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Wayne  
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**CS FOR HOUSE BILL NO. 238( )**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

**BY**

**Offered:  
Referred:**

**Sponsor(s): HOUSE STATE AFFAIRS COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to establishing a past service cost offset account for required past**  
2 **service cost offset payments owed by employers other than the state to the public**  
3 **employees' pension fund; and providing for an effective date."**

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

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

6 **Sec. 39.35.287. Past service cost offset account.** (a) The public employees'  
7 pension fund past service cost offset account is established in the state treasury and  
8 shall be administered by the Department of Administration. The legislature may  
9 appropriate money to the account.

10 (b) The administrator shall pay from the account into the public employees'  
11 pension fund, on behalf of each employer, other than the state, under the defined  
12 contribution plan in AS 39.35.700 - 39.35.990, the employer past service cost offset  
13 contributions for that year, not to exceed the blended employer past service cost rate.  
14 The amount shall be determined by actuarial method.

1 (c) Contributions for each employer under (b) of this section shall be  
2 determined by

3 (1) applying the employer's past service cost rate, up to an amount  
4 equal to the blended employer past service cost rate, as calculated on the employer's  
5 entire wage base, to the number of employees of that employer who are members of  
6 the public employees' defined contribution plan in AS 39.35.700 - 39.35.990; and

7 (2) reducing the calculation made in (1) of this subsection by the  
8 amount of the political subdivision's unpaid past service cost for that fiscal year for  
9 each elected official serving on or after the effective date of this Act who is eligible  
10 for the plan but not paid an hourly wage or a salary based on an hourly wage, unless  
11 the contribution for that official during that fiscal year by the political subdivision  
12 meets or exceeds the contribution required of a participating employer for an  
13 employee who was paid the average salary of all employees in the retirement plan  
14 established under AS 39.35.095 - 39.35.680.

15 (d) Unless the context requires otherwise, in this section,

16 (1) "account" means the public employees' pension fund past service  
17 cost offset account;

18 (2) "blended employer past service cost rate" means the average past  
19 service cost rate of all employers, other than the state, in the public employees' defined  
20 contribution established in AS 39.35.095 - 39.35.680 and the defined benefit plan  
21 established in AS 39.35.700 - 39.35.990;

22 (3) "past service cost" means the amount of an annual payment made  
23 over a stipulated number of years to amortize the unfunded liability of the public  
24 employees' pension fund under AS 39.35.095 - 39.35.680;

25 (4) "past service cost rate" means the annual payment as a percentage  
26 of total wage base of employee salary required to pay the past service cost as an  
27 amortized contribution in percentage over a stipulated number of years;

28 (5) "unfunded liability" means the excess of the accrued liability over  
29 the assets of the public employees' pension fund under AS 39.35.095 - 39.35.680.

30 \* **Sec. 2.** This Act takes effect July 1, 2006.