



## City of Homer Agenda

Committee of the Whole  
Monday, April 22, 2019 at 5:00 PM  
Cowles Council Chambers

**CALL TO ORDER**

**AGENDA APPROVAL**

**CONSENT AGENDA**

**REGULAR MEETING AGENDA**

**LEGISLATIVE REPORT (10 minutes or as time allows)**

A. AML Report

B. HB79

C. HB130

D. SB110

**COMMENTS OF THE AUDIENCE**

**ADJOURNMENT NO LATER THAN 5:50 P.M.**

Next Regular Meeting is Monday, May 13, 2019 at 6:00 p.m., Worksession at 4:00 p.m. and Committee of the Whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

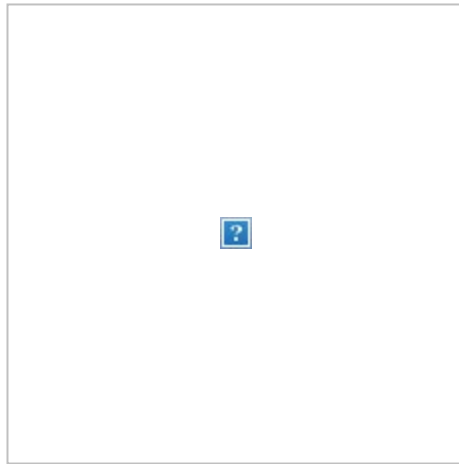


**From:** [Alaska Municipal League](#)  
**To:** [Mayor Email](#)  
**Subject:** Reminder: AML Legislative Update - Week of April 15  
**Date:** Monday, April 15, 2019 2:59:06 PM

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CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

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### You have made a difference...

While the House budget that passed out of Finance last week restored much of the funding important to communities, it left out school bond debt reimbursement. Your engagement – testimony, calls and emails to legislators, and continued public dialogue – resulted in the House passing its FY20 budget with 50% of that reimbursement restored.

This is progress. While the budget discussion might feel overwhelming, your communication with legislators is critical to helping them understand what's at stake. Many within the Legislature understand the negative impacts of the Governor's proposed budget and are pushing back. For those who aren't – we have work to do.

Here's an example related to school bond debt reimbursement, and votes against that are votes in favor of increased local taxes:

- Representatives David Eastman, Laddie Shaw, Colleen Sullivan-Leonard, and Cathy Tilton voted in favor of increasing Mat Su property taxes on Mat Su Regional Medical, Enstar, Fred Meyer, Alaska Hotel Properties, and GCI – the top five commercial property owners – by \$547,944.
- Representatives Tammie Wilson and Dave Talerico voted in favor of increasing Fairbanks property taxes on Alyeska Pipeline, Fort Knox, Doyon Utilities, ACS, Petro Star, GCI, and Flint Hills - among the top 10 – by \$1,848,718.
- Representatives Jennifer Johnston, Sara Rasmussen, Sharon Jackson, Gabrielle LeDoux, Kelly Merrick, Lance Pruitt, and Josh Revak voted to increase property

taxes in Anchorage. Among the top 15 are GCI, ACS, Alaska Regional, Providence, Fred Meyer, Enstar, Hickel Investment, Alaska Airlines, BP, Dimond Center, and JL Properties. The tax increase for those 11 would be \$1,527,280.0

While the narrative has been focused on the PFD, tax increases on local businesses to meet a State obligation are not sending the right message to the private sector. This remains one of the major flaws in this budget discussion: We agree with the Governor that local issues should be dealt with locally, and taxes applied at the local level are one way to address those issues – but increased local taxation shouldn't be to address the State's responsibilities. Public education, health and welfare are the State's Constitutional obligations.

Both [FEDC](#) and [AEDC](#) – Fairbanks and Anchorage economic development – have argued for a broad-based approach. AML has offered a similar approach, calling for a combination of solutions that go beyond cutting.

In an effort to work toward solutions, we've invited the Governor to participate in a Budget Dialogue on May 8, here in Juneau, with AML's Board of Directors. You can see the invitation below. We hope to foster a collaborative partnership that strengthens Alaska and includes keeping local governments strong.

We encourage you to continue your outreach to the legislature; when there is an opportunity for public testimony it is great to hear your voice! We'll continue to flag those opportunities, as well as more specific requests for your advocacy.

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## Bill of the Week

**The Governor has introduced [SB110](#) / [HB130](#) .**

This bill would, among other things, move to the general fund all funds currently held within the Power Cost Equalization endowment and Community Assistance Fund. The current schedule of distribution is repealed, and funding for PCE and Community Assistance subject to appropriation.

Out of anything that has been proposed this single bill impacts the greatest number of municipalities. The House has referred it to five committees, and the Senate to two. You would be correct in assuming that AML will vigorously oppose this bill.

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### Help us Tell Alaskans that Strong Communities Strengthen Alaska

You might be hearing soon from partners that we've engaged to help tell our story. We hope you'll give short statements about impact, trade-offs and the importance of local government. We'll build a campaign around #communitystrong, which you can also use in your social media.

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**In the news....**

[AML Invites Governor Dunleavy to Participate in a Dialogue](#)

[Keeping Promises, Letter to Governor and Legislators](#)

[Press Release: House Finance Follows Governor's Lead, Passes School Construction Costs to Local Taxpayers](#)

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**Click on the button below for a copy of municipal impact statements and resolutions submitted to AML by municipalities across the State - updated 4/5/2019**

**Submitted Municipal Impact Statements and Resolutions**

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The following list of committee meetings address issues and bills important to municipalities for the upcoming week. For a complete list of bills visit the [BASIS](#) website. Most of the meetings are teleconferenced. It is best to go through your local LIO office to testify. For your local LIO office [click here](#). See end of schedule for off net numbers.

**Monday, April 15**

9:00 am (S) Education - Butrovich 205

[SB64](#) Repeal State Debt Reimbursement for Schools

9:00 am (S) Finance - Senate Finance 532

[SB92](#) PFD Contributions to General Fund

1:30 pm (H) Finance - Adams Room 519

[HB32](#) AK Energy Efficiency Loans: Eligibility

Presentation: PERS/TRS System by Dept. of Administration

6:00 pm (S) State Affairs - Butrovich 205

[SB32](#) Crimes; Sentencing; Ment. Illness; Evidence

**Tuesday, April 16**

9:00 am (S) Finance - Senate Finance - 532

[HB38](#) - Approp: Capital Budget

Capital Projects Review

presentation: Legislative Finance Fiscal Plan Review by David Teal

11:00 am (H) Energy - Capitol 17

Presentation: All Alaska Energy Project by Meera Kohler

1:30 pm (S) Labor & Commerce - Beltz 105

[SB 52](#) Alcoholic Beverage Control; Alcohol Reg.

**Wednesday, April 17**

9:00 am (H) Finance - Senate Finance - 519

[HB38](#) - Approp: Capital Budget

[HB32](#) AK Energy Efficiency Loans: Eligibility

1:30 pm (S) Judiciary - Beltz 105

[SB 52](#) Alcoholic Beverage Control; Alcohol Reg. (Pending Referral)

6:00 pm (S) Judiciary - Beltz 105

[SB 52](#) Alcoholic Beverage Control; Alcohol Reg. (Pending Referral)

**Thursday, April 18**

9:00 am (H) Finance - Adams Room 519

Presentation: Criminal Justice Reform Update by Quinlan Steiner

1:30 am (H) Finance - Adams Room 519

[HB79](#) Peace Officer/Firefighter Retire Benefits - Public Testimony

1:30 pm (S) State Affairs - Butrovich 205

[SB32](#) Crimes; Sentencing; Ment. Illness; Evidence

**Friday, April 19**

9:00 am (S) Finance - Senate Finance - 532

[SB 20](#) Approp: Operating Budget/Loans/Funds

In order to testify, it is best to go to a Legislative Information Office (LIO) if you have one close to you or call one of the numbers below.

Link to LIO offices <http://akleg.gov/lios.php> - for addresses and phone numbers.

**Offnet:**

Juneau - 586-9085 - for all phone numbers originating in Juneau

Anchorage - 563-9085 - for all phone number originating in Anchorage

Other, 1-844-586-9085 - for all phone numbers not originating in Juneau or Anchorage  
If you have issues calling in to testify, call 907-465-4648 and they will bridge you in.

Please note that if you are in an "Other" community and your phone number originates in Juneau or Anchorage, the 1-844-586-9085 will not work. You must use the Juneau or Anchorage number.

