

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 42 thru SB 50 17

SB 42

4/5/88
H (3A)
Fin

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
Title: An act relating to the Retirement Incentive Program BRU: Retirement and Benefits
Sponsor: Duncan Components: Retirement and Benefits
Requestor: Duncan

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 3.0 | 6.0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 3.0 | 6.0 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|---|---|---|---|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 3.0 | 6.0 | 0 | 0 | 0 | 0 |
| TOTAL | 3.0 | 6.0 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 1 | 1 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Robert F. Stalnaker, Acting Director Phone: 465-4460
Division: Retirement and Benefits Date: 3-16-88

Approved by Commissioner: John M. Andrews Date: 3/31/88
Agency: Department of Administration

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

MAR 3 - 1988
LEGISLATIVE FINANCE

Committee Substitute Senate Bill 42 (FIN)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
March 16, 1988

IV Analysis:

This bill would expand the eligible service categories for qualifying for the Retirement Incentive Program to include Alaska Bureau of Indian Affairs (BIA) teaching service in the Teachers' Retirement System (TRS). Members could use this service to satisfy minimum service requirements under the TRS. Those who had not previously been eligible to retire would now have until June 30, 1988 to apply for retirement and August 1, 1988 to be appointed to retirement.

The administrative cost to the division associated with this effort would be funded through an increase in administrative fees to the employers.

We anticipate that: as many as 50 previously ineligible members would now become eligible; many members who were eligible and retired under one provision, the 20 year provision, would now become eligible under another more favorable provision and would have to have their benefits recalculated.

We anticipate the need for one Retirement Technician I/II to perform the necessary effort. If this bill passed by May 1988, we would need support for June 1988 for FY 88 and for the first two months of FY 89.

SENATE COMMITTEE REPORT

FURTHER:

5/8/87

DATE TURNED INTO OFFICE 3/15/88

Mr. President:

FINANCE Committee considered SB 42

early retirement program; efd.

and recommended:

replace with CS FOR SB 42 (Gen)) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
Paul Frank
[Signature]
[Signature]

Rick Halford do pass
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act relating to the Retirement Incentive Program BRU: Retirement and Benefits
 Sponsor: Duncan Components: Retirement and Benefits
 Requestor: Duncan

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 3.0 | 6.0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 3.0 | 6.0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|---|---|---|---|---|---|
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

| | | | | | | |
|---------|---|---|---|---|---|---|
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|---|---|---|---|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 3.0 | 6.0 | 0 | 0 | 0 | 0 |
| TOTAL | 3.0 | 6.0 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 1 | 1 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Robert F. Stalnaker, Acting Director
 Division: Retirement and Benefits

Phone: 465-4460
 Date: 3-16-88

Approved by Commissioner: John M. Andrews
 Agency: Department of Administration

Date: _____

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

Committee Substitute Senate Bill 42 (FIN)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
March 16, 1988

IV Analysis: This bill would expand the eligible service categories for qualifying for the Retirement Incentive Program to include Alaska Bureau of Indian Affairs (BIA) teaching service in the Teachers' Retirement System (TRS). Members could use this service to satisfy minimum service requirements under the TRS. Those who had not previously been eligible to retire would now have until June 30, 1988 to apply for retirement and August 1, 1988 to be appointed to retirement.

The administrative cost to the division associated with this effort would be funded through an increase in administrative fees to the employers.

We anticipate that: as many as 50 previously ineligible members would now become eligible; many members who were eligible and retired under one provision, the 20 year provision, would now become eligible under another more favorable provision and would have to have their benefits recalculated.

We anticipate the need for one Retirement Technician I/II to perform the necessary effort. If this bill passed by May 1988, we would need support for June 1988 for FY 88 and for the first two months of FY 89.

2/15/88

Original sponsors: Duncan, Halford,
Szymanski and Kerttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 42 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to territorial service and BIA
7 service under the retirement incentive program; and
8 providing for an effective date."

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

10 * Section 1. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted
11 to read:

12 (b) Except as provided in (f) of this section, in determining
13 whether a member will qualify to retire under (a) of this section,

14 (1) for members of the Public Retirement System, only
15 service credit for employment rendered to an employer under AS 39.35
16 may be used;

17 (2) for members of the Teachers' Retirement System, credit-
18 ed service may include service credit for employment rendered to an
19 employer, territorial service under AS 14.25.105, and Alaska BIA
20 service under AS 14.25.107.

21 * Sec. 2. Section 5(e), ch. 26, SLA 1986, is amended to read:

22 (e) A member who wishes to participate shall apply on a form
23 provided by the administrator. A member may not apply for participa-
24 tion in the retirement incentive program unless the member is employed
25 in a position in a designated organizational unit. Except as provided
26 in (h) of this section, a [A] state employee other than an employee of
27 the University of Alaska, or a member of the teachers' retirement
28 system other than an employee of the University of Alaska, may apply
29 for participation in the program until June 30, 1987. An employee of

1 the University of Alaska may apply for participation in the program
2 between October 1, 1986, and September 30, 1987. Other members of the
3 Public Employees' Retirement System may apply for participation in the
4 program between January 1, 1987, and December 31, 1987.

5 * Sec. 3. Section 5, ch. 26, SLA 1986, is amended by adding a new
6 subsection to read:

7 (h) Notwithstanding (e) of this section, a member of the Teach-
8 ers' Retirement System, including a member employed by the state, who
9 is employed in a position in a designated unit and who becomes qual-
10 ified to retire under the retirement incentive program only because of
11 the amendment to (b) of this section enacted by sec. 1 of this Act,
12 may apply for participation in the retirement incentive program until
13 June 30, 1988. An application is not timely unless it is received by
14 the division of retirement and benefits in the Department of Adminis-
15 tration on or before June 30, 1988. If the member is not a member of
16 a designated unit, the member may request the member's employer to
17 designate the member's position as belonging to a designated unit.
18 Notwithstanding (a) of this section, the administrator shall accept
19 the application of a vested member who is eligible under this sub-
20 section if the member will be appointed to retirement on or before
21 August 1, 1988.

22 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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3/15/88

Cheryl -

Terry Cramer (Legal Services 3867) called re: rush final on CSSB 42 (Fin). Title is insufficient because of reference to territorial service under TRS. Needs to know whether she may refer to territorial service in new title.

kathy
1:50 p.m.

*Verbal okay from
Cheryl 1:35pm
kl*



From The

SENATE FINANCE COMMITTEE

DATE: March 15, 1988

TO: Lynn Barnes
Legal Services

FROM: Vicki (4935)
Cap Bldg, Rm 413

RE: CS for SB 42 (Finance)

Please have a Finance CS for SB 42 prepared per attached draft (2/12/88), noting the amendments on lines 6 and 19. CS for SB 42 was REPORTED OUT of our Committee this morning.

Please return final to me asap.

THANK!

Adopted by SFC 3/15/88
(see lines 6 & 19)

5-0191N ✓
Cramer
2/12/88

Original sponsors: Duncan, Halford,
Szymanski and Kerrettula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 42 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to ^{BIA service under} the retirement incentive program;
7 and providing for an effective date."

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

9 * Section 1. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted
10 to read:

11 (b) Except as provided in (f) of this section, in determining
12 whether a member will qualify to retire under (a) of this section,

13 (1) for members of the Public Retirement System, only
14 service credit for employment rendered to an employer under AS 39.35
15 may be used;

16 (2) for members of the Teachers' Retirement System, credit-
17 ed service may include service credit for employment rendered to an
18 employer, territorial service under AS 14.25.105, Alaska BIA service
19 under AS 14.25.107, ~~and outside service under AS 14.25.060.~~

20 * Sec. 2. Section 5(e), ch. 26, SLA 1986, is amended to read:

21 (e) A member who wishes to participate shall apply on a form
22 provided by the administrator. A member may not apply for participa-
23 tion in the retirement incentive program unless the member is employed
24 in a position in a designated organizational unit. Except as provided
25 in (h) of this section, a [A] state employee other than an employee of
26 the University of Alaska, or a member of the teachers' retirement
27 system other than an employee of the University of Alaska, may apply
28 for participation in the program until June 30, 1987. An employee of
29 the University of Alaska may apply for participation in the program

1 between October 1, 1986, and September 30, 1987. Other members of the
2 Public Employees' Retirement System may apply for participation in the
3 program between January 1, 1987, and December 31, 1987.

