

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

2087 SSA SB 791 - SB 833 217

MSG 82-00019383- PRTY 1 04/06/82 15:34:48 ORIG: LR00 IN= 0008 OUT= 008  
FROM: FLORENCE IN BARROW TO: JUNEAU INFORMATION  
TARGET: LJH2-SUBJ: P.O.M.

PAGE 0001

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TO: SENATORS FERGUSON, FISCHER, COLLETTA, BRADLEY, ELIASON, STIMSON  
REPRESENTATIVE ADAMS

FROM: MICHAEL I. JEFFERY  
BOX 808  
BARROW ALASKA 99723  
852 - 2223 (H) 852 - 2311 (W)

SB-791 INTRODUCED BY SENATOR FERGUSON REPRESENTS AN IMPORTANT STEP TO INVOLVE VILLAGE PEOPLE MEANINGFULLY IN STATE DECISION MAKING. AIR COSTS PROHIBIT CITIZENS OF THESE REMOTE COMMUNITIES FROM PARTICIPATION IN DECISIONS AFFECTING THEM. I STRONGLY SUPPORT THIS BILL.

Vic,

The UofA needs  
teleconferance authority  
for the regents.

Will it fit into  
the teleconferance bill  
you have up today.

PAT ROONEY

*NAN*

MSG 82-00012273 PRTY 1 03/08/82 12:08:43 ORIG: LR00 IN= 0003 OUT= 0038  
FROM: FLORENCE IN BARROW TO: JUNEAU INFORMATION  
TARGET: LJH2 SUBJ: P.O.M. PAGE 0001

TO: SENATORS FERGUSON, FISCHER, COLLETTA, BRADLEY, ELIASON, STIMSON, BENNETT,  
-DANKWORTH, SACKETT, STURGULEWSKI

FROM: ALLAN PANEAK  
ANAKTUVUK PASS, AK 99721  
681 - 3314

I WOULD LIKE TO SUPPORT SB 791 FOR A TELECONFERENCE CENTER IN THE VILLAGES.  
I THINK THAT THIS IS VERY IMPORTANT.

S

B

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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. Attached Draft CS SB 813 (State Affairs)  
 Title \_\_\_\_\_  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement & Benefits  
 Program Category Affected Centralized Administrative Services  
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		24,148.7	43,170.5	60,279.1	66,307.0	72,937.0
200 TRAVEL						
300 CONTRACTUAL		25.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		24,173.7	43,170.5	60,279.1	66,307.0	72,937.0

FUNDING (Thousands of Dollars) *#50m #80m #110m #120m #133m*

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						

**DRAFT**

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

- The State PERS payroll contribution rate must be increased by 6.99% in FY83; 11.36% in FY84; and 14.42% in FY85.
- Estimate the FY83 covered State PERS payroll to be \$345,475,000, increasing 10% annually.
- Estimate long term inflation rate of 7.5%.
- The cost to political subdivisions is estimated to be \$18,360,800 in FY83; \$32,833,600 in FY84; and \$45,831,700 in FY85.

*if found 4% in FY83:*

39 T
51 P
<u>90.3</u>

*for 1978 4%  
79 4%  
80 4%*

IV. DATE March 11, 1982 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits

Original: Legislative Finance PHONE 465-4460

cc: Budget and Management  
 Prime Sponsor (First Legislator Named) Governor Hammond  
 Office of the Governor (Keith Specking)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Attached Draft CS SB 813 (State Affairs)  
Title \_\_\_\_\_  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
Program Category Affected Centralized Administrative Services & Secondary Education  
BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		25,574.1	37,070.1	49,630.6	54,593.6	60,052.9
200 TRAVEL						
300 CONTRACTUAL		25.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
TOTAL		25,599.1	37,070.1	49,630.6	54,593.6	60,052.9

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The TRS contribution rate must be increased by 14.54% in FY83; 19.16% in FY84; and 23.32% in FY85 (the TRS contribution rate is split 50/50 between the State and employers in the system).
2. Estimate FY83 covered payroll at \$296,962,000, and increasing 10% annually.
3. Estimate long term inflation rate of 7.5%.
4. The cost to school districts is estimated to be \$17,604,100 in FY83; \$25,517,500 in FY84; and \$34,163,600 in FY85.

IV. DATE March 11, 1982 PREPARED BY Paul B. Arnoldt, Director  
AGENCY Division of Retirement & Benefits  
PHONE 465-4460  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named) Governor Hammond  
Office of the Governor (Keith Specking)

SB 811 (cont'd)

that the lists include: the person's first name, last name and middle initial; his residence address as well as mailing address, including zip codes; his birth date; and the number of years and months the person has been a resident of the state. Bill would add the person's social security number to this list. Does not provide for an effective date.

Introduced February 18 and referred to Judiciary.

Nelchina  
Public Use  
Area

SENATE BILL NO. 812, by the Rules Committee by request of the Governor. Would establish the Nelchina Public Use Area near Glennallen. States that the primary purpose of the Area would be to maintain the fish and wildlife resources and to perpetuate multiple use of the area, including but not limited to fishing, hunting, trapping, mineral entry, and other forms of public use of public land. Includes legal description of lands to be included in the Area, all of which is included in the Seward and Copper River Meridians. Does not provide for an effective date.

Introduced February 18 and referred to Resources.

In his message transmitting the bill to the Senate for consideration, Governor Hammond stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill creating the Nelchina Public Use Area.

This bill would create an area reserved for multiple use by the public encompassing approximately 1.2 million acres of state land in Game Management Unit 13. The area is within the range of the Nelchina caribou herd, and, in the opinion of the Department of Fish and Game, is the most important caribou hunting area in the state for urban residents. Other characteristics of the area which make it worthy of special consideration include: its proximity to Anchorage and Fairbanks; access to the area from the Denali highway; the presence of the most important off-road vehicle trail system for hunting in Alaska; the variety of big game animals available; and the number of lodges, air taxis, and guide services available to the public.

The bill puts management of the area in the Department of Natural Resources, with a requirement of consultation with the Department of Fish and Game. It also requires that fish and wildlife habitat be managed so as to sustain those resources perpetually.

It is important to protect this area as a resource for fishing, hunting, trapping, and other forms of recreation, at a time when large areas of land within the state are becoming off-limits for many of these activities.

Retirement &  
PRPA/public  
employees

SENATE BILL NO. 813, by the Rules Committee by request of the Governor. Rewrites statutes governing post-retirement pension adjustments for teachers and public employees (AS 14.25.143 and AS 39.35.475). New version provides that when the administrator determines that the cost of living has increased and the financial condition of the fund permits, he "may" increase retirement benefits to eligible disabled members and those 55 or over (currently reads he "shall" increase benefits).

Sets up a sliding scale for increases in benefits based on the age

INTRODUCTION OF BILLS (Senate)

SB 813 (cont'd)

and condition of the recipient. For those who are at least 65, the increase would be the lesser of 75% of the increase in the cost of living or 9%. For those who are at least 60, but under 65, or who are receiving disability benefits and are under 65, the increase would be the lesser of 50% of the increase in the cost of living or 6%. For those who are at least 55, but less than 60 years old, the increase would be the lesser of 25% of the increase in the cost of living or 3%.

Amends AS 39.35 by adding a new section which allows credited service in the Public Employees' Retirement System for employment with the state ferry system (Div. of Marine Transportation). Amends 39.35.370 (PERS retirement benefits) to prohibit a member who is receiving benefits from the Marine Highways retirement system from receiving PERS benefits based on the same period of employment.

Deletes from the definition of "peace officer" or "fireman" for the purposes of Public Employees' Retirement a "qualified employee of the Department of Fish and Game." Repeals from definitions section of AS 39.35 the definition of "qualified employee of the Department of Fish and Game." (See Governor's letter) Provides Act effective on July 1, 1982.

Introduced February 18 and referred to State Affairs and Finance.

In his message transmitting the bill to the Senate for consideration, Governor Hammond stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to pension adjustments and retirement benefits for peace officers, marine highway employees and fish and game employees.

The first and fourth sections of the bill relate to post-retirement pension adjustments for teachers and public employees. In place of the old one-tier system, it creates a three-tier system which allows the administrator to grant a higher cost-of-living increase for older retirees who are often more severely impacted by inflation.

The second and third sections provide for the limited transfer of credit from the Northwest Marine Retirement Trust, under which many ferry system employees are provided for, to the Public Employees' Retirement System.

Sections 5 and 6 settle a problem that has existed in recent years whereby selected fish and game employees were entitled to peace officer status and 20-year retirement. The present system is flawed because many persons whose desk jobs did not approach the hazards of peace officer service were nevertheless treated like peace officers. Recent study has indicated little difference between the hazards of fish and game employment and the hazards of other non-peace officer employment. This bill, therefore, eliminates peace officer coverage for fish and game employees. To avoid a constitutional problem, the bill preserves peace officer status for those fish and game employees who have already qualified for such status under the existing law.

Spending  
Limit  
(implementa-  
tion of)

SENATE BILL NO. 814, by the Rules Committee by request or the Governor. Establishes procedures to implement the proposed constitutional spending limit to be voted on in November.

Adds new sections to the Executive Budget Act (AS 37.07) relating to the adjustment of the appropriation limit base of \$2.5 billion, and

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 813  
Title An Act Relating to Retirement Benefits...(PERS)...and Providing for an Effective Date  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
Program Category Affected Centralized Administrative Services  
BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		(228.0)	(506.5)	(838.3)	(1,231.4)	(1,694.7)
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		(228.0)	(506.5)	(838.3)	(1,231.4)	(1,694.7)

FUNDING (Thousands of Dollars)

GENERAL FUND	(186.7)	(414.8)	(686.6)	(1,008.5)	(1,388.0)
FEDERAL FUNDS	(10.5)	(23.3)	(38.6)	(56.6)	(78.0)
VETERAN'S FUND	(.5)	(1.0)	(1.7)	(2.5)	(3.4)
FISH & GAME FUND	(1.4)	(3.0)	(5.0)	(7.4)	(10.1)
HIGHWAY FUND	(3.0)	(6.6)	(10.9)	(16.0)	(22.0)
AIRPORT FUND	(6.6)	(14.7)	(24.3)	(35.7)	(49.1)
CAPITAL FUND	(19.3)	(43.1)	(71.2)	(104.7)	(144.1)
PERS					

POSITIONS NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

- Provision to provide PERS service credit for certain Marine transportation service is estimated to cost \$4,000 per year.
- Cost savings as a result of curtailing peace officer coverage within the Department of Fish and Game are estimated at \$232,000 in FY 83 and increasing in subsequent years.

IV. DATE February 23, 1982 PREPARED BY Paul B. Arnoldt  
AGENCY Division of Retirement & Benefits  
PHONE 465-4460  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named) Subcommittee of Finance  
Office of the Governor (Keith Specking)

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT

\*Section 1. AS 14.20.345(d) is amended to read:

(d) The governing body of the district may agree to continue the teacher's retirement contributions if the teacher agrees to pay the percentage required under AS 14.25.050 [REQUIRED SEVEN PERCENT] of the salary the teacher [HE] would have received during the [HIS] leave of absence and reimburse the district for the district's required retirement contribution. Each year of leave of absence then would count as a year of retirement service.

\*Sec. 2. AS 14.25.050(a) is amended to read:

(a) Each [BEGINNING JULY 1, 1970, EACH] teacher shall contribute to the retirement fund an amount equal to nine [SEVEN] percent of his base salary accrued from July 1 to the following June 30. The contribution shall be deducted by the employer at the end of each payroll period.

\*Sec. 3. AS 14.25.060(a) is repealed and reenacted to read:

(a) If a member has military service or Alaska Bureau of Indian Affairs (BIA) service, or if a member joined the system before July 1, 1978, and has creditable outside service, the member is indebted to the retirement fund as follows:

(1) for a member first hired before July 1, 1978, the arrearage indebtedness for creditable outside service is seven percent of the base salary multiplied by the total number of years of creditable outside service. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning July 1, 1963, or at the time of first becoming employed as a member, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

(2) for a member first hired before July 1, 1982, the arrearage indebtedness for creditable military and Alaska BIA service is

seven percent of the base salary multiplied by the total number of years of military and Alaska BIA service. For a member first hired on or after July 1, 1982, the arrearage indebtedness for military and Alaska BIA service is nine percent of the base salary multiplied by the total number of years of creditable military and Alaska BIA service. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning July 1, 1963, or at the time of first becoming employed as a member, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

\*Sec. 4. AS 14.25.110(d) is repealed and reenacted to read:

(c) The monthly retirement benefit for a member is calculated as follows:

(1) for a member with credited service earned before July 1, 1982, the monthly retirement benefit is calculated by multiplying two percent of the member's average base salary, divided by 12, by the years of credited service.

