

SENATE BILL NO. 100

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY SENATORS PASKVAN, Menard

Introduced: 3/14/11

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to employer contributions to the Public Employees' Retirement System**
2 **of Alaska; relating to requirements that employers who terminate some or all**
3 **participation in the Public Employees' Retirement System of Alaska pay termination**
4 **costs; and making the changes retroactive."**

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

6 *** Section 1.** AS 39.35.255 is amended by adding a new subsection to read:

7 (i) After an employer's participation in the plan terminates with regard to some
8 or all of the employer's employees who are active members of the system, the
9 employer remains obligated to make contributions under (a) of this section until the
10 plan does not have a past service liability.

11 *** Sec. 2.** AS 39.35.615(i) is amended to read:

12 (i) Termination of coverage of a department, group, or other classification of
13 employees does not bar future coverage of that department, group, or classification [IF
14 THE EMPLOYER IS CURRENT WITH PAYMENTS ON AMOUNTS DUE

1 UNDER AS 39.35.625]. If coverage of a department, group, or classification is
2 terminated under (a) of this section and the employer later amends its participation
3 agreement to provide renewed coverage of that department, group, or classification, an
4 affected employee may be credited only with future service.

5 * **Sec. 3.** AS 39.35.620(k) is amended to read:

6 (k) Termination of an employer's participation in the plan does not bar future
7 participation in the system by that employer [IF THE EMPLOYER IS CURRENT
8 WITH PAYMENTS ON AMOUNTS DUE UNDER AS 39.35.625]. If a previously
9 terminated employer returns to the system, the employer may only participate in the
10 plan established under AS 39.35.700 - 39.35.990. Employees may be credited under
11 AS 39.35.700 - 39.35.990 only with service subsequent to the date of return.

12 * **Sec. 4.** AS 39.35.958(c) is amended to read:

13 (c) When an employer's participation in the plan terminates [IS
14 TERMINATED, OR WHEN AN EMPLOYER TERMINATES COVERAGE OF A
15 DEPARTMENT, GROUP, OR OTHER CLASSIFICATION OF EMPLOYEES
16 UNDER AS 39.35.957(c)], the administrator shall assess the employer a termination
17 cost that the administrator determines is actuarially required to fully fund the costs to
18 the plan for employees whose coverage is terminated, including the cost of providing
19 the employer's share of retiree health benefits under AS 39.35.880, occupational
20 disability and occupational death benefits under AS 39.35.890 and 39.35.892, and
21 pension benefits elected under AS 39.35.890(h)(2).

22 * **Sec. 5.** AS 39.35.958(e) is amended to read:

23 (e) An employer whose [TERMINATING] participation in the plan
24 terminates shall pay termination costs determined under (c) of this section [BY THE
25 ADMINISTRATOR], or enter into a payment plan acceptable to the administrator,
26 within 60 days after the employer receives notice of its termination costs from the
27 administrator. Termination costs not paid within the prescribed time limit or in
28 accordance with the approved payment plan shall be collected by the administrator in
29 accordance with AS 39.35.610(b). Termination of participation by an employer in the
30 plan does not bar future participation by the employer if the employer has paid in full
31 its prior termination costs.

1 * **Sec. 6.** AS 39.35.625 is repealed.

2 * **Sec. 7.** AS 39.35.958(f) is repealed.

3 * **Sec. 8.** 2 AAC 35.235 is annulled.

4 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 **APPLICABILITY.** Notwithstanding sec. 10 of this Act, secs. 2 and 3 of this Act do
7 not apply to AS 39.35.625(a), and secs. 4 and 5 of this Act do not apply to AS 39.35.958, for
8 termination costs paid before the effective date of this Act for payroll periods or partial
9 payroll periods that occur before the effective date of this Act.

10 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 **RETROACTIVITY.** Sections 1 - 3 and 6 of this Act are retroactive to July 1, 2008,
13 secs. 4, 5, and 7 of this Act are retroactive to June 7, 2007, and sec. 8 of this Act is retroactive
14 to January 13, 2010.