4 * Sec. 3. Section 5, ch. 26, SLA 1986, is amended by adding a new
5 subsection to read:

6 (h) Notwithstanding (e) of this section, a member of the Teach-
7 ers' Retirement System, including a member employed by the state, who
8 is employed in a position in a designated unit and who becomes qual-
9 ified to retire under the retirement incentive program only because of
10 the amendment to (b) of this section enacted by sec. 1 of this Act,
11 may apply for participation in the retirement incentive program until
12 June 30, 1988. An application is not timely unless it is received by
13 the division of retirement and benefits in the Department of Adminis-
14 tration on or before June 30, 1988. If the member is not a member of
15 a designated unit, the member may request the member's employer to
16 designate the member's position as belonging to a designated unit.
17 Notwithstanding (a) of this section, the administrator shall accept
18 the application of a vested member who is eligible under this sub-
19 section if the member will be appointed to retirement on or before
20 August 1, 1988.

21 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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Original sponsors: Duncan, Halford,
Szymanski and Kerttula

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 42 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the retirement incentive program;
7 use of the working reserve account; and providing for
8 an effective date."

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

10 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

11 (a) The administrator shall accept the application of an eli-
12 gible vested member if

13 (1) the member will be qualified to retire under AS 14.25.-
14 110 or AS 39.35.370 after receipt of the retirement incentive and will
15 be appointed to retirement on or before

16 (A) October 1, 1987, if the member is an employee of
17 the state other than the University of Alaska [, OR A MEMBER OF
18 THE TEACHERS' RETIREMENT SYSTEM OTHER THAN AN EMPLOYEE OF THE
19 UNIVERSITY OF ALASKA];

20 (B) January 1, 1988, if the member is an employee of
21 the University of Alaska or a member of the Teachers' Retirement
22 System not employed by the state;

23 (C) April 1, 1988, for all other members of the Public
24 Employees' Retirement System; and

25 (2) the member's agency or the employer under AS 14.25 or
26 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

27 (A) requires the agency or employer to reimburse the
28 system for each member who is retired within three years after
29 the end of the fiscal year in which the member is appointed to

1 retirement in an amount equal to

2 (i) the actuarial equivalent of the difference
3 between the benefits the member receives after the addition
4 of the retirement incentive under this section and the
5 amount the member would have received without the incentive
6 less the amount the participant has paid on the indebtedness
7 determined under (c) of this section; and

8 (ii) an appropriate share of the administrative
9 costs of the program; and

10 (B) provides that contributions from the agency or
11 employer to the system under this section take priority over
12 other obligations of the agency or employer to the maximum extent
13 permitted by law.

14 * Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to
15 read:

16 (b) Except as provided in (f) of this section, in determining
17 whether a member will qualify to retire under (a) of this section,

18 (1) for members of the Public Retirement System, only
19 service credit for employment rendered to an employer under AS 39.35
20 may be used;

21 (2) for members of the Teachers' Retirement System, credit-
22 ed service may include service credit for employment rendered to an
23 employer, territorial service under AS 14.25.105, Alaska BIA service
24 under AS 14.25.107, and outside service under AS 14.25.060.

25 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

26 (e) A member who wishes to participate shall apply on a form
27 provided by the administrator. A member may not apply for participa-
28 tion in the retirement incentive program unless the member is employed
29 in a position in a designated organizational unit. A state employee

1 other than an employee of the University of Alaska [, OR A MEMBER OF
2 THE TEACHERS' RETIREMENT SYSTEM OTHER THAN AN EMPLOYEE OF THE UNIVER-
3 SITY OF ALASKA,] may apply for participation in the program until
4 June 30, 1987. A member of the Teachers' Retirement System other than
5 an employee of the University of Alaska or of the state may apply for
6 participation in the program until September 30, 1987. An employee of
7 the University of Alaska may apply for participation in the program
8 between October 1, 1986, and September 30, 1987. Other members of the
9 Public Employees' Retirement System may apply for participation in the
10 program between January 1, 1987, and December 31, 1987.

11 * Sec. 4. AS 37.05.152(a) is amended to read:

12 (a) There is established in the general fund a working reserve
13 account. The working reserve account consists of amounts appropriated
14 to state agencies for

15 (1) cash payment of accrued leave;

16 (2) cash payment of terminal leave;

17 (3) payment of the employer's contribution for unemployment
18 benefits of former employees; [AND]

19 (4) payment of claims for workers' compensation and general
20 liability;

21 (5) payment of amounts owed to the Public Employees' Re-
22 tirement System (AS 39.35) and the Teachers' Retirement System
23 (AS 14.25) under the retirement incentive program (ch. 126, SLA 1986,
24 as amended).

25 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

1 IN THE SENATE

BY DUNCAN, HALFORD,
SZYMANSKI AND KERTTULA

2

SENATE BILL NO. 42

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the early retirement program; and
7 providing for an effective date."

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

9 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

10 (a) The administrator shall accept the application of an eli-
11 gible vested member if

12 (1) the member will be qualified to retire under AS 14.25.-
13 110 or AS 39.35.370 after receipt of the retirement incentive and will
14 be appointed to retirement on or before

15 (A) October 1, 1988 [1987], if the member is an em-
16 ployee of the state other than the University of Alaska, or a
17 member of the Teachers' Retirement System other than an employee
18 of the University of Alaska;

19 (B) January 1, 1989 [1988], if the member is an em-
20 ployee of the University of Alaska;

21 (C) April 1, 1989 [1988], for all other members of the
22 Public Employees' Retirement System; and

23 (2) the member's agency or the employer under AS 14.25 or
24 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

25 (A) requires the agency or employer to reimburse the
26 system for each member who is retired within three years after
27 the end of the fiscal year in which the member is appointed to
28 retirement in an amount equal to

29 (i) the actuarial equivalent of the difference

1 between the benefits the member receives after the addition
2 of the retirement incentive under this section and the
3 amount the member would have received without the incentive
4 less the amount the participant has paid on the indebtedness
5 determined under (c) of this section; and

6 (ii) an appropriate share of the administrative
7 costs of the program; and

8 (B) provides that contributions from the agency or
9 employer to the system under this section take priority over
10 other obligations of the agency or employer to the maximum extent
11 permitted by law.

12 * Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to
13 read:

14 (b) Except as provided in (f) of this section, in determining
15 whether a member will qualify to retire under (a) of this section,

16 (1) for members of the Public Retirement System, only
17 service credit for employment rendered to an employer under AS 39.35
18 may be used;

19 (2) for members of the Teachers' Retirement System, credit-
20 ed service may include service credit for employment rendered to an
21 employer, territorial service under AS 14.25.105, Alaska BIA service
22 under AS 14.25.107, and outside service under AS 14.25.060.

23 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

24 (e) A member who wishes to participate shall apply on a form
25 provided by the administrator. A member may not apply for participa-
26 tion in the retirement incentive program unless the member is employed
27 in a position in a designated organizational unit. A state employee
28 other than an employee of the University of Alaska, or a member of the
29 Teachers' Retirement System other than an employee of the University

1 of Alaska, may apply for participation in the program until June 30,
2 1988 [1987]. An employee of the University of Alaska may apply for
3 participation in the program between October 1, 1986, and Septem-
4 ber 30, 1988 [1987]. Other members of the Public Employees' Retire-
5 ment System may apply for participation in the program between Janu-
6 ary 1, 1987, and December 31, 1988 [1987].

7 * Sec. 4. Section 6(c), ch. 26, SLA 1986, is amended to read:

8 (c) The Office of Management and Budget shall report to the
9 legislature in January 1987, [AND] 1988, and 1989 on the effect of the
10 retirement incentive program on state operation and personal services
11 costs.

