

HOUSE BILL NO. 496

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Introduced: 3/28/06

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to contributions from permanent fund dividends to certain educational**
2 **organizations and to certain charitable organizations that provide a positive youth**
3 **development program, workforce development, aid to the arts, or aid and services to the**
4 **elderly, low-income individuals, individuals in emergency situations, disabled**
5 **individuals, or individuals with mental illness; and providing for an effective date."**

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

7 *** Section 1.** AS 43.23 is amended by adding a new section to read:

8 **Sec. 43.23.062. Contributions from dividends.** (a) Notwithstanding
9 AS 43.23.069, the Department of Revenue shall prepare the electronic Alaska
10 permanent fund dividend application to allow an applicant who files electronically to
11 direct that money be subtracted from the dividend payment and contributed to one or
12 more of the campuses of the University of Alaska or to one or more educational or
13 charitable organizations that appear on the contribution list contained in the

1 application. A contribution to an organization may be \$50, \$75, or \$100 or may be 10
2 percent, 25 percent, 50 percent, or 100 percent of the total dividend amount. If the
3 total amount of contributions elected by an applicant exceeds the amount of the
4 permanent fund dividend that the applicant is entitled to receive, contributions shall be
5 deducted from the dividend in the order of priority elected by the applicant on the
6 application until the entire amount of the dividend that the applicant is entitled to
7 receive is allocated for contribution.

8 (b) The department shall list each campus of the University of Alaska and
9 each qualified educational or charitable organization on the contribution list in random
10 order, and the order shall be changed each year. The department shall provide a
11 statement of the contributions made by an individual that is suitable for federal income
12 tax purposes to each individual who elects to contribute under (a) of this section.

13 (c) The department may not include an educational organization on the
14 contribution list unless the primary purpose of the organization is to provide
15 vocational training or postsecondary education, and the organization applies for
16 inclusion on the contribution list for the current dividend year on the form required by
17 the department before September 1 of the qualifying year. The department may not
18 include a charitable organization on the contribution list for a dividend year unless the
19 primary purpose of the organization is to provide a positive youth development
20 program, workforce development, aid to the arts, or aid and services to the elderly,
21 low-income individuals, individuals in emergency situations, disabled individuals, or
22 individuals with mental illness, and the organization

23 (1) applies for inclusion on the contribution list for the current
24 dividend year on the form required by the department before September 1 of the
25 qualifying year;

26 (2) is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal
27 Revenue Code) as a charitable organization on the date of application;

28 (3) qualified for tax exempt status under 26 U.S.C. 501(c)(3) (Internal
29 Revenue Code) as a charitable organization during the two calendar years that
30 immediately precede the year the application is filed;

31 (4) has a current Internal Revenue Service Form 990 on file with the

1 United States Department of the Treasury, Internal Revenue Service;

2 (5) is directed by a voluntary board of directors or local advisory board
3 who are residents of the state;

4 (6) has provided in the state aid or services of a type listed in this
5 subsection during the two calendar years that immediately precede the year the
6 application is filed;

7 (7) receives at least \$100,000 or five percent of its total annual receipts
8 from contributions, whichever is less;

9 (8) has completed and provides to the department a financial audit with
10 an unqualified opinion, conducted by an independent certified public accountant for
11 the fiscal year immediately preceding the year the application is filed if the total
12 annual budget of the organization exceeds \$250,000 during that fiscal year; and

13 (9) does not make grants or contributions to an organization that is
14 exempt from taxation under 26 U.S.C. 501(c)(4) or (6).

15 (d) The department shall use an equal percentage of the total amount
16 contributed under (a) of this section to each organization for administrative costs
17 incurred in implementing this section. The amount remaining shall be distributed to
18 each organization as soon as practicable.

19 (e) The department may use an agent or enter into a contract under AS 36.30
20 for the implementation and operation of the contribution program under this section.

21 (f) A public agency that claims a dividend on behalf of an individual under
22 AS 43.23.015(e) may not elect to make contributions from the dividend under (a) of
23 this section.

24 (g) By January 20 of each year, the department shall submit a report to the
25 legislature identifying the educational and charitable organizations on the contribution
26 list for the immediately preceding year, together with the amount of contributions
27 made to each of the organizations.

28 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 APPLICABILITY. AS 43.23.062, enacted by sec. 1 of this Act, applies to the Alaska
31 permanent fund dividends for 2007, 2008, and 2009.

- 1 * **Sec. 3.** AS 43.23.062 is repealed December 31, 2009.
- 2 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).