

Original sponsor: Sumner

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1 IN THE SENATE BY THE FREE CONFERENCE COMMITTEE  
2 FREE CONFERENCE CS FOR SENATE BILL NO. 122  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the payment of Alaska permanent  
7 fund income to state residents; and providing for an  
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the duty and  
11 policy of the state with respect to the natural resources belonging to it and  
12 the income derived from those natural resources to provide for their use  
13 development, and conservation for the maximum benefit of the people of the  
14 state.

15 (b) The purposes of this Act are

16 (1) to provide a mechanism for equitable distribution to the  
17 people of Alaska of at least a portion of the state's energy wealth derived  
18 from the development and production of the natural resources belonging to  
19 them as Alaskans;

20 (2) to encourage persons to maintain their residence in Alaska and  
21 to reduce population turnover in the state; and

22 (3) to encourage increased awareness and involvement by the resi-  
23 dents of the state in the management and expenditure of the Alaska permanent  
24 fund (art IX, sec. 15 State Constitution).

25 (c) The legislature finds that the accrual of permanent fund dividends  
26 provided in AS 43.23 enacted in sec. 2 of this Act, based on full years of  
27 residency since January 1, 1959, fairly compensates each state resident for  
28 his equitable ownership of the state's natural resources since the date of  
29 statehood. It is in the public interest to distribute a portion of Alaska's

1 energy wealth to the people of the state.

2 (d) The legislature also finds that state residents have been paying  
3 increasingly high prices for fossil fuels, while few have received direct  
4 monetary benefits from the production and development of fossil fuels belong-  
5 ing to them as Alaskans. It is in the public interest to return to state  
6 residents a portion of the state's income from oil, gas, and other mineral  
7 production to help offset rising fuel costs.

8 (e) The legislature also finds that there exists in the state a serious  
9 problem of population turnover. A substantial portion of the state's popu-  
10 lation is comprised of individuals who reside in Alaska for only a relatively  
11 short time. This constant turnover in population leads to political, eco-  
12 nomic, and social instability and is harmful to the state. It is in the  
13 public interest for the state to promote a stable resident population by  
14 providing an incentive to encourage Alaskans to maintain their residency in  
15 the state.

16 \* Sec. 2. AS 43 is amended by adding a new chapter to read:

17 CHAPTER 23. PERMANENT FUND DIVIDENDS.

18 Sec. 43.23.010. ELIGIBILITY FOR PERMANENT FUND DIVIDEND. (a) An  
19 individual who is eligible under (b) of this section is entitled to one  
20 permanent fund dividend for each full year that the individual is a  
21 state resident after January 1, 1959.

22 (b) For each year, an individual is eligible to receive payment of  
23 the permanent fund dividends for which he is entitled under this section  
24 if he

25 (1) is at least 18 years of age; and

26 (2) is a state resident during all or part of the year for  
27 which the permanent fund dividend is paid.

28 (c) To determine the number of permanent fund dividends to which  
29 an individual is entitled under (a) of this section, a year in which the

1 individual is a state resident for less than 12 months may not be  
2 counted, but a payment of a permanent fund dividend may be made for that  
3 year under (f) of this section. A year for which an individual was  
4 entitled to payment of a dividend but failed to file a claim may be  
5 counted to determine the number of dividends under (a) of this section.

6 (d) An individual may receive payment of a permanent fund dividend  
7 in a single payment or in 12 equal installments paid monthly by the  
8 department.

9 (e) An individual eligible to receive payment of a permanent fund  
10 dividend may elect to defer receipt of that payment. The commissioner  
11 shall adopt by regulation a plan which, to the extent permitted under  
12 federal law, will allow an individual to defer payment of federal and  
13 state income taxes on the payment of permanent fund dividends until the  
14 individual actually receives the payment.

15 (f) If an individual who is eligible under (b) of this section was  
16 a state resident for less than 12 months during the year immediately  
17 preceding the year in which a claim is filed, the individual is entitled  
18 to payment of one prorated dividend. If that individual is also en-  
19 titled to dividends under (a) of this section based on previous years as  
20 a state resident, he is entitled to receive a prorated payment for the  
21 total number of permanent fund dividends to which he is entitled under  
22 (a) of this section. A prorated dividend or prorated payment under this  
23 subsection shall be prorated on the basis of the number of months that  
24 the individual was a state resident during the year immediately pre-  
25 ceding the year in which the dividend is claimed.