12 * Sec. 5. Section 7, ch. 26, SLA 1986, is amended to read:

13 Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. Except as provided in (b)
14 of this section, if [IF] a participant in the retirement incentive
15 program is reemployed as a member of the Public Employees' Retirement
16 System under AS 39.35 or the Teachers' Retirement System under AS 14.-
17 25 after appointment to retirement under the program, the participant
18 loses the incentive credit received under sec. 5 (c) of this Act and
19 is indebted to the system. The amount of the indebtedness is equal to
20 110 percent of the amount the participant received as a result of
21 participation in the program for which the participant was not other-
22 wise entitled, including the cost of health insurance. The partici-
23 pant is entitled to a credit to be applied against the reemployment
24 indebtedness in the amount the participant has paid under sec. 5 (d)
25 of this Act. Interest accrues on the indebtedness at the rate estab-
26 lished by regulation from the date of reemployment until the member is
27 appointed to retirement and accepts an actuarial adjustment to the
28 member's future benefits or until the amount is paid in full.

29 * Sec. 6. Section 7, ch. 26, SLA 1986, is amended by adding a new

1 subsection to read:

2 (b) A member of the Teachers' Retirement System who retires
3 under the early retirement program may continue to receive benefits
4 from the Teachers' Retirement System that include early retirement
5 incentives while employed in a position covered by the Public Em-
6 ployees' Retirement System. However, the member may not participate
7 in the early retirement program under the Public Employees' Retirement
8 System and may not receive credit for employment covered by the Teach-
9 ers' Retirement System when retiring from the Public Employees' Re-
10 tirement System.

11 * Sec. 7. Section 11, ch. 26, SLA 1986, is amended to read:

12 Sec. 11. Sections 1 - 6 of this Act are repealed July 1, 1989
13 [1988].

14 * Sec. 8. Section 7, ch. 26, SLA 1986, as amended by sec. 5 of this Act
15 applies retroactively to May 16, 1986. With respect to a member of the
16 Teachers' Retirement System who retired under the incentive program estab-
17 lished by ch. 26, SLA 1986, and accepted employment from an employer cover-
18 ed by the Public Employees' Retirement System before the effective date of
19 this Act, the division of retirement and benefits shall

20 (1) restore any incentive credit lost under sec. 7, ch. 26, SLA
21 1986, before it was amended by this Act;

22 (2) recompute the member's benefits, considering the retroactive
23 restoration of credit under (1) of this section;

24 (3) make a lump-sum payment to the member of additional benefits
25 due, considering the recomputation under (2) of this section;

26 (4) recompute any indebtedness previously determined under
27 sec. 7, ch. 26, SLA 1986, before it was amended by this Act; and

28 (5) refund any overpayments made by the member in relation to an
29 indebtedness recomputed under (4) of this section.

1 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3.11.87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: LABOR & COMMERCE
FINANCE

**FISCAL NOTE(S) ATTACHED / **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/19/87

DATE TURNED INTO OFFICE 4.22.87

Mr. President:

STATE AFFAIRS

Committee considered SB 42

~~relating to the~~ early retirement program; efd,

and recommended:

replace with CS SB 42 (STATE AFFAIRS) same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]

[Signature]
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
Title: Relating to the Retirement Incentive Program (RIP) BRU: Retirement and Benefits
Sponsor: Duncan Components: Retirement and Benefits
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

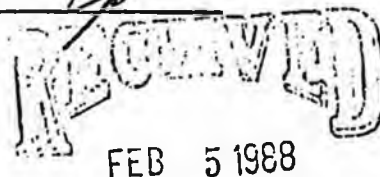
| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Robert F. Stalnaker Phone: 465-4470
Division: Retirement and Benefits Date: 01/28/88

Approved by Commissioner: John M. Andrews Date: 2/3/88
Agency: Department of Administration

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



*Updated
FN*

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 42 (SA)
Publish Date: April 22, 1987

REQUEST _____

Revision Date: _____
Title: An Act relating to the
retirement incentive program.
Sponsor: Duncan
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement Incentive Program (RIP)

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|-----------------------|---|---|---|---|---|---|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER I/A & PGM RCPTS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert F. Stalnaker
Division: Retirement and Benefits

Phone: (907) 465-4470
Date: April 23, 1987

Approved by Commissioner: Garrey Peska
Agency: Department of Administration

Date: 4/28/87

Distribution (by preparer):

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

APR 28 1987

LEGISLATIVE FINANCE

Page 1 of 1

Rev. 9/16/86

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
Title: An act relating to the Retirement Incentive Program BRU: Retirement and Benefits
Sponsor: Duncan Components: Retirement and Benefits
Requestor: Duncan

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 8.9 | 24.3 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 8.9 | 24.3 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|------|---|---|---|---|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 8.9 | 24.3 | 0 | 0 | 0 | 0 |
| TOTAL | 8.9 | 24.3 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 3 | 3 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Robert F. Stalnaker, Acting Director Phone: 465-4460
Division: Retirement and Benefits Date: 2-22-88

Approved by Commissioner: John M. Andrews Date: _____
Agency: Department of Administration

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

DRAFT

B

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 42
Publish Date: _____

REQUEST _____

Revision Date: Bill/Res No: SB 42
Title: An Act relating to the early retirement program.
Sponsor: Duncan
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement Incentive Program (RIP)

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|------------------------|----------|-------------|--------------|----------|----------|----------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | 0 | 69.1 | 120.3 | 0 | 0 | 0 |
| TRAVEL | 0 | 1.9 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 20.0 | 20.0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 1.0 | 1.5 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 92.0 | 141.8 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|-----------------------|----------|-------------|--------------|----------|----------|----------|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER I/A & PGM RCPTS | 0 | 92.0 | 141.8 | 0 | 0 | 0 |
| TOTAL | 0 | 92.0 | 141.8 | 0 | 0 | 0 |

| POSITIONS: | 0 | 0 | 0 | 0 | 0 | 0 |
|------------|---|-----|-----|---|---|---|
| FULL-TIME | 0 | 2.0 | 3.0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: Attach a separate page if necessary

See attached.

Prepared By: J. K. Humphreys *John A. Lopez* Phone: (907) 465-4470
Division: Retirement and Benefits Date: January 23, 1987

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 1/27/87
Agency: Department of Administration

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

2842

SENATE BILL 42
FISCAL NOTE ANALYSIS

Prepared by Division of Retirement and Benefits
Department of Administration

ANALYSIS:

This legislation extends the Retirement Incentive Program (RIP) through FY 89. The money to fund the RIP positions and the contractual costs listed below will be collected as part of the administration fee paid by each employer who participates in the RIP.

Personal Services:

See attached forms. Two positions are requested in the fiscal note for FY 88, under the assumption that three positions which were originally requested in the division's operating budget for FY 88 prior to this proposed extension of the RIP program will be granted. There are seven nonpermanent positions authorized in FY 87 for the RIP; this request, along with the three RIP positions requested in the FY 88 budget, would result in a decrease to a total of five RIP positions for FY 88, and a further decrease to three positions in FY 89.

Travel:

\$1.9 represents the cost of two counseling trips in FY 88; one for participating school districts and the other for participating political subdivisions.

Contractual:

\$20.0 represents 75% of projected FY 87 costs, based upon actual expenditures from July through December 1986. Contractual costs include postage, forms, printing, phones, and data lines.

An analysis of the impact of this bill on the actuarial soundness of the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems funds is provided in the attached letter to Senator Abood.

| | | | | | | | | |
|---|----------------------|----------------|---|-------------------|------------------------|------|---------|---------|
| Position Title Retirement and Benefits Technician II | | | No. of Positions 2 | Range/Step 12B | Org. Unit G | Gov. | Approv. | Disapp. |
| Time Status Full-time | Staff Months 12.0 | RP Number 1 | Location AWA | | Election District 4 | Leg. | | |
| Type of Expenditure | | | Justification | | | | | |
| Amount | | | Retirement and Benefits Technician II (two positions) | | | | | |
| 1 | 2 | 3 | The Retirement and Benefits Technicians II are responsible for the day-to-day technical duties of the RIP and are needed through June 30, 1989. These positions are both permanent full-time positions located in the Juneau office. The major duties of the technicians are: | | | | | |
| Salary | 2 positions | 51,240 | 1) Calculate retirement projections and retirement benefits for members of the PERS and TRS; | | | | | |
| Benefits | | 17,814 | 2) Research the member files for record system maintenance; | | | | | |
| Premium Pay | | | 3) Correct service records in the automated system and adjust for periods of leave without pay; | | | | | |
| Other | | | 4) Maintain records for the RIP; and | | | | | |
| Total Personal Services | | 69,054 | 5) Notify members by mail of their retirement status, effective dates, amounts of benefits, etc. | | | | | |
| Travel | | | | | | | | |
| Contractual | | 2,000 | | | | | | |
| Commodities | | 1,000 | | | | | | |
| Equipment | | | | | | | | |
| Other | | | | | | | | |
| Total Cost | | 72,054 | | | | | | |
| Receipt Code | Funding Source | | | | | | | |
| | Federal Receipts | 1002 | | | | | | |
| | G. F. Match | 1003 | | | | | | |
| | General Funds | 1004 | | | | | | |
| | I-A Receipts | 1005 | 23,778 | | | | | |
| | Program Receipts | 1028 | 48,276 | | | | | |
| | CIP Receipts | 1061 | | | | | | |
| | Other | | | | | | | |
| For B&M Use Only | | | | | | | | |
| Key Number | | | | | | | | |

8/6B2/0126-15/3

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement Incentive Program (RIP)

Page 3 of 4
 Revised Date

FY 88



Alaska State Legislature

SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811

(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

M E M O R A N D U M

February 17, 1988

TO: Senator John Binkley, Co-Chair
Senate Finance Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 42, An Act Relating to the Retirement
Incentive Program.

