

CS FOR SENATE BILL NO. 43(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 2/23/07

Referred: Finance

Sponsor(s): SENATORS THERRIAULT, Wilken, McGuire

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. The electronic dividend
9 application form must include notice that no money contributed will be used for
10 administrative costs incurred in implementing this section and that money from the
11 dividend fund will not be used for that purpose.

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

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

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

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

4 (3) must have been qualified for tax exempt status under 26 U.S.C.
5 501(c)(3) (Internal Revenue Code) as an educational or a charitable organization
6 during the two calendar years that immediately precede the year the application is
7 filed;

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

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

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

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

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

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

24 (d) Unless an appropriation specifically directs that the money be used for
25 costs incurred in implementing this section, the department may not use money from
26 the dividend fund for administrative costs incurred in implementing this section even
27 if it has been appropriated for costs of administering the dividend program. The
28 department may not use money contributed under (a) of this section for administrative
29 costs incurred in implementing this section. Contributions shall be distributed to each
30 organization as soon as practicable.

31 (e) The department may use an agent or enter into a contract under AS 36.30

1 for the implementation and operation of the contribution program under this section.

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

5 (g) The department may adopt regulations under AS 44.62 (Administrative
6 Procedure Act) to carry out the provisions of this section. If an organization disagrees
7 with an action of the department under this section and requests an administrative
8 hearing, the hearing shall be conducted by the office of administrative hearings
9 (AS 44.64.010).

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

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

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

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

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

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