

SCOMM

142:25

STATE OF ALASKA



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REPRESENTATIVE MIKE KELLY HOUSE DISTRICT 7

Member
House Finance Committee

TO: Rep. Weyhrauch, Chair House Ways and Means
Members, House Ways and Means
FROM: Rep. Kelly
DATE: March 22, 2006
SUBJECT: HB 492

Thank you for the opportunity to present to you HB 492 earlier this week. The goal of the March 20th hearing was to introduce to the committee, the concept that the State of Alaska could transfer an income-producing asset to the Alaska Retirement Management Board (ARMB) to fulfill the unfunded liabilities in the State's PERS/TRS systems. The hearing did produce many great questions and this memorandum is an attempt to address as many of those questions as we can at this time. Most however are still under consideration.

- 1) **What type of royalty will the ARMB receive when the state transfers the gas interests to them?**

The ARMB would own the gas interest.

- 2) **Are we funding past service cost liabilities with an insecure asset (gas line) that may or may not come online? If we do proceed, what about a mismatch of Assets to Liabilities?**

The ARMB would evaluate the gas interest asset yearly. (This question is still being addressed by Retirement and Benefits)

- 3) **Why should the state take on the entire unfunded liability, when a large portion of the liability should be paid by the Federal Government?**

The mechanism to address this is being considered by Retirement and Benefits as well as the Department of Revenue

- 4) **Any transfer of gas interest will have to be sanctioned by FERC. For example, the producers book reserves with the goal of increasing shareholder value, while the state would in this case, book reserves with the intent of filling the unfunded liability of PERS/TRS. Is this addressed in HB 492?**

No, the Federal Energy Regulatory Commission (FERC) is not addressed in the bill. The Department of Revenue won't even assign value to oil flowing next year. These gas interests are even more difficult to place a value on.

- 5) **How do we monetize the assets to be transferred? Is the ARMB given authority to sell the assets?**

Gas interests are difficult to monetize. We will want further input when the ARMB meets.

- 6) **What are we going to be dealing with in the future? What will future liabilities look like? (Request to work with actuaries and obtain facts).**

There will be an Actuary Presentation by Buck Consulting on Friday, March 24 to address this question.

- 7) **What happens if we change the term "natural gas" to "oil" in the bill?**

It would be easier if we put the term "oil" in the bill because there is more certainty in the value of oil than there is gas.

- 8) **Does it simplify the bill if we specify that we're just looking at the Cook Inlet region for gas interests to be transferred?**

Yes, it would simplify the bill, but the interests in the Cook Inlet gas is likely so small, that it would not have a dramatic impact on the unfunded liability.

- 9) **What is the difference between this proposal and saying that future state assets will do the same?**

This is a legitimate concern. It all turns to cash (or fails to) in the end. This would use future assets to cover future liabilities and would reduce budget impact.

- 10) **What happens if the Governor wants the Commissioner of DNR to go one way and the ARMB wants the Commissioner to go another way? How does this get worked out?**

This question will be addressed by the ARMB and the Department of Natural Resources.

- 11) Will Article 12, Sec. 7 (Retirement Systems shall not be diminished) of the constitution hold up against Article 9, Sec. 7 of the constitution, which states that there shall not be any funds dedicated to any special purpose?**

There is no definitive answer to this question, but the department of law can give us more insight regarding this question.

- 12) Is the transfer of gas interests as an "asset" a "prohibited investment" or "prohibited transaction" under ERISA? If it were an allowable transaction, what would the actuaries think?**

In order for the state to book gas interests as an asset under ARMB the asset must be, measurable, liquid and available to pay liabilities in current year. The state does not book other assets until that asset is produced. (Oil, timber, etc...)

Sponsor Statement

HB 492

“An Act relating to the transfer of the state’s interests in certain gas to the Alaska Retirement Management Board for the purpose of satisfying the unfunded accrued actuarial liability of state retirement systems.”

The 24th Alaska State Legislature modified the State’s Public Employee and Teacher Retirement system by passing SB 141 last year. However, the state is still faced with the unfunded liability embedded in the original PERS/TRS system.

This bill transfers the state’s gas interests in certain land identified by the Department of Natural Resources to the Alaska Retirement Management Board (created by SB 141) for the purpose of satisfying the State’s nearly \$6 billion unfunded liability. Other useful tools are available such as cash payments and pension obligation bond financing, but we believe transferring these resources as an asset may be the best way to fulfill the State’s obligation to it’s public employees and reduce unsustainable employer costs and negative impacts on the state budgets over the coming decades.