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**LEGISLATIVE CONTACT LIST**

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AML | One Sealaska Plaza, Suite 200, Juneau, AK 99801

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**HOUSE BILL NO. 79**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**THIRTY-FIRST LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVES KOPP, Shaw, LeDoux, Fields, Spohnholz, Rasmussen, Claman**

**Introduced: 3/6/19**

**Referred: Labor and Commerce, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to participation of certain peace officers and firefighters in the defined**  
2   **benefit and defined contribution plans of the Public Employees' Retirement System of**  
3   **Alaska; relating to eligibility of peace officers and firefighters for medical, disability,**  
4   **and death benefits; relating to liability of the Public Employees' Retirement System of**  
5   **Alaska; and providing for an effective date."**

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

7    \* **Section 1.** AS 37.10.220(a) is amended to read:

8           (a) The board shall

9                   (1) hold regular and special meetings at the call of the chair or of at  
10           least five members; meetings are open to the public, and the board shall keep a full  
11           record of all its proceedings;

12                   (2) after reviewing recommendations from the Department of  
13           Revenue, adopt investment policies for each of the funds entrusted to the board;

1 (3) determine the appropriate investment objectives for the defined  
2 benefit plans established under the teachers' retirement system under AS 14.25 and the  
3 public employees' retirement system under AS 39.35;

4 (4) assist in prescribing the policies for the proper operation of the  
5 systems and take other actions necessary to carry out the intent and purpose of the  
6 systems in accordance with AS 37.10.210 - 37.10.390;

7 (5) provide a range of investment options and establish the rules by  
8 which participants can direct their investments among those options with respect to  
9 accounts established under

10 (A) AS 14.25.340 - 14.25.350 (teachers' retirement system  
11 defined contribution individual accounts);

12 (B) AS 39.30.150 - 39.30.180 (State of Alaska Supplementary  
13 Annuity Plan);

14 (C) AS 39.35.730 - 39.35.750 (public employees' retirement  
15 system defined contribution individual accounts); and

16 (D) AS 39.45.010 - 39.45.060 (public employees' deferred  
17 compensation program);

18 (6) establish the rate of interest that shall be annually credited to each  
19 member's individual contribution account in accordance with AS 14.25.145 and  
20 AS 39.35.100 and the rate of interest that shall be annually credited to each member's  
21 account in the health reimbursement arrangement plan under AS 39.30.300 -  
22 39.30.495; the rate of interest shall be adopted on the basis of the probable effective  
23 rate of interest on a long-term basis, and the rate may be changed from time to time;

24 (7) adopt a contribution surcharge as necessary under AS 39.35.160(c);

25 (8) coordinate with the retirement system administrator to have an  
26 annual actuarial valuation of each retirement system prepared to determine system  
27 assets, accrued liabilities, and funding ratios and to certify to the appropriate  
28 budgetary authority of each employer in the system

29 (A) an appropriate contribution rate for normal costs; and

30 (B) an appropriate contribution rate for liquidating any past  
31 service liability; in this subparagraph, the appropriate contribution rate for



liquidating the past service liability of the defined benefit retirement plan under AS 14.25.009 - 14.25.220 or the past service liability of the defined benefit retirement plan under AS 39.35.095 - 39.35.680 must be determined by a level percent of pay method based on amortization of the past service liability for a closed term of 25 years;

(9) review actuarial assumptions prepared and certified by a member of the American Academy of Actuaries and conduct experience analyses of the retirement systems not less than once every four years, except for health cost assumptions, which shall be reviewed annually; the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the board;

(10) contract for an independent audit of the state's actuary not less than once every four years;

(11) contract for an independent audit of the state's performance consultant not less than once every four years;

(12) obtain an external performance review to evaluate the investment policies of each fund entrusted to the board and report the results of the review to the appropriate fund fiduciary;

(13) by the first day of each regular legislative session, report to the governor, the legislature, and the individual employers participating in the state's retirement systems on the financial condition of the systems in regard to

(A) the valuation of trust fund assets and liabilities;

(B) current investment policies adopted by the board;

(C) a summary of assets held in trust listed by the categories of investment;

(D) the income and expenditures for the previous fiscal year;

(E) the return projections for the next calendar year;

(F) one-year, three-year, five-year, and 10-year investment performance for each of the funds entrusted to the board; and

(G) other statistical data necessary for a proper understanding of the financial status of the systems;

1 (14) submit quarterly updates of the investment performance reports to  
2 the Legislative Budget and Audit Committee;

3 (15) develop an annual operating budget; [AND]

4 (16) administer pension forfeitures required under AS 37.10.310 using  
5 the procedures of AS 44.62 (Administrative Procedure Act); **and**

6 **(17) determine the amount of the monthly employer contribution**  
7 **under AS 39.35.257.**

8 \* **Sec. 2.** AS 37.10.220(b) is amended to read:

9 (b) The board may

10 (1) employ outside investment advisors to review investment policies;

11 (2) enter into an agreement with the fiduciary of another state fund in  
12 order to assume the management and investment of those assets;

13 (3) contract for other services necessary to execute the board's powers  
14 and duties;

15 (4) enter into confidentiality agreements that would exempt records  
16 from AS 40.25.110 and 40.25.120 if the records contain information that could affect  
17 the value of investment by the board or that could impair the ability of the board to  
18 acquire, maintain, or dispose of investments;

19 **(5) adjust the amount of the increase in benefits payable to a peace**  
20 **officer or firefighter who first becomes a member after June 30, 2006, as**  
21 **provided under AS 39.35.475;**

22 **(6) adjust employee contribution rates under AS 39.35.160(e).**

23 \* **Sec. 3.** AS 37.10.390 is amended by adding a new paragraph to read:

24 (5) "peace officer" or "firefighter" has the meaning given in  
25 AS 39.35.680.

26 \* **Sec. 4.** AS 39.30.090(a) is amended to read:

27 (a) The Department of Administration may obtain a policy or policies of group  
28 insurance covering state employees, persons entitled to coverage under AS 14.25.168,  
29 14.25.480, AS 22.25.090, AS 39.35.535, **39.35.537,** 39.35.880, or former  
30 AS 39.37.145, employees of other participating governmental units, or persons  
31 entitled to coverage under AS 23.15.136, subject to the following conditions:

1 (1) a group insurance policy shall provide one or more of the following  
2 benefits: life insurance, accidental death and dismemberment insurance, weekly  
3 indemnity insurance, hospital expense insurance, surgical expense insurance, dental  
4 expense insurance, audiovisual insurance, or other medical care insurance;

5 (2) each eligible employee of the state, the spouse and the unmarried  
6 children chiefly dependent on the eligible employee for support, and each eligible  
7 employee of another participating governmental unit shall be covered by the group  
8 policy, unless exempt under regulations adopted by the commissioner of  
9 administration;

10 (3) a governmental unit may participate under a group policy if

11 (A) its governing body adopts a resolution authorizing  
12 participation and payment of required premiums;

13 (B) a certified copy of the resolution is filed with the  
14 Department of Administration; and

15 (C) the commissioner of administration approves the  
16 participation in writing;

17 (4) in procuring a policy of group health or group life insurance as  
18 provided under this section or excess loss insurance as provided in AS 39.30.091, the  
19 Department of Administration shall comply with the dual choice requirements of  
20 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to  
21 transact business in the state under AS 21.09, a hospital or medical service corporation  
22 authorized to transact business in this state under AS 21.87, or a health maintenance  
23 organization authorized to operate in this state under AS 21.86; an excess loss  
24 insurance policy may be obtained from a life or health insurer authorized to transact  
25 business in this state under AS 21.09 or from a hospital or medical service corporation  
26 authorized to transact business in this state under AS 21.87;

27 (5) the Department of Administration shall make available bid  
28 specifications for desired insurance benefits or for administration of benefit claims and  
29 payments to (A) all insurance carriers authorized to transact business in this state  
30 under AS 21.09 and all hospital or medical service corporations authorized to transact  
31 business under AS 21.87 who are qualified to provide the desired benefits; and (B)

1 insurance carriers authorized to transact business in this state under AS 21.09, hospital  
2 or medical service corporations authorized to transact business under AS 21.87, and  
3 third-party administrators licensed to transact business in this state and qualified to  
4 provide administrative services; the specifications shall be made available at least once  
5 every five years; the lowest responsible bid submitted by an insurance carrier, hospital  
6 or medical service corporation, or third-party administrator with adequate servicing  
7 facilities shall govern selection of a carrier, hospital or medical service corporation, or  
8 third-party administrator under this section or the selection of an insurance carrier or a  
9 hospital or medical service corporation to provide excess loss insurance as provided in  
10 AS 39.30.091;

11 (6) if the aggregate of dividends payable under the group insurance  
12 policy exceeds the governmental unit's share of the premium, the excess shall be  
13 applied by the governmental unit for the sole benefit of the employees;

14 (7) a person receiving benefits under AS 14.25.110, AS 22.25,  
15 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in  
16 effect under this section at the time of termination of employment with the state or  
17 participating governmental unit;

18 (8) a person electing to have insurance under (7) of this subsection  
19 shall pay the cost of this insurance;

20 (9) for each permanent part-time employee electing coverage under  
21 this section, the state shall contribute one-half the state contribution rate for permanent  
22 full-time state employees, and the permanent part-time employee shall contribute the  
23 other one-half;

24 (10) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,  
25 or former AS 39.37 may obtain auditory, visual, and dental insurance for that person  
26 and eligible dependents under this section; the level of coverage for persons over 65  
27 shall be the same as that available before reaching age 65 except that the benefits  
28 payable shall be supplemental to any benefits provided under the federal old age,  
29 survivors, and disability insurance program; a person electing to have insurance under  
30 this paragraph shall pay the cost of the insurance; the commissioner of administration  
31 shall adopt regulations implementing this paragraph;

(11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35, or former AS 39.37 may obtain long-term care insurance for that person and eligible dependents under this section; a person who elects insurance under this paragraph shall pay the cost of the insurance premium; the commissioner of administration shall adopt regulations to implement this paragraph;

(12) each licensee holding a current operating agreement for a vending facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that applies to governmental units other than the state.

