

Effect of amendment. — The 1977 amendment designated the provisions of this section as subsection (a), rewrote that subsection, and added subsection (b).

Sec. 39.35.340. Military service. (a) A vested employee is entitled to credited service for active military service in the armed forces of the United States, either by enlistment or induction, if the employee did not receive a dishonorable discharge. The credited service allowed may not exceed an aggregate period of five years. Benefits are not payable on credited service for military service unless the employee makes retroactive contributions to the system for the period of time that service credit is claimed. However, if the employee was in the employ of an employer on the date of entry into the armed forces and returned to the employ of an employer within 90 days after the date of his discharge from military service, he is not required to make retroactive contributions under this system for the period of credited service.

(b) In order to obtain credited service under this section, an employee shall make an election to do so and shall verify his period of military service. When eligibility for credited service for military service has been established, an indebtedness shall be determined as follows: (1) the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year 1976 or the year in which an employee first becomes vested under this chapter, whichever is later, multiplied by (2) six percent, this product multiplied by (3) the number of years of military service credited under this section. Interest as prescribed by regulation accrues on this indebtedness commencing on July 1, 1977, or one year following the date a person first becomes vested, whichever is later. Any outstanding indebtedness which exists at the time a person is appointed to retirement will necessitate an actuarial adjustment to the benefits payable based upon that military service.

(c) A retired employee on July 1, 1976, is eligible to receive increased benefits based upon military service as described in (a) of this section. To receive credited service for military service, a retired employee must verify his military service. When verified, a retired employee is entitled to receive an increased benefit which shall be actuarially adjusted to reflect his indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. The effective date of this increased benefit is the beginning of the month following that in which eligibility has been established.

(d) The credited service granted under this section may not be used to satisfy the credited service requirements for normal retirement.

do so and must verify his period of military service. When eligibility for military service has been established, an indebtedness shall be determined as follows: the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year the employee terminated, shall be multiplied by six percent; this product shall then be multiplied by the number of years of military service credit under this section. Interest as prescribed by regulation accrues on this indebtedness commencing July 1, 1978. Any outstanding indebtedness which exists at the time a person is appointed to retirement will necessitate an actuarial adjustment to the benefits payable based upon that military service.

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

(g) A surviving spouse receiving or entitled to receive a surviving spouse's pension under AS 39.35.440 or benefits under a joint and survivor option filed under AS 39.35.450 is eligible to receive increased benefits based upon military service as described in (a) of this section. To receive credited service for military service, the surviving spouse must verify the employee's military service. When verified, the surviving spouse is entitled to receive an increased benefit which shall be actuarially adjusted to reflect his or her indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. Benefits payable under this subsection are effective the first day of the month following that in which eligibility has been established.

(h) The combined period of military service claimed under this section and under AS 14.25 may not exceed five years. (§ 15 ch 143 SLA 1960; am § 1 ch 123 SLA 1976; am § 29 ch 128 SLA 1977; am § 6 ch 174 SLA 1978; am §§ 31—36 ch 13 SLA 1980)

Effect of amendments. — The 1976 amendment rewrote this section.

The 1977 amendment substituted references to credited service for references to service credit throughout subsections (a) through (d), substituted "A vested employee" for "An employee" at the beginning of subsection (a), deleted the former third sentence of subsection (a), relating to when service credit might be granted, inserted "first" in the first sentence of subsection (b), and in subsection (c), substituted "retired employee" for "person receiving retirement benefits under this chapter" in the first sentence, substituted "employee" for "person" in the second sentence.

retired person to receive military service credit, he" in the third sentence, and deleted "retirement" preceding "benefit" in the fourth sentence. The amendment also rewrote subsection (d) and added subsections (e) and (f).

The 1978 amendment added subsection (g).

The 1980 amendment in subsection (b), deleted "before July 1, 1977 or within one year following the date when the employee first becomes vested under this chapter, if later" at the end of the first sentence, and added a comma following "July 1, 1977" in the next to last sentence; in subsection (c), inserted a comma following "July 1, 1976" near the beginning of the subsection,

credit" for "such credit" at the end of the third sentence; in subsection (e), inserted a comma following "July 1, 1976" near the beginning of the subsection, and deleted "before July 1, 1978" at the end of the second sentence; in subsection (f) inserted "a period of" preceding "active military service" near the beginning of the subsection, and inserted "that" preceding "military service" near the end of the subsection; in subsection (g) deleted "within one year of the effective date of this act" at the end of the second sentence, and substituted "effective the first day of

the month following that in which eligibility has been established" for "payable retroactively to July 1, 1977" at the end of the subsection; and added present subsection (h).

Editor's note. — Section 51, ch. 146, SLA 1980 provides: "An employee who is a retired member of the public employees' retirement system on July 1, 1980, is entitled to receive increased benefits based on military service granted under AS 39.35.340(b) as amended by ch. 13, SLA 1980."

Sec. 39.35.345. Temporary service credit. (a) A vested employee is entitled to credited service for periods in which he regularly rendered full-time personal service to an employer but was not qualified to participate in the system because of the exclusion of temporary workers as described in AS 39.35.680(21)(C)(iii). Benefits are not payable on this credited service unless the employee makes retroactive contributions to the system for the period of time that credited service is claimed. The retroactive contribution is the full actuarial cost of providing benefits for the credited service claimed.

(b) To obtain credited service under this section, an employee must elect to do so and must verify his period of temporary service before July 1, 1981, or within one year following the date when the employee first becomes vested under this chapter, if later. When eligibility for temporary service credit has been established, an indebtedness shall be determined as provided in (a) of this section. Interest as prescribed by regulation accrues on that indebtedness beginning July 1, 1981, or one year following the date an employee first becomes vested, whichever is later. Any outstanding indebtedness existing at the time an employee retires will require an actuarial adjustment to the benefits payable based on the temporary service.

(c) A deferred vested employee on July 1, 1980, is eligible to claim credited service under (a) of this section. To obtain credited service under this section, a deferred vested employee must elect to do so and must verify his period of temporary service before July 1, 1981. When eligibility for temporary service credit has been established, an indebtedness shall be determined as provided in (a) of this section. Interest as prescribed by regulation accrues on that indebtedness beginning July 1, 1981. Any outstanding indebtedness existing at the time a deferred vested employee retires will require an actuarial adjustment to the benefits payable based on the temporary service.

(d) The credited service granted under this section may not be used to satisfy the credited service requirements for normal or early retirement. (§ 29 ch 146 SLA 1980)

Revisor's note. — This section was originally enacted as AS 39.35.156.

Sec. 39.35.350. Reinstatement of credited service. (a) An employee who receives a refund of contributions in accordance with AS 39.35.200 forfeits corresponding service under this chapter.

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

(c) If, on the date of retirement, an employee has not paid in full the amount of his reinstatement indebtedness, he may irrevocably elect either (1) option one — to receive a refund of the principal paid on the reinstatement indebtedness and forfeit the corresponding credited service, or (2) option two — to cancel the outstanding indebtedness due by accepting an actuarial reduction to the retirement benefit for life. (§ 16 ch 143 SLA 1960; am § 3 ch 235 SLA 1968; am § 2 ch 81 SLA 1976; am § 30 ch 128 SLA 1977)

Effect of amendment. — The 1977 amendment rewrote this section.

Sec. 39.35.360. Earlier service. (a) An employee employed before January 1, 1980, who completes three years of credited service with the state after January 1, 1961, for which the employee makes contributions required by this chapter is entitled to credited service for service rendered (1) before January 1, 1961, as an employee of the state and former Territory of Alaska; (2) before January 1, 1961, as an employee of the United States government in Alaska, excluding service in the armed forces of the United States; or (3) after January 1, 1961, as a peace officer or correctional officer of a participating political subdivision of the state if the employee is vested and is an active peace officer in the system as of July 1, 1980. The retirement benefits payable to an employee under this section shall be reduced by the amount of the retirement pension benefits paid to him by the United States government for the same period of service.

(b) An employee who is entitled to credited service for employment before January 1, 1961, is not required to make retroactive contributions under this chapter.

(c) [Effective until January 1, 1981] An elected state official who elects to participate in the system under AS 39.35.125 is entitled to service credit for service rendered to the state or territory before 1961 if

(2) his service rendered to the state after January 1, 1961, totals three years or more.

Repealed by § 41 ch 146 SLA 1980, effective January 1, 1981.

(d) Repealed by § 2 ch 26 SLA 1974.

(e) An employee of a detention facility provided by a local government unit to the territorial or state government under AS 33.30.060, who continues in state employment upon transfer of the facility to the state, is entitled to credited service for his prior service with the facility if the employee remains in continuous employment with the state until July 1, 1976. To obtain credited service the employee is required to make retroactive contributions for the period of service between January 1, 1961 and the effective date of the transfer of the facility to the state.

(f) A surviving spouse receiving or entitled to receive a surviving spouse's pension under AS 39.35.440 or benefits under a joint and survivor option filed under AS 39.35.450 is eligible for increased benefits for any service credit authorized under (a) of this section, but not claimed or authorized by law before the employee's death.

(g) An employee is eligible to receive up to 10 years of credited service for service rendered before July 1, 1979, as a temporary employee of the legislature of the state or territory during legislative sessions. To receive retroactive credited service under this subsection, an employee must claim the service before July 1, 1980. When the employee claims the service, an indebtedness of the employee to the system shall be established. The amount of this indebtedness is equal to the contributions the employee would have made if he had been eligible for membership in the system. The rate used to calculate these contributions may not be less than the rate in effect on January 1, 1961. Interest as prescribed by regulation accrues on this indebtedness beginning July 1, 1980. Any outstanding indebtedness which exists at the time the employee retires will require an actuarial adjustment to the benefits which are based upon retroactive credited service under this subsection.

(h) An employee of the state is eligible to receive credited service as provided under AS 39.35.300(b) for service rendered as a permanent part-time employee before January 1, 1976. To receive retroactive credited service under this subsection, the employee must claim the service before July 1, 1981. When the employee claims retroactive credited service, an indebtedness of the employee to the system shall be established. The amount of this indebtedness is equal to the contributions the employee would have made if he had been eligible for membership in the system. The rate used to calculate the contributions may not be less than the rate in effect on January 1, 1961. Interest as prescribed by regulation accrues on the indebtedness beginning July 1,

which are based on retroactive credited service under this subsection. (§ 17 ch 143 SLA 1960; am § 4 ch 80 SLA 1964; am §§ 5, 6 ch 155 SLA 1966; am § 4 ch 235 SLA 1968; am § 1 ch 55 SLA 1973; am §§ 1, 2 ch 26 SLA 1974; am §§ 1, 2 ch 245 SLA 1976; am §§ 31 — 33 ch 128 SLA 1977; am §§ 1, 7 ch 174 SLA 1978; am § 3 ch 81 SLA 1979; am § 10 ch 82 SLA 1979; am §§ 31, 32, 41 ch 146 SLA 1980)

Revisor's note. — Subsection (a) of this section apparently has no effect after January 1, 1980, since it applies only to employees employed before that date.

Subsection (g) of this section apparently has no effect after July 1, 1980, since credited service under this subsection must have been claimed by that date.

Effect of amendments. — The 1976 amendment, among other things, added the language beginning "and heavy equipment operators" to the end of that sentence, and added subsection (e).

The 1977 amendment, among other things, substituted "credited service for employment before January 1, 1961" for "service credit for prior service" and "this chapter" for "this system for the period of prior service credit" in subsection (b) and

substituted "credited service" for "service credit" in the first and second sentences of subsection (e).

The 1978 amendment, among other things, added subsection (f).

The second 1979 amendment added subsection (g).

Sections 31 and 32, ch. 146, SLA 1980, rewrote subsection (a) and added subsection (h). Section 41 of ch. 146, effective January 1, 1981, repealed subsection (c).

Editor's note. — Section 15, ch. 82, SLA 1979 provides that AS 39.35.360(g) applies to a temporary employee of the Eleventh Legislature, First Session, even though he may not be an employee under the public employee's retirement system on July 1, 1979.

Article 6. Benefits.

- Section
- 370. Retirement benefits
- 380. [Repealed]
- 385. Conditional service retirement benefits
- 390. [Repealed]
- 395. Voluntary contribution benefit
- 400. Nonoccupational disability pensions
- 410. Occupational disability pensions
- 420. Nonoccupational death benefits
- 430. Occupational death benefit
- 440. Death after occupational disability
- 450. Joint and survivor option
- 451. Spouse survivor benefits under Public Employees Retirement Act of 1940
- 460. Level income option
- 470. Other forms of payment
- 475. Post-retirement pension adjustment

- Section
- 480. Cost-of-living allowance
- 485. Minimum benefit
- 490. Designation of beneficiary
- 495. Time limit for application
- 500. Safeguard of employee funds held by the system
- 510. Voluntary waiver of benefits
- 520. Adjustments
- 522. Waiver of adjustments
- 525. Limitation on use of credited service as peace officer or fireman
- 530. Limit on pension
- 535. Medical benefits
- 540. Minimum benefit
- 545. [Repealed]
- 546. Tax exemption
- 547. Effect of amendments

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

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

(d) The monthly amount of a retirement benefit for a deferred vested member shall be determined in accordance with (c) of this section as it was in effect on the date of the employee's termination of employment.

(e) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) The member meets the eligibility requirements of this section; (2) he terminates his employment; and (3) he applies for retirement. The benefits are payable the last day of the month. If payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which a benefit is payable under this section.

(f) A member who is vested in the system as a peace officer or fireman at the time he incurs a permanent disability of at least 33-1/3 per cent under workers' compensation and who (1) undergoes retraining because of the disability; and (2) is subsequently employed with the state or other employer in a position other than peace officer or fireman, is eligible for a normal retirement benefit as a peace officer or fireman under (a) and (c) of this section when he has completed 20 years of credited service. (§ 18 ch 143 SLA 1960; am § 2 ch 102 SLA 1963; am § 7 ch 155 SLA 1966; am § 5 ch 235 SLA 1968; am § 6 ch 109 SLA 1970; am §§ 6, 7 ch 159 SLA 1972; am § 15 ch 47 SLA 1974; am § 34 ch 128 SLA 1977; am § 33 ch 146 SLA 1980)

Effect of amendments. — The 1977 amendment rewrote this section.

The 1980 amendment added subsection (f).

Editor's note. — Section 49, ch. 146, SLA 1980, provides: "The retirement benefit payable to a member of the public employees' retirement system who is receiving a normal retirement benefit under AS 39.35.370 on the effective date of this Act, and who at the time of his retirement was receiving a disability

pension under the public employees' retirement system, shall be increased by a percentage equal to the percentage of all post-retirement pension adjustments payable under AS 39.35.476 during the period that the member was receiving a disability benefit."

Legislative history report. — For report on ch. 159, SLA 1972 (FCCS HCS CSSB 264), see 1972 House Journal, p. 992.

Sec. 39.35.380. Early retirement benefits.

Repealed by § 56 ch 128 SLA 1977.

Sec. 39.35.385. Conditional service retirement benefits. (a) An employee is eligible for a normal retirement benefit at age 55 with at least two years of credited service if the employee also is eligible for a normal retirement salary under the teachers' retirement system (AS 14.25).

(b) An employee is eligible for an early retirement benefit at age 50 with at least two years of credited service if the employee also is eligible for an early retirement salary under the teachers' retirement system (AS 14.25).

(c) Credited service for which contributions were refunded is not creditable under this section unless the refunded contributions have been repaid. For purposes of this section, a member or former member does not have to be reemployed under this system in order to pay refunded contributions. Compound interest at the rate prescribed by regulation must be added to the reinstatement indebtedness from the date of the refund to the date of repayment.

(d) The monthly amount of a normal retirement benefit for a peace officer or fireman is two per cent of the average monthly compensation times the years of service up through 10 years, plus two and one-half per cent of the average monthly compensation times the years of service over 10 years. For all other employees it is two per cent of the average monthly compensation times the number of years of service. An actuarial adjustment of this amount must be made for an early retirement benefit.

(e) Benefits payable under this section accrue from the first day of the month (1) in which the member meets the eligibility requirements of this section, (2) following the date of termination, and (3) following application for retirement, and are payable the last day of the month. If payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which the member dies or is no longer eligible for a benefit under this section.

(f) An employee is eligible for a normal retirement benefit at age 55 or an early retirement benefit at age 50 if he has at least 60 days of credited service as a temporary employee of the legislature during each of five legislative sessions. (§ 3 ch 174 SLA 1978; am § 11 ch 82 SLA 1979; am § 37 ch 13 SLA 1980)

Effect of amendments. — The 1979 amendment added subsection (f).

The 1980 amendment added the present second and third sentences in subsection (c).

Editor's note. — Section 15, ch. 82,

SLA 1979, provides that AS 39.35.385 (f) applies to a temporary employee of the Eleventh Legislature, First Session, even though he may not be an employee under the public employee's retirement system on July 1, 1979.

Sec. 39.35.390. Deferred retirement benefit.

Editor's note. — The repealed section derived from § 20, ch. 143, SLA 1960; am. § 5, ch. 80, SLA 1964; am. § 8, ch. 155, SLA 1966; am. §§ 6, 7, ch. 235, SLA 1968; am. § 8, ch. 109, SLA 1970; am. § 9, ch. 159, SLA 1972; am. § 3, ch. 81, SLA 1976.

Sec. 39.35.395. Voluntary contribution benefit. The balance of the employee's savings account will be paid in one of the following options as elected by the employee: (1) a lump sum payment; or (2) a life annuity on a full cash refund or term-certain basis; or (3) installments over a designated period of time. (§ 35 ch 128 SLA 1977)

Sec. 39.35.400. Nonoccupational disability pensions. (a) An employee is eligible for a nonoccupational disability pension if his employment is terminated because of a total and apparently permanent nonoccupational disability, as defined in AS 39.35.680, before his normal retirement date and after five or more years of credited service.

(b) The nonoccupational disability benefits accrue beginning the first day of the month following termination of employment as a result of the disability and are payable the last day of the month. If a final determination granting the benefit is not made in time to pay the benefit when due, a retroactive payment shall be made to cover the period of deferment. Benefits shall be continued after one year from the date of appointment to nonoccupational disability only if the disabled employee fulfills the requirements set out in (c) of this section. The last payment shall be for (1) the month in which the death of the disabled employee occurs, or (2) the month in which the disabled employee recovers from disability, or (3) the month in which the disabled employee ceases to be eligible for disability benefits under the Social Security Act, or (4) the month in which the disabled employee reaches normal retirement age, whichever occurs first.

(c) If the disabled employee becomes ineligible to receive nonoccupational disability benefits, he is entitled to receive a normal or early retirement pension if he would have been eligible for the pension had his employment continued during the period of disability. However, the period of disability does not constitute credited service.

(d) The monthly amount of the nonoccupational disability pension shall be determined in accordance with AS 39.35.370(c), considering the employee's credited service and compensation before termination of employment.

(e) A disabled employee receiving a nonoccupational disability benefit shall provide the administrator, one year after appointment to disability benefits and once each year thereafter until disability benefits cease, proof of continuing eligibility to receive disability payments under the Social Security Act. If the disabled employee is

demonstrate that disability payments under the Social Security Act would be payable had the employee been otherwise eligible. If the disabled employee fails to provide the administrator with evidence of continuing eligibility for disability payments under the Social Security Act or other medical evidence required by the administrator within 30 days following each anniversary date, the disability benefits from the system shall cease. If that information is subsequently provided to the administrator, benefit payments will resume beginning for the month following that in which the information is provided. When disability payments under the Social Security Act cease, it is the responsibility of the disabled employee to notify the administrator immediately.

(f) A disabled employee's nonoccupational disability pension terminates when the employee first attains eligibility for normal retirement. At that time, his retirement benefits will be calculated under the provisions of AS 39.35.370(c). (§ 21 ch 143 SLA 1960; am § 9 ch 155 SLA 1966; am §§ 9, 10 ch 109 SLA 1970; am § 10 ch 159 SLA 1972; am §§ 15 — 17 ch 1 SLA 1974; am §§ 4—8 ch 123 SLA 1976; am §§ 36, 37 ch 128 SLA 1977)

Effect of amendments. — The 1976 amendment rewrote subsections (b) and (e), substituted "disabled employee becomes ineligible to receive nonoccupational disability benefits" for "retired employee recovers from the nonoccupational disability" in the first sentence of subsection (c), deleted the former second and third sentences of subsection (d), which read, respectively, "However, the amount shall be reduced by wage continuation payments which are available to the employee and which are attributable to the employers" and "The amount may not exceed the benefit determined in accordance with § 410(d) of this chapter." The amendment also added subsection (f).

The 1977 amendment in subsection (b), deleted "pension" following "nonoccupational disability" in the first sentence, added "and are payable the last day of the month" to the end of the first sentence, substituted "benefit" for

"pension" and for "first month's pension" in the second sentence, substituted "employee" for "person" in the third sentence, and in the fourth sentence, inserted "(1)," deleted "(1)" following "month in which," and inserted "in which" near the end. In subsection (e), the amendment substituted "benefit" for "pension" and "benefits" for "retirement" in the first sentence, substituted "a social security payment" for "social security" and "disability payments" for "disability benefits" in the second sentence, substituted "benefits" for "payments" in the third sentence, inserted "benefit" preceding "payments" in the fourth sentence, and deleted the former sixth sentence, which read "Upon notification, the administrator shall cease making disability payments."

Editor's note. — The Social Security Act, referred to in subsections (b) and (e), may be found in 42 U.S.C. § 301 et seq.

Sec. 39.35.410. Occupational disability pensions. (a) An employee is eligible for an occupational disability pension if his employment is terminated because of a total and apparently permanent occupational disability, as defined in AS 39.35.680, before his normal retirement date.

(b) The occupational disability benefits accrue beginning the first

the disability and are payable the last day of the month. If a final determination granting the benefit is not made in time to pay the benefit when due, a retroactive payment shall be made to cover the period of deferment. Benefits shall be continued after one year from date of appointment to occupational disability only if the disabled employee fulfills the requirements set out in (g) of this section. The last payment shall be for the month in which (1) the death of the disabled employee occurs, or (2) the month in which the disabled employee recovers from disability, or (3) the month in which the disabled employee ceases to be eligible for disability payments under the Social Security Act, or (4) the month the disabled employee reaches normal retirement age, whichever occurs first.