This bill will help to:

- ✓ Significantly lower the cost of state government
- ✓ Free up significant additional funding for K-12 and university classrooms

By transferring the interest of potential gas resources as an asset to the Alaska Retirement Management Board, the state will ensure compliance with Article XII, sec.7, of the Constitution of the State of Alaska, which mandates that we address the unfunded liability. Satisfying the unfunded liability is in the best interest of the state, the University of Alaska and school districts.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 492
 () Publish Date: _____

Revision Date/Time (Note if correction): 3/17/06 1:07 p.m. Dept. Affected: Administration
 Title An Act relating to the transfer of the state's interest RDU Centralized Administrative Services
in certain gas to the ARM Board... Component Retirement and Benefits
 Sponsor House Special Committee on Ways and Means
 Requester House Special Committee on Ways and Means Component No. 64

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 492 will have no fiscal impact on the Division of Retirement and Benefits.

Prepared by: Melanie Millhorn, Director Phone 465-4408
 Division Retirement and Benefits Date/Time 3/17/06 1:32 PM
 Approved by: Mike Tibbles, Deputy Commissioner Date 3/17/2006
 Agency Department of Administration

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB492-DNR-O&G-03-18-06
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
Title Natural Gas Royalties to Fund PERS/TRS RDU Resource Development
Component Oil and Gas Development
Sponsor House Finance
Requester House Ways and Means Component No. 439

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	1,280.0	1,280.0	1,280.0			
Travel	5.0	5.0	5.0			
Contractual	172.0	172.0	172.0			
Supplies	58.5	4.5	4.5			
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1,515.5	1,461.5	1,461.5	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	(***Indeterminate***)					
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,515.5	1,461.5	1,461.5	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	1,515.5	1,461.5	1,461.5	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal: ☐

POSITIONS

Full-time	9	9	9			
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would require DNR to identify and transfer \$5 billion of the state's interests in gas underlying state land to the Alaska Retirement Management Board. The transferred interest must have a reasonable expectation of development. The board would receive an allocation of lease rentals, royalties, royalty sale proceeds, net profit shares, and other receipts related to gas interests. DNR would continue to manage the state land on behalf of the board with the board reimbursing DNR for its management costs.

Prepared by: William Van Dyke, Acting Director Phone 269-8802
Division: Oil and Gas Date/Time 3/17/2006
Approved by: Michael Menge, Commissioner Date 3/18/2006
Agency: Natural Resources

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. HB492-DNR-O&G-03-18-06

ANALYSIS CONTINUATION

In order to do a transfer and before the transfer can take place, DNR would be required to do the following:

- Identify the resource: \$5 billion of gas could possibly be more than the known gas deposits in the state. It will take petroleum geologists, geophysicists, and engineers to identify the gas deposits, delineate the pools, and calculate what might reasonably be recoverable. (3 positions at Range 26 = \$522.6)
- Determine a reasonable expectation of development: As well as the technical staff above, Commercial Analysts and Petroleum Market Specialists will be needed to determine whether there might be a reasonable expectation of development. The bill also anticipates that DNR will be able to estimate the potential gas value of the resource at the time of conveyance so that it can equal \$5 billion. This determination will also take Commercial Analysts and Market Specialists. (3 positions at Range 26 = \$522.6)
- Lease determination and conveyance of interest: Each individual lease that the state has issued will need to be examined to determine the percentage of interest that the state has. This can vary from lease to lease. (For example, on one lease the state might have 12.5 percent but the one next to it may be 16.666 percent.) Once the interest is determined, a conveyance would be issued on each lease transferring ownership of the gas on each lease to the Board (2 Natural Resource Specialists II positions at Range 16 = \$143.9 and 1 Natural Resource Manager I at Range 18 = \$90.9) Note that a conveyance instrument would need to be drafted.

Additional costs include travel to public hearings as needed, phone charges, building lease space, DOA ETS service charges for telecom and computer services, indirect cost administration, DOA and other department core services charges per employee, office supplies, and one-time computer and furniture costs.