Senate Bill 42, relating to the Retirement Incentive Program is currently in the Senate Finance Committee.

I would like to remedy an inequitable situation which arose as the result of the original Retirement Incentive Program. A handful of teachers who had service time with the Bureau of Indian Affairs as teachers in Alaska were not eligible to participate in the Incentive because of an amendment to the original legislation which excluded the use of BIA or outside service credit for the purposes of qualifying for the Incentive. So, even though these teachers taught in Alaskan schools which were operated by the BIA until the early 1970's, they did not qualify to participate in the Incentive.

Additionally, allowing outside service credit to be used for the purposes of eligibility for the Incentive would offer retirement to long term, highly paid employees the RIP was designed to target. In particular, a small number of employees in the Department of Education were unable to participate due to the exclusion of outside service credit.

The blank CS attached would open a short window period between enactment of the bill and August 1, 1988, exclusively for the teachers discussed above.

Please consider scheduling SB 42 for a Finance hearing at your earliest convenience.

Attachment

Senator Duncan's Blank CSSB 42
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

February 22, 1988

IV Analysis: This bill would expand the eligible service categories for qualifying for the Retirement Incentive Program to include BIA and outside service in the Teachers' Retirement System (TRS). Members could use this service to satisfy minimum service requirements under the TRS. Those who had not previously been eligible to retire would now have until June 30, 1988 to apply for retirement and August 1, 1988 to be appointed to retirement.

The administrative cost to the division associated with this effort would be funded through an increase in administrative fees to the employers.

We anticipate that: as many as 200 previously ineligible members would now become eligible; many members who were eligible and retired under one provision, the 20 year provision, would now become eligible under another more favorable provision and would have to have their benefits recalculated.

We anticipate the need for one Retirement Specialist III and two Retirement Technician I/II to perform the necessary effort. If this bill passed by May 1988, we would need support for June 1988 for FY 88 and for the first three months of FY 89.

We estimate that approximately 75% of this effort will be needed because of allowing the outside service credit to be used. Removing that type of service would reduce the fiscal impact by about 75%.

DRAFT

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

Public Employees Retirement System
Teachers' Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental-Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

April 23, 1987

The Honcrable Tim Kelly
Chairman, Labor & Commerce Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

Re: Committee Substitute for Senate Bill 42 (State Affairs)

In accordance with AS 24.08.036, I am providing the analysis below on CSSB 42 (SA). The analysis includes the long-term and short-term costs to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

The Retirement Incentive Program Act requires state agencies and participating employers and employees to reimburse the PERS or TRS for the cost of participation in the program; it also requires state agencies to show savings in order to participate in the program. As the amendments in this bill make no changes to those requirements, there should be no long-term and short-term costs to the state. There will not be any impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,



Robert F. Stalnaker
Deputy Director

RFS/cam/7

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

Public Employees' Retirement System
Teachers' Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental-Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

January 26, 1987

The Honorable Mitch Abood
Chairman, Senate State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Abood:

Re: Senate Bill 42

In accordance with AS 24.08.036, I am providing the analysis below on Senate Bill 42. The analysis includes the long-term and short-term costs to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

The Retirement Incentive Program Act requires state agencies and participating employers and employees to reimburse the PERS or TRS for the cost of participation in the program, it also requires state agencies to show savings in order to participate in the program. As the amendments in this bill make no changes to those requirements, there should be no long-term or short-term costs to the state. There will not be any impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,


J.K. Humphreys
Director

JKH/JAL/cam/7

POSITION PAPER

CSSB 42 (State Affairs)

This bill would extend the window of eligibility an additional three months for the Retirement Incentive Program (RIP) for members of the Teachers' Retirement System (TRS) not employed by the state; allow members of the TRS to attain eligibility for service retirement by combining credit under the RIP with non-membership service in addition to membership service; and allows appropriations for the RIP to be included in the Working Reserve account.

The extension of the RIP for teachers not employed by the state has been argued to provide the school districts with more flexibility in staffing for this upcoming school year. The inclusion of non-membership service as qualifying for the RIP will treat all teachers more equitably as a group, by allowing those teachers who could retire with 25 years of combined service to also take advantage of the RIP. The final provision, concerning inclusion of RIP appropriations in the Working Reserve account, will help state agencies to pay off their RIP liabilities more quickly, thereby not imposing upon following fiscal years.

The department supports this bill for the reasons stated above.

for Robert L. Statnaker

Director of Division of Retirement & Benefits

4-23-87
Date

Garrey Peska

Commissioner Garrey Peska
Department of Administration

4/24/87
Date

POSITION PAPER

SB 42

This bill would extend the window of eligibility an additional year for the Retirement Incentive Program (RIP); allow members of the Teachers' Retirement System (TRS) to attain eligibility for service retirement by combining credit under the RIP with non-membership service in addition to membership service; and allow members of the TRS who retire under the RIP to return to employment as members of the Public Employees' Retirement System (PERS) without losing the RIP credit and with no indebtedness to the system.

Extending the eligibility period for the RIP, in addition to increasing the number of potential eligibles, would tend to defeat the purpose of the program by allowing those members who have already been designated as eligible to participate in the program to delay their retirement. Costs would be increased for many employers who have already entered into agreements based on existing estimates. The success or failure of this program cannot be assessed until the eligibility period has expired and all eligibles who are going to retire have done so. Only then should consideration be given to continuing the program by opening a second window.

The removal of the penalty for returning to public employment is contrary to the basic purpose of the program as we understand it. If we are going to give employees additional incentives to retire, then it seems that there should be some form of disincentive to returning to public employment. Crossover employment by retirees between the PERS and TRS tends to keep the demand for the dwindling number of public jobs high.

The Department opposes this bill for the reasons stated above.

John A. Logan

Director of Division of Retirement & Benefits

1-27-87

Date

Garrey Peska

Commissioner Garrey Peska
Department of Administration

1/22/87

Date

CSSB

42

HOUSE COMMITTEE REPORT

(11)

Date referred: 4/18/88

FURTHER REFERRALS:

DATE: 4-27-88

The Finance Committee has considered CSSB 42(Fin)

"An Act relating to territorial service and BIA service under the retirement incentive program; and providing for an effective date."

