

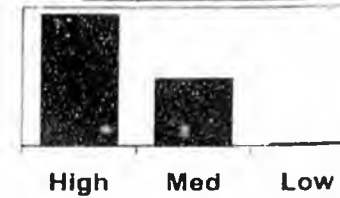
ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 HSTA 12344



Employer Survey - PERS

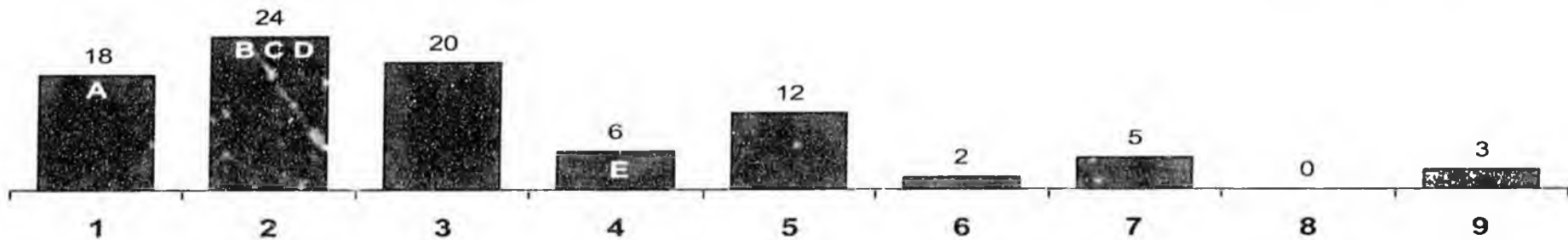
26. Predictability and Stability

Importance



We want maximum predictability and stability of contributions

We're willing to accept volatility as part of our asset strategy



Key Comments

- For budgeting purposes, employers need a high degree of predictability.
- Governments have to budget. They need to know what to expect.
- Wide budget swings are hard to deal with.
- As an employer, we're willing to accept volatility as part of our asset strategy, as long as fluctuation isn't too drastic. Such as our increase over the next two years.

Key Implications

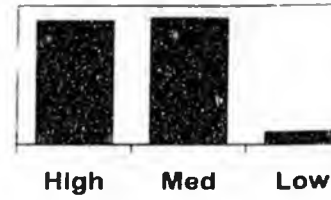
- Volatility is the result of a higher-risk asset strategy with higher potential rewards.



Employer Survey - PERS

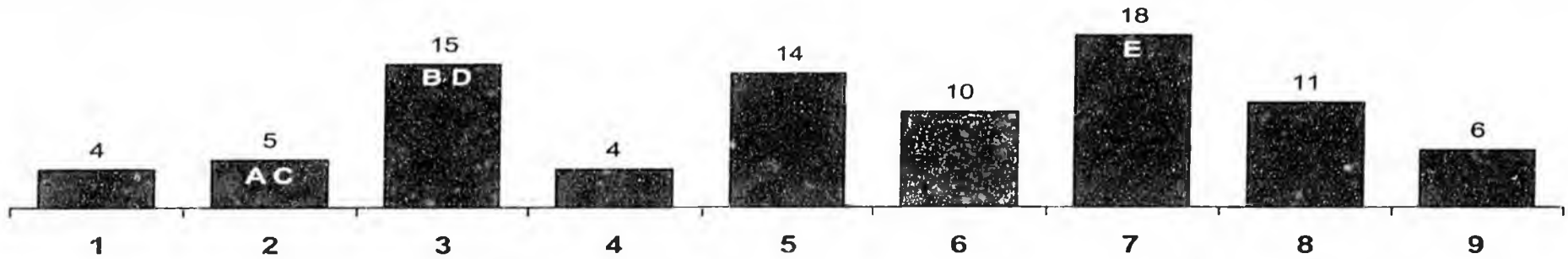
27. Change in Cost

Importance



Aggregate retirement contributions should be less than they are now

Marginal cost increases are appropriate to meet other design goals



Key Comments

- *Employees contribution rates may need to increase!!*
- *We understand that costs are increasing. Want to keep plans competitive while keeping plan costs reasonable.*
- *It would be a fairy tale to want aggregate retirement contributions to be less than they are now.*

Key Implications

- *Lowering contributions will result in generally lower level of benefits for retirees.*
- *System benefits may or may not be competitive against peer group if benefits are decreased.*

Employer Survey – PERS

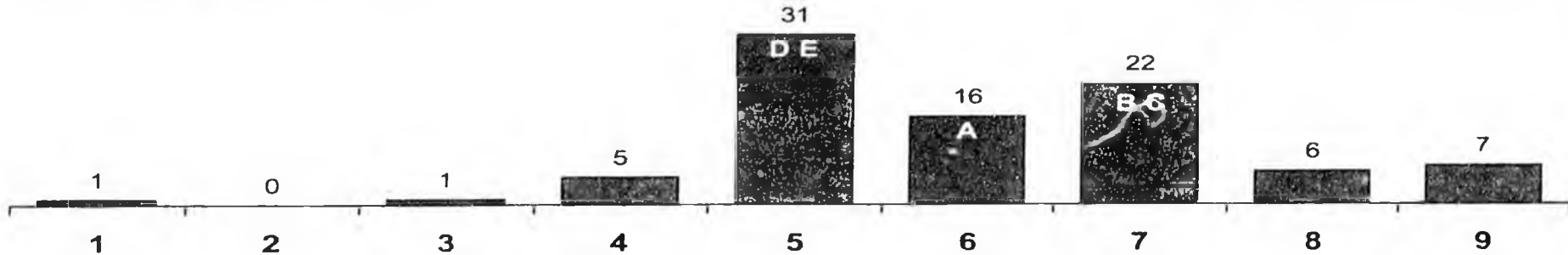
28. Comparison with the Market

Importance



We would like our retirement program to be low compared to the market

We would like our retirement program to be high compared to the market



Key Comments

- *Our compensation is low compared to the market, so benefits have to be high in order to attract quality employees.*
- *Want the plan to be competitive or better to retain or hire employees.*
- *This provides for retention of good employees.*
- *A good running Chevy will be fine.*

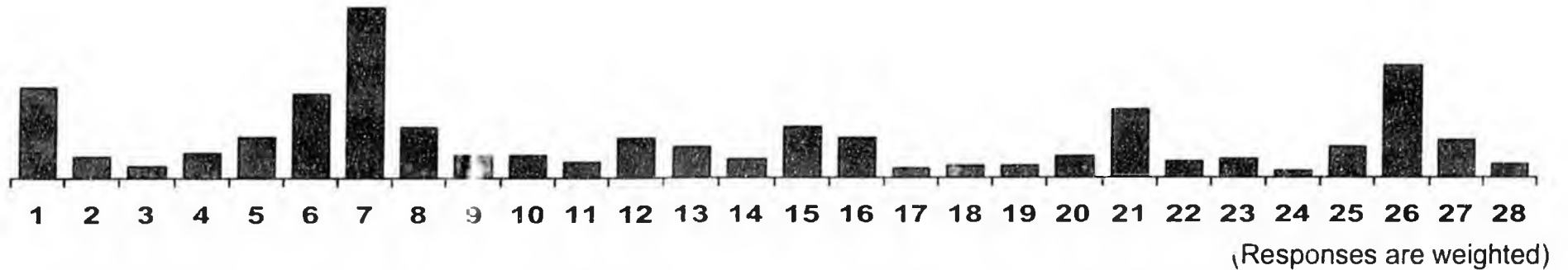
Key Implications

- *High-end benefits are an important attraction and retention tool.*
- *High-end benefits can be costly.*