Once the transfer is complete, management of the asset will require setting up a structure to manage the gas resource. To adequately manage the resource for the benefit of PERS/TRS, staff would need to consist of petroleum geologists, commercial analysts and marketing specialists, accountant/auditors, lease administration, and unit management. The cost of management is unknown at this time and would require additional positions. However, HB 492 specifies that the board will reimburse DNR for management costs. It is unknown how long the transfer will take. Therefore, DNR is unable to establish when additional staffing funds would be needed to begin management or when reimbursement would begin.

***Indeterminate Revenue Change. The loss in revenues to the general fund will vary from year to year but will equal \$5 billion over time. It is unknown how long it would take to transfer the gas interests to the board. Therefore, it is unknown which fiscal year funds will start to be deposited into PERS/TRS and the general fund begins to see a loss in revenues.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB492-DNR-ML&W-03-18-06
() Publish Date: _____

Revision Date/Time (Note if correction): 3/18/2006 Dept. Affected: Natural Resources
Title: Natural Gas Royalties To Fund PERS/TRS RDU: Resource Development
Component: Title Acquisition and Defense
Sponsor: House Fin by Request
Requester: (H) Ways & Means Component No. 2459

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	212.4	212.4	212.4			
Travel	3.0	3.0	3.0			
Contractual	18.6	18.6	18.6			
Supplies	3.0	3.0	3.0			
Equipment	30.0	0.0	0.0			
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	267.0	237.0	237.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	267.0	237.0	237.0			
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	267.0	237.0	237.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal: ☐

POSITIONS

Full-time	3	3	3			
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill would require the DNR Commissioner to "identify and transfer" state land "having a value equal to \$5 billion and a reasonable expectation of development" to the Alaska Retirement Management Board (ARMB). The costs to DMLW would include expenses related to identification, selection and transfer of gas interests in state land. DMLW will incur significant expenditures associated with title research to establish what land can be transferred and then will prepare deeds to execute title transfer.

This fiscal note is based upon an assumption that the gas interest in at least one million acres of state land would need to be transferred from the state to the ARMB.

Prepared by: Dick Mylius, Acting Director Phone: (907)269-8600
Division: Mining, Land and Water Date/Time: 3/18/2006
Approved by: Mike Menge, Commissioner Date: 3/18/2006
Agency: Natural Resources

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. HB402-DNR-ML&W-03-18-06

ANALYSIS CONTINUATION

This is likely significantly less acreage than what the state would need to include. As a result, our fiscal note is likely very conservative. At this point, the total amount of gas (and acreage involved with the gas resource) has yet to be identified.

The MINIMUM (1 million acre) estimate assumes that most of the gas to be transferred would be from the North Slope Gas fields from which the Department could tap the necessary gas to met the mandate of this legislation. Should other areas of state land be identified for this purpose, the total amount of required acreage involved would increase and thus the division's effort and cost to identify and review title of the requisite acreage/gas resources would also increase.

DMLW would have two primary tasks as part of the department's efforts to identify gas reserves (including land/lease identification, oil and gas leases review/audits). The first is to prepare land title analysis and title reports on a MINIMUM of 1 million acres on which DNR has issued oil and gas leases to confirm ownership of the gas interest proposed to be conveyed. The second major task is to prepare and issue deeds to transfer a portion of the state's ownership interest in this land.

Based on the above minimal numbers and on the department's experience with in identifying, performing title reviews and conveyances on approximately one million acres of land to the Mental Health Trust Authority in settlement of that litigation, DMLW's MINIMUM costs to perform this work for 1 million acres would be:

PERSONAL SERVICES COST - \$212.4

Two Natural Resource Specialist (NRS) III (range 18s) - total 12 months @ \$6.3/month = \$151.2 - to participate in acreage identification and title report preparation.

One Natural Resource Specialist (NRS) I (range 14) - 12 months @ \$5.1/month = \$61.2 - to participate in acreage identification and title report preparation.

TRAVEL, CONTRACTUAL, SUPPLIES - total \$24.6, plus additional start-up costs in FY 07. Travel would be limited (assumed at \$3.0) as most of the information is found in DNR records, although there may be a need to research some municipal title records. Contractual includes \$6.2 for office space, telephone, and related expense for each of three new positions (total \$18.6). Supplies are budgeted at \$3.0 per year. FY 07 includes start-up costs for new computers and office equipment of \$10.0 per position (total \$30.0).

