Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 243
Fiscal Note Number:
() Publish Date:

Identifier: HB243-DOR-PFD-01-23-16
Title: CRIM. CONV. OVERTURNED: RECEIVE PAST PFD
Sponsor: LYNN
Requester: House State Affairs

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Permanent Fund Dividend Division
OMB Component Number: 981

Expenditures/Revenues
Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2017**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Personal Services							
Travel							
Services	38,400.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**38,400.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Fund Source (Operating Only)

1005 GF/Prgm	38,400.0						
Total	**38,400.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							

Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS
Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version:

Prepared By: Sara Race, Director
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Agency: Department of Revenue
Phone: (907)465-4785
Date: 01/23/2016 07:30 PM
Date: 01/23/16

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HB 243

Analysis

Bill Analysis

The proposed legislation will eliminate the requirements set forth in regulation, 15 AAC 23.183(b)(1)(2)(3) that directly address the reversal or vacating of a disqualifying conviction for which an individual was incarcerated or sentenced, and therefore were denied a dividend.

The major program criteria changes in the proposed legislation include the following; removes requirements of an individual being otherwise eligible, providing an exemption that removes the requirement for an applicant to attempt to file yearly, expands the timeframe in which the individual must communicate with the Division after a dismissed conviction or pardon, requires the division to calculate and pay interest for all dividend years to be paid as a result of a dismissed conviction or pardon, and reduces the annual dividend amount by including an estimated amount necessary to pay prior year dividends from the current year for individuals that may be dismissed from a conviction or receive a pardon.

Estimating an amount to include in the annual calculation may be overstated for the first three to four years, until the division has a historical average to base the calculated amount upon. The first year estimate may be a calculation derived by analyzing prior appeals received in relation to dismissed convictions, along with statistics from Department of Corrections. In addition, the average time spent incarcerated for individuals in this scenario would be applied to a interest calculation, which will be deducted from the annual calculated amount.

As for the Department of Corrections providing PFD applications to any individual requesting one regardless of their eligibility, the division currently receives applications from incarcerated individuals. Therefore, internal processing procedures would not be affected, including eligibility determinations at the time of sentencing or incarceration.

Overall, calculating interest for prior year dividends from the date each dividend would have been paid will fiscally impact the Division. The Dividend Application Information System (DAIS) is specifically designed to prevent overpayment to an individual for a single dividend year. In addition, the division pays dividends on a monthly basis as eligibility determinations are made, which makes a specific date a variable. It would take approximately 120 hours to reprogram the data base to 1) allow for the overpayment, and 2) calculate interest from the first payment run of each dividend year.

Additionally, it would take 120 programming hours to locate and reactivate all assignments of levy, execution, garnishment, attachment, or other remedy for the collection of debt issued on an individual for all relevant dividend years.