HOUSE CS FOR CS FOR SENATE BILL NO. 78(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/17/18
Referred: Rules

Sponsor(s): SENATORS BISHOP, Hoffman, Stedman, Meyer, Dunleavy, von Imhof, Stevens, Hughes, Micciche

REPRESENTATIVE Wilson

A BILL

FOR AN ACT ENTITLED

"An Act creating the education endowment fund and the dividend raffle fund; authorizing donations from the permanent fund dividend for educational purposes and to enter the permanent fund dividend raffle; relating to transfers from the dividend raffle fund and the education endowment fund; relating to the duties of the Department of Revenue; relating to the definition of 'gambling'; and providing for an effective date."

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

* Section 1. The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE INTENT. It is the intent of the legislature that the funds generated by the permanent fund dividend raffle created in this Act be used to supplement and not to supplant state aid provided by the public school funding formula under AS 14.17.410.

* Sec. 2. AS 11.66.280(3) is amended to read:

(3) "gambling" means that a person stakes or risks something of value
upon the outcome of a contest of chance or a future contingent event not under the
person's control or influence, upon an agreement or understanding that that person or
someone else will receive something of value in the event of a certain outcome;
"gambling" does not include

(A) bona fide business transactions valid under the law of
contracts for the purchase or sale at a future date of securities or commodities
and agreements to compensate for loss caused by the happening of chance,
including contracts of indemnity or guaranty and life, health, or accident
insurance;

(B) playing an amusement device that

(i) confers only an immediate right of replay not
exchangeable for something of value other than the privilege of
immediate replay and does not contain a method or device by which the
privilege of immediate replay may be cancelled or revoked;

(ii) confers only tickets, credits, allowances, tokens, or
anything of value that can be redeemed for toys, candy, or electronic
novelties offered at the same facility where the amusement device is
located; or

(iii) allows a player to manipulate a claw machine or
similar device within an enclosure and enables a person to receive
merchandise directly from the machine; [OR]

(C) an activity authorized by the Department of Revenue under
AS 05.15; or

(D) the permanent fund dividend raffle authorized under
AS 43.23.064;

* Sec. 3. AS 43.23.055 is amended to read:

Sec. 43.23.055. Duties of the department. The department shall

(1) annually pay permanent fund dividends from the dividend fund;

(2) subject to AS 43.23.011 and [PARAGRAPH] (8) of this section,
adopt regulations under AS 44.62 (Administrative Procedure Act) that establish
procedures and time limits for claiming a permanent fund dividend; the department
shall determine the number of eligible applicants by October 1 of the year for which
the dividend is declared and pay the dividends by December 31 of that year;

(3) adopt regulations under AS 44.62 (Administrative Procedure Act)
that establish procedures and time limits for an individual upon emancipation or upon
reaching majority to apply for permanent fund dividends not received during minority
because the parent, guardian, or other authorized representative did not apply on
behalf of the individual;

(4) assist residents of the state, particularly in rural areas, who, because
of language, disability, or inaccessibility to public transportation, need assistance to
establish eligibility and to apply for permanent fund dividends;

(5) use a list of individuals ineligible for a dividend under
AS 43.23.005(d) provided annually by the Department of Corrections and the
Department of Public Safety to determine the number and identity of those
individuals;

(6) adopt regulations that are necessary to implement AS 43.23.005(d);

(7) adopt regulations that establish procedures for the parent, guardian,
or other authorized representative of a disabled individual to apply for prior year
permanent fund dividends not received by the disabled individual because no
application was submitted on behalf of the individual;

(8) adopt regulations that establish procedures for an individual to
apply to have a dividend disbursement under AS 37.25.050(a)(2) reissued if it is not
collected within two years after the date of its issuance; however, the department may
not establish a time limit within which an application to have a disbursement reissued
must be filed;

(9) provide any information, upon request, contained in permanent
fund dividend records to the child support services agency created in AS 25.27.010, or
the child support enforcement agency of another state, for child support purposes
authorized under law; if the information is contained in an electronic data base, the
department shall provide the requesting agency with either

(A) access to the data base; or

(B) a copy of the information in the data base and a statement
certifying its contents;

(10) establish a fraud investigation unit for the purpose of assisting the

(A) Department of Law in the prosecution of individuals who
apply for or obtain a permanent fund dividend in violation of a provision in
AS 11, by detecting and investigating those crimes; [AND]

(B) commissioner to detect and investigate the claiming or
paying of permanent fund dividends that should not have been claimed by or
paid to an individual and to impose the penalties and enforcement provisions
under AS 43.23.035; and

(11) adopt regulations under AS 44.62 (Administrative Procedure
Act) so that contributions under AS 43.23.062 are given a priority over donations
under AS 43.23.064 if the total amount of contributions and donations elected by
an applicant exceeds the amount of the permanent fund dividend that the
applicant is entitled to receive.

