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Referred: State Affairs and
Finance

1 IN THE HOUSE

BY RANDOLPH, FANNING AND
BEIRNE

2 HOUSE BILL NO. 435

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing a new plan for the distribution of
7 permanent fund income and repealing the 1980 permanent
8 fund distribution plan; and providing for an effective
9 date."

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

11 * Section 1. POLICY, PURPOSES AND FINDINGS. (a) It is the policy of
12 the state, when its revenue from natural resource wealth exceeds its legiti-
13 mate needs, to return the excess revenue to the people of the state in an
14 equitable manner.

15 (b) The purposes of this Act are

16 (1) to provide a new, workable mechanism for equitable distribu-
17 tion to the people of Alaska of the income from the Alaska permanent fund;
18 and

19 (2) to increase public awareness of the existence and magnitude
20 of the Alaska permanent fund.

21 (c) The legislature finds that

22 (1) the 1980 program to distribute permanent fund income to
23 residents of Alaska according to their length of residency is unfairly
24 discriminatory and denies some Alaskans the equal protection of the law;

25 (2) the 1980 permanent fund distribution law has been the subject
26 of an ongoing lawsuit which has been appealed to the United States Supreme
27 Court; this lawsuit has delayed distribution of permanent fund income;
28 furthermore, the State of Alaska will probably lose this suit, thus delaying
29 distribution even longer and also causing irreparable damage to the indepen-

1 dence and reputation of the State of Alaska;

2 (3) failure to immediately enact a workable permanent fund dis-
3 tribution plan only adds to the difficulties inherent in excessive govern-
4 ment wealth; and

5 (4) it is necessary to establish a new plan for distributing the
6 income of the permanent fund to all Alaskans on an equal basis, without
7 regard to length of residency.

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

9 CHAPTER 24. PERMANENT FUND DIVIDEND.

10 Sec. 43.24.010. ELIGIBILITY FOR PERMANENT FUND DIVIDEND. (a) An
11 individual is entitled to receive a permanent fund dividend for a
12 calendar year for which dividends are paid if the individual

13 (1) is a state resident on January 1, of the year for which
14 the permanent fund dividend is paid;

15 (2) is at least 18 years of age; and

16 (3) is a resident of the state during the entire calendar
17 year for which the permanent fund dividend is paid.

18 (b) An individual eligible to receive payment of a permanent fund
19 dividend shall receive that payment as a single payment.

20 Sec. 43.24.020. PROOF OF ELIGIBILITY. (a) The commissioner
21 shall adopt regulations under the Administrative Procedure Act (AS 44.-
22 62) for determining the eligibility of individuals for permanent fund
23 dividends. The commissioner may require an individual to provide proof
24 of eligibility, or he may use other information available to him from
25 other state departments or agencies to determine the eligibility of
26 individuals. The commissioner may establish procedures for paying the
27 permanent fund dividends along with other payments of money or state
28 benefits.

29 (b) The department may prescribe and furnish an application form

1 for claiming a permanent fund dividend which contains a statement of
2 eligibility and a certification of residency in substantially the
3 following form:

4 I certify that I am a state resident on the date of this applica-
5 tion and I have been a state resident since _____ and
6 that I understand that my claim for a permanent fund dividend is
7 determined by my residence during the year for which the permanent
8 fund dividend is paid. I also understand that a false claim of
9 residency to obtain a permanent fund dividend is a criminal offense
10 and that if convicted I will forfeit my permanent fund dividend
11 and that I must repay all fraudulently obtained permanent fund
12 dividends which have been paid to me.

13 _____
14 (signature of individual)

15 Sec. 43.24.030. AMOUNT OF DIVIDEND. By December 1 of each year
16 the commissioner shall give public notice of the value of each permanent
17 fund dividend to be paid in the following year. The commissioner shall
18 determine the value of a permanent fund dividend by

19 (1) determining the amount of income of the Alaska permanent
20 fund transferred to the dividend fund under AS 43.24.050(b) in the
21 current year;

22 (2) determining the number of permanent fund dividends to be
23 paid for the current year; and

24 (3) dividing the amount determined in (1) of this section by
25 the amount determined in (2) of this section.

