

CS FOR SENATE BILL NO. 78(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/14/17

Referred: Today's Calendar

Sponsor(s): SENATORS BISHOP, Hoffman, Stedman, Meyer, Dunleavy, von Imhof, Stevens, Hughes, Micciche

REPRESENTATIVE Wilson

A BILL

FOR AN ACT ENTITLED

1 **"An Act creating the education endowment fund and the dividend raffle fund;**
2 **authorizing donations from the permanent fund dividend for educational purposes and**
3 **to enter the permanent fund dividend raffle; relating to transfers from the dividend**
4 **raffle fund and the education endowment fund; relating to the duties of the Department**
5 **of Revenue; relating to the definition of 'gambling'; and providing for an effective date."**

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

7 *** Section 1.** AS 11.66.280(3) is amended to read:

8 (3) "gambling" means that a person stakes or risks something of value
9 upon the outcome of a contest of chance or a future contingent event not under the
10 person's control or influence, upon an agreement or understanding that that person or
11 someone else will receive something of value in the event of a certain outcome;
12 "gambling" does not include

13 (A) bona fide business transactions valid under the law of

1 contracts for the purchase or sale at a future date of securities or commodities
 2 and agreements to compensate for loss caused by the happening of chance,
 3 including contracts of indemnity or guaranty and life, health, or accident
 4 insurance;

5 (B) playing an amusement device that

6 (i) confers only an immediate right of replay not
 7 exchangeable for something of value other than the privilege of
 8 immediate replay and does not contain a method or device by which the
 9 privilege of immediate replay may be cancelled or revoked;

10 (ii) confers only tickets, credits, allowances, tokens, or
 11 anything of value that can be redeemed for toys, candy, or electronic
 12 novelties offered at the same facility where the amusement device is
 13 located; or

14 (iii) allows a player to manipulate a claw machine or
 15 similar device within an enclosure and enables a person to receive
 16 merchandise directly from the machine; [OR]

17 (C) an activity authorized by the Department of Revenue under
 18 AS 05.15; or

19 **(D) the permanent fund dividend raffle authorized under**
 20 **AS 43.23.064;**

21 * **Sec. 2.** AS 43.23.055 is amended to read:

22 **Sec. 43.23.055. Duties of the department.** The department shall

23 (1) annually pay permanent fund dividends from the dividend fund;

24 (2) subject to AS 43.23.011 and [PARAGRAPH] (8) of this section,
 25 adopt regulations under AS 44.62 (Administrative Procedure Act) that establish
 26 procedures and time limits for claiming a permanent fund dividend; the department
 27 shall determine the number of eligible applicants by October 1 of the year for which
 28 the dividend is declared and pay the dividends by December 31 of that year;

29 (3) adopt regulations under AS 44.62 (Administrative Procedure Act)
 30 that establish procedures and time limits for an individual upon emancipation or upon
 31 reaching majority to apply for permanent fund dividends not received during minority

1 because the parent, guardian, or other authorized representative did not apply on
2 behalf of the individual;

3 (4) assist residents of the state, particularly in rural areas, who, because
4 of language, disability, or inaccessibility to public transportation, need assistance to
5 establish eligibility and to apply for permanent fund dividends;

6 (5) use a list of individuals ineligible for a dividend under
7 AS 43.23.005(d) provided annually by the Department of Corrections and the
8 Department of Public Safety to determine the number and identity of those
9 individuals;

10 (6) adopt regulations that are necessary to implement AS 43.23.005(d);

11 (7) adopt regulations that establish procedures for the parent, guardian,
12 or other authorized representative of a disabled individual to apply for prior year
13 permanent fund dividends not received by the disabled individual because no
14 application was submitted on behalf of the individual;

15 (8) adopt regulations that establish procedures for an individual to
16 apply to have a dividend disbursement under AS 37.25.050(a)(2) reissued if it is not
17 collected within two years after the date of its issuance; however, the department may
18 not establish a time limit within which an application to have a disbursement reissued
19 must be filed;

20 (9) provide any information, upon request, contained in permanent
21 fund dividend records to the child support services agency created in AS 25.27.010, or
22 the child support enforcement agency of another state, for child support purposes
23 authorized under law; if the information is contained in an electronic data base, the
24 department shall provide the requesting agency with either

25 (A) access to the data base; or

26 (B) a copy of the information in the data base and a statement
27 certifying its contents;

28 (10) establish a fraud investigation unit for the purpose of assisting the

29 (A) Department of Law in the prosecution of individuals who
30 apply for or obtain a permanent fund dividend in violation of a provision in
31 AS 11, by detecting and investigating those crimes; [AND]

