

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11363 SENATE STATE AFFAIRS

HB

81

SENATE COMMITTEE REPORT

DATE: 4/30/03

FURTHER:

DATE TURNED IN TO OFFICE: 5/7/03

State Affairs Committee considered CS FOR HOUSE BILL NO. 81(STA)

HB 81 MOTOR VEHICLE EMISSIONS INSPECTION

"An Act relating to motor vehicle emissions and to inspection decals and fines relating to motor vehicle emissions; and providing for an effective date."

and recommends:

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
|------------|------|--------|------|-----|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
|------------|---------|--------|------|-----|
| DOA | 3/31/03 | | ✓ | 1 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:

| SIGNATURES AND RECOMMENDATIONS: | Do PASS | Do NOT PASS | NO REC | AMEND |
|----------------------------------|---------|-------------|--------|-------|
| <i>[Signature]</i> | ✓ | | | |
| <i>[Signature]</i> | | | ✓ | |
| <i>[Signature]</i> | | | | |
| | | | | |
| | | | | |
| CHAIR: <i>[Signature]</i> | X | | | |

REPRESENTATIVE KEVIN MEYER

HOUSE DISTRICT 30

CS HB 81(STA)

“An Act relating to motor vehicle emissions and to inspection decals and fines relating to motor vehicle emissions; and providing for an effective date.”

CS HB 81(STA) streamlines existing motor vehicle emission statutes to improve compliance and enforcement, provide consistency between departments, provide relief from extraneous requirements, and protect consumers.

In areas that require motor vehicle emission programs, car owners have found several loopholes to evade programs and falsely register cars. Before a vehicle's registration can be renewed, a car must also have a current and valid emission inspection. A problem arises when the inspection expires and the registration is current. This creates a disconnect between the dates on the license plate and the certificate of inspection, and reduces the ability to enforce proper registration. CS HB 81(STA) limits changes so that the emission inspection and the vehicle registration renewal date may be synchronized.

The same loopholes exist for title transfers. Before a title can be transferred for a 1987 or older vehicle, it must have an inspection dated within 12 months. When the title is transferred, often the registration is still current. When the new emission test is done for a title transfer, the vehicle has an inspection decal that is good for two years, but a registration that will expire in less than two years. CS HB 81(STA) removes the requirement for yearly tests and synchronizes registration and emission inspections tests for all vehicles, regardless of age.

Enforcement of emission programs is an area of concern. The authority to enforce emission programs through registration renewal is within the Department of Administration. The entities responsible for administering the emission control programs, such as the Department of Environmental Conservation (DEC) and municipalities, do not have a direct mechanism to insure that vehicles are properly registered and meet emission program requirements. CS HB 81(STA) extends the authority to enforce emission inspection requirements through proper registration to DEC and the municipalities that require such programs.

DEC has found that the current fine for a program violation is not a reasonable deterrent for egregious offenders. A \$200 fine seems manageable when costly repairs may provide an economic incentive to evade the program. Under Section 5, the fine is raised to an amount not to exceed \$500.

A consumer protection measure has been inserted into CS HB 81(STA) in an effort to assist Alaskans who are shopping for used automobiles. CS HB 81(STA) specifies that the used vehicle must display a valid emissions inspection decal, have a valid record of emissions inspection with the DMV, or have a certificate of inspection that shows non-compliance with program requirements. Consumers can feel comfortable seeing the decal and knowing the vehicle has met program requirements.

CS HB 81(STA) is a comprehensive clean-up act. The provisions will close loopholes in current emission programs and requirements, extend authority to those entities who oversee emission programs, provide an increased deterrent for those individuals who choose to evade emission programs, and protect Alaskans who are looking to buy used vehicles.

Last Updated: April 30, 2003

Email: Representative_Kevin_Meyer@legis.state.ak.us • Toll Free: (866) 465-4945

Session: State Capitol, Juneau, Alaska 99801-1182 • Phone: (907) 465-4945 Fax: (907) 465-3476

Interim: 716 W. 4th Ave., Anchorage, Alaska 99501-2133 • Phone: (907) 269-0199 Fax: (907) 269-0197

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 81
 (H) Publish Date: 3/31/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An act relating to motor vehicle BRU Motor Vehicles
emissions; and providing..... Component _____
 Sponsor Representative Meyer
 Requester (H) TRA Component No. 2348

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This bill will have no fiscal impact on DMV for implementation. The bill removes the requirement for redundant emission inspections relating to ownership changes. DMV will still require emission inspections prior to registration as it has in the past.

Prepared by: Charles R. Hosack
 Division: Motor Vehicles
 Approved by: Mike Miller, Commissioner
 Agency: Department of Administration

Phone 269-5559
 Date/Time 3/24/03
 Date 3/31/2003

REPRESENTATIVE KEVIN MEYER

HOUSE DISTRICT 30

Sectional Analysis

CS HB 81(STA)

“An Act relating to motor vehicle emissions and to inspection decals and fines relating to motor vehicle emissions; and providing for an effective date.”

Section 1: Repeals the requirement that alternatively fueled vehicles are exempt from meeting emissions requirements in order to be registered.

Section 2: Provides that a motor vehicle registration period cannot extend beyond the expiration of any applicable emissions inspection certificate.

Section 3: Amends provisions that specify when an emissions certificate is required if the ownership of a vehicle is transferred. Provides that all vehicles, regardless of the year manufactured, must have an emissions inspection that is two years old or younger in order for a title transfer to occur.

Section 4: Amends provisions relating to commercial sales of used motor vehicles. Specifies that the inspection decal must be displayed on the windshield of the vehicle, the inspection records must be on file with the Department of Administration, or, if the vehicle is not in compliance with program requirements, then the certificate of inspection needs to be on file with the commercial dealer. These requirements are to be met when a vehicle is sold and is intended to be used in an area with an emissions inspection program.

Section 5: Increases the fine for violating emissions requirements to an amount not to exceed \$500.

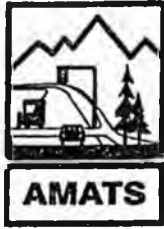
Section 6: Repeals language relating to suspension or cancellation of a motor vehicle's registration for failure to meet emissions requirements.

Section 7: Creates authority for a department or municipality that enforces a pollution control program to determine if a vehicle is properly registered.

Section 8: Increases the fine for failing to display an emissions inspection decal to an amount not to exceed \$500.

Section 9: Effective date.

Last Updated: April 29, 2003



Anchorage
Metropolitan
Area
Transportation
Solutions

MUNICIPALITY OF ANCHORAGE
Traffic Department
Transportation Planning Division
Permit Center, 4700 S. Bragaw Street, 2nd Floor
P.O. Box 196650, Anchorage, AK 99519-6650
Voice (907) 343-7991 Facsimile (907) 343-7998
E-mail: armstrongjj@ci.anchorage.ak.us

March 20, 2003

Representative Kevin Meyer
State Capitol
Juneau, AK 99801-1182

Dear Representative Meyer:

The Anchorage Metropolitan Area Transportation Solutions (AMATS) Policy Committee is offering this letter of support for House Bill 81, "An Act relating to motor vehicle emissions; and providing for an effective date." HB 81 streamlines motor vehicle emission statutes to provide relief from motor vehicle emission inspections and improve compliance with enforcement efforts.

The motor vehicle emissions program is one of Anchorage's key programs to maintain its air quality and allow continued progress in our transportation planning and construction. As Anchorage moves from improving its air quality into maintaining its air quality, the motor vehicle emission program must operate as efficiently as possible.

Your proposed bill will not only assist Anchorage in ensuring its enforcement efforts are productive but it will also assist in protecting its citizens from extraneous emission testing. Transportation planning and ensuring air quality conformity are the fundamental responsibilities of AMATS. Any bill, such as yours, that assists our mission is greatly appreciated.

Sincerely,

David R. Eberle, (Chair)
Regional Director
Alaska Department of Transportation and Public Facilities

George P. Wuerch
Mayor
Municipality of Anchorage

Tom Chapple
Director of Air & Water Quality
Alaska Department of Environmental Conservation

Dick Traini
Chair
Anchorage Municipal Assembly

Doug Van Etten
Member
Anchorage Municipal Assembly



Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

March 17, 2003

Representative Keven Meyer
State Capitol
Juneau, Alaska 99801-1182

Re: House Bill 81

Dear Representative Meyer,

Thank you for the opportunity to comment on House Bill 81. The Fairbanks I/M Program supports legislation that streamlines the motor vehicle inspection process and registration renewals with retention of program integrity. H.B. 81 is certainly focused in this direction and therefore, the FNSB I/M Program is in support of this bill. To further simplify the proposed amendments I would like to offer the following suggestion.

I have reviewed the proposed amendments and have comment regarding the proposed changes to AS 28.10.271. This statute addresses change of ownership requirements. AS 28.10.271 contains an amendment that reads, "(ii) has a certificate of inspection, but the certificate shows that the vehicle is not in compliance with program requirements". An individual that has a non-complying vehicle (or complying vehicle) and wishes to transfer ownership can do so under AS 28.10.271(d) (2) (A) or (B) without the certificate of inspection. Therefore, I do not believe this amendment is needed.

Thank you for your work on this legislation. Our office has been serving motorists since 1985 and we have experienced many regulatory changes, which affect those consumers. Therefore, we are very pleased to see proposed amendments that will in effect, simplify the vehicle registration renewal process. Please call me at 459-1005 at your earliest convenience so I may concisely confer my thoughts.

Sincerely,

Glenn E. Miller
FNSB I/M Program Manager

Cc:
David Leone, Special Assistant to the Mayor
Mayor Boyles, FNSB
Linda Anderson, Govt. Consultant

RECEIVED

MAR 24 2003

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 genes@geneschrysler.com

REPRESENTATIVE MEYER

HB 81

WE URGE THE PASSAGE OF THIS BILL. THE DUPLICATION OF I/M'S IS
 TREMENDOUS.

THANK YOU SO MUCH FOR BRINGING THIS BILL FORWARD AND WE URGE
 THE PASSAGE OF HB 81

THANK YOU,

JOHN P IMMEL
 DEALER



HB

91

Subject: Re: HB 91 Medical Costs - Paid by P/F Members

Date: Wed, 07 Apr 2004 12:39:13 -0800

From: Melanie Millhorn <Melanie_Millhorn@admin.state.ak.us>

Organization: State of Alaska

To: Anselm Staack <anselm_staack@admin.state.ak.us>

CC: Kathleen S Lea <kathy_lea@admin.state.ak.us>, Katrina M Matheny <katrina_matheny@legis.state.ak.us>

Thanks

Anselm Staack wrote:

Following is an answer to your question:

Start in first year at \$806 / Month

Premium payments at the beginning of each month

Inflation of premium each following year, respectively - 12%, 11.5%, 11%, 10.5% (Same as the Valuation)

Premiums per year in CY05 = \$902.72, CY06 = \$1,006.53, CY07 = \$1,117.25, CY08 = \$1,240.15

Using the discount rate of 8.25% which is equal to the valuation rate for each year to the first date of payment

Gross dollar payments = \$60,872

Actuarial Cost at beginning of the 1st year to fund the five years of health care payments = \$49,209

Remember that the unfunded liability, and cost per person for the 411 members in the current assumptions in HB 91 is based upon a specific profile of the specific people who are presently in the system at 6/30/02, and what the probable health care costs would be attached to them - they are at various ages, and at various states in their carrier as compared to age 60 when employer paid medical would take over in FY 05. The question answered above is what would a new member have to pay to fund five years of health care premiums they would not ordinarily be entitled to; they fund the health premiums for five years.

Melanie Millhorn wrote:

Anselm:

I was asked by Katrina Matheny, staff to Senator Gary Stevens, what the approximate cost might be for a Tier II or III - P/F member to receive medical coverage in accordance with HB 91 by having the member pay for these benefits. For example, in AS 39.35.370 (g) allows dispatchers to convert "all other" service to "P/F" service by paying the full actuarial cost of the conversion of the credited service to treatment as peace officer service.

In the case of HB 91, the member would have to pay the full actuarial cost of the five (5) years of medical benefits. At this point, Katrina is just looking for cost estimates. Thanks.

Melanie Millhorn <melanie_millhorn@admin.state.ak.us>

Director

Division of Retirement and Benefits

Department of Administration

Public Employees' Retirement System (PERS)

03/26/04 11:03 AM

Consolidated Employer Contribution Rate & Payroll - Active Employers

HB 91 - 3% Turnover - ESTIMATED FY 05 Change From Change in Consolidated Rate (Includes P/F)

Division of Retirement & Benefits

(B) Ave. Inc. \ yr.>>: 3.00% <<<PERS>>> 0.11% <<(D) (F) >> 3.0% 3.0% 3.0% 3.0% 3.0%