\* **Sec. 5.** AS 39.30.097(a) is amended to read:

(a) The commissioner of administration is authorized to prefund medical benefits provided by AS 14.25.168, AS 22.25.090, [AND] AS 39.35.535, and 39.35.537 by establishing an irrevocable trust that is exempt from federal income tax under 26 U.S.C. 115 and subject to the applicable financial reporting, disclosure, and actuarial requirements of the Governmental Accounting Standards Board.

\* **Sec. 6.** AS 39.30.097(b) is amended to read:

(b) The commissioner of administration is authorized to prefund medical benefits provided by AS 14.25.480, AS 39.30.300, AS 39.35.537, and 39.35.880 [AS 39.35.880] by establishing an irrevocable trust that is exempt from federal income tax under 26 U.S.C. 115 and subject to the applicable financial reporting, disclosure, and actuarial requirements of the Governmental Accounting Standards Board.

\* **Sec. 7.** AS 39.30.300 is amended to read:

**Sec. 39.30.300. State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan established.** The State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is established for teachers who first become members of the defined contribution plan of the teachers' retirement system under AS 14.25.310 - 14.25.590 on or after July 1, 2006, and employees of the state, political subdivisions of the state, and public organizations of the state who first become members [OF THE DEFINED CONTRIBUTION PLAN] of the Public Employees' Retirement System of Alaska (AS 39.35) [PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDER AS 39.35.700 - 39.35.990] on or after July 1, 2006.

1 \* **Sec. 8.** AS 39.30.380 is amended to read:

2       **Sec. 39.30.380. Termination of employment.** A person who terminates  
3 employment before meeting the eligibility requirements of AS 14.25.470,  
4 **AS 39.35.537, or 39.35.870** [OR AS 39.35.870] loses any right to the contributions  
5 made on behalf of the person to the teachers' and public employees' retiree health  
6 reimbursement arrangement trust fund. If a person returns to employment with a  
7 participating employer by December 31 of the year in which the person reaches 65  
8 years of age, the person's account balance shall be restored in the amount recorded on  
9 the date of termination from the trust, adjusted for inflation at the rate of the Consumer  
10 Price Index for Anchorage, Alaska. The earlier period of employment with a  
11 participating employer shall be credited toward eligibility for medical benefits.

12 \* **Sec. 9.** AS 39.30.390 is amended to read:

13       **Sec. 39.30.390. Eligibility and reimbursement.** Persons who meet the  
14 eligibility requirements of AS 14.25.470, **AS 39.35.537, or 39.35.870** [AND  
15 AS 39.35.870] are eligible for reimbursements from the individual account established  
16 for a member under the plan, except members do not have to retire directly from the  
17 system. A person who is the dependent child of an eligible member is eligible for  
18 reimbursements if the eligible member and surviving spouse have both died so long as  
19 the person meets the definition of dependent child.

20 \* **Sec. 10.** AS 39.30.400(a) is amended to read:

21       (a) The administrator may deduct the cost of monthly premiums from the  
22 individual account for retiree major medical insurance on behalf of an eligible person  
23 who elected retiree major medical insurance under AS 14.25.480, **AS 39.35.537, or**  
24 **39.35.880** [OR AS 39.35.880].

25 \* **Sec. 11.** AS 39.30.495(5) is amended to read:

26       (5) "eligible person" means a person who meets the eligibility  
27 requirements of AS 14.25.470, **AS 39.35.537, or 39.35.870** [OR AS 39.35.870];

28 \* **Sec. 12.** AS 39.35.095 is amended to read:

29       **Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680.** The  
30 [FOLLOWING] provisions of **AS 39.35.095 - 39.35.680** [THIS CHAPTER] apply  
31 only to members

1                   **(1) first hired before July 1, 2006; or**

2                   **(2) who are peace officers or firefighters and**

3                               **(A) former members of the defined contribution retirement**  
4                   **plan under AS 39.35.700 - 39.35.990; or**

5                               **(B) first hired after June 30, 2006, and have not been**  
6                   **members of the defined contribution retirement plan under AS 39.35.700 -**  
7                   **39.35.990** [: AS 39.35.095 - 39.35.680].

8       \* **Sec. 13.** AS 39.35.160(a) is amended to read:

9                   (a) **Subject to (e) of this section, beginning** [BEGINNING] January 1, 1987,  
10               each peace officer or firefighter shall contribute to the plan an amount equal to seven  
11               and one-half percent of the peace officer's or firefighter's compensation. Except as  
12               provided in (d) **and (e)** of this section, beginning January 1, 1987, each other  
13               employee shall contribute to the plan an amount equal to six and three-quarters percent  
14               of the employee's compensation. [THE CONTRIBUTIONS SHALL BE DEDUCTED  
15               BY THE EMPLOYER AT THE END OF EACH PAYROLL PERIOD. THE  
16               CONTRIBUTIONS SHALL BE DEDUCTED FROM EMPLOYEE  
17               COMPENSATION BEFORE COMPUTATION OF APPLICABLE FEDERAL  
18               TAXES, AND THE CONTRIBUTIONS SHALL BE TREATED AS EMPLOYER  
19               CONTRIBUTIONS UNDER 26 U.S.C. 414(h)(2). A MEMBER MAY NOT HAVE  
20               THE OPTION OF MAKING THE PAYROLL DEDUCTION DIRECTLY INSTEAD  
21               OF HAVING THE CONTRIBUTION PICKED UP BY THE EMPLOYER.]

22       \* **Sec. 14.** AS 39.35.160 is amended by adding new subsections to read:

23                   (e) A peace officer or firefighter who first participates in the plan after  
24               June 30, 2006, shall contribute to the plan an amount equal to eight percent of the  
25               employee's compensation. The board may, from time to time, adjust the employee  
26               contribution under this subsection to an amount that,

27                               (1) if decreased, is not less than eight percent of the employee's  
28               compensation; and

29                               (2) if increased, is not more than 10 percent of the employee's  
30               compensation.

31                   (f) Contributions under (a) and (e) of this section shall be deducted by the

1 employer at the end of each payroll period. The contributions shall be deducted from  
2 employee compensation before computation of applicable federal taxes, and the  
3 contributions shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A  
4 member may not have the option of making the payroll deduction directly instead of  
5 having the contribution picked up by the employer.

6 \* **Sec. 15.** AS 39.35.255(c) is amended to read:

7 (c) **Except for contributions made by an employer for an employee who is**  
8 **a peace officer or firefighter who first participates in the plan after June 30, 2006,**  
9 **if** [IF], after allocation of contributions under (b) of this section, a portion of the  
10 employer contributions remains, the administrator shall apply that remaining portion  
11 toward payment of the past service liability of the plan.

12 \* **Sec. 16.** AS 39.35.255 is amended by adding new subsections to read:

13 (i) Any accrued actuarial liability for eligible employees hired before July 1,  
14 2006, may be paid to the plan only by employers with employees who participate in  
15 the defined benefit retirement plan. If the amount of the accrued actuarial liability  
16 increases as a result of participation in the plan by peace officers or firefighters who  
17 first participated in the plan after June 30, 2006, only employers of peace officers or  
18 firefighters who first participated in the plan after June 30, 2006, must pay increased  
19 contribution rates to reduce the accrued actuarial liability.

20 (j) The requirements of this section are in addition to the requirements under  
21 AS 39.35.257.

22 \* **Sec. 17.** AS 39.35 is amended by adding a new section to read:

23 **Sec. 39.35.257. Employer contributions for peace officers and firefighters.**

24 An employer that employs a peace officer or firefighter who first participates in the  
25 plan after June 30, 2006, shall contribute monthly to the plan a per capita amount,  
26 determined by the board, that

27 (1) is equal to not less than 12 percent of the total monthly  
28 compensation that the employer pays to all peace officers and firefighters who first  
29 became members of the plan after June 30, 2006; and

30 (2) if increased, is increased based on an increase in the employee  
31 contribution rate under AS 39.35.160(e).



