

HOUSE BILL NO. 256

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE EASTMAN

Introduced: 1/16/18

Referred: Labor and Commerce, State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to donations to the state; and relating to contributions from permanent**
2 **fund dividends to municipalities and state and municipal agencies."**

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

4 *** Section 1.** AS 37.05 is amended by adding a new section to article 7 to read:

5 **Sec. 37.05.805. Donations to the state.** (a) Except as provided in (d) of this
6 section, the state may accept a donation for a public purpose from a person in
7 accordance with this section.

8 (b) The Department of Administration shall maintain records for all donations
9 made under this section and separately account for the donations under AS 37.05.142.
10 The records must reflect the amount of the donation, the date of the donation, the
11 donor's intent, if any, with respect to how the donation is to be used, and the state
12 agency that receives the donation. If the donation is appropriated to a state agency, the
13 state agency shall maintain a record of the manner in which the donation was
14 expended.

1 (c) Nothing in this section requires the state or a state agency to accept a
2 donation.

3 (d) A law enforcement agency may not accept a donation under this section.

4 (e) Donations shall be deposited in the general fund. The legislature may
5 appropriate donations to the appropriate state agency based on the donor's intent, if
6 any.

7 (f) If donations made under this section include the donor's intent with respect
8 to how the money is to be used, the donation shall be accounted for separately as a
9 designated program receipt under AS 37.05.146(b), and appropriations of the program
10 receipts are not made from the unrestricted general fund.

11 (g) The Department of Administration may adopt regulations under AS 44.62
12 (Administrative Procedure Act) to implement this section.

13 (h) In this section, "state agency" has the meaning given in AS 37.05.990 and
14 also includes the legislative and judicial branches.

15 * **Sec. 2.** AS 43.23.062(a) is amended to read:

16 (a) Notwithstanding AS 43.23.069, the Department of Revenue shall prepare
17 the electronic Alaska permanent fund dividend application to allow an applicant who
18 files electronically to direct that money be subtracted from the dividend payment and
19 contributed to **a state agency or** one or more of the educational organizations,
20 community foundations, [OR] charitable organizations, **municipalities, or municipal**
21 **agencies** that appear on the contribution list contained in the application. A
22 contribution to **a state agency or** [AN] organization, **municipality, or municipal**
23 **agency** may be \$25, \$50, \$75, \$100, or more, in increments of \$50, up to the total
24 amount of the permanent fund dividend that the applicant is entitled to receive. If the
25 total amount of contributions elected by an applicant exceeds the amount of the
26 permanent fund dividend that the applicant is entitled to receive, contributions shall be
27 deducted from the dividend in the order of priority elected by the applicant on the
28 application until the entire amount of the dividend that the applicant is entitled to
29 receive is allocated for contribution. The electronic dividend application form must
30 include notice that seven percent of the money contributed will be used for
31 administrative costs incurred in implementing this section, and money from the

1 dividend fund will not be used for that purpose.

2 * **Sec. 3.** AS 43.23.062(b) is amended to read:

3 (b) The department shall list each educational organization, community
4 foundation, or charitable organization eligible under (c) and (d) of this section, [AND]
5 each university campus that applies under (l) of this section, **each municipality or**
6 **municipal agency that applies under (o) of this section, and each state agency** on
7 the contribution list. The department shall maintain an electronic database for the
8 contribution list that is accessible to the public and that permits searches by
9 organization, **agency, and municipal** name, geographic location, and type. The
10 department shall provide a statement of the contributions made by an individual that is
11 suitable for federal income tax purposes to each individual who elects to contribute
12 under (a) of this section.

13 * **Sec. 4.** AS 43.23.062(d) is amended to read:

14 (d) Except for each campus of the University of Alaska, **a municipality, or a**
15 **municipal agency**, the department may include an educational organization,
16 community foundation, or charitable organization on the contribution list for a current
17 dividend year only if the organization

18 (1) before March 31 of the qualifying year, files an application for
19 inclusion on the list for that dividend year on the form required by the department;

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

23 (3) was qualified for tax exempt status under 26 U.S.C. 501(c)(3)
24 (Internal Revenue Code) as an educational or a charitable organization during the two
25 calendar years that immediately precede the year the application is filed;

26 (4) unless exempted under federal law, has a current Internal Revenue
27 Service Form 990 on file with the United States Department of the Treasury, Internal
28 Revenue Service, or, if the Internal Revenue Service has granted a filing extension for
29 the current year, has on file that form for the immediately preceding year;

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

1 (6) if a community foundation, provided in the state aid during the two
 2 calendar years that immediately precede the year the application is filed, or, if an
 3 education organization or charitable organization, provided in the state services during
 4 the two calendar years that immediately precede the year the application is filed;

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

7 (8) has completed and provided to the department a financial audit
 8 with an unqualified opinion conducted by an independent certified public accountant
 9 for the fiscal year to which the Internal Revenue Service Form 990 required under (4)
 10 of this subsection applies; this paragraph applies only to an organization that is
 11 required by the federal government to complete a financial audit by an independent
 12 certified public accountant; 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 * **Sec. 5.** AS 43.23.062(f) is amended to read:

16 (f) The department shall charge an application fee of \$250 for each
 17 educational organization, community foundation, or charitable organization that files
 18 an application under (d) of this section, [OR] for each university campus that files an
 19 application under (l) of this section, **or for each municipality or municipal agency**
 20 **that applies under (o) of this section.** The application fees shall be separately
 21 accounted for under AS 37.05.142. The annual estimated balance in the account
 22 maintained under AS 37.05.142 for application fees collected under this subsection
 23 may be appropriated for costs of administering this section.

24 * **Sec. 6.** AS 43.23.062(m) is amended to read:

25 (m) In addition to the application fee in (f) of this section, the department shall
 26 withhold a coordination fee from each organization, foundation, [OR] university
 27 campus, **municipality, and municipal agency** that receives contributions under this
 28 section in the immediately preceding dividend year. The coordination fee for an
 29 organization, foundation, or university campus that receives contributions under this
 30 section shall be seven percent of the amount of contributions reported by the
 31 department under (j) of this section for the organization, foundation, or university

1 campus for the immediately preceding dividend year. The coordination fee shall be
 2 separately accounted for under AS 37.05.142 and shall be accounted for separately
 3 from the application fee collected under (f) of this section. The annual estimated
 4 balance in the account maintained under AS 37.05.142 for coordination fees collected
 5 under this subsection may be appropriated for costs of administering this section. **The**
 6 **department may not withhold a coordination fee for contributions to a state**
 7 **agency.**

8 * **Sec. 7.** AS 43.23.062(n) is amended to read:

9 (n) In this section,

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

18 **(2) "state agency" has the meaning given in AS 18.60.545.**

19 * **Sec. 8.** AS 43.23.062 is amended by adding a new subsection to read:

20 (o) A municipality and municipal agency shall apply separately to be listed on
 21 the contribution list for the current dividend year in the manner prescribed by the
 22 department.