| Fund | ER Num | Employer | (A) | (C) | Ave ER Rate | (E) | | | | | | |
|------|--------|------------------------------------|----------------------|-------------------------------------|-------------|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | | FY 02 Total Earnings | (Chg)Yr x 3 Yrs FY02-FY05 Earn Est. | | FY 05 Estimated Earnings | FY 05 Increase Dollars | FY 06 Increase Dollars | FY 07 Increase Dollars | FY 08 Increase Dollars | FY 09 Increase Dollars | FY 10 Increase Dollars |
| PERS | 208 | AKUTAN, CITY OF | 264,162 | 109.00% | 287,937 | 0.11% | 317 | 326 | 336 | 346 | 356 | 367 |
| PERS | 255 | ALASKA GATEWAY SD | 1,310,423 | 109.00% | 1,428,361 | 0.11% | 1,571 | 1618 | 1667 | 1717 | 1768 | 1821 |
| PERS | 152 | ALASKA HOUSING FINANCE CORPORATION | 14,119,271 | 109.00% | 15,390,005 | 0.11% | 16,929 | 17437 | 17960 | 18499 | 19054 | 19625 |
| PERS | 106 | ALASKA MUNICIPAL LEAGUE | 283,665 | 109.00% | 309,195 | 0.11% | 340 | 350 | 361 | 372 | 383 | 394 |
| PERS | 101 | ALASKA, STATE OF | 701,531,848 | 109.00% | 764,669,714 | 0.11% | 841,137 | 866371 | 892362 | 919133 | 946707 | 975108 |
| PERS | 267 | ALEUTIAN HOUSING AUTHORITY | 463,009 | 109.00% | 504,680 | 0.11% | 555 | 572 | 589 | 607 | 625 | 644 |
| PERS | 162 | ALEUTIAN REGION SD | 134,678 | 109.00% | 146,799 | 0.11% | 161 | 166 | 171 | 176 | 182 | 187 |
| PERS | 230 | ALEUTIANS EAST BOROUGH | 894,043 | 109.00% | 974,507 | 0.11% | 1,072 | 1104 | 1137 | 1171 | 1206 | 1243 |
| PERS | 244 | ALEUTIANS EAST BOROUGH SD | 1,070,290 | 109.00% | 1,166,616 | 0.11% | 1,283 | 1322 | 1361 | 1402 | 1444 | 1488 |
| PERS | 245 | ALEUTIANS WEST CRSA | 49,841 | 109.00% | 54,327 | 0.11% | 60 | 62 | 63 | 65 | 67 | 69 |
| PERS | 259 | ALLAKAKET, CITY OF | 45,352 | 109.00% | 49,434 | 0.11% | 54 | 56 | 58 | 59 | 61 | 63 |
| PERS | 203 | ANCHORAGE PARKING AUTHORITY | 935,838 | 109.00% | 1,020,063 | 0.11% | 1,122 | 1156 | 1190 | 1226 | 1263 | 1301 |
| PERS | 111 | ANCHORAGE SD | 64,634,105 | 109.00% | 70,451,174 | 0.11% | 77,495 | 79821 | 82216 | 84682 | 87223 | 89839 |
| PERS | 173 | ANCHORAGE, MUNICIPALITY OF | 117,039,389 | 109.00% | 127,572,934 | 0.11% | 140,330 | 144540 | 148876 | 153343 | 157943 | 162681 |
| PERS | 283 | ANDERSON, CITY OF | 35,532 | 109.00% | 38,730 | 0.11% | 43 | 44 | 45 | 47 | 48 | 49 |
| PERS | 289 | ANGOOK, CITY OF | 282,259 | 109.00% | 307,662 | 0.11% | 338 | 349 | 359 | 370 | 381 | 392 |
| PERS | 103 | ANNETTE ISLAND SD | 1,117,072 | 109.00% | 1,217,608 | 0.11% | 1,339 | 1380 | 1421 | 1464 | 1507 | 1553 |
| PERS | 243 | ATKA, CITY OF | 65,598 | 109.00% | 71,502 | 0.11% | 79 | 81 | 83 | 86 | 89 | 91 |
| PERS | 281 | BARANOF ISLAND HA | 418,305 | 109.00% | 455,952 | 0.11% | 502 | 517 | 532 | 548 | 564 | 581 |
| PERS | 171 | BARROW, CITY OF | 951,260 | 109.00% | 1,036,873 | 0.11% | 1,141 | 1175 | 1210 | 1246 | 1284 | 1322 |
| PERS | 219 | BARTLETT REGIONAL HOSPITAL | 15,749,772 | 109.00% | 17,167,251 | 0.11% | 18,884 | 19450 | 20034 | 20635 | 21254 | 21892 |
| PERS | 104 | BERING STRAIT SD | 6,487,845 | 109.00% | 7,071,751 | 0.11% | 7,779 | 8012 | 8253 | 8500 | 8755 | 9018 |
| PERS | 232 | BERING STRAITS CRSA | 62,733 | 109.00% | 68,379 | 0.11% | 75 | 77 | 80 | 82 | 85 | 87 |
| PERS | 270 | BERING STRAITS RHA | 987,804 | 109.00% | 1,076,706 | 0.11% | 1,184 | 1220 | 1257 | 1294 | 1333 | 1373 |
| PERS | 136 | BETHEL, CITY OF | 4,163,059 | 109.00% | 4,537,734 | 0.11% | 4,992 | 5141 | 5295 | 5454 | 5618 | 5787 |
| PERS | 144 | BRISTOL BAY BOROUGH | 1,255,061 | 109.00% | 1,368,016 | 0.11% | 1,505 | 1550 | 1596 | 1644 | 1694 | 1744 |
| PERS | 184 | BRISTOL BAY BOROUGH SD | 641,364 | 109.00% | 699,087 | 0.11% | 769 | 792 | 816 | 840 | 866 | 891 |
| PERS | 223 | BRISTOL BAY RHA | 1,018,325 | 109.00% | 1,109,974 | 0.11% | 1,221 | 1258 | 1295 | 1334 | 1374 | 1415 |
| PERS | 105 | CHATHAM SD | 631,934 | 109.00% | 688,808 | 0.11% | 758 | 780 | 804 | 828 | 853 | 878 |
| PERS | 121 | CHUGACH SD | 213,355 | 109.00% | 232,557 | 0.11% | 256 | 263 | 271 | 280 | 288 | 297 |
| PERS | 262 | COOK INLET HOUSING AUTHORITY | 2,371,737 | 109.00% | 2,585,193 | 0.11% | 2,844 | 2929 | 3017 | 3107 | 3201 | 3297 |
| PERS | 224 | COPPER RIVER BASIN RHA | 491,773 | 109.00% | 536,033 | 0.11% | 590 | 607 | 626 | 644 | 664 | 684 |
| PERS | 112 | COPPER RIVER SD | 1,127,364 | 109.00% | 1,228,827 | 0.11% | 1,352 | 1392 | 1434 | 1477 | 1521 | 1567 |
| PERS | 185 | CORDOVA CITY SD | 575,642 | 109.00% | 627,450 | 0.11% | 690 | 711 | 732 | 754 | 777 | 800 |
| PERS | 163 | CORDOVA COMMUNITY MEDICAL CENTER | 2,320,138 | 109.00% | 2,528,950 | 0.11% | 2,782 | 2865 | 2951 | 3040 | 3131 | 3225 |
| PERS | 148 | CORDOVA, CITY OF | 1,742,230 | 109.00% | 1,899,031 | 0.11% | 2,089 | 2152 | 2216 | 2283 | 2351 | 2422 |
| PERS | 204 | CRAIG CITY SD | 997,311 | 109.00% | 1,087,069 | 0.11% | 1,196 | 1232 | 1269 | 1307 | 1346 | 1386 |
| PERS | 186 | CRAIG, CITY OF | 1,670,674 | 109.00% | 1,821,035 | 0.11% | 2,003 | 2063 | 2125 | 2189 | 2255 | 2322 |
| PERS | 282 | DELTA JUNCTION, CITY OF | 60,476 | 109.00% | 65,919 | 0.11% | 73 | 75 | 77 | 79 | 82 | 84 |
| PERS | 246 | DELTA/GREELY SD | 841,659 | 109.00% | 917,408 | 0.11% | 1,009 | 1039 | 1071 | 1103 | 1136 | 1170 |
| PERS | 158 | DENALI BOROUGH | 521,599 | 109.00% | 568,543 | 0.11% | 625 | 644 | 663 | 683 | 704 | 725 |
| PERS | 118 | DENALI BOROUGH SD | 773,615 | 109.00% | 843,240 | 0.11% | 928 | 955 | 984 | 1014 | 1044 | 1075 |
| PERS | 205 | DILLINGHAM CITY SD | 1,118,566 | 109.00% | 1,219,237 | 0.11% | 1,341 | 1381 | 1423 | 1466 | 1509 | 1555 |
| PERS | 178 | DILLINGHAM, CITY OF | 2,160,968 | 109.00% | 2,355,455 | 0.11% | 2,591 | 2669 | 2749 | 2831 | 2916 | 3004 |
| PERS | 271 | EGEGIK, CITY OF | 89,782 | 109.00% | 97,862 | 0.11% | 108 | 111 | 114 | 118 | 121 | 125 |
| PERS | 242 | ELIM, CITY OF | 160,588 | 109.00% | 175,041 | 0.11% | 193 | 198 | 204 | 210 | 217 | 223 |
| PERS | 116 | FAIRBANKS NORTH STAR BOROUGH | 15,353,714 | 109.00% | 16,735,548 | 0.11% | 18,409 | 18961 | 19530 | 20116 | 20720 | 21341 |
| PERS | 117 | FAIRBANKS NORTH STAR BOROUGH SD | 21,839,911 | 109.00% | 23,805,503 | 0.11% | 26,186 | 26972 | 27781 | 28614 | 29473 | 30357 |
| PERS | 129 | FAIRBANKS, CITY OF | 5,409,556 | 109.00% | 5,896,416 | 0.11% | 6,486 | 6681 | 6881 | 7087 | 7300 | 7519 |
| PERS | 183 | FORT YUKON, CITY OF | 271,347 | 109.00% | 295,768 | 0.11% | 325 | 335 | 345 | 356 | 366 | 377 |
| PERS | 141 | GALENA CITY SD | 2,888,249 | 109.00% | 3,148,191 | 0.11% | 3,463 | 3567 | 3674 | 3784 | 3898 | 4015 |
| PERS | 192 | GALENA, CITY OF | 1,211,569 | 109.00% | 1,320,610 | 0.11% | 1,453 | 1496 | 1541 | 1587 | 1635 | 1684 |
| PERS | 189 | HAINES BOROUGH | 1,869,294 | 109.00% | 2,037,530 | 0.11% | 2,241 | 2309 | 2378 | 2449 | 2523 | 2598 |
| PERS | 240 | HAINES BOROUGH SD | 910,974 | 109.00% | 992,962 | 0.11% | 1,092 | 1125 | 1159 | 1194 | 1229 | 1266 |
| PERS | 215 | HOMER, CITY OF | 4,347,392 | 109.00% | 4,738,657 | 0.11% | 5,213 | 5369 | 5530 | 5696 | 5867 | 6043 |
| PERS | 138 | HOONAH CITY SD | 473,035 | 109.00% | 515,608 | 0.11% | 567 | 584 | 602 | 620 | 638 | 658 |
| PERS | 199 | HOONAH, CITY OF | 585,470 | 109.00% | 638,162 | 0.11% | 702 | 723 | 745 | 767 | 790 | 814 |
| PERS | 285 | HOOPER BAY, CITY OF | 543,733 | 109.00% | 592,669 | 0.11% | 652 | 671 | 692 | 712 | 734 | 756 |

Public Employees' Retirement System (PERS)

03/26/04 11:03 AM

Consolidated Employer Contribution Rate & Payroll - Active Employers

HB 91 - 3% Turnover - ESTIMATED FY 05 Change From Change in Consolidated Rate (Includes P/F)

Division of Retirement & Benefits

(B) Ave. inc. \yr.>>> 3.00% <<<PERS>>> 0.11% << (D) (F) >> 3.0% 3.0% 3.0% 3.0% 3.0%

| Fund | ER Num | Employer | (A) | (B) | (C) | (D) | (E) | FY 06 Increase Dollars | FY 07 Increase Dollars | FY 08 Increase Dollars | FY 09 Increase Dollars | FY 10 Increase Dollars |
|----------|--------|-------------------------------------|----------------------------|--|--------------------------------|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | | FY 02 Total Earnings | (Chg)\Yr x 3 Yrs FY02-FY05 Increase Earn Est. | FY 05 Estimated Earnings | Ave ER Rate Increase | FY 05 Increase Dollars | | | | | |
| PERS 235 | | HUSLIA, CITY OF | 84,657 | 109.00% | 92,276 | 0.11% | 102 | 105 | 108 | 111 | 114 | 118 |
| PERS 168 | | HYDABURG CITY SD | 238,167 | 109.00% | 259,602 | 0.11% | 286 | 294 | 303 | 312 | 321 | 331 |
| PERS 124 | | IDITAROD AREA SD | 1,456,563 | 109.00% | 1,587,654 | 0.11% | 1,746 | 1799 | 1853 | 1908 | 1966 | 2025 |
| PERS 275 | | ILISAGVIK COLLEGE | 3,647,081 | 109.00% | 3,975,318 | 0.11% | 4,373 | 4504 | 4639 | 4778 | 4922 | 5069 |
| PERS 263 | | INTERIOR RHA | 927,652 | 109.00% | 1,011,141 | 0.11% | 1,112 | 1146 | 1180 | 1215 | 1252 | 1289 |
| PERS 284 | | INTER-ISLAND FERRY AUTHORITY | 116,851 | 109.00% | 127,368 | 0.11% | 140 | 144 | 149 | 153 | 158 | 162 |
| PERS 108 | | JUNEAU BOROUGH SD | 8,242,706 | 109.00% | 8,984,550 | 0.11% | 9,883 | 10179 | 10485 | 10799 | 11123 | 11457 |
| PERS 126 | | JUNEAU, CITY AND BOROUGH OF | 23,913,382 | 109.00% | 26,065,586 | 0.11% | 28,672 | 29532 | 30418 | 31331 | 32271 | 33239 |
| PERS 260 | | KACHEMAK, CITY OF | 54,282 | 109.00% | 59,167 | 0.11% | 65 | 67 | 69 | 71 | 73 | 75 |
| PERS 265 | | KAKE CITY SD | 443,280 | 109.00% | 483,175 | 0.11% | 531 | 547 | 564 | 581 | 598 | 616 |
| PERS 277 | | KAKE, CITY OF | 267,796 | 109.00% | 291,898 | 0.11% | 321 | 331 | 341 | 351 | 361 | 372 |
| PERS 237 | | KALTAG, CITY OF | 26,173 | 109.00% | 28,529 | 0.11% | 31 | 32 | 33 | 34 | 35 | 36 |
| PERS 211 | | KASHUNAMIUT SD | 1,092,499 | 109.00% | 1,190,824 | 0.11% | 1,310 | 1349 | 1390 | 1431 | 1474 | 1519 |
| PERS 180 | | KENAI PENINSULA BOROUGH | 11,066,805 | 109.00% | 12,062,817 | 0.11% | 13,269 | 13667 | 14077 | 14500 | 14934 | 15383 |
| PERS 190 | | KENAI PENINSULA BOROUGH SD | 11,394,928 | 109.00% | 12,420,472 | 0.11% | 13,663 | 14072 | 14495 | 14929 | 15377 | 15839 |
| PERS 115 | | KENAI, CITY OF | 4,926,214 | 109.00% | 5,369,573 | 0.11% | 5,907 | 6084 | 6266 | 6454 | 6648 | 6847 |
| PERS 122 | | KETCHIKAN GATEWAY BOROUGH | 3,649,736 | 109.00% | 3,978,212 | 0.11% | 4,376 | 4507 | 4643 | 4782 | 4925 | 5073 |
| PERS 177 | | KETCHIKAN GATEWAY BOROUGH SD | 3,323,252 | 109.00% | 3,622,345 | 0.11% | 3,985 | 4104 | 4227 | 4354 | 4485 | 4619 |
| PERS 181 | | KETCHIKAN, CITY OF | 7,358,245 | 109.00% | 8,020,487 | 0.11% | 8,823 | 9087 | 9360 | 9641 | 9930 | 10228 |
| PERS 151 | | KING COVE, CITY OF | 949,662 | 109.00% | 1,035,132 | 0.11% | 1,139 | 1173 | 1208 | 1244 | 1282 | 1320 |
| PERS 251 | | KLAWOCK CITY SD | 524,844 | 109.00% | 572,080 | 0.11% | 629 | 648 | 668 | 688 | 708 | 730 |
| PERS 227 | | KLAWOCK, CITY OF | 752,608 | 109.00% | 820,343 | 0.11% | 902 | 929 | 957 | 986 | 1016 | 1046 |
| PERS 174 | | KODIAK ISLAND BOROUGH | 2,010,855 | 109.00% | 2,191,832 | 0.11% | 2,411 | 2483 | 2558 | 2635 | 2714 | 2795 |
| PERS 158 | | KODIAK ISLAND BOROUGH SD | 4,169,251 | 109.00% | 4,544,484 | 0.11% | 4,999 | 5149 | 5303 | 5462 | 5626 | 5795 |
| PERS 128 | | KODIAK, CITY OF | 5,195,780 | 109.00% | 5,663,400 | 0.11% | 6,230 | 6417 | 6609 | 6807 | 7012 | 7222 |
| PERS 140 | | KOTZEBUE, CITY OF | 2,879,470 | 109.00% | 3,138,622 | 0.11% | 3,452 | 3556 | 3663 | 3773 | 3886 | 4002 |
| PERS 287 | | KCYUK, CITY OF | 19,691 | 109.00% | 21,463 | 0.11% | 24 | 24 | 25 | 26 | 27 | 27 |
| PERS 125 | | KUSPUK SD | 2,025,436 | 109.00% | 2,207,725 | 0.11% | 2,428 | 2501 | 2576 | 2654 | 2733 | 2815 |
| PERS 247 | | LAKE AND PENINSULA BOROUGH | 580,459 | 109.00% | 632,700 | 0.11% | 696 | 717 | 738 | 761 | 783 | 807 |
| PERS 164 | | LAKE AND PENINSULA BOROUGH SD | 2,325,155 | 109.00% | 2,534,419 | 0.11% | 2,788 | 2871 | 2958 | 3046 | 3138 | 3232 |
| PERS 157 | | LOWER KUSKOKWIM SD | 15,200,587 | 109.00% | 16,568,640 | 0.11% | 18,226 | 18772 | 19335 | 19916 | 20513 | 21128 |
| PERS 153 | | LOWER YUKON SD | 4,182,229 | 109.00% | 4,558,630 | 0.11% | 5,014 | 5165 | 5320 | 5479 | 5644 | 5813 |
| PERS 109 | | MATANUSKA-SUSITNA BOROUGH | 8,776,404 | 109.00% | 9,566,280 | 0.11% | 10,523 | 10839 | 11164 | 11499 | 11844 | 12199 |
| PERS 110 | | MATANUSKA-SUSITNA BOROUGH SD | 17,631,217 | 109.00% | 19,218,027 | 0.11% | 21,140 | 21774 | 22427 | 23100 | 23793 | 24507 |
| PERS 196 | | NENANA CITY SD | 858,876 | 109.00% | 936,175 | 0.11% | 1,030 | 1061 | 1093 | 1125 | 1159 | 1194 |
| PERS 193 | | NENANA, CITY OF | 342,988 | 109.00% | 373,857 | 0.11% | 411 | 424 | 436 | 449 | 463 | 477 |
| PERS 149 | | NOME CITY SD | 1,299,621 | 109.00% | 1,416,587 | 0.11% | 1,558 | 1605 | 1653 | 1703 | 1754 | 1806 |
| PERS 175 | | NOME JOINT UTILITY SYSTEM | 898,551 | 109.00% | 979,421 | 0.11% | 1,077 | 1110 | 1143 | 1177 | 1213 | 1249 |
| PERS 139 | | NOME, CITY OF | 2,290,282 | 109.00% | 2,496,407 | 0.11% | 2,746 | 2828 | 2913 | 3001 | 3091 | 3183 |
| PERS 241 | | NOORVIK, CITY OF | 322,853 | 109.00% | 351,910 | 0.11% | 387 | 399 | 411 | 423 | 436 | 449 |
| PERS 170 | | NORTH PACIFIC FISHERY MGMT COUNCIL | 1,021,196 | 109.00% | 1,113,104 | 0.11% | 1,224 | 1261 | 1299 | 1330 | 1378 | 1419 |
| PERS 276 | | NORTH PACIFIC RIM HA | 866,445 | 109.00% | 944,425 | 0.11% | 1,039 | 1070 | 1102 | 1135 | 1169 | 1204 |
| PERS 191 | | NORTH POLE, CITY OF | 1,902,373 | 109.00% | 2,073,587 | 0.11% | 2,281 | 2349 | 2420 | 2492 | 2567 | 2644 |
| PERS 145 | | NORTH SLOPE BOROUGH | 43,491,164 | 109.00% | 47,405,369 | 0.11% | 52,146 | 53710 | 55322 | 56981 | 58691 | 60451 |
| PERS 161 | | NORTH SLOPE BOROUGH SD | 11,544,616 | 109.00% | 12,583,631 | 0.11% | 13,842 | 14257 | 14685 | 15126 | 15579 | 16047 |
| PERS 220 | | NORTHWEST ARCTIC BOROUGH | 642,887 | 109.00% | 700,747 | 0.11% | 771 | 794 | 818 | 842 | 868 | 894 |
| PERS 154 | | NORTHWEST ARCTIC BOROUGH SD | 6,381,393 | 109.00% | 6,855,718 | 0.11% | 7,651 | 7881 | 8117 | 8361 | 8612 | 8870 |
| PERS 288 | | NORTHWEST INUPIAT HOUSING AUTHORITY | 497,665 | 109.00% | 542,455 | 0.11% | 597 | 615 | 633 | 652 | 672 | 692 |
| PERS 134 | | PALMER, CITY OF | 2,352,286 | 109.00% | 2,563,992 | 0.11% | 2,820 | 2905 | 2992 | 3082 | 3174 | 3270 |
| PERS 257 | | PELICAN CITY SD | 71,599 | 109.00% | 78,043 | 0.11% | 86 | 88 | 91 | 94 | 97 | 100 |
| PERS 200 | | PELICAN, CITY OF | 116,031 | 109.00% | 126,474 | 0.11% | 139 | 143 | 148 | 152 | 157 | 161 |
| PERS 228 | | PETERSBURG CITY SD | 954,205 | 109.00% | 1,040,083 | 0.11% | 1,144 | 1178 | 1214 | 1250 | 1288 | 1326 |
| PERS 187 | | PETERSBURG MEDICAL CENTER | 2,637,752 | 109.00% | 2,875,150 | 0.11% | 3,163 | 3258 | 3355 | 3456 | 3560 | 3666 |
| PERS 143 | | PETERSBURG, CITY OF | 3,511,447 | 109.00% | 3,827,477 | 0.11% | 4,210 | 4337 | 4467 | 4601 | 4739 | 4881 |
| PERS 156 | | PRIBILOF SD | 585,402 | 109.00% | 638,088 | 0.11% | 702 | 723 | 745 | 767 | 790 | 814 |
| PERS 266 | | QUINHAGAK, CITY OF | 27,461 | 109.00% | 29,932 | 0.11% | 33 | 34 | 35 | 36 | 37 | 38 |
| PERS 216 | | RUBY, CITY OF | 108,860 | 109.00% | 118,657 | 0.11% | 131 | 134 | 138 | 143 | 147 | 151 |
| PERS 256 | | SAINT GEORGE, CITY OF | 335,905 | 109.00% | 366,136 | 0.11% | 403 | 415 | 427 | 440 | 453 | 467 |