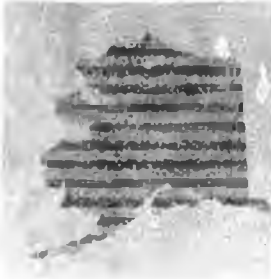
Employer Survey – PERS

29. Most Important Questions



The four most important questions with preferred spectrum comment

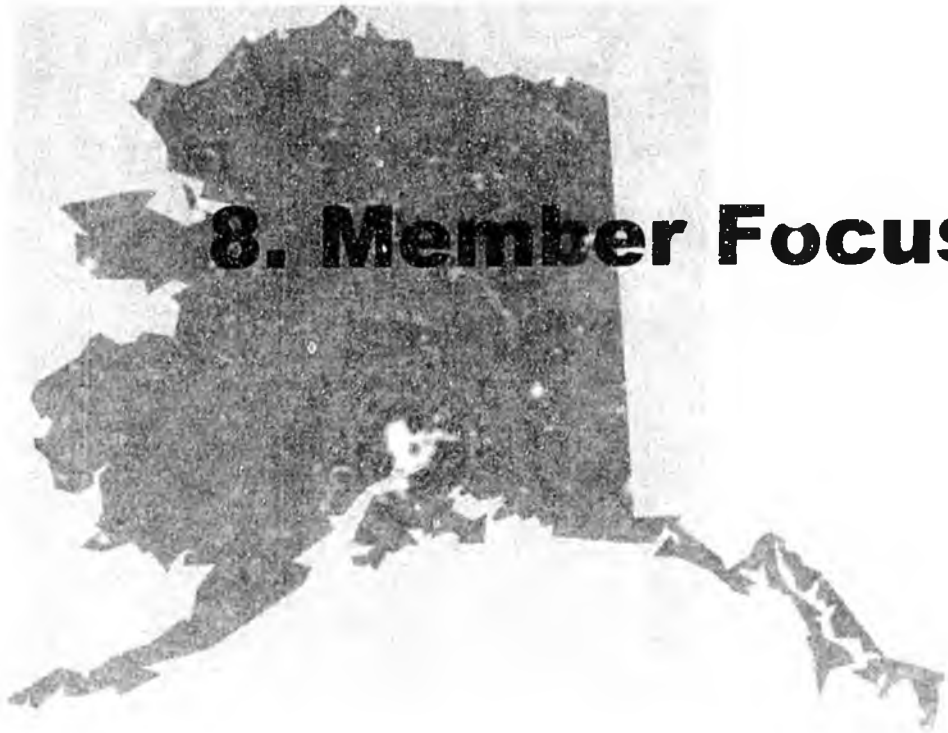
- **Question # 7:** “The retirement program should provide medical coverage”
- **Question #26:** “We want maximum predictability and stability of contributions”
- **Question #1:** “Plan should favor long-service employees”
- **Question #6:** (The responses did not indicate a significant difference between the two)
 - “The System should provide medical coverage to terminated vested members”
 - “The System should **not** provide medical coverage to terminated vested members”



Employer Survey – PERS

Important Conclusions

- Employers want the retirement program to continue to provide medical coverage
- Many employers open to the possibility of providing differing levels of medical coverage based on service or having members share in the cost of coverage
- Other potential cost savings areas that some employers seem open to:
 - Lowering the post-retirement cost-of-living adjustment
 - Not providing medical coverage to vested terminated members
- Some responses seem to favor continuing a defined benefit approach
 - Reward long service
- However, responses leaned towards shifting investment risk to members



8. Member Focus Group Results



Employer Survey – PERS

Important Conclusions

- Employers want the retirement program to continue to provide medical coverage
- Many employers open to the possibility of providing differing levels of medical coverage based on service or having members share in the cost of coverage
- Other potential cost savings areas that some employers seem open to:
 - Lowering the post-retirement cost-of-living adjustment
 - Not providing medical coverage to vested terminated members
- Some responses seem to favor continuing a defined benefit approach
 - Reward long service
- However, responses leaned towards shifting investment risk to members



Member Focus Group Results

Focus Group Findings

- Retiree benefits overall are viewed as very important in the decision to work within the System and stay in their jobs long term
- “Tier 1 guilt” may have implications for communication of any new tiers
- All elements of the retirement package are highly valued, but general priorities emerged:
 - Retiree medical is the most highly valued part of the retirement package
 - Disability benefits and COLAs are the least highly valued part of the package



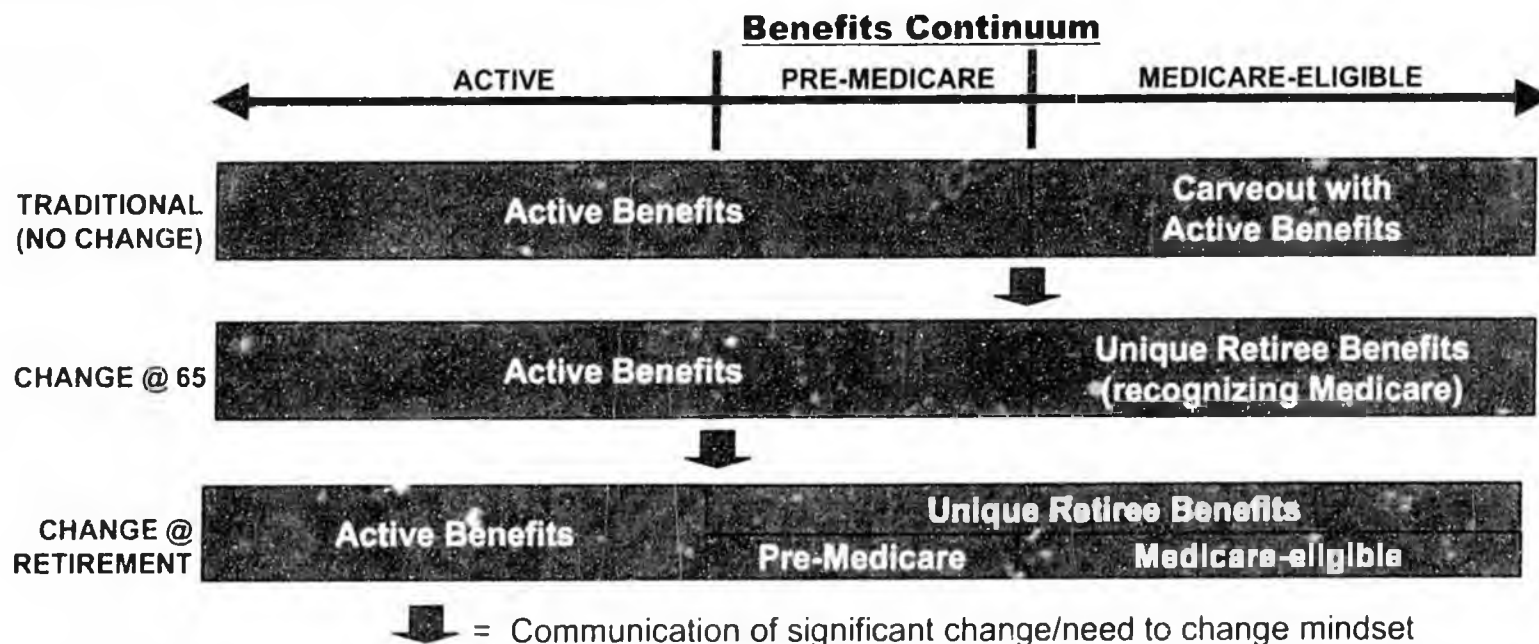
9. Medical Program Issues and Alternatives

Medical Program Issues and Alternatives

Current State

Retiree medical design/redesign is part of a broader strategy

- Benefit decisions tied more closely to business plan
- Approaches are multi-phased/multi-year
- Strategic decision: Is coverage primarily a retirement benefit or an extension of active medical benefits?





Medical Program Issues and Alternatives

Current State

- Pre-65 programs
 - Enables less productive employees to retire
 - Helps to enable proper promotion flow
 - Can be used to reward long-service employees
 - Retiree access to coverage is a critical issue
 - Per capita medical costs are significantly higher than both active employee and Post-65 costs

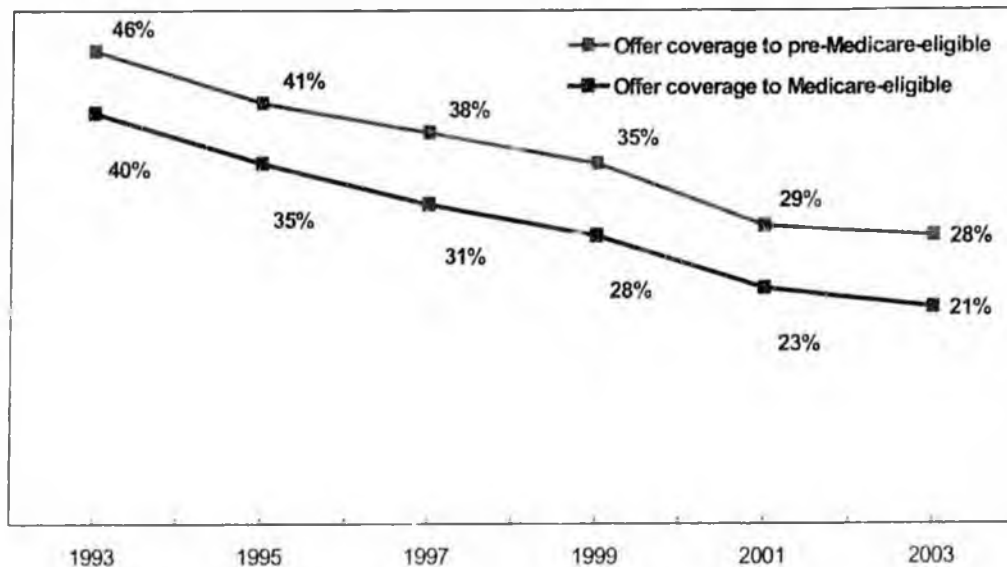
- Post-65 programs
 - Rewards long-term service
 - Can relieve pressure on Retirement benefits
 - Less need for plan sponsor involvement:
 - Medicare, Medicare HMOs, Medigap plans
 - Spending accounts (limited availability prior to Medicare reform)