(2) for a member with less than three years of membership service rendered after June 30, 1982:

(A) if the member has a total of at least 10 but less than 20 years of credited service, the member is entitled to the benefit calculated under (1) of this subsection for the credited service rendered before July 1, 1982, plus two and one-quarter percent of the member's average base salary, divided by 12, times the years of credited service earned after June 30, 1982;

(B) if the member has a total of at least 20 years of credited service, the member is entitled to the benefit calculated under (1) of this subsection for the credited service rendered before July 1,

1982, plus two and one-half percent of the member's average base salary, divided by 12, times the years of credited service earned after June 30, 1982;

(3) for a member with three or more years of membership service rendered after June 30, 1982:

(A) if the member has a total of at least 10 but less than 20 years of credited service, the member is entitled to a monthly retirement benefit equal to two and one-quarter percent of the member's average base salary, divided by 12, times the member's total years of credited service;

(B) if the member has a total of at least 20 years of credited service, the member is entitled to a monthly retirement benefit equal to two and one-half percent of the member's average base salary, divided by 12, times the member's total years of credited service;

(4) for a member who elects to receive an early retirement benefit, an actuarial adjustment must be made; and

(5) any indebtedness that exists at the time of retirement must be discharged in accordance with AS 14.25.063(b).

\*Sec. 5. AS 14.25.125(d) is repealed and reenacted to read:

(d) The monthly amount of a conditional service retirement benefit shall be calculated on the years of fully paid credited service only, in accordance with AS 14.25.110(d), except that

(1) a member may irrevocably elect to substitute "average monthly compensation" as defined in AS 39.35.680(4) in place of the member's average base salary, divided by 12; and

(2) in determining the percentage multiplier for each year of service under AS 14.25.110(d) the years of credited service under AS 39.35 shall also be considered.

\*Sec. 6. AS 14.25.143 is repealed and reenacted to read:

Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible persons age 65 or older receiving benefits under this system in the preceding calendar year.

(b) The increase in benefit payments applies to total benefit payments except for the cost-of-living allowance under AS 14.25.142. The amount of the increase is a percentage of the current benefit equal to the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old.

(c) If a recipient was not receiving benefits during the entire preceding calendar year, the increase in benefits under this section shall be adjusted by multiplying it by the fraction whose numerator is the number of months for which benefits were received in the preceding calendar year and whose denominator is 12.

(d) If at the time of first receiving a retirement benefit a member was receiving a disability benefit under this system, the administrator shall, at the time the member is appointed to retirement, increase the retirement benefit by a percentage equal to the total cumulative percentage increase which has been applied to the member's disability benefit under this section.

(e) When computing a spouse's pension under AS 14.25.164, adjustments granted to the deceased member under this section shall be included.

(f) An increase in benefit payments under this section is effective July 1 of each year and is based on the percentage increase in the consumer

price index for urban wage earners and clerical workers for Anchorage, Alaska during the previous calendar year as determined by the United States Department of Labor, Bureau of Labor Statistics.

\*Sec. 7. AS 14.25.143(a) is repealed and reenacted to read:

Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible disabled members and persons age 60 or older receiving benefits under this system in the preceding calendar year.

\*Sec. 8. AS 14.25.143(b) is repealed and reenacted to read:

(b) The increase in benefit payments applies to total benefit payments except for the cost-of-living allowance under AS 14.25.142. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old; and

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old and for members receiving disability benefits who are less than 65 years old.

\*Sec. 9. AS 14.25.143(a) is repealed and reenacted to read:

Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible disabled members and persons age 55 or older receiving benefits under this system in the preceding calendar year.

\*Sec. 10. AS 14.25.143(b) is repealed and reenacted to read:

(b) The increase in benefit payments applies to total benefit

payments except for the cost-of-living allowance under AS 14.25.142. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old;

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old and for members receiving disability benefits who are less than 65 years old; and

(3) the lesser of 25 percent of the increase in the cost of living in the preceding calendar year or three percent, for recipients who on July 1 are at least 55 but less than 60 years old.

\*Sec. 11. AS 39.35.160 is amended to read:

Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. While participating in the system each peace officer and each fireman shall contribute seven [FIVE] percent and every other employee shall contribute six [FOUR] and one-quarter percent of their [HIS] compensation to the public employees' retirement system.

(b) If, upon termination of employment, an employee has credited service of less than five years and has less than \$1,000 in the [HIS] employee contribution account, a refund of the employee contribution account and the employee savings account must be made unless the employee indicates in writing that future retirement is intended and contributions should not be refunded. An employee who is reemployed with an employer and whose contributions have not been refunded before reemployment [RE-EMPLOYMENT] is not eligible for a refund.

\*Sec. 12. AS 39.35.340(b) is amended to read:

(b) In order to obtain credited service under this section, an employee shall make an election to do so and shall verify the [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, and this product multiplied by (3) six percent for members who are first eligible to claim this military service before July 1, 1982, or eight percent for members who are first eligible to claim this military service on or after July 1, 1982. Interest as prescribed by regulation accrues on this indebtedness beginning [COMMENCING] on July 1, 1976, or one year following the date a person first becomes vested, whichever is later. Any outstanding indebtedness that [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.

\*Sec. 13. AS 39.35.370(c) is repealed and reenacted to read:

(c) The monthly retirement benefit of an employee is calculated as follows:

(1) for an employee with credited service earned before July 1, 1982, the monthly retirement benefit is calculated by multiplying two percent of the average monthly compensation of the employee by the number of years of credited service.

(2) for an employee with less than three years of credited service rendered after June 30, 1982:

(A) if the employee has a total of at least 10 but less than 20 years of credited service, the employee is entitled to the benefit calculated under (1) of this subsection for the credited service rendered before July 1, 1982, plus two and one-quarter percent of the average monthly compensation times the years of credited service earned after June 30, 1982;

(B) if the employee has a total of at least 20 years of credited service, the employee is entitled to the benefit calculated under (1) of this subsection for the credited service rendered before July 1, 1982, plus two and one-half percent of the employee's average monthly compensation times the years of credited service earned after June 30, 1982;

(3) for an employee with three or more years of credited service rendered after June 30, 1982:

(A) if the employee has a total of at least 10 but less than 20 years of credited service, the employee is entitled to a monthly retirement benefit equal to two and one-quarter percent of the employee's average monthly compensation times the total years of credited service earned by the employee;

(B) if the employee has a total of at least 20 years of credited service, the employee is entitled to a monthly retirement benefit equal to two and one-half percent of the employee's average monthly compensation times the total years of credited service earned by the employee;

(4) for an employee who elects to receive an early retirement benefit, an actuarial adjustment must be made; and

(5) for an employee who rendered service as a peace officer or fireman before July 1, 1982, the monthly retirement benefit is calculated as follows:

(A) by multiplying two percent of the average monthly compensation of the employee by the years of credited peace officer or fireman service up through 10 years, plus two and one-half percent of the average monthly compensation of the employee by the years of credited peace officer or fireman service over 10 years. All other credited service shall be multiplied by two percent; or

(B) the formulas as provided in (1) through (4) of this subsection, if (B) is greater than (A).

\*Sec. 14. AS 39.35.385(d) is repealed and reenacted to read:

(d) The monthly amount of a conditional service retirement benefit shall be calculated in accordance with AS 39.35.370(c), except that

(1) the member may irrevocably elect to substitute one-twelfth of the "average base salary" as defined in AS 14.25.220(5) in place of average monthly compensation; and

(2) in determining the percentage multiplier for each year of service under AS 39.35.370(c) the years of credited service under AS 14.25 shall also be considered.

\*Sec. 15. AS 39.35.475 is repealed and reenacted to read:

Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible persons age 65 or older receiving benefits under this system in the preceding calendar year.

(b) The increase in benefit payments applies to total benefit payments exclusive only of the cost-of-living allowance under AS 39.35.480. The amount of the increase is a percentage of the current benefit equal to the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old.

(c) If a recipient was not receiving benefits during the entire preceding calendar year, the increase in benefits under this section shall be adjusted by multiplying it by the fraction whose numerator is the number of months for which benefits were received in the preceding calendar year and whose denominator is 12.

(d) If at the time of first receiving a retirement benefit a member was receiving a disability benefit under this system, the administrator shall, at the time the member is appointed to retirement, increase the retirement benefit by a percentage equal to the total cumulative percentage increase which has been applied to the member's disability benefit under this section.

(e) When computing a joint and survivor benefit under AS 39.35.450 or a survivor's benefit under AS 39.35.420 or 39.35.440, adjustments granted to the deceased member under this section shall be included.

(f) An increase in benefit payments under this section is effective July 1 of each year and is based on the percentage increase in the consumer price index for urban wage earners and clerical workers for Anchorage, Alaska during the previous calendar year as determined by the United States Department of Labor, Bureau of Labor Statistics.

\*Sec. 16. AS 39.35.475(a) is repealed and reenacted to read:

Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible disabled members and persons age 60 or older receiving benefits under this system in the preceding calendar year.

\*Sec. 17. AS 39.35.475(b) is repealed and reenacted to read:

(b) The increase in benefit payments applies to total benefit payments exclusive only of the cost-of-living allowance under AS 39.35.480. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old; and

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old and for members receiving disability benefits who are less than 65 years old.

\*Sec. 18. AS 39.35.475(a) is repealed and reenacted to read:

Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible disabled members and persons age 55 or older receiving benefits under this system in the preceding calendar year.

\*Sec. 19. AS 39.35.475(b) is repealed and reenacted to read:

(b) The increase in benefit payments applies to total benefit payments exclusive only of the cost-of-living allowance under AS 39.35.480. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old;

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old and for members receiving disability benefits who are less than 65 years old; and

(3) the lesser of 25 percent of the increase in the cost of living in the preceding calendar year or three percent, for recipients who on July 1 are at least 55 but less than 60 years old.

\*Sec. 20. AS 14.25.143 and AS 39.35.475 as enacted in secs. 6-10 and 15-19 of this Act apply to persons receiving benefits under the retirement systems on and after July 1, 1982. Payment of an increase benefit under AS 14.25.143 or AS 39.35.475 that is effective July 1, 1982, shall begin no later than January 1, 1983, and shall be based on the percentage increase in the consumer price index for the calendar year 1981.

\*Sec. 21. Sections 1-6, sections 11-15, and section 20 of this Act take effect July 1, 1982.

\*Sec. 22. Sections 7, 8, 16 and 17 of this Act take effect July 1, 1983.

\*Sec. 23. Sections 9, 10, 18 and 19 of this Act take effect July 1, 1984.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Attached Draft 3-01-82  
 Title \_\_\_\_\_  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
 Program Category Affected Centralized Administrative Services  
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		24,632.3	43,702.5	60,864.2	66,960.6	73,656.6
200 TRAVEL						
300 CONTRACTUAL		25.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		24,657.3	43,702.5	60,864.2	66,960.6	73,656.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

**DRAFT**

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The State PERS payroll contribution rate must be increased by 7.13% in FY83; 11.50% in FY84; and 14.56% in FY85.
2. Estimate the FY83 covered State PERS payroll to be \$345,475,000, increasing 10% annually.
3. Estimate long term inflation rate of 7.5%.
4. The cost to political subdivisions is estimated to be \$18,728,600 in FY83; \$32,228,100 in FY84; and \$46,276,600 in FY 85.

IV. DATE March 1, 1982 PREPARED BY Paul B. Arnoldt, Director

AGENCY Division of Retirement & Benefits

PHONE 465-4460

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (first Legislator Named)  
 Office of the Governor (Keith Specking)

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. Attached Draft 3-01-82  
 Title \_\_\_\_\_  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement & Benefits  
 Program Category Affected Centralized Administrative Services & Secondary Education  
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		26,101.7	37,650.6	50,269.1	55,296.0	60,825.6
200 TRAVEL						
300 CONTRACTUAL		25.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
TOTAL		26,126.7	37,650.6	50,269.1	55,296.0	60,825.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						

**DRAFT**

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The TRS contribution rate must be increased by 14.84% in FY83; 19.46% in FY84; and 23.62% in FY85 (the TRS contribution rate is split 50/50 between the State and employers in the system).
2. Estimate FY83 covered payroll at \$296,962,000, and increasing 10% annually.
3. Estimate long term inflation rate of 7.5%.
4. The cost to school districts is estimated to be \$17,968,000 in FY83; \$25,917,100 in FY84; and \$34,603,000 in FY85.

