SENATE BILL NO. 67

IN THE LEGISLATURE OF THE STATE OF ALASKA TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/4/15

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

- 1 "An Act establishing a Roth contribution program for the public employees' deferred
- 2 compensation program; and providing for an effective date."

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

- * **Section 1.** AS 39.45.050 is repealed and reenacted to read:
- Sec. 39.45.050. Tax deferred investments. (a) The administrator of a deferred compensation program under this chapter shall invest in contracts that
- 7 (1) allow for deferment of state and federal income tax until benefits 8 are received under the program; and
- 9 (2) do not provide for deferral of state and federal income tax until the benefits are received under the program.
- 11 (b) A participating employer may designate that employee contributions 12 consist of deferred tax contributions, Roth contributions, or both. In the absence of an 13 affirmative election to make Roth contributions, an employee's contribution shall be 14 considered to consist entirely of deferred tax contributions.

(c) Contributions made on behalf of a participating employee for any calendar
year, whether deferred tax contributions or Roth contributions, shall not exceed the
dollar limitation set out in 26 U.S.C. 402(g) (Internal Revenue Code) in effect for the
calendar year, subject to the provisions of 26 U.S.C. 414(v) (Internal Revenue Code).
Contribution amounts in excess of the applicable dollar limits shall be distributed to
the participant not later than April 15 after the close of the plan year to which the
excess contribution relates. To the extent that a participating employee's contributions
are reduced or returned to comply with the limitations of the plan, and the participant
has allocated the contributions between deferred tax contributions and Roth
contributions, the amount of the reduction or return shall be taken first from deferred
tax contributions, to the extent of the contributions for the plan year, and, only after
the reduction or return of all the deferred tax contributions, from Roth contributions
for the plan year.
(d) Deferred tax contributions made on behalf of a participating employee for

- (d) Deferred tax contributions made on behalf of a participating employee for a plan year shall be allocated to the deferred tax contribution account of the participating employee, as determined by the administrator.
- (e) Roth contributions made on behalf of a participating employee for a plan year shall be allocated to the Roth contribution account of the participating employee, as determined by the administrator.
- (f) The administrator may establish additional rules and procedures governing the manner and timing of elections by participating employees to make or change the deferred tax contribution or Roth contribution election, as needed for compliance with federal and state law and as needed for efficiency and effectiveness of plan administration.
- * Sec 2. AS 39.45.060 is amended by adding a new paragraph to read:
- (3) "Roth contributions" mean contributions under 26 U.S.C. 402A(c) (Internal Revenue Code).
- * Sec. 3. This Act takes effect July 1, 2015.