Public Employees' Retirement System (PERS)

03/26/04 11:03 AM

Consolidated Employer Contribution Rate & Payroll - Active Employers

HB 91 - 3% Turnover - ESTIMATED FY 05 Change From Change in Consolidated Rate (Includes P/F)

Division of Retirement & Benefits

(B) Avo. Inc. 1 yr.>>> 3.00% <<<PERS>>> 0.11% << (D) (F) >> 3.0% 3.0% 3.0% 3.0% 3.0%

| Fund | ER Num | Employer | (A) | (Chg)Yr x 3 Yrs | (C) | (E) | FY 06 Increase Dollars | FY 07 Increase Dollars | FY 08 Increase Dollars | FY 09 Increase Dollars | FY 10 Increase Dollars | |
|--|--------|---------------------------------------|----------------------|-----------------------------|--------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | | | FY 02 Total Earnings | FY02-FY05 Increase Eam Est. | FY 05 Estimated Earnings | Ave ER Rate Increase | | | | | | FY 05 Increase Dollars |
| PERS | 221 | SAINT MARY'S SD | 375,758 | 109.00% | 409,576 | 0.11% | 451 | 464 | 478 | 492 | 507 | 522 |
| PERS | 214 | SAINT MARY'S, CITY OF | 281,188 | 109.00% | 306,495 | 0.11% | 337 | 347 | 358 | 368 | 379 | 391 |
| PERS | 172 | SAINT PAUL, CITY OF | 1,253,946 | 109.00% | 1,366,801 | 0.11% | 1,503 | 1549 | 1595 | 1643 | 1692 | 1743 |
| PERS | 176 | SAND POINT, CITY OF | 695,464 | 109.00% | 758,056 | 0.11% | 834 | 859 | 885 | 911 | 939 | 967 |
| PERS | 278 | SAXMAN SEAPORT | 35,302 | 109.00% | 38,479 | 0.11% | 42 | 44 | 45 | 46 | 48 | 49 |
| PERS | 198 | SAXMAN, CITY OF | 380,961 | 109.00% | 415,247 | 0.11% | 457 | 470 | 485 | 499 | 514 | 530 |
| PERS | 222 | SELAWICK, CITY OF | 71,048 | 109.00% | 77,442 | 0.11% | 85 | 88 | 90 | 93 | 96 | 99 |
| PERS | 286 | SELDOVIA, CITY OF | 88,403 | 109.00% | 96,359 | 0.11% | 106 | 109 | 112 | 116 | 119 | 123 |
| PERS | 182 | SEWARD, CITY OF | 3,413,307 | 109.00% | 3,720,505 | 0.11% | 4,093 | 4215 | 4342 | 4472 | 4606 | 4744 |
| PERS | 133 | SITKA BOROUGH SD | 1,669,532 | 109.00% | 1,819,790 | 0.11% | 2,002 | 2062 | 2124 | 2187 | 2253 | 2321 |
| PERS | 165 | SITKA COMMUNITY HOSPITAL | 3,983,358 | 109.00% | 4,341,860 | 0.11% | 4,776 | 4919 | 5067 | 5219 | 5375 | 5537 |
| PERS | 120 | SITKA, CITY AND BOROUGH OF | 6,574,007 | 109.00% | 7,165,668 | 0.11% | 7,882 | 8119 | 8362 | 8613 | 8872 | 9138 |
| PERS | 225 | SKAGWAY CITY SD | 326,640 | 109.00% | 356,038 | 0.11% | 392 | 403 | 415 | 428 | 441 | 454 |
| PERS | 132 | SKAGWAY, CITY OF | 1,283,006 | 109.00% | 1,398,477 | 0.11% | 1,538 | 1584 | 1632 | 1681 | 1731 | 1783 |
| PERS | 123 | SOLDOTNA, CITY OF | 2,467,394 | 109.00% | 2,689,459 | 0.11% | 2,958 | 3047 | 3139 | 3233 | 3330 | 3430 |
| PERS | 155 | SOUTHEAST ISLAND SD | 892,269 | 109.00% | 972,573 | 0.11% | 1,070 | 1102 | 1135 | 1169 | 1204 | 1240 |
| PERS | 167 | SOUTHEAST REGIONAL RESOURCE CENTER | 1,535,777 | 109.00% | 1,673,997 | 0.11% | 1,841 | 1897 | 1954 | 2012 | 2073 | 2135 |
| PERS | 102 | SOUTHWEST REGION SCHOOL DISTRICT (SD) | 2,540,714 | 109.00% | 2,769,378 | 0.11% | 3,046 | 3138 | 3232 | 3329 | 3429 | 3532 |
| PERS | 218 | SPECIAL EDUCATION SERVICE AGENCY | 449,505 | 109.00% | 489,960 | 0.11% | 539 | 555 | 572 | 589 | 607 | 625 |
| PERS | 166 | TANANA SD | 143,139 | 109.00% | 156,022 | 0.11% | 172 | 177 | 182 | 188 | 193 | 199 |
| PERS | 169 | TANANA, CITY OF | 199,643 | 109.00% | 217,611 | 0.11% | 239 | 247 | 254 | 262 | 269 | 277 |
| PERS | 206 | THORNE BAY, CITY OF | 256,748 | 109.00% | 279,855 | 0.11% | 308 | 317 | 327 | 336 | 346 | 357 |
| PERS | 279 | TLINGIT-HAIDA RHA | 1,783,104 | 109.00% | 1,943,583 | 0.11% | 2,138 | 2202 | 2268 | 2336 | 2406 | 2478 |
| PERS | 280 | TOKSOOK BAY, CITY OF | 15,591 | 109.00% | 16,994 | 0.11% | 19 | 19 | 20 | 20 | 21 | 22 |
| PERS | 249 | UNALAKLEET, CITY OF | 242,330 | 109.00% | 264,140 | 0.11% | 291 | 299 | 308 | 317 | 327 | 337 |
| PERS | 209 | UNALASKA CITY SD | 848,924 | 109.00% | 925,327 | 0.11% | 1,018 | 1048 | 1080 | 1112 | 1146 | 1180 |
| PERS | 179 | UNALASKA, CITY OF | 8,723,847 | 109.00% | 9,508,993 | 0.11% | 10,460 | 10774 | 11097 | 11430 | 11773 | 12126 |
| PERS | 113 | UNIVERSITY OF ALASKA | 102,892,246 | 109.00% | 112,152,548 | 0.11% | 123,368 | 127069 | 130881 | 134807 | 138852 | 143017 |
| PERS | 137 | VALDEZ CITY SD | 1,528,485 | 109.00% | 1,666,049 | 0.11% | 1,833 | 1888 | 1944 | 2003 | 2063 | 2125 |
| PERS | 107 | VALDEZ, CITY OF | 4,522,102 | 109.00% | 4,929,091 | 0.11% | 5,422 | 5585 | 5752 | 5925 | 6103 | 6286 |
| PERS | 131 | WASILLA, CITY OF | 3,070,992 | 109.00% | 3,347,381 | 0.11% | 3,682 | 3793 | 3906 | 4024 | 4144 | 4269 |
| PERS | 202 | WHITTIER, CITY OF | 866,442 | 109.00% | 944,422 | 0.11% | 1,039 | 1070 | 1102 | 1135 | 1169 | 1204 |
| PERS | 146 | WRANGELL PUBLIC SD | 753,953 | 109.00% | 821,809 | 0.11% | 904 | 931 | 959 | 988 | 1017 | 1048 |
| PERS | 135 | WRANGELL, CITY OF | 2,226,452 | 109.00% | 2,426,833 | 0.11% | 2,670 | 2750 | 2832 | 2917 | 3005 | 3095 |
| PERS | 264 | YAKUTAT SD | 344,955 | 109.00% | 376,001 | 0.11% | 414 | 426 | 439 | 452 | 466 | 479 |
| PERS | 248 | YAKUTAT, CITY AND BOROUGH OF | 402,871 | 109.00% | 439,129 | 0.11% | 483 | 498 | 512 | 528 | 544 | 560 |
| PERS | 160 | YUKON / KOYUKUK SD | 1,945,463 | 109.00% | 2,120,555 | 0.11% | 2,333 | 2403 | 2475 | 2549 | 2625 | 2704 |
| PERS | 159 | YUKON FLATS SD | 1,165,980 | 109.00% | 1,270,918 | 0.11% | 1,398 | 1440 | 1483 | 1528 | 1573 | 1621 |
| TOTAL PERS | | | 1,402,352,179 | | 1,528,563,875 | | 1,681,420 | 1,731,863 | 1,783,819 | 1,837,333 | 1,892,453 | 1,949,227 |
| State, Juneau Bor., Anch Muni, Fbks Bor., N Slope B., Mat-Su | | | 910,105,901 | | 992,015,432 | | 1,091,217 | 1,123,953 | 1,157,672 | 1,192,402 | 1,228,174 | 1,265,020 |
| All Other PERS Employers | | | 492,246,278 | | 536,548,443 | | 590,203 | 607,909 | 626,147 | 644,931 | 664,279 | 684,207 |

Note A - Represents total earnings base for FY02; for PERS Actuarial Valuation;

Purpose here is to give an overall idea of where FY 05 would be.

Note B - To update FY 02 base to FY 05

Rounded Ave. of FY 99-02 increase, 3.0% -- multiplied -- by 3 years (FY 03,04,05)

Accounts for both salary increase and growth.

Note C - Adjusted FY 05 based on increase in earnings in earnings base.

Note D - The AVERAGE CONSOLIDATED employer rate increase applied to all employers; by Board action.

Note E - The "estimated" increase in dollars due to average employer rate increase.

Note F - Cost Increase Each Year at Rate Specified

SENATE COMMITTEE REPORT

DATE: 3/5/04

FURTHER: Labor and Commerce
Finance

DATE TURNED
IN TO OFFICE: 4/2/04

State Affairs Committee considered CS FOR HOUSE BILL NO. 91(FIN)

HB 91 RETIRED PEACE OFF.COLA/MEDICAL BENEFITS

"An Act relating to medical benefits for retired peace officers after 20 years of credited service."

and recommends:

- be replaced with Sen. CS HB 91 (STH)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

| | |
|--------------------------|--------------------------|
| Senate Bill: | |
| <input type="checkbox"/> | Same Title |
| <input type="checkbox"/> | New Title |
| House Bill: | |
| <input type="checkbox"/> | Same Title |
| <input type="checkbox"/> | Technical Title Change |
| <input type="checkbox"/> | New Title w/ SCR # _____ |

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | Indet. | FN# |
|------------|--------|--------|------|--------|-----|
| DPA-Var. | 4/1/04 | ✓ | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | Indet. | FN# |
|------------|------|--------|------|--------|-----|
| | | | | | |
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| | | | | | |
| | | | | | |
| | | | | | |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | Do PASS | Do NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| <i>John J. Caudrey</i> | | | ✓ | |
| <i>Bob ...</i> | | | ✓ | |
| | | | | |
| | | | | |
| CHAIR: <i>[Signature]</i> | | | ✓ | |

MAR 31 2004



State of Alaska

Public Employees' Retirement Board Teachers' Retirement Board

PO Box 110203
Juneau, AK 99811-0203
Phone: (907) 465-4471

Retirement Boards

PERB

George M. Sullivan, Chair
Alyce Hanley, Vice Chair
Pat Wellington
Frank Narusch

TRB

Charlie Arteaga, Chair
Gayle W. Harbo, Vice Chair
Robert G. Boko
Richard J. Solie, Sr.
Dick Shultz

Board Attorney

Robert M. Johnson

Administrator and Board Secretary

Melanie Millhorn

Internet

www.state.ak.us/drb

E-Mail

retirementsection@admin.state.ak.us

March 26, 2004

The Honorable Gene Therriault
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Re: Pending House and Senate Legislation Impacting the Retirement Systems

Dear Senator Therriault and Representative Kott:

The Public Employees' Retirement Board and the Teachers' Retirement Board each considered the impact of pending house and senate legislation to the retirement systems at their joint meeting of March 24, 2004. They unanimously approved motions recommending that all pending legislation creating new retirement incentive programs or providing enhancements to the retirement systems (including, for example, HB 329 and HB 91) be held in abeyance until such time that the fiscal shortfalls in the systems are addressed.

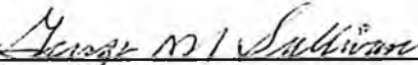
The boards have been requested to recommend alternative tier design solutions to maintain the solvency of the present retirement systems and are actively working on this project through the PERS/TRS Tier Subcommittee. The boards believe that consideration of new retirement incentive programs and enhancements to the retirement systems on one hand are inconsistent with the consideration of alternative tier designs on the other hand.

Our foremost concern is to maintain the solvency of the present retirement systems to meet the best interests and needs of current and future members. However, it will be difficult to develop and measure the impact of any new tier systems we might propose if such pending legislation is passed which adds substantial retirement enhancements to the existing tiers.

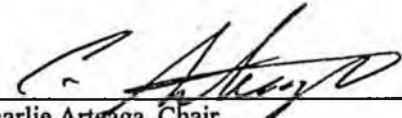
The Honorable Gene Therriault
The Honorable Pete Kott
Re: Pending House and Senate Legislation Impacting the Retirement Systems
March 26, 2004
Page 2

The boards have taken this position after careful consideration of these matters. We sincerely believe that maintaining the solvency of the present systems should be the highest priority before considering any such enhancements.