IV. DATE March 1, 1982 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 Original: Legislative Finance PHONE 465-4460  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 Office of the Governor (Keith Specking)

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT.**

State of Alaska  
Contribution Rate

Post Retirement  
Pension Adjustments

	<u>PERS</u>	<u>TRS</u>		<u>PERS</u>		<u>TRS</u>
7-1-68	7.00%	2.5%	1-1-68		7-1-68	1.5%
7-1-69	3.50%	2.5%	1-1-69	1.5%	7-1-69	1.5%
7-1-70	8.00%	4.5425%	1-1-70	1.5%	7-1-70	1.5%
7-1-71	7.84%	4.91%	1-1-71	1.5%	7-1-71	1.5%
7-1-72	11.21%	4.91%	1-1-72		7-1-72	1.5%
7-1-73	5.41%	5.61%	1-1-73	2.5%	7-1-73	1.5%
7-1-74	5.41%	5.61%	1-1-74	3.0%	7-1-74	3.0%
7-1-75	8.32%	6.82%	1-1-75		7-1-75	
7-1-76	11.18%	7.09%	1-1-76		7-1-76	
7-1-77	11.58%	6.70%	1-1-77		7-1-77	10%
7-1-78	12.58%	7.06%	1-1-78	4.0%	7-1-78	4.0%
7-1-79	12.24%	7.45%	1-1-79	4.0%	7-1-79	4.0%
7-1-80	13.66%	7.87%	1-1-80	4.0%	7-1-80	4.0%
7-1-81	14.00%	8.42%	1-1-81		7-1-81	

SECTION ANALYSIS/COMPARISON OF DRAFT CSSB 813 (STATE AFFAIRS)  
TO SCS CSHB 121 (R1s) am S

Sec. 1: Would increase the contributions rate for service credit for leave of absence without pay by two percent in accordance with the increase in Section 2. The same provision existed in HB 121.

Sec. 2: Would increase the mandatory contribution rate for TRS employees from seven to nine percent; the increase represents the employee's share of the cost of the automatic PRPA in Sections 6-10. The same provision existed in HB 121.

Sec. 3: Would increase the contribution rate for outside, BIA and Military service credit by two percent in accordance with the increase in Section 2. The same provision existed in HB 121.

Sec. 4: Makes the multiplier in the benefit formula for a teacher's benefit dependent on the number of years of credited service. Requires at least 3 years membership service after the effective date of the act in order for the teacher to apply the increased benefit formula to past service. A similar provision existed in HB 121, except that the increased benefit formula could be applied to past service immediately.

Sec. 5: Would bring AS 14.25.125(d) into accord with the changes in AS 14.25.110(d) (Section 4), and would amend conditional service retirement provisions to allow a member (1) to use his PERS salary if it is higher than his TRS salary, and (2) to count his years of PERS service credit in the determination of the percentage multiplier under AS 14.25.110(d). A similar provision existed in HB 121.

Secs. 6-10: Would create a mechanism for granting automatic, funded, annual PRPA's to benefit recipients in the TRS; the amount of the increases would depend on the increase in the cost of living and the benefit recipient's age. A similar provision existed in HB 121, except that under the current proposal, the change takes effect in increments; for those age 65 and over, it would be effective July 1, 1982; for those age 60 and over and those receiving disability benefits, it would be effective July 1, 1983; and for those age 55 and over, it would be effective July 1, 1984.

Sec. 11: Would increase the mandatory contribution rate for PERS peace officer/firemen from five to seven percent, and for all others from four and one-quarter percent to six and one-quarter percent; the increase represents the employee's share of the cost of the automatic PRPA in Sections 15-19. The same provision existed in HB 121.

Sec. 12: Would increase the contribution rate for military service

credit in accordance with the increase in mandatory contributions in Section 11. The same provision existed in HB 121.

Sec. 13: Makes the multiplier in the benefit formula for PERS members dependent on the number of years credited service. Requires at least 3 years be served after the effective date of the act in order to qualify to have the increased benefit formula apply to past service. A similar provision existed in HB 121, except that employees would not have had to serve three years in order to qualify for the increased multiplier for past service.

Sec. 14: Would bring AS 39.35.385(d) into accord with the changes in AS 39.35.370(c) under Section 13 and would amend the Conditional Service Retirement provisions to allow a member (1) to use his TRS salary if it is higher than his PERS salary, and (2) to count his years of TRS service credit in the determination of the percentage multiplier under AS 39.35.370(c). The same provision existed in HB 121.

Secs. 15-19: Would create a mechanism for granting automatic, funded annual PRPA's to benefit recipients in the PERS; the amount of the increase would depend on the cost of living and the benefit recipient's age. A similar provision existed in HB 121, except that under this proposal, the change takes effect in increments; for those age 65 and over, it is

effective July 1, 1982; for those age 60 and over and those receiving disability benefits, it is effective July 1, 1983; and for those age 55 and over, it is effective July 1, 1984.

Sec. 20: Applies the automatic PRPA formula contained in Sections 6-10 and 15-19 to persons receiving benefits on and after July 1, 1982. Although the first PRPA increase would be effective July 1, 1982, it allows an additional six months to begin the first payments. It requires those payments to be based on the percentage increase in the CPI for calendar year 1981. HB 121 would also have applied the PRPA provisions to retirees; however, HB 121 also provided for a retroactive adjustment of benefits under the new formula.

Secs. 21-23: Provides for the effective dates. HB 121 contained numerous other provisions relating to technical clean-up and some which enhanced benefits in the Judicial and Elected Public Officers Retirement System which are not found in the current draft bill and which are not detailed in this summary analysis.

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 17, 1982

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

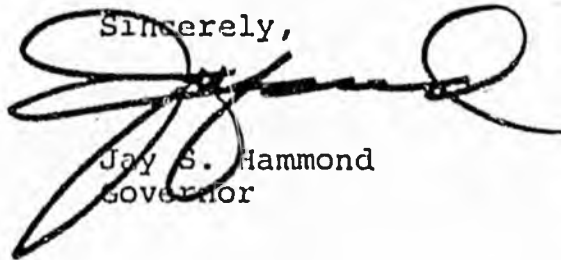
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to pension adjustments and retirement benefits for peace officers, marine highway employees and fish and game employees.

The first and fourth sections of the bill relate to post-retirement pension adjustments for teachers and public employees. In place of the old one-tier system, it creates a three-tier system which allows the administrator to grant a higher cost-of-living increase for older retirees who are often more severely impacted by inflation.

The second and third sections provide for the limited transfer of credit from the Northwest Marine Retirement Trust, under which many ferry system employees are provided for, to the Public Employees' Retirement System.

Sections 5 and 6 settle a problem that has existed in recent years whereby selected fish and game employees were entitled to peace officer status and 20-year retirement. The present system is flawed because many persons whose desk jobs did not approach the hazards of peace officer service were nevertheless treated like peace officers. Recent study has indicated little difference between the hazards of fish and game employment and the hazards of other non-peace officer employment. This bill, therefore, eliminates peace officer coverage for fish and game employees. To avoid a constitutional problem, the bill preserves peace officer status for those fish and game employees who have already qualified for such status under the existing law.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond  
Governor

# STATE OF ALASKA

JAY S. HAMMOND, Governor

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR  
JUNEAU, ALASKA 99811

(907) 465-2200

March 11, 1982

Honorable Vic Fischer  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Fischer:

The last time the draft proposal relating to Post Retirement Pension Adjustments (PRPA's) and increases in the benefit crediting formula was considered before your committee, you asked that we analyze Mr. Manners' suggested amendment that would provide for a retroactive adjustment of the benefits of existing retirees under the new provisions. We have done so and offer the following comments.

First, it must be realized that less than half of the existing retirees (essentially those over age 65) could possibly benefit from the proposed amendment. The benefits of this particular group have already been increased enormously as a result of legislation passed since their retirement. We remain committed to the principle that, in the future, the system should provide larger percentage increases to the older retirees to partially offset the impact of inflation. However, in this case, the compound effects of retroactive benefit increases in the form of benefit formula increases, medical insurance coverage, substantially increased minimum benefit amounts and a liberalized method of computing PRPA's on average, have actually far exceeded the increases in the cost of living. To provide an additional windfall gain at this time for this group seems indefensible.

Second, this proposal presents very significant administrative problems. The quality of historical data that is accessible by computer will not support the necessary calculations without a massive clerical effort. Additional programming effort would also be required at a time when our very small data processing section is stretched to the limit.

Honorable Vic Fischer  
March 11, 1982  
Page 2

Third, are the pure cost considerations. Annual costs to fund benefits would be increased by .14 percent of payroll in the PERS and by .30 percent of payroll in the TRS--which, in dollar terms, amount to a present value in excess of \$10 million. The attached draft fiscal note does not include these costs to the state. Some contractual costs (yet to be determined) would also be incurred to support the one-time administrative effort.

In summation, after careful reconsideration, I do not feel that the proposed amendment is sound from a public policy point of view and it is not cost-effective. I certainly cannot support it. Even if the financial outlook were less bleak, I now believe the amendment would detract from the bill and that the money could be better utilized elsewhere.

My staff and I remain at your disposal in attempting to develop a proposal which can be supported by all concerned.

Respectfully,



W. R. Hudson  
Commissioner

WRH/jb

cc: Robert Manners

Paul B. Arnoldt  
Director  
Division of Retirement & Benefits

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C

JUNEAU, ALASKA 99811

(907) 465-2200

March 2, 1982

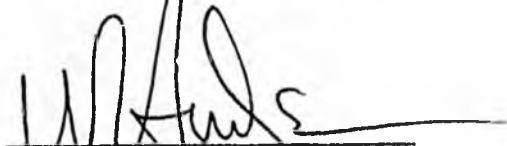
Honorable Vic Fischer  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

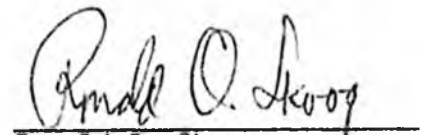
Dear Senator Fischer:

The purpose of this letter is to advise you of our support of Senate Bill 813 which was introduced by Governor Hammond.

Specifically, we wish to make it clear that we support Sections 5 and 6 of that bill as it will resolve two longstanding problems within the Department of Fish and Game:

- (1) the promotability problem experienced by that agency's existing employees; and
- (2) the proliferation of peace officer retirement coverage for future employees in that department.

  
W.W. Hudson  
Commissioner  
Department of Administration

  
Ronald O. Skoog  
Commissioner  
Department of Fish & Game

S

B

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## SECTIONAL ANALYSIS OF SB 827

- Sections 1 and 2 would prevent abuse of the TRS by amending AS 14.20.345 (d) and (f) so that LWOP would not be creditable unless certified by the school district as being for educational purposes. This results in no measurable change in costs since the teacher will continue to pay the same portion of the cost (based on when the payment is made) to fund the attendant benefits.
- Sections 3-5 would amend AS 14.25.020, 14.25.022, and 14.25.035 to state clearly the role of the Teachers' Retirement Board in the adoption and promulgation of regulations. The change makes the role of the TRS Board in this area identical to that of the Public Employees' Retirement Board. Under the existing language, the system administrator functions in this capacity without any clear mandate that he consult the Board.
- Sections 6, 15-16 and 19-21 would alter the death/survivor benefit provisions of the TRS. Specifically, the supplemental contributions provision would be eliminated for all teachers hired on or after July 1, 1982, open enrollment for the supplemental contributions provision would be eliminated, and equitable occupational and nonoccupational death benefits and joint and survivor options, such as currently exist in the PERS, would be created. The change works no impairment of accrued rights since it affects only those who first join the system on or after July 1, 1982. In addition, Section 21 creates a procedure for the designation of beneficiaries under the TRS which is identical to that in the PERS. This should substantially reduce uncertainty as to entitlement in the event of the death of a member.
- Section 7 would amend the manner of discharging indebtedness under the TRS to bring it into conformity with the PERS.
- Sections 8 and 57 would ensure that, in accordance with the Alaska Constitution, accrued benefits under the TRS and PERS may not be diminished by claiming service credit.
- Section 9 would bring the statutes into conformity with current practice. The sentence in question was inadvertently omitted when the TRS statutes were amended by Chapter 13, SLA 1980.
- Section 10 corrects statutory references. These references should have been changed at the time the TRS statutes were amended by Chapter 13, SLA 1980.
- Section 11 would amend the provisions for Conditional Service Retirement Benefits to allow a member (1) to use his PERS salary if it is higher than his TRS salary, and (2) to figure his conditional service benefit based on all credited service rather than just membership service.

Section 12 would amend AS 14.25.130(a) to streamline the disability retirement application procedure. It provides a definite starting point in the procedure by setting as the first step the termination of employment due to the disability. Additionally, it resolves an existing inequity wherein a member has enough years of membership service to qualify for disability but is over 55 and does not qualify for normal retirement. Under present law, such an individual would be in a "Catch-22" situation -- disabled and unable to work, but needing to work to gain the necessary credit to qualify for normal retirement and being too old to qualify for disability.

Sections 13 and 51 would correct drafting errors in AS 14.25.143(b) and AS 39.35.475(b) committed two years ago. In the ceiling formula for pension adjustments, it changes "greater" to "lesser." This is not a substantive change in the law since it has always been within the administrator's discretion to grant as small an increase as fiscal prudence dictates.

Sections 14 and 27 would amend the refund provisions of the TRS to conform with current practice and allow for the refunding of interest paid on an indebtedness. "Member contribution account" is defined to include all of the other accounts.