(c) If the disabled employee becomes ineligible to receive occupational disability benefits before his normal retirement date, the disabled employee shall then be entitled to receive an early retirement pension if he would have been eligible for the pension had his employment continued during the period of disability. The period of disability constitutes credited service.

(d) The monthly amount of an occupational disability pension is 40 per cent of the disabled employee's gross monthly compensation at the time of termination due to disability.

(e) Repealed by § 12 ch 123 SLA 1976.

(f) An employee is not entitled to an occupational disability pension unless he files an application for it with the administrator within six months after the date of the accident, if disability is attributable to an accident, or within six months after the date his disability begins if the disability is caused by an occupational disease. If the disability is attributable to an accident, the employee shall file a notice of the accident with the administrator within 30 days following the date it occurred. This 30-day filing period is suspended for the time the employee's condition prevents him from filing.

(g) A disabled employee receiving an occupational disability benefit shall provide the administrator, one year after appointment to disability benefits and once each year thereafter until disability benefits cease, proof of continuing eligibility to receive disability payments under the Social Security Act. If a disabled employee is otherwise ineligible for a social security payment, he shall provide the administrator with sufficient medical evidence once each year to demonstrate that disability payments under the Social Security Act would be payable had the employee been otherwise eligible. If the disabled employee fails to provide the administrator with evidence of continuing eligibility for disability payments under the Social Security Act or other medical evidence required by the administrator within 30 days following each anniversary date, the disability benefit from the

following that in which the information is provided. When disability payments under the Social Security Act cease, it is the responsibility of the disabled employee to notify the administrator immediately.

(h) A disabled employee's occupational disability pension shall terminate when the disabled employee first attains eligibility for normal retirement. At that time, his retirement benefit will be calculated under the provisions of AS 39.35.370(c). (§ 22 ch 143 SLA 1960; am § 11 ch 109 SLA 1970; am §§ 18 — 21 ch 1 SLA 1974; am § 13 ch 205 SLA 1975; am §§ 9 — 13 ch 123 SLA 1976; am §§ 32, 39 ch 128 SLA 1977; am § 38 ch 13 SLA 1980)

Effect of amendments. — The 1976 amendment rewrote subsections (b), (d), and (g), substituted "disabled employee becomes ineligible to receive occupational disability benefits" for "retired employee recovers from the occupational disability" and "disabled employee shall" for "retired employee shall" in the first sentence of subsection (c), deleted "for all employees" from the end of the second sentence of subsection (c), and repealed subsection (e), which read "An employee's occupational disability pension shall be reduced by any workmen's compensation or wage continuation payments which are available to the employee and which are attributable to the employers."

The 1977 amendment in subsection (b), deleted "pension" following "occupational disability" in the first sentence, added "and are payable the last day of the month" to the end of the first sentence, substituted "benefit" for "pension" and for "first month's pension" in the second sentence, substituted "employee" for "person" in the third sentence, and substituted "payments" for "benefits" in

the fourth sentence. In subsection (g), the amendment substituted "benefit" for "pension" and "benefits" for "retirement" in the first sentence, substituted "a social security payment" for "social security" and "payments" for "benefits" in the second sentence, substituted "benefit" for "payments" in the third sentence, inserted "benefit" preceding "payments" in the fourth sentence, and deleted the former sixth sentence, which read "Upon notification, the administrator shall cease making disability payments."

The 1980 amendment substituted "disabled employee's" for "retired employee's" at the beginning of subsection (h), and inserted "disabled" preceding "employee" near the middle of the first sentence of subsection (h).

Editor's note. — Chapter 205, SLA 1975, which amended this section, was submitted to the voters by referendum and was rejected.

The Social Security Act, referred to in subsections (b) and (g), may be found in 42 U.S.C. § 301 et seq.

Sec. 39.35.420. Nonoccupational death benefits. (a) If the death of an employee occurs from nonoccupational causes after completing less than one year of credited service, the employee's beneficiary shall be paid the balance of: (1) the employee's contribution account; and (2) the employee's savings account. If the death of an employee occurs from nonoccupational causes after completing at least one year but less than five years of credited service, a lump sum death benefit shall be paid to the beneficiary of the employee. The amount of the lump sum death benefit shall be \$100 times years of credited service plus \$1,000. The lump sum death benefit is in addition to the balance of the employee's contribution account and savings account.

Sec. 14.25.080. Contributions by the state. The state legislature may appropriate to the retirement fund an amount equal to one-half the percentage, as certified by the administrator, of the amount required in addition to teacher contributions to provide the benefits of this chapter. It may be appropriated annually and deposited in the retirement fund monthly. (§ 9 ch 145 SLA 1955; am § 6 ch 89 SLA 1960; am § 8 ch 179 SLA 1960; am § 4 ch 84 SLA 1969; am § 6 ch 138 SLA 1970; am § 6 ch 66 SLA 1973)

Effect of amendment. — The 1973 amendment, in the first sentence, deleted "either" following "equal to" and "or an amount equal to five per cent of the teachers' base salaries, whichever is less" following "this chapter."

Sec. 14.25.090. Contributions by the state for arrearages.
Repealed by § 7 ch 66 SLA 1973.

Editor's note. — The repealed section derived from § 10, ch. 145, SLA 1955; § 7, ch. 89, SLA 1960; § 9, ch. 179, SLA 1960; § 3, ch. 86, SLA 1963.

Sec. 14.25.100. Credit for service in the armed forces. (a) A teacher who served as an active member of the armed forces of the United States after December 31, 1939, having entered the armed forces immediately after service as a teacher in a public school, may receive creditable service under this retirement system, up to a maximum of five years. Each 12 months of military service equals one school year, and lesser military periods shall be determined for credit purposes in a proportionate ratio to a school year. To receive creditable service under this section, the teacher must have returned to teaching in a public school within one year following discharge from the armed forces. If entry into the armed forces was immediately preceded by membership service and, following discharge, is continued by membership service within one year thereafter, such service shall not be counted for purposes of determining the applicability of the 10 year limitation on outside service.

(b) Where a teacher is unable to resume teaching in a public school within one year following discharge because of hospitalization, rehabilitation training, a disability derived while in the armed forces, or other like circumstances, the administrator shall determine the allowance or disallowance of any service in the armed forces.

(c) Credit of service in the armed forces shall be granted only if the teacher makes contributions for such service in the same manner as is required for outside service under § 60 of this chapter.

(d) Credit for service in the armed forces shall be granted for up to four years if a teacher's entrance into the teaching profession was delayed due to military service. This delay may be either before, during,

the same manner as required for teachers on leave of absence under AS 14.20.345(f) of this chapter. However, credit under this section shall only be granted when the teacher applying has been granted other than a dishonorable military discharge. (§ 11 ch 145 SLA 1955; am § 8 ch 89 SLA 1960; am § 1 ch 57 SLA 1974)

Effect of amendment. — The 1974 amendment added subsection (d).

Sec. 14.25.110. Eligibility for service retirement. (a) A teacher is eligible for normal retirement if he has completed either

(1) at least 15 years of creditable service, the last five of which have been membership service, except that a member first hired after July 1, 1975 must have eight years of membership service, and has attained the age of 55 years, or

(2) at least eight years of membership service and has attained the age of 55 years, or

(3) at least 25 years of creditable service, the last five of which have been membership service, or

(4) at least 20 years of membership service.

(b) A teacher is eligible for early retirement if he has completed either of the service requirements in (a)(1) or (a)(2) of this section and has attained the age of 50 years.

(c) A teacher who has completed either of the service requirements in (a)(1) or (a)(2) of this section and has attained the age of 65 years during the school year, shall be retired on the July 1 following his 65th birthday unless he is retained by request of his employer. Provisions of this subsection regarding compulsory retirement do not apply to personnel of the University of Alaska.

(d) A retired teacher who has been receiving a disability retirement salary is eligible for a service retirement salary upon attaining 55 years of age.

(e) The burden is upon the applicant to prove eligibility for retirement benefits to the full satisfaction of the administrator. (§ 12 ch 145 SLA 1955; am § 4 ch 142 SLA 1957; am § 9 ch 89 SLA 1960; am § 4 ch 86 SLA 1963; am § 6 ch 151 SLA 1966; am § 2 ch 85 SLA 1971; am § 8 ch 66 SLA 1973; am § 1 ch 77 SLA 1973; am § 2 ch 57 SLA 1974; am §§ 1 — 3 ch 173 SLA 1975)

Effect of amendments. — The 1971 amendment, in subsection (a), inserted "either (1)," substituted "have" for "has," deleted "and has completed at least 10 years of membership service" following "membership service in the state," and inserted "or (2) 30 years of creditable service, the last five years of which have

stood prior to the 1973 amendments to this section, the amendment deleted "and has completed at least 10 years of membership service" following "membership service in the state."

Section 8, ch. 63, SLA 1973, rewrote this section.

The 1974 amendment substituted "25

The 1975 amendment, effective June 30, 1975, in subsection (a), inserted "except that a member first hired after July 1, 1975 must have eight years of membership service" in paragraph (1), substituted "55 years" for "60 years" in that paragraph and in paragraph (2), added "or" at the end of paragraph (3), and added paragraph (4). The amendment also substituted "50 years" for "55 years" in subsection (b) and "55 years" for "60 years" in subsection (d).

Legislative intent. — The legislature did not intend such a strict interpretation as to require a teacher to work the last 5 school years for the full 146 day year. 1966 Op. Att'y Gen., No. 2.

A teacher satisfies the requirement of

subsection (a) by working any 5 creditable years or combination of fractional years totalling 5 years, as long as they are the last 5 years she worked and they are in membership service. 1966 Op. Att'y Gen., No. 2, issued prior to the 1975 amendment.

ALR references. — Increase of pension benefits as applicable to those already receiving benefits, 118 ALR 996.

Statute of limitations in respect of action or proceeding to establish right to or recovery of benefit or pension, 136 ALR 809.

What amounts to waiver of status or rights under teachers' tenure statute, 106 ALR 1078.

Sec. 14.25.120. Manner of computing service retirement salary. (a) Every teacher who has applied for retirement salary and who has satisfactorily shown his eligibility as provided in § 110 of this chapter, shall receive from the retirement fund, for each school year subsequent to the date of application, a retirement salary payable on the first day of each month, beginning the month following retirement.

(b) The payment made on the first day of the month in which death occurs is the last payment.

(c) The amount of retirement salary to be paid is computed as follows:

(1) If the teacher is eligible for normal retirement as of the date on which the application for a retirement salary is filed and has paid into the retirement fund the full amount of his indebtedness, his annual retirement salary is two per cent of his average base salary during any three of the last 10 years of membership service multiplied by the total number of years of creditable service, including credited fractional years.

(2) If, on the date of applying for retirement salary, the teacher has not paid the full amount of his indebtedness to the retirement fund, he may elect either:

(A) option one — to have any retirement salary which becomes due the teacher withheld until such time as the total amount withheld is equal to the outstanding indebtedness due the retirement fund, or

(B) option two — to cancel the outstanding indebtedness due the retirement fund by accepting a reduced annuity for life, computed by deducting 10 per cent of the indebtedness still outstanding from the annual retirement salary that would be due and owing the teacher if there were no indebtedness.

(3) If option one under (c)(2) of this section is elected, the teacher, at a subsequent date, may pay into the retirement fund all or any part of

(4) If the teacher is not eligible for normal retirement, but is eligible for early retirement, as defined in § 110(a) and (b) of this chapter, on the date when application for retirement salary is filed, his annual retirement salary is the amount that would be due and owing to the teacher if he were at least 55, reduced by the amount derived from the following computations: multiply one-half of one per cent times the number of months, to the nearest month, by which the applicant's attained age on the date of filing application falls short of 55 years, times the amount of annual retirement salary that would be due and owing the teacher if he were at least 55 years of age.

(5) If the teacher has any outstanding indebtedness to the fund on the date of applying for retirement salary, he may elect either option one or two in (c)(2) of this section. However, if he elects option two, the reduction as computed in (4) of this subsection shall be applied after deriving the adjusted retirement salary under option two.

(6) If the retiring teacher was a member of the retirement system established by the Retirement Act of 1945, his annual retirement salary shall in no case be less than \$975 plus 10 per cent of the total contribution made by the teacher to the retirement fund of 1945.

(7) If a teacher, after receiving retirement salary, is reemployed as a full-time teacher in membership service, his retirement salary shall be suspended during the period of reemployment. The retirement salary shall be suspended for the entire school year if the teacher is reemployed as a full-time teacher in membership service for a period of time equivalent to a year of service.

(8) During a period of reemployment following retirement, deductions from salary may be made at the option of the teacher for contributions to the retirement fund as provided in § 50 of this chapter. If deductions are made, the annual amount of retirement salary shall be increased when the teacher again retires from active membership service, by adding to the annual amount previously payable, an amount equal to two per cent of the teacher's base salary for the period of reemployment. However, if the teacher has not attained the age of 55 on the date when payment of retirement salary is resumed, the additional amount provided for in this paragraph shall be reduced by the amount derived from the following computations: multiply one-half of one per cent times the number of months, to the nearest month, by which the teacher's attained age on the date of subsequent retirement falls short of 55 years, times the additional amount provided in this paragraph.

(d) A teacher who was receiving a service retirement salary on July 1, 1955, shall receive an additional \$50 a month for life, payable on the first day of each month, if the teacher was at least 55 years of age on July 1, 1955.

(g) A teacher who retired before July 1, 1971, with at least 25 years of creditable service, at least 15 of which were membership service, and who is entitled to a retirement salary under either this retirement fund or the retirement fund of 1945, shall receive a service retirement salary based on a minimum sum of \$20 per month for each year of creditable service, not including adjustments made under § 142 or § 143 of this chapter. A teacher who retired before July 1, 1971, with less than 25 years of creditable service, and who is entitled to a retirement salary under either this retirement fund or the retirement fund of 1945, shall receive a service retirement salary of at least \$20 per month for each year of credited service. If, on the date the teacher originally applied for retirement salary, the teacher elected option two as provided by (c)(2)(B) of this section as payment of his indebtedness or a reduced benefit in accordance with (c)(4) of this section, the amount of the dollar reduction shall remain in effect.

(h) A teacher who retires before July 1, 1972, shall receive a service retirement salary computed either under (c)(1) of this section, not including adjustments made under §§ 142 and 143 of this chapter, or under (g) of this section, whichever computation would provide the teacher with the greater amount of service retirement salary. If, on the date the teacher originally applied for retirement salary, the teacher elected option two under (c)(2)(B) of this section as payment of his indebtedness or a reduced benefit under (c)(4) of this section, the amount of the dollar reduction shall remain in effect.

(i) Any amendment to this section shall be applied to a teacher who retired before the effective date of the amendment at the option of the retired teacher. (§ 13 ch 145 SLA 1955; am §§ 10, 11 ch 89 SLA 1960; § 1 ch 57 SLA 1955; am § 7 ch 151 SLA 1966; am §§ 9, 10 ch 138 SLA 1970; am §§ 3, 4 ch 85 SLA 1971; am §§ 1 — 3 ch 86 SLA 1971; am §§ 1, 2 ch 71 SLA 1972; am § 4 ch 71 SLA 1972; am § 1 ch 47 SLA 1973; am §§ 9 — 14 ch 66 SLA 1973; am §§ 2, 3 ch 77 SLA 1973; am §§ 4 — 6, 14 ch 173 SLA 1975)

Revisor's note (1971). — Regarding the conflict between (c)(1) and (f) (the latter of which was added by § 4, ch. 86, SLA 1971), see the SB 39 free conference committee's "letter of intent" at page 712 of the 1971 Senate Journal. Also, compare the definition of "average base salary" in AS 14.25.220(22), added by § 8, ch. 86, SLA 1971.

In § 3, ch. 86, SLA 1971, subsection (g) was incorrectly designated subsection (f).

Effect of amendments. — The first 1971 amendment, in subsection (c)(1), deleted "at least" preceding "either 60 years of age," substituted "older or has" for "55 years of age or has" and substituted "eight" for "10"

The second 1971 amendment, inserted "or completed 30 years of creditable service" near the beginning of subsection (c)(4), substituted "two per cent" for "one and one-half per cent" in the second sentence of subsection (c)(8) and added subsection (g).

The first 1972 amendment, in subsection (g), substituted "\$375" for "\$300" in the first sentence, inserted "based on a minimum sum of \$15 a month for each year of creditable service" in that sentence, and substituted "\$15" for "\$12" in the second sentence. The amendment also added subsections (h) and (i).

The second 1972 amendment substituted

"during any three of the last eight years of membership service" in paragraph (1) of subsection (c).

The first 1973 amendment deleted "of not less than \$375 a month" preceding "based on a minimum sum" in the first sentence of subsection (g).

The second 1973 amendment, inserted "and who has satisfactorily shown his eligibility as provided in § 110 of this chapter" near the beginning of subsection (a), substituted "eligible for normal retirement as of" for "either 60 years of age or older or has 30 years of creditable service on" and the language beginning "during any three" and ending "years of creditable service" for "as defined in (f) of this section, multiplied by the total number of years of creditable service" in paragraph (1) of subsection (c), inserted "on" near the beginning of that paragraph, substituted the language beginning "is not eligible" and ending "§ 110(a) and (b) of this chapter" for "has not attained the age of 60 or completed 30 years of creditable service" and "his" for "the" in paragraph (4) of that subsection, inserted "is the amount," "the" preceding "date of filing," "years," and "years of age" in that paragraph, deleted "shall be" preceding "reduced" and "annually" following "reduced" in that paragraph, substituted "a" for "the" in the first sentence of paragraph (8) of that subsection, inserted "following retirement" in that sentence, "teacher's" in the second sentence of that paragraph, and "years" in the third sentence of that

paragraph, repealed subsections (e) and (f), deleted "of not less than \$375 a month" following "service retirement salary" in the first sentence of subsection (g), and substituted "per" for "a" in that sentence and in the second sentence of that subsection.

The 1975 amendment, effective June 30, 1975, substituted "55" for "60" three times in paragraph (4) of subsection (c), twice in the third sentence of paragraph (8) of that subsection, and in subsection (d). The amendment also substituted "\$20" for "\$15" in the first and second sentences of subsection (g).

Editor's note. — The Retirement Act of 1945 was §§ 37-5-21 — 37-5-35 ACLA 1949, as amended by ch. 29, SLA 1951 and ch. 143, SLA 1953. It was repealed by ch. 145, SLA 1955.

Section 9, ch. 86, SLA 1971, effective July 1, 1971, provides: "Sec. 2 of this Act is retrospective to July 1, 1970"

Legislative committee reports. — For report on ch. 85, SLA 1971 (FCCS SB 39), see 1971 Senate Journal, p. 712. For report on ch. 44, SLA 1972 (HCSSB 290), see 1972 House Journal, p. 881. For report on ch. 71, SLA 1972 (HCSSB 383 am H), see 1972 House Journal, p. 898.

ALR references. — Services included in computing period of services for purpose of teacher's retirement benefits, 2 ALR2d 1033.

What constitutes "salary," "wages," "pay," or the like, within pension law basing benefits thereon, 14 ALR2d 634.

Sec. 14.25.130. Eligibility for disability retirement. (a) A teacher in membership service who has become permanently disabled, as defined in § 220 of this chapter, before age 55 and who has had five or more membership years may be retired by the administrator as of the first day of the month following the permanent disability. The administrator, after a report of medical examination of the teacher and other information the administrator may request has been submitted, shall certify that the teacher is physically or mentally incapacitated for the further performance of duty, and that the incapacity is likely to be permanent and that the teacher should be retired.

(b) A teacher retired because of disability under this section who subsequently recovers from the disability is not entitled to any disability retirement salary from the first day of the month following recovery.

(c) Once each year during the first five years following retirement of a teacher for disability under this section, and once in a three-year

the age of 65 years to undergo a medical or mental examination by a competent physician or psychiatrist. The administrator shall suspend any disability retirement allowance for a teacher who refuses to undergo a physical or mental examination when requested by the administrator under this section. (§ 14 ch 145 SLA 1955; am § 12 ch 89 SLA 1960; am § 5 ch 86 SLA 1963; am § 8 ch 151 SLA 1966; am § 15 ch 66 SLA 1973; am § 7 ch 173 SLA 1975)

Effect of amendments. — The 1973 amendment, in subsection (a), inserted "as defined in § 220 of this chapter" in the first sentence and "and other information the administrator may request" in the second sentence.

The 1975 amendment, effective June 30, 1975, substituted "age 55" for "age 60" in the first sentence of subsection (a).

"Permanent disability" is the permanent inability to perform a specific function. 1960 Op. Att'y Gen., No. 23.

It is not "total disability." 1960 Op. Att'y Gen., No. 23.

Conditions for disability salary. — The language of this section indicates that the conditions for a disability salary are a permanent disability resulting in physical or mental incapacity for the further performance of duty. 1960 Op. Att'y Gen., No. 23.

For limitations on gainful employment of a teacher receiving a disability retirement annuity under this section, see 1960 Op. Att'y Gen., No. 23.

Sec. 14.25.135. Deferred retirement benefit. (a) A teacher is eligible for a deferred benefit if:

(1) he terminates his employment on or after the date on which his attained age and credited service total at least 70 years;

(2) he has completed at least 15 years of creditable service, the last five years of which have been in membership service; and

(3) he does not withdraw his contributions to the retirement fund.

(b) Payment of the deferred benefit shall begin on the first day of the month coinciding with or following the teacher's 55th birthday or the first day of the month in which his application for deferred benefit is filed with the administrator, whichever is later. The last payment shall be made as of the first day of the month in which the death of the retired teacher occurs.

(c) The monthly amount of a normal deferred benefit shall be determined in accordance with § 120 of this chapter as it is in effect on the date of his termination of employment, considering the teacher's credited service and compensation before his termination of employment. If his benefit begins before his normal retirement date, the benefit shall be reduced to the actuarial equivalent.

(d) A teacher is not entitled to a deferred benefit unless an application for it is filed with the administrator on or after the teacher reaches his early retirement date and before he attains his 70th birthday. If the application is received after his 55th birthday but on or before his 70th birthday, no retroactive payment may be made for the months preceding

Effect of amendments. — The 1971 amendment, in subsection (a)(2), deleted "of which" following "creditable service" and substituted "eight years of which" for "10 years."

The 1975 amendment, effective June 30, 1975, substituted "on" for "in" and "70 years" for "75 years" in paragraph (1) of subsection (a), "the last five years" for "at

least eight years" in paragraph (2) of that subsection, and "55th" for "60th" in the first sentence of subsection (b) and in the second sentence of subsection (d), added the second sentence of subsection (c), and substituted "on or after the teacher reaches his early retirement date and before he attains" for "not later than" in the first sentence of subsection (d).