We have assumed that this process will take three years to complete. Should the required acreage increase because other, lower gas yielding lands are selected then the amount of the fiscal note would increase proportionately.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE of the COMMISSIONER

FRANK MURKOWSKI, GOVERNOR

State Office Building
PO Box 110400
Juneau, AK 99811-0400

Telephone : 907-465-2300
Fax : 907-465-2389

March 23, 2006

The Honorable Bruce Weyhrauch
Alaska State Legislature
State Capitol, Room 421
Juneau, Alaska 99801

Dear Representative Weyhrauch:

On Monday, I promised the House Ways and Means Committee and Representative Kelly additional information on the matter of recognizing the dollar value of assets as contemplated by HB492. I said that auditors would provide more detail on Wednesday. That occurred.

The enclosed memorandum from State Comptroller Susan Taylor is the best information I am likely to have until or unless some refinement of HB492 can somehow change the answers. As you may know, the originators of the concept developed in HB492 are presenting the idea to the Alaska Retirement Management Board tomorrow, and possibly we may learn something that would help in this regard. The information in Ms. Taylor's memorandum is in accord with information that I have received in the past in that state-owned natural resources, while valuable and of changing value, are not recognized on any balance sheets I have seen. I would be happy to provide further information and to try to answer additional questions.

Sincerely,



Tomas H. Boutin
Deputy Commissioner

enclosure

MEMORANDUM

State of Alaska

Department of Revenue
Treasury Division

TO: Tom Boutin
Deputy Commissioner

DATE: March 22, 2006

TELEPHONE NO: 465-2352

FAX NUMBER: 465-2394

FROM: Susan Taylor 
Comptroller

SUBJECT: HB492

I inquired about the appropriate accounting treatment for the potential transfer of gas interests to the ARMB contained in HB492. My understanding is the state's primary actuary, Buck Consultants, an ACS Company, would take the valuation decision from the audited financial statements. Therefore, the appropriate accounting treatment of these assets is important as it relates to the proposed legislation. This discussion sets aside the constitutional questions surrounding any transfer of gas interests from the State to the ARMB.

Accounting guidance from Kathy Porterfield, KPMG Managing Partner follows:

I received the draft of HB 492 and considered the appropriate accounting for a potential transfer of "gas interests" to the Alaska Retirement Management Board (ARMB). I offer the following thoughts.

- Generally speaking as you know, assets are required to be initially recorded at historical cost. In the specialized area of oil and gas accounting, this is confirmed by Statement of Financial Accounting Standard No. 19, *Financial Accounting and Reporting by Oil and Gas Producing Companies*, which indicates that the cost of assets, such as mineral rights, shall be capitalized as incurred.
- GASB Technical Bulletin No 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*, contains some information with regard to transfer of assets. Specifically, paragraph 17 indicates that when accounting for transfers of assets between entities under common control, the entity that receives the net assets should recognize the assets at their carrying value in the accounts of the transferring entity at the date of transfer.

- GASB has an exposure draft that is expected to become final by the end of the calendar year. That exposure draft, *Sales and Pledges of Receivables and Future Revenues*, specifically indicates in paragraph 15 that when accounting for the transfer of assets within the same financial reporting entity, the transferee should recognize the assets received at the carrying value of the transferor. Although this exposure draft is not final, it is a clear indication of GASB's current thinking on the subject of transfers.

It is our understanding that the state of Alaska has not recorded the mineral rights. It is my conclusion, therefore, since ARMB is not incurring a cost to acquire these assets, and since this is a transfer of assets between entities under common control, that the transfer would be recorded at cost, which is zero.

You also asked what future event might occur that would change the accounting outlined above. When there was an exchange transaction with an external party and revenue becomes measurable would be the event accountants would look for, however, this would trigger recording revenue to the extent realized, but the reserves in their entirety could still not be recorded at fair value.