1 (B) commissioner to detect and investigate the claiming or
 2 paying of permanent fund dividends that should not have been claimed by or
 3 paid to an individual and to impose the penalties and enforcement provisions
 4 under AS 43.23.035; **and**

5 **(11) adopt regulations under AS 44.62 (Administrative Procedure**
 6 **Act) so that contributions under AS 43.23.062 are given a priority over donations**
 7 **under AS 43.23.064 if the total amount of contributions and donations elected by**
 8 **an applicant exceeds the amount of the permanent fund dividend that the**
 9 **applicant is entitled to receive.**

10 * **Sec. 3.** AS 43.23 is amended by adding new sections to read:

11 **Sec. 43.23.063. Education endowment fund.** (a) The education endowment
 12 fund is established as a separate account in the general fund. The fund consists of
 13 appropriations from

- 14 (1) donations to the fund under AS 43.23.064(b);
- 15 (2) transfers to the fund under AS 43.23.064(c);
- 16 (3) interest earned on the fund; and
- 17 (4) any other money appropriated to the fund.

18 (b) The commissioner is the fiduciary of the fund. In managing the fund, the
 19 commissioner shall

- 20 (1) have the same powers and duties as provided in AS 37.10.071; and
- 21 (2) invest the fund in a manner likely to achieve at least a four percent
 22 nominal return over a five-year period to meet the objectives of the fund.

23 (c) In managing the fund, the commissioner shall

- 24 (1) consider the status of the fund's capital and the income generated
 25 on both current and probable future bases;
- 26 (2) determine the appropriate investment objectives;
- 27 (3) establish investment policies to achieve the objectives; and
- 28 (4) act only in regard to the best financial interests of the fund.

29 (d) On July 1 of each year, the commissioner shall

- 30 (1) determine the fund balance for the previously closed fiscal year,
 31 including the earnings of the fund; and

1 (2) when the average market value for that fiscal year exceeds
2 \$1,000,000,000, transfer 4.5 percent of the average fiscal-year-end market value of the
3 balance of the fund for the last five fiscal years, including the fiscal year just ended,
4 and including any unrealized gains and losses, to the public education fund established
5 in AS 14.17.300, subject to appropriation.

6 (e) Money appropriated to the fund does not lapse.

7 **Sec. 43.23.064. Dividend raffle fund; dividend donations to the dividend**
8 **raffle fund; drawing.** (a) The dividend raffle fund is established as an account in the
9 general fund. The commissioner shall manage the fund. Interest and other income
10 received on money in the fund shall be separately accounted for and shall be
11 appropriated to the fund. The fund consists of donations appropriated to the fund
12 under (c) of this section. The commissioner shall use the dividend raffle fund, without
13 further appropriation, to pay for prizes as set out in (d) of this section and may use up
14 to two percent of the balance of the fund but not more than \$500,000 from the fund
15 each fiscal year to pay the cost of administering the fund and for promotion and
16 advertisement of the fund. When the balance of the dividend raffle fund exceeds
17 \$500,000,000 at the end of a fiscal year, the commissioner shall transfer the amount
18 above \$500,000,000 to the education endowment fund established in AS 43.23.063.
19 Money donated to the fund does not lapse.

20 (b) Notwithstanding AS 43.23.069, the department shall provide on the Alaska
21 permanent fund dividend application an option for an applicant who is 18 years of age
22 or older to direct that all or a portion of the applicant's dividend payment be donated
23 for educational purposes and to enter the permanent fund dividend raffle as provided
24 in (c) of this section. A donation under this section may be \$100 or more, in
25 increments of \$100, up to the total amount of the permanent fund dividend that the
26 applicant is entitled to receive.

27 (c) Of the donations received in a year under (b) of this section, the legislature
28 shall appropriate 25 percent to the education endowment fund established in
29 AS 43.23.063 and shall appropriate 25 percent to the dividend raffle fund. The
30 legislature shall appropriate the remaining 50 percent of the donations received under
31 (b) of this section to the public education fund established in AS 14.17.300.

1 (d) At the beginning of each year, the commissioner shall conduct a public
2 drawing to award prizes from the dividend raffle fund. Each \$100 donation as
3 provided in (b) of this section entitles a person to one entry into the raffle. The prizes
4 for the raffle shall be as follows:

5 (1) the first name drawn receives an amount equal to 10 percent of the
6 balance of the dividend raffle fund;

7 (2) the second name drawn receives an amount equal to five percent of
8 the balance of the dividend raffle fund;

9 (3) the third name drawn receives an amount equal to three percent of
10 the balance of the dividend raffle fund; and

11 (4) the fourth name drawn receives an amount equal to two percent of
12 the balance of the dividend raffle fund.

13 (e) Nothing in this section creates a dedicated fund.

14 * **Sec. 4.** This Act takes effect January 1, 2018.