PUBLIC EMPLOYEES' RETIREMENT BOARD

By 
George M. Sullivan, Chair

TEACHERS' RETIREMENT SYSTEM

By 
Charlie Arteaga, Chair

cc: The Honorable Gary Stevens
The Honorable Gary Wilken
The Honorable Lyda Green
The Honorable John Harris
The Honorable Bill Williams



CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

March 18, 2004

Senator Gary Stevens, Chair
Senate State Affairs Committee
Alaska State Capitol, Room 417
Juneau, AK 99801-1182

by fax to: 465-3517

Re: HB 91

Dear Senator Stevens:

The City of Fairbanks, like many municipalities, was hit hard by the elimination of state operating and capital funding. This year we absorbed a huge PERS rate increase costing about \$330,000.00. Our PERS expense will increase by a similar amount **each year** for years to come. Together, these two factors equaled about 10% of our total budget. Drastic steps were taken, including layoffs and reductions of employee compensation.

While I understand the motivation of HB61, a retroactive increase in PERS retiree health care benefits will **further** increase our annual expenses by approximately \$30,000/year. Because the enhancement is retroactive, it will also increase the City's unfunded PERS liability.

We therefore must oppose this measure.

Thank you.

Sincerely,

by PCole

Steve M. Thompson
City Mayor

cc: City Council Members
Senate State Affairs Committee

**PERS/TRS Talking Points
The State Should Help ALL of PERS/TRS**

Based on New 3/24/04 PERS/TRS Actuarial Study

- **A Crushing Municipal Impact:** No municipal relief from state mandated PERS increases may leave many municipalities without the resources to pay even the municipal share of school funding, or basic services. On top of proposed revenue sharing/other losses of state programs, many small municipalities may cease to function while many larger ones may be forced to cut critical local public services.
- **Local "Tax Authority":** The 5% of salary mandated State PERS increase for FY 05 alone is equal to two mills of property tax this year for Cordova and Petersburg and averages between one half to one mill for most cities. The 5% increase is planned cumulatively for each of the next three years. (see attachment)
- **Not a problem of municipal making:** FY 05 PERS/TRS contribution increases are mandated by the State. In the past, every municipality and school district has made all the PERS/TRS payments requested by the State.
- **How big is the problem for municipalities/school districts/university?** Municipalities, School Districts and U of A pay for 63% of the PERS/TRS program.
- **Problem to 2028** – Per the 3/24/04 Mercer "Actuarial Valuation Report" for 0% employee population increase:

| | <u>PERS Employer Rate</u> | <u>TRS Employer Rate</u> |
|-------|---------------------------|--------------------------|
| FY 04 | 11.77% | 16% |
| FY 05 | 16.77% | 38.5% |
| FY 06 | 21.77% | 39.06% |
| FY 07 | 26.77% | 40.76% |
| FY 08 | 28% | 41.5% |
| To | | |
| FY 28 | 34.77% | 53.82% |

- **PERS/TRS 5%/4% Cost increases for FY 05 approved by PERS/TRS Board:**
 - State \$38,233,486
 - Schools \$35,789,260
 - UA \$ 8,800,000
 - Municipalities/Hospitals \$19,213,000
 - Housing Auth/other. \$ 1,200,000
- **Cost to Fix PERS/TRS for FY 05 for Municipalities:** Approximately \$19 million total.

Public Employees' Retirement System (PERS) Municipalities & Hospitals Only
 Average Employer Contribution Rate & Payroll - Active Employers
 ESTIMATED FY 05 Change in Employer Contribution - Sort By System \ Employer

<<<PERS>>> 5.0% (D)

| Fund | Employer | FY 05 Estimated Earnings | Ave ER Rate Increase | FY 05 PERS Increase Dollars | Value of 1 Mill Property Tax |
|------|--------------------------------|--------------------------------|----------------------------|-----------------------------------|---------------------------------------|
| PERS | AKUTAN, CITY OF | 287,937 | 5.0% | 14,397 | sales tax only |
| PERS | ALEUTIANS EAST BOROUGH | 974,507 | 5.0% | 48,725 | sales tax only |
| PERS | ALLAKAKET, CITY OF | 49,434 | 5.0% | 2,472 | none |
| PERS | ANCHORAGE PARKING AUTHORITY | 1,020,063 | 5.0% | 51,003 | see Anch |
| PERS | ANCHORAGE, MUNICIPALITY OF | 127,572,934 | 5.0% | 6,378,647 | \$19,126,104 |
| PERS | ANDERSON, CITY OF | 38,730 | 5.0% | 1,936 | sales tax only |
| PERS | ANGOON, CITY OF | 307,662 | 5.0% | 15,383 | sales tax only |
| PERS | ATKA, CITY OF | 71,502 | 5.0% | 3,575 | sales tax only |
| PERS | BARROW, CITY OF | 1,036,873 | 5.0% | 51,844 | none |
| PERS | BETHEL, CITY OF | 4,537,734 | 5.0% | 226,887 | sales tax only |
| PERS | BRISTOL BAY BOROUGH | 1,368,016 | 5.0% | 68,401 | \$141,500 |
| PERS | CORDOVA, CITY & MEDICAL CENTER | 4,427,981 | 5.0% | 221,400 | \$111,769 |
| PERS | CRAIG, CITY OF | 1,821,035 | 5.0% | 91,052 | \$72,297 |
| PERS | DELTA JUNCTION, CITY OF | 65,919 | 5.0% | 3,296 | none |
| PERS | DENALI BOROUGH | 568,543 | 5.0% | 28,427 | sales tax only |
| PERS | DILLINGHAM, CITY OF | 2,355,455 | 5.0% | 117,773 | \$130,552 |
| PERS | EGEGIK, CITY OF | 97,862 | 5.0% | 4,893 | sales tax only |
| PERS | ELIM, CITY OF | 175,041 | 5.0% | 8,752 | sales tax only |
| PERS | FAIRBANKS NORTH STAR BOROUGH | 16,735,548 | 5.0% | 836,777 | \$4,452,200 |
| PERS | FAIRBANKS, CITY OF | 5,896,416 | 5.0% | 294,821 | \$1,321,750 |
| PERS | FORT YUKON, CITY OF | 295,768 | 5.0% | 14,788 | sales tax only |
| PERS | GALENA, CITY OF | 1,320,610 | 5.0% | 66,031 | sales tax only |
| PERS | HAINES BOROUGH | 2,037,530 | 5.0% | 101,877 | \$175,187 |
| PERS | HOMER, CITY OF | 4,738,657 | 5.0% | 236,933 | \$332,626 |
| PERS | HOONAH, CITY OF | 638,162 | 5.0% | 31,908 | sales tax only |
| PERS | HOOPER BAY, CITY OF | 592,669 | 5.0% | 29,633 | sales tax only |
| PERS | HUSLIA, CITY OF | 92,276 | 5.0% | 4,614 | none |
| PERS | JUNEAU, CITY AND BOROUGH OF | 43,232,840 | 5.0% | 2,161,642 | \$2,640,000 |
| PERS | KACHEMAK, CITY OF | 59,167 | 5.0% | 2,958 | \$28,614 |
| PERS | KAKE, CITY OF | 291,898 | 5.0% | 14,595 | sales tax only |
| PERS | KALTAG, CITY OF | 28,529 | 5.0% | 1,426 | none |
| PERS | KENAI PENINSULA BOROUGH | 12,062,817 | 5.0% | 603,141 | \$4,277,332 |
| PERS | KENAI, CITY OF | 5,369,573 | 5.0% | 268,479 | \$366,726 |
| PERS | KETCHIKAN GATEWAY BOROUGH | 3,978,212 | 5.0% | 198,911 | \$935,122 |
| PERS | KETCHIKAN, CITY OF | 8,020,487 | 5.0% | 401,024 | \$547,376 |
| PERS | KING COVE, CITY OF | 1,035,132 | 5.0% | 51,757 | sales tax only |
| PERS | KLAWOCK, CITY OF | 820,343 | 5.0% | 41,017 | sales tax only |
| PERS | KODIAK ISLAND BOROUGH | 2,191,832 | 5.0% | 109,592 | \$770,982 |
| PERS | KODIAK, CITY OF | 5,663,400 | 5.0% | 283,170 | \$388,182 |
| PERS | KOTZEBUE, CITY OF | 3,138,622 | 5.0% | 156,931 | sales tax only |
| PERS | KOYUK, CITY OF | 21,463 | 5.0% | 1,073 | sales tax only |

| | | | | | |
|--------------|----------------------------------|------------|------|-------------------|----------------|
| PERS | LAKE AND PENINSULA BOROUGH | 632,700 | 5.0% | 31,635 | sales tax only |
| PERS | MATANUSKA-SUSITNA BOROUGH | 9,566,280 | 5.0% | 478,314 | \$3,612,276 |
| PERS | NENANA, CITY OF | 373,857 | 5.0% | 18,693 | \$14,705 |
| PERS | NOME. CITY & UTILITIES | 2,496,407 | 5.0% | 173,791 | \$173,516 |
| PERS | NOORVIK, CITY OF | 351,910 | 5.0% | 17,595 | sales tax only |
| PERS | NORTH POLE, CITY OF | 2,073,587 | 5.0% | 103,679 | \$259,625 |
| PERS | NORTH SLOPE BOROUGH | 47,405,369 | 5.0% | 2,370,268 | \$10,714,796 |
| PERS | NORTHWEST ARCTIC BOROUGH | 700,747 | 5.0% | 35,037 | none |
| PERS | PALMER, CITY OF | 2,563,992 | 5.0% | 128,200 | \$189,946 |
| PERS | PELICAN, CITY OF | 126,474 | 5.0% | 6,324 | \$8,632 |
| PERS | PETERSBURG, CITY&MEDICAL CENTER | 6,702,627 | 5.0% | 478,888 | \$191,012 |
| PERS | QUINHAGAK, CITY OF | 29,932 | 5.0% | 1,497 | sales tax only |
| PERS | RUBY, CITY OF | 118,657 | 5.0% | 5,933 | none |
| PERS | SAINT GEORGE, CITY OF | 366,136 | 5.0% | 18,307 | none |
| PERS | SAINT MARY'S, CITY OF | 306,495 | 5.0% | 15,325 | sales tax only |
| PERS | SAINT PAUL, CITY OF | 1,366,801 | 5.0% | 68,340 | sales tax only |
| PERS | SAND POINT, CITY OF | 758,056 | 5.0% | 37,903 | sales tax only |
| PERS | SAXMAN SEAPORT | 38,479 | 5.0% | 1,924 | \$12,100 |
| PERS | SAXMAN, CITY OF | 415,247 | 5.0% | 20,762 | \$12,100 |
| PERS | SELAWICK, CITY OF | 77,442 | 5.0% | 3,872 | sales tax only |
| PERS | SELDOVIA, CITY OF | 96,359 | 5.0% | 4,818 | \$19,007 |
| PERS | SEWARD, CITY OF | 3,720,505 | 5.0% | 186,025 | \$200,255 |
| PERS | SITKA, CITY, BOROUGH, & HOSPITAL | 11,507,548 | 5.0% | 792,470 | \$639,629 |
| PERS | SKAGWAY, CITY OF | 1,398,477 | 5.0% | 69,924 | \$205,046 |
| PERS | SOLDOTNA, CITY OF | 2,689,459 | 5.0% | 134,473 | \$298,700 |
| PERS | TANANA, CITY OF | 217,611 | 5.0% | 10,881 | sales tax only |
| PERS | THORNE BAY, CITY OF | 279,855 | 5.0% | 13,993 | sales tax only |
| PERS | TOKSOOK BAY, CITY OF | 16,994 | 5.0% | 850 | sales tax only |
| PERS | UNALAKLEET, CITY OF | 264,140 | 5.0% | 13,207 | sales tax only |
| PERS | UNALASKA, CITY OF | 9,508,993 | 5.0% | 475,450 | \$342,385 |
| PERS | VALDEZ, CITY OF | 4,929,091 | 5.0% | 246,455 | \$1,049,202 |
| PERS | WASILLA, CITY OF | 3,347,381 | 5.0% | 167,369 | \$437,138 |
| PERS | WHITTIER, CITY OF | 944,422 | 5.0% | 47,221 | \$39,389 |
| PERS | WRANGELL, CITY OF | 2,426,833 | 5.0% | 121,342 | \$100,285 |
| PERS | YAKUTAT, CITY AND BOROUGH OF | 439,129 | 5.0% | 21,956 | sales tax only |
| TOTAL | | | | 19,574,680 | |

23-LS0426S

Craver

3/25/04

SENATE CS FOR CS FOR HOUSE BILL NO. 91()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES ANDERSON, Gara, Crawford, Guttentberg, Gruenberg, Dahlstrom, Lynn, Heinze, Holm, McGuire, Fate, Kott, Kerttula, Croft, Ogg, Weyhrauch, Meyer, Stepovich, Harris, Wilson, Berkowitz, Kapsner, Hawker

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to medical benefits for retired peace officers after 20 years of credited
2 service."

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

4 * Section 1. AS 39.35 is amended by adding a new section to read:

5 Sec. 39.35.275. Contributions for peace officer major medical insurance.
6 From the general fund, the state shall annually pay the employer contributions under
7 AS 39.35.250 - 39.35.290 on behalf of each political subdivision or public
8 organization that participates as an employer in the system. The general fund
9 contribution required by this section is subject to appropriation and is equal to the
10 difference between the cost of making premium payments on major medical insurance
11 for peace officers younger than 60 years of age who retire with at least 25 years of
12 credited service and the cost of making premium payments on major medical
13 insurance for peace officers younger than 60 years of age who retire with at least 20
14 years of credited service.

1 * Sec. 2. AS 39.35.535(c) is amended to read:

2 (c) A benefit recipient may elect major medical insurance coverage in
3 accordance with regulations and under the following conditions:

4 (1) a person, other than a disabled member or a disabled member who
5 is appointed to normal retirement, must pay an amount equal to the full monthly group
6 premium for retiree major medical insurance coverage if the person is

7 (A) younger than 60 years of age and has less than

8 (i) 20 [25] years of credited service as a peace officer
9 under AS 39.35.360 and 39.35.370; or

10 (ii) 30 years of credited service under AS 39.35.360 and
11 39.35.370 that is not service as a peace officer; or

12 (B) of any age and has less than 10 years of credited service;

13 (2) a person is not required to make premium payments for retiree
14 major medical coverage if the person

15 (A) is a disabled member;

16 (B) is a disabled member who is appointed to normal
17 retirement;

18 (C) is 60 years of age or older and has at least 10 years of
19 credited service; or

20 (D) has at least

21 (i) 20 [25] years of credited service as a peace officer
22 under AS 39.35.360 and 39.35.370; or

23 (ii) 30 years of credited service under AS 39.35.360 and
24 39.35.370 not as a peace officer.

DRAFT

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: SCS CSHB 91
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Various
Title An Act relating to medical benefits for retired peace officers RDU Various
Component Various
Sponsor Rep. Anderson, et. Al
Requester House Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Personal Services | 1,730.0 | 1,781.9 | 1,835.4 | 1,890.4 | 1,947.1 | 2,005.5 |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 1,730.0 | 1,781.9 | 1,835.4 | 1,890.4 | 1,947.1 | 2,005.5 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 1,730.0 | 1,781.9 | 1,835.4 | 1,890.4 | 1,947.1 | 2,005.5 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type-Do not abbreviate) | | | | | | |
| TOTAL | 1,730.0 | 1,781.9 | 1,835.4 | 1,890.4 | 1,947.1 | 2,005.5 |

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary | 0 | 0 | 0 | 0 | 0 | 0 |

This bill would provide system paid medical coverage for all peace officers and firefighters who first entered the PERS after June 30, 1986 and who have at least 20 years of qualifying service at retirement.

Per Mercer Human Resources Consulting, PERS system actuary, using the current Valuation Assumptions, this legislation will increase the PERS accrued liability by \$8.0 million. The estimated increase in the average PERS calculated contribution rate would be 0.11% as a percent of total System payroll (or 0.97% as a percent of Police/Fire Payroll for those who have a separate P/F rate). The cost increase annually for all PERS employers is as shown above; separate detail by the State of Alaska and all other employers are shown on the next page. The number of tier II and tier III members as of June 30, 2002 was 1,961 and Mercer projects 411 employees would be affected by this bill.