Pre-65 and Post-65 programs have different objectives, structures and challenges

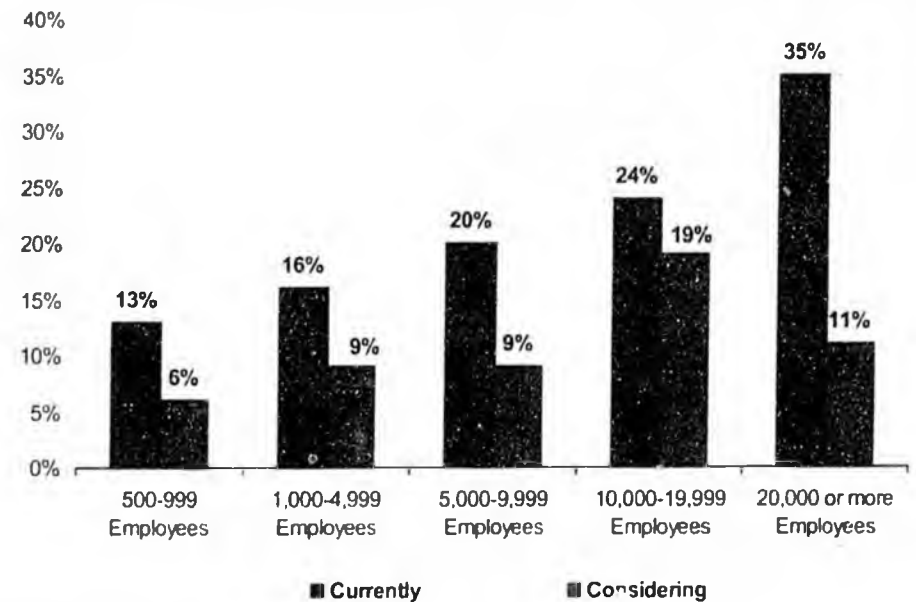
Medical Program Issues and Alternatives

Current State

Percentage of Retirees with PRM



Percentage of Employers Capping Contributions by Employer Size



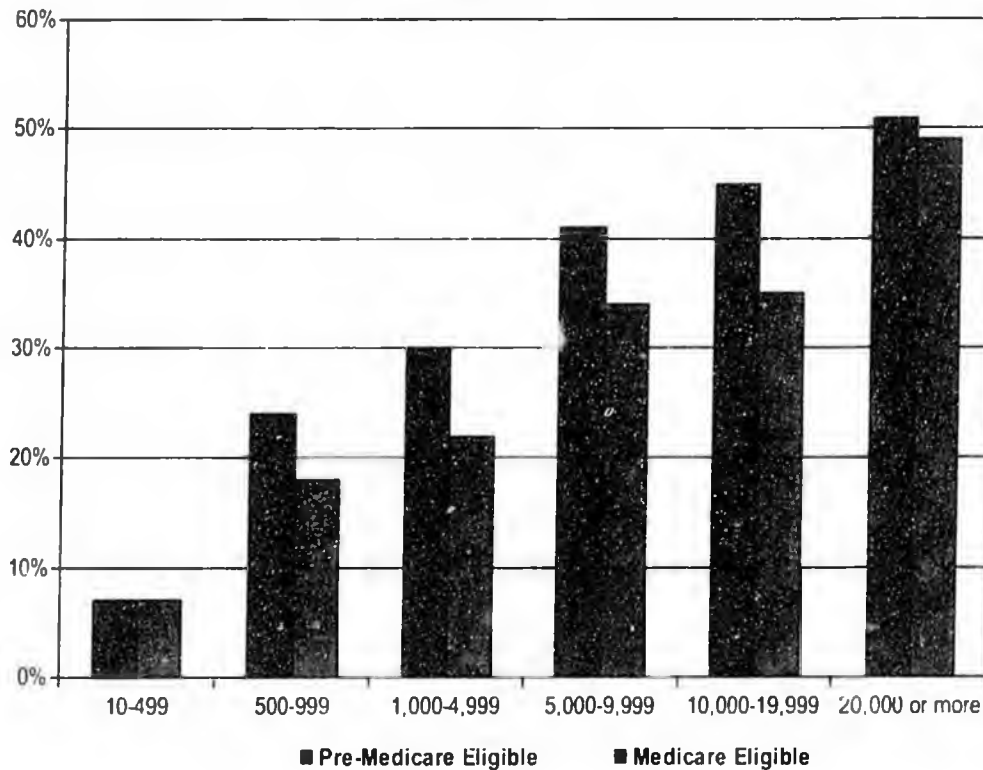
**Plan Sponsors are promising less;
Retirees are paying more when coverage is offered;
plan changes shift cost to retirees**

Source: 2003 Mercer National Survey of Employer-Sponsored Health Plans
Employers with 10-499 employees did not report coverage separately for pre-Medicare-eligible and Medicare-eligible.

Medical Program Issues and Alternatives

Current State

**Employer Trends:
Retiree Coverage by Employer Size**



**Employers offering Retiree Medical
to Medicare-eligible Retirees**

Industry	1998	2003
Manufacturing	23%	19%
Wholesale/Retail	14%	11%
Services	31%	21%
Transportation/Communication/ Utility	54%	29%
Health Care	17%	8%
Financial Services	57%	32%
Government	55%	58%
All Large Employers	30%	21%

**Coverage is directly related to
employer size and industry**

Source: Mercer's 2003 National Survey of Employer-Sponsored Health Plans

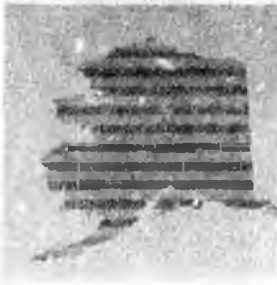


Medical Program Issues and Alternatives

General Trends

Decline in Coverage Availability and Changes in Design

- Costs and risks will drive decline
- Increased cost sharing with employees
- Limit on cost and scope of post-retirement medical program
- These limits may create adverse selection (healthy retirees purchase coverage outside program), increasing cost per participating retiree

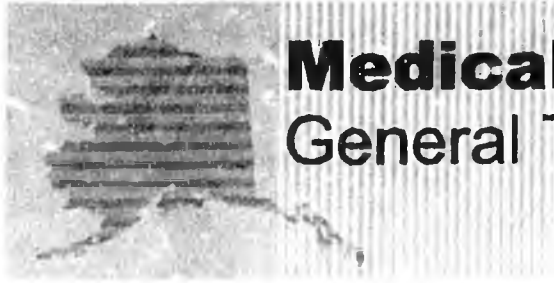


Medica! Program Issues and Alternatives

General Trends

Costs and Need for Benefits are Increasing

- Aging population living longer - longer retirements
- Prescription drug costs increasing dramatically - Medicare coverage possible but design is uncertain
- Semi-retirement phenomenon - 'bridge' jobs
- Labor supply inadequate - employers must be innovative
- Workplace issues - being attractive to right workers while being fair (non-discriminatory)



Medical Program Issues and Alternatives

General Trends

Attraction and Retention Tool

- Retiree medical is a key issue for mid-career employees/ new hires
- Retiree medical is an integral factor in the linkage between workforce management and retirement strategy
- Retiree Medical is a key factor in the retention and recruitment of valuable employees for the State of Alaska and participating subdivisions



Medical Program Issues and Alternatives

General Trends

Cost Sharing

- Average retiree contribution as a percent of “premium” for large employers pre-Medicare retiree coverage was 34% and for post-Medicare retiree coverage was 38% for those requiring contributions.
- For Government Plan Sponsors, retiree contributions were 25% and 28% of premium for pre–Medicare and post-Medicare retiree medical coverage, respectively.

