school bus drivers.

\*Opposed the following legislation: SB 319, which would establish a separate unit within the Department of Education, with a governing board, to provide statewide services to severely handicapped students; CSHB 174, which would require teachers to be trained in first aid and emergency procedures.

\*Voted to take no position on: HB 480, which would prohibit the use of corporal punishment in school districts as a form of discipline; and SCR 10, which would request that the State Board request local school boards to require the study of Alaska History including ramifications of the Alaska Native Claims Settlement Act (ANCSA). In taking no position on these two measures, the Board noted that most local school districts already have established policies regarding corporal punishment and that nearly all school districts either require Alaska history, including the ramifications of ANCSA, or they provide such classes as an elective.

The Board also:

\*Accepted the Alaska Schools of the Future plan, for which Governor Sheffield provided \$1.5 million in his FY 1987 operating budget request.

\*Sent the following regulation for public comment: 4 AAC 06.27 (a)(b)(c), would be repealed and replaced with the

FEB 18 1986



1040 EAST FIRST AVENUE, P.O. BOX 105020, ANCHORAGE, ALASKA 99510, (907) 276-7823

February 11, 1986

Representative Jenkins  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Jenkins;

Laidlaw Transit, Inc. is a school bus contractor working for the Anchorage School District and the Kenai Borough School District. We employ approximately 220 bus drivers and bus attendants in those two districts.

We wholeheartedly support House Bill No. 409, "An Act relating to training and licensing of school bus drivers; and providing for an effective date".

Sincerely,

A handwritten signature in cursive script that reads "Christine M. Flegel".

Christine M. Flegel  
Safety, training & personnel  
Laidlaw Transit, Inc.  
Anchorage, Alaska

# KENAI PENINSULA BOROUGH SCHOOL DISTRICT

FEB 26 1986

148 North Binkley Street • Soldotna, AK 99669 • Phone 907/262-5846



February 24, 1986

House Finance Committee  
Pouch V  
Juneau, AK 99811

Dear Representatives:

As a member of the Alaska School Bus Safety Committee and Transportation Coordinator for our school district, I would like to speak, through this letter, in support of HB 409.

As the bill eliminates some of the discretion of the Department of Public Safety, it also mandates that individuals will be of good character before a bus driver's license is issued.

Thank you for your representation and support.

Sincerely,

A handwritten signature in cursive script that reads "Penny Little".

Penny Little  
Transportation Coordinator

cc: Roger Jenkins ✓

# Pupil Transportation Systems

6631 East 9th Avenue

Anchorage, Alaska 99504

(907) 333-5708

---

Feb. 24, 1986

Rep. Fat Pourchot  
Pouch V  
Juneau, Alaska 99811

Re: CSHB 409

Finally, after many years of struggles and frustrations, a bill supporting school bus driver training is proceeding through the legislature.

This long awaited and much needed legislation would benefit not only related State Departments, but all communities that transport school children, everyone else connected with pupil transportation, and also the other taxpayers of the state.

By providing the fiscal means, establishing Statute language, and incorporating the training program, this bill would fill the void now present regarding pupil transportation. At the present time there is no Statute language requiring any training program for school bus drivers, no State authorized training program of any kind, and no monitoring system reflecting the quality of personnel being employed, or any assurance they are receiving even minimum instruction.

Aside from the legal void that puts the State Department of Education and the taxpayers in a vulnerable position during any litigation involving pupil transportation, CSHB 409 would also ensure that reputable people are being hired and are receiving a standardized program of instruction preparing them for a most difficult task.

Therefore, I respectfully request your support for CSHB 409.

Sincerely;



Cecil Whitehurst

cc: Rep. Albert P. Adams, Chairman, House Finance Committee  
Rep. Roger Jenkins, Sponsor of CSHB 409

## CAECC approves schoolbus safety bill, rejects change

The Chugiak Citizens Educational Concerns Committee (CAECC), the parent advisory group at the high school, voted at a meeting Tuesday night in favor of a bill tightening the requirements for a schoolbus driver's license. The bill is currently working its way through committees in the state House.

The approval came after the group rejected a proposed amendment to the bill which would have given the state the power to cancel schoolbus contracts with local school districts if any of the contractor's drivers violate the rules contained in the state schoolbus driver's manual.

Dixie Armstrong, head of the CAECC's Schoolbus Safety Subcommittee, said she proposed the amendment as a way of making both contractors and drivers more accountable for their actions.

But the measure drew heavy opposition from schoolbus

drivers both at Tuesday's meeting and a separate meeting of the subcommittee the previous Thursday. Armstrong said drivers insisted they are responsible for their actions now, and viewed the amendment as the wrong approach, preferring instead to place more emphasis on training students in safe behavior around school buses.

