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HOUSE CS FOR CS FOR SENATE BILL NO. 171(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS MEYER, Thomas, Dyson, Paskvan, Stedman, Therriault, Bunde, Wagoner, Stevens, Hoffman

REPRESENTATIVE Kerttula

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the permanent fund dividend of an otherwise qualified individual**
2 **who dies during the qualifying year, and relating to contributions from permanent fund**
3 **dividends; and providing for an effective date."**

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

5 *** Section 1.** AS 43.23.005(h) is amended to read:

6 (h) If an individual who would otherwise have been eligible for a permanent
7 fund dividend dies after applying for the dividend but before the dividend is paid, the
8 department shall pay the dividend to a personal representative of the estate or to a
9 successor claiming personal property under AS 13.16.680. If an individual who would
10 otherwise have been eligible for a dividend and who did not apply for the dividend
11 dies during the application period, a personal representative of the estate or a
12 successor claiming personal property under AS 13.16.680 may apply for and receive
13 the dividend. **If an individual who received a dividend for the year immediately**
14 **before the qualifying year and who would otherwise have been eligible for a**

1 **dividend dies during the qualifying year after having been a state resident for at**
2 **least 180 days immediately before the date of death, notwithstanding (a)(1) - (3)**
3 **and (a)(6) of this section, a personal representative of the estate or a successor**
4 **claiming personal property under AS 13.16.680 may apply for and receive the**
5 **dividend.** Notwithstanding AS 43.23.011, **an** [THE] application for **a** [THE] dividend
6 may be filed by the personal representative or the successor **under this subsection** at
7 any time before the end of the application period for the next dividend year.

8 * **Sec. 2.** AS 43.23.062(a) is amended to read:

9 (a) Notwithstanding AS 43.23.069, the Department of Revenue shall prepare
10 the electronic Alaska permanent fund dividend application to allow an applicant who
11 files electronically to direct that money be subtracted from the dividend payment and
12 contributed to one or more of the educational organizations, community foundations,
13 or charitable organizations that appear on the contribution list contained in the
14 application. A contribution to an organization may be \$25, \$50, \$75, \$100, or more, in
15 increments of \$50, up to the total amount of the permanent fund dividend that the
16 applicant is entitled to receive. If the total amount of contributions elected by an
17 applicant exceeds the amount of the permanent fund dividend that the applicant is
18 entitled to receive, contributions shall be deducted from the dividend in the order of
19 priority elected by the applicant on the application until the entire amount of the
20 dividend that the applicant is entitled to receive is allocated for contribution. The
21 electronic dividend application form must include notice that

22 [(1) CONTRIBUTION CHANGES MAY NOT BE MADE AFTER
23 THE APPLICANT FILES THE ELECTRONIC PERMANENT FUND DIVIDEND
24 APPLICATION; AND

25 (2)] no money contributed will be used for administrative costs
26 incurred in implementing this section, and money from the dividend fund will not be
27 used for that purpose.

28 * **Sec. 3.** AS 43.23.062(b) is amended to read:

29 (b) The department shall list each campus of the University of Alaska and
30 shall list each other educational organization, community foundation, or charitable
31 organization eligible under (c) and (d) of this section on the contribution list. **The**

1 department shall maintain an electronic database for the contribution list that is
2 accessible to the public and that permits searches by organization name,
3 geographic location, and type [BY GEOGRAPHIC REGION IN RANDOM
4 ORDER, AND THE ORDER SHALL BE CHANGED EACH YEAR. ON THE
5 CONTRIBUTION LIST, ORGANIZATIONS SHALL ALSO BE GROUPED BY
6 TYPE WITHIN EACH GEOGRAPHIC REGION]. The department shall provide a
7 statement of the contributions made by an individual that is suitable for federal income
8 tax purposes to each individual who elects to contribute under (a) of this section.