Copy: Gary Bader, Chief Investment Officer

Future Assets to Future Liabilities

Creating a Solution to the TRS/PERS Funding Problem

A Balance Sheet Approach

March 6, 2006

The Problem

- TRS/PERS Liability = \$6,000,000,000

Entity	FY07* Budget Increases	Annual Costs (into Future)	Total Liability
- State	\$44,000,000	\$140,000,000	\$2.0 billion
- University	10,000,000	26,000,000	\$377 million
- Municipalities	26,000,000	55,000,000	\$797 million
- Schools	44,000,000	193,000,000	\$2.8 billion
Totals	\$124,000,000	\$414,000,000	\$6 billion



- Past Service Cost of \$414,000,000 annually to pay off current PERS/TRS Liability

*Increase from FY06 rates to FY07 rates

March 6, 2006

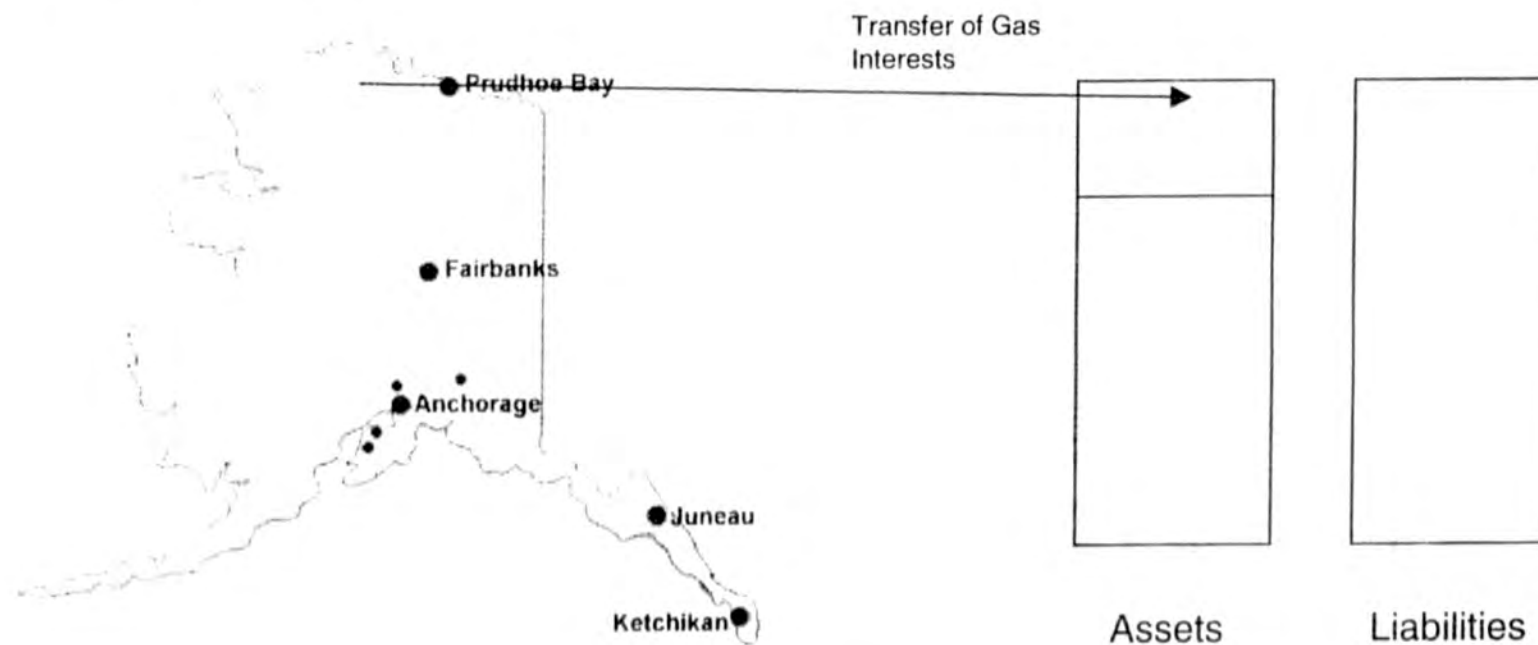
The Approach

- When faced with future potential liabilities, businesses consider:
 - Cash payments
 - Financing
 - Allocation of available assets
- The approach taken by this solution is to allocate assets containing future revenue potential to offset future potential liabilities
- The state should consider this approach, just as any private business would

March 6, 2006

The Solution

- Transfer of Future Revenue Producing Assets to TRS/PERS Funds at a Level to Offset Liability



March 6, 2006

Result

- TRS / PERS Funds Solvent with Fiscally Sound Foundation into the Future

• Budget Savings	FY07 Savings*	Annual Savings** (into Future)
– State	\$44,000,000	\$140,000,000
– University	10,000,000	26,000,000
– Municipalities	26,000,000	55,000,000
– Schools	44,000,000	193,000,000
Totals	\$124,000,000	\$414,000,000