Section 17 would amend AS 14.25.160(b)(1) to agree with the changes in Sections 14 and 27 of this bill.

Section 18 would eliminate an existing inequity by amending AS 14.25.162(b)(1) to allow a dependent child to interrupt his schooling without permanently losing his survivor's allowance payment.

Sections 22, 32, and 56 would conform the statutes to the longstanding practice of providing major medical insurance coverage to spouses and dependent children of retirees, as well as retirees themselves in the TRS, the PERS and the contributory and noncontributory Judicial Retirement Systems.

Section 23 adds the appropriate statutory references to AS 14.25.169 to be in agreement with the death/survivor benefit changes in Sections 6, 15-16 and 19-21 of this bill. In addition, Section 23 puts into law three previously unwritten principles of equity which have been at the heart of the TRS since its inception: a teacher may not receive 1) duplicate TRS credit for the same period of service; 2) more than one year of credit during a school year; or 3) benefits while accruing service credit except as provided in AS 14.25.169.

Sections 24 and 54 amend AS 14.25.175(a) and AS 39.35.522(a), respectively, to eliminate arbitrary, potentially detrimental requirements which must be met by persons wishing to appeal before the TRS or PERS Board.

Sections 25 and 62 would clarify what is and is not included in "compensation" for purposes of retirement in the TRS and PERS. This language is consistent with longstanding practice and does not constitute a change.

Section 26 expands the definition of "credited service" to include "territorial employment" as provided under AS 14.25.105 which should have been done in 1980 when AS 14.25.105 was passed.

Section 28 defines "territorial employment" as it is used in Section 26.

Section 29 exempts insurance premiums paid by the State from the tax levied under AS 21.09.210. This does not have any ultimate fiscal impact since the premium taxes are passed on. It will serve to increase competition among insurance carriers.

Sections 30-31 and 33-34 would add new sections to AS 22.25 and AS 26.05. The sections, which should have been added when the statutes were amended by Chapter 146, SLA 1980, set up accounting systems for the Judicial Retirement System and the Alaska National Guard Retirement System which are now on an actuarially funded basis. The sections are modeled after the one in place in the PERS, AS 39.35.100. The money in the funds may be invested in the same manner as money in the PERS, AS 39.35.110.

Section 35 would clarify the direction in AS 39.30 to the Department of Administration to include retired persons in the group insurance program. Also clarifies AS 39.30.090(9) in two respects: first, it deletes the provision for major medical insurance coverage for retirees since such coverage is now provided elsewhere; second, it provides that retirees under age 65 may continue the life insurance they have in force at the time of termination of their employment.

Section 36 would create a group insurance fund. It is included at the urging of the State's benefit consultants. The existence of a fund will provide the flexibility needed to negotiate for and procure more favorable terms from insurance companies. Our consultants inform us that such added flexibility has led to substantial savings in other systems. Any surplus in the fund may be invested by the Commissioner of Revenue under AS 39.35.110. Section 36 also accomplishes a badly needed reform of disability evaluation procedures by creating an expert board to evaluate claims and the claimant's ability to perform other work.

Section 37 removes outdated, irrelevant language from the PERS statutes.

Sections 38 and 39 would make minor changes in AS 39.35.100. The first change recognizes that actuarial calculations and transfers from individual retirement accounts to the retirement reserve account can be accomplished more effectively on an aggregate, annual basis. This will not delay the actual payment of benefits

to retirees. The second change allocates a portion of the investment income to the reserve account. This is considered appropriate since a substantial portion of the principal invested comes from the reserve account.

Sections 40, 60, 61 and 64 would amend the refund provisions of the PERS to allow for the refunding of interest paid on an indebtedness. In addition, Section 40 would also amend AS 39.35.200(b) to eliminate a "Catch-22" situation. Currently, persons who terminate their employment having less than five years credited service and less than \$1,000 in their employee account must be given a refund of retirement contributions even if they intend to retire later; when they do retire at a later date, they must repay the refunded contributions with interest. This proposed change would allow the employee the option of leaving the employee contributions in the individual account.

Section 41 would entitle an additional group of surviving spouses to an increased benefit based on the deceased spouse's military service. Currently, surviving spouses receiving a monthly benefit from the system under AS 39.35.440 or 39.35.450 are entitled to this additional benefit. However, surviving spouses of members who die as a proximate result of an injury sustained or a hazard undergone while on the job (AS 39.35.430) are not. This section would correct this oversight and extend the additional benefit to this group of surviving spouses.

Section 42 would amend AS 39.35.350(c) to bring it into conformity with the rest of the PERS statutes regarding the manner of discharging an indebtedness.

Section 43 clarifies AS 39.35.360(b) to ensure that pre-1961 service credit is granted free of charge only to those employees who qualify under AS 39.35.360(a). This is consistent with current practice.

Section 44 clarifies AS 39.35.385 to ensure that the provision allowing reinstatement without reemployment applies only to paragraphs (a) and (b) and not to, for example, paragraph (f) which was added after the fact. This is not viewed as a substantive change.

Section 45 would amend Conditional Service Retirement Benefits to allow a member to use his TRS salary if it is higher than his PERS salary.

Section 46 would change the benefit reference in AS 39.35.420(b) because the description of the benefit is now found in subsection (c) of the section instead of in subsection (a). The amount of the benefit is not changed. In addition, Sections 46-48 would clarify the entitlement to death benefits when there is no surviving spouse or when a beneficiary other than the spouse has been designated. It would provide for the benefit to be paid to the deceased member's designated beneficiary.

- Section 49 would conform AS 39.35.440(b) to division practice. As the current law reads, a surviving spouse of a deceased, disabled employee is entitled to a benefit equal to 40 percent of the decedent's monthly compensation. It was not anyone's intent that the surviving spouse receive 40 percent of the relatively low disability benefit; it was intended that the surviving spouse receive 40 percent of the decedent's compensation before the disability. The amendment clarifies this. Section 49 would also provide for the disposition of death benefits in the event that a deceased member has no surviving spouse or dependent children, in which case a death benefit is paid to the designated beneficiary.
- Section 50 would clarify the administration of the level income option under AS 39.35.460. In practice, it is not possible to predict exactly the amount of the eventual social security benefit or to make the income precisely level.
- Section 52 removes outdated statutory references from AS 39.35.485(a) and adds appropriate statutory references to bring the law into conformity with current practice. This is not viewed as a substantive change.
- Section 53 updates incomplete statutory references; the designation of a beneficiary or beneficiaries is applicable to all benefits throughout the chapter.
- Section 55 puts into law three previously unwritten principles of equity which have been at the heart of the PERS since its inception: an employee may not receive 1) duplicate PERS credit for the same period of service; 2) more than one year of credit during a calendar year; or 3) benefits while accruing service credit except as provided in AS 39.35.530.
- Section 58 would delete from AS 39.35.560 a definitional reference to "public organization." That term is now defined in Section 67 of this bill, AS 39.35.680(39).
- Section 59 amends AS 39.35.615(a) to codify the procedure for amendment of participation agreements with political subdivisions. Its terms are consistent with the opinion of the Attorney General that, since the original participation agreement must be endorsed by the governing body of the political subdivision, amendments to it must also be approved by that body.
- Section 63 clarifies the definition of "early retirement" and includes the appropriate statutory references.
- Section 65 excludes EPORS members from membership in the PERS.
- Section 66 clarifies the definition of "normal retirement" and includes the appropriate statutory references.

Section 67 defines "public organization."

Section 68 repeals obsolete laws.

Section 69 provides an effective date.

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AS A UNIT IN THE ORIGINAL DOCUMENT



# Alaska State Legislature

## Senate

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

TO: B.G. Berrier  
Director, Legal Services

FROM: Senator Terry Stimson

DATE: March 22, 1982

SUBJECT: Revision of SB 827

*Vic*

Please draft a Committee Substitute for SB 827 incorporating the following points. Thank you for your attention to these changes. Please call if you have any questions.

1. Page 1, lines 14 and 15: Remove amended language "If a leave...of the district, the" such that Section 1 begins with "The".
2. Delete Section 2 altogether. *this allows leave for d. purposes only*
3. Page 2, line 12. In Section 5, amend AS 14.25.035 to read the same as Section 2 in House CS for SB 101 (HESS). *check 5/25/81*
4. Delete Section 6 altogether. *deletes "first consideration" info. 1/22 open allows supplemental contributions during extended*
5. Delete Section 13 altogether. *reserves greater, 1/22/82*
6. Page 13, lines 6 and 7 in Section 26: Delete "not exceeding 15 years,".
7. Include the attached Bill as an amendment.

*don't like but will sign OK*

*NO WAY  
Pack drop  
on something  
BIA employment*

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 827

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to refunds, retirement, and benefits in  
7 the teachers', judicial, national guard, and public em-  
8 ployees' retirement systems; relating to survivor  
9 benefits in the teachers' retirement system; creating  
10 the Public Employees' and Teachers' Disability Review  
11 Board; and providing for an effective date."

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

13 \* Section 1. AS 14.20.345(d) is amended to read:

14 *Deleted* ~~If a leave of absence without pay has been approved for educa-~~  
15 ~~tional purposes by the governing body of the district, the [THE] govern-~~  
16 ~~ing body of the district may agree to continue the teacher's retirement~~  
17 ~~contributions if the teacher agrees to pay the percentage required under~~  
18 ~~AS 14.25.050 [SEVEN PER CENT] of the salary the teacher [HE] would have~~  
19 ~~received during the [HIS] leave of absence and reimburse the district~~  
20 ~~for the district's required retirement contribution. Each year of leave~~  
21 ~~of absence then would count as a year of retirement service.~~ *Loss*

22 \* Sec. 2. AS 14.20.345(f) is amended to read:

23 *Deleted* ~~(f) If a leave of absence without pay has been approved for educa-~~  
24 ~~tional purposes by the governing body of the district, a [A] teacher may~~  
25 ~~make contributions to the retirement fund for each year or portion of a~~  
26 ~~year of leave of absence taken. The contribution shall include the re-~~  
27 ~~quired percent of the salary he would have received had he not taken the~~  
28 ~~leave of absence, plus the required employer and state contributions~~  
29 ~~that would have been made. Compound interest at the rate prescribed by~~ *Loss*

1 regulation shall be added as computed from the beginning date of the  
2 leave of absence to the date the teacher pays the contribution.

3 \* Sec. 3. AS 14.25.020(a)(1) is repealed and reenacted to read:

4 + OK (1) formulate and recommend to the Alaska Teachers' Retirement  
5 Board regulations to govern the operation of the system;

6 \* Sec. 4. AS 14.25.022 is amended to read:

7 + OK Sec. 14.25.022. REGULATIONS. Regulations adopted [PROMULGATED] by  
8 the Alaska Teachers' Retirement Board [ADMINISTRATOR] under AS 14.25.-  
9 010 -- 14.25.220 relate to the internal management of a state agency and  
10 their adoption is not subject to the Administrative Procedure Act (AS 44.  
11 62).

12 \* Sec. 5. AS 14.25.035 is amended by adding a new subsection to read:

13 (1) The board may adopt regulations recommended by the administra-  
14 tor to implement this chapter with modifications it considers proper.

15 \* Sec. 6. AS 14.25.055 is amended to read:

16 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a  
17 teacher first joined the system before July 1, 1982, and is married or  
18 has a minor child and wishes to make his spouse or minor child eligible  
19 for a spouse's pension or a survivor's allowance, he may elect to make a  
20 supplemental contribution of an additional one percent of his base sala-  
21 ry within 90 days of his entry into participation in the system, or  
22 within 90 days of his marriage, or within 90 days of the birth or adop-  
23 tion of a child dependent upon him [, OR DURING ANY OPEN ENROLLMENT PER-  
24 IOD AUTHORIZED BY THE TEACHERS' RETIREMENT SYSTEM BOARD]. Once an elec-  
25 tion is made under this section, supplemental contributions must be made  
26 whenever contributions are required under AS 14.25.050 unless the teach-  
27 er executes a written waiver with the administrator. The execution of a  
28 waiver relinquishes all rights and benefits previously accrued under  
29 AS 14.25.162 and 14.25.164.

101

101

?

Negative

Original sponsor: Health, Education and  
Social Services Committee

Offered: 6/1/81  
Referred: Rules

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 101 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the teachers' retirement system  
and authorizing adoption of regulations by the Alaska  
Teachers' Retirement Board."

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8

9

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

10

\* Section 1. AS 14.25.020(a)(1) is repealed and reenacted to read:

11

(1) recommend to the board regulations to govern the opera-

12

tion of the system,

13

\* Sec. 2. AS 14.25.035 is amended by adding a new subsection to read:

14

(1) The board shall consider and may adopt, amend, or repeal

15

regulations to govern the operation of the system. The regulations  
shall be adopted in accordance with the Administrative Procedure Act

16

(AS 44.62).

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\* Sec. 3. AS 14.25.220 is amended by adding a new paragraph to read:

19

(41) "board" means the Alaska Teachers' Retirement Board

20

established under AS 14.25.035.

