

CS FOR HOUSE BILL NO. 166(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 3/26/07

Referred: Finance

Sponsor(s): REPRESENTATIVES THOMAS, Gara, Crawford, Foster

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to contributions from permanent fund dividends to community**
2 **foundations, to certain educational organizations, and to certain other charitable**
3 **organizations; and providing for an effective date."**

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

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

6 **Sec. 43.23.062. Contributions from dividends.** (a) Notwithstanding
7 AS 43.23.069, the Department of Revenue shall prepare the electronic Alaska
8 permanent fund dividend application to allow an applicant who files electronically to
9 direct that money be subtracted from the dividend payment and contributed to one or
10 more of the educational organizations, community foundations, or charitable
11 organizations that appear on the contribution list contained in the application. A
12 contribution to an organization may be \$25, \$50, \$75, or \$100 or may be 10 percent,
13 25 percent, 50 percent, or 100 percent of the total dividend amount. If the total amount
14 of contributions elected by an applicant exceeds the amount of the permanent fund

1 dividend that the applicant is entitled to receive, contributions shall be deducted from
2 the dividend in the order of priority elected by the applicant on the application until
3 the entire amount of the dividend that the applicant is entitled to receive is allocated
4 for contribution. The electronic dividend application form must include notice that no
5 money contributed will be used for administrative costs incurred in implementing this
6 section and that money from the dividend fund will not be used for that purpose.

7 (b) The department shall list each campus of the University of Alaska and
8 shall list each other educational organization, community foundation, or charitable
9 organization eligible under (c) and (d) of this section on the contribution list by
10 geographic region in random order, and the order shall be changed each year. On the
11 contribution list, organizations shall also be grouped by type within each geographic
12 region. The department shall provide a statement of the contributions made by an
13 individual that is suitable for federal income tax purposes to each individual who
14 elects to contribute under (a) of this section.

15 (c) The department may not include on the contribution list an educational
16 organization, community foundation, or charitable organization that is the affiliate of a
17 group. For purposes of this subsection,

18 (1) "affiliate" means an organization or foundation that directly or
19 indirectly through one or more intermediaries controls, is controlled by, or is under
20 common control with, a group;

21 (2) "group" has the meaning given in AS 15.13.400(8)(B).

22 (d) The department may include an educational organization, community
23 foundation, or charitable organization on the contribution list for a current dividend
24 year only if the organization

25 (1) files an application for inclusion on the list for that dividend year
26 on the form required by the department before June 15 of the qualifying year;

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

30 (3) was qualified for tax exempt status under 26 U.S.C. 501(c)(3)
31 (Internal Revenue Code) as an educational or a charitable organization during the two

1 calendar years that immediately precede the year the application is filed;

2 (4) has a current Internal Revenue Service Form 990 on file with the
3 United States Department of the Treasury, Internal Revenue Service;

4 (5) is directed by a voluntary board of directors or local advisory board
5 whose members are residents of the state;

6 (6) provided in the state aid or services during the two calendar years
7 that immediately precede the year the application is filed;

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

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

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

16 (e) Unless an appropriation specifically directs that the money be used for
17 costs incurred in implementing this section, the department may not use money from
18 the dividend fund for administrative costs incurred in implementing this section even
19 if it has been appropriated for costs of administering the dividend program. The
20 department may not use money contributed under (a) of this section for administrative
21 costs incurred in implementing this section. Contributions shall be distributed to each
22 organization as soon as practicable.

23 (f) The department may use an agent or enter into a contract for the
24 implementation and operation of the contribution program under this section. Before
25 executing a contract with a corporation or other organization, the organization must
26 provide a copy of its policies and procedures to the department. A contract entered
27 into under this subsection is exempt from AS 36.30 (State Procurement Code).

28 (g) A public agency that claims a dividend on behalf of an individual under
29 AS 43.23.015(e) may not elect to make contributions from the dividend under (a) of
30 this section.

31 (h) The department may adopt regulations under AS 44.62 (Administrative

1 Procedure Act) to carry out the provisions of this section. If an organization disagrees
2 with an action of the department under this section and requests an administrative
3 hearing, the hearing shall be conducted by the office of administrative hearings
4 (AS 44.64.010).

5 (i) By January 20 of each year, the department shall submit a report to the
6 legislature identifying the organizations on the contribution list for the immediately
7 preceding year, together with the amount of contributions made to each of the
8 organizations.

9 (j) In this section, "community foundation" means a nonprofit, autonomous,
10 philanthropic institution that is organized and operated primarily as a permanent
11 collection of endowed funds for the long-term benefit of a defined geographic area
12 within one or more municipalities, that has a long-term goal of increasing its
13 permanent unrestricted charitable endowment to benefit the area served, that primarily
14 provides benefits by making grants and may also provide other forms of charitable
15 services, that makes grants that are not limited to providing one type of benefit or to
16 serving one population segment, and that makes grants to multiple grantees.

17 * **Sec. 2.** AS 43.23.062 is repealed December 31, 2010.

18 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 APPLICABILITY. AS 43.23.062, enacted by sec. 1 of this Act, applies to the Alaska
21 permanent fund dividends for 2008, 2009, and 2010.

22 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).