Source: Mercer's 2003 National Survey of Employer-Sponsored Health Plans



Medical Program Issues and Alternatives

Key Retiree Medical Objectives

- Access to medical and prescription drug coverage for Retirees
- Competitive program to aid in attraction and retention of workforce
- Cost sharing with Retirees
- Long term cost control
- Cost stability and risk management



Medical Program Issues and Alternatives

Current Cost Sharing Philosophy

■ PERS

- Full Retiree Contributions
 - Under age 60 with less than 30 years of service (25 for Police and Fire)
 - Not tier 1
- Zero Retiree Contributions
 - Tier 1
 - Over age 60
 - 30 years of service (25 for Police and Fire)
- 87% of current PERS pensioners and vested terminations get free medical
- 29% of current PERS actives are immediately eligible for free medical upon retirement

■ TRS

- Full Retiree Contributions
 - Under age 60 with less than 25 years of service
 - Not tier 1
- Zero Retiree Contributions
 - Tier 1
 - Over age 60
 - 25 years of service
- 97% of current TRS pensioners and vested terminations get free medical
- 37% of current TRS actives are immediately eligible for free medical up on retirement

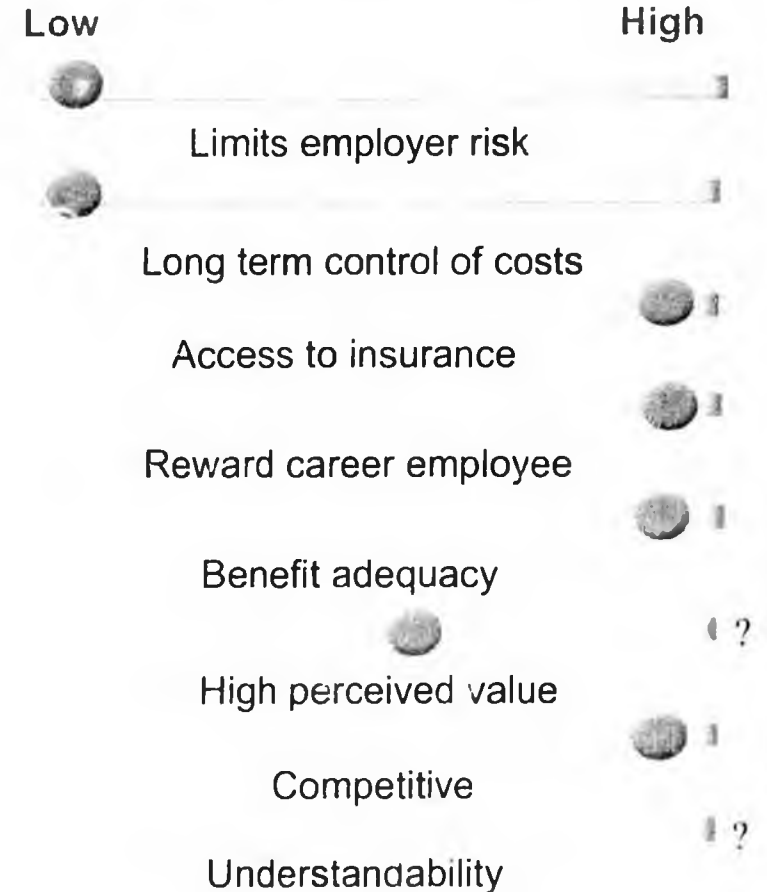


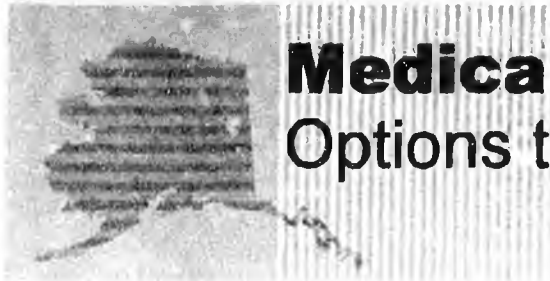
Medical Program Issues and Alternatives

Alignment with Objectives

Eligibility	PERS Tier 1 and Tier 2 – 5 years PERS Tier 3 – 10 years TRS – all Tiers 8 years
Plan Description	<p>Indemnity major medical plan with prescription drug, dental, vision and audiology coverage</p> <ul style="list-style-type: none"> - Medical \$150 deductible, 80% coins, \$800 OOP - Prescription drug \$4 generic, \$8 brand, \$0 mail order - Dental \$50 deductible, coins by class, \$2,000 annual max - Vision 80% coins, 1 exam per year - Audiology – 80% coins, \$2,000 every three years
Contribution	<p>PERS – retiree pay all under 60 and <30 years, no contributions over 60, 30+ years, or Tier 1</p> <p>TRS – retiree pay all under 60 and <25 years, no contributions over 60, 25+ years, or Tier 1</p> <p>No cap on company subsidy</p>
Plan Liabilities (APBO) - PERS & TRS	<p>\$5.9 billion (as of 6/30/03)</p> <ul style="list-style-type: none"> - 48% retirees - 35% actives - 17% terminated vested

Current Traditional Plan





Medical Program Issues and Alternatives

Options to Consider

Objectives

- Cost Control
- Risk Management

Cost Control

- Focus on:
 - Plan design
 - Traditional
 - Defined dollar
 - Account based
 - Cost sharing – before and after retirement
 - Eligibility
 - Prescription drug plans



Medical Program Issues and Alternatives

Options to Consider – Traditional Designs

- Sometimes called a defined benefit approach
- Benefit to retiree is specified in the plan design
- Contributions are typically based on years of service
- Liability and risk after retiree contribution is System's
- Retiree contributions are often specified as a percentage of program cost
- Increasingly, these plans are being designed with a dollar "cap" on employer contributions (may be tied to inflation)



Medical Program Issues and Alternatives

Options to Consider – Traditional Designs

- Change eligibility
 - Increase age and service requirements or eliminate coverage
- Benefit design changes

Pre and Post	Pre	Post
Deductibles, copays, maximum	Disease management	Carveout/non-duplication
Catastrophic plan	Health promotion/employee education	Supplement to Medicare
Pharmacy management	Catastrophic case management	Rx only plan
	E-health plans	

- Change retiree cost-sharing
- Phased retirement



Medical Program Issues and Alternatives

Options to Consider

■ Cost Sharing

- Wide range of contribution alternatives available
 - Fixed retiree contribution ◀ . . . ▶ fixed System contribution
 - Percent of plan cost
 - Fixed regardless of service, or based on service
 - Same for retiree and dependent, or less for dependent
 - Contribution percent based on years of service and age at retirement
- Changes in retiree cost-sharing are common approaches
 - Tie contribution to age and/or service

EXAMPLE Age @ Retirement	Percent Paid by System Years of Service at Retirement		
	10 – 19	20 – 28	30+
55-59	40%	50%	60%
60-64	55%	65%	75%
65+	70%	80%	90%

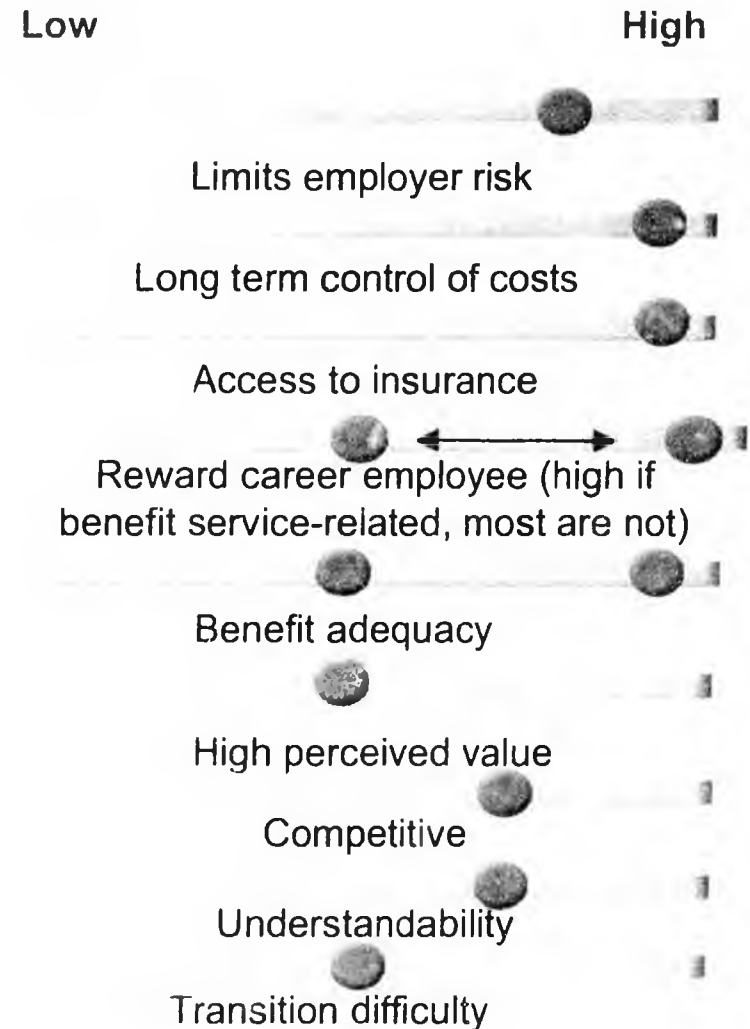
- Cap or index for System contribution
- Higher amounts for dependents, especially those with coverage elsewhere
- Account-based approaches (Health Savings Account, Health Reimbursement Arrangement, defined dollar contribution) are becoming more common

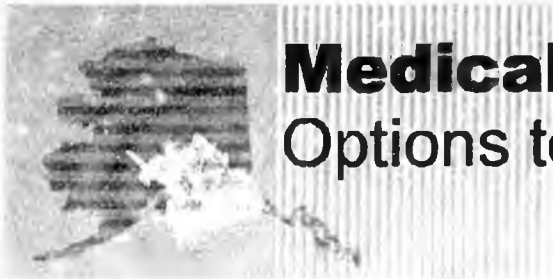


Medical Program Issues and Alternatives

Options to Consider – Defined Dollar Designs

- Defined Dollar Benefit
 - Fixed dollar subsidy at retirement for medical coverage
 - May or may not sponsor a health plan
 - May structure subsidy to be based on service