Sec. 14.25.137. Deferred vested retirement benefit. (a) A teacher is eligible for a deferred vested benefit if

(1) he terminates his employment after completing eight years of membership service; and

(2) he does not withdraw his contributions to the retirement fund.

(b) Payment of the deferred vested retirement benefit shall begin on the first day of the month coinciding with or next following the teacher's 55th birthday or the first day of the month in which his application for deferred vested benefit is filed with the administrator, whichever is later. The last payment shall be made as of the first day of the month in which the death of the teacher occurs.

(c) The monthly amount of the deferred vested benefit shall be determined in accordance with § 120 of this chapter as it is in effect on the date of the teacher's termination of his employment, considering the teacher's credited service and compensation before his termination of employment. If his benefit begins before his normal retirement date, the benefit shall be reduced to the actuarial equivalent.

(d) An application for deferred vested benefit shall not be considered unless application is made on or after the teacher reaches his early retirement date and before he attains his 70th birthday. (§ 1 ch 38 SLA 1965, am § 1 ch 218 SLA 1968; am § 6 ch 85 SLA 1971; am § 4 ch 86 SLA 1971; am § 9 ch 173 SLA 1975)

Effect of amendments. — The first 1971 amendment substituted "eight" for "10" in subsection (a)(1).

The second 1971 amendment also substituted "eight" for "10" in subsection (a)(1).

The 1975 amendment, effective June 30, 1975, substituted "55th" for "60th" in the

first sentence of subsection (b), added the second sentence of subsection (c) and substituted "on or after the teacher reaches his early retirement date and before he attains his" for "not more than six months before the teacher's 60th birthday and not later than the teacher's" in subsection (d).

Sec. 14.25.138. Notification of intention to retire. A teacher who will be eligible for a deferred benefit under § 135 of this chapter or a deferred vested benefit under § 137 of this chapter shall notify the administrator of his intention to retire. The administrator shall prescribe forms for the notification. (§ 1 ch 38 SLA 1965)

applied for disability retirement salary shall receive from the retirement fund, during each year subsequent to the date of application and certification by the administrator under § 130 of this chapter, a disability retirement salary payable on the first day of each month, beginning the month following the disability.

(b) The payment made on the first day of the month in which the disabled teacher recovers from his disability, dies or attains age 55 constitutes the last payment.

(c) The amount of the disability retirement shall be equal to 50 per cent of the teacher's base salary immediately before his becoming disabled. The disability retirement salary shall be increased by 10 per cent of the teacher's base salary at the date of disability for each minor child, up to a maximum of four minor children, until the first day of the month in which the child ceases to be a minor child or the disability retirement salary terminates, whichever occurs first. (§ 15 ch 145 SLA 1955; am § 5 ch 142 SLA 1957; am § 2 ch 57 SLA 1955; am § 9 ch 151 SLA 1966; am §§ 16, 17 ch 66 SLA 1973; am § 10 ch 173 SLA 1975)

Revisor's note. — See Revisor's note to AS 14.25.120.

Effect of amendments. — The 1973 amendment substituted "during each year" for "for each school year" in subsection (a), inserted "and certification by the administrator under § 130 of this chapter" in that subsection, substituted "the

teacher's" for "his" in the first sentence of subsection (c), and inserted "of the teacher's base salary at the date of disability" in the second sentence of that subsection.

The 1975 amendment, effective June 30, 1975, substituted "age 55" for "age 60" in subsection (b).

Sec. 14.25.142. Cost of living allowance. (a) A teacher who resides in the state after his retirement shall receive a cost of living allowance in addition to his retirement salary. The amount of this allowance is determined by multiplying the teacher's retirement salary by a percentage determined by the administrator not to exceed 10 per cent of the retirement salary. The administrator shall implement this section by regulations.

(b) Repealed by § 18 ch 66 SLA 1973. (§ 10 ch 151 SLA 1966; am § 18 ch 66 SLA 1973)

Effect of amendment. — The 1973 amendment repealed subsection (b).

Sec. 14.25.143. Post retirement pension adjustment. (a) When the administrator determines that the cost of living has increased and that the financial condition of the retirement fund permits, he may increase all service retirement and survivor's benefits salaries to reflect this cost of living increase.

(b) The amount of the increase shall be not more than four per cent compounded for each year of retirement. Increases accrue from the first

of July next following the effective date of retirement and shall be paid beginning the first of July of each year.

(c) The administrator is authorized to implement this section by regulation. (§ 11 ch 151 SLA 1966; am § 5 ch 86 SLA 1971; am § 19 ch 66 SLA 1973; am § 3 ch 99 SLA 1974)

Effect of amendments. — The 1971 amendment inserted "compounded" in the first sentence of subsection (b).

The 1973 amendment substituted "all service retirement and survivor's benefits salaries" for "the pension payments" in subsection (a).

The 1974 amendment substituted "not more than four per cent" for "equal to not more than one and one-half per cent" in the first sentence of subsection (b).

Sec. 14.25.145. Interest on individual accounts. Interest shall be credited to each teacher's account at the end of each school year at the rate prescribed by regulation for that year. (§ 16 ch 145 SLA 1955; am § 6 ch 142 SLA 1957; am § 4 ch 78 SLA 1962; am § 7 ch 138 SLA 1970; am § 20 ch 66 SLA 1973)

Effect of amendment. — The 1973 amendment deleted the former first sentence and substituted "Interest" for "Thereafter, interest" and "each" for "a" in the present first sentence.

Editor's note. — Section 8, ch. 138, SLA 1970, effective July 1, 1970, provides: "Sec. 7 of this Act is retrospective in nature."

Sec. 14.25.150. Payment on withdrawal from system. A teacher leaving membership service is entitled to a refund of his contributions exclusive of his supplemental contributions to the retirement fund as follows:

(1) A teacher leaving membership service shall receive his total accumulated contributions plus interest credited to his individual contribution account, less any amounts owing to the retirement fund because of previous withdrawals.

(2) Repealed by § 22 ch 66 SLA 1973.

(3) If a teacher who has received a refund of contributions is re-employed in membership service, he is, upon his re-employment, indebted to the retirement fund in the amount of the refund, including interest paid him. This indebtedness to the retirement fund shall bear compound interest at the rate prescribed by regulation beginning July 1 following the date of re-employment to the date of repayment or the date of retirement of the teacher, whichever occurs first.

(4) A teacher who has received a refund under the Retirement Act of 1945 is not entitled to any further refunds of the nonrevertible portion of his contribution.

(5) A teacher who has forfeited his claim to any refund under the provisions of the Retirement Act of 1945 because of failure to file a

(6) A teacher's nonrevertible contributions shall apply and be credited to the teacher's account if the teacher resumes membership service and becomes eligible for a retirement salary.

(7) All claims for refund as provided by this section must be by written application. A teacher who has previously forfeited his claim to a refund under the provisions of former legislation because of failure to file a timely application is entitled to a refund upon submitting a written application. (§ 16 ch 145 SLA 1955; am § 6 ch 142 SLA 1957; am § 4 ch 78 SLA 1962; am § 7 ch 86 SLA 1963; am § 12 ch 151 SLA 1966; am § 5 ch 84 SLA 1969; am §§ 21-23 ch 66 SLA 1973)

Revisor's note. — The Retirement Act of 1945 referred to in (4) of this section became §§ 37-5-21 — 37-5-35 ACLA 1949 and was repealed by ch. 145 SLA 1955.

Effect of amendment. — The 1973 amendment substituted "A teacher leaving membership service" for "If a teacher has not been in membership service for more than two years, he" in paragraph (1),

inserted "plus interest credited to his individual contribution account" in that paragraph, repealed paragraph (2), substituted "is, upon his re-employment" for "becomes" in the first sentence of paragraph (3), and deleted "if any, increased by the amount, if any, deducted for administrative expenses" at the end of that sentence.

Sec. 14.25.160. Payment upon death of teacher. (a) Upon receipt of a valid claim and proper proof of the death of a member who has not ever made a supplemental contribution or whose supplemental contributions were made for less than one year and who is entitled to a refund of contributions, a payment, in the amount specified in this section shall be paid to a person he has nominated by written designation executed and filed with the administrator. If the member failed to designate a beneficiary, or if no designated beneficiary survives the member, the payment shall be made (1) to his surviving spouse or, if there is none surviving, (2) to his surviving children in equal parts or, if there is none surviving, (3) to his surviving parents in equal parts or, if there is none surviving, (4) to his estate.

(b) If a teacher is in membership service at the time of death and has not received any retirement salary, the amount of the payment is the sum of (1) his accumulated contributions as determined under §§ 145 and 150 of this chapter, and (2) \$1,000, plus \$100 multiplied by the number of completed school years of membership service, plus an additional sum of \$500 if the deceased teacher is survived by one or more minor children at the time of his death. However, in no case may the amount payable under (b) (2) of this section exceed \$3,000.

(c) If a teacher has received retirement salary at the time of death, the payment is limited to the amount of his accumulated contributions, plus all interest credited to his account to the date of retirement, less all retirement salary paid the deceased teacher. However, if a teacher dies within one year after the effective date of disability retirement referred to in § 130 of this chapter, the payment on death is the amount

specified in (b) of this section, less the amount of any retirement salary previously paid the deceased teacher.

(d) If a teacher at the time of death is not in membership service and is entitled to a return of his contributions, the accumulated contributions as specified in §§ 145 and 150 of this chapter shall be paid to his designated beneficiary or estate. Further, if a teacher dies within one year after leaving membership service, and is entitled to a return of his contributions and has not received such return on all service, and has not filed a claim for disability retirement, but would have been eligible for disability retirement if claim had been filed, the designated beneficiary or estate is in addition entitled to the payment specified in (b) (2) of this section.

(e) If a teacher receives a refund under this section, it is in lieu of any other benefit under this system. (§ 17 ch 145 SLA 1955; am § 7 ch 142 SLA 1957; am § 13 ch 89 SLA 1960; am § 5 ch 78 SLA 1962; am §§ 13 — 15 ch 151 SLA 1966; am § 6 ch 84 SLA 1969)

Sec. 14.25.162. Survivor's allowance. (a) If a teacher dies while in membership service or while receiving a disability retirement salary or after normal retirement and leaves a minor child, his surviving spouse is entitled to a survivor's allowance if the teacher has made a supplemental contribution for at least one year before his death, but if a guardian has been appointed for a minor child, the guardian is entitled to the allowance. A minor child who has neither a surviving parent nor a guardian is entitled to the allowance. If a minor child who is at least 19 years old but less than 23 years old is out of school for more than one semester, payments of his benefits terminate permanently. A teacher's child who is totally and permanently disabled before he is 19 years old, if he is attending school and becomes totally and permanently disabled before he is 23 years old, and who is financially dependent on the teacher at the time of the teacher's death is entitled to the benefits under this section until he dies or is no longer totally and permanently disabled. Application for the survivor's allowance shall be made in writing to the administrator.

(b) The amount of the survivor's allowance shall be equal to either (1) 10 per cent of the teacher's base salary immediately before his death or after normal retirement or becoming disabled for each minor child, or (2) 40 per cent of the base salary, whichever is less. In addition, an allowance of 35 per cent of the teacher's base salary shall be paid to his spouse if the spouse is entitled to the survivor's allowance and is not remarried, and an allowance of 10 per cent of the base salary shall be paid to a guardian entitled to the survivor's allowance. Neither the remarriage of a surviving spouse nor the adoption of a minor child by a new spouse of a surviving spouse will bar the minor child from

additional allowance, shall be paid according to the number of minor children assigned to each guardian.

(c) The survivor allowance is payable on the first day of each month, beginning the month following the death of a teacher. The survivor allowance shall be recomputed on the first day of the month in which the number of minor children is less than four and the pension shall be decreased accordingly. The payment on the first day of the month in which the last minor child ceases to be a minor or dies constitutes the last payment.

(d) In the event of termination of the survivor's allowance and in the absence of a spouse who has or will be eligible for a spouse's pension, a payment of the amount of the teacher's accumulated contributions, plus all interest credited to his account to the date of death or retirement, whichever occurs first, plus an amount equal to 75 per cent of the payment that would have been made on the death of a teacher under § 160(b) (2) of this chapter will be made if the teacher has had less than 20 years of membership service or 100 per cent of the payment that would have been made on the death of the teacher under § 160(b) (2) of this chapter if the teacher has completed 20 or more years of membership service, less all payments to the teacher, spouse, guardian or minor children shall be made to the person he has nominated by written designation executed and filed with the administrator. If the member failed to designate a beneficiary, or if no designated beneficiary survives the member, the payment shall be made (1) to his surviving spouse, or, if there is none surviving, (2) to his surviving children in equal parts, or, if there is none surviving, (3) to his surviving parents in equal parts or, if there is none surviving, (4) to his estate. This payment shall be on the same terms and conditions as a payment made on the death of a teacher.

(e) A person entitled to the survivor's allowance under this section and who resides in the state after the death of the teacher shall receive a cost of living allowance in addition to his survivor's allowance. The amount of this allowance shall be the amount determined by the administrator under § 142 of this chapter. The administrator may implement this subsection by regulations.

(f) When the administrator determines that the cost of living has increased and that the financial condition of the retirement fund permits, he may increase the survivor's allowance to reflect this cost of living increase. The amount of the increase shall be the amount determined by the administrator under § 143 of this chapter. Increases accrue from the first of July next following the death of the teacher and shall be paid beginning the first of July of each year. The administrator is authorized to implement this subsection by regulation. (§ 16 ch 151 SLA 1966; am

Effect of amendments. — The 1971 amendment substituted "parent" for "spouse" in the second sentence of subsection (a).

The 1972 amendment added the fourth sentence in subsection (a).

The 1973 amendment rewrote the second sentence of subsection (e), deleted the fourth sentence of that subsection, and

substituted "the amount determined by the administrator under § 143 of this chapter" for "equal to not more than one and one-half per cent for each year after the death of the teacher" at the end of the second sentence of subsection (f).

Legislative committee report. — For report on ch. 32, SLA 1971 (HB 111 am), see 1971 House Journal, p. 138.

Sec. 14.25.164. Spouse's pension. (a) If a teacher dies while in membership service or while receiving a service or disability retirement salary, or is receiving or is entitled to receive a deferred or a deferred vested benefit, the surviving spouse is entitled to a spouse's pension if he or she has not remarried and if the teacher has made supplemental contribution for at least one year before his death. Application for the spouse's pension shall be made in writing to the administrator.

(b) The spouse's pension is payable on the first day of each month, commencing with the first day of the month coinciding with or next following the month in which the spouse attains age 55, unless the spouse is totally and permanently disabled, as defined in § 220 of this chapter, before age 55. If the spouse is totally and permanently disabled from engaging in a regular remunerative occupation or employment, the spouse's pension shall commence on the first of the month coinciding with or next following the teacher's death, or the date of disability, whichever is later. If the spouse ceases to be totally and permanently disabled before age 55, the pension shall be suspended until the spouse again becomes eligible for the pension because of age. The payment on the first day of the month in which the spouse dies or remarries constitutes the last payment.

(c) The amount of the spouse's pension shall be equal to 50 per cent of the service retirement salary that the deceased teacher was receiving, or would have received, based on his base salary and creditable service to the date of his death and assuming that he would have been eligible for a service retirement salary as of that date.

(d) In the event of the death of a teacher's spouse before the time the total payments to the teacher, spouse, guardian or minor children have not been at least equal to the amount of his accumulated contributions, plus all interest credited to his account to the date of death or retirement, whichever occurs first, a payment equal to the difference shall be made to the spouse's estate or to a person the spouse has nominated by written designation executed and filed with the administrator. This payment shall be on the same terms and conditions as a payment upon death of a teacher.

(e) A person entitled to the spouse's pension under this section and

under § 142 of this chapter. The administrator may implement this subsection by regulation.

(f) When the administrator determines that the cost of living has increased and that the financial condition of the retirement fund permits, he may increase the spouse's pension to reflect this cost of living increase. The amount of the increase shall be determined by the administrator under § 143 of this chapter. Increases accrue from the first of July next following the death of the teacher and shall be paid beginning the first of July of each year. The administrator is authorized to implement this subsection by regulation. (§ 17 ch 151 SLA 1966; am §§ 10—12 ch 84 SLA 1969; am § 19 ch 69 SLA 1970; am §§ 26-28 ch 66 SLA 1973; am § 11 ch 173 SLA 1975)

Effect of amendments. — The 1973 amendment inserted "as defined in § 220 of this chapter" in the first sentence of subsection (b), rewrote the second sentence of subsection (c), deleted the fourth sentence of that subsection, and substituted "determined by the administrator under § 143 of this chapter" for "equal to not more than one and one-half per cent for each year after the death

of the teacher" at the end of the second sentence of subsection (f).

The 1975 amendment, effective June 30, 1975, in subsection (b), substituted "age 55" for "age 60" twice in the first sentence and once in the third sentence.

Legislative committee report. — For report on ch. 69, SLA 1970 (HB 564), see 1970 House Journal Supplement No. 2, p. 7.

Sec. 14.25.168. Medical benefits. Each person who is entitled to receive a monthly benefit from the retirement system shall be provided with major medical insurance coverage. Coverage shall become effective on the same date as retirement benefits commence and cease when the retired employee or survivor is no longer eligible to receive a monthly benefit. The level of coverage for persons over age 65 shall be the same as that available prior to reaching age 65 except that the benefits payable shall be supplemental to those afforded under the federal Old Age Survivor and Disability Insurance Program, if any. (§ 18 ch 151 SLA 1966; am § 1 ch 200 SLA 1975)

Effect of amendment. — The 1975 amendment, effective July 1, 1975, rewrote this section.

Legislative committee report. — For report on ch. 200, SLA 1975 (HCSSB 195 am H), see 1975 Senate Journal, p. 695.

Sec. 14.25.169. Duplicate benefits. If payments from this retirement system are due to a teacher or his spouse under more than one provision of this plan, the teacher or spouse shall elect under which provision and which benefit he wishes to receive and no payments may be made under any other provision. However, benefits under §§ 162 and 164 of this chapter shall be paid to a surviving spouse in addition to those benefits he is entitled to receive because of his own membership in the retirement system. (§ 19 ch 151 SLA 1966; am § 2 ch 184 SLA 1972)

Sec. 14.25.170. Administration. The commissioner of administration is responsible for the administration of the retirement system and for making the provisions of this chapter effective and his powers and duties for this purpose include but are not limited to

- (1) maintaining the accounts of the system;
- (2) making payments for the various purposes specified;
- (3) submitting such periodic reports or statements of account as may be required;
- (4) prescribing by regulation the rate of interest that shall be credited to the individual contribution accounts of teachers each year; the rate of interest shall be adopted on the basis of the probable effective rate of interest on a long-term basis, and the rate may be changed from time to time by subsequent regulation. (§ 14 ch 89 SLA 1960; am § 6 ch 78 SLA 1962)

Sec. 14.25.180. Custody and investment. (a) The commissioner of revenue is the treasurer of the system and has powers and duties for this purpose including but not limited to the following:

- (1) to act as official custodian of the cash and securities belonging to the system and provide adequate safe deposit facilities for them;
- (2) to receive all items of cash belonging to the system;
- (3) to collect the interest and principal on securities acquired by the system and deposit the interest and principal in the retirement fund;
- (4) to invest and reinvest the assets of the retirement fund in accordance with this section.

(b) When, in the opinion of the commissioner of administration, there is on hand in the retirement fund a surplus over and above a reasonably safe amount to take care of current demands upon the fund, the surplus or so much of it as in the judgment of the commissioner of administration is considered proper may be invested by the commissioner of revenue in (1) bonds or other interest-bearing obligations and securities of the United States or an agency of the United States, a state of the United States, or a political subdivision of any state of the United States, if the political subdivision has a population as shown by the last federal census preceding the investment of no less than 30,000 inhabitants, except no population limitation applies to a political subdivision of this state; (2) first lien real estate mortgage securities insured by the Federal Housing Administration under the National Housing Act of the United States, or held by the Department of Commerce, or the Department of Natural Resources; (3) corporation bonds, and preferred and common stocks as the commissioner of revenue considers proper investments for the funds; (4) shares of federally chartered savings and loan associations in Alaska, to the extent that the investment is insured by the federal government or by an agency of the federal government; (5) deposits with mutual savings banks in Alaska, to the extent that the investment is

extent that the investment is insured by the federal government or an agency of the federal government; (7) loans guaranteed by the division of veterans' affairs under AS 26.15.040(b); (8) [deleted] (9) the guaranteed portion of Small Business Administration loans; (10) first lien real estate mortgages guaranteed by the federal Veterans Administration; (11) notes secured by mortgages of commercial or residential real estate or other security if the mortgages are insured by a corporation which is authorized to do business in Alaska and has combined capital, surplus and reserves aggregating at least \$20,000,000; (12) conventional residential mortgages if the originating financial institution retains at least 25 per cent of the mortgage for a minimum of two years; (13) notes secured by mortgages of commercial real estate if the originating financial institution retains at least 25 per cent of the mortgage; (14) FHA guaranteed portion of business and industrial loans made under the Rural Development Act of 1972; (15) guaranteed portion of loans made under the Federal Ship Financing Act of 1972. No more than 25 per cent of the surplus may be invested in mortgage securities of the Department of Commerce, and the state shall appropriate sufficient money from the general fund to reimburse the teacher's retirement system for any losses incurred as a result of failure of the obligors to pay on the notes. No more than \$400,000 of the surplus may be invested annually in the mortgage securities of the Department of Natural Resources, and the state shall appropriate sufficient money from the general fund to reimburse the teachers' retirement system for any losses incurred as a result of failure of the obligors to pay on the notes.

(c) In making investments the commissioner of revenue shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital. However, no more than 50 per cent of the retirement fund may be invested at any given time in corporate stocks and bonds, nor may more than five per cent of the voting stock of any corporation be owned. Stocks eligible for purchase are restricted to stocks which, except for bank stocks and insurance stocks, are listed upon an exchange registered with the Federal Securities and Exchange Commission.