1 \* **Sec. 18.** AS 39.35.282 is amended to read:

2           **Sec. 39.35.282. Contributions for medical benefits.** Contributions made by  
3 an employer under AS 39.35.255 and 39.35.280 must [SHALL] be separately  
4 computed for benefits provided by AS 39.35.535 and 39.35.537. The contributions  
5 computed for benefits provided by AS 39.35.535 must [AND SHALL] be deposited  
6 in the Alaska retiree health care trust established under AS 39.30.097(a), and the  
7 contributions computed for benefits provided by AS 39.35.537 must be deposited  
8 in the teachers' and public employees' retiree health reimbursement arrangement  
9 plan trust fund established under AS 39.30.340.

10 \* **Sec. 19.** AS 39.35.370(a) is amended to read:

11           (a) Subject to AS 39.35.450, a terminated employee who first became a  
12 member before July 1, 2006, is eligible for a normal retirement benefit

13                       (1) at age 60 with at least five years of credited service;

14                       (2) with at least 20 years of credited service as a peace officer or  
15 firefighter; or

16                       (3) with at least 30 years of credited service for all other employees.

17 \* **Sec. 20.** AS 39.35.370 is amended by adding a new subsection to read:

18           (l) Subject to AS 39.35.450, a terminated employee who first becomes a  
19 member after June 30, 2006, is eligible for a normal retirement benefit

20                       (1) at age 60 with at least five years of credited service as a peace  
21 officer or firefighter; or

22                       (2) at age 55 with at least 20 years of credited service as a peace  
23 officer or firefighter.

24 \* **Sec. 21.** AS 39.35.381(e) is amended to read:

25           (e) A person who retires under this section is not entitled to disability or death  
26 benefits under AS 39.35.400 - 39.35.440, a minimum benefit under AS 39.35.485, or  
27 to medical benefits under AS 39.35.535 or 39.35.537. Service earned under this  
28 section may not be used for vesting under AS 39.35.095 - 39.35.680.

29 \* **Sec. 22.** AS 39.35.475(a) is amended to read:

30           (a) Subject to (g) of this section, once [ONCE] each year the administrator  
31 shall increase benefit payments to eligible disabled members, to persons age 60 or

1 older receiving benefits under this plan in the preceding calendar year, and to persons  
2 who have received benefits under this plan for at least five years who are not  
3 otherwise eligible for an increase under this section.

4 \* **Sec. 23.** AS 39.35.475(b) is amended to read:

5 (b) **Subject to (h) of this section, the** [THE] increase in benefit payments  
6 applies to total benefit payments except for the cost-of-living allowance under  
7 AS 39.35.480. The amount of the increase is a percentage of the current benefit equal  
8 to

9 (1) the lesser of 75 percent of the increase in the cost of living in the  
10 preceding calendar year or nine percent, for recipients who on July 1 are at least 65  
11 years old and for members receiving disability benefits; and

12 (2) the lesser of 50 percent of the increase in the cost of living in the  
13 preceding calendar year or six percent, for recipients who on July 1 are at least 60 but  
14 less than 65 years old or for recipients who are less than 60 years old on July 1 but  
15 who have received benefits from the plan for at least five years.

16 \* **Sec. 24.** AS 39.35.475 is amended by adding new subsections to read:

17 (g) A person who receives a benefit under AS 39.35.370(*l*) is eligible to  
18 receive an increase in benefits under this section.

19 (h) If the board determines that, for all peace officers and firefighters who first  
20 become members of the plan after June 30, 2006, the plan has an unfunded liability  
21 greater than 10 percent, the board may reduce the amount of the increase under (b) of  
22 this section that is payable to a peace officer or firefighter who first becomes a  
23 member after June 30, 2006. At any time, the board may terminate a reduction made  
24 under this subsection.

25 \* **Sec. 25.** AS 39.35.535(a) is amended to read:

26 (a) Except as provided in (d) **and (g)** of this section, the following persons are  
27 entitled to major medical insurance coverage under this section:

28 (1) for employees first hired before July 1, 1986,

29 (A) an employee who is receiving a monthly benefit from the  
30 plan and who has elected coverage;

31 (B) the spouse and dependent children of the employee

described in (A) of this paragraph;

(C) the surviving spouse of a deceased employee who is receiving a monthly benefit from the plan and who has elected coverage;

(D) the dependent children of a deceased employee who are dependent on the surviving spouse described in (C) of this paragraph;

(2) for members first hired on or after July 1, 1986,

(A) an employee who is receiving a monthly benefit from the plan and who has elected coverage for the employee;

(B) the spouse of the employee described in (A) of this paragraph if the employee elected coverage for the spouse;

(C) the dependent children of the employee described in (A) of this paragraph if the employee elected coverage for the dependent children;

(D) the surviving spouse of a deceased employee who is receiving a monthly benefit from the plan and who has elected coverage;

(E) the dependent children of a deceased employee who are dependent on the surviving spouse described in (D) of this paragraph if the surviving spouse has elected coverage for the dependent children.

\* **Sec. 26.** AS 39.35.535(c) is amended to read:

(c) A benefit recipient **who became a member before July 1, 2006, or the surviving spouse of the member** may elect major medical insurance coverage in accordance with regulations and under the following conditions:

(1) a person, other than a disabled member or a disabled member who is appointed to normal retirement, **shall** [MUST] pay an amount equal to the full monthly group premium for retiree major medical insurance coverage if the person is

(A) younger than 60 years of age and has less than

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

(ii) 30 years of credited service under AS 39.35.360 and 39.35.370 that is not service as a peace officer; or

(B) of any age and has less than 10 years of credited service;

(2) a person is not required to make premium payments for retiree

major medical coverage if the person

(A) is a disabled member;

(B) is a disabled member who is appointed to normal retirement;

(C) is 60 years of age or older and has at least 10 years of credited service; or

(D) has at least

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

(ii) 30 years of credited service under AS 39.35.360 and 39.35.370 not as a peace officer.

\* **Sec. 27.** AS 39.35.535 is amended by adding a new subsection to read:

(g) A benefit recipient who is a peace officer or firefighter and who first becomes a member after June 30, 2006, or a surviving spouse who is eligible under AS 39.35.537(b) may elect medical benefits under AS 39.35.537.

\* **Sec. 28.** AS 39.35 is amended by adding a new section to read:

**Sec. 39.35.537. Medical benefit; eligibility of peace officers or firefighters first hired after June 30, 2006; surviving spouses and dependents.** (a) A peace officer or firefighter who became a member of the plan after June 30, 2006, receives a monthly benefit from the plan, and has elected benefits under this section is entitled to medical benefits under this section. A member who applies for medical benefits under this section shall apply on the forms and in the manner prescribed by the administrator.

(b) The member's surviving spouse is eligible to elect medical benefits if the member had retired or was eligible for retirement and medical benefits at the time of the member's death.

(c) The medical benefits available to eligible persons are access to the retiree major medical insurance plan and access to the health reimbursement arrangement plan under AS 39.30.300. Access to the retiree major medical insurance plan means that an eligible person may not be denied insurance coverage except for failure to pay the required premium.

1 (d) Retiree major medical insurance plan coverage elected by an eligible  
2 member under this section covers the eligible member, the spouse of the eligible  
3 member, and the dependent children of the eligible member.

4 (e) Retiree major medical insurance plan coverage elected by a surviving  
5 spouse of an eligible member under this section covers the surviving spouse and the  
6 dependent children of the eligible member who are dependent on the surviving spouse.

7 (f) Participation in the retiree major medical insurance plan is not required in  
8 order to participate in the health reimbursement arrangement plan.

9 (g) A person eligible for medical benefits under this section is not required to  
10 participate in the health reimbursement arrangement plan in order to participate in the  
11 retiree major medical insurance plan.

12 (h) A person who is eligible for medical benefits under this section must make  
13 the irrevocable election to participate or not participate in the retiree major medical  
14 insurance plan on or before the date the person reaches 70 1/2 years of age or when the  
15 person applies for retirement and medical benefits, whichever is later.

16 (i) Major medical insurance coverage takes effect on the first day of the month  
17 following the date of the administrator's approval of the election and stops when the  
18 person who elects coverage dies or fails to make a required premium payment.

19 (j) The coverage for persons 65 years of age or older is the same as that  
20 available for persons under 65 years of age. The benefits payable to those persons 65  
21 years of age or older supplement any benefits provided under the federal old age,  
22 survivors, and disability insurance program.