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\* Sec. 4. AS 14.25.022 is repealed.

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1 Unused sick leave shall be credited on a day-for-day basis in accordance  
2 with the table for service after July 1, 1969 contained in AS 14.25.220-  
3 (40) [AS 14.25.220(16)]. No teacher contributions may be required for  
4 credited unused sick leave.

5 \* Sec. 11. AS 14.25.125(d) is repealed and reenacted to read:

6 (d) The monthly amount of a conditional service retirement benefit  
7 shall be calculated on the years of credited service in accordance with  
8 AS 14.25.110(d), except that a member may irrevocably elect to substi-  
9 tute "average monthly compensation" as defined in AS 39.35.680(4) in  
10 place of the member's average base salary divided by 12.

11 \* Sec. 12. AS 14.25.130(a) is repealed and reenacted to read:

12 (a) A member who has five or more years of membership service is  
13 eligible for a disability pension if, after July 1, 1966, and before the  
14 member's normal retirement date, the member's employment is terminated  
15 because of a permanent disability as defined in AS 14.25.220(27).

16 \* Sec. 13. AS 14.25.143(b) is amended to read:

17 (b) The amount of the increase in benefit payments may not exceed  
18 the lesser ~~(GREATER)~~ of

19 (1) the increase in the cost of living since the date of re-  
20 tirement or

21 (2) four percent of the retirement benefit compounded for  
22 each year of retirement.

23 \* Sec. 14. AS 14.25.150 is amended to read:

24 OK Sec. 14.25.150. REFUND UPON TERMINATION. A terminated member is  
25 entitled to a refund of the balance of [(1)] his member contribution ac-  
26 count [MANDATORY CONTRIBUTIONS AND ACCRUED INTEREST, AND (2) HIS INDEBT-  
27 EDNESS PRINCIPAL CONTRIBUTIONS]. A member is not entitled to a refund  
28 of his supplemental contributions except as provided in AS 14.25.160(a).

29 \* Sec. 15. AS 14.25 is amended by adding new sections to read:

1 cludes any payment made after June 30 of a school year for services ren-  
2 dered before the end of the school year;

3 \* Sec. 26. AS 14.25.220(10) is amended to read:

4 (10) "credited service" means all membership service as pro-  
5 vided in (20) of this section, territorial employment as defined in (41)  
6 of this section, plus outside, military, and BIA service ~~not exceeding~~  
7 15 years, with outside and military service limited to 10 years except  
8 under the conditions set out in AS 14.25.100;

9 \* Sec. 27. AS 14.25.220(19) is amended to read:

10 OK (19) "member [MANDATORY] contribution account" means the total  
11 [ACCOUNT] maintained by the system of [TO RECORD] the member's mandatory  
12 contributions, indebtedness principal and interest contributions, inter-  
13 est credited to each of those accounts, [OF EACH MEMBER, INCLUDING IN-  
14 TEREST] and adjustments to the account in accordance with AS 14.25.170;

15 \* Sec. 28. AS 14.25.220 is amended by adding a new paragraph to read:

16 OK (41) "territorial employment" means non-teaching employment  
17 with the Territory of Alaska as provided under AS 14.25.105; territorial  
18 employment is not membership service.

19 \* Sec. 29. AS 21.09.210 is amended by adding a new subsection to read:

20 (i) Premiums paid by the state are exempt from taxation under this  
21 section. Claims for exemptions will be made on forms provided by the  
22 division of insurance.

23 \* Sec. 30. AS 22.25.011 is amended to read:

24 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed  
25 after July 1, 1978 shall contribute seven percent of the [HIS] base an-  
26 nual salary received by the justice or judge to the judicial retirement  
27 system. Contributions shall be made for all creditable service under  
28 this chapter up to a maximum of 15 years. This contribution is made in  
29 the form of a deduction from compensation, and is made even if [NOTWITH-

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT.**

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C  
JUNEAU, ALASKA 99811

465-2200

March 24, 1982

Honorable Vic Fischer  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator Fischer:

I am writing to you to reaffirm my support of Senate Bill 827 and express my hope that it will pass this year.

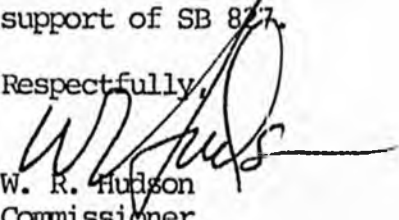
Senate Bill 827 is a comprehensive bill with five major areas of concern:

- establishment of a PERS/TRS Disability Review Board;
- creation of joint and survivor retirement options in the TRS similar to those which currently exist in the PERS;
- making the creditability of Leave Without Pay (LWOP) under the TRS dependent on whether the governing body of the school district certifies that the LWOP was for educational purposes;
- allowing for the refund of indebtedness interest payments; and
- housekeeping or "clean-up" provisions affecting the various retirement systems administered by the Division of Retirement and Benefits.

I am concerned with the prospects of the bill if it should be encumbered with controversial provisions. I have instructed the Director of Retirement and Benefits to advise me of any amendments made to the bill that would be detrimental to the best interests of the retirement system and accordingly reserve the right to withdraw the Administration's support if necessary.

I would appreciate your efforts in support of SB 827.

Respectfully,

  
W. R. Hudson  
Commissioner

WRH/mjc

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SB 827 (SA)  
 Title An Act Relating to TRS, JRS, NGRS and PERS  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
 Program Category Affected Centralized Administrative Services & Secondary Education  
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits (PERS and TRS)  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		190.2	205.9	223.2	242.2	263.1
200 TRAVEL						
300 CONTRACTS		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING		1,030.4	1,112.3	1,202.4	1,301.5	1,410.5
TOTAL		1,230.6	1,328.2	1,435.6	1,553.7	1,683.6

FUNDING (Thousands of Dollars)

GENERAL FUND	1,220.6	1,318.2	1,425.6	1,543.7	1,673.6
FEDERAL FUNDS					
VETERAN'S FUND					
FISH & GAME FUND					
HIGHWAY FUND					
AIRPORT FUND					
CAPITAL FUND					
PERS	5.0	5.0	5.0	5.0	5.0
TRS	5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

See Page 2

IV. DATE April 22, 1982 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 PHONE 465.4460

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) Sen. Fischer  
 Office of the Governor (Keith Specking)

*Paul B. Arnoldt* *CPA*

## ATTACHMENT

Section 1. Estimate that approximately 5 teachers per year will qualify and benefit from this provision. The increase in the contribution rate for this provision will be .01% of covered TRS payroll.

Section 8. Estimate that approximately 150 teachers have Peace Corps, VISTA, or Teachers' Corps service. Average service is expected to be 3 years. Increase in contribution rate for this provision will be .06% of covered TRS payroll.

Section 9. Estimate that approximately 100 teachers will qualify for additional BIA service credit. Average increase in service is expected to be 5 years. Increase in contribution rate for this provision will be .064% of covered TRS payroll.

Section 15 and 21. The deletion of the amendment to AS 14.25.055 in Section 6 of the original version of this bill results in a net increase in contribution rate of .56% of covered TRS payroll.

(The TRS contribution is split 50/50 between the State matching contribution and the school district contribution).

Estimate FY83 TRS covered payroll @\$296,962,000.

Estimate \$10,000 annual expenses for the physician member of the Disability Review Board. Cost to be split equally between PERS and TRS.

PBA

Bill/Resolution No. CS SB 827 (SA)ASSUMPTIONS:

1. Estimated FY83 Payroll (Total System)	=	\$296,962,000
2. State Contribution Rate to Fund Bill	=	.347%
3. State TRS Matching Rate to Fund Bill	=	.347%
4. School District Rate to Fund Bill	=	.347%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education:	\$ 5,133,000	X	.347%	\$ 17.8	To DOE Budget
2. University of Alaska:	\$ 49,681,000	X	.347%	\$ 172.4	To U of A Budget
				<u>\$ 190.2</u>	
3. State TRS Matching:	\$296,962,000	X	.347%	\$1,030.4	To TRS Match
4. Division of Retirement & Benefits Operating Budget:					
Personal Services				\$ -0-	To R&B Personal
Travel				\$ -0-	To R&B Travel
Contractual				\$ 5.0 *	To R&B Contractual
Commodities				\$ -0-	To R&B Commodities
Equipment				\$ -0-	To R&B Equipment
				<u>\$ 5.0</u>	
				<u>\$1,225.6</u>	
5. All School Districts:	\$242,148,000	X	.347%	\$ 840.2	
				<u>\$2,065.8</u>	

REMARKS:

- \* An additional \$5,000 will have to be appropriated from PERS to the Division of Retirement & Benefits (Contractual Services).

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 827  
 Title Relating to refunds, retirement, benefits, ...creating Public Employee  
 Requested by and Teachers' Disability Review Board Date 2-11-82  
 Rules Committee

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
 Program Category Affected Centralized Administrative Services  
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS						
200 TRAVEL						
300 CONTRACTUAL		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		10.0	10.0	10.0	10.0	10.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		5.0	5.0	5.0	5.0	5.0
TRS		5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The fiscal impact of this bill is negligible except for the expenses for the Disability Review Board.
2. Estimate \$10,000 annually for compensation of physicians and travel and per diem for board members.
3. Board expenses split equally between the PERS and TRS.

IV. DATE February 11, 1982 PREPARED BY Paul B. Arnoldt  
 AGENCY Division of Retirement & Benefits  
 Original: Legislative Finance PHONE 465-4460

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 827  
 Title An Act Relating to Refunds, Retirement and Benefits in TRS, PERS, JRS and NGRS and  
 Requested by \_\_\_\_\_ Providing For an  
 Effective Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
 Program Category Affected Centralized Administrative Services  
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS						
200 TRAVEL						
300 CONTRACTUAL		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		10.0	10.0	10.0	10.0	10.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		5.0	5.0	5.0	5.0	5.0
TRS		5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The fiscal impact of this bill is negligible except for the expenses for the Disability Review Board.
2. Estimate \$10,000 annually for compensation of physicians and travel and per diem for board members.
3. Board expenses split equally between the PERS and TRS.

IV. DATE March 03, 1982 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 PHONE 465-4460  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) Senator Vic Fischer  
 Office of the Governor (Keith Specking)

INTRODUCTION OF BILLS (Senate)

Susitna Hydro  
Project  
(preliminary  
work)

SENATE BILL NO. 826, by the Rules Committee by request of the Governor. Would allow the Alaska Power Authority to enter into contracts for preliminary work on the Susitna Hydro project without the legislative approval required by AS 44.83-.325. The AK Power Authority is required by 44.83.320(b) to submit a report to the Legislature by April 30, 1982 recommending whether work should continue on the project. Until approval of this recommendation, the Authority is limited by AS 44.83.325 to entering into contracts for (1) feasibility studies, (2) preliminary reports required by law, or (3) construction of the Anchorage-Fairbanks intertie. The bill specifically does not authorize the Authority to enter into contracts for the actual construction of the project or for the preparation of the site without the required legislative approval. Does not provide for an effective date.

Introduced March 2 and referred to Resources and Finance.

In his message transmitting the bill to the Senate for consideration, Governor Hammond stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to preliminary work on the Susitna River hydroelectric project. The bill authorizes the Alaska Power Authority to enter into contracts for preliminary work on the project without waiting for approval of the project under AS 44.83.325. The provisions of AS 44.83.325 currently authorize the Alaska Power Authority to enter into contracts for feasibility studies, preliminary reports, and the Anchorage to Fairbanks intertie. However, it is not clear that the authority would be authorized to continue to enter into these contracts should the authority be unable to present its report to the legislature by April 30, 1982 (as required by AS 44.83.-320(b)) or should the legislature be unable to approve the report by that date. This bill would simply allow the Alaska Power Authority to enter into contracts to conduct the work which must be done before actual construction on the Susitna River hydroelectric project may begin and will make it clear that those contracts are authorized even in the absence of approval of the project under AS 44.83.325.

State Retirement Systems  
(misc. amendments)

SENATE BILL NO. 827, by the Rules Committee by request of the Governor. Proposes numerous amendments to statutes governing the teachers', judicial, national guard, and public employees' retirement systems. Effective July 1, 1982.

Introduced March 2 and referred to Health, Education & Social Services and Labor and Commerce.

In his message transmitting the bill to the Senate for consideration, Governor Hammond stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the teachers', judicial, national guard and public employees' retirement systems. Many of the provisions are "housekeeping" in nature. The more significant features are discussed below.

Sections 1 and 2 of the bill codify the Department of Education practice of approving leaves of absence that earn a teacher retirement credit only if the leave is for educational purposes. This results in no change in costs since the teacher has always had to pay the full cost (both the teacher and school district contributions) to fund the attendant benefits.