(d) Except as provided above, the commissioner of revenue may:

(1) invest and reinvest the principal and income of the retirement fund without distinction between principal and income;

(2) sell, exchange, convey, transfer or otherwise dispose of any investment of the retirement fund held in the name of the system by private contract or at public auction;

exercise conversion privileges, subscription rights or other options and make payments incidental thereto; consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities and delegate discretionary powers and pay assessments or charges in connection therewith; and generally exercise the powers of an owner with respect to stocks, bonds, securities or other investments held in the retirement fund;

(4) make, execute, acknowledge and deliver documents of transfer and conveyance and other instruments necessary or appropriate to carry out the powers granted in this subsection;

(5) register investments in the name of the system;

(6) do all acts whether or not expressly authorized which he considers necessary or proper for the protection of the investments held in the retirement fund.

(e) To qualify as a mortgage which may be purchased under (b) (12) and (13) of this section, the mortgage must

(1) have as a mortgagor an Alaska resident,

(2) be certified by the originating financial institution that the loan being sold has been made in compliance with the law and that liens supporting the loan have been perfected;

(3) have been closed after April 16, 1974, and no loan may be eligible for purchase that is held by the originating institution for a period greater than 90 days.

(f) When more than one-half of one per cent of the aggregate of all loans purchased from a financial institution becomes delinquent for 60 days, the pension fund shall discontinue purchasing loans from that financial institution until the delinquency is reduced to less than one-half of one per cent. (§ 19 ch 145 SLA 1955; am § 15 ch 89 SLA 1960; am § 1 ch 128 SLA 1961; am § 1 ch 90 SLA 1962; am § 3 ch 4 SLA 1964; am §§ 1, 2 ch 66 SLA 1964; am § 1 ch 110 SLA 1964; am § 1 ch 55 SLA 1967; am § 3 ch 73 SLA 1969; am §§ 1, 2 ch 17 SLA 1970; am § 1 ch 112 SLA 1972; am § 26 ch 53 SLA 1973; am §§ 1, 2 ch 25 SLA 1974)

Effect of amendments. — The 1972 amendments substituted "and (9) the guaranteed portion of Small Business Administration loans" for "and (8) mutual funds" at the end of the first sentence in subsection (b).

The 1973 amendment, in subsection (c), deleted "mutual funds and" preceding "corporate stocks" in the second sentence, inserted "and" in the third sentence, and deleted "and shares in mutual funds" following "insurance stocks" in that sentence.

The 1974 amendment deleted item (8) and added items (10) — (15) in the first sentence of subsection (b) and added subsections (e) and (f).

Legislative committee reports. — For report on ch. 73, SLA 1969 (CSHB 278 am), see 1969 House Journal, p. 745. For report on ch. 53, SLA 1973 (CSHB 382), see 1973 House Journal, pp. 793, 885. For report on ch. 25, SLA 1974 (CSHB 253 [Jud] am S), see 1974 House Journal, p. 481.

of not more than five years and on the basis of the reevaluations the administrator may recommend any necessary readjustment to the legislature. Actuarial and financial experience analyses shall be prepared and certified by a member of the American Academy of Actuaries. (§ 21 ch 145 SLA 1955; am § 16 ch 89 SLA 1960; am § 29 ch 66 SLA 1973)

Effect of amendment. — The 1973 amendment added the second sentence.

Sec. 14.25.200. Exemption from taxation and process. Teachers' retirement salaries and other amounts held in the retirement fund on behalf of the teachers are exempt from state and municipal taxes and are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary before they are received by the person entitled to the amount under the terms of the system, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of any right to amounts accrued in the retirement fund shall be void. (§ 22 ch 145 SLA 1955; am § 17 ch 89 SLA 1960; am § 13 ch 84 SLA 1969)

Cross reference. — As to other property exempt from execution, see AS 09.35.080.

Sec. 14.25.205. Time limit for application. If no application for benefits or for refund has been filed by July 1 following the date on which the member would attain age 75, no benefits or refunds may be paid under this chapter and the member's records may be destroyed. (§ 14 ch 84 SLA 1969)

Sec. 14.25.210. Penalty for false statements. A person who wilfully or knowingly makes a false statement, or falsifies or permits to be falsified any record of the retirement system, is guilty of a misdemeanor and, upon conviction, is punishable by a fine of not more than \$500 or by imprisonment for not more than six months, or by both, and forfeits all rights under this chapter. (§ 20 ch 145 SLA 1955)

Sec. 14.25.220. Definition of terms. In this chapter unless the context otherwise requires

(1) "administrator" means the Department of Administration;

(2) "base salary" or "basic salary" means any remuneration accrued under a contract to a teacher for professional services rendered during any school year; for purposes of § 50 of this chapter, base salary accrued includes any payments made after June 30 of a school year for services

(3) "creditable service" means outside and Bureau of Indian Affairs (BIA) service not exceeding 15 years, with outside service limited to 10 years, plus all membership service as provided in (5) of this section;

(4) "employer" means a public school district, the Board of Regents of the University of Alaska, or the Department of Education,

(5) "membership service" means service as a teacher in a public school within the Territory or State of Alaska, or both, under the supervision and control of the Territorial Board of Education or the Department of Education, the school board of any city or borough school district, or the Board of Regents of the University of Alaska, or any period during which the teacher is on an approved sabbatical leave granted in accordance with AS 14.20.310 or is receiving a disability retirement salary;

(6) "military service" means service in the armed forces of the United States after January 1, 1940;

(7) "nonrevertible funds" means that portion of a teacher's contribution not subject to a refund;

(8) "outside service" means service as

(A) a full-time elementary or secondary teacher in out-of-state public schools; or

(B) a full-time elementary or secondary teacher in an out-of-state approved or accredited nonpublic school; or

(C) a full-time teacher in an institution of higher learning accredited by a nationally recognized accrediting agency;

(D) a full-time elementary or secondary teacher in an approved and accredited nonpublic school in Alaska.

(9) "retirement fund" means the fund consisting of all matching contributions by city school districts, money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money;

(10) "retirement salary" means the money received by a retired teacher from the fund;

(11) "Retirement System of 1945" and "Retirement Fund of 1945," or like terms mean the system and fund established by §§ 37-5-21 — 37-5-35, ACLA 1949, as amended;

(12) "salary authorized" means that salary fixed by the State Board of Education and the Department of Education under law; or, if an employee of the Department of Education, University of Alaska, or a community college, the salary paid to the employee;

(13) "school year" means the 12 month period beginning July 1 of each year and ending June 30 of the following year;

(14) "minor child" means a child or children of the member, including

obligated to support at the time of his death or under 23 years old and registered at and attending on a full-time basis an accredited educational or a technical institution recognized by the state Department of Education and whom the teacher, if living, is supporting or, if dead, was supporting at the time of his death;

(15) "teacher" or "member" means a certified teacher, certified school nurse, principal, supervisor, or superintendent employed on a full-time or a part-time basis in a position having duties which normally require a year of service in the public schools of the state, the commissioner of education, supervisors within the Department of Education, and all full-time resident professional and administrative personnel of the University of Alaska; in case of doubt, the administrator shall finally determine whether or not a person is a teacher as defined in this chapter;

(16) "year of service" means membership service during the dates set for a school term under AS 14.03.030; fractional credit shall be given for membership service after July 1, 1967, during any school year as follows: (A) less than nine days, no credit; (B) nine days or more but less than 27 days, 0.1 years; (C) 27 days or more but less than 45 days, 0.2 years; (D) 45 days or more but less than 63 days, 0.3 years; (E) 63 days or more but less than 81 days, 0.4 years; (F) 81 days or more but less than 100 days, 0.5 years; (G) 100 days or more but less than 118 days, 0.6 years; (H) 118 days or more but less than 136 days, 0.7 years; (I) 136 days or more but less than 154 days, 0.8 years; (J) 154 days or more but less than 172 days, 0.9 years; (K) 172 days or more, 1.0 years; if service is performed on a part-time basis, one-half credit shall be given for each day of service;

(17) "BIA service" means service as a teacher in a school operated by the Bureau of Indian Affairs in Alaska;

(18) "full-time teaching" means teaching on a regular basis for the normal and customary work period per day or week at a particular teaching assignment; excluding teaching on a substitute temporary or per diem basis;

(19) "public school" means a school operated by publicly elected or appointed school officials in which the program and activities are under the control of these officials and which is supported by public funds;

(20) "nonpublic school" means a school established by an agency other than a state or its subdivisions which is primarily supported by other than public funds, and the operation of whose program rests with other than publicly elected or appointed officials, and which offers grades kindergarten through 12, or any combination of them, and is state approved or accredited;

(21) "part-time basis" means teaching on a regular basis for part of the normal and customary work period per day or week or month at a

(22) "average base salary" means the highest average base salary during any three of the last 10 years of membership service or the member's total period of membership service, whichever is less; the base salary in any school year for which the member receives less than two-thirds of a year of credit shall not be included in the determination of the average; if two-thirds or more of a year of service credit is granted, the full year's salary shall be included in the determination of the average.

(23) "normal retirement" means retirement after:

(A) completing at least 15 years of creditable service, the last five of which have been membership service, except that a member first hired after July 1, 1975 must have eight years of membership service, and attaining the age of 55 years; or

(B) completing at least eight years of membership service and attaining the age of 55 years; or

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

(D) at least 20 years of membership service;

(24) "early retirement" means retirement after attaining the age of 50 years and completing either:

(A) at least 15 years of creditable service, the last five of which have been membership service, except that a member first hired after July 1, 1975 must have eight years of membership service, or

(B) at least eight years of membership service;

(25) "compulsory retirement" means involuntary retirement after attaining the age of 65 and completing either 15 years of creditable service, the last five of which have been membership service, or eight years of membership service, and failure of the teacher's employer to request that the teacher be retained;

(26) "permanent disability" means a physical or mental condition which, in the judgment of the administrator, based upon medical reports and other evidence satisfactory to the administrator, presumably prevents an employee from satisfactorily performing his usual duties for his employer or the duties of another position or job which an employer makes available and for which the employee is qualified by training or education. (§ 2 ch 145 SLA 1955; am § 1 ch 142 SLA 1957; am § 2 ch 89 SLA 1960; am § 7 ch 179 SLA 1960; am §§ 1,2 ch 78 SLA 1962; am §§ 8 — 12 ch 86 SLA 1963; am § 1 ch 111 SLA 1965; am §§ 20 — 22 ch 151 SLA 1966; am § 1 ch 76 SLA 1968; am §§ 15 — 19 ch 84 SLA 1969; am § 21 ch 46 SLA 1970; am §§ 13 — 18 ch 138 SLA 1970; am §§ 3 — 5 ch 229 SLA 1970; am §§ 16 — 18 ch 32 SLA 1971; am §§ 6 — 8 ch 86 SLA 1971; am §§ 30 — 33 ch 66 SLA 1973; am § 3 ch 57 SLA 1974; am § 21 ch 127 SLA 1974; am §§ 12, 13 ch 143 SLA 1975)

Chapter 25. Retirement and Death Benefits.

Article

1. Justices and Judges (§§ 22.25.010 — 22.25.090)

Article 1. Justices and Judges.

Section

- 10. Retirement of justices and judges
- 20. Retirement pay
- 30. Survivors' benefits
- 40. [Repealed]

Section

- 45. Appropriations
- 50 — 70. [Repealed]
- 80. Tax exemption
- 90. Medical benefits

Sec. 22.25.010. Retirement of justices and judges. (a) A justice or judge shall be retired on the date that he reaches the age of 70. He is eligible for retirement pay if he has had five or more years of service at the time of retirement as a justice or judge.

(b) A justice or judge may be retired for incapacity as provided by law. He is eligible for retirement pay if he has had two or more years of service at the time of retirement for incapacity. The effective date of retirement under this subsection is the first day of the month coinciding with or after the date upon which the governor with respect to a justice, or the supreme court with respect to a judge files with the commissioner of administration a written declaration to the effect that a designated justice or judge was retired for incapacity. A duplicate copy of the declaration shall be filed with the Judicial Council.

(c) A justice or judge who served for a period of five years, and who believes that he has become so incapacitated as to prevent him from efficiently performing his judicial duties may file with the governor a written application for retirement which contains a sworn statement of his service and of his incapacity. When an application is filed, the governor shall appoint a board of three persons to inquire into the circumstances, and may, upon the board's recommendation, retire the justice or judge. The effective date of the retirement shall be as provided in (b) of this section.

(d) A justice or judge may voluntarily retire at any time and shall have a vested right to his accrued retirement pay if he has served five or more years. Retirement pay shall not commence until he has reached age 60; except that an actuarially equivalent retirement pay may be commenced after he has reached age 55 or upon his serving 20 years as a justice or judge. The provisions of (b) of this section are an exception to this rule. A justice or judge desiring to retire under this subsection shall file with the governor a notice of his desire, together with a sworn statement of the facts establishing his eligibility to retire. The governor shall certify those facts to the commissioner of administration and declare, in writing, the eligibility or ineligibility for retirement of the justice or

of the governor is filed with the commissioner of administration. If a justice or judge is not eligible to receive retirement pay at the time of his retirement, his retirement pay shall commence on the first day of the month he reaches age 60 or the month he becomes eligible for an actuarial equivalent if he has applied for this option.

(e) Repealed by § 16 ch 83 SLA 1967, effective July 1, 1967.

(f) In the computation of service for retirement under §§ 10 — 70 of this chapter, the time served by a justice or judge of any court is added to the time served by him, if any, on any other court. All service rendered by a justice or judge, including service as a magistrate or deputy magistrate, before July 1, 1967 shall be included in the computation.

(g) The word "justice" means a supreme court justice, and the word "judge," unless the context clearly indicates otherwise, means a superior court or district court judge. (§ 1 ch 102 SLA 1963; am § 6 — 10, 16 ch 83 SLA 1967; am § 1 ch 160 SLA 1972; am § 2 ch 196 SLA 1976)

Effect of amendments. — The 1972 amendment in subsection (d), substituted "60" for "65" in the second sentence, substituted "55" for "60" in that sentence, and substituted "60" for "65" in the seventh sentence.

The 1976 amendment substituted "including service as a magistrate or

deputy magistrate, before July 1, 1967" for "before the effective date of §§ 10 — 70 of this chapter" in the second sentence of subsection (f).

Legislative committee report. — For report on ch. 83, SLA 1967 (HB 141), see 1967 House Journal, pp. 339-340.

Sec. 22.25.020. Retirement pay. A retired justice or judge eligible for retirement pay shall receive from the date of his eligibility until his death monthly compensation equal to five per cent per year of service, to a maximum of 75 per cent, of the monthly salary authorized for justices and judges, respectively, at the time each retirement payment is made. (§ 1 ch 102 SLA 1963; am § 11 ch 83 SLA 1967)

Legislative committee report. — For report on ch. 83, SLA 1967 (HB 141), see 1967 House Journal, pp. 339-340.

Sec. 22.25.030. Survivors' benefits. (i) Upon the death of a justice or judge who has served for at least two years, the surviving spouse is entitled to receive monthly compensation equal to one-half of the monthly retirement pay the justice or judge would thereafter have been entitled to receive if retired at the time of death. If at death the justice or judge was not yet entitled to retirement pay, or was or would have been entitled to less than 60 per cent of the monthly salary authorized for his office, the surviving spouse is entitled to monthly compensation equal to 30 per cent of the salary authorized for justices or judges, respectively, at the time each monthly payment is made.

(b) To be eligible for the survivors' benefits, the surviving spouse must have been married to the justice or judge for at least two years immediately preceding the death of the justice or judge. The benefits continue until the remarriage or death of the surviving spouse.

(c) If there is no surviving spouse, or if the surviving spouse does not meet the requirements of (b) of this section, or upon the remarriage or death of the surviving spouse, the surviving dependent child or children of the justice or judge are entitled to receive in equal shares 50 per cent of the amount of the survivors' benefits specified under (a) of this section.

(d) The surviving child or children are entitled to the survivors' benefits under (c) of this section during the period of their dependency. Dependency exists with respect to any child of a justice or judge who is either (1) a minor under the laws of Alaska, (2) under the age of 23 and is a student attending on a full-time basis an accredited educational or technical institution recognized by the state Department of Education, or (3) so mentally or physically incapacitated as to be unable to provide for self care.

(e) If there are both an eligible surviving spouse and surviving dependent children, but who reside in separate households, the surviving spouse and dependent children will share equally in the benefits payable under (a) of this section. (§ 1 ch 102 SLA 1963; am § 12 ch 83 SLA 1967; am § 2 ch 160 SLA 1972)

Effect of amendment.

The 1972 amendment rewrote this section.

Legislative committee report. — For report on ch. 83, SLA 1967 (HB 141), see 1967 House Journal, pp. 339-240.

Sec. 22.25.040. Refund of contributions.

Repealed by § 16 ch 83 SLA 1967.

Editor's note. — The repealed section derived from § 1, ch. 102, SLA 1963.

Legislative committee report. — For report on ch. 83, SLA 1967 (HB 141), see 1967 House Journal, pp. 339-340.

Sec. 22.25.045. Appropriations. An estimated amount sufficient to pay all benefits anticipated to be paid under this chapter in each fiscal year shall be included in the annual appropriation for the state court system. If the actual authorized benefits necessary to be paid in any fiscal year exceed the sum appropriated, the benefits due shall nevertheless be paid from general funds of the state not otherwise appropriated. (§ 13 ch. 83 SLA 1967)

Legislative committee report. — For

Sec. 22.25.050. Financing and administration.

Repealed by § 13 ch 83 SLA 1967

Editor's note. — The repealed section derived from § 1, ch. 102, SLA 1963.

Legislative committee report. — For report on ch. 83, SLA 1967 (HB 141), see 1967 House Journal, pp. 339-340.

Sec. 22.25.060. Contributions.

Repealed by § 16 ch 83 SLA 1967.

Editor's note. — The repealed section derived from § 1, ch. 102, SLA 1963.

Legislative committee report. — For report on ch. 83, SLA 1967 (HB 141), see 1967 House Journal, pp. 339-340.

Sec. 22.25.070. Transfer of contributions.

Repealed by § 16 ch 83 SLA 1967.

Editor's note. — The repealed section derived from § 1, ch. 102, SLA 1963.

Legislative committee report. — For report on ch. 83, SLA 1967 (HB 141), see 1967 House Journal, pp. 339-340.

Sec. 22.25.080. Tax exemption. Benefits paid under this chapter are exempt from state and municipal income taxes. (§ 4 ch 160 SLA 1972)

Sec. 22.25.090. Medical benefits. Each person who is entitled to receive a monthly benefit from the retirement system under this chapter shall be provided with major medical insurance coverage. Coverage shall become effective on the same date as retirement benefits commence and cease when the retired employee or survivor is no longer eligible to receive a monthly benefit. The level of coverage for persons over age 65 shall be the same as that available before reaching age 65 except that the benefits payable shall be supplemental to those afforded under the federal Old Age Survivor and Disability Insurance Program, if any. (§ 4 ch 245 SLA 1976)

Chapter 28. Contributory Judicial Retirement System.

Section

- 10. Application
- 20. Administration
- 30. Regulations
- 40. Contributions
- 50. Retirement of justices and judges
- 60. Retirement pay
- 70. Survivors' benefits

Section

- 80. Tax exemption
- 90. Appropriations
- 100. Accounting
- 110. Refunds
- 120. Prior service credit
- 130. Medical benefits

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

March 31, 1981

The Honorable Bob Milcahy
Chairman
Senate Labor and Commerce Committee
Room 207 - Capitol Building
Juneau, Alaska

Dear Senator Milcahy:

Re: Senate Bill No. 293

Senate Bill No. 293, an Act affecting taxes on banking institutions, was introduced in the Senate on March 16, 1981 and was referred to the Senate Labor and Commerce and Finance Committees.

For the consideration of the Senate Labor and Commerce Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Gary L. Jenkins, Director, Audit Division and Mr. Lance Rovig, Economist, Research Section, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

RDS/rdh

cc: The Honorable Don Bennett
The Honorable M. E. Dankworth
Co-Chairmen
Senate Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Gary L. Jenkins, Director
Audit Division
Department of Revenue

Lance Rovig, Economist
Research Section
Department of Revenue

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Legislative Assistant

DATE: March 26, 1981

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: SB 293

This bill would tax banks under AS 43.20 based on their federal taxable income at a rate of 28.6%. For clarity, if this bill is to be enacted into law, a definition of bank should be added to the law to specify who is to be taxed under this provision.

Section 2 of the bill appears to have a word error in that it refers to interest rates in line 13, while it would appear to mean tax rate. If that is the intention then the language of the bill should be amended.

Section 3 of the bill repeals the provision in AS 43.20 which exempts banks and other financial institutions from the corporate income tax. It appears, however, that the author of the bill is not aware of the fact that banks are taxed under AS 43.70. This bill would leave them taxable under that chapter as well as chapter 20. Further, under chapter 70 the banks are taxable at the rate of 7% of their federal taxable income plus all of their non-taxable income.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S R 203
 Title An Act affecting taxes on banking institutions
 Requested by Labor and Commerce Committee Date March 24, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING Millions
 (Thousands of Dollars)

		\$5.5	\$6.1	\$6.7	\$7.3
GENERAL FUND					
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

S.B. 293, if enacted, would require banks to pay corporate income taxes of 28.6% on net income as defined under AS 43.20; or, approximately \$5.5 million in FY 82, \$6.1 million in FY 83, \$6.7 million in FY 84 and \$7.3 million in FY 85. Banks would also be required to pay a tax of 7% on net income as defined under AS 43.70.

IV. DATE March 24, 1981 PREPARED BY Lance Rovig, Economist
 AGENCY Revenue
 Original: Legislative Finance PHONE 465-2390
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 293
 Title An Act affecting taxes on banking institutions
 Requested by Senate Labor & Commerce Committee Date March 17, 1981

II. FISCAL DETAIL
 Agency Affected Department of Revenue
 Program Category Affected Revenue Collections & Management
 BRU, Program, or Subprogram(s) Affected Audit Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars) -NONE-

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) -NONE-

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS -NONE-

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

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

See attached memo to R. D. Stevenson dated March 26, 1981.

IV. DATE March 27, 1981 PREPARED BY Gary L. Jenkins
 AGENCY Audit Division
 PHONE (907) 465-2320
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 293:

A tax of 28.6% shall be imposed on all banks (doing business in the State) upon the entire taxable income of those banks. The provisions of this tax are to supersede the provisions of other statutes covering taxation of banks or savings and loan associations chartered by the Federal Government or the State. Repeals AS 43.20.031(d).

Sec. 43.20.011. Tax on individuals, fiduciaries, and corporations.
 (a) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident individual and fiduciary of the state, except those qualifying for the rates in (b) or (c) of this section, taxes computed according to the following table.

