

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS**

May 1, 2023

6:02 p.m.

**MEMBERS PRESENT**

Representative Ben Carpenter, Chair  
Representative Jamie Allard  
Representative Tom McKay  
Representative Kevin McCabe  
Representative Cathy Tilton  
Representative Andrew Gray

**MEMBERS ABSENT**

Representative Cliff Groh

**COMMITTEE CALENDAR**

HOUSE BILL NO. 45

"An Act relating to contributions from permanent fund dividends to the general and permanent funds."

- MOVED CSHB 45 (W&M) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 45

SHORT TITLE: PFD CONTRIBUTIONS TO GENERAL FUND AND PF

SPONSOR(S): REPRESENTATIVE(S) PRAX

01/25/23	(H)	READ THE FIRST TIME - REFERRALS
01/25/23	(H)	W&M, FIN
02/08/23	(H)	W&M AT 6:00 PM DAVIS 106
02/08/23	(H)	Heard & Held
02/08/23	(H)	MINUTE (W&M)
02/13/23	(H)	W&M AT 6:00 PM DAVIS 106
02/13/23	(H)	Heard & Held
02/13/23	(H)	MINUTE (W&M)
04/10/23	(H)	W&M AT 6:00 PM DAVIS 106
04/10/23	(H)	-- MEETING CANCELED --
04/12/23	(H)	W&M AT 6:00 PM DAVIS 106
04/12/23	(H)	Scheduled but Not Heard
05/01/23	(H)	W&M AT 6:00 PM DAVIS 106

**WITNESS REGISTER**

REPRESENTATIVE MIKE PRAX  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, answered questions on the amendments to HB 45.

**ACTION NARRATIVE**

[6:02:45 PM](#)

**CHAIR BEN CARPENTER** called the House Special Committee on Ways and Means meeting to order at 6:02 p.m. Representatives Tilton, McKay, McCabe, Allard, Gray, and Carpenter were present at the call to order.

**HB 45-PFD CONTRIBUTIONS TO GENERAL FUND AND PF**

[6:03:30 PM](#)

CHAIR CARPENTER announced that the only order of business would be HOUSE BILL NO. 45, "An Act relating to contributions from permanent fund dividends to the general and permanent funds."

[6:04:47 PM](#)

REPRESENTATIVE MCCABE moved to adopt Amendment 2 to HB 45, labeled, 33-LS0309\A.4, Nauman, 2/17/23, which read as follows:

Page 1, line 10:

Delete "\$25 or more, in increments of \$25"

Insert "10 percent of the amount of the dividend or more, in increments of 10 percent"

CHAIR CARPENTER objected for the purpose of discussion.

[6:05:13 PM](#)

REPRESENTATIVE MIKE PRAX, Alaska State Legislature, as prime sponsor, explained Amendment 2. He said the amount of the permanent fund dividend (PFD) is currently unknown; therefore, using \$3,700 as an example amount, Amendment 2 would provide that a person could give \$3,000 of his/her PFD to various agencies or return it to the state. He explained if the PFD is less than \$3,000, the PFD would not be enough to transfer. He said that, if a PFD is given in percentages, each recipient would receive the same percentage. He expressed the opinion

that this system would be practical, given that the amount of the PFD is unknown when applications are completed.

[6:06:31 PM](#)

REPRESENTATIVE TILTON asked if the PFD donation would be administered through the "Point.Click.Give." program. She questioned whether the program is set up for donations using percentages rather than dollar amounts.

REPRESENTATIVE PRAX responded that the fund is set up so individuals can make discrete donations when applying for the PFD. He said that in the current version of the legislation the program would be administered through "Point.Click.Give." He expressed the opinion that no matter the changes to the program, it would still make sense to have percentage contributions rather than discreet amounts.

[6:07:58 PM](#)

CHAIR CARPENTER removed his objection. There being no other objection, Amendment 2 was adopted.

[6:08:14 PM](#)

REPRESENTATIVE GRAY moved Amendment 3, to HB 45, as amended, labeled, 33-LS0309\A.5, Nauman, 2/17/23, which read as follows:

Page 2, lines 1-5:

Delete "The electronic application must include notice that seven percent of the money contributed to the state general fund or the principal of the permanent fund will be used for administrative costs incurred in implementing this subsection and that money from the dividend fund will not be used for that purpose."

Insert "Money from a contribution under this subsection or from the dividend fund may not be used for administrative costs incurred in implementing this subsection."