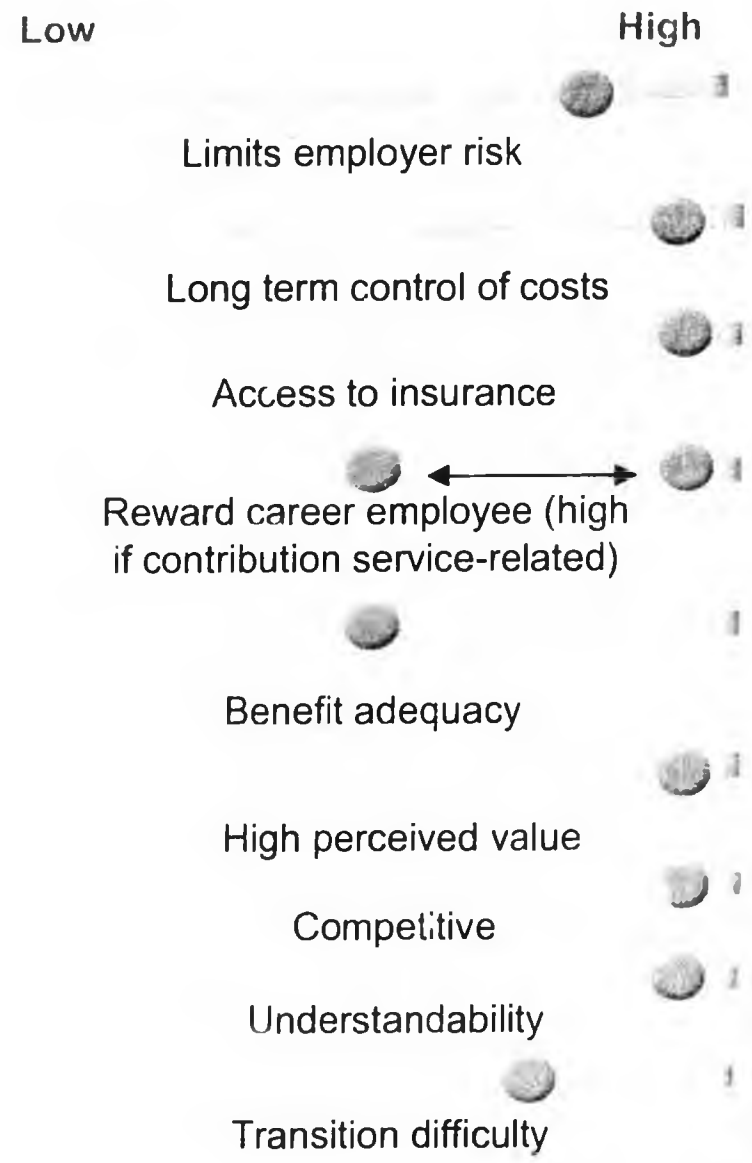




Medical Program Issues and Alternatives

Options to Consider – Account Based Designs

- **Defined Contribution**
 - Basic concept: plan credits “account” with a fixed amount for each year of service
 - System generally maintains medical plan for retirees and dependents (except for premium reimbursement approach)
 - Credits typically vary by service
 - Eligibility generally no different than with traditional plans
 - Account balance only available for retiree medical benefits
 - May or may not be funded





Medical Program Issues and Alternatives

Options to Consider – Account Based Designs

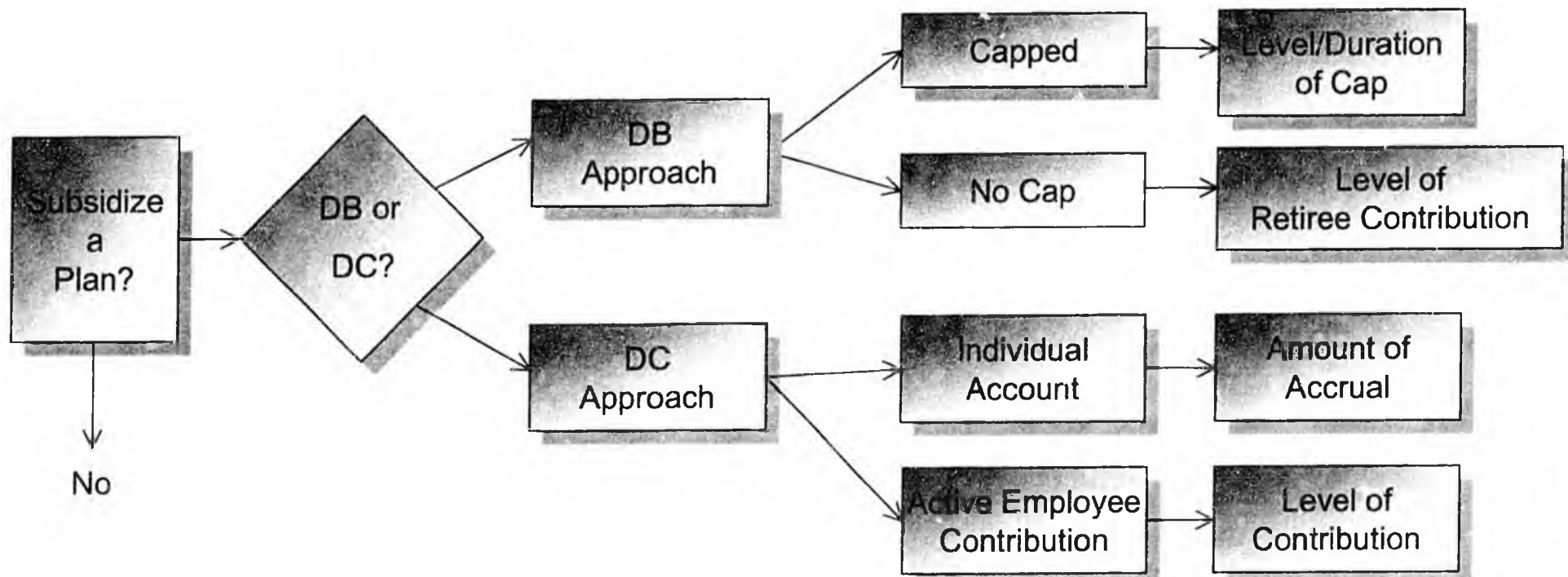
Advantages

- Employer's annual or aggregate cost is capped
- Benefits are still tax-free
- New plan is more visible and more easily understood by employees
- Not vested – account is forfeited if not eligible for retiree medical benefits when employee terminates

Medical Program Issues and Alternatives

Options to Consider

Subsidy





Medical Program Issues and Alternatives

Benefit Strategy Considerations

- Attraction, motivation and retention of employees
- Target position within relevant industry
- Markets for labor talents
- Ownership in success
- Employee ease of use
- Administration
- Flexibility
- Reflection of employee demographics and life cycle needs



Medical Program Issues and Alternatives

Benefit Strategy Considerations

- Internal equity
- Critical employee groups/skills
- Consistency across geographies and employee groups
- Cost and risk to retirement System
- Perceived value to employees
- Communication openness



**10. Retirement (Non-medical) Program
Observations, Trends and
Alternatives**



Trends and Alternatives Contents

- General comments
- Defined benefit observations
- Defined contribution observations
- Alternative plan designs



Trends and Alternatives

General Comments

- Defined benefit or defined contribution
 - Each approach has advantages/disadvantages
 - Many states are adopting combined approaches
- There are true “hybrid” plans
 - Cash balance plans (California)
 - Pension equity plans
 - Legislative uncertainty (court rulings that they are age-discriminatory)
- There are other types of defined benefit plans
 - Career average plans
 - Dollars times years of service



Trends and Alternatives

General Comments *(continued)*

- There is greater reliance on account based plans as a source of retirement income
 - Participation in defined benefit plans has declined in private sector from almost 40 percent in 1980 to about 17 percent now
 - Traditional pension still prevalent in public sector
 - 90 percent of state and local government workers are covered by defined benefit plans
 - Several states have reduced the defined benefit component and introduced defined contribution plans
- Many plan sponsors (both private and public sector) have reevaluated their benefit programs
 - Both level of benefits and pattern of benefit accruals



Trends and Alternatives Defined Benefit Observations

- Plans have experienced higher cost levels and greater cost volatility
- Funded status has declined in last 3 years



Trends and Alternatives

Defined Benefit Observations (*continued*)

- Advantages (to employer) of defined benefit plans
 - Retention incentives, lower turnover cost
 - Workforce management
 - Cost allocated to longer-service employees