23 (k) The medical and optional insurance premiums owed by the person who  
24 elects coverage may be deducted from the health reimbursement arrangement. If the  
25 amount of the health reimbursement arrangement becomes insufficient to pay the  
26 premiums, the person who elects coverage under (a) of this section shall pay the  
27 premiums directly.

28 (l) The cost of premiums for retiree major medical insurance coverage under  
29 this section for an eligible member or surviving spouse who is

30 (1) not eligible for Medicare is an amount equal to the full monthly  
31 group premiums for retiree major medical insurance coverage;

1 (2) eligible for Medicare is the following percentage of the premium  
2 amounts established for retirees who are eligible for Medicare:

3 (A) 30 percent if the member had 10 or more, but less than 15,  
4 years of service;

5 (B) 25 percent if the member had 15 or more, but less than 20,  
6 years of service;

7 (C) 20 percent if the member had 20 or more, but less than 25,  
8 years of service;

9 (D) 15 percent if the member had 25 or more, but less than 30,  
10 years of service;

11 (E) 10 percent if the member had 30 or more years of service.

12 (m) The eligibility for retiree major medical insurance coverage for an  
13 alternate payee under a qualified domestic relations order shall be determined based  
14 on the eligibility of the member to elect coverage. The alternate payee shall pay the  
15 full monthly premium for retiree major medical insurance coverage.

16 (n) A person who is entitled to retiree major medical insurance coverage under  
17 this section shall

18 (1) be informed by the administrator in writing

19 (A) that the health insurance coverage available to retired  
20 members may be different from the health insurance coverage provided to  
21 employees;

22 (B) of time limits for selecting optional health insurance  
23 coverage and whether the election is irrevocable; and

24 (2) indicate in writing on a form provided by the administrator that the  
25 person has received the information required by this subsection and whether the  
26 person has chosen to receive optional health insurance coverage.

27 (o) The monthly group premiums for retiree major medical insurance coverage  
28 under this section are established by the administrator in accordance with  
29 AS 39.30.095. Nothing in this chapter guarantees a person who elects coverage under  
30 (a) of this section a monthly group premium rate for retiree major medical insurance  
31 coverage other than the premium in effect for the month in which the premium is due

1 for coverage for that month.

2 (p) In this section, "health reimbursement arrangement plan" means the plan  
3 established in AS 39.30.300.

4 \* **Sec. 29.** AS 39.35.680(4) is amended to read:

5 (4) "average monthly compensation" means the result obtained by  
6 dividing the compensation earned by an employee during a considered period by the  
7 number of months, including fractional months, for which compensation was earned;  
8 an employee must have at least 115 days of credited service in the last payroll year in  
9 order for that year to be used as part of the consecutive payroll years; the considered  
10 period consists of

11 (A) for employees first hired before July 1, 1996, the three  
12 consecutive payroll years during the period of credited service that yield the  
13 highest average;

14 (B) for employees first hired on or after July 1, 1996, the five  
15 consecutive payroll years during the period of credited service that yield the  
16 highest average;

17 (C) if the employee does not have the number of consecutive  
18 payroll years required by (A) or (B) of this paragraph, the actual number of  
19 months, including fractional months, that the employee worked;

20 (D) for an employee who has made an election under  
21 AS 39.35.300(c) or 39.35.310(c), the actual number of months, including  
22 fractional months, that the employee worked;

23 (E) for a peace officer or firefighter hired **before July 1, 2006**  
24 [AT ANY TIME], the three consecutive payroll years during the period of  
25 credited service that yield the highest average;

26 **(F) for a peace officer or firefighter hired after June 30,**  
27 **2006, the five consecutive payroll years during the period of credited**  
28 **service that yield the highest average;**

29 \* **Sec. 30.** AS 39.35.680(18) is amended to read:

30 (18) "employer" means

31 (A) the State of Alaska;

(B) a political subdivision or public organization of the state that participates in the plan based on a resolution to participate in the plan that was approved by the administrator

(i) on or before July 1, 2006; or

(ii) for peace officers and firefighters; or

(C) a political subdivision or public organization of the state that assumes liability for participation in the plan by another political subdivision or public organization of the state [,] as a result of consolidation or reorganization that occurs

(i) at any time, with respect to peace officers or firefighters;

(ii) on or after July 1, 2006, with respect to employees who are not peace officers or firefighters [ASSUMES LIABILITY UNDER THE PLAN OF A POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION DESCRIBED IN (B) OF THIS PARAGRAPH];

\* **Sec. 31.** AS 39.35.680(26) is amended to read:

(26) "normal retirement" means retirement for a member who is eligible to receive benefits under AS 39.35.370(a) or (I) or [UNDER] 39.35.385(a) or (f);

\* **Sec. 32.** AS 39.35.720 is amended to read:

**Sec. 39.35.720. Membership.** Except as provided in AS 39.35.095, an [AN] employee who becomes a member on or after July 1, 2006, shall participate in the plan set out in AS 39.35.700 - 39.35.990.

\* **Sec. 33.** AS 39.35.750 is amended by adding a new subsection to read:

(f) This section does not apply to contributions made under AS 39.35.257 and does not require an employer who makes a contribution for an employee under AS 39.35.257 to make another contribution for that employee.

\* **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETIREMENT PLAN ELECTION. (a) A peace officer or firefighter who was first hired after June 30, 2006, and before the effective date of this section, and who is a member



1 of the defined contribution retirement plan of the public employees' retirement system under  
2 AS 39.35.700 - 39.35.990, may, within 90 days after the effective date of this section, make a  
3 one-time election to participate in the defined benefit retirement plan under AS 39.35.095 -  
4 39.35.680 and to transfer all contributions that have been made or should be made to the  
5 defined contribution retirement plan for service the member completes before the effective  
6 date of the member's participation in the defined benefit retirement plan. The transferred  
7 contributions shall be used to purchase credited service in the defined benefit retirement plan  
8 on an actuarial equivalent basis determined by the Alaska Retirement Management Board  
9 established under AS 37.10.210.

10 (b) In this section, "peace officer" or "firefighter" has the meaning given in  
11 AS 39.35.680.

12 \* **Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14 RETIREMENT PLAN ELECTION PROCEDURE. (a) An election made under sec.  
15 34 of this Act to participate in the defined benefit retirement plan under AS 39.35.095 -  
16 39.35.680 must be made in writing on one or more forms and in the manner prescribed by the  
17 administrator. Before accepting an election to participate in the defined benefit retirement  
18 plan, the administrator shall provide the employee who plans on making an election to  
19 participate in the defined benefit retirement plan with information, including calculations to  
20 illustrate the effect of moving the employee's retirement plan from the defined contribution  
21 retirement plan to the defined benefit retirement plan as well as other information that informs  
22 the employee of potential consequences of the employee's election.

23 (b) An election made under sec. 34 of this Act to participate in the defined benefit  
24 retirement plan is irrevocable. On the effective date of the election, an eligible employee who  
25 makes the election shall be enrolled as a member of the defined benefit retirement plan, and  
26 the employee's participation in the plan shall be governed by the applicable provisions of the  
27 defined benefit retirement plan. The employee's enrollment in the defined benefit retirement  
28 plan is retroactive to the date of hire. An election made by an eligible employee who is  
29 married is not effective unless the election is signed by the employee's spouse.

30 (c) When an eligible employee makes a one-time election under sec. 34 of this Act,  
31 the administrator shall cause the total amount of the employee's employee and employer

1 contributions, with investment earnings and losses through the day of the employee's election  
2 to participate as a member in the defined benefit retirement plan, to be actuarially calculated  
3 and, subject to (e) of this section, transferred to the pension fund in the defined benefit  
4 retirement plan. On the effective date of the employee's participation in the defined benefit  
5 retirement plan, the employee shall be credited with service in the defined benefit retirement  
6 plan that may be purchased under an actuarial equivalent purchase formula as determined by  
7 the board. The board shall establish transfer procedures by regulation, but the actual transfer  
8 may not occur later than 30 days after the date the administrator receives the employee's  
9 completed forms under (a) of this section, unless the major financial markets for securities  
10 available for a transfer are seriously disrupted by an unforeseen event that also causes the  
11 suspension of trading on any national securities exchange in the country where the securities  
12 were issued. In that event, the 30-day period may be extended by a resolution of the board. A  
13 transfer is not commissionable or subject to other fees and may be in the form of cash or a  
14 security as determined by the board. A security shall be valued on the date of receipt in the  
15 employee's account.