Prepared by: Melanie Millhom, Director Phone 465-4408
 Division: Retirement and Benefits Date/Time 3/31/04 01:00 p.m.
 Approved by: Mike Miller, Commissioner Date 4/1/2004
 Agency: Administration

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. HB 91 - SCS CSHB 91

ANALYSIS CONTINUATION

Based on Total System Salary updated information as of June 30, 2003 (Presented 3/24/04).
Actual total PERS system payroll increased by 4.05% from FY 02 to FY 03.
Indexed FY 02-03 to FY 05 using 4.05% per year increase in payroll.
Change in Employer Contribution Rate due to HB 91 - 0.11% as a percent of total system payroll
Indexed FY 2006 through FY 2010 up by 3% rate each year.
Percent of Members to be affected = 21%, using current history assumptions

| | | | |
|---|---------------|---------------|---------------|
| Using Current Valuation Assumptions: | State of | All Other | |
| Unfunded Liability Start \$8,000,000 | Alaska | PoliSub | TOTAL |
| | (\$ in 000's) | (\$ in 000's) | (\$ in 000's) |
| | FY 2005 | 865.4 | 864.6 |
| | FY 2006 | 891.4 | 890.5 |
| | FY 2007 | 918.1 | 917.3 |
| | FY 2008 | 945.6 | 944.8 |
| | FY 2009 | 974.0 | 973.1 |
| | FY 2010 | 1,003.2 | 1,002.3 |
| | | | 1,730.0 |
| | | | 1,781.9 |
| | | | 1,835.4 |
| | | | 1,890.4 |
| | | | 1,947.1 |
| | | | 2,005.5 |

State of Alaska - FY 2005 - Approx. Breakdown by State Department:

| | | |
|-------------------|----------------|--------------|
| H & SS | 4.46% | 38.6 |
| Military Affairs | 0.73% | 6.3 |
| Natural Resources | 0.37% | 3.2 |
| Fish and Game | 10.46% | 90.5 |
| Public Safety | 24.46% | 211.7 |
| Corrections | 54.44% | 471.1 |
| D O T | 5.08% | 44.0 |
| | <u>100.00%</u> | <u>865.4</u> |

Alternate Assumptions:

Each employer is not affected equally. Some employers have a higher percentage of peace officers and firefighters than the system average and therefore would be required to pay a greater percentage of payroll. Following is a display how using a higher retirement rate assumption would affect the Unfunded Liability and the corresponding employer rates.

| | % Members Affected | % of Total Payroll | % of P/F Payroll | Increase in Unfunded Liability (in Dollars) |
|--------------------|-----------------------|-----------------------|---------------------|---|
| Current Assumption | 21% | 0.11% | 0.97% | \$8,000,000 |
| 50% Retirement | 40% | 0.19% | 1.68% | \$11,400,000 |
| 75% Retirement | 60% | 0.27% | 2.39% | \$14,800,000 |
| 100% Retirement | 79% | 0.35% | 3.11% | \$18,200,000 |

AS 24.08.036 FISCAL NOTES ON BILLS AFFECTING STATE RETIREMENT SYSTEMS, requires an additional analysis of the long term and short term costs to the state if a bill is adopted, as well as the impact of the bill on the actuarial soundness of the funds.

The estimated increase in the average PERS calculated contribution rate would be 0.11% as a percent of total System payroll (or 0.97% as a percent of Police/Fire Payroll for those who have a separate P/F rate).

The annual cost is as indicated above. This change would also decrease the PERS funded ratio by .1%. The funding ratio of the PERS as of June 30, 2003 was 72.8%. Please note alternate scenarios presented that would further raise costs.

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

HB 91 – Retired Peace Officer Medical Benefits

A bill that removes the disincentive for Peace Officers to take normal retirement.

⇒ HB 91 is a tool that could be used to cut the budgets of the Departments of Corrections and Public Safety.

⇒ Currently there is a disincentive for Peace Officers to take normal retirement.

⇒ The disincentive attempts to defer the retirement of Peace Officers to 5 years beyond normal retirement.

⇒ HB91 removes the disincentive for Peace Officers to take normal retirement and re-establishes parity among all PERS members.

Juneau PSEA contact – Mike Fox, 790-4970 or 223-0605 cell

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Phone (907) 337-1979 FAX (907) 337-1753 E-Mail psea@psea.net

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

HB 91 Introduction

Peace Officers may take normal retirement after 20 years of service. Tier II and III Peace Officers, who are less than 60 years of age, must work 5 years beyond normal retirement to receive their medical benefit. HB 91 eliminates the additional 5 years of service requirement.

All non peace officer PERS members receive their medical benefit at normal retirement. Their normal retirement occurs after 30 years of service.

Note: Peace Officers pay a higher employee contribution to PERS to compensate for their shorter period of required service to achieve normal retirement.

Thus, under the age or years of service provisions, PERS members who are not peace officers receive the medical benefit at normal retirement. By contrast; Peace Officers taking normal retirement (under the years of service provision) are denied the benefit unless they work an extra 5 years.

HB 91 Background

Since it's inception in 1961 PERS has considered normal retirement as the uniform point for receipt of full retirement benefits for Tier I members. In 2001 HB 242 reestablished normal retirement as the uniform point for receipt of full retirement benefits for all non-peace officer tier II and III members. This concept affirms normal retirement by age or years of service as public policy, presumably beneficial for all concerned, and provides a clear and consistent set of objectives to members considering retirement.

However; previous administration concerns about losing peace officers to retirement led to a requirement in HB 242 that, to receive the medical benefit under the "years of service" provision, peace officers must defer retirement for five years. Thus, the 25 years of service requirement to receive the medical benefit is at odds with the 20 years required for a normal retirement pension. The pension and medical benefits provide conflicting incentives for the point at which Tier II and III peace officers should retire.

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

HB 91 Fiscal Note

A fiscal note was produced by Mercer Human Resource Consulting and Mr. Guy Bell, the former director of the Division of Retirement and Benefits. Mr. Bell's analysis estimated the medical benefit change in HB 91 would increase costs to the state by \$816,000 annually, a 0.12% increase in employer contributions to PERS. For example: The state's employer contribution for a PERS member earning \$60,000/year would increase by \$72 a year.

Mercer estimated the cost by plugging the proposed benefit change into their PERS model. They did not consider any savings that HB 91 would generate in operational costs, such as, payroll savings from the replacement of higher paid employees, or savings associated with improved recruitment, retention, and reduced training costs.

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

HB 91 will cut costs by removing the disincentive for Peace Officers to take normal retirement.

There is a \$26,644 savings in base pay and leave during the first year after a 20 year Trooper takes normal retirement.

There is a \$32,508 savings in base pay and leave during the first year after a 20 year Trooper Sergeant takes normal retirement.

There is an \$18,252 savings in base pay and leave during the first year after a 20 year Corrections Officer 2 takes normal retirement.

There is a \$23,105 savings in base pay and leave during the first year after a 20 year Corrections Officer 3 takes normal retirement.

There are further savings associated with overtime, sea pay, geographical differential, and employer contributions.

Leave usage, health, physical agility, morale and stress issues frequently become problematic with peace officers pressured to work too long. HB 91 removes the disincentive to take normal retirement, but; in no way prevents peace officers who still feel fit for duty to remain beyond normal retirement.

HB 91 will also improve retention of younger Peace Officers by reinstating a true 20 year retirement goal. There were 40 Troopers commissioned in 2003. For each one that HB 91 influences to continue to normal retirement, that otherwise would separate, the State saves approximately \$104.8k in training costs.

These savings would compensate for the very modest increase of 0.12% in PERS employer contribution. For an employee earning \$60,000/year the cost increase would be only \$72/year.

HB 91 represents very little risk. If a Peace Officer completes 20 years of service and takes normal retirement the State enjoys the above savings. If 20 years is not completed, there is no benefit and the State incurs no new costs.

HB 91 is good for the State, and it is good for "Peace Officers".

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

Reference HB 91:

At the end of the first hearing in finance it was suggested that we explore the idea that Peace Officers pay the cost identified on the fiscal note.

We have discussed this idea with our members and the administration (PERS) and concluded that it is not reasonable.

1. The administration (PERS) advised it would be very difficult, if not impossible, to administer such a plan in an equitable manner. It would certainly not be cost effective.
2. It would not be reasonable for the State to pass the cost on to Peace Officer members without also passing on the savings. The fiscal note did not consider any savings that would be enjoyed by the Departments of Corrections and Public Safety. When a Peace Officer defers retirement it costs the state big money. For example: When a Trooper Sgt. retires at 20 years of service the State saves over \$32,000 during just the first year he is retired.
3. PERS is managed on the basis of equality among members. Because Peace Officers qualify for retirement after 20 years of service they are required to pay a higher contribution into PERS. That increase maintains equality with other members who work 30 years, but contribute less. When the previous administration decided to withhold the medical benefit from Peace Officers at normal retirement, to influence them to defer retirement, no reduction was applied to their contribution. They have been paying for the same benefits as all other PERS members since day one, yet they are denied the benefit.

We believe that any one of these 3 points is sufficient to support our position.

Mike Fox, PSEA, Juneau, 790-4970.

Appendix

Trooper

Savings (in base pay and leave) after a 20 year Trooper takes normal retirement

| | |
|--|-------------------------|
| Cost for a 20 year Trooper ----- | \$83,418 |
| Cost for a 1 year Trooper ----- | \$56,774 |
| Savings during the first year after retirement----- | \$26,644 |
| Savings during the second year----- | \$24,515 |
| Savings during the third year----- | \$22,306 |
| Savings during the fourth year----- | \$20,014 |
| Savings during the fifth year----- | \$17,636 |
| Total savings from a 20 vs 25 year retirement ----- | <u>\$111,115</u> |

There are 250 Troopers effected by HB 91. If half of them (125) make it to normal retirement and retire with 20 years service instead of 25, the State would save **\$13,889,375**.

Trooper Sergeant

Savings in (base pay and leave) during **the first year** after a 20 year Trooper Sgt. takes normal retirement. (on average, Sergeants have 8 years of service at the time of their promotion)

| | |
|---|-----------------|
| Cost for a 20 year Trooper Sgt. ----- | \$92,026 |
| Cost for an 8 year Trooper Sgt. is----- | \$75,032 |
| Savings ----- | <u>\$16,994</u> |

| | |
|------------------------------------|-----------------|
| Cost for an 8 year Trooper is----- | \$72,288 |
| Cost for a 1 year Trooper is----- | \$56,774 |
| Savings----- | <u>\$15,514</u> |

Total savings during **the first year** after retirement----- **\$32,508**

Note: There are 37 Sergeants effected by HB91. They represent the potential for **\$1,202,796 in savings** when considering just **the first year** following their retirement.

Correctional Officer 2

Savings (in base pay and leave) during **the first year** after a 20 year Correctional Officer 2 takes normal retirement

| | |
|--|------------------------|
| Cost for a 20 year CO2 ----- | \$60,853 |
| Cost for a 1 year CO2 ----- | \$42,601 |
| Total savings during the first year after retirement----- | <u>\$18,252</u> |

Correctional Officer 3

Savings (in base pay and leave) during **the first year** after a 20 year Correctional Officer 3 takes normal retirement. (average years of service when CO3s are promoted is unknown; 8 years was used)

| | |
|------------------------------|-----------------|
| Cost for a 20 year CO3 ----- | \$67,442 |
| Cost for an 8 year CO3 ----- | \$55,381 |
| Savings ----- | <u>\$12,061</u> |

| | |
|------------------------------|-----------------|
| Cost for an 8 year CO2 ----- | \$53,645 |
| Cost for a 1 year CO2 ----- | \$42,601 |
| Savings----- | <u>\$11,044</u> |

Total savings during **the first year** after retirement----- **\$23,105**

Training Cost Discussion

It is not valid to consider hiring and training costs as new costs associated with normal retirement. That investment is returned during the 20 years of service required for a normal retirement.

Public Safety has been unable to determine the average length of a Trooper's career, however; seniority lists indicate that less than half complete 20 years of service. On average, DPS may reasonably expect to receive approximately 10 years of service from their investment in hiring and training.

The argument that deferring retirement from 20 to 25 years saves training costs is flawed. The extra operational costs are greater than the cost to hire and train a new Trooper.

Corrections has been unable to determine the cost of hiring and training an Officer. However, deferring retirement for 5 years costs far more than hiring and training a new Officer.

References: DPS and DOC 2003 seniority lists and wage schedules.

**HB 91 – An Act relating to a cost-of-living allowance and medical benefits
for retired peace officers after 20 years of credited service**

Subject: Affords all “peace officers,” defined by Alaska Statute, medical benefits at normal retirement (20 years of service). Tier II and III peace officers, less than 60 years of age, must work five years beyond normal retirement to receive their medical benefit. HB 91 eliminates the additional five-year requirement. Peace officers pay a higher employee contribution to PERS to compensate for their shorter period of required service to achieve normal retirement.

Fiscal Note:

\$867,000 annual

*** In negotiation with Retirement & Benefits to lower the total figure due to savings from reduced recruitment costs and due to increased retention of experienced officers. Could be reduced by as much as one-half.

Co-Sponsors:

Majority: Dahlstrom, Lynn, Heinze, Holm, McGuire, Fate, Kott, Ogg, Weyhrauch, Meyer, Stepovich, Harris, Wilson

Minority: Gara, Crawford, Guttenberg, Gruenberg, Kerttula, Croft, Berkowitz, Kapsner

Committees

Passed:

House Labor & Commerce

House Finance

HB 91 is good for the State, and it is good for peace officers.

I urge your support of this important piece of legislation.

CS HB 91 positively affects peace officers in the following areas:

BRISTOL BAY BOROUGH
CITY AND BOROUGH OF JUNEAU
CITY AND BOROUGH OF SITKA
CITY AND BOROUGH OF YAKUTAT
CITY OF ANGOON
CITY OF BETHEL
CITY OF CORDOVA
CITY OF CRAIG
CITY OF DILLINGHAM
CITY OF FAIRBANKS
CITY OF FORT YUKON
CITY OF GALENA
CITY OF HOMER
CITY OF HOONAH
CITY OF KAKE
CITY OF KENAI
CITY OF KETCHIKAN
CITY OF KING COVE
CITY OF KLAWOCK
CITY OF KODIAK
CITY OF KOTZEBUE
CITY OF NENANA
CITY OF NOME
CITY OF NORTH POLE
CITY OF PALMER
CITY OF PETERSBURG
CITY OF SAINT MARY'S
CITY OF SAINT PAUL
CITY OF SAND POINT
CITY OF SEWARD
CITY OF SKAGWAY
CITY OF SOLDOTNA
CITY OF TANANA
CITY OF UNALAKLEET
CITY OF UNALASKA
CITY OF VALDEZ
CITY OF WASILLA
CITY OF WHITTIER
CITY OF WRANGELL
FAIRBANKS NORTH STAR BOROUGH
HAINES BOROUGH
KENAI PENINSULA BOROUGH
KETCHIKAN GATEWAY BOROUGH
KODIAK ISLAND BOROUGH
MATANUSKA-SUSITNA BOROUGH
MUNICIPALITY OF ANCHORAGE
NORTH SLOPE BOROUGH
STATE OF ALASKA
UNIVERSITY OF ALASKA

Employer Contributions to PERS – FY 90 through FY 05

| fiscal yr. | % | change | |
|----------------|--------------|-------------|------|
| 90 | 12.53 | | |
| 91 | 14.51 | 2.01+ | |
| 92 | 16.97 | 2.40+ | |
| 93 | 15.45 | 1.52- | |
| 94 | 17.22 | 1.77+ | high |
| 95 | 16.8 | 0.42- | |
| 96 | 15.11 | 1.69- | |
| 97 | 14.27 | 0.84- | |
| 98 | 10.01 | 4.26- | |
| 99 | 8.44 | 1.57- | |
| 0 | 8.11 | 0.33- | |
| 1 | 7.69 | 0.42- | |
| 2 | 7.1 | 0.59- | low |
| 3 | 7.1 | 0 | low |
| 4 | 8.42 | 1.32+ | |
| 5 | 13.42 | 5.00+ | |
| <i>average</i> | <i>12.07</i> | <i>1.61</i> | |

HB91 fiscal note 0.12+

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



**Kodiak Police Department
Office of the Chief of Police
217 Lower Mill Bay Road
Kodiak, Alaska 99615
(907) 486-8000
(907) 486-8026 Fax**

February 20, 2003

The Honorable Tom Anderson, Chairman
House Labor & Commerce Committee
State Capitol, Room 432
Juneau, Alaska 99801-1182

Dear Representative Anderson:

I am writing to you in support of House Bill No. 91, an act relating to a cost-of-living allowance and medical benefits for retired peace officers after 20 years of credited service.

The passage of this Bill will provide an incentive that I and many other Chiefs might be able to use to attract qualified applicants to fill the overwhelming number of vacancies in law enforcement agencies throughout our great State. If passed, this legislation will also aid our efforts to retain those officers who are considering leaving our departments to pursue employment elsewhere.

Your strong support and passing of HB No. 91 will serve as an affirmation to the men and women of the Alaskan Law Enforcement Community that you recognize our service and commitment to protect our great State.

