

SENATE BILL NO. 43

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY SENATORS THERRIAULT, Wilken, McGuire

Introduced: 1/16/07

Referred: State Affairs, Finance

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 that provide a positive youth development program, workforce
4 development, aid to the arts, or aid and services to the elderly, low-income individuals,
5 individuals in emergency situations, disabled individuals, or individuals with mental
6 illness; and providing for an effective date."

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

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

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

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

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

17 (c) The department may not include an educational organization on the
18 contribution list unless the primary purpose of the organization is to provide
19 vocational training or postsecondary education. Other than a community foundation,
20 the department may not include a charitable organization on the contribution list for a
21 dividend year unless the primary purpose of the organization is to provide a positive
22 youth development program, workforce development, aid to the arts, or aid and
23 services to the elderly, low-income individuals, individuals in emergency situations,
24 disabled individuals, or individuals with mental illness. In addition, the educational
25 organization, community foundation, or charitable organization

26 (1) must apply for inclusion on the contribution list for the current
27 dividend year on the form required by the department before June 15 of the qualifying
28 year;

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

1 (3) must have been qualified for tax exempt status under 26 U.S.C.
2 501(c)(3) (Internal Revenue Code) as an educational or a charitable organization
3 during the two calendar years that immediately precede the year the application is
4 filed;

5 (4) must have a current Internal Revenue Service Form 990 on file
6 with the United States Department of the Treasury, Internal Revenue Service;

7 (5) must be directed by a voluntary board of directors or local advisory
8 board whose members are residents of the state;

9 (6) must have provided in the state aid or services of a type listed in
10 this subsection during the two calendar years that immediately precede the year the
11 application is filed;

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

14 (8) must have completed and provided to the department a financial
15 audit with an unqualified opinion, conducted by an independent certified public
16 accountant for the fiscal year immediately preceding the year the application is filed if
17 the total annual budget of the organization exceeds \$250,000 during that fiscal year;
18 and

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

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

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

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

30 (g) The department may adopt regulations under AS 44.62 (Administrative
31 Procedure Act) to carry out the provisions of this section. If an organization disagrees

1 with an action of the department under this section and requests an administrative
2 hearing, the hearing shall be conducted by the office of administrative hearings
3 (AS 44.64.010).

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

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

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

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

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

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