



THE STATE
of **ALASKA**

GOVERNOR MICHAEL J. DUNLEAVY

Department of Law

CIVIL DIVISION

P.O. Box 110300
Juneau, Alaska 99811
Main: 907.465.3600
Fax: 907.465.2520

June 28, 2019

Senator Click Bishop, Co-Chair
Bicameral Permanent Fund Working Group
Alaska State Capitol, Room 121
Juneau, Alaska 99811

Representative Jennifer Johnston, Co-Chair
Bicameral Permanent Fund Working Group
Alaska State Capitol, Room 501
Juneau, Alaska 99811

Re: Permanent Fund Working Group follow-up

Dear Senator Bishop and Representative Johnston,

This letter follows up on questions from the Bicameral Permanent Fund Working Group committee to the Department of Law and the Department of Revenue at the meeting on June 19, 2019. The committee asked for additional information on the following topics:

1. **Which statutes and regulations use eligibility for a permanent fund dividend under AS 43.23 as a factor in determining residency?**

Eligibility for a permanent fund dividend is used as a threshold in two other places in statute:

- **AS 21.55 State Health Insurance.** The definition of "resident" for purposes of this state benefit refers back to the requirements of AS 43.23:

AS 21.55.500. Definitions.

(19) "resident" means

(A) except for a federally defined eligible individual or TAA eligible individual, an individual who meets the eligibility requirements in AS 43.23.005; or

(B) for a federally defined eligible individual or TAA eligible individual, an individual who is legally domiciled in this state;

- **AS 29.45. Municipal Taxation.** Real property owned and occupied as the permanent place of abode by certain residents may be exempt from municipal property taxes. Among the qualifying conditions for this benefit is eligibility for the permanent fund dividend:

AS 29.45.030. Required exemptions.

(f) To be eligible for an exemption under (e) of this section for a year, a municipality may by ordinance require that an individual also meet requirements under one of the following paragraphs: (1) the individual shall be eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; or (2) if the individual has not applied or does not apply for one or both of the permanent fund dividends, the individual would have been eligible for one of the permanent fund dividends identified in (1) of this subsection had the individual applied. An exemption may not be granted under (e) of this section except upon written application for the exemption. . . .

- Reference to eligibility for a permanent fund dividend is also found in the Marijuana Control Board regulations as the standard to determine residency for licensure purposes:

3 AAC 306.015(b) and (e)(2):

3 AAC 306.015. License conditions. . . .

(b) Except as allowed in 3 AAC 306.035(h), the board will not issue, renew, or transfer a marijuana establishment license to

(1) an individual or a sole proprietorship unless the individual or proprietor is a *resident of the state*;

(2) a partnership unless each partner is a *resident of the state*;

(3) a limited liability company unless the limited liability company is qualified to do business in the state and each member of the limited liability company is a *resident of the state*; or

(4) a corporation unless the corporation is incorporated or qualified to do business in the state and each shareholder is a *resident of the state*.

(e) In this section, . . .

(2) "resident of the state" means a person who is eligible at the time of application for the most recent permanent fund dividend under AS 43.23.
(emphasis added)

The address listed on a permanent fund dividend application may also be used as evidence of residency under other regulations, but is listed as one of several possible pieces of evidence.

2. **AS 43.23.240, the hold harmless provision, provides that individuals who are denied public assistance based on federal law or regulations solely because of permanent fund dividend income are entitled to receive the same amount as the individual would have received had there been no permanent fund dividend through the general relief assistance program (AS 47.25.120 - 47.25.300). What is the cost to the permanent fund of the hold harmless provision?**

For each of the past three years, the cost of covering these benefits has been \$17,724,700.00.

3. **Is there an inventory of the income and asset threshold standards used for public assistance programs?**

The Alaska Department of Health and Social Services, Division of Public Assistance, publishes program eligibility requirements annually. A table of the 2019 Assistance Program eligibility requirements across programs is available on the Division of Public Assistance website:

<http://dhss.alaska.gov/dpa/Documents/dpa/pdf/Program-Descriptions.pdf>

4. **AS 43.34.008 allows that a person who is absent from the state for up to 180 days may still be eligible for a permanent fund dividend. How many people would be affected by the change if allowable absences were reduced from 180 days to 90 days?**

In 2018 and 2019 there were a total of 33,615 and 35,543 applicants who exceeded 90 days of absence from the state, respectively.

5. **AS 43.23.008(a)(17) provides that after an individual has been absent from the state for more than 180 days in each of the five preceding qualifying years, there is a presumption that individual is no longer a state resident. An**

individual may rebut this presumption an unlimited number of years by providing certain clear and convincing evidence which includes physical presence in the state for at least 30 cumulative days during the past five years. What would the impact be if the ability to rebut this presumption were limited to one time?

Department of Revenue data does not distinguish applicants in this manner. However, there are an average of 900 individuals that qualify under the 5-year rule annually. Any impact of changing this rule would be minimal.

6. How does the permanent fund corporation send funds to the Alaska Permanent Fund Dividend Division for PFD payouts?

Historically, APFC has wired money directly to the Permanent Fund Dividend account at the custodial bank. In FY19, pursuant to the way the appropriation was written, APFC wired money to the general fund first and then subsequently the money was transferred to the Permanent Fund Dividend Account (IRIS Fund code 1050) via an interfund transfer in the state accounting system.

If you have additional questions on these topics, please do not hesitate to contact us.

Sincerely,



Allison Radford
Assistant Attorney General
Alaska Department of Law



Genevieve Wojtusik
Legislative Liaison
Alaska Department of Revenue