Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 52
Fiscal Note Number:
() Publish Date:

Identifier: HB052AMH-DOR-PFD-03-15-13
Title: PFD ALLOWABLE ABSENCE
Sponsor: FEIGE
Requester: (S) STA

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)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2014**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Fund Source (Operating Only)

None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/14

Why this fiscal note differs from previous version:

Second version, to address language change to the bill as ammended on the House floor.

Prepared By: Dan DeBartolo - Division Director Phone: (907)465-4785
Division: Permanent Fund Dividend Division Date: 03/15/2013 09:00 AM
Approved By: Bryan D. Butcher, Commissioner Date: 03/15/13
Department of Revenue

FISCAL NOTE ANALYSIS

STATE OF ALASKA **BILL NO.** HB 52 (AM)
2013 LEGISLATIVE SESSION

Analysis

The current PFD 5-year rule in regulation has enough of a gray area that ultimately leads to more of these cases going to formal appeal. At the formal level Administrative Law Judges currently look at the regulation surrounding the 30 day cumulative return requirement over 5 years as a "general" guideline but not a hard and fast rule. That kind of uncertainty makes it difficult for the division to clearly set eligibility policy when making determinations for this rule. The proposed changes to this portion of the bill clarifies the 5-year language and moves it into statute so we are able to say there is a bright line when it comes to the 30-day return requirement and can simply deny applicants if they do not meet that criteria. This would likely reduce the number of appeals that reach the formal level and reduce the associated OAH legal costs.

The current 10-year rule in statute allows an applicant to receive a dividend for 10 consecutive years while having allowable absences in excess of 180 days in the qualifying year. An applicant who is still absent for more than 180 days in an 11th consecutive qualifying year is no longer eligible for the dividend and will have to return to the state for at least 180 days to receive the dividend again. This bill repeals this provision, which allows anyone to have consecutive years of absences of more than 180 days in perpetuity. While the division can measure how many denials we have made for the 10-year rule since 2009 when it went into effect, it is difficult for us to forecast the impact that compounding total may have on future eligibility work. Currently the division has had no more than 107 "10-year rule" denials in a dividend year since 2009. If the 10-year rule is repealed, those applicants that previously believed they were ineligible may now decide to apply, which would not be reflected in our current denial numbers.

Based on what we can measure, the division calculates that the operational cost savings created in Appeals by strengthening the 5-year rule will likely be a fiscal offset for the potential work created in Eligibility by eliminating the 10-year rule.

Regulation changes will need to be adopted in order to implement this bill. If the bill is passed with the retroactivity date to 1/1/2013 as written, we will need to change and repeal portions of 15 AAC 23.163.(g) and (h) and apply those changes retroactively to the 1/1/2013 date for the purposes of uniformly applying eligibility.

In amendment #1, adopted on the House floor, only two wording changes were made to phrasing to ensure ambiguity was removed from the bill. Specifically this change -

Page 3, line 23, following "consider": Insert "all relevant factors, including"

allows the division to consider all factors when reviewing residency ties and not just the ones listed in the bill. This strengthens the divisions ability to render accurate eligibility decisions, and has no fiscal impact.