

HOUSE FINANCE COMMITTEE

COMMITTEE LETTER OF INTENT

HCS CSSB 842

The Committee intends that the Department of Revenue engage in careful audit of Permanent Fund dividend applications and vigorously enforce the laws pertaining to fraud.

The Committee intends that the State's Attorney General carefully consider and review the United States Supreme Court's decision on the Permanent Fund dividend program created by the Legislature in 1980. The Committee intends that this consideration and review include consultation with interested attorneys and other citizens before the State's Attorney General issues an opinion as to whether the Supreme Court's decision allows Permanent Fund dividend payments to be based on accumulated years of residency if those years are counted after January 1, 1979.

Whatever the result of the State's Attorney General's opinion on the constitutionality of cumulative payments in 1983 and future years, the Committee intends that Permanent Fund dividends in the amount of \$1,000 per capita be paid in 1982 to eligible applicants if the United States Supreme Court either rules the Permanent Fund dividend program created by the Legislature in 1980 invalid for any reason by October 19, 1982, or if the Court has not made a determination by that date.

If the United States Supreme Court determines the Permanent Fund dividend program created by the Legislature in 1980 to be valid, the Committee intends that individuals who turn 18 years of age after January 1, 1979 have one year after attaining that age in which to claim all Permanent Fund dividends for which they have been eligible except for their age. This one-year "window of eligibility" at age 18 for claiming prior years' dividends does not apply until after the last day for filing an application for a Permanent Fund dividend in 1983, so that individuals who have turned 18 between January 1, 1979 and the last day of filing an application in 1983 may be able to collect dividends for 1979, 1980, and 1981. The Committee intends that individuals collecting for prior years' dividends upon reaching the age of 18 shall receive interest on their dividends; that interest shall be calculated at the average rate of return earned by the dividend fund.

If the United States Supreme Court determines the Permanent Fund dividend program created by the Legislature in 1980 to be for any reason invalid--or if the United States Supreme Court issues no decision on the program by October 19, 1982--the Committee intends that payment of Permanent Fund dividends be made to parents, guardians, or other authorized representatives for minors and incompetent individuals on behalf of those minors and incompetents. In cases in which there is no other appropriate guardian and the State is caring for a minor or incompetent, the State should ensure that the Permanent Fund dividends are protected and invested.

Under no circumstances should the State claim a Permanent Fund dividend for a minor who has a legal parent, guardian, or authorized representative other than the State. Under no circumstances should the State claim a dividend for an incompetent individual who has a legal guardian or authorized representative other than the State. A procedure should be established by regulation to avoid the necessity for a multitude of legal proceedings to establish guardianship for purposes of receiving Permanent Fund dividends.

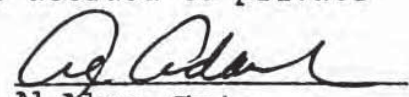
The Committee intends that the Department of Health and Social Services monitor the impacts of Permanent Fund dividends on public assistance programs and make a report to the Legislature within 90 days after the first payment of Permanent Fund dividends.

The Committee intends that the Department of Revenue issue warrants to eligible applicants as soon as possible under this legislation.

The Committee intends that the payment of dividends shall have first call on 50 percent of the income of the Permanent Fund available for distribution, regardless of what other uses the income is put to.

Economists appearing before the Legislature have predicted an economic slowdown in Alaska resulting from a decline in state spending and lending caused by recent drops in world oil prices. Economists appearing before the Legislature and other public forums in Alaska have argued that direct distribution of a portion of state revenues to all Alaskans--such as that embodied in the Permanent Fund dividend program--is the most efficient method of increasing Alaskans' incomes.

The Committee recognizes that virtually all the petroleum development in Alaska has occurred on publicly owned lands. This is in sharp contrast to other states, where vast accumulations of wealth have accrued to private landholders.


Al Adams, Chair
House Finance Committee