Respectfully,


Charles T. Kamai,
Chief of Police

ANCHORAGE FIRE FIGHTERS UNION



LOCAL 1264
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
AFL-CIO

1200 E. 76TH #1227
ANCHORAGE, ALASKA 99518



February 18, 2003

The Anchorage Firefighters Union, IAFF Local 1264, would like to endorse House Bill 91 that was introduced on February 12, 2003, by Representatives Anderson and Gara.

Our Local Union represents the nearly 400 Firefighters, Dispatchers, and Support staff that make up the body of the Anchorage Fire Department. Our Department provides Fire Protection, Emergency Medical Care, and multiple types of Technical Rescue to the entire Municipality of Anchorage. The members of our Union not only work to protect our city, we raise our families and establish foundations here for years to come. Our members are able to retire after 20 years of service in this challenging line of work that requires a tremendous amount of dedication both physically and mentally. Many members retire with chronic medical problems that plague them for the rest of their lives. Nonetheless, the Firefighters who perform these jobs choose to do the work for the benefit of others. To require these public servants to wait until they are 60 years of age to collect PER'S medical benefits is not right. The Police and Fire service is facing a serious employee retention problem. We need medical benefits to be available to the members at the time of retirement.

Please give your full support of House Bill 91 and show the men and women protecting your communities how much they are valued and represented in Juneau. Thank you for your continued support and consideration and we look forward to returning to Juneau soon to meet with the Legislature on this matter.

Sincerely,

A handwritten signature in cursive that reads "Brian Reed".

Brian Reed, President



Anchorage
Police
Department
Employees
Association

Phone (907) 561-7500
P.O. Box 230330
Anchorage, Alaska 99523
500 West International Airport Road
Anchorage, Alaska

Representative Tom Anderson
State Capital Building
Juneau, Alaska 99801

April 3, 2003

Dear Representative Anderson:

On behalf of the men and women of the Anchorage Police Department Employees Association, please consider this as a strong endorsement of HB 91. HB 91 is designed to bring the retirement benefits accorded Alaska's public safety officers in line with the benefits existing in the public safety retirement plans of other states.

Alaska's public safety agencies are approaching crisis mode in terms of recruitment and retention. Increasingly, qualified applicants are either simply not applying to work in Alaska or, if they apply, are removing themselves from eligibility lists before they are hired. The refrain from these individuals has become all too familiar - the wages, and particularly the retirement benefits, available elsewhere are too attractive to turn down. With a large number of California police agencies now offering a "3.0% at 50" retirement plan, the problem is only likely to get worse.

As daunting as the problem of recruitment is, public agencies are facing just as serious a problem in retaining experienced employees. Only a short time ago, law enforcement and fire protection were treated as careers by employees. It was extraordinary to see an individual become a police officer or firefighter with one agency and not retire from that agency. Without question, this is no longer the case. In Anchorage, for example, we have in the last few years seen many police employees voluntarily leaving employment before retirement, often to take law enforcement jobs in the lower 48.

It is clear we need greater financial incentives to attract and retain the most qualified individuals as public safety employees. HB 91 is a significant step in that direction.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Heun".

SGT Rob Heun
President
APDEA



State of Alaska

Public Employees' Retirement Board

PO Box 110203
Juneau, AK 99811-0203
Phone: (907) 465-4471
Fax: (907) 465-3086

February 26, 2003

Retirement Board

Pat Wellington, Chair
Charles Borg, Vice Chair
Frank Narusch
Don Hoover
Bette Reed

Board Attorney

Robert M. Johnson

**PERS Administrator
and Board Secretary**

Guy Bell

Internet

www.state.ak.us/drbb

E-Mail

PERS_Board@admin.state.ak.us

Joe D'Amico
Business Manager
Public Safety Employees' Association
4300 Boniface Parkway, Ste 116
Anchorage, AK 99504

RE: HB 91 (peace officer legislation)

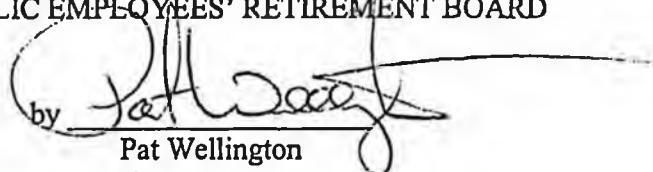
Dear Mr. D'Amico:

In its meeting on February 25, 2003, the Public Employees' Retirement Board considered, as I had previously told you it would, HB 91 legislation relating to benefits for retired police officers. I assume you have seen the fiscal note attached to the proposed legislation.

By a majority vote (Vice Chair Borg, member Hoover, and myself), the Board resolved to support the bill. In these troubled times, measures which encourage retention of senior peace officers are very desirable, particularly to undertake the ever-increasing responsibilities required for Homeland security. HB 91 is an excellent effort in this regard and the cost to the system over time is not excessive.

By copy of this letter to sponsoring Representative Anderson and the administration, the Board urges passage of this bill.

PUBLIC EMPLOYEES' RETIREMENT BOARD

by 
Pat Wellington
Chair

cc: Mike Miller, Commissioner
Department of Administration

Guy Bell, Director
Division of Retirement and Benefits

✓ Representative Tom Anderson
Alaska State Legislature

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

February 14, 2003

Representative Tom Anderson
House District 19
State Capitol, Rm. 432
Juneau, AK 99801

Ref: House Bill 91

Dear Representative Anderson,

I wanted to take this opportunity to personally thank you for introducing House Bill 91, regarding the Peace Officer's Retirement System. The Public Safety Employees Association is a statewide organization representing over 1,300 Police Officers, Court Service Officers, Correctional Officers, State Troopers, Fish and Wildlife troopers, Fire Marshals, and other law enforcement professionals. This bill is especially important to our members as it would affect the vast majority of them.

If enacted into law, this legislation would assist state and municipal agencies with recruitment and retention of qualified personnel for peace officer positions. Staffing these agencies with top-quality professionals is a "must do" for state and local Governments. In addition, by having a medical insurance benefit available at "normal" retirement age, those who may otherwise choose to pursue a new career will be more likely to remain in public service as "Peace Officers". This will help reduce turnover and hold recruitment and training costs down.

Thank you again for your support of our State's peace officers. Please feel free to contact me with any questions.

Sincerely,


Joe D'Amico
Business Manager



Municipality of Anchorage

P.O. Box 198650 • Anchorage, Alaska 99519-0650 • Telephone: (907) 343-4351 • Fax: (907) 343-4499 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

March 1, 2004

Representative Tom Anderson
Alaska House of Representatives
Juneau, AK 99811

Dear Representative Anderson:

It has come to my attention that concerns have been raised regarding the impact of HB 91 on the Municipality of Anchorage.

Based on the review of this legislation by our public safety and employee benefits staffs, I believe HB 91 will not adversely affect our employees, our finances or our ability to provide excellent public safety services to our community.

Please let me know if you need more information from the Municipality on this legislation.

Sincerely,



Mark Begich
Mayor

Community, Security, Prosperity



Alaskans Working For Alaska!

626 F Street, Anchorage, Alaska 99501 • Phone (907) 277-5200 • Fax (907) 277-5206

E-mail: aseahq@afscmelocal52.org • Website: www.afscmelocal52.org

Resolution No. 55

Page 1 of 1

RESOLUTION IN SUPPORT OF HB-91, HB-183, HB-201, SB-6

WHEREAS, HB-91, titled "Retired Peace Officers COLA/Medical"; HB-183, Titled "PERS Peace Officers Retirement and Benefits for Youth Counselors"; HB-201, titled "Peace Officer Benefit for Dispatchers"; and, SB-6, titled "PERS Peace Officer Retirement and Benefits for Child Protection Workers" will improve retirement benefits for child protection workers, supervisors, youth counselors and radio dispatchers;

THEREFORE, BE IT RESOLVED THAT ASEA/AFSCME Local 52 supports these bills.

Submitted by: LEGISLATIVE COMMITTEE

| RECOMMENDATIONS AND CONVENTION ACTION | | |
|--|--|--|
| Executive Board | Committee | CONVENTION ACTION |
| <input type="checkbox"/> DO PASS | <input type="checkbox"/> As Presented <input type="checkbox"/> No Recommendation | <input checked="" type="checkbox"/> PASSED w/unanimous consent |
| <input type="checkbox"/> No Recommendation | <input type="checkbox"/> As Amended by Committee | <input type="checkbox"/> PASSED as amended on Floor |
| <input type="checkbox"/> DO NOT PASS | <input type="checkbox"/> DO PASS | <input type="checkbox"/> FAILED |
| | <input type="checkbox"/> DO NOT PASS | <input type="checkbox"/> FAILED for lack of motion |

Dear Senator Stevens

We are correctional officer's living and working in the Fairbanks Area and need your help. Please pass House Bill 91 out of your committee as soon as possible. Thank You.



Amel M. Amel

~~James~~

Robert J. ...

Robert Larson

Beulah Dahler**

William H. ...

B. M. G. ...

D. Nickerson

John Schleicher

Harold O. ...

~~...~~

~~...~~

Jay Watts

Dear Senator Stevens

We are correctional officer's living and working in the Fairbanks Area and need your help. Please pass House Bill 91 out of your committee as soon as possible. Thank You.

James Kinnel

Donal D. Colson

Janni Collins

W. J. Kelly

Ms. S. Smith

J. M. Smith

W. H. Williams

Mathi Adams Bealt

Wayne W. Blawie

[Signature]

[Signature]



Alaska State Legislature

Please enter into the record my testimony to the _____SSTA_____

committee on _____HB91_____, dated 040104 _____

I would like to advise my legislators that I am in favor of HB 91 going through. I am a career fireman in Kenai. We as Public Safety personnel take care of you and your property so you can sleep at night. I feel it is time that you start taking care of

us. Our wages have been frozen for at least 4 years and the taxes we pay keep going up.

It is a fact that the people in these occupations don't live as long as others. By retiring out at 20 years of service we will be able to enjoy life for a while and get some of

those nice peaceful, full nights of sleep that all of you take for granted.

Just a reminder, we as Public Safety personnel are on call all of the time, not just when we are at the Fire or Police stations.

Thank you for your time,
Eric Wilcox

416 McCollum Dr.
Kenai Ak. 99611

Current Folder: INBOX [Sign Out](#)[Compose](#) [Addresses](#) [Folders](#) [Search](#) [Search State E-mail Directory](#) [Options](#) [Help](#)[Message List](#) | [Delete](#)[Previous](#) | [Next](#)[Forward](#) | [Reply](#) | [Reply All](#)Subject: **HB 91 medical benefits for peace officers**[View Full Header](#)From: "Larry Semmens" <lsemmens@ci.kenai.ak.us> [Add](#)[View Printable Version](#)

Date: Wed, March 10, 2004 3:32 pm

[View Message details](#)

To: <Senator_Gary_Stevens@legis.state.ak.us>

Priority: Normal

Dear Senator Stevens:

I hope you will not pass CSHB91 out of committee. As you know the PER seriously under funded which is causing huge increases in employer con rates. According to fiscal note #2, HB91 will cost the State over \$85 and will cost employers with public safety personnel .97% of payroll. addition to increasing the unfunded liability of PERS. The City of Ke \$22,000 more annually if this bill becomes law. This is on top of the annual increase that we are already trying to budget for. We do not h problem hiring or retaining public safety personnel.

It is unbelievable that the House passed this bill. It is my understa 4th tier of employee for PERS is being considered with less benefits t others. Why would we be increasing benefits at the same time as consi tier?

Call if you have questions. 283-8227

Thanks

Larry Semmens
Finance Director
City of Kenai[Download this as a file](#)[Previous](#) | [Next](#) | [Delete & Prev](#) | [Delete & Next](#)Move to: [Move](#)



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 17, 2004

Senator Gary Stevens, Chair
Senate State Affairs Committee
State Capitol, Room 417
Juneau, AK 99801-1182

Dear Senator Stevens,

Re: HB 91

HB 91 pays full medical benefits to police officers five years earlier. A 2/23/04 fiscal note from the Division of Retirement and Benefits estimates that this change will annually cost .97% of police payroll, that is, **nearly a 1% annual cost increase for police salaries, in addition to the overall PERS increase of 5% for all employees.** For example, the fiscal note estimates that HB 91 alone would cost:

| | |
|-----------|-------------------------|
| State | \$856,000 per year more |
| Anchorage | \$246,000 per year more |
| Juneau | \$52,800 per year more |

Currently municipalities are reeling from an annual 5% across the board increase in the PERS system that is expected to last a minimum of the next three years. Without relief, PERS increases, on top of other state cuts impacting municipalities, will make it difficult to impossible for some municipalities to survive.

The State PERS/TRS Board is discussing redesigning the entire PERS program in an effort to reduce the runaway costs of the PERS program. HB 91 is counter to this effort and may contribute to calls for a more radical redesign of the PERS program that will reduce future benefits for police and other public employees.

Therefore, the AML must oppose HB 91 unless the State is able to fund the added annual cost and suggests that the issue be forwarded to the PERS/TRS Board for inclusion in the discussion of the redesign of the PERS/TRS system.

Sincerely



Kevin Ritchie
Executive Director

MAR 22 2004

CITY OF SEWARD
P.O. BOX 167
SEWARD, ALASKA 99664-0167



- Main Office (907) 224-4050
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- Fax (907) 224-4038

March 17, 2004

Senator Gary Stevens, Chair
Senate State Affairs Committee
State Capitol, Room 417
Juneau, Alaska 99801-1182

Dear Senator Stevens,

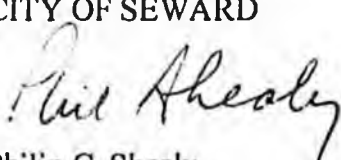
Please accept the following comments in opposition to House Bill 91 which provides full medical benefits and cost of living adjustments to police and peace officers after 20, rather than 25 years' of service.

Based on the 2002 actuarial valuation report for PERS, the City of Seward expected that it was fully funding its employees PERS retirement and medical benefits, as it was credited with an **overfunded** balance with PERS of \$622,287. One short year later, we are informed that we have an **unfunded** PERS liability of \$5,077,954. This represents 70% of an entire years' General Fund expenditures. The City of Seward joins other municipalities throughout the State in their collective shock at these unexpected PERS liabilities.

Seward's PERS contributions are expected to rise by \$930,000 over the next five years. This is due, in large part, to benefit increases approved by the State for municipal employees. At a time when we should be tightening our belt and looking for ways to streamline costs, our community cannot justify any proposals to increase benefits for certain classes of employees.

We will be asking the city council to pass a resolution opposing HB 91 at their meeting of March 22, 2004, but wanted to share our concerns with you as soon as possible. If you have any questions regarding this matter, please feel free to contact me at (907)224-4068.

Sincerely,
CITY OF SEWARD


Philip C. Shealy
City Manager

cc: mayor and council, Kent Dawson



RESOLUTION NO. 2003-04

A RESOLUTION OF THE ALASKA GOVERNMENT FINANCE OFFICER'S ASSOCIATION OPPOSING THE STATE OF ALASKA TWENTY-THIRD LEGISLATURE HOUSE BILL NO. 91, AN ACT RELATING TO AN INCREASE IN PERS BENEFITS FOR PEACE OFFICERS

WHEREAS, the purpose of benefit packages is to attract and retain qualified employees and as a result of recent changes to Public Employees Retirement System (PERS) regulations that allow retired peace officers to return to such positions without jeopardizing their retirement, municipal employers are not experiencing serious difficulties in attracting qualified candidates for police and fire positions; and

WHEREAS, many municipalities are experiencing financial difficulties similar to the State of Alaska due, in part, to escalating costs of health insurance and PERS benefits; and

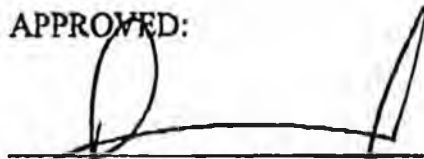
WHEREAS, municipal employers are already expecting PERS rates to climb at a rate of five percentage points per year over the next five years, in some cases more than doubling current rates in the first year alone; and

WHEREAS, House Bill 91 will further increase the cost of PERS benefits for municipal employers, at a time when governments are looking for ways to reduce, rather than to increase, costs.

NOW, THEREFORE, BE IT RESOLVED, that the membership of the Alaska Government Finance Officer's Association hereby expresses their opposition to House Bill No. 91.

DATED this 18th day of April, 2003.

APPROVED:



Dean Baugh, President

Alaska Government Finance Officer's Association

ATTEST:

Kristin Erchinger, President-Elect
Alaska Government Finance Officer's Association

Senate State Affairs Committee

RE: HB 91

March 18, 2004

My name is Larry Semmens, I am the finance director for the City of Kenai.

