



# LAWS OF ALASKA

2004

**Source**

SCS CSHB 494(FIN)

**Chapter No.**

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**AN ACT**

Relating to the methods of disbursement of money by the state, including employment compensation, unemployment payments, and permanent fund dividends, and to bank investments and deposits by the state; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1



## AN ACT

1 Relating to the methods of disbursement of money by the state, including employment  
2 compensation, unemployment payments, and permanent fund dividends, and to bank  
3 investments and deposits by the state; and providing for an effective date.

4 \_\_\_\_\_  
5 \* **Section 1.** AS 03.20.030(a) is amended to read:

6 (a) Each agricultural and industrial fair association desiring to apply for an  
7 operation and maintenance grant shall apply to the commissioner before August 1 of  
8 the year preceding the fiscal year for which the grant is sought. It shall submit with  
9 the application a planned program of operation and maintenance of the proposed fair,  
10 the rules and regulations governing the fair, and a certificate signed by the president  
11 and secretary of the association [,] certifying that the association will spend for the  
12 proposed fair [,] a sum of money from their own funds equal in amount to the benefits  
13 requested under this chapter. When satisfied that the association is entitled to receive  
14 state aid under the provisions of this chapter, the commissioner shall **make a**

1        **disbursement to** [HAVE A WARRANT DRAWN IN FAVOR OF] the association [,]  
2        in the sum to which it is entitled. The commissioner shall pay annually the sum to be  
3        paid under the provisions of this chapter.

4        \* **Sec. 2.** AS 03.20.035(a) is amended to read:

5                (a) Each agricultural and industrial fair association desiring to apply for a  
6        capital improvement grant shall apply to the commissioner before August 1 of the year  
7        preceding the fiscal year for which the grant is sought. It shall submit with the  
8        application a proposed long-term capital improvement plan of the fair covering five  
9        years from the time the application is submitted, which shall be certified by the  
10       president and secretary of the association as having been reviewed and approved by  
11       the governing body of the association. When satisfied that the association is entitled  
12       to receive state aid under the provisions of this section, the commissioner shall **make a**  
13       **disbursement to** [HAVE A WARRANT DRAWN IN FAVOR OF] the association [,]  
14       in the sum to which it is entitled.

15       \* **Sec. 3.** AS 08.48.061(c) is amended to read:

16                (c) The board may make expenditures from appropriated funds for any  
17        purpose that is reasonably necessary for the proper performance of its duties under this  
18        chapter. This may include the expenses of the board delegates to meetings of councils  
19        of architect examiners, engineering examiners, land surveyor examiners, or landscape  
20        architect examiners, or any of their subdivisions. The total amount of **disbursements**  
21        [WARRANTS] issued in payment of the expenses incurred under this chapter may not  
22        exceed the amount of money appropriated by the legislature.

23       \* **Sec. 4.** AS 14.40.841 is amended to read:

24                **Sec. 14.40.841. Alaska Aerospace Development Corporation**  
25        **[REVOLVING] fund.** The Alaska Aerospace Development Corporation  
26        [REVOLVING] fund is established in the corporation. The [REVOLVING] fund  
27        consists of appropriations made to the [REVOLVING] fund by the legislature, and  
28        rents, fees, or other money or assets transferred to the [REVOLVING] fund by the  
29        corporation. Amounts deposited in the [REVOLVING] fund may be pledged to the  
30        payment of bonds of the corporation or expended for the purposes of the corporation  
31        under AS 14.40.821 - 14.40.990.

1     \* **Sec. 5.** AS 14.40.841 is amended by adding a new subsection to read:

2             (b) The corporation shall have custody of the fund and shall be responsible for  
3     its management. The corporation is the fiduciary of the fund under AS 37.10.071 and  
4     may invest amounts in the fund in accordance with an investment policy adopted by  
5     the corporation. Notwithstanding AS 37.10.010 - 37.10.050, the corporation may  
6     make disbursements from the fund in accordance with AS 37.25.050.  
7     Notwithstanding AS 37.05.130 and 37.05.140, the corporation shall report  
8     disbursements from the fund annually in accordance with AS 14.40.866(b)(1). An  
9     appropriation made to the fund by the legislature shall be transferred from the state  
10    treasury to the corporation for deposit in the fund.