If the taxable income is:	Then the tax is:
Not over \$2,000	3 per cent of the taxable income
Over \$2,000 but not over \$4,000	\$60 plus 3.5 per cent of excess over \$2,000
Over \$4,000 but not over \$6,000	\$130 plus 4.0 per cent of excess over \$4,000
Over \$6,000 but not over \$8,000	\$210 plus 5.0 per cent of excess over \$6,000
Over \$8,000 but not over \$10,000	\$310 plus 5.5 per cent of excess over \$8,000
Over \$10,000 but not over \$12,000	\$420 plus 6.0 per cent of excess over \$10,000
Over \$12,000 but not over \$14,000	\$540 plus 7.0 per cent of excess over \$12,000
Over \$14,000 but not over \$16,000	\$680 plus 7.5 per cent of excess over \$14,000
Over \$16,000 but not over \$18,000	\$830 plus 3.0 per cent of excess over \$16,000
Over \$18,000 but not over \$20,000	\$990 plus 8.5 per cent of excess over \$18,000
Over \$20,000 but not over \$22,000	\$1,160 plus 9.0 per cent of excess over \$20,000
Over \$22,000 but not over	

If the taxable income is:	Then the tax is:
Over \$26,000 but not over \$32,000	\$1,700 plus 10.0 per cent of excess over \$26,000
Over \$32,000 but not over \$38,000	\$2,320 plus 10.5 per cent of excess over \$32,000
Over \$38,000 but not over \$44,000	\$2,950 plus 11.0 per cent of excess over \$38,000
Over \$44,000 but not over \$50,000	\$3,610 plus 11.5 per cent of excess over \$44,000
Over \$50,000 but not over \$60,000	\$4,300 plus 12.0 per cent of excess over \$50,000
Over \$60,000 but not over \$70,000	\$5,500 plus 12.5 per cent of excess over \$60,000
Over \$70,000 but not over \$80,000	\$6,750 plus 13.0 per cent of excess over \$70,000
Over \$80,000 but not over \$90,000	\$8,050 plus 13.5 per cent of excess over \$80,000
Over \$90,000 but not over \$100,000	\$9,400 plus 14.0 per cent of excess over \$90,000
Over \$100,000 but not over \$150,000	\$10,800 plus 14.0 per cent of excess over \$100,000
Over \$150,000 but not over \$200,000	\$17,800 plus 14.5 per cent of excess over \$150,000

(b) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident married individual who makes a single return jointly with his spouse (as provided in section 6013 of the Internal Revenue Code) and upon every resident, nonresident and part-year resident surviving spouse (as defined in section 2(a) of the Internal Revenue Code) taxes computed according to the following table.

If the taxable income is:	Then the tax is:
Not over \$4,000	3 per cent of the taxable income
Over \$4,000 but not over \$8,000	\$120 plus 3.5 per cent of excess over \$4,000
Over \$8,000 but not over \$12,000	\$260 plus 4.0 per cent of excess over \$8,000
Over \$12,000 but not over \$16,000	\$420 plus 5.0 per cent of excess over \$12,000
Over \$16,000 but not over \$20,000	\$620 plus 5.5 per cent of excess over \$16,000
Over \$20,000 but not over \$24,000	\$840 plus 6.0 per cent of excess over \$20,000
Over \$24,000 but not over \$28,000	\$1,080 plus 7.0 per cent of excess over \$24,000
Over \$28,000 but not over \$32,000	\$1,360 plus 7.5 per cent of excess over \$28,000
Over \$32,000 but not over \$36,000	\$1,660 plus 8.0 per cent of excess over \$32,000
Over \$36,000 but not over \$40,000	\$1,980 plus 8.5 per cent of excess over \$36,000

If the taxable income is:

Then the tax is:

Over \$40,000 but not over \$44,000	\$2,320 plus 9.0 per cent of excess over \$40,000
Over \$44,000 but not over \$52,000	\$2,680 plus 9.5 per cent of excess over \$44,000
Over \$52,000 but not over \$64,000	\$3,440 plus 10.0 per cent of excess over \$52,000
Over \$64,000 but not over \$76,000	\$4,640 plus 10.5 per cent of excess over \$64,000
Over \$76,000 but not over \$88,000	\$5,900 plus 11.0 per cent of excess over \$76,000
Over \$88,000 but not over \$100,000	\$7,220 plus 11.5 per cent of excess over \$88,000
Over \$100,000 but not over \$120,000	\$8,600 plus 12.0 per cent of excess over \$100,000
Over \$120,000 but not over \$140,000	\$11,000 plus 12.5 per cent of excess over \$120,000
Over \$140,000 but not over \$160,000	\$13,500 plus 13.0 per cent of excess over \$140,000
Over \$160,000 but not over \$180,000	\$16,100 plus 13.5 per cent of excess over \$160,000
Over \$180,000 but not over \$200,000	\$18,800 plus 14.0 per cent of excess over \$180,000

If the taxable income is:

Then the tax is:

Over \$300,000 but not over \$400,000

\$35,600 plus 14.5 per cent of excess over \$300,000

Over \$400,000

\$50,100 plus 14.5 per cent of excess over \$400,000

(c) There is imposed for each taxable year upon the taxable income of every resident, nonresident and part-year resident head of a household (as defined in section 2(b) of the Internal Revenue Code), taxes computed according to the following table.

If the taxable income is:

Then the tax is:

Not over \$2,000

3 per cent of the taxable income

Over \$2,000 but not over \$4,000

\$60 plus 3.5 per cent of excess over \$2,000

Over \$4,000 but not over \$6,000

\$130 plus 4.0 per cent of excess over \$4,000

Over \$6,000 but not over \$8,000

\$210 plus 4.5 per cent of excess over \$6,000

Over \$8,000 but not over \$10,000

\$300 plus 5.0 per cent of excess over \$8,000

Over \$10,000 but not over \$12,000

\$400 plus 5.5 per cent of excess over \$10,000

Over \$12,000 but not over \$14,000

\$510 plus 6.0 per cent of excess over \$12,000

Over \$14,000 but not over \$16,000

\$630 plus 6.5 per cent of excess over \$14,000

Over \$16,000 but not over \$18,000

\$760 plus 7.0 per cent of excess over \$16,000

Over \$18,000 but not over \$20,000

\$900 plus 7.0 per cent of excess over \$18,000

Over \$20,000 but not over \$22,000

\$1,040 plus 7.5 per cent of excess over \$20,000

Over \$22,000 but not over \$24,000

\$1,190 plus 8.0 per cent of excess over \$22,000

Over \$24,000 but not over

If the taxable income is:

Then the tax is:

Over \$28,000 but not over \$32,000

\$1,690 plus 9.0 per cent of excess over \$28,000

Over \$32,000 but not over \$38,000

\$2,050 plus 9.5 per cent of excess over \$32,000

Over \$38,000 but not over \$44,000

\$2,430 plus 10.0 per cent of excess over \$38,000

Over \$44,000 but not over \$50,000

\$3,030 plus 10.5 per cent of excess over \$44,000

Over \$50,000 but not over \$60,000

\$3,660 plus 11.0 per cent of excess over \$50,000

Over \$60,000 but not over \$70,000

\$4,760 plus 11.5 per cent of excess over \$60,000

Over \$70,000 but not over \$80,000

\$5,910 plus 12.0 per cent of excess over \$70,000

Over \$80,000 but not over \$90,000

\$7,110 plus 12.5 per cent of excess over \$80,000

Over \$90,000 but not over \$100,000

\$8,360 plus 13.0 per cent of excess over \$90,000

Over \$100,000 but not over \$150,000

\$9,660 plus 13.5 per cent of excess over \$100,000

Over \$150,000 but not over \$200,000

\$16,410 plus 14.0 per cent of excess over \$150,000

Over \$200,000 but not over \$300,000

\$23,410 plus 14.5 per cent of excess over \$200,000

Over \$300,000

\$37,910 plus 14.5 per cent of excess over \$300,000

(d) The department shall compute and publish the Alaska income tax liability for resident taxpayers at the midpoint of each bracket of adjusted gross income (as defined in sec. 62 of the Internal Revenue Code) modified as required by sec. 31 of this chapter in \$25 steps below \$3,000 and \$50 steps to \$20,000 rounding the calculations to the nearest dollar. Resident taxpayers electing to take the standard deductions may

file returns based upon, and pay taxes according to, tables established under this section.

(e) There is imposed for each taxable year upon the entire taxable income of every corporation derived from sources within the state a tax consisting of a normal tax equal to 5.4 per cent of taxable income, and a surtax which is equal to 4.0 per cent of taxable income. For purposes of this chapter the surtax exemption for a taxable year follows secs. 1561 and 1563 of the Internal Revenue Code. (§ 1 ch 70 SLA 1975)

Constitutionality. — This chapter is not unconstitutional as wanting in uniformity. Alaska S.S. Co. v. Mullaney, 12 Alaska 433, 84 F. Supp. 561 (D. Alas. 1949), aff'd, 12 Alaska 594, 180 F.2d 805 (9th Cir. 1950).

Interstate commerce not singled out by chapter. — There is nothing in this chapter which singles out for special treatment interstate commerce or those who are engaged in interstate commerce because and on account of such commerce. Alaska S.S. Co. v. Mullaney, 12 Alaska 594, 180 F.2d 805 (9th Cir. 1950).

Graduated income taxes are based on policy grounds. — Graduated income taxes, involving as they do the concept of ability to pay, are based upon intelligible grounds of policy. Alaska S.S. Co. v. Mullaney, 12 Alaska 594, 180 F.2d 805 (9th Cir. 1950).

And they do not necessarily involve arbitrary classification. Alaska S.S. Co. v. Mullaney, 12 Alaska 594, 180 F.2d 805 (9th Cir. 1950).

Income of a nonresident from intangible personal property (e.g. dividends from stocks and bonds) is not subject to income tax under this section unless the intangible property that is the

source of the income has a business situs in Alaska. 1960 Op. Atty Gen., No. 33.

There is no conflict between this chapter and federal law, 46 USC 601, prohibiting attachment or arrestment of wages accruing to seaman. Alaska S.S. Co. v. Mullaney, 12 Alaska 433, 84 F. Supp. 561 (D. Alas. 1949), aff'd, 12 Alaska 594, 180 F.2d 805 (9th Cir. 1950).

Alaska can constitutionally levy tax on net income of seamen engaged in interstate and foreign commerce, where the tax is levied only on that portion of the seamen's net income which is attributed to their activity within the boundaries of the State of Alaska. Alaska v. Petronia, 69 Wash. 2d 460, 418 P.2d 755 (1966).

Taxability of oil lease bonus. — See 1961 Op. Atty Gen., No. 27.

Liability of nonresident for company under this act. — See 1959 Op. Atty Gen., No. 22.

Medical deductions for part-year residents under Alaska Net Income Tax Act. — See 1961 Op. Atty Gen., No. 28.

Am. Jur. 2d reference. — 71 Am. Jur. 2d, State and Local Taxation, § 1 et seq.

175, SLA 1959; § 1, ch. 202, SLA 1968; § 1, ch. 214, SLA 1968.

Sec. 43.20.020. Exemptions.

Repealed by § 13 ch 70 SLA 1975.

Editor's note. — The repealed section derived from § 5E, ch. 115, SLA 1949; added by § 1, ch. 132, SLA 1951; § 3, ch.

Sec. 43.20.021. Internal Revenue Code adopted by reference. (a) Subtitle F and chapter 1 of subtitle A of the 1954 Internal Revenue Code, Public Law 83-591, as amended, are adopted by reference as a part of this chapter, except that those provisions of the Internal Revenue Code adopted after December 31, 1975 which change or modify exemptions from tax or credits against tax are not adopted by reference as a part of this chapter until the second January 1 following the effective date of the federal law. These portions of the Internal Revenue Code have

full force and effect under this chapter unless excepted to or modified by other provisions of this chapter.

(b) For purposes of calculating the federal tax payable on personal holding companies provided for in the provisions of Internal Revenue Code § 541, the rate is 12.6 per cent.

(c) For purposes of calculating the alternative tax on capital gains provided for in the provisions of Internal Revenue Code § 201, the rate is 4.5 per cent for corporations and 4 per cent for individuals and fiduciaries.

(d) Where a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to 16 per cent of the amount of the credit determined for federal income tax purposes for individuals and 18 per cent for corporations.

(e) For the purpose of calculating the maximum tax rate on earned income as provided for in § 1348 of the Internal Revenue Code (26 U.S.C. § 1348), the rate is 9.5 per cent for individuals.

(f) For the purpose of calculating the minimum tax on tax preferences provided for in §§ 56 — 58 of the Internal Revenue Code (26 U.S.C. §§ 56 — 58), the rate is 16 per cent for individuals and 18 per cent for corporations of the applicable minimum federal tax rate. (§ 2 ch 70 SLA 1975; am §§ 1, 2 ch 125 SLA 1976)

Cross reference. — As to the immediate adoption by reference of § 44A (26 U.S.C. § 44A) and the 1976 amendments to § 37 (26 U.S.C. § 37) of the Internal Revenue Code as part of AS 43.20, see §§ 1, 2 and 4 of ch. 28, SLA 1977, in the Temporary and Special Acts of 1977.

Effect of amendment. — The 1976 amendment added the language beginning "except that those provisions" to the end of the first sentence of subsection (a) and added subsections (e) and (f).

Sec. 43.20.030. Returns and payment of taxes. (a) Every individual, fiduciary, partnership and corporation required to make a return under the provisions of the Internal Revenue Code shall at the same time file with the department a return setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information for the purpose of carrying out the provisions of this chapter which the department requires.

(b) The return shall either be on oath or contain a written declaration that it is made under penalty of perjury, and the department shall prescribe forms accordingly.

(c) The total amount of tax imposed by this chapter is due and payable to the department at the same time and in the same manner as the tax payable to the United States Internal Revenue Service.

(d) A taxpayer, upon request by the department, shall furnish to the department a true and correct copy of the tax return which he has filed with the United States Internal Revenue Service. Every taxpayer shall

his federal income tax return and of a recomputation of tax or determination of deficiency (whether with or without assessment). A full statement of the facts shall accompany this notice. The notice shall be filed within 60 days after the final determination of the modification, recomputation or deficiency, and the taxpayer shall pay the additional tax or penalty under this chapter. For purposes of this section, a final determination shall mean the time that an amended federal return is filed or a notice of deficiency or an assessment is mailed to the taxpayer by the Internal Revenue Service, except that in no event will there be a final determination for purposes of this section until the taxpayer has exhausted his rights of appeal under federal law.

(e) The department may credit or refund overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties collected without authority, and taxes that are found unjustly assessed or excessive in amount, or otherwise wrongfully collected. The department shall set limitations, specify the manner in which claims for credits or refunds are made, and give notice of allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the general fund on a warrant issued under a voucher approved by the department. (§ 7 ch 115 SLA 1949; am § 2 ch 132 SLA 1951; am § 4 ch 5 SLA 1953; am § 2 ch 169 SLA 1972; am § 3 ch 70 SLA 1975)

Effect of amendment. — The 1975 amendment so changed this section as to make a detailed comparison impracticable.

Delegation of legislative authority valid. — The legislative authority conferred by this section appears to be within the test laid down in *Bowles v. Willingham*, 321 U.S. 503, 61 S. Ct. 611, 88 L. Ed. 892 (1944), in which the administrator of the Office of Price Administration was empowered to fix maximum rents which, in his judgment, would be generally fair and equitable in any defense rental area whenever in his judgment that action was necessary or proper in order to effectuate the purposes

of the act, and further empowered to make adjustments for such relevant factors as he may determine and deem to be of general applicability, and to provide for such adjustments and reasonable exceptions as in his judgment are necessary and proper in order to effectuate the purposes of the act. *Alaska S.S. Co. v. Mullaney*, 12 Alaska 433, 84 F. Supp. 561 (D. Alas. 1949), *aff'd*, 12 Alaska 594, 180 F.2d 805 (9th Cir. 1950).

Quoted in Hickel v. Stevenson, Sup. Ct. Op. No. 351 (File No. 624), 416 P.2d 236 (1966).

Am. Jur. 2d reference. — 71 Am. Jur. 2d, State and Local Taxation, § 589.

Sec. 43.20.031. Taxable income of residents; deductions; exemptions. (a) The taxable income of a resident of the state is his entire taxable income as defined in § 63 of the Internal Revenue Code with the following modifications:

(1) a taxpayer whose income includes a cost-of-living allowance which is exempt from federal income tax shall determine and include that amount as part of his income as if the cost-of-living allowance were not exempt;

(2) the benefits allowed to taxpayers under Internal Revenue Code §§ 1301 — 1307, as amended, are allowed only to taxpayers who have

computation year as defined in these sections; the commissioner shall adopt regulations governing benefits under these sections of federal law allowable to spouses eligible to file a joint Alaska return for the computation year when one spouse has not been a resident of Alaska for the full base period;

(3) the benefits of nonrecognition of gain on the sale or exchange of certain property under §§ 1031, 1033 and 1034 of the Internal Revenue Code (26 U.S.C. §§ 1031, 1033 and 1034) are allowed only to taxpayers who purchase or exchange the property within the state, except that the benefits of § 1034 shall be allowed regardless of the location of the property for taxpayers who have attained the age of 65 on or before the time of the purchase or exchange.

(b) The following exemptions are allowed in computing taxable income under this section:

(1) service pay received by members of the armed forces of the United States or auxiliary branches of the armed forces;

(2) pensions and annuities received from qualified plans approved under §§ 401 — 415 of the Internal Revenue Code (26 U.S.C. §§ 401 — 415) as amended;

(3) income of a person derived from the sale of halibut taken from waters outside the territorial limits of the state and regulated by an international body or treaty organization if the person selling halibut in the state which is taken from outside the territorial limits of the state executes and submits to the department within 30 days after each sale a separate exemption certificate on a form approved by the department and the attorney general.

(c) In computing the tax under this chapter, the taxpayer is not entitled to deduct any taxes based on or measured by net income.

(d) Banks and savings and loan associations chartered by the federal government or the state are exempt from income tax under this chapter.

(e) An affiliated group of corporations may make or the commissioner may require them to make a consolidated or combined return for the taxable year in place of separate returns. For purposes of calculating the amount of tax payable by the group under a consolidated filing, Internal Revenue Code §§ 1501 — 1552, as amended, apply.

(f) A natural person is entitled to a tax credit not to exceed \$50 for the amount of political campaign contributions made within the tax year, including but not limited to a contribution or gift to a person or organization for use exclusively (1) for political campaigns for candidates for President or Vice President of the United States, whether or not they will be voted on in a primary election in Alaska; United States senator from Alaska; United States representative from Alaska; governor or lieutenant governor of Alaska; the Alaska legislature; delegate to an Alaska constitutional convention; electoral confirmation as a judge or justice of a court in Alaska; and municipal office in Alaska;

or question; or dues to a nonprofit organization organized primarily for the purpose of influencing elections. The credit allowed by this subsection is in place of the credit allowed by § 41 of the Internal Revenue Code and the deduction allowed by § 218 of the Internal Revenue Code for contribution to candidates for public office.

(g) A person who wilfully makes and subscribes to a certificate referred to in (b) (3) of this section which is not true and correct as to every material fact is punishable by a fine of not more than \$10,000, or by imprisonment for not more than five years, or by both.

(h) A taxpayer who purchases an entry permit under AS 16.43 in carrying on a trade or business is entitled to a deduction of the amount of the price paid during the tax year as if it were allowable under § 162 of the Internal Revenue Code (26 U.S.C. § 162). (§ 5 ch 70 SLA 1975; am §§ 3 — 5 ch 125 SLA 1976; am § 8 ch 73 SLA 1977; am § 6 ch 133 SLA 1977)

Cross reference. — As to disclosure of contributions, see AS 24.45.121.

Effect of amendments. — The 1976 amendment added paragraph (3) to subsection (a), rewrote paragraph (2) of subsection (b), and substituted "any taxes based on or measured by net income" for "from the adjusted gross income state income taxes" at the end of subsection (c).

The first 1977 amendment added subsection (h).

The second 1977 amendment, in the first sentence of subsection (f), inserted the item designations, inserted the language beginning "for candidates for President or

Vice-President" and ending "municipal office in Alaska" in present item (1), and inserted "for groups seeking to influence the outcome of a ballot proposition or question" in present item (2).

Editor's note. — Section 1, ch. 115, SLA 1977, provides: "For purposes of AS 43.20.031 for tax years before January 1, 1976, an individual is taxable on his entire income as defined in that section except that income does not include wages earned outside the United States."

Am. Jur. 2d reference. — 71 Am. Jur. 2d, State and Local Taxation, § 518 et seq.

Sec. 43.20.035. Taxable income of nonresidents and part-year residents. (a) The taxable income of nonresidents or part-year residents of this state is taxable income as determined under § 31 of this chapter when attributable to sources in the state as provided in § 40 of this chapter with the following adjustments:

(1) a nonresident or part-year resident who claims the standard deduction as defined in Internal Revenue Code § 141 is allowed the deduction in the proportion provided in (b) of this section;

(2) a nonresident or part-year resident is entitled to claim the personal exemptions as defined in § 151 of the Internal Revenue Code in the proportion provided in (b) of this section;

(3) a nonresident or part-year resident who itemizes deductions is allowed a deduction for those items deductible under the Internal Revenue Code which arise from sources in the state.

(b) The ratio for prorating allowed by this section is the taxpayer's adjusted gross income from Alaska sources divided by the taxpayer's adjusted gross income from all sources. The ratio may not exceed 100

means adjusted gross income as defined in § 62 of the Internal Revenue Code as modified by the provisions of § 31 of this chapter.

(c) Deductions claimed which are allowed as deductions from gross income in arriving at adjusted gross income under the Internal Revenue Code are allowed only to the extent that they are connected with income which arises from sources in the state or property having a situs for taxation in the state. (§ 6 ch 70 SLA 1975)

Am. Jur. 2d reference. — 71 Am. Jur. 2d, State and Local Taxation, § 472.

Sec. 43.20.036. Federal tax deductions and credits. (a) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against his tax liability the foreign tax credit allowed as to federal taxes under Internal Revenue Code § 33 (26 U.S.C. § 33).