I am against HB 91, which increases retirement benefits to public safety employees.

The primary reason I am against increasing benefits is the cost. The PERS system is in trouble. Liabilities to pay future benefits greatly exceed the assets available. **For Kenai the unfunded actuarial accrued liability is \$7,438,000 – almost a full year's general fund budget!** In the PERS defined benefit plan all of the risks are on the employer. When investment returns don't match expectations, or if health insurance costs are greater than planned for, or if retiree's simply live longer than expected, the employer carries the unplanned cost increase. Because these 'actuarial assumptions' have been wrong, and for other reasons, employer members of the PERS are experiencing incredible increases in contribution rates. The City of Kenai is rising from 3.67% this year to 8.67% in FY 2005, an increase of over \$240,000 with the expectation of another 5% to 13.67% next year. In two years the PERS contribution paid by the City will increase more than the equivalent of one mill of property tax. The PERS actuary says that Kenai should be paying 22.6%! This is a significant impact to Kenai where the property tax was raised 43% in FY 2004 to cope with revenue declines including the demise of revenue sharing and safe communities funding.

The provisions that HB 91 is seeking to change have been in place since July 1, 1986! The City of Kenai has hired all of its police and dispatchers since that date and all but two of its fire personnel. There are alternatives to increasing retirement benefits if an employer is having difficulty attracting qualified applicants - options that are controllable by the local government, such as raising wages or other incentives. I suppose it is even possible that an employer could agree to pay the health benefits of a retired public safety person up until that person is eligible for those benefits under PERS.

If the legislature increases benefits it amounts to an unfunded mandate. Local governments have no vote in setting PERS benefits, yet they will be impacted heavily by decisions to increase benefits. As you know, once benefits are increased they can never be taken away regardless of future cost. In 1961 when the PERS system was started, it seemed like a great idea to provide outstanding retirement benefits and the cost seemed reasonable. In 1986 changes were made, to reduce costs, that this bill is seeking to reverse. Unfortunately, the true cost of the benefit package is becoming apparent and it is clear that many local governments can no longer afford benefit packages of this type. It is very likely that a 4th tier with fewer benefits will be created. Public safety personnel will most likely be included in this benefit reduction for future employees. Should we expect that a legislature would add those benefits back 18 years from now?

All that said, apparently there are some practical reasons for a relatively short career in many public safety positions. Therefore, if the Senate agrees with the House that a change needs to be made, please consider changing only the age at which health benefits accrue for less than 25 year employees from the current age 60, to age 50.

Thank you for your consideration.

Changes from HB 91 to CS HB 91

The committee substitute removes the previous change to the Cost of Living (or COLA) section of the statute. The old language read:

* **Section 1.** AS 39.35.480(a) is amended to read:

(a) While residing in the state, a person receiving a benefit under this chapter who is 65 years of age or older, [OR WHO] is receiving a disability benefit, or has at least 20 years of credited service as a peace officer under AS 39.35.360 and 39.35.370 is entitled to receive a monthly cost-of-living allowance in addition to the basic benefit. The amount of this allowance shall be \$50 or 10 percent of the basic benefit, whichever is greater.

CS HB 91 removes Section 1 and the change located therein.
The result of this change is a lower fiscal impact.

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT FOR CSHB 91 (FIN) BY: Representative Tom Anderson

TITLE: An Act relating to medical benefits for retired peace officers after 20 years of credited service.

The state troopers, firefighters, correctional officers, and others known as "peace officers," employed by the State of Alaska and other local governments are an invaluable resource. These employees risk their health and safety in their service to the citizens of Alaska.

Until 1986, all PERS benefit recipients were eligible to receive major medical insurance benefits after becoming vested in the retirement system. In 1986, the requirements for medical benefits were modified to reduce the number of benefit recipients eligible to receive these benefits. Currently, most PERS participants may receive medical insurance benefits upon "normal retirement," or 30 years of service. Normal retirement for peace officers is 20 years of service, however statute requires them to work an additional five years to receive their medical benefits. This additional five years undermines the intent of normal retirement and creates a burdensome situation for those employees who work under the most stressful of situations daily maintaining the public's safety.

CSHB 91(FIN) corrects the existing benefit delay by allowing peace officers to receive their medical benefit at their normal retirement of 20 years. This legislation will end the additional five-year requirement beyond normal retirement.

I urge your support for this important and timely legislation.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 91(FIN)
 (H) Publish Date: 2/23/2004

Revision Date/Time (Note if correction): 2/12/2004 Dept. Affected: Administration
 Title An Act relating to medical benefits for retired peace officers RDU All
 Component All
 Sponsor Rep. Anderson, et. Al
 Requester House Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal Services | 856.9 | 882.6 | 909.1 | 936.4 | 964.4 | 993.4 |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 856.9 | 882.6 | 909.1 | 936.4 | 964.4 | 993.4 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type--Do not abbreviate) | | | | | | |
| TOTAL | 856.9 | 882.6 | 909.1 | 936.4 | 964.4 | 993.4 |

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Part-time | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: *(Attach a separate page if necessary)*
 This bill would provide system paid medical coverage for all peace officers and firefighters who first entered the PERS after June 30, 1986 and who have at least 20 years of qualifying service at retirement.

 Our actuarial consultant has computed this legislation to increase the PERS accrued liability by approximately \$8.0 million. The estimated increase in the average PERS calculated contribution rate would be .97% of peace officer/firefighter payroll. Based on a state PERS peace officer/firefighter payroll of approximately \$88.3 million, the annual cost increase to the State of Alaska would be \$856.9 thousand.

Prepared by: Melanie Millhorn Phone _____
 Division Retirement and Benefits Date/Time 2/12/04 1:25 p.m.
 Approved by: Mike Miller, Commissioner Date _____
 Agency Administration

FISCAL NOTE #2

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSHB 91(FIN)

ANALYSIS CONTINUATION

Examples of impact on the five major PERS employers based on peace officer/firefighter salaries are as follows:

| PERS | P/F Salaries (in 000's) | Rate increase% | Annual cost (in 000's) |
|------------------------|----------------------------|-------------------|---------------------------|
| State of Alaska | 88,343.3 | 0.97% | 856.9 |
| Juneau Borough | 5,444.1 | 0.97% | 52.8 |
| Anchorage Municipality | 25,359.1 | 0.97% | 246.0 |
| Fairbanks Borough | 302.3 | 0.97% | 2.9 |
| North Slope Borough | 4,875.0 | 0.97% | 47.3 |

AS 24.08.036 FISCAL NOTES ON BILLS AFFECTING STATE RETIREMENT SYSTEMS, requires an additional analysis of the long term and short term costs to the state if a bill is adopted, as well as the impact of the bill on the actuarial soundness of the funds. This bill would increase the PERS contribution rate by .97% of PERS peace officer/firefighter payroll. For FY 05 this would be an added cost to the state of \$856.9 thousand. This change would also decrease the PERS funded ratio by .1%. The funding ratio of the PERS as of June 30, 2002 was 75.2%. Passage of this bill would decrease the funding ratio to 75.1%.

MEMORANDUM

TO: Senate State Affairs Committee
FROM: Larry, Semmens, CPA
Finance Director, City of Kenai
DATE: April 1, 2004
SUBJECT: HB 91

Thank you for allowing me to speak again on HB 91.

I was surprised to learn at the last hearing that the fiscal note is based on the assumption that only 25% of eligible members would retire after 20 years. Apparently the actuary did not consider that more members would retire if benefits were increased as provided by HB 91. Clearly and unequivocally, more than 25% of eligible members will retire after 20 years if they get full health benefits. At Kenai that number will be very close to 100%.

The State's actuary, Mercer, has provided additional cost estimates, attached, that show the costs if up to 79% of eligible members retire after 20 years. The 79% assumption is the most realistic among the options presented. At the City of Kenai the percentage, and the cost, will be higher since we don't have any members who will be over 60 when they have 20 years of service. As you can see from the new estimates, the cost will increase from .97% of police and fire payroll to 3.11% - more than triple the original estimates! The State's fiscal impact would be \$2.75 million next year, not \$856,900 - and the number will keep growing to \$3.2 million per year by FY 2010.

The cost to the City of Kenai will be over \$85,000 per year. These funds are not available. We raised our mill rate last year to offset revenue losses including the elimination of the State revenue sharing and safe community programs. When combined with the 5% increase in PERS rates for FY 2005 the impact to Kenai is about ¾ of a mill of property tax. It is unlikely that property tax rates can be raised for this purpose.

Please note that every single one of the nearly 2000 tier 2 and 3 PERS members that could be benefited by HB 91 were fully aware of the provisions of their retirement package when they were hired. This benefit package was put in place 18 years ago to save money. The PERS system and the employers who fund it are not in any better financial position now than they were then, so it is simply not appropriate or prudent to increase retirement benefits at this time of fiscal difficulty at nearly every level of government.

Keep in mind that a retirement package that provides a lifetime of income and health benefits for the member and spouse after only 25 years of work is extremely attractive and very expensive. There is no need to sweeten the retirement package at this time.

Please do not pass HB 91 out of your committee.



Alaska State Legislature

Please enter into the record my testimony to the _____SSTA_____

committee on _____HB91_____, dated 040104 _____

I would like to advise my legislators that I am in favor of HB 91 going through. I am a career fireman in Kenai. We as Public Safety personnel take care of you and your property so you can sleep at night. I feel it is time that you start taking care of

us. Our wages have been frozen for at least 4 years and the taxes we pay keep going up.

It is a fact that the people in these occupations don't live as long as others. By retiring out at 20 years of service we will be able to enjoy life for a while and get some of

those nice peaceful, full nights of sleep that all of you take for granted.

Just a reminder, we as Public Safety personnel are on call all of the time, not just when we are at the Fire or Police stations.

Thank you for your time,
Eric Wilcox

416 McCollum Dr.
Kenai Ak. 99611



Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs
committee name

Committee on HB 91, dated 4-1-04
bill # / subject public hearing date

4 pages attached

Signed: Larry Semmens
Testifier

City of Kenai
Representing (optional)

210 Fidalgo Ave Kenai, AK 99611
Address

283-8227
Phone number

MEMORANDUM

TO: Senate State Affairs Committee
FROM: Larry, Semmens, CPA
Finance Director, City of Kenai
DATE: April 1, 2004
SUBJECT: HB 91

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The cost to the City of Kenai will be over \$85,000 per year. These funds are not available. We raised our mill rate last year to offset revenue losses including the elimination of the State revenue sharing and safe community programs. When combined with the 5% increase in PERS rates for FY 2005 the impact to Kenai is about $\frac{3}{4}$ of a mill of property tax. It is unlikely that property tax rates can be raised for this purpose.

Please note that every single one of the nearly 2000 tier 2 and 3 PERS members that could be benefited by HB 91 were fully aware of the provisions of their retirement package when they were hired. This benefit package was put in place 18 years ago to save money. The PERS system and the employers who fund it are not in any better financial position now than they were then, so it is simply not appropriate or prudent to increase retirement benefits at this time of fiscal difficulty at nearly every level of government.

Keep in mind that a retirement package that provides a lifetime of income and health benefits for the member and spouse after only 25 years of work is extremely attractive and very expensive. There is no need to sweeten the retirement package at this time.

Please do not pass HB 91 out of your committee.

MERCER

Human Resource Consulting

One Union Square
600 University Street, Suite 3200
Seattle, WA 98101-3137
206 808 8926 Fax 206 382 0627
chris.byrnes@mercer.com
www.mercerHR.com

March 30, 2004

Ms. Melanie Millhorn
Director of Retirement Benefits
State of Alaska
Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Subject:
Revised HB 91

Dear Melanie:

This letter provides additional information regarding our estimates of the cost of proposed changes to the Public Employees' Retirement System (PERS) under HB 91. Previous correspondence from Mercer on the cost of HB 91 can be found in our letter dated February 27, 2004. Current statute allows Tier 2 and Tier 3 peace officers and fire fighters retiring with at least 25 years of service to not pay for any retiree medical coverage. Those with less than 25 years of service must pay for retiree medical coverage until age 60. This letter describes the costs associated with changing this service requirement to at least 20 years of service instead of 25.

In previous correspondence regarding HB 91, all actuarial assumptions associated with developing costs were consistent with the June 30, 2002 actuarial valuation. Using these valuation assumptions resulted in 411 out of 1,961 (21%) of Tier 2 and Tier 3 members ultimately taking advantage of this increased benefit. As we have discussed, our assumptions are based on past analyses of actual System experience. However, System benefit changes such as those proposed under HB 91 may result in future experience that is different than what we've seen in the past. In particular, members might retire immediately upon completion of 20 years of service. At your request, we have revised our estimates to include scenarios where the percentage of members who retire immediately to take advantage of the enhanced benefits is greater than the current valuation assumption. Below we have shown additional costs assuming 50%, 75%, and 100% of members with 20 or more years of service retire immediately. As you can see, the 100% scenario does not assume that all Tier 2 and Tier 3 members will ultimately be affected. This is mainly because there are some members who will not accrue 20 years of service prior to attaining age 60.

MERCER

Human Resource Consulting

Page 2
March 30, 2004
Ms. Melanie Millhorn
State of Alaska

A summary of pertinent costs under HB 91 are as follows:

| | Current Valuation Assumptions | 50% Retirement Assumption | 75% Retirement Assumption | 100% Retirement Assumption |
|--|--|--|--|---|
| Change in Employer Contribution Rate Due to HB 91 | | | | |
| - As a percent of Police/Fire payroll | 0.97% | 1.68% | 2.39% | 3.11% |
| - As a percent of total System payroll | 0.11% | 0.19% | 0.27% | 0.35% |
| Change in Unfunded Accrued Liability | \$8,000,000 | \$11,400,000 | \$14,800,000 | \$18,200,000 |
| Change in PERS Funded Ratio | (0.1%) | (0.1%) | (0.1%) | (0.1%) |
| Number of Police/Fire Active Members as of June 30, 2002 | 2,695 | 2,695 | 2,695 | 2,695 |
| Number of Tier 2 and Tier 3 Members as of June 30, 2002 | 1,961 | 1,961 | 1,961 | 1,961 |
| Number of Members Projected to be Affected | 411 | 792 | 1,174 | 1,555 |
| Percent of Members Projected to be Affected | 21% | 40% | 60% | 79% |

We have expressed the costs associated with HB 91 in this letter as a percentage of total System payroll and as a percentage of peace officer and firefighter payroll. However, each employer will not be affected equally. For example, some employers may have a higher percentage of peace officers and firefighters than the System average and therefore would be required to pay a greater percentage of their payroll.

In estimating the cost of HB 91 we used the same methods and provisions as were used in the June 30, 2002 actuarial valuation reports, with the exception of the eligibility for retiree medical coverage and the retirement assumption described above. In order to effectively cost the 100% affected member percentage, we assumed no decrements prior to attaining 20 years of service. That is we assumed no mortality, turnover, disability, or retirement.

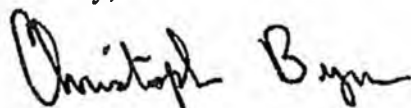
MERCER

Human Resource Consulting

Page 3
March 30, 2004
Ms. Melanie Millhorn
State of Alaska

Please let us know if you have any questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Christopher Byrnes". The signature is written in a cursive style with a large initial "C".

Christopher Byrnes, EA

CMB/MAG/RMR/kmp

Copy:
Bob Reynolds
Anselm Staack
Kathy Lea

CITY OF SEWARD
P.O. BOX 167
SEWARD, ALASKA 99664-0167



MAR 26 2004

- Main Office (907) 224-4050
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- City Clerk (907) 224-4046
- Engineering (907) 224-4049
- Utilities (907) 224-4050
- Fax (907) 224-4038

March 24, 2004

Senator Gary Stevens, Chair
Senate State Affairs Committee
State Capitol, RM 417
Juneau, AK 99801-1182

Re: House Bill 91

Dear Senator Stevens:

SIA Enclosed please find a copy of City of Seward resolution 2004-36 opposing House Bill 91 which would increase costs of living allowance and medical benefits for retired Peace Officers after 20 rather than 25 years of Service under the State of Alaska Public Employees Retirement System. *FILE*

This resolution was approved by the Seward City Council at the regular meeting on Monday, March 22, 2004 because PERS contributions are expected to rise to \$930,000 over the next five years for the City of Seward. This is due, in part, to benefit increases approved by the state for municipal employees. At a time when we should be tightening our belt and looking at ways to streamline costs, our communities can not justify any proposals to increase benefits for certain classes of employees.

If you have any further questions regarding this matter, please feel free to contact me at your convenience at 907-224-4068.

