



THE STATE
of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Department of Revenue

PFD Division

State Office Building
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0400
Main: 907.465.2300
Toll free tax: 888.224.4538

May 7, 2021

The Honorable Jonathon Kreiss-Tomkins
Chair, House State Affairs Committee
Alaska State House
State Capitol Room 411
Juneau, AK 99801

Re: HB 142

Dear Representative Kreiss-Tomkins,

This letter is in response to questions raised by the House State Affairs Committee, during the hearings on April 29 and May 04, 2021. Questions 1-8 were asked on April 29 and questions 9-11 were asked on May 4.

1. *If the Military will no longer be eligible after they have left the state, what does the bill do, if anything, to congressional staff who have left the state and are living or working in D.C, for example?*

HB 142 only proposes to change the allowable absence for active-duty military members under AS 43.23.008(a)(3) which would also change the absences claimed for their spouses and dependents. An individual absent from Alaska while representing the State working as congressional staff or a member of Congress under AS 43.23.008(a)(9) or (10) would not be affected by this bill.

2. *What would the impact be to an Alaskan resident who was born and raised in Alaska, married, and has a family in Alaska and is sent abroad for some period of time, but their family is still here, and they intend to remain? Would they also no longer be eligible?*

HB 142 would allow an individual absent for military deployment or temporary duty (TDY) in another state or country to potentially remain eligible, as long as they were stationed in Alaska prior to deployment or TDY. An individual absent for a permanent change of duty station (PCS) would not be considered allowably absent, nor would their accompanying dependents.

3. *Do you have any way of quantifying how many individuals are increasing their eligibility for the PFD and does that offset those in the military, and is it a smaller or larger number?*

The increase in the number of eligible applicants per year by repealing AS 43.23.005(a)(4); an average of 14,500 individuals per year who are claiming an allowable absence under AS 43.23.008(a)(1 – 16) would no longer be required to prove they had returned to Alaska for at least 72 consecutive hours to prove their intent. The repeal impacts all allowable absence types under AS 43.23.008(a).

Additionally, AS 43.23.005(f) applies to both military personnel 43.23.005(f)(1) and individuals in the custody of Health and Social Services (H&SS) for medical or behavioral treatment 43.23.005(f)(2). There are an average of 13 military waivers per year, and fewer for those in custody of H&SS.

Repealing AS 43.23.008(e) applies to all allowable absence types under AS 43.23.008(a) (1 – 16) and removes the guidance for all Alaskans claiming allowable absences to prove their intent to return to Alaska and remain an Alaska resident indefinitely. By repealing AS 43.23.008(e), anyone that has been gone from Alaska for more than 180 days in each of the prior 5 qualifying years would not have to prove intent to return to Alaska and remain an Alaska resident indefinitely. It's important to note AS 43.23.008(e) works in conjunction with AS 43.23.008(d) for all allowable absences under AS 43.23.008(a) who are absent for more than 5 years.

4. *How many appeals have been asked for and is there a justification for why, perhaps, they have been awarded?*

The 5-year rule requirements for individuals and family's requirements are listed in AS 43.23.008(d). If an individual (and accompanying dependents) is/are absent for more than 180 days for more than 5 consecutive years and does not provide proof to the division they have returned for at least 30 cumulative days, they no longer meet the definition of an Alaska resident as it applies to the PFD program. From 2020 through current, the division has had 4 appeals rise to the formal appeal level, with 17 individual applicants. If unable to provide proof they returned to Alaska per AS 43.23.008(d), they are unable to overcome their denials and are no longer considered Alaska residents as it applies to PFD eligibility.

5. *How much money are we spending on investigations to verify the intent piece?*

PFD division has an average of 813 applications per year that need to have the "intent" component in AS 43.23.008(e) verified by eligibility and appeals staff. Estimating half an hour per application at an average administrative cost of \$20 per hour and barring any complex issues and/or delays in verifying/investigating information, a total estimated cost of \$8,130 annually. This is exclusively for doing the work specific to AS 43.23.008(e), which is one component of working an application of this nature. AS 43.23.008(e) applies to all allowable absence types for individuals absent more than 180 days for five or more consecutive years.

6. *How many PCNs (Position Control Number) are in the investigation section of PFD?*

PFD employs 40 PCNs through eligibility and appeals, dedicated to determining eligibility full-time, which includes determining intent for those claiming allowable absences and more. There is a DOR investigative unit that investigates PFD fraud, which is separate from the PFD staff.

7. *Does the Department of Revenue have an expected amount of time they expect to spend trying to verify things like intent?*

Related specifically to AS 43.23.008(e), the estimated time and costs are 406 hours at an estimated personnel cost of \$8,130.

8. *Section 3 of the bill where we are repealing the requirement of the department to consider relevant factors, Does the repeal in Section 3 have wider impacts than just military?*

All absence types under AS 43.23.008(a) are impacted by the repeal language in the bill.

9. Which legislation changed the language in AS 43.23.008(a) relating to the 180 days?

The 23rd legislature passed SB 148 on June 11, 2003. For a link to the bill in its final version:

<http://www.akleg.gov/basis/Bill/Text/23?Hsid=SB0148Z>

10. How many of each allowable absence types listed under AS 43.23.008(a) are claimed each year?

This information can be found in the PFD annual report each year, below is the data collected for 2019 and 2020

allowable absences reported: <https://pfd.alaska.gov/Division-Info/Annual-Reports>

Absence Reason (2019)	Total	Absence Reason (2020)	Total
Accompany Elig Resident	5411	Accompany Elig Resident	5195
PostSecondary Education	5393	PostSecondary Education	5525
Armed Forces	4292	Armed Forces	4230
Medical Treatment	1381	Medical Treatment	1447
Secondary Education	1201	Secondary Education	995
Terminally Ill Care	406	Terminally Ill Care	415
Life-Threatening Care	341	Life-Threatening Care	299
Settling Estate	247	Settling Estate	294
Merchant Marine Vessel	68	Merchant Marine Vessel	69
Student Fellowship	65	Student Fellowship	61
State of AK Employment	58	State of AK Employment	48
Congress	35	Congress	39
Peace Corps	33	Peace Corps	28
Olympic Team	18	Olympic Team	17
Grand Total	18949	Grand Total	18662

11. Can the number of days an individual can be absent from Alaska be changed in regulation?

It is the Division’s understanding that regulations can be proposed to change at the Division level, but not before they are thoroughly reviewed and made available for public comment. Because of the potential significant impact that a wording change to the “180-day language” may have, it is the Division’s recommendation that changes made to this language be made in statute.

Sincerely,

Corey Bigelow

Corey Bigelow
 Operations Manager
 PFD Division
 Department of Revenue

cc: Miles Baker, Legislative Director, office of Governor Mike Dunleavy