11    \* **Sec. 6.** AS 22.05.140(b) is amended to read:

12            (b) A salary **disbursement** [WARRANT] may not be issued to a justice of the  
13    supreme court until the justice has filed with the state officer designated to issue salary  
14    **disbursements** [WARRANTS] an affidavit that no matter referred to the justice for  
15    opinion or decision has been uncompleted or undecided by the justice for a period of  
16    more than six months.

17    \* **Sec. 7.** AS 22.07.090(b) is amended to read:

18            (b) A salary **disbursement** [WARRANT] may not be issued to a judge of the  
19    court of appeals until the judge has filed with the state officer designated to issue  
20    salary **disbursements** [WARRANTS] an affidavit that no matter referred to the judge  
21    for opinion or decision has been uncompleted or undecided by the judge for a period  
22    of more than six months.

23    \* **Sec. 8.** AS 22.10.190(b) is amended to read:

24            (b) A salary **disbursement** [WARRANT] may not be issued to a superior  
25    court judge until the judge has filed with the state officer designated to issue salary  
26    **disbursements** [WARRANTS] an affidavit that no matter referred to the judge for  
27    opinion or decision has been uncompleted or undecided by the judge for a period of  
28    more than six months.

29    \* **Sec. 9.** AS 22.15.220(c) is amended to read:

30            (c) A salary **disbursement** [WARRANT] may not be issued to a district judge  
31    or magistrate until the judge or magistrate has filed with the state officer designated to

1 issue salary **disbursements** [WARRANTS,] an affidavit that no matter referred to the  
2 judge or magistrate for opinion or decision has been uncompleted or undecided by the  
3 judge or magistrate for a period of more than six months.

4 \* **Sec. 10.** AS 23.10.040(a) is amended to read:

5 (a) **Except as otherwise provided by AS 37.25.050, an** [AN] employer of  
6 labor performing services in this state shall pay the wages or other compensation for  
7 the services with lawful money of the United States or with negotiable checks, drafts,  
8 or orders payable upon presentation without discount by a bank or depository inside  
9 the state.

10 \* **Sec. 11.** AS 23.20.135(a) is amended to read:

11 (a) The commissioner of revenue is ex officio the treasurer and custodian of  
12 the fund and shall administer it as directed by the department. **Disbursements**  
13 [CHECKS OR WARRANTS] shall be issued **from** [ON] the fund in accordance with  
14 **AS 37.25.050 and** the regulations that the department adopts. The fund has three  
15 separate accounts:

16 (1) a clearing account; [,]

17 (2) an unemployment trust fund account; [,] and

18 (3) a benefit account.

19 \* **Sec. 12.** AS 23.20.145(b) is amended to read:

20 (b) The department shall from time to time requisition from the  
21 unemployment trust fund amounts not exceeding the amounts standing to the state's  
22 account in the fund **that** [WHICH] it considers necessary for the payment of benefits  
23 for a reasonable future period. Upon receipt of an amount the department shall deposit  
24 the money to the benefit account. A [CHECK OR WARRANT FOR THE] payment  
25 [OF BENEFITS] may be **made** [ISSUED] solely from the benefit account.

26 \* **Sec. 13.** AS 23.20.145(c) is amended to read:

27 (c) If money in the clearing account is not sufficient to provide for refunds of  
28 contributions erroneously collected and payable under AS 23.20.225 and  
29 23.20.526(a)(11), the department shall withdraw from the unemployment trust fund  
30 the amounts not exceeding the amount standing to this state's account in the fund **that**  
31 [WHICH] are necessary for the payment of the refunds, but no amounts may be

1 withdrawn from the unemployment trust fund for the refund of interest and penalty  
2 payments. Upon receipt, the department, or the designee of the department, shall  
3 deposit this money to the clearing account. A [CHECK OR WARRANT FOR THE]  
4 payment of a refund shall be made [ISSUED] from the clearing account.

5 \* **Sec. 14.** AS 23.20.145(d) is amended to read:

6 (d) Expenditures of the money in the benefit account and refunds from the  
7 clearing account are not subject to provisions of law requiring specific appropriations  
8 or other formal release by state officers of money in their custody. [ALL CHECKS  
9 OR WARRANTS ISSUED BY THE STATE FOR THE PAYMENT OF BENEFITS  
10 AND REFUNDS SHALL BEAR THE SIGNATURE OF THE COMMISSIONER OF  
11 ADMINISTRATION AND COUNTERSIGNATURE OF THE AUTHORIZED  
12 AGENT OF THE DEPARTMENT FOR THAT PURPOSE.]