## INTRODUCTION OF BILLS (Senate)

### SB 827 (cont'd)

Section 6 of the bill effectively eliminates the supplemental contributions program whereby employees could essentially purchase additional death and survivor benefits. The change works no impairment of accrued rights since it affects only those who first join the system on or after July 1, 1982.

Section 7 of the bill eliminates one option which members have had when they were indebted to the system. In the past, in lieu of paying their indebtedness, they could forego receipt of their retirement benefit until the indebtedness was paid, or accept a permanent, reduced benefit. Under section 7, the first option is eliminated. Because this does not change an eligibility or vesting requirement or reduce a benefit, it is a change which may legally operate on current as well as future members.

Sections 13 and 51 of the bill correct a drafting error committed two years ago. In the ceiling formula for pension adjustments, it changes "greater" to "lesser." This does not work a real change in the law since it has always been within the administrator's discretion to grant as small an increase as fiscal prudence dictates.

Section 15 of the bill adds nonoccupational and occupational death benefits which may be paid instead of benefits under other sections.

Section 21 of the bill creates a procedure for the designation of beneficiaries by teachers which is identical to that in AS 39.35.490 for other public employees. This should substantially reduce uncertainty as to entitlement in the event of the death of a member. Section 21 also provides a new joint and survivor option for teachers similar to that in AS 39.35 for other public employees. Under this section, a member may elect to receive an actuarially reduced benefit upon retirement in exchange for the payment of a monthly benefit to a contingent beneficiary, typically a spouse, after the death of the retired member.

Sections 22, 32, and 56 of the bill extend medical insurance coverage to spouses and dependent children of retired members.

Sections 24 and 54 of the bill empower the retirement boards to waive adjustments in retirement benefits, usually necessitated by overpayments of benefits, even if the appellant's retirement is not imminent and even if the amount at issue is less than \$50 per month. The boards retain the power, as a matter of discretion, to deny a waiver on either of these grounds, but they are no longer jurisdictional prerequisites.

Sections 25 and 62 of the bill codify the division's continuing practice with respect to the definition of "compensation" by listing some of the items that are typically included or excluded from "compensation" for retirement purposes.

Sections 30 and 31 of the bill codify the existing system of fund administration of the judicial retirement system whereby the employee and employer contributions are segregated and separately tracked.

Section 36 of the bill establishes a group health and life insurance fund. The existence of this fund will give the administrator the flexibility to negotiate the best possible rates with carriers. Experience in other states indicates the likelihood of substantial savings to the state under such a system. Section 36 also addresses a badly needed reform of disability evaluation procedures by creating an expert board to evaluate claims and a claimant's ability to perform other work.

Sections 46 -- 49 of the bill make important clarifications in the laws on occupational and nonoccupational death benefits. In particular, they clarify that, when a member designates as beneficiary someone other than a spouse or dependent child, death benefits in a lump sum are paid to the designated beneficiary. However, if the member designates no one or designates the spouse or child as beneficiary, the spouse or child may elect to receive the lump sum benefit or a monthly benefit.

INTRODUCTION OF BILLS (Senate)

SB 827 (cont'd)

Section 59 of the bill codifies the procedure for amendment of participation agreements with political subdivisions. Its terms are consistent with the opinion of the attorney general that, since the original participation agreement must be endorsed by the governing body of the political subdivision, amendments to it must also be approved by that body.

I urge your prompt action on this important measure.

Hydro  
Financing

SENATE BILL NO. 828, by the Finance Committee. Amends portions of the Energy Program for Alaska (AS 44.83.380-425) relating to the financing of hydroelectric projects in the state (passed last session as Ch. 118, SLA 1981).

Deletes from 44.83.394, "Revenue Requirements," that after construction of a state power project, operation of the project must provide revenue sufficient to provide the state with a 5% a year return on its investment in the project.

Repeals AS 44.83.388(b), "Allotment to Projects"--"Income earned from investment of the money appropriated to the [Power Development] fund shall be deposited in the general fund and may be appropriated to the fund by the legislature."

Amends 44.83.398(c), "Sale of Power from Power Project," to direct the Authority to transmit all the money it receives from the sale of power to the commissioner of revenue "except for money it has pledged to secure bonds in accordance with contracts with bondholders."

Deletes language which did not require the Authority to transmit money received under (b)(1)(A) and (b)(2)(B)(i) and (ii) of AS 44.83.398 (revenues sufficient to pay operation, maintenance, equipment replacement costs, and debt service costs of a power project).

Amends AS 44.83.398(e) which allows the legislature to annul or change wholesale power rates adopted by the Alaska Power Authority. Adds: "except to the extent the authority makes an agreement with bondholders to maintain or increase the wholesale power rate."

Amends a portion of Ch. 118, SLA 1981 which relates to the location of the proposed electrical transmission system connecting Anchorage and Fairbanks. Last year's legislation provided that the route of the system "shall be located within the Denali State Park." Amended to read: "may be located within the . . . Park." Provides for an immediate effective date.

Introduced March 2 and referred to Resources and Finance.

AK Commis.  
on the Status  
Women

SENATE BILL NO. 829, by the State Affairs Committee. Would extend the existence of the Alaska Commission on the Status of Women until June 30, 1986 (the Commission is set to terminate

S

B

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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 833  
 Title "An Act requiring a license to purchase alcoholic beverages....."  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Public Safety  
 Program Category Affected Administration of Justice  
 BRU, Program, Or Subprogram(s) Affected Alaska State Troopers  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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

No fiscal impact upon the Division of Alaska State Troopers is anticipated. See Fiscal Note from the Division of Motor Vehicles for Departmental impact of issuing the licenses.

IV. DATE March 10, 1982 PREPARED BY Francis C. Allan  
 AGENCY Department of Public Safety  
 PHONE 269-5691  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE \*  
REVENUE

I. REQUEST

Bill/Resolution No. SB 833  
Title An Act requiring a license to purchase alcoholic beverages  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Public Safety  
Program Category Affected Life and Property Protection  
BRU, Program, Or Subprogram(s) Affected Driver/Vehicle 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
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		1,300.0	310.0	345.0	380.0	415.0
FEDERAL FUNDS						
OTHER (Specify Source)						

INCOME  
←

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Revenues based on sale of 250,000 original licenses @ \$5.00 each and 10,000 duplicate licenses @ \$5.00 each, for FY 83.

\*Separate fiscal note prepared for expenditures.

IV. DATE March 12, 1982 PREPARED BY Bill Brown  
AGENCY Public Safety - Motor Vehicles  
PHONE 465-4335  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE \*  
EXPENDITURES

I. REQUEST

Bill/Resolution No. SB 833  
Title An Act requiring a license to purchase alcoholic beverages  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Public Safety  
Program Category Affected Life and Property Protection  
BRU, Program, Or Subprogram(s) Affected Driver/Vehicle 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		1,025.0	1,107.0	1,196.0	1,292.0	1,395.0
200 TRAVEL		10.2	8.0	8.6	9.3	10.0
300 CONTRACTUAL		691.9	529.3	571.6	617.3	666.7
400 COMMODITIES		10.9	11.8	12.7	13.7	14.8
500 EQUIPMENT		74.3	-0-	-0-	4.5	7.8
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,812.3	1,656.1	1,788.9	1,936.8	2,094.3

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		1,812.3	1,656.1	1,788.9	1,936.8	2,094.3
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		35	35	35	35	35
PART TIME		4	4	4	4	4
TEMPORARY						

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

This bill would require an entirely new licensing system, fairly similar to, and in addition to, the present driver licensing system. This fiscal note is based on assumption present DMV staff, offices and equipment will be used wherever practical. Also prepared using the assumption the license would contain a photograph of the licensee. Any other type license would be more susceptible to fraud and other misuse. Also assumes commence issuing licenses July 1982, however, deadline for public interested in obtaining license to purchase alcoholic beverage delayed until June 1983, allowing one year for implementation before liquor establishments require proof of license from purchaser.

An 8% inflation factor was used for succeeding fiscal years after FY 83.

Three pages attached reflecting breakdown of expenditures.

\* Separate fiscal note attached for revenues.

IV. DATE March 12, 1982 PREPARED BY Bill Brown  
AGENCY Public Safety - Motor Vehicles

Original: Legislative Finance PHONE 465-4335  
cc: Budget and Management

Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

SB 833

An Act requiring a license to purchase alcoholic beverages

100 PERSONAL SERVICES

Headquarters

# Positions	Position Title	Range	Annual Salary	
1	Administrative Officer II	19	35,880	
1	Admin. Asst III (Hearing Off.)	16	28,536	
1	Document Processing Clerk IV	12	22,260	
1	Document Processing Clerk III	10	19,356	
5	Document Processing Clerk II	8	85,980	
2	Clerk Typist II	7	32,496	
1	Microfilm Equipment Op. I	10	19,356	
2	Acctg. Clk. III	10	38,712	
		sub-total	<u>282,576</u>	
		plus benefits @ 33%	93,250	
			<u>375,826</u>	
		plus salary and benefit adjustment @ 8.4%	31,569	
		Total	<u>407,395</u>	407.4

Field

1	MVR IV (Anc. Supervisor)	11	20,964	
17	MVR II (4-Anc; 2-Fbx; 1-Jno; 1-Pal; 1-Ken; 1-Ktn; 1-E.R.; 1-Kod; 1-Sol; 1-Sitka; 1-Homer; 1-Bethel; 1-Valdez)	9	310,284	
3	MVR III (Ptgs - Wrn - Sew)	10	58,068	
4	MVR II - part-time (Nome; Tok; Gln; Cordova)	9	36,504	
		sub-total	<u>425,820</u>	
		plus benefits @ 34% FT and 31.6% PT	143,902	
			<u>569,722</u>	
		plus salary and benefit adjustment @ 8.4%	47,857	
		Total	<u>617,579</u>	617.6
				<u>1,025.0</u>

200 TRAVEL

To conduct hearings for adopting regulations;			
Jno to Anc, Fbx, Pal, Ken/Sol, Kodiak & Nome		1.4	
Jno to Ktn and Sitka		.3	
Per diem for 14 days @ \$80.00		<u>1.1</u>	
		2.8	
To conduct hearings for license actions:			
Travel		5.0	
Per diem		<u>2.4</u>	
		7.4	10.2

DATE: March 12, 1982

SB 833

An Act requiring a license to purchase alcoholic beverages

300 CONTRACTUAL SERVICES

## 310 - Communications

## Postage

5,800 warning letters @ .20 1.2

500 suspensions @ 1.90 1.0

1,440 licensed liquor establishments  
to get notice per AS 04.10.010(2)

Mail weekly - 1,440 x 52 x .20 15.0

Mailing of applications from field  
offices to Hqts

(260,000 applications @ .91 per 50) 4.7

General correspondence 2.8

24.7

24.7

## Telephones and tolls

6.0

30.7

## 320 - Printing &amp; Advertising

Photo licenses - 260,000 @ .78 202.8

Applications - 300,000 @ .0327 9.8

Other forms (suspensions, warnings,  
affidavits, etc.) 4.0

## Advertising

Public notice - regulations 2.0

Public Education - new law & how  
to comply - radio spots 3.0

5 ads in 20 newspapers @ \$120 12.0

233.6

233.6

## 330 - Space Expense

Anchorage field - 1,000 sq ft @ 2.00 24.0

Juneau field - 200 sq ft @ 1.25 3.0

Kenai field - 200 sq ft @ 1.25 3.0

Kodiak field - 200 sq ft @ 1.25 3.0

Palmer field - 200 sq ft @ 1.25 3.0

Petersburg field - 600 sq ft @ 1.25 9.0

Seward field - 600 sq ft @ 1.25 9.0

Wrangell field - 600 sq ft @ 1.25 9.0

Juneau Hqts. - 2,000 sq ft @ 2.00 48.0

111.0

111.0

## 340 - Repair &amp; Maintenance

Microfilm equipment 3.0

Office equipment 4.0

7.0

7.0

## 360 - Equipment Rental

2 copy machines @ 255 per mo each 6.1

3 copy machines @ 206 per mo each 7.4

Postage meters, 4 @ 50 per mo each 2.4

23 Telex 276 terminals including  
CRT, printer, keyboard, modem, etc.  
@ 637.30 per mo each 175.9191.8

191.8

## 364 - Word Processing

1 IBM mag card @ 350 x 12 4.2

4.2

DATE: March 12, 1982

SB 833

An Act requiring a license to purchase alcoholic beverages

## 300 - CONTRACTUAL SERVICES (Continued)

## 380 - Professional Fees &amp; Services

Microfiche processing @ 500 per mo x 12	6.0	
Build counters	8.0	
Contractual services to write DP program	50.0	
	<u>64.0</u>	64.0

## 382a - Data Processing Chargeback

On-line computer system storage @ 300 per mo x 12	3.6	
Network connect, 23 terminals @ 2,000	46.0	
	<u>49.6</u>	49.6
		<u>691.9</u>

400 - COMMODITIES

## 460 - Equipment Parts &amp; Supplies

Microfilm equipment parts	.2	.2
---------------------------	----	----

## 480 - Office &amp; Library Supplies

Paper to copy 500 suspension notices to send to 1,440 liquor establishments = 720,000 copies @ 25.60 per 5,000	3.7	
Other normal consumable supplies (envelopes, stationary, etc.) for field and headquarters	5.0	
Microfilm supplies (film, print paper, developer, fixer, etc.)	2.0	
	<u>10.7</u>	10.7
		<u>10.9</u>

500 - EQUIPMENT

## 550 - Office &amp; Household

12 desks @ 469.61	5.6	
6 desk w/typing extensions @ 576.59	3.5	
29 typewriters @ 1,131.71	32.8	
10 typewriter stands @ 112.11	1.1	
18 Steno chairs @ 170.57	3.1	
20 stools @ 125.50	2.5	
12 guest chairs @ 94.72	1.1	
8 calculators @ 196.09	1.6	
9 file cabinets, 5 drw w/lock @ 277.08	2.5	
5 storage cabinets @ 238.56	1.2	
2 bookcases @ 136.11	.3	
1 microfilm reader printer, Kodak IMT 150	16.9	
5 microfiche readers @ 300	1.5	
1 microfilm roll file cabinet	.6	
	<u>74.3</u>	74.3

DATE: March 12, 1982

- POSITION PAPER

SENATE BILL NO. 833

"An Act requiring a license to purchase alcoholic beverages; and providing for an effective date".

