

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 205  
 (H) Publish Date: 4/4/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title PFD: Peace Corps Volunteers BRU Revenue Operations  
and Miscellaneous Component Permanent Fund Dividend  
 Sponsor Representative McGuire  
 Requester House State Affairs Component No. 981

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual	20.0	20.0	20.0	20.0	20.0	20.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1050 Permanent Fund Dividend Fund	20.0	20.0	20.0	20.0	20.0	20.0
<b>TOTAL</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

See attached page for discussion of bill.

Prepared by: Larry Persily, Deputy Commissioner  
 Division: Department of Revenue  
 Approved by: Larry Persily, Deputy Commissioner  
 Agency: Department of Revenue

Phone 465-5469  
 Date/Time 3/28/03 5:05 PM  
 Date 3/28/2003

**House Bill 205 - FN#1**  
**Department of Revenue**

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**BILL SUMMARY**

This legislation would:

- Re-establish volunteer service in the U.S. Peace Corps as an allowable absence in determining eligibility for the Permanent Fund dividend.
- Start the annual application period for the dividend on January 1 each year instead of January 2. The use of online applications allows the Dividend Division to accept applications on January 1, even if it is a holiday.
- Allow the Department of Revenue to assess administrative penalties of up to \$3,000 each and forfeiture of dividends against individuals who willfully misrepresent information on their application or in the review process for the Permanent Fund dividend. Applicants would have the right to a formal hearing before a hearing examiner to determine whether the fine is appropriate, and, beyond that, applicants could appeal to court. Under existing statute, the only method for the Department to assess a penalty against an applicant who willfully misrepresents information is to file criminal charges in the case. The state is reluctant to file criminal charges because of the great expense. Therefore, the Dividend Division loses out on using such penalties as an effective enforcement tool against fraud. This bill would solve that problem by providing administrative penalties as a lower-cost alternative.

**OPERATING EXPENSES**

The Department of Revenue estimates it will need to increase its contract with the Department of Law by \$20,000 per year to handle the additional workload (an estimated 50 penalty cases per year, of which an estimated 20 would go to formal hearing and of which two would likely be appealed to Superior Court).

The \$20,000 would cover the work involved in screening the cases and handling the appeals. Revenue would use an RSA to pay Law for its work.

The money would come from the Dividend Fund, not the state General Fund.