(b) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as a credit against his tax liability the job development investment credit allowed as to federal taxes under Internal Revenue Code § 50 upon only the first \$500,000 of qualified investment put into use for each taxable year (26 U.S.C. § 50). This limitation does not apply to the amounts invested in equipment which meets the definition of a certified pollution control facility as defined under Internal Revenue Code § 169 (26 U.S.C. § 169) as in effect on the effective date of this Act except that the date specified in that section does not apply.

(c) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as an exemption from his tax liability the tax exemption for domestic international sales corporations under Internal Revenue Code § 991 (26 U.S.C. § 991), except those taxpayers who are engaged in the exportation of nonrenewable resources.

(d) For purposes of this chapter, the taxpayer may not apply for a refund of 1974 individual income taxes under Internal Revenue Code § 6428 (26 U.S.C. § 6428).

(e) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against his tax liability the credit for personal exemptions under Internal Revenue Code § 42 (26 U.S.C. § 42).

(f) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against his tax liability the credit for earned income under Internal Revenue Code § 43 (26 U.S.C. § 43).

(g) For purposes of calculating the tax payable under this chapter, the taxpayer may not apply as a credit against his tax liability the credit for purchase of new principal residence under Internal Revenue Code

S

B

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9

5



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 295:

Retail charge agreements and revolving charge agreements shall receive and collect a service charge not to exceed 3% per annum. Proposed change is to be placed before the voters at the next general election; effective on the date approved by a majority of the voters.

Sec. 45.10.120. Extent of service charge. (a) The service charge shall include all charges incident to investigating and making the retail installment contract or charge agreement and for the privilege of making the installment payments under the contract or agreement. No other fee, expense, or charge may be taken, received, reserved, or contracted for investigating and making the contract or agreement, or for the privilege of making the payments.

(b) A seller or holder of a retail installment contract may charge, receive and collect a service charge which shall not exceed the following rates multiplied by the number of months, including a fraction of a month in excess of 15 days as one month, elapsing between the date of the contract and the due date of the last installment,

(1) on so much of the unpaid balance as does not exceed \$1,000, five-sixths of one per cent;

(2) if the unpaid balance exceeds \$1,000, two-thirds of one per cent;

(3) if the total service charge so computed is less than \$12, but if the due date of the last installment of the contract is eight months or less after its effective date, \$10.

(c) A seller or holder of a retail charge agreement, revolving charge agreement or other retail charge agreement may charge, receive and collect a service charge not to exceed the following rates computed on the outstanding balances from month to month,

(1) on so much of the outstanding balance as does not exceed \$1,000, one and one-half per cent per month;

(2) if the outstanding balance is more than \$1,000, one-twelfth of the annual rate permitted under AS 45.45.010(b) per month on the excess over \$1,000 of the outstanding balance;

(3) if the service charge so computed is less than \$1 for any month, \$1;

(4) the service charge may be computed on a schedule of fixed amounts if as so computed it is applied to all amounts of outstanding balances equal to the fixed amount minus a differential of not more than \$5 provided that it is also applied to all amounts of outstanding balances equal to the fixed amount plus at least the same differential. (§ 13 ch 141 SLA 1962; am § 1 ch 154 SLA 1966; am § 2 ch 79 SLA 1980)

Cross reference. — As to revolving credit plans, see AS 06.05.208.

Effect of amendment. — The 1980 amendment substituted "one-twelfth of the annual rate permitted under AS 45.45.010(b)" for "one per cent" following "more than \$1,000" in paragraph (2) of subsection (c).

Sec. 45.10.130. Insurance. If the cost of insurance is included in the retail installment contract or retail charge agreement and a separate charge is made to the buyer for the insurance,

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 295
 Title An Act affecting interest rates; and placing the question before the voters of the
 Requested by Labor & Commerce Committee Date 3/19/81 State _____

II. FISCAL DETAIL
 Agency Affected Department of Commerce & Economic Development
 Program Category Affected Consumer Protection
 BRU, Program, or Subprogram(s) Affected Financial Institutions
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	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 (Specify Fund Source)	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

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

IV. DATE 3/19/81 PREPARED BY Willis F. Kirkpatrick, Director of Banking
 AGENCY Department of Commerce & Economic Development
 PHONE 465-2521
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

S

B

308



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 308:

The owner of an aircraft registered under AS02.35.040 shall be reimbursed by the manufacturer for money expended to bring the aircraft into compliance with airworthiness directives as established by the FAA.

The registered owner of the aircraft shall give written notice to the manufacturer of the costs incurred in achieving compliance with the airworthiness directives. The notice must include proof of payment, the name of the repair agency, the airworthiness directive involved, and the serial number of the aircraft. Failure of the manufacturer to reimburse the owner within 60 days after receipt of the notice is a violation of this section and constitutes a cause of action in favor of the registered owner for all costs incurred in seeking reimbursement, including reasonable attorney fees.

Reimbursement is limited to the cost of parts, labor, and expenses necessary to comply with airworthiness directives. Does not include reimbursement for the loss of service.

Reimbursement is limited to the 5 year period after the date of delivery by the manufacturer to the first registered owner.

A manufacturer of 50 or fewer aircraft a year is exempt from this Statute.

Sec. 02.35.030. Airman license required. No person may act as an airman of a civil aircraft when that aircraft is flown or operated in this state unless that person has an appropriate existing license or permit under federal law. (§ 32-6-4 ACLA 1949)

Sec. 02.35.040. Registration of aircraft. No aircraft shall be operated or be flown in this state until a certified copy of federal license or permit, as required in AS 02.35.020, has been filed with the department, and persons operating aircraft in the state shall within 30 days after the first day of January of each year file a certified copy of the federal license or permit with the department. (§ 32-6-5 ACLA 1949; am § 16 ch 123 SLA 1949)

Sec. 02.35.050. Registration of airmen. No person may act as an airman of a civil aircraft when that aircraft is flown or operated in the state until a certified copy of that person's federal license or permit, as required in AS 02.35.030, has been filed with the department, and every airman of any civil aircraft in the state shall within 30 days after the first day of January of each year file a certified copy of his federal license or permit with the department. (§ 32-6-6 ACLA 1949; am § 16 ch 123 SLA 1949)

Sec. 02.35.060. Proper officer to make and certify copies of licenses. The certified copies of licenses and permits required to be filed with the department under the provisions of this chapter may be made and certified by any officer authorized to administer oaths and having an official seal, inside or outside the state. No charge may be made by the department for the filings required. (§ 32-6-7 ACLA 1949; am § 16 ch 123 SLA 1949)

Sec. 02.35.070. Receipts for certified certificates. The department, upon receipt of certified certificates as provided by AS 02.35.020 — 02.35.050, shall immediately issue to the proper party a receipt for the certified certificate, which is prima facie evidence that the party has complied with the registration requirements of this chapter. (§ 32-6-8 ACLA 1949; am § 16 ch 123 SLA 1949)

Probative value of receipt. — The receipt for the certified certificate, which is made prima facie evidence by this section, would be better evidence of the issuance and registration and contents of a pilot's license than the testimony of a witness thereto. This receipt would be of equal

probative value with the license itself, and cover the additional point of compliance with the law of Alaska. *Smith v. Pacific Alaska Airways, Inc.*, 9 Alaska 86, 89 F.2d 253 (9th Cir.), cert. denied, 9 Alaska 234, 302 U.S. 760, 58 S. Ct. 20, 82 L. Ed. 541 (1937).

Sec. 02.35.080. Exceptions to application of chapter. The provisions of this chapter do not apply to the first entry of a civil aircraft or airman while engaged exclusively in commercial flying, constituting an act of interstate or foreign commerce, nor does it apply to a public aircraft. (§ 32-6-10 ACLA 1949)

Sec. 02.35.090. Certificate, permit, or federal government operating in demand of a municipality, official, or airman lands certificate, permit, or aircraft shall operating in where it may presented for officer of the employee of an airport request of an

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THE LEGISLATURE OF THE STATE OF ALASKA
 TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 308
 Title An act relating to aircraft.
 Requested by (Senate Labor & Commerce Committee) Date 3/24/81

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY'81	FY82	FY83	FY84	FY 85	FY'86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

No fiscal impact on this department.

IV. DATE 3/31/81 PREPARED BY John Bates
 AGENCY Transportation & Public Facilities
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

S

B

3

18



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

FISCAL IMPACTS OF CS SB 318:

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
* (1)	\$17,499,600	\$32,285,100	\$34,867,900	\$37,657,400	\$40,670,000
* (2)	1,469,900	2,075,800	2,239,600	2,418,800	2,612,200
* (3)	<u>635,200</u>	<u>665,400</u>	<u>718,600</u>	<u>776,100</u>	<u>838,200</u>
	\$19,604,700	\$35,026,300	\$37,826,100	\$40,852,300	\$44,120,400

The above figures reflect the three categories of fiscal information provided for CS SB 318.

* (1) Dept. of C&RA

* (2) Dept. of Labor

* (3) Dept. of Labor; Administrative Services

Figures are based upon a projection of 3500 participants in FY 82, at a cost of \$5,601.34 per individual (Average)

1983 Figures estimate 6,800 participants at a cost of \$5,150.93 per individual (Average)



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

CS SB 318:

ALASKA STATE SUPPLEMENTAL EMPLOYMENT AND TRAINING

Section 1: Establishes employment and training program initiated by the Department of Labor and C&RA. Defines objectives and functions:

1. Department of Labor demand/supply survey
2. Labor Exchange (DoL)
3. C&RA Work Site Training program
4. Youth programs under C&RA and DoL
5. Evaluation System C&RA and DoL

To impliment the programs described in this section, the Dept. of C&RA and Dept of Labor may enter into agreements or contract on a competitive basis with employers, other State and Federal agencies, educational institutions, and other organizations.

C&RA shall implement Work Site Training programs thru contracts. C&RA shall reimburse employers and the reimbursement shall be specified by regulation. Defines eligibility for participation in Work Site Training programs:

1. Resident of the State
2. hired in a job requiring training
3. Unemployed for at least 30 days; or recently laid off as a reduction in force

Dept. of Labor and C&RA shall develop Youth Programs tailored to the needs of participants in geographic areas.

Dept. of C&RA shall design Internship Programs for individuals enrolled in post secondary occupational programs. Eligible programs shall be specified by regulation, but may include public or private vocational training, colleges, universities, or other organizations approved by regulation. Employers providing employment for an intern, may be reimbursed for a percentage of wages paid to the intern.

CS SB 318 continued:

Dept of Labor shall provide employment counselors to high schools. These counselors are regular employees of the DoL, but will work in coordination with schools.

Dept of C&RA shall establish vocational exploration programs to provide career options (exposure to). Dept may contract with schools or public or private agencies to implement vocational exploration programs.

Dept of C&RA and DoL shall evaluate programs, establish evaluation standards, and develop current information.

Section 23.15.750 Definitions:

- (1) Career work site training
- (2) Entry level training
- (3) Resident

Section 2: State money appropriated to the Department shall be expended thru the system of public employment offices; the Department may contract with other State agencies, municipalities, and public or private non-profits.



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

COMMITTEE MINUTES:

20 May, 1981

[Handwritten signature]

Senator Mulcahy called the meeting to order with all members present, and the first testimony was provided by Doris Simon (Dept of Labor) and Linda Luther (Dept of C&RA). They each explained the component features of the bill (CS), defining the responsibilities of their respective Departments. Upon completion of their sectional analysis of the bill, Senator Fahrenkamp posed questions concerning the counseling services provided in high schools and Doris Simon responded, referring to the counseling provisions in the bill. Linda Luther concluded the testimony with remarks about the evaluation procedures.

The next testimony was given by Senator Fergusson, sponsor of the bill, and he expressed support for its passage citing the various features of the bill as addressing the necessary functions of a State training and employment program.

Gail Vick (Tanana Chiefs, Fairbanks) spoke briefly, supported the legislation, and stated that the bill would address problem areas.

Sylvia Carlson, (AFN) testified in support of the bill, emphasizing the importance of certain portions especially the occupational Demand and Supply survey. Senator Hohman asked Sylvia if the AVPC supported the CS, and she responded that they do.

John Hope, Central Council of Tlingit and Haida, distributed publications to the members of the committee to explain the needs of the Tlingit and Haida community. Mr. Hope proposed four amendments to the CS at the conclusion of his testimony.

Jewel Jones, Director of the Division of Social Services for the Municipality of Anchorage, explained that the Municipality is in support of the concept of the program, but that the bill needed a closer tie to the Dept of Education and vocational education programs. She stated that she would like to see an amendment to include local governments, citing the fact that the municipality of Anchorage has 15

years of experience and understands the community needs. We should continue existing mechanisms for delivery. Further stated that she felt this to be a good piece of legislation yet she feels strongly that local governments need to be included.

Glen Lundell, Deputy director of the Dept of Labor, said that he supported passage of the bill, and explained his background in the context of Labor and management and that this bill could help resolve some employers problems also. He also shared Mr. Hope's concerns.

Lois Lind, Director of the Division of CETA, Dept of C&RA, briefly commented on the contracting system, and elaborated on the purpose of achieving entry level skills. Many members of the Alaskan work force have skills yet often these skills are not current. She spoke further about the work site training aspects of the program emphasizing the practice and effective as opposed to classroom training .

Art Zillig, Employment Securities Division of the Dept of Labor, explained the problems deliverers of Federal programs have had, and emphasized the need for a labor exchange in the job market.

Chuck Caldwell, analyst for the Dept of Labor, spoke about resident hire, demand factors, and projections of employment for various areas in the State. The Dept must be able to asses current labor skills and match them with geographic needs in the State.

The Labor and Commerce committee meeting adjourned at 4:05pm.

STEP: A State Training and Employment Program

SUMMARY

Alaska has become enormously wealthy. The potential for even greater wealth through further discovery and development of its natural resources lies just beyond the horizon.

Development has not resulted in a proportionate increase in employment of Alaskans by Alaskan industry. Incongruous as it may seem, increased development has been paralleled by an increase in unemployment statewide. Witness:

- For each month since March of 1981 the statewide unemployment rate has increased by an average of 1.2 percentage points over its corresponding month one year previous.

All too frequently, employers within the State of Alaska turn to the "Outside" to supply their workers. Witness:

- Over 1 in 5 of all income tax returns filed for 1978 [the most recent year for which statistics are available] were from out-of-state or part-year residents.

Alaska's wealth has not translated into economic opportunity for large segments of its population. Witness:

- Approximately 73,000 of its residents are classified as having incomes below the "poverty level".
- Over 15 percent of the income tax returns filed in 1978 by full-year residents showed an adjusted gross income of less than \$5,000.
- During the month of February, 1981, over 38,000 Alaska residents were receiving Food Stamps.
- Nearly 11 percent of the statewide population is unemployed.
- Approximately 17 percent of those youth in the labor force are unemployed.
- For each Alaskan who is classified as unemployed, still a-

nother makes no effort to seek employment and, hence, does not appear in the unemployment statistics.

That employment and training services are--and have been--needed by Alaska residents is evident. The alternative to such services is an increased dependence of Alaskans upon forms of public assistance and the continued immigration of workers from "Outside" to fill jobs rightfully due Alaskans.

Historically, Alaska has depended largely upon the federal government to address the employment and training needs of its people. In some respects federal assistance has proved successful--in other respects, no such claim can be made.

Recently adopted federal budgetary and fiscal policies portend drastic reductions in federal assistance for employment and training activities. While these "cuts" will certainly spell the demise of certain programs, they will also provide the State of Alaska with an opportunity to assume a greater responsibility for its own destiny in areas related to employment and training. The transfer of responsibility from federal to state government comes at a most opportune time. Fortunately, the State of Alaska is in the most enviable position of being able to assume such responsibilities. Alaska:

- is at the brink of extensive development of its natural resources--with an attendant need for technical and managerial workers.
- has a projected annual need for over 1,000 managerial workers over the next five years.
- has a projected increasing need for workers in the mining, construction, transportation, communications, and utilities industries.
- has a projected annual need for approximately 4,000 workers in the trade and industrial occupations over the next five years.
- has a projected annual need for over 9,000 trained workers over the next five years.
- will require more than 13,000 workers not included in current projections for peak construction of the proposed natural gas pipeline by 1984.
- government will introduce an approximate one billion dollars

[through the Alaska Native Claims Settlement Act, the Alaska Housing Finance Corporation loan packages, major capital improvements, state income tax refunds, and possible distribution of permanent fund earnings] into the economy.

- government increases in operating expenditures will add approximately 850 new jobs statewide during 1981.
- is expected to experience an increase of approximately 3 percent annual employment growth over the next year.

One would surmise that employment opportunities are in Alaska's immediate and not-too-distant future. Question: "Why, then, is there widespread unemployment?" Several related answers come to mind:

- Alaskan workers, collectively, do not have the skills required for many Alaskan jobs. Consequently, employers must recruit "Outside" for workers--especially for skilled technical workers needed in the development of natural resources.
- Federally assisted employment and training programs have focused upon private non-profit and public employment. Private for-profit employers have not been given an incentive to hire lower-skilled Alaskan workers.
- Private for-profit businesses are concentrated in Alaska's urban areas. Hence, the huge rural areas offer little in the way of opportunity for employment.

Proposed legislation would establish a State Training and Employment Program [STEP]. The purpose of STEP would be threefold:

- to meet the labor demands of Alaska's private for-profit employers resulting from the development of the State's natural resources and their attendant support industries.
- to increase employment opportunities in the private for-profit sector for those Alaskan's already in the labor force, and
- to enhance the employability and work skills of Alaskans who want to join the labor force but are prevented from doing so by a lack of vocational preparation or other employment barriers.

STEP would not propose to "replace" or duplicate currently operating federal training and employment programs of demonstrated effectiveness. In-

stead, it would propose to provide programs of a broader scope which have the flexibility to address local needs and to solve--or even prevent--local problems.

STEP would emphasize involvement of Alaskan private for-profit industries in the promotion of employment opportunities for Alaskans. When fully developed, its theme could well be: "Jobs for Alaskans in Alaskan industry."

As envisioned, STEP would include the following elements--the inclusion of which would be determined by local program operators upon the basis of need and opportunity:

- **ON-THE-JOB TRAINING:** Private for-profit businesses and industries would train individuals on-the-job and would be reimbursed with STEP funds for participant salaries and expenses on a decreasing subsidy basis. [A small percentage of on-the-job funds may be allocated for training within the private non-profit and public sectors.]
- **CLASSROOM TRAINING:** Classroom training [vocational/technical education and training courses] would be provided for selected individuals for up to twelve months only for jobs within the private sector for which a certified need exists or is projected for the immediate future.
- **VOCATIONAL EXPLORATIONS:** Opportunities within the private for-profit sector would be identified where youth would be able to receive "hands-on" experience in their exploration of vocational choices.
- **SERVICES:** Services would be provided which would include material or functional necessities requisite to an individual's participation in one of the other STEP elements. Services could include such things as counseling, aptitude and interest testing, special tools or clothing needed for on-the-job training, or day care assistance.

Funds appropriated for STEP would be administered by the Department of Community and Regional Affairs in accordance with the following guidelines:

- A pre-determined percentage of appropriated funds would be "passed through" to the Municipality of Anchorage for program operation and sub-contracting.
- A pre-determined percentage of appropriated funds would be

set aside and made available to federally recognized Native American Grantees who would receive disbursement on the basis of competitive proposals.

- The remaining funds [including those set aside for, but not awarded to, Native American Grantees] would be made available to the Division of Community Employment and Training Assistance [DCRA] for program operation and sub-granting in those areas of the State not otherwise served.

STEP would represent a departure from traditional training and employment programs in both philosophy and approach. The core of the program would lie in the marriage of the needs of Alaska's private sector labor market with those of its residents for improved employment opportunities. In such an approach, the whole would be greater than the sum of its parts.

Alaska's private for-profit sector would:

- be assured of the availability of--or the wherewithal for obtaining--skilled workers trained specifically for its needs,
- effect savings in costs involved in the training or upgrading of its employees,
- accrue benefits resulting from the stimulus of increased employment and economic activity, and
- be able to reduce its cost-benefit ratio through local recruitment and hire.

Alaska's citizenry would:

- gain increased confidence in the State's ability to solve its problems with a minimum of outside assistance--interpreted by some as interference,
- effect monetary savings through decreased expenditures for public assistance, law enforcement, and various other social service programs, and
- experience an improved standard of living resulting from increased employment and its attendant economic activity--

all the while enjoying the benefits of an improved quality of life.



Alaska State Legislature

Senate

Official Business

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

Committee Meeting Minutes:

27 May, 1981

The Senate Labor and Commerce Committee meeting was called to order by Senator Mulcahy at 3:04pm, and the first item of business was HB 314am. Representative Haugen, sponsor of the bill, provided testimony on the bill, and Senator Fahrenkamp made a motion to move the bill with individual recommendations.

Senator Mulcahy brought up HB 274, and a motion was made by Senator Fahrenkamp that the bill be moved from committee with individual recommendations.

Chairman Mulcahy brought up CS SB 318, and a motion was made by Senator Fahrenkamp that the bill be moved with individual recommendations.

The final piece of legislation addressed at the meeting was CS SB 552 and after a brief discussion by committee members, a motion was made by Senator Fahrenkamp that CS SB 552 move from committee with individual recommendations. The committee meeting was adjourned at 3:14pm.

SENATE

FURTHER: Finance

3/23/81

Date: _____

Mr. President:

The Committee on LABOR & COMMERCE has had SB 318
establishing a state training an employment program

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Lett of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Bob Mulcahy

John ...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

3 copies - No Rec.

[Signature]

Bob Mulcahy
CHAIRMAN

Chapter 15. Employment Services.

Article

1. Vocational Rehabilitation (§§ 23.15.010—23.15.210)
2. Governor's Committee on Employment of Physically Handicapped (§§ 23.15.220—23.15.320)
3. Employment Agencies (§§ 23.15.330—23.15.520)
4. Manpower Development and Training (§§ 23.15.610—23.15.617)
5. Work Incentive Program for Welfare Recipients (§ 23.15.650)

Article 1. Vocational Rehabilitation.