9 * **Sec. 4.** AS 43.23.062(c) is amended to read:

10 (c) The department may not include a charitable organization, other than a
11 community foundation, on the contribution list for a dividend year unless the purpose
12 of the charitable organization is to provide services [PROGRAMS] for youth
13 development, workforce development, arts and culture, aid and services to the elderly,
14 low-income individuals, individuals in emergency situations, victims of crime,
15 disabled individuals, individuals with mental illness, primary, vocational, and higher
16 education, health and dental care, recreational facilities, child abuse and neglect,
17 economic development, food assistance, libraries, public broadcasting, recycling of
18 waste, animal rescue, and zoos. The department may not include on the contribution
19 list an educational organization, community foundation, or charitable organization that
20 is the affiliate of a group. For purposes of this subsection,

21 (1) "affiliate" means an organization or foundation that directly or
22 indirectly through one or more intermediaries controls, is controlled by, or is under
23 common control with, a group;

24 (2) "group" has the meaning given in AS 15.13.400(8)(B).

25 * **Sec. 5.** AS 43.23.062(d) is amended to read:

26 (d) Except for each campus of the University of Alaska, the department may
27 include an educational organization, community foundation, or charitable organization
28 on the contribution list for a current dividend year only if the organization

29 (1) before March 31 [JUNE 15] of the qualifying year, files an
30 application for inclusion on the list for that dividend year on the form required by the
31 department;

1 (2) is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal
2 Revenue Code) as an educational or a charitable organization on the date of
3 application;

4 (3) was qualified for tax exempt status under 26 U.S.C. 501(c)(3)
5 (Internal Revenue Code) as an educational or a charitable organization during the two
6 calendar years that immediately precede the year the application is filed;

7 (4) unless exempted under federal law, has a current Internal
8 Revenue Service Form 990 on file with the United States Department of the Treasury,
9 Internal Revenue Service, or, if the Internal Revenue Service has granted a filing
10 extension for the current year, has on file that form for the immediately preceding
11 [PRECEEDING] year;

12 (5) is directed by a voluntary board of directors or local advisory
13 board, a majority of whose members are residents of the state;

14 (6) if a community foundation, provided in the state aid during the
15 two calendar years that immediately precede the year the application is filed, or,
16 if an education organization or charitable organization, provided in the state
17 services during the two calendar years that immediately precede the year the
18 application is filed;

19 (7) receives at least \$100,000 or five percent of its total annual
20 receipts, whichever is less, from contributions;

21 (8) has completed and provided to the department a financial audit
22 with an unqualified opinion conducted by an independent certified public accountant
23 for the fiscal year to which the Internal Revenue Service Form 990 required under (4)
24 of this subsection applies, or if the organization is exempted from filing Form 990,
25 for the fiscal year of the organization that ended immediately before the current
26 fiscal year; this paragraph applies only to an organization with a total annual budget
27 that exceeds \$250,000 during the fiscal year to which the audit [INTERNAL
28 REVENUE SERVICE FORM 990] required under [(4) OF] this paragraph
29 [SUBSECTION] applies; and

30 (9) does not make grants or contributions to an organization that is
31 exempt from taxation under 26 U.S.C. 501(c)(4) or (6).

1 * **Sec. 6.** AS 43.23.062(i) is amended to read:

2 (i) The department may adopt regulations under AS 44.62 (Administrative
3 Procedure Act) to carry out the provisions of this section. **Notwithstanding this**
4 **subsection and other provisions of law, a state agency, including the department,**
5 **may not adopt regulations or otherwise impose requirements or procedures on**
6 **organizations to implement, interpret, make specific, or otherwise carry out the**
7 **provisions of this section unless required by the federal government.** If an
8 organization disagrees with an action of the department under this section and requests
9 an administrative hearing, the hearing shall be conducted by the office of
10 administrative hearings (AS 44.64.010).

11 * **Sec. 7.** AS 43.23.062 is amended by adding a new subsection to read:

12 (l) A community foundation may not deposit contributions received under this
13 section into a fund that would be included in the definition of a donor advised fund
14 under 26 U.S.C. 4966(d)(2) (Internal Revenue Code).

15 * **Sec. 8.** Sections 4 and 6, ch. 41, SLA 2008, are repealed.

16 * **Sec. 9.** Sections 1 - 7 of this Act take effect January 1, 2011.