16 (d) When making a transfer for an eligible employee under (c) of this section, the  
17 administrator shall cause an amount equal to the

18 (1) decrease in the accrued actuarial liability of the occupational death and  
19 disability trust in the defined contribution retirement plan resulting from the transfer as of the  
20 date of transfer, based on the most recent actuarial valuation of the occupational death and  
21 disability trust, to be transferred from the occupational death and disability trust in the defined  
22 contribution retirement plan to the pension fund in the defined benefit retirement plan; and

23 (2) increase in the accrued actuarial liability of the health care trust in the  
24 defined benefit retirement plan resulting from the transfer as of the date of transfer, based on  
25 the actuarial assumptions set out in (g) of this section, to be transferred from the public  
26 employees' retiree health reimbursement arrangement plan trust fund established under  
27 AS 39.30.340 in the defined contribution retirement plan to the health care trust in the defined  
28 benefit retirement plan established under AS 39.30.097(a).

29 (e) If the value actuarially calculated under (c) of this section is insufficient to pay for  
30 service credit equal to the employee's actual service, the administrator shall allow the  
31 employee the option of purchasing any indebtedness up to the amount needed to eliminate the

1 insufficiency; however, if that value exceeds the amount needed to pay for a service credit  
2 equal to the employee's actual service, the administrator shall cause the excess to remain in  
3 the employee's retirement plan established under AS 39.35.700 - 39.35.990. An excess under  
4 this subsection may not be used to purchase service credit in a retirement plan administered  
5 under AS 39.35.

6 (f) The amount of service that can be purchased under (e) of this section is based on  
7 the transferred employee's accrued actuarial liability of pension benefits in the defined benefit  
8 retirement plan. The actuarial assumptions under this section are based on the actuarial  
9 assumptions set out in (g) of this section.

10 (g) Actuarial assumptions must be based on the most recent actuarial valuation of the  
11 defined benefit retirement plan, except that the retirement rates are computed at 75 percent of  
12 the retirement rates for peace officers and firefighters used in the most recent actuarial  
13 valuation of the defined contribution retirement pension fund plus 25 percent of the retirement  
14 rates for peace officers and firefighters used in the most recent actuarial valuation of the  
15 defined benefit retirement plan.

16 (h) The provisions of this section are subject to the requirements of the Internal  
17 Revenue Code and the limitations under AS 39.35.115, 39.35.678, 39.35.710(c) and (d), and  
18 39.35.895.

19 (i) In this section,

20 (1) "administrator" means the commissioner of administration or the person  
21 designated by the commissioner of administration under AS 39.35.003 for a public  
22 employees' retirement plan;

23 (2) "board" means the Alaska Retirement Management Board established  
24 under AS 37.10.210;

25 (3) "defined benefit retirement plan" means the retirement plan established  
26 under AS 39.35.095 - 39.35.680 for a public employee;

27 (4) "defined contribution retirement plan" means the retirement plan  
28 established under AS 39.35.700 - 39.35.990 for a public employee;

29 (5) "Internal Revenue Code" has the meaning given in AS 39.35.990.

30 \* **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           ADOPTION OF REGULATIONS. (a) The Alaska Retirement Management Board  
2   may adopt regulations necessary to implement secs. 1 - 3 of this Act. Regulations adopted by  
3   the Alaska Retirement Management Board under this Act relate to the internal management of  
4   a state agency and are not subject to AS 44.62 (Administrative Procedure Act) under  
5   AS 37.10.240.

6           (b) The commissioner of administration may adopt regulations necessary to  
7   implement secs. 4 - 35 of this Act. Regulations adopted by the commissioner of  
8   administration under this Act relate to the internal management of a state agency and are not  
9   subject to AS 44.62 (Administrative Procedure Act) under AS 39.30.098 and AS 39.35.005.

10          (c) Regulations adopted under this section may not take effect before the effective  
11   date of the law being implemented by the regulation.

12       \* **Sec. 37.** Section 36 of this Act takes effect immediately under AS 01.10.070(c).

13       \* **Sec. 38.** Except as provided in sec. 37 of this Act, this Act takes effect July 1, 2020.

# Anchorage Republican pushes bill to give troopers, firefighters a secure retirement



By Sean Maguire | Posted: Mon 8:24 PM, Apr 15, 2019 | Updated: Tue 9:37 AM, Apr 16, 2019

**JUNEAU, Alaska (KTUU)** — An Anchorage Republican is pushing forward legislation that would deliver a defined-benefit retirement plan for public safety workers.

Rep. Chuck Kopp, R-Anchorage, introduced House Bill 79 to provide “financial assurity” for Alaska State Troopers, firefighters and corrections workers.

His plan would delay retirement until 55 and be available after the minimum years of service. It would be fully funded and require an annual actuarial analysis to make sure it isn’t overloaded.

**HOUSE BILL NO. 130**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/12/19

Referred: House Special Committee on Energy, Education, Community and Regional Affairs, Judiciary, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the community assistance fund and to community assistance;  
2 repealing the civil legal services fund, power cost equalization endowment fund, power  
3 cost equalization and rural electric capitalization fund, curriculum improvement and  
4 best practices fund, and Alaska higher education investment fund; disposing of  
5 proceeds; and providing for an effective date."

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

7 \* **Section 1.** AS 14.43.825(f) is amended to read:

8 (f) Payment of a scholarship is subject to appropriation [AND THE  
9 AVAILABILITY OF FUNDS FOR EXPENDITURE UNDER AS 37.14.750]. If  
10 insufficient funds are appropriated [OR AVAILABLE] in a fiscal year to pay all  
11 eligible scholarships, the commission may not award a scholarship to a new applicant,  
12 and the commission shall pay existing awards on a pro rata basis for that fiscal year.

13 \* **Sec. 2.** AS 14.43.915(a) is amended to read:

1 (a) The Alaska education grant account is created as an account in the general  
2 fund. **The department may seek appropriations to fund grants and awards from**  
3 **this account** [MONEY MAY BE APPROPRIATED TO THE ACCOUNT FROM  
4 THE ALASKA HIGHER EDUCATION INVESTMENT FUND UNDER  
5 AS 37.14.750 AND FROM OTHER SOURCES]. The commission may use the  
6 money in the account to pay grants awarded under AS 14.43.400 - 14.43.420 and to  
7 pay the cost of administration of the Alaska education grant program created under  
8 AS 14.43.400.

9 \* **Sec. 3.** AS 14.43.915(b) is amended to read:

10 (b) The Alaska performance scholarship award account is created as an  
11 account in the general fund. **The department may seek appropriations to fund**  
12 **awards from this account** [MONEY MAY BE APPROPRIATED TO THE  
13 ACCOUNT FROM THE ALASKA HIGHER EDUCATION INVESTMENT FUND  
14 UNDER AS 37.14.750 AND FROM OTHER SOURCES]. The commission may use  
15 the money in the account to pay scholarships awarded to students under AS 14.43.810  
16 - 14.43.849.

17 \* **Sec. 4.** AS 14.43.915(c) is amended to read:

18 (c) Of the total amount available annually to the commission for payment of  
19 grants under AS 14.43.400 - 14.43.420 and for payment of scholarships under  
20 AS 14.43.810 - 14.43.849, one-third of the combined amount in the accounts  
21 established under (a) and (b) of this section shall be available solely for payment of  
22 grants awarded under AS 14.43.400 - 14.43.420. The commission shall annually  
23 allocate to all qualified applicants for scholarships awarded under AS 14.43.810 -  
24 14.43.849 two-thirds of the combined amount in the accounts. If an insufficient  
25 number of qualified applicants are awarded grants under AS 14.43.400 - 14.43.420 or  
26 scholarships under AS 14.43.810 - 14.43.849, or both, before the end of that fiscal  
27 year, the commissioner shall redeposit the remaining funds **into the relevant account**  
28 [INTO THE ALASKA HIGHER EDUCATION INVESTMENT FUND  
29 ESTABLISHED UNDER AS 37.14.750].

30 \* **Sec. 5.** AS 29.60.850 is repealed and reenacted to read:

31 **Sec. 29.60.850. Community assistance.** The legislature may appropriate funds

1 for the purpose of community assistance.

2 \* **Sec. 6.** AS 29.60.855(a) is amended to read:

3 (a) The basic amount used for determining the basic community assistance  
4 payment for a fiscal year is \$300,000. However, if the amount appropriated  
5 [AVAILABLE] for payments for that fiscal year under AS 29.60.850  
6 [AS 29.60.850(c)] is less than the amount necessary to make the payments under (b)  
7 of this section, the department shall reduce the basic amount pro rata.

8 \* **Sec. 7.** AS 29.60.860(a) is amended to read:

9 (a) Subject to (b) of this section, if the amount appropriated [AVAILABLE]  
10 for distribution under AS 29.60.850 [AS 29.60.850(c)] exceeds the amount needed to  
11 fully fund all the basic community assistance payments, the excess amount  
12 [BALANCE] shall be distributed on a per capita basis to municipalities, to reserves,  
13 and to communities in the unorganized borough.