Sincerely,
CITY OF SEWARD

Philip C. Shealy
Philip C. Shealy
City Manager

Enclosure

cc: Representative Paul Seaton
Kent Dawson

Sponsored by: Shealy

**CITY OF SEWARD, ALASKA
RESOLUTION 2004-36**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD,
ALASKA, OPPOSING HOUSE BILL 91 ("HB 91") WHICH WOULD
INCREASE COST-OF-LIVING ALLOWANCE AND MEDICAL BENEFITS
FOR RETIRED PEACE OFFICERS AFTER 20 RATHER THAN 25 YEARS
OF SERVICE UNDER THE STATE OF ALASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

WHEREAS, the September, 2002 actuarial valuation report published by the State of Alaska Public Employees Retirement System (PERS) states that the City of Seward has an *overfunded* balance with PERS of \$622,287, but the subsequent actuarial report dated August, 2003 depicts an *unfunded liability* with PERS of \$5,077,954; and

WHEREAS, over the years, a significant portion of the increase in costs associated with PERS is the result of benefit increases approved by the State for municipal employees, such as the increase in cost-of-living allowance and medical benefits proposed by HB 91; and

WHEREAS, HB 91 proposes to improve the Alaska Cost of Living Allowance retirement benefit and the retirement system paid medical coverage for peace officers by reducing the required years of service to be eligible for such services from 25 to 20 years; and

WHEREAS, State of Alaska actuarial consultants have estimated that these benefit increases will result in an increase in the PERS calculated contribution rate by .97% of peace officer/firefighter payroll, and based on an estimated annual peace officer payroll of \$746,193, the annual cost increase to the City of Seward is approximately \$7,238; and

WHEREAS, the administration is opposed to changes in the PERS system that increase costs to employers through added employee benefits, at a time when municipalities have been told to expect 5% annual increases in PERS rates over the next five years, resulting in an expected annual increase in costs to the City of Seward of approximately \$186,025 in the first year, and up to \$930,000 in increased costs by the fifth year.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, that:


Section 1. The City Council opposes House Bill 91 which would increase cost-of-living allowance and medical benefits for retired peace officers after 20 rather than 25 years of service under the State of Alaska Public Employees Retirement System.

Section 2. This resolution shall take effect immediately.

**CITY OF SEWARD, ALASKA
RESOLUTION 2004-36**

PASSED AND APPROVED by the City Council of the City of Seward, Alaska, this 22nd day of March, 2004.

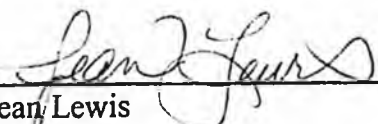
THE CITY OF SEWARD, ALASKA



C. David Brossow, Mayor

AYES: Shafer, Branson, Clark, Valdatta, Amber,
NOES: Dunham
ABSENT: None
ABSTAIN: Brossow

ATTEST:



Jean Lewis
City Clerk



Dear Senator Stevens,

I am a Firefighter for the City of Fairbanks. I could not think of a better place to raise my family than where I was born and raised. My family and I would like to ask for your support to pass House Bill 91 in it's current form out of your committee. Thank you.

Steven C. Sundborg



MAR 25 2004

CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615
OFFICE: 907-459-6793
FAX: 907-459-6787
smthompson@ci.fairbanks.ak.us

STA

March 18, 2004

Senator Gary Stevens, Chair
Senate State Affairs Committee
Alaska State Capitol, Room 417
Juneau, AK 99801-1182

by fax to: 465-3517

Re: HB 91

Dear Senator Stevens:

The City of Fairbanks, like many municipalities, was hit hard by the elimination of state operating and capital funding. This year we absorbed a huge PERS rate increase costing about \$330,000.00. Our PERS expense will increase by a similar amount **each year** for years to come. Together, these two factors equaled about 10% of our total budget. Drastic steps were taken, including layoffs and reductions of employee compensation.

While I understand the motivation of HB61, a retroactive increase in PERS retiree health care benefits will **further** increase our annual expenses by approximately \$30,000/year. Because the enhancement is retroactive, it will also increase the City's unfunded PERS liability.

We therefore must oppose this measure.

Thank you.

Sincerely,

Steve M. Thompson

by p.cole

Steve M. Thompson
City Mayor

cc: City Council Members
Senate State Affairs Committee

FW

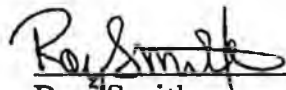
Dear Senator Stevens:

We, the undersigned Correctional Officers of the Wildwood Correctional Center in Kenai, Alaska are pleading for you help in insuring that House Bill 91 passes and is enacted.

As state Correctional Officers, we work in a stressful, dangerous, hostile and most often thankless environment that easily causes burn out. I'm sure if you've looked at the figures, you've seen the high turnover of officers, and the difficulty in recruiting new officers into this line of work, for the current pay and retirement package. A new Correctional Officer now has to work 30 yrs. to get paid medical benefits from the state.

Each of us who have signed this letter, must work at least 25 yrs. to get our medical coverage. As part of the Public Safety family, we feel that the state will benefit, long term with employees that will see the rewards of this profession and commit to working 20 years. HB-91 will be a great recruiting tool, which will create a stable work force, that will "protect and serve the public" very well.

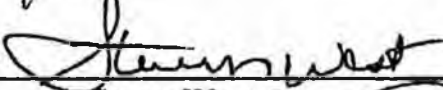
Sincerely,

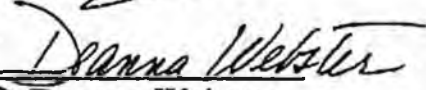

Roy Smith


John Britton

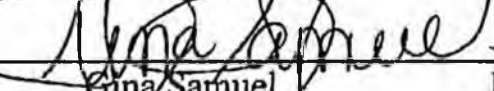

Chuck Goff

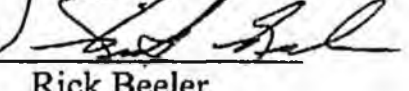

William Graves

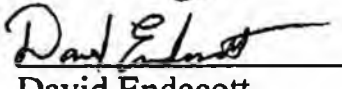

Steve West

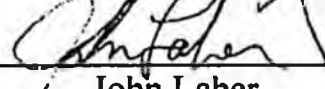

Deanna Webster

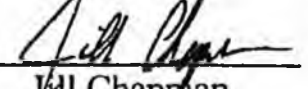

Steven Moffett


Gina Samuel


Rick Beeler


David Endecott


John Laber


Bill Chapman

Senator Stevens
1-907-465-3517

Dear Senator Stevens:

I am a law enforcement officer living in Ketchikan and urge you to immediately pass out of your committee House Bill 91 in the current form. Thank you.

Signed,


Lt. Paul Bruening
Fax 1-907-247-3333



Alaska Police Corps
800 Cushman Street • Fairbanks, Alaska 99701
(907) 459-6767 • (800) 221-0083 • Fax (907) 459-6761

3-23-04

Dear Senator Stevens:

As a 15-year member of the Fairbanks Police Department and current Director of the Alaska Police Corps, I wanted to take a few moments from my lunch-break and fax you.

I fully support the ideas and intent behind **House Bill 91**, and I am hopeful that it will be passed out of your committee without any changes. I believe that any municipal leaders who have balked at changes to their PERS obligations have not taken the time to factor-in the significant savings that'll be realized by removing the current disincentive for 20-year employees to retire.

I thank you very much for your time and effort in this matter!

Sincerely,

Lt. Dan Hoffman, Director
Alaska Police Corps



FAIRBANKS
POLICE
DEPARTMENT

"Serving the People of the Last Frontier"



HB

93

SENATE COMMITTEE REPORT

DATE: 04/02/04

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 4/21/04

State Affairs Committee considered CS FOR HOUSE BILL NO. 93(FIN)

HB 93 BOATING SAFETY,REGISTRATION, NUMBERING

"An Act relating to boating safety, registration, and numbering; extending the sunset date of changes in ch. 28, SLA 2000; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

| | |
|--------------------------|--------------------------|
| Senate Bill: | |
| <input type="checkbox"/> | Same Title |
| <input type="checkbox"/> | New Title |
| House Bill: | |
| <input type="checkbox"/> | Same Title |
| <input type="checkbox"/> | Technical Title Change |
| <input type="checkbox"/> | New Title w/ SCR # _____ |

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|------|--------|--------|------|-----|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|---------|--------|--------|------|-----|
| DNR | 7/13/04 | | | ✓ | 3 |
| DOA | 7/14/04 | ✓ | | | 4 |
| | | | | | |
| | | | | | |
| | | | | | |

All PROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| <i>John J. Cooney</i> | ✓ | | | |
| <i>Robert A. Stebbins</i> | ✓ | | | |
| | | | | |
| | | | | |
| | | | | |
| CHAIR: <i>[Signature]</i> | ✓ | | | |

CS for HB 93 (FIN)

Sponsor Statement

Boating Safety Act Reauthorization

Between 1965 and 1987, every state and territory except Alaska successfully established a comprehensive boating safety program. During this same time period, Alaska consistently suffered from the worst recreational boating fatality rate in the nation – over 10 times the national average. Finally, in 2000, HB 108, the Alaska Boating Safety Act, sponsored by Representative Bill Hudson, was signed into law after 11 successive attempts at passage.

The Act did two things: it consolidated boating regulatory functions and it created a steady funding source for boater education program for the state of Alaska. Funding for the new registration function is derived from federal motor fuel taxes collected in Alaska as well as revenues from the boat registration program.

Proceeding cautiously, the 21st Legislature added repealing language for the program if the state did not receive the anticipated federal marine fuel funds. If the future funding stream did not come through, the 2005 sunset would take effect and the comprehensive boating safety education program would face termination.

Essentially, it was left to a future legislature to verify the funding stream was indeed in place. The Sponsor of HB 93 states that as expected, the federal funds for the boater education component are in place and the sunset provisions of the Alaska Boating Safety Act can be dropped. The House Transportation Committee eliminated the single-most controversial provision of the Boater Safety Act: the requirement for registration of non-powered boats. This revision can be accomplished without impacting any federal funding to the state's boater education programs. Additionally, the House Finance Committee re-inserted the sunset provision for this program, in effect extending the sunset date until 2010.

*Contact: Linda Sylvester
465-3744*

Last updated: February 2, 2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 93(FIN)
 (H) Publish Date: 2/2/04

Revision Date/Time (Note if correction): 12/30/2003 Dept. Affected: Natural Resources
 Title: An Act relating to boating safety: repealing RDU: Parks & Recreation Management
secs. 3,5,7,9,11,14,18,23,26,27,30 Component: Parks & Recreation Access
 Sponsor: Representative Weyhrauch
 Requester: (H) FIN Component No. 2136

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is associated with this bill.

The primary purpose of this bill is to repeal the sunset provision of the Alaska Boating Safety Program.

Prepared by: Jeff Johnson
 Division: Parks and Outdoor Recreation
 Approved by: Tom Irwin, Commissioner
 Agency: Natural Resources

Phone: 907/269-8705
 Date/Time: 1/13/2004
 Date: 1/13/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 93(FIN)
(H) Publish Date: 2/2/04

Revision Date/Time (Note if correction): 1/16/2004 11:30am Dept. Affected: Administration
Title: An act relating to boating safety and numbering..... RDU: Division of Motor Vehicles
Component: Motor Vehicles
Sponsor: Representative Weyhrauch
Requester: (H) STA Component No.: 2348

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Personal Services | (23.3) | (23.3) | (23.3) | (23.3) | (23.3) | (23.3) |
| Travel | | | | | | |
| Contractual | (1.5) | (1.5) | (1.5) | (1.5) | (1.5) | (1.5) |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | (24.8) | (24.8) | (24.8) | (24.8) | (24.8) | (24.8) |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| CHANGE IN REVENUES () | (30.0) | (30.0) | (30.0) | (30.0) | (30.0) | (30.0) |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| 1156 Receipt Supported Services | (24.8) | (24.8) | (24.8) | (24.8) | (24.8) | (24.8) |
| TOTAL | (24.8) | (24.8) | (24.8) | (24.8) | (24.8) | (24.8) |

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

| | | | | | | |
|-----------|----|----|----|----|----|----|
| Full-time | | | | | | |
| Part-time | -1 | -1 | -1 | -1 | -1 | -1 |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

The committee substitute exempts non-powered boats from registration. In FY 2003 there was \$30,700 deposited to receipt supported services associated with the registration of non motorized boats. The amount collected has been in decline for the past few years.

FY 2004 marks the three years anniversary of the inception of the non-motorized boats renewal program. Where we should be seeing an increase in registrations resulting from renewals this year the early estimates are actually showing a decrease overall in non-motorized boat registrations. FY 2004 revenues are estimated to be less than \$30,000 for non-motorized boat registrations.

Prepared by: Duane Bannock Phone 269-5559
Division: Motor Vehicles Date/Time 1/16/04 3:09 PM
Approved by: Mike Miller, Commissioner Date 1/16/2004
Agency: Department of Administration

ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH
HOUSE DISTRICT 4



ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

(907) 465-3744
FAX (907) 465-2273

Sectional Analysis

HB 93
The Alaska Boating Safety Act

Background. In 2000, the Legislature passed HB108 or The Alaska Boating Safety Act. This was a comprehensive bill regulating boats and establishing a uniform state waterway marking system. It was enacted in ch. 28, SLA 2000. Bill sections 1, 2, 4, 5, 8, 10, 12, 13, 15, 17, 19, 21, 22, 24, and 25 took effect on August 9, 2000 and they appear in the statutes under AS 05.25.010 – 05.25.100. These statutes are The Alaska Boating Safety Act that is in effect today.

In addition, HB 108 enacted other sections (3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27) that will repeal some of the provisions that took effect on August 9, 2000. These bill sections have not yet taken effect, but according to section 30, they will take effect on one of two possible dates or circumstances:

1. July 1, 2005; or
2. 90 days after the chair of Legislative Council notifies the reviser of statutes that in the previous fiscal year, the state did not receive and does not anticipate receiving federal funding for a statewide boating and safety education program.

The provisions found in sections 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27 are minimal boating safety provisions that not only fall short of the federal guidelines but fail to provide Alaskans with a comprehensive boating safety and education program.

Section 1. Amends AS 05.25.055(a), the registration and numbering of boats.
Deletes the registration requirement for all boats not equipped with mechanical propulsion.

Section 2. Amends AS 05.25.055(i), exempts all boats not equipped with mechanical propulsion.

Section 3. Extends the "sunset" date of the federally recognized Alaska Boating Safety Act until July 1, 2010, or 90 days after the chair of Legislative Council notifies the reviser of statutes that in the previous fiscal year, the state did not receive and does not anticipate receiving federal funding for a statewide boating and safety education program.

Section 4. Provides for an immediate effective date.

Updated: February 2, 2004

HB

109

SENATE COMMITTEE REPORT

DATE: 4/17/03

FURTHER: Finance

DATE TURNED IN TO OFFICE: 4/25/03

State Affairs Committee considered CS FOR HOUSE BILL NO. 109(FIN)

HB 109 TREASURY WARRANTS

"An Act relating to the limitation on payment of state treasury warrants and to the payment of a claim for which the appropriation has lapsed; and providing for an effective date."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
|------------|------|--------|------|-----|
| | | | | |
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| | | | | |
| | | | | |
| | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Zero | FN# |
|------------|---------|--------|------|-----|
| All | 4/24/03 | | ✓ | 1 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| | y | | | |
| | | | | |
| | | | | |
| | | | | |
| CHAIR: | x | | | |

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 109(STA)
(H) Publish Date: 3/26/03

Revision Date/Time (Note if correction): _____ Dept. Affected: All
Title Act relating to limitation on payment BRU All
of warrants upon the state treasury Component All
Sponsor Rep. Weyhrauch
Requester House State Affairs Committee Component No. All

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This proposed legislation costs nothing, but would eliminate inefficiency associated with "staledating" state warrants under AS 37.05.180. Under current law, warrants that are not cashed within two years revert to the general fund unless specifically exempted. When valid claims are made on these warrants, agencies must submit new appropriation language to pay them. The resulting wait for vendors, grantees, or employees with such claims can be up to a year depending upon the timing.

The Unclaimed Property Section within the Department of Revenue was established under AS 34.45.230 to match rightful owners with unclaimed property. Adding uncashed state warrants to this mix is an efficient use of existing state resources. The cash will still reside in the general fund until a valid claim is made, but at that time it could be paid immediately.

Prepared by: Kim J. Garner Phone 465-3435
Division Finance Date/Time 2/24/03 12:00 PM
Approved by: Mike Miller, Commissioner Date 2/24/2003
Agency Department of Administration

**Miscellaneous Claims Submitted
in
HB 110 – The Fast Track Supplemental Budget**