Under SB 833 the Department of Public Safety would be required to establish a licensing program for residents who purchase alcoholic beverages. The provision of this bill would be applicable to residents of 90 days or more and the five year license would cost individuals \$5.00. Persons convicted of alcohol related offenses would receive points and eventually could lose their license to purchase alcoholic beverages under a point system established by the Department of Public Safety.

While supportive of the spirit or intent of SB 833, which is to reduce the statewide incidence and prevalence of alcohol related problems and crime, the Department believes this approach will have marginal impact upon the problem. Furthermore, because of the additional administrative burden which would be required under this bill, coupled with a high potential for enforcement problems, the Department foresees numerous negative consequences with the passage of SB 833.

- The Department of Revenue, Alcohol Beverage Control Board maintain five investigators state-wide to enforce all provisions of the Alcohol Beverage Control Statute.
- Although municipalities receive license refunds for their police departments to enforce the Alcohol Beverage Control Statute this Department is unaware of the extent to which this is done.
- It appears passage of SB 833 would generate approximately \$200,000 a year in revenue to the State yet would cost considerably more to administer and enforce this additional program.

The Department will be pleased to answer questions regarding SB 833.

Recommended by: Robert L. Cole  
 Robert L. Cole  
 Coordinator  
 Office of Alcoholism &  
 Drug Abuse

Date: 3/25/82

Approved by: Helen D. Beirne  
 Helen D. Beirne  
 Commissioner  
 Department of Health &  
 Social Services

Date: 3/25/82

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SENATE BILL NO. 833  
 Title "An Act requiring a license to purchase alcoholic beverages; and providing  
 Requested by \_\_\_\_\_ Date 3/16/82  
 for an effective date".

II. FISCAL DETAIL  
 Agency Affected Department of Health & Social Services  
 Program Category Affected Office of Alcoholism/Drug Abuse  
 DRU, 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
<b>POSITIONS</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						
	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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

IV. DATE March 16, 1982 PREPARED BY Robert L. Cole *RLC*  
 AGENCY Office of Alcoholism/Drug Abuse  
 Original: Legislative Finance PHONE 586-6201  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

SB-833 6  
Alcohol -  
Liquor License

MSG 82-00011825 PRTY 1 03/04/82 15:34:52 ORIG: LA00 IN= 0006 OUT= 068  
FROM: JEAN, ANCH INFO TO: POM, JUNEAU INFO  
TARGET: LJH2 SUBJ: POM PAGE 000

TO: SENATOR FERGUSON

SB 833

FROM: EMMET HEIDEMANN  
P.O. BOX 61  
EAGLE RIVER 99577 (H) 694-2344

RE: ALCOHOL LICENSE

IT'S FANTASTIC, BUT SUGGEST THE LIQUOR LICENSE BE \$5.00 PER YEAR  
INSTEAD OF \$5.00 FOR 5 YEARS.

SECRET!

SB 833

initials 1032  
DRINKERS #

MAYBE WE CAN CONTROL  
THIS PROBLEM BETTER

RON MATUYAR  
1311 4<sup>TH</sup> AVE  
FALLS CHURCH, VA 22034

until 3/18 % KENTWU / as of 3/18 / S.R. BOX 51233  
Touch 2P DEADHORSE / FAIRBANKS, ALASKA 99701  
FAIRBANKS, AK 99701

SB 833

MAR 08 1982

3/5/82

Dear Senator Ferguson,

I am intrigued w/ your idea of drinking licenses. Could you send me a copy of the bill + fiscal note? My initial impression is that the fee might not pay for the cost of administering the licenses, much less the difficulties st for see in enforcing that a vendor sees each person's license + the general invasion of privacy. The biggest problem that I see w/ alcohol is the cost to the community. For many of your communities, this might work well (your plan). However your larger cities are not as well repaid, for the cost is many times only discovered after it is too late for the abuser as well as others <sup>who have</sup> ~~having~~ been victims. There is no simple one answer. I believe that any <sup>alcohol</sup> program should have the saving of human lives as it's 1<sup>st</sup> goal. Prohibition isn't the answer. What about putting a tax on alcohol to pay for the health care programs, the licenses to purchase, etc? Have alcoholics, as part of mental + physical <sup>rehab +</sup> ~~who~~ <sup>who</sup> cause damage to ~~others~~ <sup>others</sup> retribute themselves to those they have damaged? These are all good ideas I think + maybe all of them need to be done. Alcohol abuse is a social disease. Please consider a sponsor substitute bill that might go a lot ~~little~~ deeper in solving the basic problem. Thanks

Sincerely, Gary C Newman

MAR 18 1982

SB 833

March 15, 1982

The Honorable Frank Ferguson  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Ferguson,

I am writing to tell you that I strongly support Senate Bill 833, introduced by the Rules Committee at your request, and requiring that an individual have a license to purchase alcoholic beverages. Everyone I have talked to agrees that this is a good bill.

In my region we have a serious problem with underage people buying liquor. Even though this document could be falsified the same as any other, it is an additional safeguard to see that young people cannot obtain liquor. In my nine years as an alcoholism counselor I saw many tragedies that could have been avoided if we had had good laws and enforced them.

The point system you propose is good. People who have shown that they cannot handle liquor and have been arrested for drunken driving or a similar offense would lose the use of their license to buy alcohol. Buying and using alcohol should be a privilege, not a right, just like driving.

This measure would also bring additional revenue to the state at a time when we need it.

Please let me know whenever there is any way that I can support you in your efforts to control use and abuse of alcohol, and to support strong programs in prevention, education, and treatment in this field.

With best wishes,

*Stewart Nicolai*

Stewart Nicolai  
P. O. Box 279  
Copper Center, AK 99573

A M E N D M E N T

#1

TO: SB 833

By Ferguson

Page 1, line 16:

Delete "90" and insert "30"

Page 1, lines 22 - 26:

Delete all material and renumber following paragraph accordingly

Page 2, line 6:

"Delete "90" and insert "30"

Page 2, line 7:

Delete "90-day" and insert "30-day"

Page 2, lines 15 - 18:

Delete all material and renumber following paragraph accordingly

Page 3, line 20:

After "AS 28.35," insert "violating AS 04.16.015,"

Page 3, lines 27 - 29:

Delete all material

Page 4, lines 1 - 12:

Delete all material and renumber following AS sections accordingly

Page 4, line 13:

Delete "SUSPENSION,"

Page 4, lines 19 - 22:

Delete all material and insert:

"(b) The department shall revoke the license to purchase alcoholic beverages of a person convicted of an offense reported under AS 04.18.070. The department shall deny a license to a person convicted of an offense under AS 04.18.070 for a period of five years from the date of the conviction."

Page 5, lines 4 and 5:

Delete all material and insert:

"shall on request grant the licensee or applicant an administrative hearing by a hearing officer under regulations governing procedure."

Page 5, lines 6 - 16:

Delete all material

Page 5, line 17:

Delete "(b)" and insert "(d)"

Renumber remaining AS sections accordingly

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT

STATE ALCOHOLISM PROFILE INFORMATION SYSTEM  
(SAPIS)

# NATIONAL STATUS REPORT

PUBLICATION DATE: MAY 1981



NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM  
5600 Fishers Lane  
Rockville, Maryland 20857

518 833

Twenty-five Most Common Offenses - Alaska - 1974 - 1981

Crime	Total Number of Admissions To Corrections	Yearly Aver.	Estimated % Alcohol Related	% of Admissions
OMVI	23,417	3,345	Yes 100%	23.0 %
Offenses against Court	9,101	1,300	No 0%	9.0 %
Larceny/Theft	8,625	1,232	Yes 49%	8.6%
Traffic Motor Vehicle	7,534	1,076	Yes 65%	7.5 %
Disorderly Conduct	7,357	1,051	Yes 75%	7.3 %
Aggravated Assault	7,051	1,997	Yes 32%	7.0 %
Bench Warrant	4,527	647	No 0%	4.5 %
Drunkenness	4,477	640	Yes 100%	4.5 %
Burglary	3,244	461	Yes 48%	3.2 %
Suspected Trespass	2,341	334	Yes 40%	2.3 %
Other Disorderly Conduct	2,244	321	Yes 75%	2.2 %
Fraud	1,897	271	No 0%	1.9 %
Possession of a Controlled Substance	1,882	267	No 0%	1.9 %
Liquor Law Violation	1,874	267	Yes 100%	1.9 %
Weapons	1,713	245	Yes 62%	1.7 %
Probation violation	1,538	220	Yes 35%	1.5 %
Sale/Distribution of a Controlled Substance	1,520	217	No 0%	1.5 %
Prostitution	1,362	195	No 0%	1.4 %
Vandalism	1,351	193	Yes 50%	1.4 %
Robbery	1,237	178	Yes 45%	1.2 %
Sex Offenses	1,181	168	Yes 45%	1.2 %
Assault (other)	982	140	Yes 58%	.1 %
Stolen Property	962	137	No 0%	.1 %
Joy Riding	958	137	Yes 60%	.1 %
Murder Negligent Manslaughter	607	87	Yes 50%	.08%
Rape	594	85	Yes 45%	.08%
Fugitive	603	86	No 0%	.08%
TOTAL	100,159	14,307	8,006 55%	

TABLE 39

ESTIMATED CONSUMPTION OF TAXED ALCOHOLIC BEVERAGES  
 U.S. GALLONS OF ABSOLUTE ALCOHOL PER PERSON  
 (CALENDAR YEAR 1979)

STATE	DISTILLED SPIRIT		WINE		BEER		TOTAL	
	AMOUNT	(RANK)	AMOUNT	(RANK)	AMOUNT	(RANK)	AMOUNT	(RANK)
ALABAMA	0.63	38	0.09	45	0.84	49	1.56	47
ALASKA	1.22	4	0.34	11	1.23	23	2.79	6
ARIZONA	0.81	26	0.27	18	1.43	6	2.51	16
ARKANSAS	0.43	50	0.08	48	0.80	51	1.31	50
CALIFORNIA	0.99	10	0.54	3	1.25	19	2.78	7
COLORADO	0.98	12	0.35	9	1.32	12	2.66	10
CONNECTICUT	0.98	12	0.32	15	1.02	40	2.32	21
DELAWARE	1.02	8	0.21	24	1.19	26	2.42	17
FLORIDA	1.08	7	0.28	17	1.41	8	2.77	8
GEORGIA	0.86	23	0.13	38	0.95	43	1.95	40
HAWAII	0.94	16	0.32	15	1.30	13	2.56	14
IDAHO	0.57	46	0.20	26	1.24	21	2.01	34
ILLINOIS	0.91	17	0.25	19	1.25	19	2.42	17
INDIANA	0.61	41	0.12	41	1.05	37	1.78	41
IOWA	0.56	48	0.09	45	1.24	21	1.90	39
KANSAS	0.57	46	0.10	43	1.05	37	1.72	43
KENTUCKY	0.58	44	0.07	49	0.92	45	1.57	47
LOUISIANA	0.78	30	0.19	27	1.11	33	2.08	31
MAINE	0.83	25	0.22	21	1.14	32	2.19	28
MARYLAND	1.09	6	0.25	19	1.21	24	2.55	15
MASSACHUSETTS	1.01	9	0.34	11	1.29	14	2.65	11
MICHIGAN	0.80	29	0.21	24	1.18	28	2.19	28
MINNESOTA	0.91	17	0.19	27	1.18	28	2.28	23
MISSISSIPPI	0.65	35	0.07	49	0.93	46	1.65	45
MISSOURI	0.62	40	0.16	31	1.21	24	1.98	36
MONTANA	0.80	29	0.33	14	1.78	1	2.91	4
NEBRASKA	0.70	33	0.14	36	1.34	11	2.19	28
NEVADA	2.26	2	0.60	2	1.77	2	4.64	2
NEW HAMPSHIRE	1.99	3	0.47	4	1.68	3	4.14	3
NEW JERSEY	0.88	19	0.34	11	1.05	37	2.28	23
NEW MEXICO	0.65	35	0.22	21	1.36	10	2.23	26
NEW YORK	0.95	15	0.36	6	1.10	34	2.41	19
NORTH CAROLINA	0.66	34	0.16	31	0.92	47	1.74	42
NORTH DAKOTA	0.88	19	0.13	38	1.29	14	2.29	22
OHIO	0.58	44	0.15	35	1.18	28	1.91	39
OKLAHOMA	0.64	37	0.11	42	0.94	45	1.69	44
OREGON	0.73	31	0.36	6	1.18	28	2.27	25

