

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 148
 (S) Publish Date: 4/9/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Allowable Absence BRU Revenue Operations
for Military Service Component Permanent Fund Dividend
 Sponsor Senator Cowdery
 Requester Senate State Affairs Committee 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	30.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	30.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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	30.0					
TOTAL	30.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check 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)

This legislation would amend state statute governing allowable absences for the Permanent Fund dividend (AS 43.23.008) as it relates to individuals serving in the U.S. armed forces. The existing statute allows an individual serving in the armed forces to remain outside Alaska for up to 45 days a year, in addition to time serving on active duty. The purpose of this limitation has been to assess the military personnel's intent to return home to Alaska after his or her discharge from active duty, since the individual has always claimed the intent to return to Alaska throughout his or her allowable absence for military service. This legislation would amend the statute to allow up to 180 days of time outside Alaska each year, in addition to time on active duty. This provision also would apply to the spouse and children of military personnel.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469
 Division: Department of Revenue Date/Time 3/29/03 10:28 AM
 Approved by: Larry Persily, Deputy Commissioner Date 3/29/2003
 Agency: Department of Revenue

ANALYSIS CONTINUATION

Discussion

The number of military personnel living outside Alaska for part or all of the year, and who claim an allowable absence in their application for the Permanent Fund Dividend, increases each year:

- 5,088 for the 1999 dividend.
- 5,678 for 2000.
- 5,831 for 2001.
- 6,024 for 2002.

The Division is unable to report how many spouses and children of military personnel apply for the dividend, but it is several thousand additional applications per year.

This legislation would increase that number by amending the statutory limitation on how long a member of the military may remain outside Alaska in addition to his or her time on active duty. The existing statute limits the applicant to 45 days. This legislation would increase that to 180 days. The Division is unable to project how many individuals would qualify for the dividend under the new requirement but, for example, if this new provision had been in effect for the 2002 dividend, for every additional 100 applicants who qualified for the dividend it would have reduced the amount of the dividend for everyone else by just 25 cents.

The practical effect of this legislation would be that military personnel discharged from active duty could remain outside Alaska for up to 180 days after discharge and still qualify for the dividend, or individuals could reside outside Alaska for up to 180 days before joining active duty and still qualify.

This legislation would not change the statutory requirement limiting college and university students to no more than 120 days of being absent from Alaska, in addition to their time as full-time students.

Cost to the Division

This legislation makes the change retroactive to January 1, 2002, with the intent of changing the eligibility requirements for the 2003 dividend (2002 is the qualifying year for the 2003 dividend). To accomplish that goal, this measure would extend the dividend application period from the statutory deadline of March 31, 2003 to September 15, 2003 for those individuals who would benefit from the new provision allowing longer absences from the state.

This could create administrative problems for the Division. First, the Division needs to estimate by mid-September the number of applications that will be approved, in order to determine the amount of the 2003 dividend and to start processing direct-deposit payments. Such a late cut-off date will require the Division to hold back sufficient funds to cover unexpected applications not yet processed or reviewed for eligibility. It is unlikely that these late applications would be paid on time three weeks later in October with the rest of the applicants.

The larger problem, however, would be contacting military personnel to notify them of the new statutory provision and extended deadline. The \$30,000 requested in this fiscal note would be used to send letters to 2002 dividend applicants in the military service and to purchase advertising in those Alaska communities with a significant military presence.