* Sec. 4. AS 43.23 is amended by adding new sections to read:

Sec. 43.23.063. Education endowment fund. (a) The education endowment
fund is established as a separate account in the general fund. The fund consists of
appropriations from

(1) donations to the fund under AS 43.23.064(b);
(2) transfers to the fund under AS 43.23.064(c);
(3) interest earned on the fund; and
(4) any other money appropriated to the fund.

(b) The commissioner is the fiduciary of the fund. In managing the fund, the
commissioner shall

(1) have the same powers and duties as provided in AS 37.10.071; and
(2) invest the fund in a manner likely to achieve at least a four percent
nominal return over a five-year period to meet the objectives of the fund.

(c) In managing the fund, the commissioner shall

(1) consider the status of the fund's capital and the income generated
on both current and probable future bases;
(2) determine the appropriate investment objectives;
(3) establish investment policies to achieve the objectives; and

(4) act only in regard to the best financial interests of the fund.

(d) On July 1 of each year, the commissioner shall

(1) determine the fund balance for the previously closed fiscal year, including the earnings of the fund; and

(2) when the average market value for that fiscal year exceeds $1,000,000,000, transfer 4.5 percent of the average fiscal-year-end market value of the balance of the fund for the last five fiscal years, including the fiscal year just ended, and including any unrealized gains and losses, to the Department of Education and Early Development for distribution as supplemental grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A) - (D), subject to appropriation.

(e) Money appropriated to the fund does not lapse.

Sec. 43.23.064. Dividend raffle fund; dividend donations to the dividend raffle fund; drawing. (a) The dividend raffle fund is established as an account in the general fund. The commissioner shall manage the fund. Interest and other income received on money in the fund shall be separately accounted for and shall be appropriated to the fund. The fund consists of donations appropriated to the fund under (c) of this section. The commissioner shall use the dividend raffle fund, without further appropriation, to pay for prizes as set out in (d) of this section and may use up to two percent of the balance of the fund but not more than $500,000 from the fund each fiscal year to pay the cost of administering the fund and for promotion and advertisement of the fund. When the balance of the dividend raffle fund exceeds $300,000,000 at the end of a fiscal year, the commissioner shall transfer the amount above $300,000,000 to the education endowment fund established in AS 43.23.063. Money donated to the fund does not lapse.

(b) Notwithstanding AS 43.23.069, the department shall provide on the Alaska permanent fund dividend application an option for an applicant who is 18 years of age or older to direct that all or a portion of the applicant's dividend payment be donated for educational purposes and to enter the permanent fund dividend raffle as provided in (c) of this section. A donation under this section may be $100 or more, in
increments of $100, up to the total amount of the permanent fund dividend that the applicant is entitled to receive.

(c) Of the donations received in a year under (b) of this section, the legislature shall appropriate 25 percent to the education endowment fund established in AS 43.23.063 and shall appropriate 25 percent to the dividend raffle fund. The legislature shall appropriate the remaining 50 percent of the donations received under (b) of this section to the Department of Education and Early Development for distribution as supplemental grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A) - (D).

(d) At the beginning of each year, the commissioner shall conduct a public drawing to award prizes from the dividend raffle fund. Each $100 donation as provided in (b) of this section entitles a person to one entry into the raffle. The prizes for the raffle shall be as follows:

(1) the first name drawn receives an amount equal to eight percent of the balance of the dividend raffle fund;

(2) the second name drawn receives an amount equal to four percent of the balance of the dividend raffle fund;

(3) the third name drawn receives an amount equal to two percent of the balance of the dividend raffle fund; and

(4) the fourth name drawn receives an amount equal to one percent of the balance of the dividend raffle fund.

(e) Nothing in this section creates a dedicated fund.

*Sec. 5.* This Act takes effect January 1, 2019.