- Advantages (to employee) of defined benefit plans
 - Pooling of longevity risk
 - In most cases, employer bears investment risk
 - Predictable, stable retirement income



Trends and Alternatives

Defined Benefit Observations (*continued*)

- Disadvantages (to employer) of defined benefit plans
 - Investment risk
 - Cost volatility



Trends and Alternatives

Defined Contribution Observations

- Advantages (to employer) of defined contribution plans
 - Predictable cost
 - Stable cost
 - Employee assumes investment risk
 - No long-term administrative commitment
 - Contribution equity among employees

- Advantages (to employee) of defined contribution plans
 - Portability
 - Ability to direct investments
 - Contribution equity among employees



Trends and Alternatives

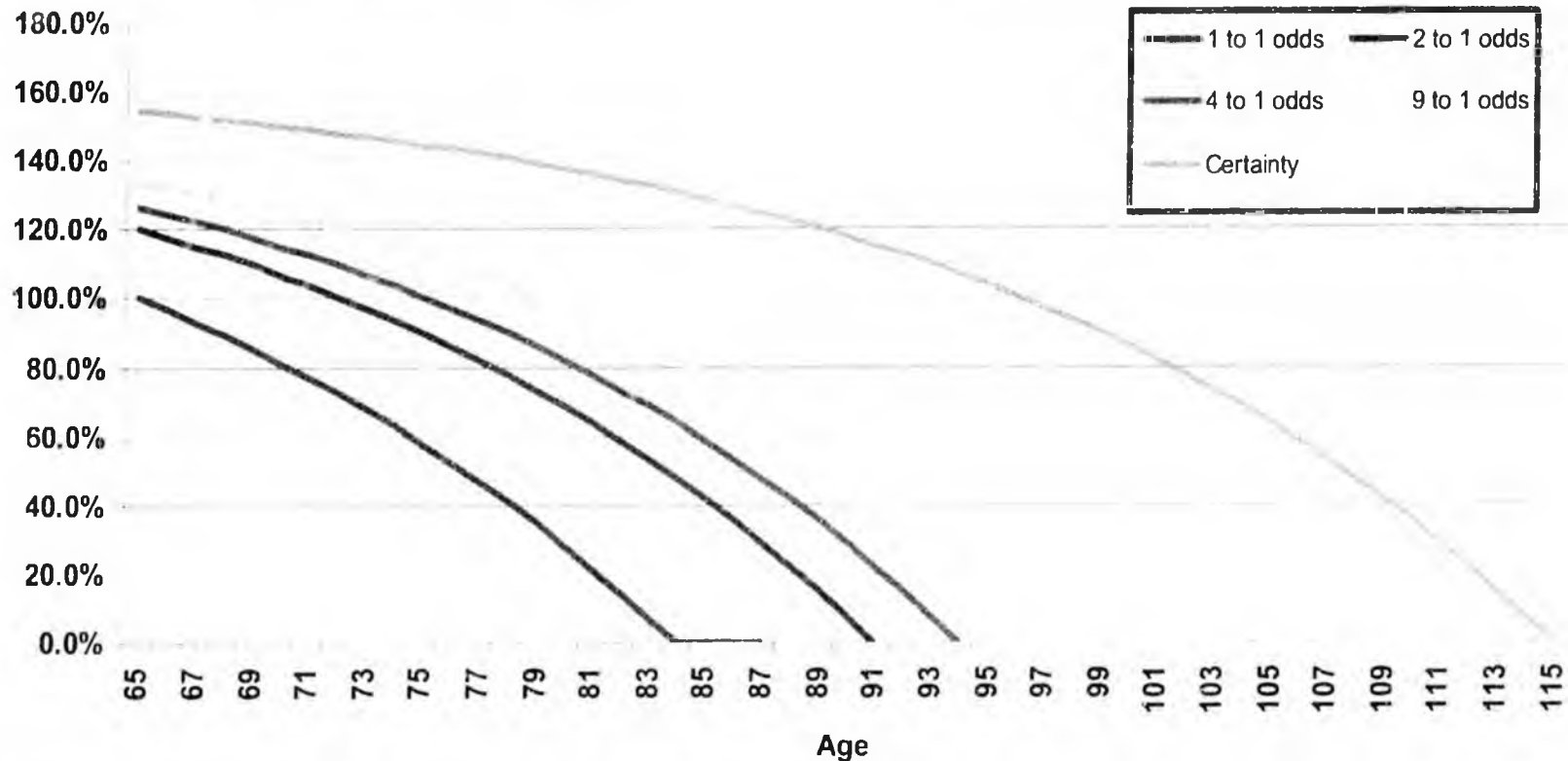
Defined Contribution Observations (*continued*)

- Challenges for defined contribution plans
 - More difficult to manage workforce
 - Employee directed money often earns less
 - Amount needed at retirement is often underestimated
 - Employees need to contribute in excess of 10 percent, but most do not
 - Retirees generally not equipped to transform lump sum into monthly payments that last for a lifetime

Trends and Alternatives

50% More Wealth Needed to Reach the Certainty Provided by an Annuity

Comparative Spend Down Balances with Varying Degrees of Certainty (100% = lump sum value of annuity)





Trends and Alternatives

Alternative Plan Designs

Career Average Plans

- Benefits are based on compensation over the employee's entire working career, not final average
- Benefits accrue more slowly than under a final average pay plan

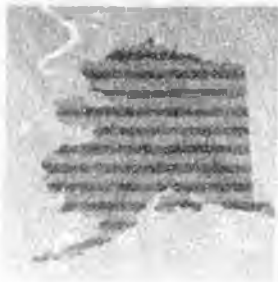


Trends and Alternatives

Alternative Plan Designs (*continued*)

DB/DC Combination

- This is the structure usually employed by large private sector employers
- A modest defined benefit structure is supplemented by a defined contribution plan
- The two plans are not linked and the benefits from each are separately determined
- This is the design of the State of Oregon's new benefit plan



Trends and Alternatives

Alternative Plan Designs *(continued)*

Floor Offset Plan

- Like the DB/DC combination, each employee has both a defined benefit and a defined contribution benefit
- In the floor offset plan, the DB benefit is the “floor” or the smallest benefit you can get
- If the DC account provides a larger monthly benefit upon conversion to an annuity, that is the benefit paid to the member

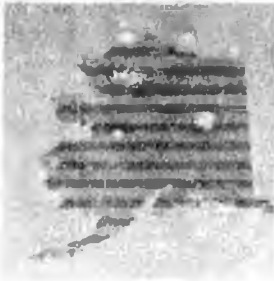


Trends and Alternatives

Alternative Plan Designs (*continued*)

Cash Balance Plan

- A cash balance plan is a defined benefit plan which uses the language of a defined contribution plan to determine the benefit
- Each year the benefit is increased by additional accruals as well as interest on the previous account balance
- Upon retirement, the account can be converted to an annuity or paid out as a lump sum
- Legal issues should be considered



Trends and Alternatives

Alternative Plan Designs (*continued*)

Pension Equity Plan

- A pension equity plan is a defined benefit plan which defines the benefit as a lump sum based on final average pay and service
- Upon retirement, the account can be converted to an annuity or paid out as a lump sum
- The lump sum increases with service and pay increases rather than with interest, as in the cash balance plan
- Legal issues should be considered



Trends and Alternatives

Alternative Plan Designs *(continued)*

Variable-Annuity Defined Benefit Plans

- Key features
 - Defined benefit plans
 - Benefits increase or decrease in response to investment returns
 - Participant bears some or all of investment risk
 - Cost is highly predictable



Trends and Alternatives

Alternative Plan Designs (*continued*)

Variable-annuity defined benefit plans have many familiar features:

- Plan defines accrual as an annuity payable at retirement
- Accrual pattern is the same as a traditional DB plan
- Benefit formulas are often the same as in a traditional career average or flat benefit plan designs
- Same vesting provisions
- Plans can have optional forms, and subsidies

Essentially, variable plans are the same as traditional plans, except the benefit provided (or portion of benefit) is a variable annuity instead of a fixed annuity

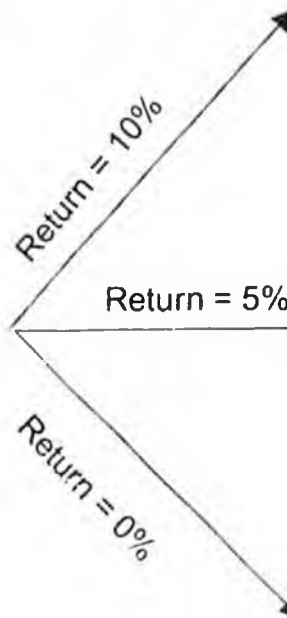


Trends and Alternatives

Benefit variability example

Plan Hurdle Rate 5%
Monthly Benefit 1000 units
Unit Value at Time 1 (UV1) 2.0

\$Ret Bent Yr. 1 = 1000 x 2.0 = \$2,000



\$Ret Ben Yr. 2 = 1000 x 2.095 = **\$2,095**

(UV₂ = UV₁ x 1.10/1.05 = 2.095)