26 Sec. 43.23.020. PROOF OF ELIGIBILITY. (a) The commissioner shall  
27 adopt regulations under the Administrative Procedure Act (AS 44.62) for  
28 determining the eligibility of individuals. The commissioner may re-  
29 quire an individual to provide proof of eligibility; or he may use other

1 information available to him from other state departments or agencies to  
2 determine the eligibility of individuals. The commissioner may estab-  
3 lish procedures for paying the permanent fund dividends along with other  
4 payments of money or state benefits.

5 (b) The department may prescribe and furnish an application form  
6 for claiming a permanent fund dividend which contains

7 (1) a statement of eligibility and a certification of resi-  
8 dency in substantially the following form:

9 I certify that I am a state resident on the date of this applica-  
10 tion and I have been a state resident for \_\_\_\_ full years and that  
11 I understand that my claim for a permanent fund dividend is deter-  
12 mined by the length of my residence in the state after January 1,  
13 1959. I also understand that a false claim of residency to obtain  
14 a permanent fund dividend is a criminal offense and that if con-  
15 victed I will forfeit all permanent fund dividends and that I must  
16 repay all permanent fund dividends which have been paid to me. I  
17 understand that this penalty is in addition to any criminal penal-  
18 ties imposed.

19 \_\_\_\_\_  
20 (signature of individual)

21 and

22 (2) a statement advising the individual that he may choose to  
23 receive the payment of a permanent fund dividend in a single payment or  
24 in 12 installments payable monthly and a space where the individual may  
25 indicate his choice of payment.

26 Sec. 43.23.030. AMOUNT OF DIVIDEND. By December 1 of each year  
27 the commissioner shall give public notice of the value of each permanent  
28 fund dividend to be paid in the following year. The commissioner shall  
29 determine the value of a permanent fund dividend by

1 (1) determining the amount of income of the Alaska permanent  
2 fund transferred to the dividend fund under AS 43.23.050(b) in the  
3 current year, less the amount, if any, to be repaid in the current year  
4 to the general fund under AS 43.23.050(c);

5 (2) determining the number of permanent fund dividends paid  
6 during the current year; and

7 (3) dividing the amount determined in (1) of this section by  
8 the amount determined in (2) of this section.

9 Sec. 43.23.040. PENALTIES AND ENFORCEMENT. (a) In addition to  
10 any criminal penalties imposed by state law, if an individual is con-  
11 victed of unsworn falsification for a statement made in a certification  
12 of residency made for purposes of this chapter, and the conviction is  
13 not reversed, that individual is not, and may never become, eligible for  
14 a permanent fund dividend, and he forfeits all permanent fund dividends  
15 paid to him.

16 (b) If the commissioner determines that a permanent fund dividend  
17 should not have been claimed by or paid to an individual, he may use any  
18 collection procedures or remedies available under this title to recover  
19 the payment of a permanent fund dividend which was improperly made.

20 Sec. 43.23.050. DIVIDEND FUND ESTABLISHED. (a) The dividend fund  
21 is established as a separate fund in the state treasury. The dividend  
22 fund shall be administered by the commissioner and may be invested by  
23 the commissioner in the same manner provided for the investment of the  
24 Alaska permanent fund under AS 37.13.120. Money in the dividend fund  
25 and any interest earned from investment of money in the dividend fund  
26 shall be used to pay permanent fund dividends annually and to repay  
27 loans from the general fund as provided in (c) of this section.

28 (b) Each year the commissioner shall transfer to the dividend fund  
29 50 percent of the income of the Alaska permanent fund which was earned

1 during the fiscal year ending on June 30 of the preceding year and which  
2 is available for distribution under AS 37.13.140.

3 (c) The legislature may annually appropriate money from the general  
4 fund to the dividend fund if there is not enough money in the dividend  
5 fund to pay each eligible individual an annual permanent fund dividend  
6 valued at \$50. One-fifth of the amount transferred to the dividend fund  
7 each year under (b) of this section shall be annually withdrawn from the  
8 dividend fund by the commissioner and deposited in the general fund to  
9 repay appropriations made under this subsection.

10 Sec. 43.23.060. DUTIES OF THE DEPARTMENT. The department shall

11 (1) by the 10th day of each regular legislative session,  
12 present a request to the legislature for an appropriation from the  
13 general fund to the dividend fund to satisfy the requirements of AS 43.-  
14 23.050;

15 (2) annually pay permanent fund dividends from the dividend  
16 fund;

17 (3) adopt regulations under the Administrative Procedure Act  
18 (AS 44.62) which establish procedures and time limits for claiming a  
19 permanent fund dividend; the department shall set the time limit for  
20 applications for permanent fund dividends so that single-payment per-  
21 manent fund dividends for a year are paid before October 15 of the  
22 following year and so that installment-payment permanent fund dividends  
23 for a year begin by October 15 of the following year; and

24 (4) assist residents of rural areas who because of language,  
25 illness, old age, or inaccessibility to public transportation need as-  
26 sistance to establish eligibility and to apply for permanent fund divi-  
27 dends.