* Based on FY07 rates set at FY06 levels

** Base on future payments set at actuarially determined Normal Cost Rate (NCR)

Tier IV changes from 7/1/06 forward resolve future liabilities for system as a whole

March 6, 2006

Result (continued)

- By Decreasing Payments made by State and Others into TRS/PERS Funds, this will:
 - For FY07
 - Lower cost of state government by \$44M
 - Make \$10M in funding available to the University for other fixed costs and programs
 - Lower the cost of municipal government by \$26M
 - Make \$44M in funding available to school districts
 - For FY08 and into the future, this will eliminate annual erosion of purchasing power of groups by \$400M+ by:
 - Lowering future costs of state government by \$140M
 - Freeing up \$26M in program money for the university annually
 - Lowering the future costs of municipal government to taxpayers by \$55M
 - Freeing up \$193M in classroom money for schools annually

March 6, 2006

Cost

- The transfer of interests in known natural gas reserves (net of permanent fund and other constitutional obligations) would reduce future revenue streams
- With known reserves that have value in the hundreds of billions of \$ (and a future gas revenue stream projected in excess of \$1 trillion) this would represent a small percentage of the value of potential future revenues

March 6, 2006

Actions to Implement Solution

- Draft assets transfer bill with recognition of required permanent fund safeguards
- Evaluate pros and cons through the legislative committee process
- Pass transfer bill (concurrently freezing FY07 PERS/TRS rates at FY06 levels)
- Identify reserves with future valuation approximate to future PERS/TRS liability (DNR)
- Third party appraisal of gas interests transferred (ARM Board)
- As the gas interests' value approximates the total system's liability, the transfer should ultimately reduce rates to the actuarially determined normal cost rate (NCR)
- Downward adjustments of state budget

March 6, 2006

Considerations

- Defining the assets
 - Need to transfer gas interests while retaining protections for permanent fund, oil reserves, and constitutional dedications
 - Legislative intent needed to direct ARM Board for independent valuation and transition of rates
- Constitutional issues
 - Include language addressing dedicated fund prohibition
 - Craft solution that protects constitutionally required allocations (Alaska Permanent Fund, Alaska Children's Trust Fund, etc)
- Creation of a resolution
 - Offsetting future potential PERS/TRS liabilities with future potential income producing gas assets
 - Reducing demands on existing state, university, and local municipal and school budgets

March 6, 2006

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE KELLY

TO: HB 492

1 Page 1, line 3:

2 Delete "the state and employers of teachers in the state to"

3

4 Page 1, lines 11 - 12:

5 Delete "the state and employers of teachers to"

6

7 Page 1, line 12:

8 Delete "\$5,000,000,000"

9 Insert "\$5,700,000,000"

10

11 Page 2, line 5, following "state,":

12 Insert "municipalities,"

13

14 Page 2, lines 6 - 7:

15 Delete "the state and employers of teachers to"

16

17 Page 2, line 11:

18 Delete "the state end employers of teachers to"

19

20 Page 2, line 13, following "state,":

21 Insert "municipalities,"

22

23 Page 2, line 17:

- 1 Delete "the state and employers of teachers to"
- 2
- 3 Page 2, lines 18 - 19:
- 4 Delete "the state and employers of teachers"
- 5 Insert "employers"
- 6
- 7 Page 2, line 31:
- 8 Delete "liabilities of the state and each employer of teachers"
- 9 Insert "liability of each employer"
- 10
- 11 Page 3, lines 7 - 8:
- 12 Delete "the state and employers of teachers to"
- 13
- 14 Page 3, line 15:
- 15 Delete "\$5,000,000,000"
- 16 Insert "\$5,700,000,000"
- 17
- 18 Page 3, line 17:
- 19 Delete "the state and employers of teachers to"
- 20
- 21 Page 4, lines 1 - 2:
- 22 Delete "the state and employers of teachers to"
- 23
- 24 Page 4, lines 13 - 14:
- 25 Delete ";
- 26 (5) "teacher" has the meaning given in AS 14.25.220"
- 27
- 28 Page 4, line 16:
- 29 Delete "for the state"
- 30
- 31 Page 4, lines 24 - 25:

- 1 Delete "the state or an employer of teachers"
- 2 Insert "each employer"