PENNSYLVANIA	0.59	42	0.18	36	1.29	14	2.01	33
RHODE ISLAND	0.88	19	0.40	5	1.02	40	2.02	39
SOUTH CAROLINA	0.87	22	0.13	38	1.07	35	2.01	34
SOUTH DAKOTA	0.81	26	0.14	36	0.97	43	1.61	46
TENNESSEE	0.56	48	0.09	45	1.43	6	2.22	27
TEXAS	0.63	38	0.16	31	0.72	52	1.21	51
UTAH	0.40	51	0.10	43	1.27	17	2.76	9
MONTANA	1.14	5	0.35	9	1.07	35	1.98	16
VIRGINIA	0.72	32	0.19	27	1.19	26	2.39	20
WASHINGTON	0.84	24	0.36	6	0.82	49	1.48	49
WEST VIRGINIA	0.59	42	0.07	49	1.66	4	2.87	5
WISCONSIN	0.99	10	0.22	21	1.52	5	2.64	12
CONNECTICUT	0.96	14	0.16	31	1.37	9	4.73	1
WASHINGTON, D.C.	2.53	1	0.83	1	--	--	--	--
Puerto Rico	--	--	--	--				
REGIONAL VALUE	0.81		0.25		1.18		2.25	
NUMBER OF STATES INCLUDED	51		51		51		51	

ALASKA	--		--		--		--	
HAWAII	--		--		--		--	
AMERICAN SAMOA	--		--		--		--	
U.S. PACIFIC ISLANDS	--		--		--		--	
MARIANA ISLANDS	--		--		--		--	

GENERAL TABLE NOTES

The last five island territories are not included in calculations of summary statistics.

Two dashes (--) indicate that data are not available.

The sum or row amounts may not equal the total due to rounding.

NOTES FOR TABLE 39

The data in this table are estimates of beverage alcohol consumption in each State during calendar year 1979. These are the most current figures available. Data on distilled spirits are based on estimates from the Distilled Spirits Council of the United States (DISCUS). Such consumption estimates are computed from State tax collections, except in Alaska, Georgia, Hawaii, South Carolina, and South Dakota, where data are based on shipments from distillers to wholesalers and in Wisconsin, where the estimates are based on wholesale shipments.

Data on apparent consumption of wine are obtained from the Wine Institute. The Wine Institute provides State breakdowns of wine entering distribution channels. Figures are based on reports of State beverage and tax agencies, and the U.S. Treasury Department, Bureau of Alcohol, Tobacco, and Firearms. Data on apparent consumption of beer are obtained from the United States Brewers Association (USBA). USBA provides figures on shipments of malt beverages by State. Data are obtained through wholesaler associations, taxing authorities, or alcohol beverage control boards, depending on State procedures.

QUARTER UCR REPORT COMPARISON OF 22 VILLAGES 11 VOTING DRY/11 NOT HAVING VOTED

Option Dry: Alakunak, Emmonak, Elim, Gambell, Koyuk, Wales, Stebbins, Mekoryuk, St. Mary's, Diomede, Tununak  
 Control: Mi. Village, Kwethluk, Kaltag, Shishmaref, Buckland, Deering, St. Michael, Nightmute, Kivalina, Nulato  
 AST calls Option Dry Villages 1980 60, 1981 24, 60% Reduction. AST calls Control Villages 1980 41, 1981 32, 22% Reduction

VOTED DRY	Hom & Neg. Hom	Rape & Sex Off	Asslt	Burg	Larc	Mtr Veh Theft	Vand-alism	Narc	Duij	Liq-Doc	Traffic Acc	Anml Probl	Opt	Other not Shown	Total Activ
Sep. 81			6				2							1	9
Oct. 81		1							1				1	1	4
Nov. 81			2	4	1				1		1			2	11
TOTAL		1	8	4	1		2		2		1		1	4	24
Sep. 80		1	9	2	3	2			1	1			1	5	25
Oct. 80			3		1		1		1	1				3	10
Nov. 80	1		6	3			2		2	4	1	1		9	25
TOTAL	1	1	18	5	4	2	3		4	6	1	1	1	17	60
CONTROL															
Sep. 81		2	2	1			1						1	1	8
Oct. 81	1	2	2	2			1			3				6	17
Nov. 81		1		2			2							2	7
TOTAL	1	5	4	5			4			3			1	9	32
Sep. 80		1	5	7	1		2			4			1	5	26
Oct. 80			1	2	1	1	1					1	2	3	12
Nov. 80				1	1									1	3
TOTAL		1	6	10	3	1	3			4		1	3	9	41

TOTAL OF ALL DEATHS  
ATTRIBUTED TO ALCOHOL  
RELATED CAUSES

TOTAL DEATHS, ALL  
CAUSES

PERCENTAGE OF TOTAL  
DEATHS ATTRIBUTED TO  
ALCOHOL-RELATED CAUSE

STATE	NUMBER	NUMBER	PERCENT	(RANK)
ALABAMA	218	34,680	0.60	32
ALASKA	37	1,690	2.10	2
ARIZONA	320	19,198	1.60	6
ARKANSAS	94	21,898	0.40	48
CALIFORNIA	3,109	176,069	1.70	5
COLORADO	205	18,361	1.10	12
CONNECTICUT	305	26,078	1.10	12
DELAWARE	52	4,957	1.00	17
FLORIDA	874	95,595	0.90	22
GEORGIA	488	43,298	1.10	12
HAWAII	32	4,563	0.70	29
IDAHO	54	6,507	0.80	25
ILLINOIS	635	103,026	0.60	32
INDIANA	275	47,548	0.50	44
IOWA	131	27,450	0.40	48
KANSAS	98	21,665	0.40	48
KENTUCKY	221	33,421	0.60	32
LOUISIANA	193	35,242	0.50	44
MAINE	105	10,179	1.00	17
MARYLAND	367	33,130	1.10	12
MASSACHUSETTS	325	52,660	0.60	6
MICHIGAN	636	74,968	0.80	25
MINNESOTA	269	33,316	0.80	25
MISSISSIPPI	124	23,350	0.50	44
MISSOURI	285	49,442	0.50	44
MONTANA	85	6,488	1.30	8
NEBRASKA	95	14,443	0.60	32
NEVADA	107	5,056	2.10	2
NEW HAMPSHIRE	66	10,179	0.60	6
NEW JERSEY	449	65,993	0.60	6
NEW MEXICO	255	8,456	3.00	1
NEW YORK	2,511	167,572	1.40	7
NORTH CAROLINA	694	47,322	1.40	7
NORTH DAKOTA	74	5,491	1.30	8
OHIO	603	96,569	0.60	6
OKLAHOMA	237	27,943	0.80	25
OREGON	245	20,895	1.10	12
PENNSYLVANIA	762	120,074	0.60	32
RHODE ISLAND	107	8,873	1.20	10
SOUTH CAROLINA	222	24,112	0.90	22
SOUTH DAKOTA	65	6,492	1.00	17
TENNESSEE	271	38,745	0.60	32
TEXAS	675	103,845	0.60	32
UTAH	95	7,892	1.20	10
VERMONT	41	4,426	0.90	22
VIRGINIA	413	40,767	1.00	17
WASHINGTON	325	30,490	1.00	17
WEST VIRGINIA	139	19,646	0.70	29
WISCONSIN	318	40,324	0.70	29
WYOMING	46	3,112	1.40	7
WASHINGTON, D.C.	138	7,065	1.90	4
PUERTO RICO	—	—	—	—
NATIONAL TOTAL	18,490	1,930,561	0.96	51
NUMBER OF STATES INCLUDED	51	51	—	—
VIRGIN ISLANDS	—	—	—	—
GUAM	—	—	—	—
AMERICAN SAMOA	—	—	—	—
T.T. PACIFIC ISLANDS	—	—	—	—
N. MARIANA ISLANDS	—	—	—	—

GENERAL TABLE NOTES

The last five island terri-

NOTES FOR TABLE 40

The data in the table represent the number of all attributed to one of the four alcohol-related caus

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT.

MSG 82-00014470 PRTY 1 03/16/82 18:36:31 ORIG: LF01 IN# 0006 OUT= 0122  
FROM: MAXINE/FBX TO: JUNG INFO  
TARGET: LHM2 SUBJ: POM PAGE 0003

TO: SEN. FISCHER, SEN. COLLETTA, SEN. BRADLEY, SEN. ELIASON, SEN. STIMSON  
SEN. FAHRENKAMP, SEN. BENNETT, SEN. PARR

FM: MR. & MRS. CLAUDE E. SWAIN, BOX 80045, COLLEGE 99708 PH. 479-6756

RE: SB 833

MSG: WE SUGGEST ALL RESIDENTS SHOULD BE REQUIRED TO PURCHASE LICENSE TO  
ALCOHOLIC BEVERAGES. NON RESIDENTS, WISHING TO BUY LIQUOR SHOULD BE  
REQUIRED TO PURCHASE A TEMPORARY PERMIT AT POINT OF ENTRY TO THE STATE.  
LIQUOR REMAINING IN THE STATE MORE THAN 30 DAYS SHOULD BE REQUIRED TO  
PURCHASE RESIDENTS LICENSE.

EDM

SENATE BILL 833

ALCOHOL ABUSE HAS REACHED EPIDEMIC PROPORTIONS IN ALASKA. IT TOUCHES ALL OF OUR LIVES.

ALASKANS HAVE THE SIXTH HIGHEST PER CAPITA CONSUMPTION OF ALCOHOL IN THE NATION. THE COST OF THIS HEAVY CONSUMPTION IS REFLECTED IN TRAGIC STATISTICS.

ALASKA RANKS SECOND IN THE PERCENTAGE OF TOTAL DEATHS ATTRIBUTED TO ALCOHOL RELATED CAUSES. 55 PERCENT OF ALL CRIME IN ALASKA IS ALCOHOL RELATED.

IN 1979, 70 PERCENT OF TRAFFIC FATALITIES INVOLVED ALCOHOL. 52 PERCENT OF ALL FIRE DEATHS AND 68 PERCENT OF ALL DROWNINGS IN ALASKA ARE ALCOHOL RELATED.

64 PERCENT OF THE CRIMINAL JUSTICE CASES IN 1980 WERE FOR ALCOHOL RELATED OFFENSES. ALASKANS SPENT OVER \$280 MILLION ON ALCOHOL IN 1980. \$280 MILLION THAT COULD HAVE BEEN BETTER SPENT. THE ESTIMATED LOSS OF INCOME TO ALASKAN

FAMILIES WITH A HEAD OF HOUSEHOLD WHO ABUSES ALCOHOL WAS WELL OVER \$77 MILLION IN 1980.

THE STATE'S EFFORTS TO DEAL WITH THE CAUSES AND RESULTS OF ALCOHOL ABUSE HAVE BARELY SCRATCHED THE SURFACE OF THE PROBLEM. THE LEGISLATURE HAS PROVIDED OVER \$30 MILLION FOR ALCOHOL PREVENTION AND REHABILITATION PROGRAMS IN THE PAST TWO YEARS. EACH YEAR, ALCOHOL RELATED EXPENDITURES IN THE CRIMINAL JUSTICE AND CORRECTIONS SYSTEM COST THE STATE MORE THAN \$50 MILLION.

STILL THE PROBLEM HAS NOT ABATED. LAST YEAR, OPERATING A MOTOR VEHICLE WHILE INTOXICATED (OMVI), ARRESTS IN ANCHORAGE WERE UP 237 PERCENT FROM THE PRIOR YEAR.

SENATE BILL 833 WAS INTRODUCED LATE IN THE SESSION. THE DEPARTMENT OF PUBLIC SAFETY CAME IN WITH A \$1.8 MILLION FISCAL NOTE, IN EFFECT KILLING THE BILL.

I DON'T THINK WE HAVE TIME TO WRITE A COMMITTEE SUBSTITUTE FOR SB 833 THIS SESSION. HOWEVER, SINCE THE BILL