14 \* **Sec. 8.** AS 37.05.530(g) is amended to read:

15 (g) The provisions of this subsection apply to amounts received by the state  
16 under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508, as follows:

17 (1) amounts received and not appropriated for grants to municipalities  
18 under (d) of this section shall be deposited at the end of each fiscal year as follows:

19 (A) 25 percent of amounts received by the state during that  
20 fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the principal  
21 of the Alaska permanent fund; and

22 (B) .5 percent of amounts received by the state during that  
23 fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the public  
24 school trust fund (AS 37.14.110);

25 (2) if, after making the grants under (d) of this section, the amounts  
26 remaining are insufficient to make payment in full of the deposits required by (1)(A)  
27 and (B) of this subsection, the deposits shall be allocated pro rata between the fund  
28 deposits;

29 (3) the amounts remaining after the making of the payment of the  
30 deposits in full to the Alaska permanent fund and the public school trust fund under  
31 (2) of this subsection may be appropriated



1 [(A) FIRST,] to each of the funds described in (1)(A) and (B)  
 2 of this subsection to recover amounts not paid to those funds on or after  
 3 September 1, 2006, because of deficiencies in making the payments required  
 4 by (2) of this subsection; [AND

5 (B) AFTER APPROPRIATIONS AUTHORIZED BY (A) OF  
 6 THIS PARAGRAPH, TO THE POWER COST EQUALIZATION AND  
 7 RURAL ELECTRIC CAPITALIZATION FUND (AS 42.45.100);]

8 (4) the amounts remaining [AFTER ANY APPROPRIATION TO  
 9 THE POWER COST EQUALIZATION AND RURAL ELECTRIC  
 10 CAPITALIZATION FUND] shall lapse into the general fund for use by the state for  
 11 the following facilities and services: planning; construction, maintenance, and  
 12 operation of essential public facilities; and other necessary public services.

13 \* **Sec. 9.** AS 42.05.141(b) is amended to read:

14 (b) The commission shall perform the duties assigned to it under  
 15 AS 42.45.100 - 42.45.180 [AS 42.45.100 - 42.45.190].

16 \* **Sec. 10.** AS 42.45.100 is repealed and reenacted to read:

17 **Sec. 42.45.100. Power cost equalization and rural electric capitalization**  
 18 **program.** The legislature may appropriate funds for the purpose of equalizing power  
 19 cost a kilowatt-hour statewide at a cost close to or equal to the mean of the cost a  
 20 kilowatt-hour in Anchorage, Fairbanks, and Juneau by paying money to eligible  
 21 electric utilities in the state.

22 \* **Sec. 11.** AS 42.45.180(a) is amended to read:

23 (a) The authority may make a grant from legislative appropriations [THE  
 24 FUND] for an eligible utility for a small power project that will reduce the cost of  
 25 generating or transmitting power to the customers of the utility. The amount of the  
 26 grant may not exceed 75 percent of the cost of the project. The authority may not  
 27 make a grant under this section unless the eligible utility has secured financing for 25  
 28 percent of the cost of the project [FROM A SOURCE OTHER THAN THE POWER  
 29 COST EQUALIZATION AND RURAL ELECTRIC CAPITALIZATION FUND], as  
 30 provided under (c) of this section.

31 \* **Sec. 12.** AS 42.45.180(c) is amended to read:

1 (c) In determining whether an eligible utility has secured financing for 25  
2 percent of the cost of the project [FROM A SOURCE OTHER THAN THE POWER  
3 COST EQUALIZATION AND RURAL ELECTRIC CAPITALIZATION FUND],  
4 the authority shall accept solicited and unsolicited proposals for third party financing  
5 or for a joint venture between the utility and an entity from the private sector provided  
6 that the private sector participant has

7 (1) a valid state business license;

8 (2) a resolution or letter of agreement executed by the eligible utility  
9 agreeing to participation by the private sector participant;

10 (3) a business plan that illustrates how the proposed project will reduce  
11 the cost of generating or transmitting power to the customers of the utility.

12 \* **Sec. 13.** AS 43.77.045(a), as amended by sec. 32, ch. 101, SLA 2018, is amended to read:

13 (a) A person engaged in a floating fisheries business is allowed a credit  
14 against the tax due under this chapter for contributions of cash or equipment accepted  
15 for

16 (1) direct instruction, research, and educational support purposes,  
17 including library and museum acquisitions, and contributions to endowment, by an  
18 Alaska university foundation, by a nonprofit, public or private, Alaska two-year or  
19 four-year college accredited by a national or regional accreditation association, or by a  
20 public or private nonprofit elementary or secondary school in the state;

21 (2) secondary school level vocational education courses, programs, and  
22 facilities by a school district in the state;

23 (3) vocational education courses, programs, and facilities by a state-  
24 operated vocational technical education and training school;

25 (4) a facility by a nonprofit, public or private, Alaska two-year or four-  
26 year college accredited by a national or regional accreditation association or by a  
27 public or private nonprofit elementary or secondary school in the state;

28 (5) Alaska Native cultural or heritage programs and educational  
29 support, including mentoring and tutoring, provided by a nonprofit agency for public  
30 school staff and for students who are in grades kindergarten through 12 in the state;

31 (6) education, research, rehabilitation, and facilities by an institution

that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government;

(7) [THE ALASKA HIGHER EDUCATION INVESTMENT FUND UNDER AS 37.14.750;

(8)] funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(8) [(9)] constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(9) [(10)] childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(10) [(11)] science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; and

(11) [(12)] the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

\* **Sec. 14.** AS 14.07.182; AS 37.05.146(c)(70), 37.05.590; AS 37.14.750; AS 42.45.070,

1 42.45.080, 42.45.085, 42.45.099, 42.45.180(b), 42.45.190; AS 43.20.014(a)(7);  
2 AS 43.55.019(a)(7); AS 43.56.018(a)(7); AS 43.65.018(a)(7); AS 43.75.018(a)(7); and  
3 AS 43.77.045(a)(7) are repealed.

4 \* **Sec. 15.** The uncoded law of the State of Alaska is amended by adding a new section to  
5 read:

6 (a) The department of revenue shall make a good faith attempt to return unexpended  
7 donations to the Alaska higher education investment fund, repealed in sec. 14 of this Act, the  
8 power cost equalization fund, repealed in sec. 14 of this Act, and the power cost equalization  
9 and rural electric capitalization fund, repealed in sec. 10 of this Act, to the original donors.

10 (b) The department of revenue shall place any unexpended amounts from the  
11 remaining funds, repealed by secs. 5 and 14 of this Act, into the general fund.

12 \* **Sec. 16.** The uncoded law of the State of Alaska is amended by adding a new section to  
13 read:

14 TRANSITION. (a) Litigation, hearings, investigations, and other proceedings related  
15 to funds repealed by this Act continue in effect and may be completed notwithstanding the  
16 repeal.

17 (b) Regulations adopted to implement a fund repealed by this Act remain in effect as  
18 issued, or until revoked, vacated, or otherwise modified under the provisions of this Act.

19 (c) Contracts, rights, liabilities, and obligations created by a fund repealed by this Act,  
20 and in effect of the effective date of this Act, remain in effect notwithstanding this Act's  
21 taking effect.

22 \* **Sec. 17.** This Act takes effect July 1, 2019.

**SENATE BILL NO. 110**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/12/19

Referred: Community and Regional Affairs, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the community assistance fund and to community assistance;  
2 repealing the civil legal services fund, power cost equalization endowment fund, power  
3 cost equalization and rural electric capitalization fund, curriculum improvement and  
4 best practices fund, and Alaska higher education investment fund; disposing of  
5 proceeds; and providing for an effective date."

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

7 \* **Section 1.** AS 14.43.825(f) is amended to read:

8 (f) Payment of a scholarship is subject to appropriation [AND THE  
9 AVAILABILITY OF FUNDS FOR EXPENDITURE UNDER AS 37.14.750]. If  
10 insufficient funds are appropriated [OR AVAILABLE] in a fiscal year to pay all  
11 eligible scholarships, the commission may not award a scholarship to a new applicant,  
12 and the commission shall pay existing awards on a pro rata basis for that fiscal year.

13 \* **Sec. 2.** AS 14.43.915(a) is amended to read:

1 (a) The Alaska education grant account is created as an account in the general  
2 fund. The department may seek appropriations to fund grants and awards from  
3 this account [MONEY MAY BE APPROPRIATED TO THE ACCOUNT FROM  
4 THE ALASKA HIGHER EDUCATION INVESTMENT FUND UNDER  
5 AS 37.14.750 AND FROM OTHER SOURCES]. The commission may use the  
6 money in the account to pay grants awarded under AS 14.43.400 - 14.43.420 and to  
7 pay the cost of administration of the Alaska education grant program created under  
8 AS 14.43.400.