13 \* **Sec. 15.** AS 26.15.040(d) is amended to read:

14 (d) Money loaned shall be disbursed [DELIVERED] to the borrower from  
15 [IN THE FORM OF A WARRANT DRAWN ON] the treasury, vouchered in the  
16 manner prescribed for state disbursing officers, and charged against the Alaska World  
17 War II veterans' revolving fund. Each voucher shall be approved by the commissioner  
18 of community and economic development or any bonded deputy authorized to act as a  
19 certifying officer. Upon repayment of loans by installments, or otherwise, in  
20 accordance with the prescribed terms, or upon liquidation by foreclosure or other  
21 process, or upon receipt of interest, the money so received shall be turned over to the  
22 commissioner of revenue for deposit in the Alaska World War II veterans' revolving  
23 fund.

24 \* **Sec. 16.** AS 34.45.720(c) is amended to read:

25 (c) AS 34.45.110 - 34.45.780 do not apply to a disbursement [WARRANT]  
26 for the payment of a permanent fund dividend.

27 \* **Sec. 17.** AS 37.10.075(d) is amended to read:

28 (d) The Department of Revenue may deposit funds in banks inside or outside  
29 the state without requiring those banks in which the funds are deposited to pay interest  
30 on the deposits. It is the intention of the legislature that the department may  
31 compensate the banks for handling [CLEARING] state disbursements

1 [WARRANTS] in a manner determined by the commissioner of revenue to be in the  
2 best interests of the state.

3 \* **Sec. 18.** AS 37.10.078 is amended to read:

4 **Sec. 37.10.078. Prohibited deposits and investments in certain banks.** The  
5 commissioner of revenue may not make investments or deposits with a bank doing  
6 business in Alaska that has a general practice of

7 (1) charging a fee for **handling disbursements** [CASHING CHECKS  
8 OR WARRANTS] issued by the state; or

9 (2) refusing to **handle disbursements** [CASH CHECKS OR  
10 WARRANTS] issued by the state.

11 \* **Sec. 19.** AS 37.10.100(b) is amended to read:

12 (b) **If** [HOWEVER IF] the sum recovered **as described in (a) of this section**  
13 belongs to a city, school district, or municipal government, the sum shall be  
14 transferred to it, less sums advanced by the state in the suit [,] and not already repaid  
15 to it. The Department of Administration may **disburse** [PAY] to the city, school  
16 district, or municipal corporation the sums belonging to it [, UPON WARRANTS  
17 DRAWN AS PROVIDED BY LAW]. The **disbursements** [WARRANTS] must be  
18 based upon vouchers approved by the attorney general.

19 \* **Sec. 20.** AS 37.25 is amended by adding a new section to read:

20 **Sec. 37.25.050. Methods of disbursement.** (a) Except as provided in (b) of  
21 this section, unless federal law requires otherwise, a state agency may not disburse  
22 money unless the disbursement is made

23 (1) by an electronic funds transfer to an account in a financial  
24 institution; or

25 (2) from an account established by the state agency by contract with a  
26 financial institution under which a person uses an electronic payment card issued by  
27 the financial institution to access the money.

28 (b) A state agency is not required to use the disbursement methods described  
29 in (a) of the section if

30 (1) another state law or federal law requires that disbursement be made  
31 by another disbursement method;



1 (2) use of the disbursement methods would cause substantial hardship  
2 to the recipient of the disbursement;

3 (3) not more than five disbursements will be made to a recipient, or, on  
4 average, to each recipient entitled to disbursement under the program for which the  
5 disbursements are made;

6 (4) a vendor or grantee elects not to be paid by the disbursement  
7 methods;

8 (5) the disbursement is to a state employee and

9 (A) is the only disbursement that the state agency will make to  
10 the employee for the employment; or

11 (B) it is in the best interests of the state agency or the employee  
12 to use another disbursement method to pay the employee; or

13 (6) use of another disbursement method is in the best interests of the  
14 state agency.