At Tuesday's meeting, Armstrong said Anchorage School District transportation services director Steve Kalmas also voiced concerns about the amendment. She said Kalmas feared that the state voiding a schoolbus contract could pose a serious hardship to the district; he also said adding the amendment might threaten the passage of the entire bill.

Armstrong said the CAECC voted 5-2 against the amendment, and then unanimously in favor of the house bill, with Armstrong abstain'g.



Eagle River Rep. Sam Cotten (center) met recently with Chugiak High School students Brandon Walcutt, left, and Greg Kimura as part of the Alaska Closeup program.

## Cotten proposes revisions to the Alaska Lien Law

Rep. Sam Cotten has introduced legislation which would revise the Alaska Mechanic and Materialman's Lien Act.

The bill, HB 494, will provide subcontractors and suppliers with more efficient means to recover payment when owners or general contractors fail to make payment for work or equipment

### Chamber seeks nominations for Bear Paw awards

The Chugiak - Eagle River Chamber of Commerce is currently accepting nominations for their annual Bear Paw Awards.

Each year, an individual and a business or service organization is singled out by the Chamber in recognition of their special contribution to the community.

The nominating committee chairman is Hank Warren of Re/Max of Eagle River; other committee members are Ian Hawes of the First National Bank of Anchorage, Lee Jordan of the Chugiak - Eagle River Star, and Marianna Koehler of Today's Real Estate.

Persons wishing to nominate an individual or an organization are asked to contact one of the committee members. Nominations will be accepted until March 25; the awards will be presented at the April 1 Chamber luncheon.

provided by the subcontractor. Subcontractors requested the legislation because many have found the present system to be ineffective.

"The problem of contractors not paying subcontractors or suppliers has increased lately partly due to overbuilding in the Anchorage area," said Cotten. According to Cotten, most contractors and owners follow good business practices and this bill will not affect them.

The bill changes the present stop payment notice to a direct payment notice (DPN). When a claimant (a supplier or subcontractor) has a problem with payment they may file a DPN with the lender and owner. The owner has ten days to object to the notice. If the owner does not object the lender is to pay the claimant directly. If a notice of objection is received within ten days the lender is to issue payment jointly to the owner and claimant and leave it to them to work out their disputes by settlement or in the courts.

Cotten said, "The bill also gives subcontractors and suppliers equal priority with the banks in the event of foreclosure." Banking industry spokesmen have expressed concern about this section. Hearings on the proposal will examine these as well as other questions about Alaska's lien law.

## 2 CHS Students travel to Juneau

Chugiak High School students Greg Kimura and Brandon Walcutt were among a group of students visiting Juneau recently as part of the Alaska Closeup Program. The program gives students a chance to learn more about state government and the legislative process by visiting the capitol.

While in Juneau, Kimura and Walcutt attended House and Senate floor sessions and committee meetings. They chose a local issue (water quality) and

several bills before the legislature to research.

Among the bills they examined were the mandatory seatbelt bill, subsistence, and ethics legislation. After researching these bills, they formed a mock legislative body.

Kimura was elected Speaker of the House and presided over the mock legislature; Walcutt served as a committee chairman. They held committee hearings, and discussed and debated the bills before voting on them.

Kimura said the highlight of the trip was having lunch with area legislators and discussing issues with them.

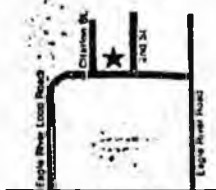
The Closeup students also participated in a televised news conference with Gov. Sheffield which was broadcast on the Rural Alaska Television Network.

After the students finished all their work requirements, they had an opportunity to tour the Juneau area and see the non-governmental side of the state capitol during their free time.

### church of Christ

EAGLE RIVER

Invites you to worship with us at our new building located on the Loop Road



• Sunday Services

Bible Class ... 10:00 a.m.

Worship Services

11:00 a.m. & 8:00 p.m.

Wednesday Bible Study

7:00 p.m.

694-3251

**SPECIAL**

## EMISSION TESTS

NOW JUST

# \$19.95

**NO APPOINTMENT NECESSARY**

**just stop in.**

**NO PASS—NO PAY**

Open Mon-Sat. 8-6




EAGLE RIVER  
Brooks & Chugiak  
694-3651

ANCHORAGE  
• 4627 Old Seward  
• 6th & Muldoon  
• 2020 Dowling (test only)

Shoe

by Jeff MacNelly



Shoe

by Jeff MacNelly



**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : CSHB 409  
 Title: Licensing of School Bus Drivers  
 Sponsor: Jenkins et al  
 Requestor: House Transportation  
 Date of Request: 1/29/86

**FISCAL DETAIL**

Agency Affected: Education  
 BRU: Education Finance and Support Services  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		108.5	68.5	67.3	68.9	70.6
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>108.5</b>	<b>68.5</b>	<b>67.3</b>	<b>68.9</b>	<b>70.6</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND	0	108.5	68.5	67.3	68.9	70.6
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS :**

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

**ANALYSIS :** Attach a separate page if necessary

Please refer to attached expenditure detail.