Section	Section
10. Board of Vocational Rehabilitation	100. Powers and duties
20. Powers and duties of board	110. Extension of services outside state
30. Appointment of administrative officers	120. Cooperation with federal government
40. Office of Vocational Rehabilitation established	130. Small businesses revolving fund
50. Director of vocational rehabilitation	140. [Repealed]
60. Agreements under Social Security Act	150. Receipt and disbursement of funds
70. Personnel policies	160. Gifts
80. Eligibility for vocational rehabilitation service	170. Maintenance not assignable
90. Priority as to eligibility	180. Hearings
	190. Mixture of lists and records
	200. Limitation on political activity
	210. Definitions

Sec. 23.15.010. Board of Vocational Rehabilitation. The Board of Education which administers the program of vocational education is designated as the Board of Vocational Rehabilitation to administer the vocational rehabilitation program. (§ 37-9-6 ACLA 1949; am § 2 ch 169 SLA 1955; am § 2 ch 144 SLA 1957; am § 1 ch 79 SLA 1960)

Sec. 23.15.020. Powers and duties of board. (a) The board may cooperate with a federal agency, as provided and required by federal law for vocational rehabilitation.

(b) The board shall comply with these federal laws and the conditions necessary to secure the full benefit of the federal vocational rehabilitation laws, and shall do all things necessary to entitle the state to receive the benefits of the federal laws.

(c) The board may do all the things and adopt the regulations which are necessary to carry out the federal laws and the purposes of §§ 10—210 of this chapter. (§ 37-9-6 ACLA 1949; am § 2 ch 169 SLA 1955; am § 2 ch 144 SLA 1957; am § 1 ch 79 SLA 1960)

Sec. 23.15.030. Appointment of administrative officers. The board may appoint administrative officers, and delegate to them the authority necessary to carry out §§ 10—210 of this chapter. (§ 37-9-6 ACLA 1949; am § 2 ch 169 SLA 1955; am § 2 ch 144 SLA 1957; am § 1 ch 79 SLA 1960)

Sec. 23.15.040. Office of Vocational Rehabilitation established. The Office of Vocational Rehabilitation is established under the Board of Vocational Rehabilitation to carry out §§ 10—210 of this chapter. (§ 37-9-6 ACLA 1949; am § 2 ch 169 SLA 1955; am § 2 ch 144 SLA 1957)

Sec. 23.15.050. Director of vocational rehabilitation. The board shall appoint a director of the Office of Vocational Rehabilitation. The director has the administrative authority delegated to him by the board and necessary to carry out §§ 10—210 of this chapter and the regulations and policies adopted by the board. (§ 37-9-6 ACLA 1949; am § 2 ch 144 SLA 1957; am §§ 2, 3 ch 79 SLA 1960; am § 9 ch 96 SLA 1967)

Effect of amendment. — The 1967 amendment deleted "serves as the executive officer of the board and" following "director" near the beginning of the second sentence.

Sec. 23.15.060. Agreements under Social Security Act. (a) The board acting through the Office of Vocational Rehabilitation may enter into necessary agreements on behalf of the state with the Secretary of Health, Education and Welfare to carry out the provisions of the federal Social Security Act, as amended, and as it is subsequently amended, relating to the making of determinations of disability under Title II of that Act.

(b) The Department of Revenue shall act as the custodian of funds paid by the federal government to the state, shall comply with agreements entered into under the Social Security Act, and shall disburse the funds in accordance with instructions from the director of the Office of Vocational Rehabilitation. (§ 37-9-6 ACLA 1949; am § 2 ch 169 SLA 1955; am § 2 ch 144 SLA 1957)

Sec. 23.15.070. Personnel policies. The board shall adopt personnel policies for the Office of Vocational Rehabilitation. The director shall execute these policies and keep them on file in his office. (§ 37-9-6 ACLA 1949; am § 2 ch 169 SLA 1955; am § 2 ch 144 SLA 1957)

Sec. 23.15.080. Eligibility for vocational rehabilitation service. (a) Vocational rehabilitation service shall be provided directly or through a public or private instrumentality to a handicapped individual (1) who is a resident of the state at the time he applies for the service and whose vocational rehabilitation the agency determines after full investigation can be satisfactorily achieved, or (2) who is eligible for the service under an agreement with another state or with the federal government.

(b) Vocational rehabilitation services, other than diagnostic and

be provided at public cost only to the extent that the handicapped individual is found by the agency to require financial assistance. (§ 37-9-7(1) ACLA 1949; am § 3 ch 144 SLA 1957)

Sec. 23.15.090. Priority as to eligibility. If vocational rehabilitation service cannot be provided for all eligible handicapped individuals who apply, the agency shall provide by regulation for determining the order to be followed in selecting those to whom the services will be provided. (§ 37-9-7(2) ACLA 1949; am § 3 ch 144 SLA 1957)

Sec. 23.15.100. Powers and duties. (a) In carrying out §§ 10—210 of this chapter the agency shall

(1) take the action it considers necessary or appropriate to carry out the purposes of §§ 10—210 of this chapter, and adopt regulations in conformity with these purposes;

(2) determine the eligibility of applicants for vocational rehabilitation service;

(3) submit to the governor annual reports of activities and expenditures and, before each regular session of the legislature, estimates of sums required for carrying out §§ 10—210 of this chapter and estimates of the amounts to be made available for this purpose from all sources; and

(4) cooperate with public and private departments, agencies and institutions in providing for the vocational rehabilitation of handicapped individuals, studying the problems involved in providing this rehabilitation, and establishing, developing and providing, in conformity with the purposes of §§ 10—210 of this chapter, the programs, facilities and services which may be necessary or desirable.

(b) In carrying out §§ 10—210 of this chapter, the agency may

(1) enter into agreements with other states to provide for the vocational rehabilitation of residents of the states concerned;

(2) establish and operate rehabilitation facilities and workshops and make grants to public and other nonprofit organizations for these purposes;

(3) supervise the operation of vending stands and other small businesses established under §§ 10—210 of this chapter to be conducted by severely handicapped individuals; and

(4) make studies, investigations, demonstrations and reports, and provide training and instruction (including the establishment and maintenance of the research fellowships and traineeships with the stipends and allowances which are

Sec. 23.15.110. Extension of services outside state. Vocational rehabilitation service may be extended to the continental United States to all individuals eligible under §§ 10—210 of this chapter. The director of the Office of Vocational Rehabilitation may place professional or clerical personnel or both inside the continental United States to carry out the purposes of §§ 10—210 of this chapter. (§ 37-9-8(3) ACLA 1949; am § 4 ch 144 SLA 1957)

Sec. 23.15.120. Cooperation with federal government. (a) The agency shall cooperate with the federal government in carrying out the purposes of federal laws pertaining to vocational rehabilitation (including the licensing of blind persons to operate vending stands on federal property) and may adopt the methods of administration which are found by the federal government to be necessary for the proper and efficient operation of agreements or plans for vocational rehabilitation. The agency may comply with the conditions which are necessary to obtain the full benefits of the federal laws for the state and its residents.

(b) Upon designation by the governor, the agency may perform functions and services for the federal government relating to individuals under a physical or mental disability, in addition to those provided in (a) of this section. (§ 37-9-9 ACLA 1949; am § 5 ch 144 SLA 1957)

Sec. 23.15.130. Small businesses revolving fund. Funds to carry out the provisions of §§ 10—210 of this chapter may be appropriated in the general appropriation act of the legislature. There is created in the state treasury a revolving fund designated as "The Vocational Rehabilitation Small Business Enterprises Revolving Fund." Receipts from the small business enterprise program shall be deposited into the fund and are available for the operation of the program. If the program is discontinued the unobligated balance shall revert to the general fund of the state and when all obligations have been met the fund shall be abolished. (§ 37-9-10 ACLA 1949; added by § 6 ch 144 SLA 1957)

Cross reference.—For provisions as to special funds, see AS 37.05.155.

Sec. 23.15.140. Vocational Rehabilitation Fund.

Repealed by § 2 ch 23 SLA 1968.

Editor's note.—The repealed section derived from § 37-9-11, ACLA 1949; § 6, ch. 144, § 1A 1957. Section 1, ch. 23, SLA 1968, provides: "The balance in the Vocational Rehabilitation Fund created by AS 23.15.140 shall be transferred to a trust and agency fund."

Sec. 23.15.150. Receipt and disbursement of funds. The Department of Revenue is designated custodian of all vocational rehabilita-

Sec. 23.15.160. Gifts. The board may accept a gift or donation from a public or a private source which is offered unconditionally for carrying out §§ 10—210 of this chapter. The board may accept a conditional gift if, in the judgment of the agency, the conditions are proper and consistent with §§ 10—210 of this chapter. (§ 37-9-13 ACLA 1949; added by § 6 ch 144 SLA 1957; am § 3 ch 23 SLA 1968)

Effect of amendment.—The 1968 amendment deleted "The board shall hold it, invest it, reinvest it, and comply with the conditions" at the beginning of the former third sentence, and added the remaining portion of that sentence to the second sentence.

Sec. 23.15.170. Maintenance not assignable. The right of a handicapped individual to maintenance under §§ 10—210 of this chapter is not transferable or assignable at law or in equity. (§ 37-9-14 ACLA 1949; added by § 6 ch 144 SLA 1957)

Sec. 23.15.180. Hearings. An individual applying for or receiving vocational rehabilitation who is aggrieved by the action or inaction of the agency is entitled to a fair hearing by the agency, in accordance with regulations. (§ 37-9-15 ACLA 1949; added by § 6 ch 144 SLA 1957)

Sec. 23.15.190. Misuse of lists and records. It is unlawful, except for purposes directly connected with the administration of the vocational rehabilitation program and in accordance with regulations, for a person to solicit, disclose, receive, or make use of, or authorize, knowingly permit, participate in, or acquiesce in the use of a list of, names of, or information concerning, persons applying for or receiving vocational rehabilitation, directly or indirectly, derived from the records, papers, files, or communications of the state or an agency of the state, or acquired in the course of the performance of official duties. An officer or employee violating this provision is subject to discharge or suspension. (§ 37-9-16 ACLA 1949; added by § 6 ch 144 SLA 1957)

Sec. 23.15.200. Limitation on political activity. No officer or employee engaged in the administration of the vocational rehabilitation program may use his official authority to influence or permit the use of the vocational rehabilitation program for the purpose of interfering with an election or affecting the results of an election or for a partisan political purpose. No officer or employee may solicit or receive, nor may an officer or employee be obliged to contribute or render, a service, assistance, subscription, assessment, or contribution for a political purpose. An officer or employee violating this section is subject to discharge or suspension. (§ 37-9-17 ACLA 1949; added by § 6 ch 144 SLA 1957)

(2) "board" means the Board of Education acting as the Board of Vocational Rehabilitation;

(3) "director" means the director of the Office of Vocational Rehabilitation;

(4) "handicapped individual" means an individual under a physical or mental disability which constitutes a substantial handicap to employment, but which is of such a nature that vocational rehabilitation services may reasonably be expected to render him fit to engage in a remunerative occupation;

(5) "individual who is under a physical or mental disability" means an individual who has a physical or mental condition which materially limits, contributes to limiting, or, if not corrected, will probably result in limiting his activities or functioning;

(6) "vocational rehabilitation service" means goods and services, including diagnostic and related services, necessary to render a handicapped individual fit to engage in a remunerative occupation;

(7) "workshop" means a place where manufacture or handiwork is carried on, and which is operated for the primary purpose of providing remunerative employment to severely handicapped individuals (A) as an interim step in the rehabilitation for those who cannot readily be absorbed in the competitive labor market or (B) during a time when employment opportunities for them in the competitive labor market do not exist. (§ 37-9-5 ACLA 1949; am § 1 ch 169 SLA 1955; am § 1 ch 144 SLA 1957)

Article 2. Governor's Committee on Employment of Physically Handicapped.

Section	Section
220. Purpose	280. Appointment of advisors
230. Appointment of committee	290. Employ the physically handicapped work
240. Appointment and term of chairman	300. Manner of handling funds
250. Compensation and expenses	310. Gifts
260. Meetings	320. Annual report to governor
270. Cooperation with other committees and agencies	

Sec. 23.15.220. Purpose. The purpose of §§ 220—320 of this chapter is to create a governor's committee on employment of the handicapped for Alaska to carry on a continuing program to promote the employment of the handicapped citizens of the state by creating statewide interest in the rehabilitation and employment of the handicapped, and by obtaining and maintaining cooperation with public and private groups and individuals in this field. (§ 1 ch 23

composed of state leaders of industry, business, agriculture, labor, veterans, women, religious, educational, civic, fraternal, welfare, scientific, military, medical and other professions, or as many of these and like categories as may be feasibly represented. The initial members shall be appointed for terms of one, two, and three years as designated by the governor. A member may be reappointed and a vacancy shall be filled by the governor. (§ 2 ch 23 SLA 1960)

Sec. 23.15.240. Appointment and term of chairman. The governor shall appoint a chairman of the committee who serves as chairman for one year or until his successor is appointed. (§ 2 ch 23 SLA 1960)

Sec. 23.15.250. Compensation and expenses. Members of the committee may receive no compensation for services on the committee but are entitled to reimbursement for necessary expenses in accordance with existing law. (§ 2 ch 23 SLA 1960)

Sec. 23.15.260. Meetings. The committee shall meet annually, but at the request of the governor special meetings may be called. (§ 2 ch 23 SLA 1960)

Sec. 23.15.270. Cooperation with other committees and agencies. The committee shall work in close cooperation with local committees and with the President's Committee on Employment of the Physically Handicapped to carry out the purpose of §§ 220—320 of this chapter more effectively, and with state and federal agencies having responsibilities for employment and rehabilitation of the handicapped. (§ 1 ch 23 SLA 1960)

Sec. 23.15.280. Appointment of advisors. The Office of Vocational Rehabilitation, the State Employment Service, the Department of Health and Social Services, and other state agencies which the committee names shall each designate a staff member who shall meet with the committee and act in an advisory capacity. The federal Veterans Employment Service and the Veterans Administration shall each be invited to designate a member of their respective staffs to serve in this capacity with the committee. Agencies of the state shall provide the assistance to the committee which the committee requests to aid it in carrying out the purposes of §§ 220—320 of this chapter. (§ 3 ch 23 SLA 1960; am § 6 ch 104 SLA 1971)

Effect of amendment. — The 1971 amendment substituted "Department of Health and Social Services" for "Department of Health and Welfare" in the first sentence.

held throughout the state for the purpose of enlisting public support for, and interest in the employment of, the physically handicapped. The mayors of cities, and heads of government instrumentalities, and leaders of industry and business, educational and religious groups, labor, veterans, women, farm, scientific and professional, and all other interested organizations and individuals shall be invited to participate. (§ 4 ch 23 SLA 1960)

Sec. 23.15.300. Manner of handling funds. Funds to carry out §§ 220—320 of this chapter shall be appropriated, expended and accounted for through the same procedures as funds for operation of the Department of Labor. (§ 5 ch 23 SLA 1960)

Sec. 23.15.310. Gifts. The committee may accept property by gift, devise, bequest or otherwise to carry out the purposes of §§ 220—320 of this chapter. (§ 6 ch 23 SLA 1960)

Sec. 23.15.320. Annual report to governor. The Committee shall annually report its activities during the preceding year to the governor. (§ 7 ch 23 SLA 1960)

Article 3. Employment Agencies.

Section	Section
330. Exemptions	430. Agency to maintain register
340. Permit	440. Records open to inspection
350. Application	450. Applicant's receipt
360. Bond	460. Schedule of fees
370. Investigation of applicant	470. Maximum fees
380. Refusal of permit	480. Return of fees
390. Fees	490. Prohibited acts
400. Renewal of permit	500. Department may adopt regulations
410. Revocation or suspension of permit	510. Violations
420. Limitations on conduct of employment agencies	520. Definitions

Sec. 23.15.330. Exemptions. Sections 330—520 of this chapter do not apply to an educational, religious, charitable, fraternal, or benevolent organization which does not charge for services, or to a bona fide labor organization, or a government agency. (§ 2 ch 94 SLA 1953)

Am. Jur. reference.—31 Am. Jur., Labor, §§ 540, 541, 700 to 702.

Sec. 23.15.340. Permit. In order to operate an employment agency, a person shall obtain a permit from the department. The permit shall be posted in a conspicuous place in the employment agency. (§ 3(1) ch 94 SLA 1953)

Sec. 23.15.350. Application. To obtain a permit to operate an

(1) the name and address of the applicant and the street and number of the building or place where the business of the employment agency is to be conducted;

(2) the businesses or occupations engaged in by the applicant for at least two years immediately preceding the date of application; and

(3) The names and addresses of all persons financially interested in the operation of the agency. (§ 3(2) ch 94 SLA 1953)

Sec. 23.15.360. Bond. The department may not issue a permit until the applicant furnishes a bond to the department in the amount and with surety which the department considers necessary. The amount of the bond may not be less than \$1,000 nor more than \$10,000. The bond shall be conditioned on the applicant's full compliance with the provisions and requirements imposed by §§ 330—520 of this chapter and the payment of all judgments recovered against the applicant for violation of §§ 330—520 of this chapter and any judgment and costs recovered against him by a laborer, worker or applicant for a position due to wilful misrepresentation or wilful deceit of a laborer or applicant for a position. (§ 3(3) ch 94 SLA 1953)

Sec. 23.15.370. Investigation of applicant. Upon application for a permit, the department may make an investigation as to the character and responsibility of the applicant and the premises where the applicant proposes to conduct the business. (§ 3(4) ch 94 SLA 1953)

Sec. 23.15.380. Refusal of permit. The department may, after notice and hearing, refuse to grant a permit where there is reasonable ground to believe that the applicant is of unfit moral character or is irresponsible. The department shall grant or refuse an application within 30 days of the date of filing. (§ 3(5) ch 94 SLA 1953)

Am. Jur. reference.—11 Am. Jur., Constitutional Law, § 290.

Sec. 23.15.390. Fees. The fee for filing an application for a permit is \$10. All fees shall be deposited in the general fund. In addition to paying this fee, all persons conducting employment agencies must comply with the provisions of the Alaska Business License Act (AS 43.70). (§ 3(6) ch 94 SLA 1953)

Sec. 23.15.400. Renewal of permit. Thirty days before the expiration of a permit the holder must apply for renewal of his permit in order to renew the permit. The application for renewal

Sec. 23.15.410. Revocation or suspension of permit. (a) The department may revoke or suspend a permit if

(1) the permittee or his agent has violated or failed to comply with a provision of §§ 330—520 of this chapter;

(2) the permittee has stopped being of good moral character.

(b) Before revoking or suspending a permit, the department shall notify the holder in writing of the charges against him and give him an opportunity to be heard in person or by counsel. (§ 3(8) (9) ch 94 SLA 1953)

Sec. 23.15.420. Limitations on conduct of employment agencies. The department may not issue a permit to conduct an employment agency

(1) in rooms used for living purposes;

(2) in connection with a pool hall, bar or intoxicating liquor dispensary, or recreation center operated for profit;

(3) to a person whose permit has been revoked within three years from the date of application;

(4) to a person who is financially interested in a travel agency or who in any way benefits financially from the sale of air, steamship or bus transportation. (§ 4 ch 94 SLA 1953)

Sec. 23.15.430. Agency to maintain register. An employment agency shall keep a register containing the name and address of each applicant, the date registered and the amount of fee received. (§ 5(1) ch 94 SLA 1953)

Sec. 23.15.440. Records open to inspection. All registers, books, records and other papers kept under §§ 330—520 of this chapter shall be open to the inspection of the department at all reasonable times. The agency shall furnish a copy of a record or report to the department within 30 days of the request. (§ 5(2) ch 94 SLA 1953)

Sec. 23.15.450. Applicant's receipt. An agency shall give to an applicant for employment from whom a fee is to be received a receipt. The receipt shall contain

(1) the name, address and telephone number of the employment agency;

(2) the name of the applicant;

(3) the name and address of the person to whom the applicant is sent for employment, and the address to which the applicant is to report for work;

(4) the amount of the fee charged and collected from the applicant;

Sec. 23.15.460. Schedule of fees. A person conducting an employment agency shall file a schedule of its fees with the department. The agency may change the fee schedule, but no change becomes effective until seven days after it is filed with the department and until it is posted for not less than seven days in a conspicuous place in the agency. The agency shall post a copy of the fee schedule in the agency in a conspicuous place frequented by applicants for help or employment. (§ 5(4) ch 94 SLA 1953)

Sec. 23.15.470. Maximum fees. After notice and hearing the department shall set a maximum schedule of fees. The department may review the schedule every two years after giving notice and hearing. (§ 5(5) ch 94 SLA 1953)

Am. Jur. reference.—14 Am. Jur., Criminal Law, § 19.

Sec. 23.15.480. Return of fees. If the applicant paying a cash fee fails to obtain employment, the agency shall, upon demand, return the amount of the fee to the applicant within 48 hours. (§ 5(6) ch 94 SLA 1953)

Sec. 23.15.490. Prohibited acts. No employment agency may

(1) send out an applicant for employment without having a bona fide request from an employer;

(2) send a person to an employer for the purpose of assisting or conducting an illegitimate business or practice;

(3) place a child in employment in violation of the child labor laws;

(4) divide or offer to divide a fee with an employer;

(5) make a charge which does not conform with the schedule of fees;

(6) falsify a record of the agency;

(7) write, publish, or have published false, fraudulent, or misleading information, representation, notice or advertisement concerning a job opportunity;

(8) send an applicant for employment to a place where a strike or lockout exists without informing the applicant of the existence of the strike or lockout. (§ 5(7) ch 94 SLA 1953)

Sec. 23.15.500. Department may adopt regulations. The department may adopt rules and regulations consistent with §§ 330—520 of this chapter. (§ 5(8) ch 94 SLA 1953)

Sec. 23.15.510. Violations. A person who wilfully violates any provision of §§ 330—520 of this chapter is guilty of a misdemeanor.

Sec. 23.15.520. Definitions. In §§ 330—520 of this chapter

(1) "employment agency" or "agency" means a person engaged in the business of furnishing employment or help, or giving information as to where employment or help may be obtained, or furnishing information regarding employment, or displaying an employment sign or bulletin, or, through the medium of a card, circular or pamphlet, or otherwise offering to obtain employment or help, or a person who offers employment information through communications media, including, but not limited to, radio, television, newspapers;

(2) "fee" means money or other valuable consideration received by a person, paid or promised to be paid for services given or to be given by a person conducting an employment agency;

(3) "registration fee" means a charge made or attempted to be made for registering or listing an applicant for employment, or for the furnishing of employment information as set out in this section. (§ 1 ch 94 SLA 1953; am § 1 ch 197 SLA 1970)

Effect of amendment. — The 1970 amendment inserted "or furnishing information regarding employment" in paragraph (1), added the language following "employment or help" in that paragraph, and added the language following "applicant for employment" in paragraph (3).

