

Sponsor Statement  
*HB 374*

*“An act relating to establishment of a retirement benefit liability account in the Department of Revenue and redirecting deposit of annual dividends of the Alaska Housing Finance Corporation to that account; and providing for an effective date.”*

The State of Alaska faces a \$6 billion funding shortfall in the State’s two retirement systems, PERS and TRS.

This bill establishes the Retirement Benefit Liability Account. The funding source for this account is the annual dividend paid to the State of Alaska by the Alaska Housing Finance Corporation. Calculation formulas are outlined in Sec. 1 of the bill. The Retirement Liability Account is created in the Department of Revenue. Funds in the account may be appropriated to state and political subdivisions of the state, including Regional Educational Attendance Areas (REAA’s), to pay the employer contributions for past service liabilities in the PERS and TRS, and for other purposes. Any income earned by the account is appropriated back into the account annually.

Political subdivisions of the state, including REAA’s, receiving fiscal year 2006 appropriations of money for use as employer contributions to pay past service liabilities of the PERS and TRS, are rewarded with an appropriation of funds paid directly to the Retirement Benefit Liability Account.

This legislation addresses the need for a recurring source of funding to pay past service liabilities in the PERS and TRS. The bill holds harmless any community failing to use appropriated funds to cover past service retirement system employer liabilities, *if* the failure results from reliance on representations by state officials about employer contribution levels.