

CS FOR SENATE BILL NO. 393(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/1/04

Referred: Rules

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to default on tuition, fees, and other charges of the University of**
2 **Alaska and to claims on permanent fund dividends for tuition, fees, and other charges of**
3 **the University of Alaska that are in default."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 14.40 is amended by adding a new section to read:

6 **Sec. 14.40.251. Default on tuition, fees, and charges.** (a) For the purposes
7 of this chapter, tuition, a fee, or another charge to an individual by the University of
8 Alaska is in default after payment has become 180 or more days past due. Upon
9 default, the university may take the individual's permanent fund dividend under
10 AS 43.23.073.

11 (b) The University of Alaska shall notify the individual of the default and the
12 consequences of default imposed under (a) of this section by mailing a notice to the
13 individual's most recent address provided to the university by the individual or
14 obtained by the university.

1 (c) An individual may appeal a notice of default by filing a statement with the
 2 chief finance officer of the University of Alaska within 30 days after the date of the
 3 notice, requesting that the default status be reviewed. AS 44.62 (Administrative
 4 Procedure Act) does not apply to the review of default under this section. Within 40
 5 days after receiving a written request for review, the chief finance officer shall inform
 6 the individual in writing of the decision. The decision of the chief finance officer is a
 7 final decision that may be appealed to the superior court under the Alaska Rules of
 8 Appellate Procedure.

9 * **Sec. 2.** AS 43.23.065(b) is amended to read:

10 (b) An exemption is not available under this section for permanent fund
 11 dividends taken to satisfy

12 (1) child support obligations required by court order or decision of the
 13 child support enforcement agency under AS 25.27.140 - 25.27.220;

14 (2) court ordered restitution under AS 12.55.045 - 12.55.051,
 15 12.55.100, or AS 47.12.120(b)(4);

16 (3) claims on defaulted education loans under AS 43.23.067;

17 (4) court ordered fines;

18 (5) writs of execution under AS 09.35 of a judgment that is entered

19 (A) against a minor in a civil action to recover damages and
 20 court costs;

21 (B) under AS 34.50.020 against the parent, parents, or legal
 22 guardian of an unemancipated minor;

23 (6) a debt owed by an eligible individual to an agency of the state,
 24 **including the University of Alaska**, unless the debt is contested and an appeal is
 25 pending, or the time limit for filing an appeal has not expired;

26 (7) a debt owed to a person for a program for the rehabilitation of
 27 perpetrators of domestic violence required under AS 12.55.101, AS 18.66.100(c)(15),
 28 AS 25.20.061(3), or AS 33.16.150(f)(2).

29 * **Sec. 3.** AS 43.23 is amended by adding a new section to read:

30 **Sec. 43.23.073. Claims of the University of Alaska.** (a) AS 09.38 does not
 31 apply to a permanent fund dividend taken under AS 14.40.251. Notwithstanding

1 AS 09.35, the University of Alaska may take a permanent fund dividend under
 2 AS 14.40.251 by delivering a claim to the department certifying the following
 3 information:

4 (1) the name and social security number of the individual whose
 5 dividend is being claimed;

6 (2) the amount the individual owes the university; and

7 (3) a statement that

8 (A) the amount claimed is in default under AS 14.40.251;

9 (B) the university has notified the individual that future
 10 permanent fund dividends will be taken to satisfy the claim;

11 (C) the individual was notified of the right to request a hearing
 12 and allowed 30 days after the date of the notice described in (B) of this
 13 paragraph to request the university to hold a hearing on the claim;

14 (D) the claim has not been contested or, if contested, the issue
 15 has been resolved in favor of the university; and

16 (E) if the claim has been contested and resolved in favor of the
 17 university, no appeal is pending, the time limit for filing an appeal has expired,
 18 or the appeal has been resolved in favor of the university.

19 (b) The University of Alaska shall notify the individual of a claim under (a) of
 20 this section. The notice shall be sent to the address provided in the individual's
 21 permanent fund dividend application and must provide the following information:

22 (1) the amount of the claim;

23 (2) notice that the amount of the permanent fund dividend up to the
 24 amount of the claim shall be paid to the university to be credited against the
 25 individual's default balance; and

26 (3) notice of the individual's right to a hearing under (c) of this section.

27 (c) Within 30 days after the date of the notice under (b) of this section, the
 28 individual may request a hearing. AS 44.62.330 - 44.62.630 apply to a hearing under
 29 this subsection. At the hearing, the individual has the burden to show that

30 (1) the university has not sent a notice of default in compliance with
 31 AS 14.40.251(b);

1 (2) the notice of default has been rescinded after review under
2 AS 14.40.251(c); or

3 (3) the amount owed by the individual is less than the amount claimed
4 from the permanent fund dividend.

5 (d) If the amount owed is determined under (c) of this section to be some
6 amount greater than \$0, but less than the amount claimed, the University of Alaska
7 may amend its claim to the amount determined to be owing.