RECOMMENDS:

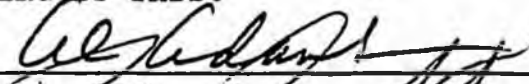

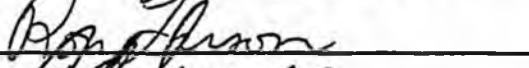
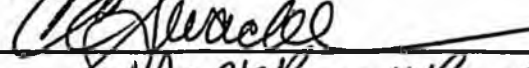
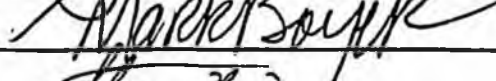
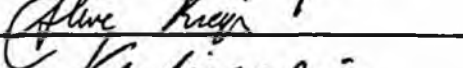
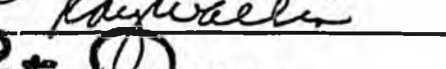

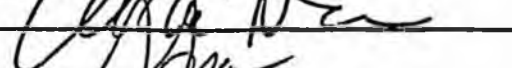

- replace with _____ the same title
- attached amendment(s) _____ a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

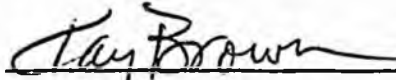
ATTACHES NEW FISCAL NOTE(S):


- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published 3/16/88 Senate
- same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:




Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act relating to the Retirement BRU: Retirement and Benefits
Incentive Program
 Sponsor: Duncan Components: Retirement and Benefits
 Requestor: Duncan

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 3.0 | 6.0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 3.0 | 6.0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|---|---|---|---|---|---|
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

| | | | | | | |
|---------|---|---|---|---|---|---|
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|---|---|---|---|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 3.0 | 6.0 | 0 | 0 | 0 | 0 |
| TOTAL | 3.0 | 6.0 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 1 | 1 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Robert F. Stalnaker, Acting Director Phone: 465-4460
 Division: Retirement and Benefits Date: 3-16-88

Approved by Commissioner: John M. Andrews Date: _____
 Agency: Department of Administration

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

Offered: 3/16/88
Referred: Rules

5-0191N

Original sponsors: Duncan, Halford,
Szymanski and Kerttula

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 42 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to territorial service and BIA
7 service under the retirement incentive program; and
8 providing for an effective date."

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

10 * Section 1. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted
11 to read:

12 (b) Except as provided in (f) of this section, in determining
13 whether a member will qualify to retire under (a) of this section,

14 (1) for members of the Public Retirement System, only
15 service credit for employment rendered to an employer under AS 39.35
16 may be used;

17 (2) for members of the Teachers' Retirement System, credit-
18 ed service may include service credit for employment rendered to an
19 employer, territorial service under AS 14.25.105, and Alaska BIA
20 service under AS 14.25.107.

21 * Sec. 2. Section 5(e), ch. 26, SLA 1986, is amended to read:

22 (e) A member who wishes to participate shall apply on a form
23 provided by the administrator. A member may not apply for participa-
24 tion in the retirement incentive program unless the member is employed
25 in a position in a designated organizational unit. Except as provided
26 in (h) of this section, a [A] state employee other than an employee of
27 the University of Alaska, or a member of the teachers' retirement
28 system other than an employee of the University of Alaska, may apply
29 for participation in the program until June 30, 1987. An employee of

1 the University of Alaska may apply for participation in the program
2 between October 1, 1986, and September 30, 1987. Other members of the
3 Public Employees' Retirement System may apply for participation in the
4 program between January 1, 1987, and December 31, 1987.

5 * Sec. 3. Section 5, ch. 26, SLA 1986, is amended by adding a new
6 subsection to read:

7 (h) Notwithstanding (e) of this section, a member of the Teach-
8 ers' Retirement System, including a member employed by the state, who
9 is employed in a position in a designated unit and who becomes qual-
10 ified to retire under the retirement incentive program only because of
11 the amendment to (b) of this section enacted by sec. 1 of this Act,
12 may apply for participation in the retirement incentive program until
13 June 30, 1988. An application is not timely unless it is received by
14 the division of retirement and benefits in the Department of Adminis-
15 tration on or before June 30, 1988. If the member is not a member of
16 a designated unit, the member may request the member's employer to
17 designate the member's position as belonging to a designated unit.
18 Notwithstanding (a) of this section, the administrator shall accept
19 the application of a vested member who is eligible under this sub-
20 section if the member will be appointed to retirement on or before
21 August 1, 1988.

22 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).



Alaska State Legislature

SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811

(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

MARCH 22, 1988

TO: REPRESENTATIVE FRAN ULMER, CHAIR
HOUSE STATE AFFAIRS COMMITTEE

FROM: SENATOR ~~JIM DUNCAN~~

SUBJECT: CS SENATE BILL 42 (FINANCE), AN ACT RELATING TO
TERRITORIAL SERVICE AND BIA SERVICE UNDER THE
RETIREMENT INCENTIVE PROGRAM.

CS SENATE BILL 42 (FINANCE), RELATING TO TERRITORIAL SERVICE
AND BIA SERVICE UNDER THE RETIREMENT INCENTIVE PROGRAM IS
CURRENTLY BEFORE THE HOUSE STATE AFFAIRS COMMITTEE.

THE CURRENT VERSION OF THE BILL WOULD REMEDY AN INEQUITABLE
SITUATION WHICH AROSE AS THE RESULT OF THE ORIGINAL RETIREMENT
INCENTIVE PROGRAM. A HANDFUL OF TEACHERS WHO HAD SERVICE TIME
WITH THE BUREAU OF INDIAN AFFAIRS AS TEACHERS IN ALASKA WERE NOT
ELIGIBLE TO PARTICIPATE IN THE INCENTIVE BECAUSE OF AN AMENDMENT
TO THE ORIGINAL LEGISLATION WHICH EXCLUDED THE USE OF BIA SERVICE
CREDIT FOR THE PURPOSES OF QUALIFYING FOR THE INCENTIVE. SO,
EVEN THOUGH THESE TEACHERS TAUGHT IN ALASKAN SCHOOLS WHICH WERE
OPERATED BY THE BIA UNTIL THE EARLY 1970'S, THEY DID NOT QUALIFY
TO PARTICIPATE IN THE INCENTIVE.

THE FINANCE CS FOR SB 42 WOULD OPEN A SHORT WINDOW PERIOD
BETWEEN ENACTMENT OF THE BILL AND AUGUST 1, 1988, EXCLUSIVELY FOR
THE TEACHERS DISCUSSED ABOVE.

I WOULD APPRECIATE YOUR SCHEDULING CS SB 42 (FINANCE) FOR A
STATE AFFAIRS HEARING AS SOON AS POSSIBLE. I HAVE ATTACHED
BACKGROUND INFORMATION FOR YOUR USE. MY STAFF CONTACT ON THIS
BILL IS ROXANNE STEWART AT 465-4766.

ATTACHMENTS

Box 246
Barrow, Alaska 99723
January 15, 1988

RECEIVED JAN 23 1988

Alaska State Legislature
Senator Jim Duncan
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan.

First, I wanted to express our appreciation for your efforts to correct the inequity in the RIP statute which prevented the participation of long-time Alaskan teachers with Alaskan BIA teaching service. Your assistance as prime sponsor of Senate Bill 42 has been very encouraging.

Secondly, my husband and I urge you to continue efforts in this regard. To facilitate this we are enclosing a brief summary of our past correspondence with you, along with recent developments in this area.

Although the RIP window is closed, there are a few persons around the state who were deprived of the opportunity to participate in that program because part of their teaching was under the BIA. They met TRS "20 and out" regulations, and desired to participate.

My husband and I have taught in Barrow for the past 18 years, all in the same school. The first 5 years were under the BIA, before the North Slope Borough was formed. We saw fellow employees from the BIA years (BIA Maintenance, Public Works, Roads, Utilities employees from round the state) receive credit for their BIA service and qualify for RIP under PERS. This was also true of former Public Health nurses and employees who had transferred into PERS with North Slope Borough service.

When we first heard of RIP nearly 2 years ago, we assumed we were included, as TRS has already included our category in the "20 and out" retirement option. It was with shock and disappointment that we found ourselves eliminated due to the Kerttula amendment's use of the definition of "employer." As we did not have access to the "Definitions" of the

sections related to education, it was several months before we found we were not included. To us, it seems that we are not accorded "equal protection" under the Constitution. . .however inadvertently that may have been. Our hopes rose last year as remediation under your SB 42 or HB 17 seemed possible. These were delayed past the window deadline by the budget shuffle.

We now find that the inequitable statute has been inequitably applied, and that 2 persons in Anchorage have actually retired using BIA teaching service both to complete required years, and also for credit. Our investigations indicate that their retirement cannot be nullified (for which we are glad), however for us to achieve the benefit they enjoy, legislative action is necessary.

Just before Christmas, I contacted all other known teachers around the state with Alaskan BIA teaching experience. Of those who responded to previous questionnaires, there are 7 who could not retire last year because of the Kerttula Amendment that still are interested in retiring.

It is our hope that SB 42 could be reworked to provide this remediation and relief by perhaps opening a 90-day enrollment period for teachers unfairly prevented from participating last year. It is obvious that this is not a high-cost correction, and it would still have some economic benefits to school districts.