28 Sec. 43.23.070. EXEMPTION OF PERMANENT FUND DIVIDENDS. (a) An  
29 eligible individual may assign, pledge, or encumber not more than 50

1 percent of the annual permanent fund dividends which are due and payable  
2 or which may become due and payable to the individual.

3 (b) Fifty percent of the annual permanent fund dividends payable  
4 to an individual is exempt from levy, execution, garnishment, attach-  
5 ment, and any other remedy for the collection of a debt.

6 (c) Fifty percent of the annual permanent fund dividends paid to  
7 an individual which are not held separately from other money of the  
8 individual is exempt from levy, execution, garnishment, attachment and  
9 any other remedy for the collection of a debt.

10 Sec. 43.23.080. ELIGIBILITY FOR STATE PUBLIC ASSISTANCE PAYMENTS.  
11 In determining the eligibility of an individual for old age assistance  
12 under AS 47.25.430 - 47.25.610, aid to the blind under AS 47.25.620 -  
13 47.25.780, or aid to the permanently and totally disabled under  
14 AS 47.25.790 - 47.25.970, the Department of Health and Social Services  
15 may include as income of the individual only the amount of the permanent  
16 fund dividends in excess of \$1,500 paid to the individual for a year.

17 Sec. 43.23.090. TAX EXEMPTION. Permanent fund dividends provided  
18 under this chapter are exempt from taxation under AS 43.20.

19 Sec. 43.23.100. DEFINITIONS. In this chapter,

20 (1) "Alaska permanent fund" means the fund established by  
21 art IX, sec. 15, of the state constitution;

22 (2) "commissioner" means the commissioner of revenue;

23 (3) "department" means the Department of Revenue;

24 (4) "dividend fund" means the fund established by AS 43.23.-  
25 050;

26 (5) "individual" means a natural person;

27 (6) "permanent fund dividend" means a right to receive a  
28 payment of money from the dividend fund;

29 (7) "state resident" means an individual who is physically

1 present in the state with the intent to remain permanently in the state  
2 or, if he is not physically present in the state, intends to return to  
3 the state and he is absent for the following reasons:

4 (A) vocational, professional or other special education  
5 for which a comparable program was not reasonably available in the  
6 state,

7 (B) postsecondary education,

8 (C) military service,

9 (D) medical treatment,

10 (E) service in Congress, or

11 (F) other reasons which the commissioner may establish  
12 by regulation under the Administrative Procedure Act (AS 44.62);

13 (8) "year" means a calendar year.

14 \* Sec. 3. For 1979 the value of a permanent fund dividend is \$50. The  
15 payment of permanent fund dividends for 1979 shall be made from an appropria-  
16 tion from the general fund to the dividend fund for that purpose. The amount  
17 appropriated from the general fund to pay permanent fund dividends for 1979  
18 less 50 percent of the income of the Alaska permanent fund earned during the  
19 fiscal year ending June 30, 1978, is a loan to the dividend fund from the  
20 general fund which shall be repaid as provided in AS 43.23.050(c) enacted by  
21 sec. 2 of this Act. The Department of Revenue shall by July 1, 1980, pre-  
22 scribe and make available an application form for claiming permanent fund  
23 dividends for 1979. The Department of Revenue shall mail the form to each  
24 individual who, before July 1, 1980, filed a resident or part-year resident  
25 Alaska net income tax return for the 1979 tax year under AS 43.20. An eli-  
26 gible individual may receive payment of permanent fund dividends for 1979 if  
27 he applies to the Department of Revenue on the form prescribed by the de-  
28 partment no later than September 1, 1980. The application must be accom-  
29 panied by a statement of eligibility as required by AS 43.23.020 enacted in

1 sec. 2 of this Act.

2 \* Sec. 4. If any provision enacted in sec. 2 of this Act is held to be  
3 invalid by the final judgment, decision or order of a court of competent  
4 jurisdiction, then that provision is nonseverable, and all provisions enacted  
5 in sec. 2 of this Act are invalid and of no force or effect.

6 \* Sec. 5. Sections 1 and 2 of this Act are retroactive to January 1,  
7 1979.

8 \* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-  
9 070(c).

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