26 Sec. 43.24.040. PENALTIES AND ENFORCEMENT. In addition to any
27 criminal penalties imposed by state law, if an individual is convicted
28 of unsworn falsification for a statement made in a certification of
29 residency made for purposes of this chapter, and the conviction is not

1 reversed, that individual is not eligible for a permanent fund dividend
2 for the year for which the false statement was made, and he forfeits
3 all fraudulently obtained permanent fund dividends paid to him.

4 Sec. 43.24.050. DIVIDEND FUND ESTABLISHED. (a) The dividend
5 fund is established as a separate fund in the state treasury. The
6 dividend fund shall be administered by the commissioner and may be
7 invested by the commissioner in the same manner provided for the invest-
8 ment of the Alaska permanent fund under AS 37.13.120. Money in the
9 dividend fund and any interest earned from investment of money in the
10 dividend fund shall be annually appropriated to pay permanent fund
11 dividends.

12 (b) Each year the commissioner shall transfer to the dividend
13 fund the income of the Alaska permanent fund which was earned during
14 the fiscal year ending on June 30 of the preceding year and which is
15 available for distribution under AS 37.13.140.

16 Sec. 43.24.060. DUTIES OF THE DEPARTMENT. The department shall

17 (1) by the 10th day of each regular legislative session,
18 present a request to the legislature for an appropriation from the
19 dividend fund to the department for payment of permanent fund dividends
20 as determined by the commissioner under AS 43.24.030;

21 (2) annually pay permanent fund dividends from the dividend
22 fund;

23 (3) adopt regulations under the Administrative Procedure Act
24 (AS 44.62) which establish procedures and time limits for claiming a
25 permanent fund dividend; the department shall set the time limit for
26 applications for permanent fund dividends so that permanent fund divi-
27 dends for a year are paid before October 15 of the following year; and

28 (4) assist residents of rural areas who because of language,
29 illness, old age, or inaccessibility to public transportation need as-

1 assistance to establish eligibility and to apply for permanent fund divi-
2 dends.

3 Sec. 43.24.100. DEFINITIONS. In this chapter,

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

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

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

8 (4) "dividend fund" means the fund established by AS 43.24.-
9 050;

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

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

13 (7) "state resident" means an individual who is physically
14 present in the state with the intent to remain permanently in the state
15 or, if he is not physically present in the state, intends to return to
16 the state and he is absent for the following reasons:

17 (A) vocational, professional or other special education
18 for which a comparable program was not reasonably available in the
19 state,

20 (B) postsecondary education,

21 (C) military service,

22 (D) medical treatment,

23 (E) service in Congress, or

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

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

27 * Sec. 3. The commissioner of revenue shall, within 90 days after the
28 effective date of this Act, carry out as nearly as possible the procedures
29 set out in AS 43.24.030 to determine the amount of the permanent fund

1 dividend for calendar year 1980, using the best available data to estimate
2 the number of individuals eligible for the 1980 permanent fund dividend.
3 The Department of Revenue shall by July 1, 1981, prescribe and make avail-
4 able an application form for claiming permanent fund dividends for 1980.
5 The Department of Revenue shall mail the form to each individual who, before
6 July 1, 1981, filed a resident or part-year resident Alaska net income tax
7 return for the 1979 tax year under AS 43.20 or during 1980 filed an applica-
8 tion for a 1979 permanent fund dividend. An eligible individual may receive
9 payment of permanent fund dividends for 1980 if he applies to the Department
10 of Revenue on the form prescribed by the department no later than
11 September 1, 1981. The application must be accompanied by a statement of
12 eligibility as required by AS 43.24.020 enacted in sec. 2 of this Act.

13 * Sec. 4. AS 43.23 and secs. 1, 3 and 4, ch. 21, SLA 1980, as amended by
14 sec. 1, ch. 60, SLA 1980, are repealed.

15 * Sec. 5. Sections 1, 2, and 4 of this Act are retroactive to January 1,
16 1980.

17 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

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