Bob Manners, our NEA-Alaska Legislative liason man has been aware of the constitutional equity problems of the original RIP as they relate to former BIA teachers, and is our contact person there in Juneau for attempting to resolve this problem. His phone number is 586-3090.

As persons who love their professions, and have spent much of our adult lives in the service of native Alaskans, we beg your assistance with this problem. A letter from Jan Faiks, received last spring is attached along with a copy of your letter to us at that time.

Thank you very much for your assistance in "helping to make it fair."

Sincerely,

Peggy & John

Peggy and John Davis, Teachers

Thank you for your letter of support last spring!

Original sponsors: Duncan, Halford,
Szymanski and Kerttula

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 42 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL
6 For an Act entitled: "An Act relating to the retirement incentive program;
7 use of the working reserve account; and providing for
8 an effective date."

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

10 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

11 (a) The administrator shall accept the application of an eli-
12 gible vested member if

13 (1) the member will be qualified to retire under AS 14.25.-
14 110 or AS 39.35.370 after receipt of the retirement incentive and will
15 be appointed to retirement on or before

16 (A) October 1, 1987, if the member is an employee of
17 the state other than the University of Alaska [, OR A MEMBER OF
18 THE TEACHERS' RETIREMENT SYSTEM OTHER THAN AN EMPLOYEE OF THE
19 UNIVERSITY OF ALASKA];

20 (B) January 1, 1988, if the member is an employee of
21 the University of Alaska or a member of the Teachers' Retirement
22 System not employed by the state;

23 (C) April 1, 1988, for all other members of the Public
24 Employees' Retirement System; and

25 (2) the member's agency or the employer under AS 14.25 or
26 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

27 (A) requires the agency or employer to reimburse the
28 system for each member who is retired within three years after
29 the end of the fiscal year in which the member is appointed to

1 retirement in an amount equal to

2 (i) the actuarial equivalent of the difference
3 between the benefits the member receives after the addition
4 of the retirement incentive under this section and the
5 amount the member would have received without the incentive
6 less the amount the participant has paid on the indebtedness
7 determined under (c) of this section; and

8 (ii) an appropriate share of the administrative
9 costs of the program; and

10 (B) provides that contributions from the agency or
11 employer to the system under this section take priority over
12 other obligations of the agency or employer to the maximum extent
13 permitted by law.

14 * Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to
15 read:

16 (b) Except as provided in (f) of this section, in determining
17 whether a member will qualify to retire under (a) of this section,

18 (1) for members of the Public Retirement System, only
19 service credit for employment rendered to an employer under AS 39.35
20 may be used;

21 (2) for members of the Teachers' Retirement System, credit-
22 ed service may include service credit for employment rendered to an
23 employer, territorial service under AS 14.25.105, Alaska BIA service
24 under AS 14.25.107, and outside service under AS 14.25.060.

25 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

26 (e) A member who wishes to participate shall apply on a form
27 provided by the administrator. A member may not apply for participa-
28 tion in the retirement incentive program unless the member is employed
29 in a position in a designated organizational unit. A state employee

1 other than an employee of the University of Alaska [, OR A MEMBER OF
2 THE TEACHERS' RETIREMENT SYSTEM OTHER THAN AN EMPLOYEE OF THE UNIVER-
3 SITY OF ALASKA,] may apply for participation in the program until
4 June 30, 1987. A member of the Teachers' Retirement System other than
5 an employee of the University of Alaska or of the state may apply for
6 participation in the program until September 30, 1987. An employee of
7 the University of Alaska may apply for participation in the program
8 between October 1, 1986, and September 30, 1987. Other members of the
9 Public Employees' Retirement System may apply for participation in the
10 program between January 1, 1987, and December 31, 1987.

11 * Sec. 4. AS 37.05.152(a) is amended to read:

12 (a) There is established in the general fund a working reserve
13 account. The working reserve account consists of amounts appropriated
14 to state agencies for

15 (1) cash payment of accrued leave;

16 (2) cash payment of terminal leave;

17 (3) payment of the employer's contribution for unemployment
18 benefits of former employees; [AND]

19 (4) payment of claims for workers' compensation and general
20 liability;

21 (5) payment of amounts owed to the Public Employees' Re-
22 tirement System (AS 39.35) and the Teachers' Retirement System
23 (AS 14.25) under the retirement incentive program (ch. 126, SLA 1986,
24 as amended).

25 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

1 IN THE SENATE

BY DUNCAN, HALFORD,
SZYMANSKI AND KERTTULA

2

SENATE BILL NO. 42

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the early retirement program; and
7 providing for an effective date."

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

9 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

10 (a) The administrator shall accept the application of an eli-
11 gible vested member if

12 (1) the member will be qualified to retire under AS 14.25.-
13 110 or AS 39.35.370 after receipt of the retirement incentive and will
14 be appointed to retirement on or before

15 (A) October 1, 1988 [1987], if the member is an em-
16 ployee of the state other than the University of Alaska, or a
17 member of the Teachers' Retirement System other than an employee
18 of the University of Alaska;

19 (B) January 1, 1989 [1988], if the member is an em-
20 ployee of the University of Alaska;

21 (C) April 1, 1989 [1988], for all other members of the
22 Public Employees' Retirement System; and

23 (2) the member's agency or the employer under AS 14.25 or
24 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

25 (A) requires the agency or employer to reimburse the
26 system for each member who is retired within three years after
27 the end of the fiscal year in which the member is appointed to
28 retirement in an amount equal to

29 (i) the actuarial equivalent of the difference

1 between the benefits the member receives after the addition
2 of the retirement incentive under this section and the
3 amount the member would have received without the incentive
4 less the amount the participant has paid on the indebtedness
5 determined under (c) of this section; and

6 (ii) an appropriate share of the administrative
7 costs of the program; and

8 (B) provides that contributions from the agency or
9 employer to the system under this section take priority over
10 other obligations of the agency or employer to the maximum extent
11 permitted by law.

12 * Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to
13 read:

14 (b) Except as provided in (f) of this section, in determining
15 whether a member will qualify to retire under (a) of this section,

16 (1) for members of the Public Retirement System, only
17 service credit for employment rendered to an employer under AS 39.35
18 may be used;

19 (2) for members of the Teachers' Retirement System, credit-
20 ed service may include service credit for employment rendered to an
21 employer, territorial service under AS 14.25.105, Alaska BIA service
22 under AS 14.25.107, and outside service under AS 14.25.060.

23 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

24 (e) A member who wishes to participate shall apply on a form
25 provided by the administrator. A member may not apply for participa-
26 tion in the retirement incentive program unless the member is employed
27 in a position in a designated organizational unit. A state employee
28 other than an employee of the University of Alaska, or a member of the
29 Teachers' Retirement System other than an employee of the University

1 of Alaska, may apply for participation in the program until June 30,
2 1988 [1987]. An employee of the University of Alaska may apply for
3 participation in the program between October 1, 1986, and Septem-
4 ber 30, 1988 [1987]. Other members of the Public Employees' Retire-
5 ment System may apply for participation in the program between Janu-
6 ary 1, 1987, and December 31, 1988 [1987].

7 * Sec. 4. Section 6(c), ch. 26, SLA 1986, is amended to read:

8 (c) The Office of Management and Budget shall report to the
9 legislature in January 1987, [AND] 1988, and 1989 on the effect of the
10 retirement incentive program on state operation and personal services
11 costs.

12 * Sec. 5. Section 7, ch. 26, SLA 1986, is amended to read:

13 Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. Except as provided in (b)
14 of this section, if [IF] a participant in the retirement incentive
15 program is reemployed as a member of the Public Employees' Retirement
16 System under AS 39.35 or the Teachers' Retirement System under AS 14.-
17 25 after appointment to retirement under the program, the participant
18 loses the incentive credit received under sec. 5 (c) of this Act and
19 is indebted to the system. The amount of the indebtedness is equal to
20 110 percent of the amount the participant received as a result of
21 participation in the program for which the participant was not other-
22 wise entitled, including the cost of health insurance. The partici-
23 pant is entitled to a credit to be applied against the reemployment
24 indebtedness in the amount the participant has paid under sec. 5 (d)
25 of this Act. Interest accrues on the indebtedness at the rate estab-
26 lished by regulation from the date of reemployment until the member is
27 appointed to retirement and accepts an actuarial adjustment to the
28 member's future benefits or until the amount is paid in full.

