Fiscal Note

State of Alaska
2013 Legislative Session

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

Identifier: HB052-DOR-PFD-01-25-13
Title: PFD ALLOWABLE ABSENCE
Sponsor: FEIGE
Requester: (H) 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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/14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:

Initial

Prepared By: Dan DeBartolo - Division Director Phone: (907)465-4785
Division: Permanent Fund Dividend Division Date: 01/25/2013 02:36 PM
Approved By: Alicia Egan, Legislative Liaison Date: 01/25/13
Department of Revenue

FISCAL NOTE ANALYSIS

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

Analysis

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 reestablish residency ties 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. 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.

The current PFD 5-year rule in regulation has resulted in many applications 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 when determining eligibility. Legal uncertainty makes it difficult for the division to clearly set eligibility policy when making determinations for this rule. This bill clarifies the 5-year language and moves it into statute, so the PF Division can determine applicants eligibility, by denying the application, if criteria is not met. This would likely reduce the number of appeals that reach the formal level and reduce the associated OAH legal costs.

The division calculates that the operational cost savings created by strengthening the 5-year rule will likely offset the potential work created 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.