15 (c) The commissioner of administration shall adopt regulations to implement  
16 (b) of this section.

17 (d) A state agency is not liable to pay a fee imposed by a recipient's financial  
18 institution for a disbursement made under (a) of this section.

19 (e) In this section,

20 (1) "disbursement" includes wages and other employment benefits;

21 (2) "state agency" means a department, institution, board, commission,  
22 division, authority, public corporation, committee, or other administrative unit of the  
23 executive branch of state government, including the University of Alaska.

24 \* **Sec. 21.** AS 43.20.030(e) is amended to read:

25 (e) The department may credit or refund overpayments of taxes, taxes  
26 erroneously or illegally assessed or collected, penalties collected without authority,  
27 and taxes that are found unjustly assessed or excessive in amount, or otherwise  
28 wrongfully collected. The department shall set limitations, specify the manner in  
29 which claims for credits or refunds are made, and give notice of allowance or  
30 disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the  
31 general fund by a disbursement [ON A WARRANT] issued under a voucher

1 approved by the department.

2 \* **Sec. 22.** AS 43.23.028(a) is amended to read:

3 (a) By October 1 of each year, the commissioner shall give public notice of  
4 the value of each permanent fund dividend for that year and notice of the information  
5 required to be disclosed under (3) of this subsection. In addition, the stub attached to  
6 each individual dividend **disbursement** [CHECK AND DIRECT DEPOSIT] advice  
7 must

8 (1) disclose the amount of each dividend attributable to income earned  
9 by the permanent fund from deposits to that fund required under art. IX, sec. 15,  
10 Constitution of the State of Alaska;

11 (2) disclose the amount of each dividend attributable to income earned  
12 by the permanent fund from appropriations to that fund and from amounts added to  
13 that fund to offset the effects of inflation;

14 (3) disclose the amount by which each dividend has been reduced due  
15 to each appropriation from the dividend fund, including amounts to pay the costs of  
16 administering the dividend program and the hold harmless provisions of  
17 AS 43.23.075;

18 (4) include a statement that an individual is not eligible for a dividend  
19 when

20 (A) during the qualifying year, the individual was convicted of  
21 a felony;

22 (B) during all or part of the qualifying year, the individual was  
23 incarcerated as a result of the conviction of a

24 (i) felony; or

25 (ii) misdemeanor if the individual has been convicted of  
26 a prior felony or two or more prior misdemeanors;

27 (5) include a statement that the legislative purpose for making  
28 individuals listed under (4) of this subsection ineligible is to

29 (A) obtain reimbursement for some of the costs imposed on the  
30 state criminal justice system related to incarceration or probation of those  
31 individuals;

1 (B) provide funds for services for and payments to crime  
2 victims and for grants for the operation of domestic violence and sexual assault  
3 programs;

4 (6) disclose the total amount that would have been paid during the  
5 previous fiscal year to individuals who were ineligible to receive dividends under  
6 AS 43.23.005(d) if they had been eligible;

7 (7) disclose the total amount appropriated for the current fiscal year  
8 under (b) of this section for each of the funds and agencies listed in (b) of this section.

9 \* **Sec. 23.** AS 43.23.055(8) is amended to read:

10 (8) adopt regulations that establish procedures for an individual to  
11 apply to have a dividend disbursement under AS 37.25.050(a)(2) [WARRANT]  
12 reissued if it is [RETURNED TO THE DEPARTMENT AS UNDELIVERABLE OR  
13 IT IS] not collected [PAID] within two years after [OF] the date of its issuance;  
14 however, the department may not establish a time limit within which an application to  
15 have a disbursement [WARRANT] reissued must be filed;

16 \* **Sec. 24.** AS 43.40.070 is amended to read:

17 **Sec. 43.40.070. Refund disbursements [WARRANTS].** Upon approval of a  
18 refund claim by the department, a disbursement [WARRANT] shall be made from  
19 [DRAWN ON] the highway fuel tax account in the general fund in favor of the  
20 applicant in the amount of the claim.