\$Ret Ben Yr. 2 = 1000 x 2.000 = **\$2,000**

(UV₂ = UV₁ x 1.05/1.05 = 2.000)

\$Ret Ben Yr. 2 = 1000 x 1.905 = **\$1,905**

(UV₂ = UV₁ x 1.00/1.05 = 1.905)



Trends and Alternatives

Funding for variable plans

- Fully funded variable plans have no investment risk to the plan sponsor
 - Demographic assumptions can create gains or losses
 - Plans that are under- or over-funded can experience investment gains and losses

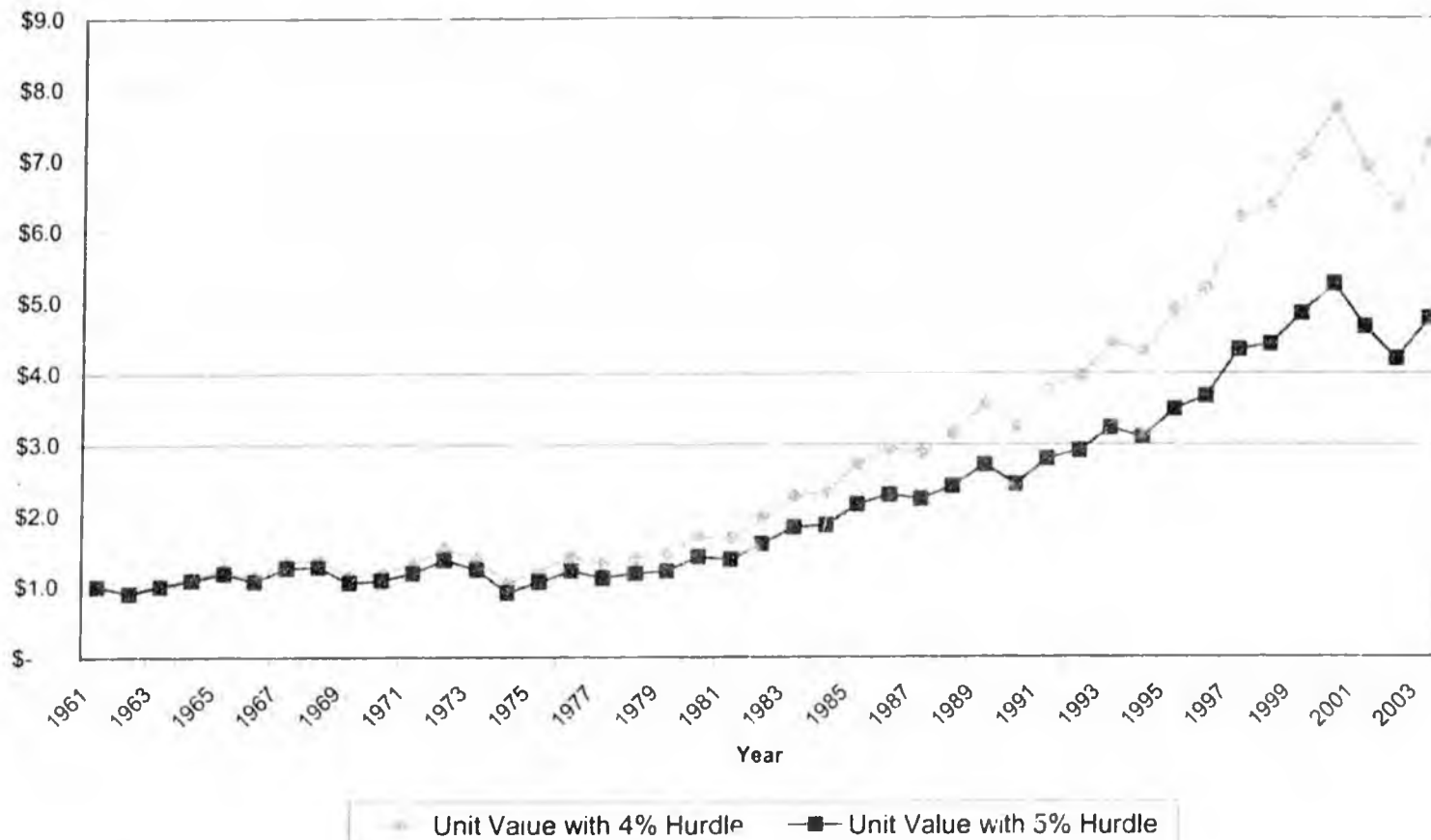
- Funding cost for a fully funded variable plan, is the normal cost with interest regardless of current interest rate levels.
 - Normal cost only fluctuates with changes in demographics
 - Demographic assumptions can create gains or losses
 - Cost to keep plan free of investment risk is normal cost plus demographic gains/losses



Trends and Alternatives

Variable benefits – effect of Hurdle Rate

Variable Fund Unit Value
(1961 - 2003)





Trends and Alternatives

Variable benefits – what people like

Longevity pooling

- Big financial advantage to retiree
 - Eliminates risk of outliving assets
 - Creates economic value
 - Takes smaller asset amount to fund retirement
- Sponsor assumes longevity risk
 - Risk is highly predictable
 - Can fund with conservative assumption or appropriate margin
 - Any gains/losses generally emerge very slowly



Trends and Alternatives

Variable benefits – what people like (*continued*)

Favorable investment results produce increasing benefits

- Participants share in investment gains
- If hurdle rate is reasonable, expectation of increasing benefits

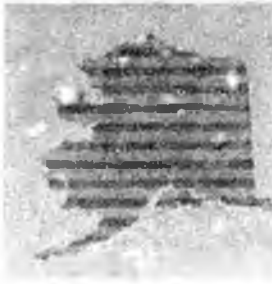


Trends and Alternatives

Variable benefits – what people like (*continued*)

Sponsor cost pattern

- Cost and funding are highly predictable, generally a level percent of pay
- Investment gains or losses are generally very small, related only to the surplus or deficit of the plan
- If Plan is fully funded (no surplus or deficit), no investment gain/loss
- Demographic gains/losses generally much smaller, will result in some amortizations and surplus/deficit, but magnitude is generally small



Trends and Alternatives

Legal concerns

■ **Key messages**

- These issues are unknowns
- Plan sponsor needs to be aware of legal risks
- Legal counsel should be involved

■ **Age discrimination**

- Pre-retirement indexing is similar to interest credits in a cash balance plan
 - Does a younger employee, with more years of future (pre-retirement) indexing, earn a higher “rate of accrual” than an older employee with fewer years of future indexing?
- Risk may vary with hurdle rate
- To mitigate risk, use a higher hurdle rate



Trends and Alternatives

Legal concerns (*continued*)

■ **Fiduciary litigation risk**

- Employees' benefits depend on investment performance of trust
- Greater participant scrutiny of investment decisions
- Greater potential for fiduciary litigation if investments perform poorly
- To mitigate risk – tie benefits to an external index

■ **Definitely determinable benefits**

- Employee's benefit depends on investment performance, which is subject to employer control/discretion
- 1953 Rev. Rul. 185 – variable benefits are deemed to be definitely determinable
- IRS may be rethinking position
- To mitigate risk – tie benefits to an external index



Trends and Alternatives

Legal concerns (*continued*)

■ **Age 70-1/2 minimum distribution rules**

- Final regulations prohibit annuity indexation after 70-1/2 unless tied to CPI or annuity purchased
 - IRS delayed effective date to reconsider
 - additional guidance expected this year
- To mitigate risk, wait for IRS guidance

■ **Reduction in immediate benefit**

- Normal retirement benefit cannot be less than early retirement benefit
 - Key issue: Are “benefits” measured in *dollars* or *units*?
- Potential violation if benefits are measure in dollars and unit value declines between early and normal retirement age



Trends and Alternatives

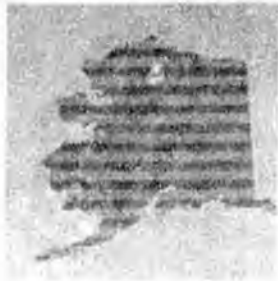
Best of both DB & DC worlds?

Key attributes (blue = desirable; red = undesirable)

	DC Plans	Traditional DB Plan	Variable DB plan
Investment Risk	Employee	Employer	Employee
Investment Management	Participant Directed	Professionally Managed	Professionally Managed
Longevity Risk			
To Employee	High	None	None
To Sponsor	None	Moderate (pooling)	Moderate (pooling)
Retirement Benefit/Cost Efficiency	Low	High	High
Work Force Management	No	Yes	Yes
Purchasing Power	Real	Nominal	Real
Portability	Yes	No	No
Employee Understanding & Appreciation	High	Low	Low
Legal Uncertainties	No	No	Yes



11. Next steps



Next Steps

- Agree on alternatives for further study
 - Medical alternatives?
 - Incorporate defined contribution component?
 - Explore alternative design?