Article 4. Manpower Development and Training.

Section	Section
610. [Repealed]	614. Manpower training division
611. Department of Labor participation in manpower training programs	617. Manpower Training Advisory Council

Sec. 23.15.610. Participation in Manpower Development and Training Act.

Repealed by § 1 ch 103 SLA 1968.

Editor's note.—The repealed section derived from § 1, ch. 71, SLA 1965.

Sec. 23.15.611. Department of Labor participation in manpower training programs. (a) The Department of Labor is authorized to participate in programs of manpower training if it finds they are necessary to meet the occupational needs of the state. This authorization includes authority to execute on behalf of the state agreements or contracts which may be necessary or desirable to enable the state to participate in a program, to receive and expend all appropriate funds made available for programs by the state or from other sources, to supervise the expenditure of the funds and

(b) The Department of Labor may expend funds for the payment of transportation, subsistence and training allowances to trainees, incentive payments to employers who have contracted to employ workers under the on-the-job training provisions of the Manpower Development and Training Act of 1962 as amended, and for necessary administrative costs of the department in carrying out the program. If allowance payments are granted to trainees they will be paid in an amount not exceeding the guidelines provided by the U.S. Manpower Development and Training Act of 1962 as amended, and by regulations promulgated by the Department of Labor.

(c) The Department of Education shall work in cooperation with the Department of Labor and shall provide training facilities and training instructors as needed for the programs with funds made available to the Department of Education for those purposes. (§ 1 ch 103 SLA 1968; am § 1 ch 74 SLA 1969)

Effect of amendment. — The 1969 amendment in the first sentence of subsection (b) substituted "may expend" for "shall expend," deleted "solely" preceding "for the payment," and inserted the language between the words "trainees" and "and for necessary." In the second sentence of subsection (b) the amendment substituted "If" for "The," inserted "are granted," inserted "they," and substituted "an amount not exceeding the" for "accordance with."

Editor's note.—For the Manpower Development and Training Act of 1962, see 42 U.S.C. § 2571 et seq.; PL 87-415; 76 Stat. 23.

Sec. 23.15.614. Manpower training division. There is in the Department of Labor the manpower training division, which is administered by a director responsible to the commissioner. The director shall administer § 611 of this chapter. (§ 2 ch 74 SLA 1969)

Revisor's note (1969). — In ch. 74, SLA 1969, this section was numbered AS 23.15.612.

Sec. 23.15.617. Manpower Training Advisory Council. (a) There is the Manpower Training Advisory Council consisting of

- (1) the commissioner of labor or his representative, who shall be chairman;
- (2) the commissioner of education or his representative;
- (3) the commissioner of health and social services or his representative;
- (4) the commissioner of economic development or his representative;
- (5) the commissioner of administration or his representative;
- (6) the director of the division of planning and research or his

(b) The members representing industry and the members representing labor will be appointed by the governor, will serve for a term of three years, and will be entitled to the same per diem and expenses as members of other boards and commissions.

(c) The council will

(1) advise the director of the division of manpower training as to economic development and the manpower training needs of the state;

(2) collect data on the extent of unemployment and its causes, and may hold hearings throughout the state from time to time for this purpose;

(3) recommend to the governor action that executive agencies should take under existing law to alleviate unemployment;

(4) urge necessary changes in military procurement and construction policies;

(5) cooperate with federal and independent agencies;

(6) present a comprehensive report of its activities to the members of the legislature at the start of each legislative session;

(7) emphasize through publicity and persuasion the importance and desirability of hiring residents of the state to the fullest extent possible.

(d) The council will meet at least twice a year. (§ 3 ch 74 SLA 1969; am § 6 ch 104 SLA 1971)

Revisor's note (1969). — The division of planning and research referred to in AS 23.15.617(a)(6) is in the Office of the Governor. In ch. 74, SLA 1969, this section was numbered AS 23.15.613.

Cross reference. — As to travel

expenses and per diem allowance, see AS 30.20.180.

Effect of amendment. — The 1971 amendment substituted "commissioner of health and social services" for "commissioner of health and welfare" in paragraph (8).

Article 5. Work Incentive Program for Welfare Recipients.

Section

650. Participation in Work Incentive Program for Welfare Recipients

Sec. 23.15.650. Participation in Work Incentive Program for Welfare Recipients. In order to provide those receiving aid to families with dependent children with incentives, opportunities, and necessary services for employment, training and participation in the regular economy the Department of Labor is authorized to administer the Work Incentive Program for Welfare Recipients. This authorization includes authority to execute on behalf of the state agreements or contracts with the appropriate federal agen-

by the state or by the federal government, to supervise the expenditures of the funds and the conduct of the program, and to make reports and certificates which are called for, and otherwise to cooperate with the federal government and its departments and agencies in the administration of the program. (§ 1 ch 134 SLA 1968)

Chapter 20. Alaska Employment Security Act.

Article

1. Administration (§§ 23.20.005—23.20.125)
2. Funds (§§ 23.20.130—23.20.160)
3. Contributions (§§ 23.20.165—23.20.278)
4. Experience Rating (§§ 23.20.280—23.20.310)
5. Coverage (§§ 23.20.315—23.20.326)
6. Benefits (§§ 23.20.330—23.20.405)
- 6A. Extended Unemployment Compensation (§§ 23.20.406—23.20.409)
7. Appeals (§§ 23.20.410—23.20.470)
8. General Provisions (§§ 23.20.475—23.20.535)

Article 1. Administration.

Section

5. Purpose
10. Policy
12. Policy on temporary unemployment compensation
15. Annual report
20. Maintenance and protection of fund
25. Establishment of Employment Security Advisory Council
30. Director
35. Duties and powers of director
40. Qualifications of director
45. Regulations and special rules
50. Publications
55. Department records
60. Oaths and witnesses
65. Subpoenas
70. Self-incrimination

Section

75. Acquisition of land and buildings
80. Federal-state cooperation
85. Interstate benefit payments
90. Reciprocal coverage and cooperation
95. Exchange of services, facilities and information
100. Employment service
105. Employing units to keep records and reports
110. Information obtained by department
115. Unauthorized disclosure of information
120. Examination of bank
125. [Repealed]

Sec. 23.20.005. Purpose. (a) This chapter shall be liberally construed to accomplish its purposes to promote employment security by increasing opportunities for placement through the maintenance of a system of public employment offices and to provide through the accumulation of reserves for the payment of compensation to individuals with respect to their unemployment.

(b) The legislature declares its intention to provide for carrying out the purposes of this chapter in cooperation with the appro-

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 318 (Labor & Commerce)
 Title "An Act relating to Employment Services and Creation of Employment Opportunities..."
 Requested by _____ Date May 13, 1981

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs
 Program Category Affected Employment Stabilization
 BRU, Program, or Subprogram(s) Affected CETA

(Note: if more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		1,893.4	2,044.8	2,208.4	2,385.1	2,575.9
200 TRAVEL		211.2	228.1	246.3	266.0	287.3
300 CONTRACTUAL		15,387.9	30,004.9	32,404.9	34,997.3	37,797.1
400 COMMODITIES		7.1	7.7	8.3	9.0	9.7
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		17,499.6	32,285.1	34,867.9	37,657.4	40,670.0

FUNDING (Thousands of Dollars)

GENERAL FUND		17,499.6	32,285.1	34,867.9	37,657.4	40,670.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		52*	52*	52*	52*	52*
PART TIME						
TEMPORARY						

*denotes 52 full-time equivalent positions which are either currently vacant or will become vacant with the reductions of federal funds.

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

CSSB 318 consists of employment and training activities to meet the needs of employers for an appropriately skilled work force and to assist in the continuation of economic growth in the state while assuring that Alaskans are hired in jobs created by this economic growth. The enactment of this bill will increase and redefine the workload of the Department of Community & Regional Affairs for FY-82. It has been estimated that there will be an increase in statutory responsibilities for the Department which will amount to approximately 52 full-time equivalent positions. The enactment of this bill will not result in the addition of new positions within the Department. This program, as administered by the Department, will not be duplicative of any federal program, but will complement current federal efforts within the state in this broad area.

IV. DATE May 13, 1981 PREPARED BY Lois A. Lind *Lois A. Lind*
 AGENCY CETA
 PHONE 465-4890
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The following assumptions have been utilized in the preparation of this analysis:

- 1) This program will be operated on a statewide basis;
- 2) The operation of this program will be implemented and coordinated through five regional offices in order to increase local involvement and cooperation and to keep the program responsive to local employer needs;
- 3) This program will not supplant or duplicate the federally-funded CETA program, but will complement the efforts to the private sector;
- 4) The Department of Community & Regional Affairs will coordinate the recruitment and referral of persons for this program through the Alaska Department of Labor;
- 5) The planning and implementation of this program will be coordinated through the Alaska Private Industry Council;
- 6) This program will be evaluated during all phases of operation by evaluation instruments to be developed for the Department of Community and Regional Affairs. This evaluation will consist of both narrative and statistical analysis;
- 7) The FY-82 program will not be a full-year operation due to the necessary start-up time;
- 8) The FY-83 program will be a full-year operation and the contracted program delivery costs will be significantly greater;
- 9) Total funding utilized for the contracting of program delivery will be \$15,093,000 for the first year, and \$29,686,000 for the second year of program delivery.
- 10) For FY-82, approximately 3,500 individuals will be provided work-site training opportunities, including classroom instruction, internship programs, and vocational exploration. The number of individuals will increase to 6,800 per year in FY-83;
- 11) In consultation with the Alaska Private Industry Council (APIC), the Department of Community & Regional Affairs will restructure the Division which administers this program in order to more effectively deliver the Alaska State Supplemental Employment and Training program;
- 12) The Department of Community & Regional Affairs will engage in the following activities under this program:
 - a) contract on a competitive basis to establish work-site training, classroom instruction, internship, and vocational exploration programs [AS 23.15.710(a)(3), (4), .710(b), .730(1), (3)];
 - b) enter into contracts/agreements on a competitive basis to identify and further the goals of this program;
 - c) promulgate regulations to implement this program;
 - d) administer the Work-Site Training program [AS 23.15.720] and the Youth Programs [AS 23.15.730(1) and (3)];
 - e) Conduct the Evaluation Procedures [AS 23.15.710(a)(5) and 740].

- 13) The following sections of this bill, it is assumed, will be conducted by the Department of Labor:
 - a) occupational demand and supply survey [AS 23.15.710(a)(1)];
 - b) labor exchange activities [AS 23.15.710(a)(2)];
 - c) counseling programs within the schools [AS 23.15.730(2)]
- 14) This Fiscal Note is to be considered in conjunction with that submitted by the Department of Labor to calculate the total costs of this program.
- 15) An inflation factor of 8 percent has been used for the succeeding years' projected expenditures.

<u>THE TOTAL COSTS OF CSSB 318 UNDER THESE ASSUMPTIONS:</u>	<u>\$17,499,717</u>
ADMINISTRATIVE COSTS REQUIRED BY THE DEPARTMENT OF C&RA:	
Personnel Services (including approximately 52 full-time equivalent positions:	\$ 1,893,419
Travel necessary for the promotion and implementation of the ASSET program:	211,212
Contractual (phone charges, copy costs, printing, equipment rental, space rental, professional services, etc.):	294,963
Commodities:	7,123
Total Administrative Costs:	\$ 2,406,717
Total Program Funds (Contractual: 300\	\$15,093,000

I. REQUEST
 Bill/Resolution No. CS Senate Bill No. 318
 Title "An Act establishing the Alaska State Supplemental Employment and Training.."
 Requested by Senate Labor and Commerce Committee Date 5/13/81

II. FISCAL DETAIL
 Agency Affected Labor
 Program Category Affected Employment Stabilization
 BRU, Program, or Subprogram(s) Affected Employment Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		605.7	733.5	792.2	855.6	924.0
200 TRAVEL		49.1	61.5	66.4	71.7	77.4
300 CONTRACTUAL		790.7	1,259.3	1,360.0	1,468.8	1,586.3
400 COMMODITIES		16.8	19.4	21.0	22.7	24.5
500 EQUIPMENT		7.6	2.1	0-	0-	0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	1,469.9	2,075.8	2,239.6	2,418.8	2,612.2

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	1,469.9	2,075.8	2,239.6	2,418.8	2,612.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	16	18	18	18	18
PART TIME						
TEMPORARY						

- III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
- Assumes an effective date of July 1, 1981.
 - Personal Services at current salary rates.
 - Travel, Contractual Services, Commodities and Equipment are based on cost per position with the exception of:
 - Contract with the DOL's Research and Analysis Section for evaluation of the school counseling program \$85.0.
 - Contract with the Department of Education for program liason and on-site monitoring \$191.5.
 - Data Processing Cost of \$11.7.
 - Contracts for Employment Assessment

	FY '82	FY '83
	\$ 252.0	\$ 544.3
	\$ 100.0	\$ 216.0

IV. DATE 5/13/81 PREPARED BY Nico Bus, Finance Officer
 AGENCY Labor
 Original: Legislative Finance PHONE 465-2720
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

4. Assumes an annual inflation factor of 8% for all items.
 5. The number of individuals to be served is outlined in the assumptions contained in the Department of Community and Regional Affairs fiscal note.
 6. To meet the requirements of this legislation, funding for the following components is requested.
- I. Support to Basic Labor Exchange: \$778.9 (FY '82).

Purchases: 1 Management Analyst III, 5 Employment Security Specialists IB, 2 Employment Security Specialists II (in FY '82) with an additional 2 Employment Security Specialist IB's in FY '83 contracts for Employment Assessment, and Job Seekers Mobility Exchange.

Support to Basic Labor Exchange: is the process of identifying and assisting individuals who cannot be immediately placed into jobs. Within this component are (a) provision of employment counseling and development of plans to increase employability, (b) mechanisms for referral of individuals to support programs (such as other components of Community and Regional Affairs Worksite, Internship and youth programs, WIN, CETA, etc.), (c) mechanisms for provisions of financial assistance necessary to relocate Alaskan residents who are hired by Alaskan employers, and (d) the collection and dissemination of state-wide Labor Market and Job Market information.

Another element of this support involves services to employers such as EEO training and Personnel policies and procedures training.

- II. School to work transition program \$691.0 (FY '82).

Purchases: 4 Counselors I and 4 Counselors II and Evaluation Services from the Department of Labor's Research and Analysis Section plus a contract with the Department of Education for program liaison and on-site monitoring.

Through this program Alaska Department of Labor Employment Counselors would be stationed in high schools to provide career employment guidance and counseling and subsequent job development and placement services for high school students. By stationing these Employment Counselors in the schools, the link between the educational community and the world of work will be strengthened.

This "School To Work" project will involve the Department of Education for liaison assistance, setting up the program, negotiating with local education agencies, site selection, and monitoring. Four major sites with four satellites will be selected.

A long term evaluation model would be set up by Department of Labor's Research and Analysis section which will monitor the success of this project. A five year statistical study will sample participants and non-participants over time to determine their successful entry into and progress within the labor force.

1.	Position Title Management Analyst III			Range/Step 18 C	Barg. Unit GGU	Location Juneau	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leq.		
3.	Type of Expenditure			Amount					
	1	2	3						
4.	Personal Services:								
5.	Salary	2,837 per month	34,044						
6.	Benefits		5,403						
7.	FICA		2,004						
8.	Health Ins.		1,800						
9.	Total Personal Services	01	43,251						
10.	Travel	02	3,937						
11.	Contractual	03	12,647						
12.	Commodities	04	600						
13.	Equipment	05	950						
14.	Other								
14.	Total Cost		61,385						
15.	CODE	FUNDING SOURCE							
16.		FED RECPT. 1002							
17.	100	GF MATCH. 1003							
18.		GEN. FUND 1004		61,385					
19.		I-A RCPTS. 1005							
20.		PGM RCPTS 1028							
21.	CONTINUATION	OTHER							
22.	ADDITION	X							

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4A KEY NUMBER _____ COLUMN NO. _____

Provide Central Office coordination, analysis and reporting processes. This position would also disseminate information about the program and arrange media contracts.

This position would be the chief negotiator for the program and would be the contact person to develop the inter-agency cooperative agreements. The position would negotiate contracts for labor force identification, labor pool facilitators, and other labor exchange support services with other vendors.

NPS based on average cost per position.

AGENCY Labor

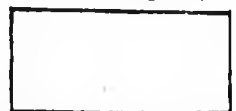
PROGRAM Employment Stabilization

REVISED DATE _____

BRU Employment Services

PAGE 1 OF 1 **FY 82**

COMPONENT Alaska State Supplemental Employment and Training



13 REQUEST FOR NEW POSITION.

1.	Position Title Employment Security Specialist IB	Range/Step 14 C	Barg. Unit GGU	Location Fairbanks	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leg.

3. Type of Expenditure		Amount
1	2	3
Personal Services:		
4. Salary	2,455 per month	29,460
5. Benefits		4,675
6. ICA		1,806
7. Health Ins.		1,800
8. Total Personal Services	01	37,741
9. Travel	02	3,937
10. Contractual	03	10,863
11. Commodities	04	600
12. Equipment	05	950
13. Other		
14. Total Cost		54,091

This position, though based in Fairbanks would travel extensively throughout Northern Alaska. The position would be responsible for contacting employers to solicit job openings for the basic labor exchange, provide or arrange the provision of Employment Services, such as EEO and personnel procedures training, and explain and set up slots for the intern, RSVP, and worksite training programs.

NPS based on average cost per position.

	CODE	FUNDING SOURCE	
15.		FED RCPT. 1002	
16.		GF MATCH. 1003	
17.	100	GEN. FUND 1004	54,091
18.		I-A RCPTS. 1005	
19.		PGM RCPTS 1028	
20.		OTHER	
21.	CONTINUATION		
22.	ADDITION	X	

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4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor

PROGRAM Employment Stabilization

REVISED DATE _____

BRU Employment Services

PAGE 2 OF 10 **FY 82**

COMPONENT Alaska State Supplemental Employment and Tra

13 REQUEST FOR NEW POSITION.



1.	Position Title Employment Security Specialist II	Range/Step 15 C	Barg. Unit GGU	Location Anchorage	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leg.
3.	Type of Expenditure		Amount				
	1	2	3				
4.	Personal Services:						
	Salary	2,291 per month	27,492				
5.	Benefits		4,363				
6.	ICA		1,685				
7.	Health Ins.		1,800				
8.	Total Personal Services 01		35,340				
9.	Travel 02		3,937				
10.	Contractual 03		11,416				
11.	Commodities 04		600				
12.	Equipment 05		950				
13.	Other						
14.	Total Cost		52,243				
	CODE	FUNDING SOURCE					
15.		FED RECPT. 1002					
16.		GF MATCH. 1003					
17.	100	GEN. FUND 1004		52,243			
18.		I-A RCPTS. 1005					
19.		PGM RCPTS 1028					
20.		OTHER					
21.	CONTINUATION						
22.	ADDITION						

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4A KEY NUMBER _____ COLUMN NO. _____

This position, though based in Anchorage, would travel extensively throughout Southcentral Alaska. The position would be responsible for contacting employers to solicit job openings for the basic labor exchange, provide or arrange the provision of Employment Services, such as EEO and personnel procedures training, and explain and set up slots for the intern, RSVP, and worksite training programs.

NPS based on average cost per position.

AGENCY Labor

PROGRAM Employment Stabilization

REVISED DATE _____

BRU Employment Services

PAGE 3 OF 1 **FY 82**

COMPONENT Alaska State Supplemental Employment and Training



10 REQUEST FOR NEW POSITION

1.	Position Title Employment Security Specialist II			Range/Step 15 C	Barg. Unit GGU	Location Juneau	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leq.		
3.	Type of Expenditure			Amount					
	1			2		3			
4.	Personal Services:								
	Salary	2,291 per month	27,492						
5.	Benefits		4,363						
6.	ICA		1,685						
7.	Health Ins.		1,800						
8.	Total Personal Services 01			35,340					
9.	Travel		02	3,937					
10.	Contractual		03	11,416					
11.	Commodities		04	600					
12.	Equipment		05	950					
13.	Other								
14.	Total Cost			52,243					
15.	CODE	FUNDING SOURCE							
		FED RECPT. 1002							
		GF MATCH. 1003							
	100	GEN. FUND 1004		52,243					
		I-A RCPTS. 1005							
		PGM RCPTS 1028							
		OTHER							
21.	CONTINUATION								
22.	ADDITION			X					

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4A KEY NUMBER _____ COLUMN NO. _____

This position, though based in Juneau, would travel extensively throughout Southeast Alaska. The position would be responsible for contacting employers to solicit job openings for the basic labor exchange, provide or arrange the provision of Employment Services, such as EEO personnel procedures training, and explain and set up slots for the intern, RSVP, and worksite training programs.

NPS Based on average cost per position.

AGENCY Labor

PROGRAM Employment Stabilization

REVISED DATE _____

BRU Employment Services

PAGE 4 OF 16 **FY 82**

COMPONENT Alaska State Supplemental Employment and Training

13 REQUEST FOR NEW POSITION.



1.	Position Title Employment Security Specialist IB			Range/Step 14 C	Barg. Unit	Location Juneau	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leg.		
3.	Type of Expenditure			Amount					
	1			2		3			
Personal Services:									
4.	Salary 2,135 per month		25,620						
5.	Benefits		4,066						
6.	ICA		1,571						
7.	Health Ins.		1,800						
8.	Total Personal Services 01			33,057					
9.	Travel		02		3,937				
10.	Contractual		03		11,064				
11.	Commodities		04		600				
12.	Equipment		05		950				
13.	Other								
14.	Total Cost			49,608					

These positions would be based for labor force identification, referring individuals to job openings for which they are qualified, and providing other services which are part of the basic labor exchange. They may also arrange for referral to services which support the basic labor exchange. The positions will also identify persons who could participate in the worksite and intern programs.

NPS based on average cost per position.

	CODE	FUNDING SOURCE	
15.		FED RECPT. 1002	
16.		GF MATCH. 1003	
17.	100	GEN. FUND 1004	49,608
18.		I-A RCPTS. 1005	
19.		PGM RCPTS 1028	
20.		OTHEK	
21.	CONTINUATION		
22.	ADDITION		X

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4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor

PROGRAM Employment Stabilization

REVISED DATE _____

BRU Employment Services

PAGE 5 OF 10 **FY 82**

COMPONENT Alaska State Supplemental Employment and Training

13 REQUEST FOR NEW POSITION.