21 \* **Sec. 25.** AS 44.21.040(a) is amended to read:

22 (a) The Department of Administration shall keep books of account in  
23 permanent form of the claims presented and of the disbursements made  
24 [WARRANTS DRAWN]. These records must show

25 (1) the name of the claimant; [,]

26 (2) the amount of the claim; [,]

27 (3) the date of its presentation; [,]

28 (4) the date of its allowance or disallowance; [,]

29 (5) the date and number of each disbursement made; [WARRANT  
30 DRAWN,]

31 (6) the name of the payee; [,] and

1 (7) the appropriation **from** [AGAINST] which the **disbursement**  
2 [WARRANT] is **made** [DRAWN].

3 \* **Sec. 26.** AS 44.77.040(b) is amended to read:

4 (b) The department, after the hearing, may affirm, reverse, or modify its  
5 original decision. Upon acceptance by the claimant of the decision of the department  
6 or if the claimant does not obtain judicial review as set out in (c) of this section, the  
7 department shall **make** [ISSUE] a **disbursement from** [WARRANT AGAINST] the  
8 proper appropriation for the sum the department finds due the claimant.

9 \* **Sec. 27.** AS 45.95.020(d) is amended to read:

10 (d) Money loaned shall be delivered to the borrower **as provided** in  
11 **AS 37.25.050** [THE FORM OF A WARRANT DRAWN ON THE TREASURY],  
12 vouchered in the manner prescribed for state disbursing officers, and charged against  
13 the small business revolving loan fund. Each voucher shall be approved by the  
14 commissioner or a bonded deputy authorized to act as a certifying officer. Upon  
15 repayment of loans by installments, or otherwise, in accordance with the prescribed  
16 terms, or upon liquidation by foreclosure or other process, or upon receipt of interest,  
17 the money so received shall be turned over to the commissioner of revenue for deposit  
18 in the small business revolving loan fund.

19 \* **Sec. 28.** AS 47.25.265 is amended to read:

20 **Sec. 47.25.265. Cancellation of disbursements [WARRANTS].** (a)  
21 **Disbursements** [WARRANTS] issued to a general relief assistance recipient after the  
22 date of death of the recipient shall be [RETURNED TO THE DEPARTMENT OF  
23 ADMINISTRATION AND] canceled.

24 (b) General relief assistance **disbursements made** [WARRANTS ISSUED]  
25 before the death of the recipient but not **collected by the recipient before**  
26 [NEGOTIATED AT] death shall be [RETURNED TO THE DEPARTMENT OF  
27 ADMINISTRATION, AND SHALL BE] canceled, unless claimed by the authorized  
28 representative of the estate of the recipient within 90 days **after** [OF] the date of death.

29 (c) The state is not liable to the estate, heirs, or creditors of the deceased  
30 general relief assistance recipient for payment on **disbursements** [WARRANTS]  
31 canceled under (a) and (b) of this section.

1     \* **Sec. 29.** AS 47.25.460(d) is amended to read:

2             (d) Each award shall be paid on a monthly basis. In case it is impracticable by  
3     reason of slow or interrupted means of communication for a **disbursement**  
4     [WARRANT] covering a month's assistance to reach the recipient in due course, the  
5     department may transmit **disbursements** [WARRANTS] covering assistance for  
6     future months and may deliver all of them to the recipient at one time.

7     \* **Sec. 30.** AS 47.25.515 is amended to read:

8             **Sec. 47.25.515. Cancellation of disbursements [WARRANTS].** (a)  
9     **Disbursements** [WARRANTS] issued to a recipient of assistance under AS 47.25.430  
10    - 47.25.615 after the date of death of the recipient shall be [RETURNED TO THE  
11    DEPARTMENT OF ADMINISTRATION AND] canceled.

12            (b) Assistance **disbursements** [WARRANTS] issued before the death of the  
13    recipient but not **collected before** [NEGOTIATED AT] death shall be [RETURNED  
14    TO THE DEPARTMENT OF ADMINISTRATION, AND SHALL BE] canceled,  
15    unless claimed by the authorized representative of the estate of the recipient within 90  
16    days **after** [OF] the date of death.

17            (c) The state is not liable to the estate, heirs, or creditors of the deceased  
18    assistance recipient for payment on **disbursements** [WARRANTS] canceled under (a)  
19    or (b) of this section.

20    \* **Sec. 31.** Sections 4 and 5 of this Act take effect July 1, 2004.

21    \* **Sec. 32.** Except as provided by sec. 31 of this Act, this Act takes effect January 1, 2006.