HB

19

CS FOR HOUSE BILL NO. 19(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES MEYER, Crawford, Gruenberg

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to limited driver's license privileges and ignition interlock limited**
2 **driver's license privileges."**

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

4 *** Section 1.** AS 28.15.183(f) is amended to read:

5 (f) A revocation imposed under this section shall be consecutive to a
6 revocation imposed under another provision of law, except that (1) a revocation
7 imposed under this section shall be concurrent with a prior revocation imposed under
8 this section; and (2) a revocation imposed under this section for an offense for which a
9 revocation is required under AS 28.15.185 shall be concurrent with a revocation
10 imposed under AS 28.15.185 that is based on the same incident. IA PERSON
11 WHOSE DRIVER'S LICENSE, PERMIT, OR PRIVILEGE WAS REVOKED FOR A
12 PERIOD OF AT LEAST 60 DAYS UNDER THIS SECTION MAY APPLY FOR
13 LIMITED LICENSE PRIVILEGES UNDER AS 28.15.201(d).] A person whose
14 driver's license, permit, or privilege to drive was revoked for a period of more than

1 one year under this section may apply for reinstatement as provided under (i) of this
2 section.

3 * Sec. 2. AS 28.15.201 is amended by adding a new subsection to read:

4 (f) A court revoking a driver's license, privilege to drive, or privilege to obtain
5 a license under AS 28.15.181(c), or the department when revoking a driver's license,
6 privilege to drive, or privilege to obtain a license under AS 28.15.165(c), may grant
7 ignition interlock limited license privileges. Ignition interlock limited license
8 privileges allow the person to operate a vehicle on which an ignition interlock device
9 has been installed and that is identified on the limited license certificate issued by the
10 court or department to the person. The court or department may grant ignition
11 interlock limited license privileges if

12 (1) the revocation was for a conviction under AS 28.35.030, 28.35.032,
13 or a similar municipal ordinance;

14 (2) the person provides proof of installation of the ignition interlock
15 device on every vehicle the person operates;

16 (3) the person signs an affidavit acknowledging that

17 (A) operation by the person of a vehicle that is not equipped
18 with an ignition interlock device is subject to penalties for driving with a
19 revoked license;

20 (B) the person is required to maintain the ignition interlock
21 device throughout the period of the limited license, to keep up-to-date records
22 in each vehicle showing that any required service and calibration is current,
23 and to produce those records immediately on request;

24 (4) the person has not previously been convicted of violating the
25 limitations of an ignition interlock limited license.

26 * Sec. 3. AS 28.15.291(b) is amended to read:

27 (b) Upon conviction under (a) of this section, the court

28 (1) shall impose a minimum sentence of imprisonment

29 (A) if the person has not been previously convicted, of not less
30 than 10 days with 10 days suspended, including a mandatory condition of
31 probation that the defendant complete not less than 80 hours of community

1 work service:

2 (B) if the person has been previously convicted, of not less than
3 10 days;

4 (C) if the person's driver's license, privilege to drive, or
5 privilege to obtain a license was revoked under circumstances described in
6 AS 28.15.181(c)(1), or if the person was driving in violation of a limited
7 license issued under AS 28.15.201(f) [AS 28.15.201(d)] following that
8 revocation, of not less than 20 days with 10 days suspended, and a fine of not
9 less than \$500, including a mandatory condition of probation that the
10 defendant complete not less than 80 hours of community work service;

11 (D) if the person's driver's license, privilege to drive, or
12 privilege to obtain a license was revoked under circumstances described in
13 AS 28.15.181(c)(2), (3), or (4) or if the person was driving in violation of a
14 limited license issued under AS 28.15.201(f) [AS 28.15.201(d)] following that
15 revocation, of not less than 30 days and a fine of not less than \$1,000;

16 (2) may impose additional conditions of probation;

17 (3) may not

18 (A) suspend execution of sentence or grant probation except on
19 condition that the person serve a minimum term of imprisonment and perform
20 required community work service as provided in (1) of this subsection;

21 (B) suspend imposition of sentence;

22 (4) shall revoke the person's license, privilege to drive, or privilege to
23 obtain a license, and the person may not be issued a new license or a limited license
24 nor may the privilege to drive or obtain a license be restored for an additional period
25 of not less than 90 days after the date that the person would have been entitled to
26 restoration of driving privileges; and

27 (5) may order that the motor vehicle that was used in commission of
28 the offense be forfeited under AS 28.35.036.

29 * Sec. 4. AS 28.35.030 is amended by adding a new subsection to read:

30 (u) In addition to penalties provided in (a) or (n) of this section, the court may
31 place a person convicted under those subsections on probation for a period of not more

1 than five years following a term of imprisonment, including any suspended term of
2 imprisonment. The court may place a limitation on the person's driver's license during
3 the term of the probation as provided in AS 28.15.201(f).

4 * Sec. 5. AS 28.35.032 is amended by adding a new subsection to read:

5 (u) In addition to penalties provided in (a) or (p) of this section, the court may
6 place a person convicted under those subsections on probation for a period of not more
7 than five years following a term of imprisonment, including any suspended term of
8 imprisonment. The court may place a limitation on the person's driver's license during
9 the term of the probation as provided in AS 28.15.201(f).

10 * Sec. 6. AS 28.15.201(d) and 28.15.201(e) are repealed.

11 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 TRANSITIONAL PROVISION. A person convicted of a misdemeanor violation of
14 AS 28.35.030 before the effective date of this Act who has a limited license issued under or is
15 eligible to receive a limited license under AS 28.15.201(d) may continue to use that limited
16 license or may receive a limited license as provided in AS 28.15.201 as that section read on
17 the day before the effective date of this Act and is subject to penalties for violating the
18 limitations on that license as provided in AS 28.15.291 as that statute read on the day before
19 the effective date of this Act.

20 * Sec. 8. This Act takes effect January 1, 2008.

AMENDMENT

①

OFFERED IN THE HOUSE
TO: HB 19

BY REPRESENTATIVE MEYER

1 Page 2, lines 2 - 3:

2 Delete all material and insert:

3 "(f) A court revoking a driver's license, privilege to drive, or privilege to
4 obtain a license under AS 28.15.161(c), or the department when revoking a driver's
5 license, privilege to drive, or privilege to obtain a license under AS 28.15.165(c), may
6 grant ignition"

7

8 Page 2, line 6, following "by the":

9 Insert "court or"

10

11 Page 2, line 7, following "The":

12 Insert "court or"

Amendment 2

Gruenberg

2

HB 19

Page 2, Line 8

Delete "or" and add ","

Page 2, Line 9

After "28.35.032;" add "or similar municipal ordinance;"

Explanation: Many driving while intoxicated cases are prosecuted under municipal ordinance rather than under state statute. This amendment will provide the courts and the Division of Motor Vehicles to grant ignition interlock limited licenses for those cases.

STA HB 19
Amendment #3

25-LS0228E

1 AS 28.15.181(c)(2), (3), or (4) or if the person was driving in violation of a
2 limited license issued under AS 28.15.201(d) or (f) following that revocation,
3 of not less than 30 days and a fine of not less than \$1,000;

4 (2) may impose additional conditions of probation;

5 (3) may not

6 (A) suspend execution of sentence or grant probation except on
7 condition that the person serve a minimum term of imprisonment and perform
8 required community work service as provided in (1) of this subsection;

9 (B) suspend imposition of sentence;

10 (4) shall revoke the person's license, privilege to drive, or privilege to
11 obtain a license, and the person may not be issued a new license or a limited license
12 nor may the privilege to drive or obtain a license be restored for an additional period
13 of not less than 90 days after the date that the person would have been entitled to
14 restoration of driving privileges; and

15 (5) may order that the motor vehicle that was used in commission of
16 the offense be forfeited under AS 28.35.036.

17 * Sec. 6. AS 28.35.030 is amended by adding a new subsection to read:

18 (u) In addition to penalties provided in (a) or (n) of this section, the court may
19 place a person convicted under those subsections on probation for a period of not more
20 than five years following a term of imprisonment, including any suspended term of
21 imprisonment. The court may place a limitation on the person's driver's license during
22 the term of the probation as provided in AS 28.15.201(d) or (f).

23 * Sec. 7. AS 28.35.032 is amended by adding a new subsection to read:

24 (u) In addition to penalties provided in (a) or (p) of this section, the court may
25 place a person convicted under those subsections on probation for a period of not more
26 than five years following a term of imprisonment, including any suspended term of
27 imprisonment. The court may place a limitation on the person's driver's license during
28 the term of the probation as provided in AS 28.15.201(f).

29 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 TRANSITIONAL PROVISION. A person convicted of a misdemeanor violation of

1 AS 28.15.181(c)(2), (3), or (4) or if the person was driving in violation of a
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