29 * Sec. 6. Section 7, ch. 26, SLA 1986, is amended by adding a new

1 subsection to read:

2 (b) A member of the Teachers' Retirement System who retires
3 under the early retirement program may continue to receive benefits
4 from the Teachers' Retirement System that include early retirement
5 incentives while employed in a position covered by the Public Em-
6 ployees' Retirement System. However, the member may not participate
7 in the early retirement program under the Public Employees' Retirement
8 System and may not receive credit for employment covered by the Teach-
9 ers' Retirement System when retiring from the Public Employees' Re-
10 tirement System.

11 * Sec. 7. Section 11, ch. 26, SLA 1986, is amended to read:

12 Sec. 11. Sections 1 - 6 of this Act are repealed July 1, 1989
13 [1988].

14 * Sec. 8. Section 7, ch. 26, SLA 1986, as amended by sec. 5 of this Act
15 applies retroactively to May 16, 1986. With respect to a member of the
16 Teachers' Retirement System who retired under the incentive program estab-
17 lished by ch. 26, SLA 1986, and accepted employment from an employer cover-
18 ed by the Public Employees' Retirement System before the effective date of
19 this Act, the division of retirement and benefits shall

20 (1) restore any incentive credit lost under sec. 7, ch. 26, SLA
21 1986, before it was amended by this Act;

22 (2) recompute the member's benefits, considering the retroactive
23 restoration of credit under (1) of this section;

24 (3) make a lump-sum payment to the member of additional benefits
25 due, considering the recomputation under (2) of this section;

26 (4) recompute any indebtedness previously determined under
27 sec. 7, ch. 26, SLA 1986, before it was amended by this Act; and

28 (5) refund any overpayments made by the member in relation to an
29 indebtedness recomputed under (4) of this section.

1 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

SB 550

2/3/88
H Fic
7

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 50
PUBLISH DATE: 3/11/87

FISCAL NOTE

REQUEST:

Revision Date: 1/29/88
Title: An Act relating to dissolution of a municipality.
Sponsor: SENATE C&RA
Requestor: House Finance

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Division of Elections Date: 2/1/88

Approved by Commissioner: [Signature] Date: 2-1-88
Agency: Office of the Governor

Distribution (by preparer): 2/1/88
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget

Mary

5850

LEGISLATIVE COUNCIL



From The
SENATE
FINANCE COMMITTEE

April 7, 1987

Legal Services -

Please prepare a Senate Finance Committee Substitute for SB 50 incorporating language from the attached Judiciary Committee amendment as a new Sec. 3, and return the final to Kachy or Vicki, Room 413, Capitol Building. The bill was reported out of committee at our meeting this morning and will be read across at the 11:00 a.m. floor session.

Thank you,

kachy
4935

SENATE COMMITTEE REPORT

FURTHER:

4/3/87

DATE TURNED INTO OFFICE

4/7/87

Mr. President:

FINANCE

Committee considered

SB 50

dissolution of a municipality

and recommended:

replace with CS FOR SB 50 (Finance)) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent Finance adopted _____

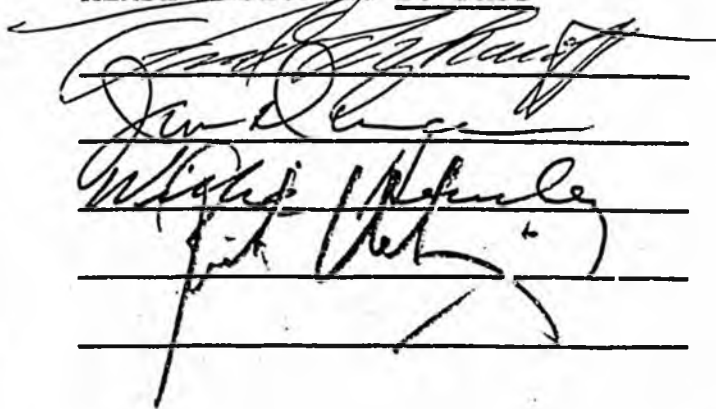
Committee attached or adopted fiscal note(s)

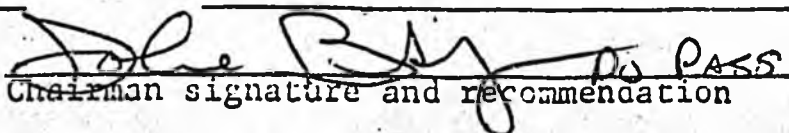
new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS




Chairman signature and recommendation

Committee Backup Attached

NO. 116

A/B

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: CS SB 50 (C+RA) M&A
Revision Date: _____
Title: "An Act relating to dissolution of a municipality."
Sponsor: Senator Binkley
Requestor: Senate C&RA

Bill Version: CS SB 0050 (C&RA)
Publish Date: 02/06/87 5-11-87

Agency Affected: Community & Regional Affairs
BRU: Local Government Assistance
Components: Local Boundary Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS :

[Empty box for analysis]

Prepared by: Douglas B. Griffin
Division: Municipal and Regional Assistance

Phone: 465-4750
Date: 02/06/87

Approved by Commissioner: [Signature]
Agency: Community and Regional Affairs

Date: 2-6-87

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

Original sponsor: Binkley

Finance Committee
BY THE ~~COMMUNITY AND~~
~~REGIONAL AFFAIRS COMMITTEE~~

1 IN THE SENATE

2

CS FOR SENATE BILL NO. 50 (G&RA *Finance*)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to dissolution of a municipality."

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

8 * Section 1. AS 29.06.470(a) is amended to read:

9 (a) Except as provided in (b) of this section, voters of a
10 municipality may petition for dissolution when the municipality is
11 free of debt, or, if in debt, each of its creditors is satisfied with
12 a method of repayment and

13 (1) the municipality [IT] no longer meets the minimum
14 standards prescribed for incorporation by AS 29.05, or former AS 29.-
15 18.030 if it is a third class borough; [OR]

16 (2) the municipality ceases to use each of its mandatory
17 powers; or

18 (3) dissolution is requested by petition on a form provided
19 by the department signed by a number of voters of the municipality
20 proposed to be dissolved greater than 50 percent of the number of
21 votes cast in the last general election in that municipality.

22 * Sec. 2. AS 29.06.500(a) is amended to read:

23 (a) If the Local Boundary Commission determines that a munic-
24 ipality fails to meet the standards for dissolution, it shall reject
25 the petition. If the commission determines that the municipality
26 meets the standards under AS 29.06.470(a)(1) or (2), it shall accept
27 the petition. If the commission determines that the municipality
28 meets the standards under AS 29.06.470(a)(3) and that dissolution of
29 the municipality is in the best interest of the state, it shall accept

Insert New Sec. 3 (Judiciary Amendment Language)

1 the petition.

2 → Sec. 34 AS 29.06.510(c) is amended to read:

3 (c) The director of elections shall certify the election re-
4 sults. If dissolution is approved by a number of voters greater than
5 50 percent of the number of people registered to vote in the munici-
6 pality, the director of elections shall declare that the municipality
7 is dissolved effective on the date of certification.

SENATE AMENDMENT

BY: JUDICIARY COMMITTEE

TO: CS SENATE BILL NO. 50(C&RA)

TO: _____ HOUSE BILL NO. _____

Page 2, line 2: insert a new Section 3 to read:

*Sec. 3. AS 29.06.510(a) is amended to read:

(a) The Local Boundary Commission shall immediately notify the director of elections of its acceptance of a dissolution petition. Within 30 days after notification, the director of elections shall order an election in the municipality to determine whether the voters desire dissolution. The election must be held at least 30 and not more than 90 days after the election order unless such timing would cause the election to be held between May 1 and November 1. If the director of elections receives notification after April 1, but before October 1, the election shall be held within 60 days after November 1. A person who is a voter of the municipality may vote in the dissolution election.

Renumber existing section accordingly.

(TURN IN ORIGINAL AMENDMENT TO SENATE SECRETARY'S OFFICE.
THE AMENDMENT WILL BE NUMBERED, COPIED AND DISTRIBUTED.)