CHAIR CARPENTER objected for the purpose of discussion.

REPRESENTATIVE GRAY explained that Amendment 3 would take away the 7 percent administrative charge on "Point.Click.Give." items.

[6:09:25 PM](#)

REPRESENTATIVE MCKAY questioned whether Representative Prax supports Amendment 3.

[6:09:39 PM](#)

REPRESENTATIVE PRAX responded in the affirmative. He explained that the "Pick.Click.Give." program is administered by a third party, hence, the 7 percent fee. He stated that, per the proposed legislation, the donation would go into the general fund automatically, and this would entail minimal administrative fees.

[6:10:52 PM](#)

CHAIR CARPENTER removed his objection. There being no further objection, Amendment 3 was adopted.

[6:11:08 PM](#)

REPRESENTATIVE MCCABE moved to adopt Amendment 4 to HB 45, as amended, labeled, 33-LS0309\A.6, Nauman, 2/20/23, which read as follows:

Page 1, lines 1 - 2:

Delete "from permanent fund dividends to the general and permanent funds"

Insert "and donations from permanent fund dividends"

Page 1, following line 3:

Insert a new bill section to read:

"\* Section 1. AS 43.23.055 is amended to read:

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

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

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

(3) adopt regulations under AS 44.62 (Administrative Procedure Act) that establish procedures and time limits for an individual upon emancipation or upon

reaching majority to apply for permanent fund dividends not received during minority because the parent, guardian, or other authorized representative did not apply on behalf of the individual;

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

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

(6) adopt regulations that are necessary to implement AS 43.23.005(d) and 43.23.048;

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

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

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

(A) access to the data base; or

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

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

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

(B) commissioner to detect and investigate the claiming or paying of permanent fund dividends that should not have been claimed by or paid to an individual and to impose the penalties and enforcement provisions under AS 43.23.270;

(11) adopt regulations under AS 44.62 (Administrative Procedure Act) so that, [CONTRIBUTIONS UNDER AS 43.23.130 ARE GIVEN A PRIORITY OVER DONATIONS UNDER AS 43.23.230] if the total amount of contributions and donations elected by an applicant exceeds the amount of the permanent fund dividend that the applicant is entitled to receive, contributions and donations are given the following priority order:

- (A) contributions under AS 43.23.130;
- (B) donations under AS 43.23.230;
- (C) contributions under AS 43.23.135."

Page 1, line 4:  
Delete "Section 1"  
Insert "Sec. 2"

Page 1, line 13, following "AS 43.23.130":  
Insert "and donations under AS 43.23.230"

Page 1, line 14, following "AS 43.23.130":  
Insert "and donations under AS 43.23.230"

CHAIR CARPENTER objected for the purpose of discussion.

[6:11:20 PM](#)

REPRESENTATIVE PRAX explained that Amendment 4 would establish a priority order. He laid out that the first priority would be the PFD education raffle, followed by "Pick.Click.Give.," and then the general fund.

[6:12:21 PM](#)

CHAIR CARPENTER removed his objection. There being no further objection, Amendment 4 was adopted.

[6:12:59 PM](#)

REPRESENTATIVE PRAX commented that an amendment is being considered to address the tax obligation that HB 45 would generate. In other words, if the money goes to the person and then goes to the state, there would be a tax liability. He

expressed the opinion that fixing this is doable, but it is complicated. He expressed the opinion that, in the interest of time, it makes sense to move with the general idea and give people the opportunity to give the money back to the general fund, and the tax liability could be fixed later.

CHAIR CARPENTER asked whether the process would still function if Alaskans gave a PFD back to the government with a tax liability.

REPRESENTATIVE PRAX responded in the affirmative. He reiterated the belief that the tax liability aspect could be fixed.

CHAIR CARPENTER further asked whether the process would still be in place if individuals did not want the tax liability. He commented that in this case fewer people would use it.

REPRESENTATIVE PRAX said that this is correct.

CHAIR CARPENTER questioned whether the tax liability could be implemented at some point between the proposed legislation being adopted, or after.

REPRESENTATIVE PRAX answered yes and said that such a change would improve the idea going forward.

[6:15:30 PM](#)

REPRESENTATIVE MCCABE moved to report HB 45, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 45(W&M) was reported out of the House Special Committee on Ways and Means.

[6:16:03 PM](#)

The committee took an at-ease from 6:16 p.m. to 6:18 p.m.

[6:18:56 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at 6:18 p.m.