Prepared by: Steve Hole *Steve Hole* Phone: 2800  
 Division: Commissioner's Office Date: 1/29/86

Approved by Commissioner: Harold Reynolds, Jr. Date: 1/29/86  
 Agency: Education

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

ALASKA DEPARTMENT OF EDUCATION  
PUPIL TRANSPORTATION  
FUNDING REQUIRED FOR SCHOOL BUS DRIVER TRAINING PROGRAM  
HB 409

<u>CODE</u>	<u>EXPENDITURE CATEGORY</u>	<u>FY-87 AMOUNT</u>	<u>FY-88 AMOUNT</u>	<u>FY-89 AMOUNT</u>	<u>FY-90 AMOUNT</u>	<u>FY-91 AMOUNT</u>
100	<u>Personal Services</u> Full-time position FY-87; Part-time position thereafter	\$ 39,996	\$ 30,862	\$ 32,216	\$ 33,827	\$ 35,518
200	<u>Travel</u>					
	Conduct Instructor Workshops	\$ 12,720	\$ 8,480	\$ 8,480	\$ 8,480	\$ 8,480
	Conduct Local District Workshops	3,000	3,000	2,000	2,000	2,000
	Conduct Div. Motor Vehicle Workshops	5,500	2,500	2,000	2,000	2,000
	Subtotal	\$ 21,200	\$ 13,980	\$ 12,480	\$ 12,480	\$ 12,480
300	<u>Contractual</u>					
	Conduct Workshops	\$ 14,400	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600
	Develop Manuals	5,000				
	Develop Video	5,000				
	Print Manuals	5,000	4,000	3,000	3,000	3,000
	Telephone	500	500	500	500	500
	Bus Rental for Workshops	3,000	2,000	2,000	2,000	2,000
	Data Processing	9,000	4,500	4,500	4,500	4,500
	Subtotal	\$ 41,900	\$ 20,600	\$ 19,600	\$ 19,600	\$ 19,600
400	<u>Supplies</u>	\$ 4,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
500	<u>Equipment</u> Office Furniture	\$ 1,400				
	TOTALS	\$ 108,496 =====	\$ 68,442 =====	\$ 67,296 =====	\$ 68,907 =====	\$ 70,598 =====

# Alaska State Legislature

POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4453/4530  

---

2201 ROOSEVELT DRIVE  
ANCHORAGE, ALASKA 99503  
(907) 248-4234



MEMBER  
HOUSE RESOURCES COMMITTEE  
MEMBER  
HOUSE STATE AFFAIRS COMMITTEE

## Representative Roger Jenkins

DISTRICT 11

### OUTLINE OF CSHB 409 (TRSP)

"An Act relating to licensing of school bus drivers;  
and providing for an effective date."

#### I. Background of bill

The children, whose parents have entrusted the state to educate, must have school bus drivers of good character who are educated in safety.

Committee Substitute for House Bill No. 409 (Transportation) would set minimum requirements for school bus drivers. The bill would require the applicants to satisfy the Department of Public Safety that they are of good character and are competent and fit to be licensed to drive school age children.

CSHB 409 (TRSP) takes the existing Alaska State Department of Public Safety regulations [13 AAC 08.005-.060] and implements them into statute. In addition the bill adds the following:

1. The applicant must complete a state approved school bus driver training course. [Section 3, subsection (b)(5), page 2, lines 17-19.]
2. A school bus driver training course would be established under the Department of Education (AS 14.07.020(a)(14)) in coordination with the Department of Public Safety. [Section 1, page 1, lines 9-12.]
3. The applicant must supply the Department of Public Safety with sufficient information to complete a national criminal records check and a background check within the state or states which he or she has resided for at least the past 2 years. [Section 3, subsection (b)(4), page 2, lines 13-16.] [See also: 13 AAC 08.015(2)]
4. The applicant must not have been convicted of a felony or misdemeanor involving distribution of a controlled or imitation controlled substance. [Section 3, subsection (c)(7), page 3, lines 4-5.] [See also: 13 AAC 08.010(5).]
5. The applicant must not have been convicted of a felony involving possession of a controlled or imitation controlled