

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSSB 376(HES)
 (S) Publish Date: 5/1/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Public Assistance and Subpoena RDU Revenue Programs & Services
Power Component Permanent Fund Dividend
 Sponsor Senate HES Committee
 Requester Senate Finance Committee Component No. 981

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	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						
Permanent Fund Dividend Fund						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill provides specific subpoena power to compel the production of information necessary as evidence in an investigation of possible permanent fund dividend application fraud. Subpoena power is expected to facilitate more efficient and effective investigations.

Regrettably, the dividend program has its share of applicants who fraudulently seek dividends. These applicants include people who apply on behalf of deceased spouses and children, parents applying for children who are not in their custody, and those who steal the identity of others. The division has responsibility to assure that fraud is identified, prosecuted, and deterred to the extent possible.

Prepared by: Sharon Barton Phone 465-4785
 Division Permanent Fund Dividend Date/Time 4/21/04 11:53 AM
 Approved by: Steve Porter, Deputy Commissioner Date 4/21/2004
 Agency Department of Revenue

FISCAL NOTE #3

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BILL NO. CSSB 376(HES)

ANALYSIS CONTINUATION

A year ago, the division hired a new investigator, and we are in the process of developing an aggressive fraud program. In less than nine months, our single new investigator worked over 950 fraud tips received from the public and from other governmental agencies and as a result denied or assessed 420 applicants for a total of \$590.6. The division also conducted selective audits of categories of applicants that we had reason to think may include a high incidence of fraud. Last year, we audited all applicants who had refused jury duty, stating that they were no longer residents of the state and all applications mailed in from out of state. We denied or assessed another 450 applicants for a total of \$505.0 as a result of these audits. This year, we continue to follow up on all fraud tips, will repeat the two audits mentioned above, and we have planned a new audit of applicants using private mail box addresses.

To maximize our staff of one, we have established cooperative working relationships with federal, state, and local law enforcement agencies, and other state fraud units. We have recently received eager commitments from the US Office of the Inspector General to take any of our identity theft cases involving the use of a social security number, from the US Department of Justice to take any cases of identity theft involving stolen passports, and from the US Postal Inspector to press a class action suit of the cases that result from our private mailbox audit.

To be even more effective, we need specific subpoena power. Individuals are not always forthcoming with the information about themselves that we need to prove fraud; and sometimes public and private entities need a subpoena to be able to provide needed information about their clients. For example, we will need to subpoena the records of the private mail box entities to get the information we need to investigate possible fraud among that applicant group. Without specific authority, we would have to go to the court system on a case by case basis. This is a cumbersome process for both the PFD and for the court.