CSSB 50 (Finance)

LEGISLATIVE INTENT

Existing laws apparently do not permit the dissolution of a city government unless that community suffers drastic reductions in its population or economy. The legislature recognizes that there are other circumstances under which the dissolution of a city government may be warranted. Such circumstances include those where:

1. the residents of community have abandoned their city government;
2. alternative entities exist through which essential services* may be delivered in the absence of city government; and
3. dissolution would not be adverse to the interests of the region in which the city is located and the state (e.g., dissolving primarily to avoid a viable tax base, returning education function to the state).

It may be considered to be in the best interest of the state, under the provisions of Section 2 of this Act, for any city to be dissolved where such circumstances exist.

* Definition of "essential services": Basic municipal services provided for the health, safety, and welfare of the residents, such as police and fire protection services and maintenance of public facilities, e.g., water and waste disposal systems, community buildings, etc.

4/17/87
Adopted

Revised letter
of Intent
Submitted by
Sen. Bradley

CSSB 509 ~~(CORA)~~ ^{FIN}

LEGISLATIVE INTENT

Existing laws apparently do not permit the dissolution of a city government unless that community suffers drastic reductions in its population or economy. The legislature recognizes that there are other circumstances under which the dissolution of a city government may be warranted. Such circumstances include those where:

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LEGISLATIVE INTENT

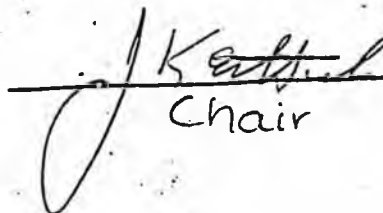
Existing laws apparently will not permit the dissolution of a city government in a community unless that community suffers drastic reductions in its population and/or economy. The legislature recognizes that there are other circumstances under which the dissolution of a city government may be warranted. Such circumstances include those where:

1. the residents of a community have abandoned their city government;
2. alternative entities exist through which essential services* may be delivered in the absence of city government; and
3. dissolution would not be adverse to the interests of the ~~community served by the city,~~ the region in which the city is located, and the state, i.e., dissolving primarily to void a viable tax base.

It may be considered to be in the best interest of the state, under the provisions of Section 2 of this Act, for any city to be dissolved where such circumstances exist.

- * Definition of "essential services": Basic municipal services providing for the health, safety, and welfare of the residents, such as police and fire protection services and maintenance of public facilities, i.e., water and sewer systems; washeterias; community buildings, etc.

moved OUT OF COMMITTEE 4/2
ADOPTED by SENATE JUDICIARY


Chair

1 IN THE SENATE

BY BINKLEY

2

SENATE BILL NO. 50

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to dissolution of a municipality."

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

8 * Section 1. AS 29.06.470(a) is amended to read:

9 (a) Except as provided in (b) of this section, voters of a
10 municipality may petition for dissolution when the municipality is
11 free of debt, or, if in debt, each of its creditors is satisfied with
12 a method of repayment and

13 (1) it no longer meets the minimum standards prescribed for
14 incorporation by AS 29.05, or former AS 29.18.030 if it is a third
15 class borough; [OR]

16 (2) the municipality ceases to use each of its mandatory
17 powers; or

18 (3) dissolution is approved in an advisory election held on
19 the question by the municipality proposed to be dissolved.

20 * Sec. 2. AS 29.06.520 is repealed and reenacted to read:

21 Sec. 29.06.520. SUCCESSION. (a) The Local Boundary Commission
22 shall provide for the distribution of assets and liabilities of a
23 municipality upon its dissolution. Assets and liabilities may be
24 distributed to the state, another municipality, a nonprofit corpora-
25 tion formed under the laws of the state, or a Native council organized
26 under 25 U.S.C. 476.

27 (b) In determining how to distribute the assets of a municipali-
28 ty upon its dissolution, the Local Boundary Commission shall consider
29 the manner in which the assets will be best used to continue to

1 provide services to the area of the dissolved municipality. Prefer-
2 ence in the distribution of the assets shall be given to the state,
3 another municipality or a nonprofit corporation.

SENATE COMMITTEE REPORT

FURTHER:

FINANCE

3/11/87

DATE TURNED INTO OFFICE 4-2-87

Mr. President:

JUDICIARY

Committee considered

SB 50

dissolution of a municipality.

and recommended:

replace with CS FOR _____) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Josephine
Charles Stangor

Josephine *Do not*
Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 2/12/87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: JUDICIARY
FINANCE

**FISCAL NOTE(S) ATTACHED yes **
IN ACCORDANCE WITH AS 24.08/035
(see below)

1/19/87

DATE TURNED INTO OFFICE

3/11/87

Mr. President:

COMMUNITY & REGIONAL AFFAIRS Committee considered SB 50

relating to dissolution of a municipality,

and recommended:

replace with CS SB 50 (C+RA) same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

M. Stangor
Paul Stangor

OTHER RECOMMENDATIONS

Rick Helford DO NOT PASS

Arless Stangor
Chairman signature and recommendation

Committee Backup Attached

Do Pass

Senator Johne Binkley

Alaska State Senate
P.O. Box V • Juneau, Alaska 99811 • (907) 465-4985




Finance Committee
Co-Chairman

M E M O R A N D U M

April 6, 1987

TO: SENATE FINANCE COMMITTEE MEMBERS

FROM: SENATOR JOHN BINKLEY 

Subj: CSSB 50: "An Act relating to the dissolution of a municipality."

Residents and local elected officials of several small cities in Alaska have expressed an interest or desire in dissolving their municipal government. State laws provide standards and procedures for dissolution. However, existing regulations do not specifically address voluntary dissolution of active municipalities.

Existing regulations only pertain to dissolution of a community which effectively ceases to function as a governmental entity. State statutes require that, in order to dissolve, a municipal government must be free of debt and must cease to exercise its mandatory powers or it must be determined to no longer meet the standards of incorporation. Administrative regulations require that all three standards must be met in order for a municipal government to dissolve.

In 1984, residents of the City of Akiachak initiated a petition for the dissolution of their city. The matter was brought before the Alaska Local Boundary Commission twice (once upon reconsideration) in 1985. The Commission denied the petition principally because it found that Akiachak failed to meet two of the standards of dissolution of a municipality: (1) the community did not fall below the minimum standards for incorporation; and (2) the city must cease for two or more consecutive years to exercise virtually any of its municipal powers. The Commission determined that the City of Akiachak continued to function in certain respects (e.g., administration of grants). Akiachak has appealed the Commission's decision to the State Superior Court.

Section 1 of this bill amends the standards by which the Local Boundary Commission is petitioned by requiring a petition signed by a number of voters of the municipality greater than 50 percent of the number of votes cast in the previous general election in that community.

Section 2 of this bill provides provides that the Local Boundary Commission determines whether the municipality meets the standards for dissolution and the dissolution is "in the best interest of the state."

Section 3 of this bill establishes standards for the election process for dissolution by requiring approval by a number of voters greater than 50 percent of the number of people registered to vote in that municipality.

The assets of the dissolved municipality are to be distributed either to another municipality or to the state. If the assets are to remain within the community, the state would enter into contracts regarding the use of the assets with any person or organization, including a nonprofit corporation formed under the laws of the state or a Native council (IRA or traditional) formed under 25 U.S.C. 476. The contracting entity would be required, under existing state regulations, to waive sovereign immunity (if applicable) and be accountable for the use and maintenance of the assets, with a provision in the contract that: (1) the assets be used for a specified purpose; (2) the assets be used to provide services to residents without regard to race, color, creed, religion, or national origin; and (3) the contracting entity is liable for claims arising out of the use or management of the assets.

The Senate Judiciary Committee passed CSSB 50(C&RA) with an amendment and a letter of intent. The amendment amends Sec. 29.06.510 pertaining to dissolution elections. The dissolution election could not be held between May 1 and November 1. This amendment serves two purposes: (1) given the high standard for the dissolution election (a majority of the number of registered voters in the municipality), it often would not be possible to obtain a turnout large enough to satisfy the election requirements because of conflicts with summer employment such as cannery, fire fighting, and construction, and subsistence activities in rural Alaska; and (2) the dissolution election would not interfere with the regular municipal election; that is, the dissolution issue would be resolved long before the subsequent municipal election.