9 \* **Sec. 3.** AS 14.43.915(b) is amended to read:

10 (b) The Alaska performance scholarship award account is created as an  
11 account in the general fund. The department may seek appropriations to fund  
12 awards from this account [MONEY MAY BE APPROPRIATED TO THE  
13 ACCOUNT FROM THE ALASKA HIGHER EDUCATION INVESTMENT FUND  
14 UNDER AS 37.14.750 AND FROM OTHER SOURCES]. The commission may use  
15 the money in the account to pay scholarships awarded to students under AS 14.43.810  
16 - 14.43.849.

17 \* **Sec. 4.** AS 14.43.915(c) is amended to read:

18 (c) Of the total amount available annually to the commission for payment of  
19 grants under AS 14.43.400 - 14.43.420 and for payment of scholarships under  
20 AS 14.43.810 - 14.43.849, one-third of the combined amount in the accounts  
21 established under (a) and (b) of this section shall be available solely for payment of  
22 grants awarded under AS 14.43.400 - 14.43.420. The commission shall annually  
23 allocate to all qualified applicants for scholarships awarded under AS 14.43.810 -  
24 14.43.849 two-thirds of the combined amount in the accounts. If an insufficient  
25 number of qualified applicants are awarded grants under AS 14.43.400 - 14.43.420 or  
26 scholarships under AS 14.43.810 - 14.43.849, or both, before the end of that fiscal  
27 year, the commissioner shall redeposit the remaining funds into the relevant account  
28 [INTO THE ALASKA HIGHER EDUCATION INVESTMENT FUND  
29 ESTABLISHED UNDER AS 37.14.750].

30 \* **Sec. 5.** AS 29.60.850 is repealed and reenacted to read:

31 **Sec. 29.60.850. Community assistance.** The legislature may appropriate funds

1 for the purpose of community assistance.

2 \* **Sec. 6.** AS 29.60.855(a) is amended to read:

3 (a) The basic amount used for determining the basic community assistance  
4 payment for a fiscal year is \$300,000. However, if the amount appropriated  
5 [AVAILABLE] for payments for that fiscal year under AS 29.60.850  
6 [AS 29.60.850(c)] is less than the amount necessary to make the payments under (b)  
7 of this section, the department shall reduce the basic amount pro rata.

8 \* **Sec. 7.** AS 29.60.860(a) is amended to read:

9 (a) Subject to (b) of this section, if the amount appropriated [AVAILABLE]  
10 for distribution under AS 29.60.850 [AS 29.60.850(c)] exceeds the amount needed to  
11 fully fund all the basic community assistance payments, the excess amount  
12 [BALANCE] shall be distributed on a per capita basis to municipalities, to reserves,  
13 and to communities in the unorganized borough.

14 \* **Sec. 8.** AS 37.05.530(g) is amended to read:

15 (g) The provisions of this subsection apply to amounts received by the state  
16 under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508, as follows:

17 (1) amounts received and not appropriated for grants to municipalities  
18 under (d) of this section shall be deposited at the end of each fiscal year as follows:

19 (A) 25 percent of amounts received by the state during that  
20 fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the principal  
21 of the Alaska permanent fund; and

22 (B) .5 percent of amounts received by the state during that  
23 fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the public  
24 school trust fund (AS 37.14.110);

25 (2) if, after making the grants under (d) of this section, the amounts  
26 remaining are insufficient to make payment in full of the deposits required by (1)(A)  
27 and (B) of this subsection, the deposits shall be allocated pro rata between the fund  
28 deposits;

29 (3) the amounts remaining after the making of the payment of the  
30 deposits in full to the Alaska permanent fund and the public school trust fund under  
31 (2) of this subsection may be appropriated

1 [(A) FIRST,] to each of the funds described in (1)(A) and (B)  
2 of this subsection to recover amounts not paid to those funds on or after  
3 September 1, 2006, because of deficiencies in making the payments required  
4 by (2) of this subsection; [AND

5 (B) AFTER APPROPRIATIONS AUTHORIZED BY (A) OF  
6 THIS PARAGRAPH, TO THE POWER COST EQUALIZATION AND  
7 RURAL ELECTRIC CAPITALIZATION FUND (AS 42.45.100);]

8 (4) the amounts remaining [AFTER ANY APPROPRIATION TO  
9 THE POWER COST EQUALIZATION AND RURAL ELECTRIC  
10 CAPITALIZATION FUND] shall lapse into the general fund for use by the state for  
11 the following facilities and services: planning; construction, maintenance, and  
12 operation of essential public facilities; and other necessary public services.

13 \* **Sec. 9.** AS 42.05.141(b) is amended to read:

14 (b) The commission shall perform the duties assigned to it under  
15 AS 42.45.100 - 42.45.180 [AS 42.45.100 - 42.45.190].

16 \* **Sec. 10.** AS 42.45.100 is repealed and reenacted to read:

17 **Sec. 42.45.100. Power cost equalization and rural electric capitalization**  
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19 cost a kilowatt-hour statewide at a cost close to or equal to the mean of the cost a  
20 kilowatt-hour in Anchorage, Fairbanks, and Juneau by paying money to eligible  
21 electric utilities in the state.

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26 grant may not exceed 75 percent of the cost of the project. The authority may not  
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5 or for a joint venture between the utility and an entity from the private sector provided  
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9 agreeing to participation by the private sector participant;

10 (3) a business plan that illustrates how the proposed project will reduce  
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13 (a) A person engaged in a floating fisheries business is allowed a credit  
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18 Alaska university foundation, by a nonprofit, public or private, Alaska two-year or  
19 four-year college accredited by a national or regional accreditation association, or by a  
20 public or private nonprofit elementary or secondary school in the state;

21 (2) secondary school level vocational education courses, programs, and  
22 facilities by a school district in the state;

23 (3) vocational education courses, programs, and facilities by a state-  
24 operated vocational technical education and training school;

25 (4) a facility by a nonprofit, public or private, Alaska two-year or four-  
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27 public or private nonprofit elementary or secondary school in the state;

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29 support, including mentoring and tutoring, provided by a nonprofit agency for public  
30 school staff and for students who are in grades kindergarten through 12 in the state;

31 (6) education, research, rehabilitation, and facilities by an institution

1 that is located in the state and that qualifies as a coastal ecosystem learning center  
2 under the Coastal America Partnership established by the federal government;

3 (7) [THE ALASKA HIGHER EDUCATION INVESTMENT FUND  
4 UNDER AS 37.14.750;

5 (8)] funding a scholarship awarded by a nonprofit organization to a  
6 dual-credit student to defray the cost of a dual-credit course, including the cost of

7 (A) tuition and textbooks;

8 (B) registration, course, and programmatic student fees;

9 (C) on-campus room and board at the postsecondary institution  
10 in the state that provides the dual-credit course;

11 (D) transportation costs to and from a residential school  
12 approved by the Department of Education and Early Development under  
13 AS 14.16.200 or the postsecondary school in the state that provides the dual-  
14 credit course; and

15 (E) other related educational and programmatic costs;

16 (8) [(9)] constructing, operating, or maintaining a residential housing  
17 facility by a residential school approved by the Department of Education and Early  
18 Development under AS 14.16.200;

19 (9) [(10)] childhood early learning and development programs and  
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21 by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school  
22 district in the state, by the Department of Education and Early Development, or  
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24 (10) [(11)] science, technology, engineering, and math programs  
25 provided by a nonprofit agency or a school district for school staff and for students in  
26 grades kindergarten through 12 in the state; and

27 (11) [(12)] the operation of a nonprofit organization dedicated to  
28 providing educational opportunities that promote the legacy of public service  
29 contributions to the state and perpetuate ongoing educational programs that foster  
30 public service leadership for future generations of residents of the state.

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2 AS 43.55.019(a)(7); AS 43.56.018(a)(7); AS 43.65.018(a)(7); AS 43.75.018(a)(7); and  
3 AS 43.77.045(a)(7) are repealed.

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6 (a) The department of revenue shall make a good faith attempt to return unexpended  
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8 power cost equalization fund, repealed in sec. 14 of this Act, and the power cost equalization  
9 and rural electric capitalization fund, repealed in sec. 10 of this Act, to the original donors.

10 (b) The department of revenue shall place any unexpended amounts from the  
11 remaining funds, repealed by secs. 5 and 14 of this Act, into the general fund.

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14 TRANSITION. (a) Litigation, hearings, investigations, and other proceedings related  
15 to funds repealed by this Act continue in effect and may be completed notwithstanding the  
16 repeal.

17 (b) Regulations adopted to implement a fund repealed by this Act remain in effect as  
18 issued, or until revoked, vacated, or otherwise modified under the provisions of this Act.

19 (c) Contracts, rights, liabilities, and obligations created by a fund repealed by this Act,  
20 and in effect of the effective date of this Act, remain in effect notwithstanding this Act's  
21 taking effect.

22 \* **Sec. 17.** This Act takes effect July 1, 2019.