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1 IN THE HOUSE

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2 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 437

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for permanent fund dividends; and
7 providing for an effective date."

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

9 * Section 1. POLICY, PURPOSES, AND FINDINGS. (a) It is the policy of
10 the state to promote the concept of government that derives its just powers
11 from the people it serves by placing a substantial portion of Alaska's
12 commonly owned natural resource wealth into the hands of individual Alaskans.

13 (b) The purposes of this Act are to

14 (1) share a portion of the state's income derived from the develop-
15 ment and production of the natural resources of the state directly and equit-
16 ably with state residents; and

17 (2) encourage increased awareness and involvement by the residents
18 of the state in the management and expenditure of the Alaska permanent fund
19 (art. IX, sec. 15, Constitution of the State of Alaska).

20 (c) The legislature finds that

21 (1) equitable distribution of a portion of state wealth directly
22 to the people of the state is in the public interest and serves a public
23 purpose;

24 (2) distribution of a portion of state mineral resource revenues
25 directly to state residents will maximize efficiency, promote individual
26 freedom of choice, and stimulate private sector development through indivi-
27 dual consumer choice;

28 (3) the costs for energy and housing paid by residents of the
29 state are far higher than those paid by most citizens of the United States

1 and it is in the public interest to return to state residents a portion of
2 the state's income from oil, gas, and other mineral production to help offset
3 rising costs for energy and housing; and

4 (4) the search for additional mechanisms for a permanent program
5 of equitable direct distribution of Alaska's wealth is important and should
6 be continued.

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

8 CHAPTER 24. PERMANENT FUND DIVIDENDS.

9 Sec. 43.24.010. ELIGIBILITY FOR PERMANENT FUND DIVIDEND. (a) An
10 individual is eligible to receive a permanent fund dividend in the
11 amount of \$1,000 in 1982 if that individual

12 (1) was a state resident for a period of at least six months
13 immediately preceding the effective date of this Act; and

14 (2) applies to the Department of Revenue on a form prescribed
15 by the department.

16 (b) An individual is eligible to receive a permanent fund dividend
17 each year after 1982 in an amount determined under AS 43.24.030 if that
18 individual

19 (1) applies to the department on a form prescribed by the
20 department; and

21 (2) was a state resident for a period of at least six months
22 immediately preceding the date he applies.

23 (c) A parent or guardian may claim a permanent fund dividend on
24 behalf of a minor or incompetent individual who is eligible to receive a
25 payment under this section.

26 Sec. 43.24.020. PROOF OF ELIGIBILITY. (a) The commissioner shall
27 adopt regulations for determining eligibility under this chapter as
28 emergency regulations under AS 44.62.250. The commissioner may require
29 an individual to provide proof of eligibility, or may use other informa-

1 tion available from other departments or agencies of the state to deter-
2 mine eligibility under this chapter.

3 (b) The department shall prescribe and furnish an application form
4 for claiming a permanent fund dividend in 1982 that contains a statement
5 of eligibility and a certification of residency in substantially the
6 following form:

7 I certify that I am a state resident and have been a
8 state resident since (the date that is six months before
9 the effective date of this Act). I also understand that a
10 false claim of residency to obtain a permanent fund dividend
11 payment is a criminal offense and that if convicted I must
12 repay all payments that have been paid to me. I understand
13 that this penalty is in addition to any criminal penalties
14 imposed.

15
16 _____
17 (signature of individual
18 or parent or guardian)

19 (c) The department shall prescribe and furnish an application form
20 for claiming a permanent fund dividend after 1982 that contains a state-
21 ment of eligibility and a certification of residency in substantially
22 the following form:

23 I certify that I am a state resident on the date of this
24 application and that I have been a state resident for at
25 least six months immediately preceding the date of this
26 application. I also understand that a false claim of res-
27 idency to obtain a permanent fund dividend is a criminal
28 offense and that if convicted I will forfeit all perman-
29 ent fund dividends and that I must repay all permanent
fund dividends which have been paid to me. I understand

1 that this penalty is in addition to any criminal penalties
2 imposed.

3
4 _____
(signature of individual)

5 Sec. 43.24.030. AMOUNT OF DIVIDEND. By August 1 of each year
6 beginning with 1983 the commissioner shall give public notice of the
7 value of each permanent fund dividend for that year. The commissioner
8 shall determine the value of a permanent fund dividend by

9 (1) determining the amount of income of the Alaska permanent
10 fund transferred to the dividend fund under AS 43.24.050(b) during the
11 current year;

12 (2) determining the number of permanent fund dividends pay-
13 able to eligible individuals for the current year; and

14 (3) dividing the amount determined in (1) of this section by
15 the amount determined in (2) of this section.

16 Sec. 43.24.040. PENALTIES AND ENFORCEMENT. (a) In addition to
17 any criminal penalties imposed by law, if an individual is convicted of
18 a crime in connection with a false statement made in a certification of
19 residency for purposes of claiming a payment under this chapter, and the
20 conviction is not reversed, that individual is not eligible for a perma-
21 nent fund dividend and must pay back any permanent fund dividend re-
22 ceived.

23 (b) If a final determination is made that a payment has been
24 improperly made to an individual, the commissioner may use the collec-
25 tion procedures or remedies set out in AS 43 to recover the permanent
26 fund dividend.

27 Sec. 43.24.050. DIVIDEND FUND ESTABLISHED. (a) The dividend fund
28 is established as a separate fund in the state treasury. The dividend
29 fund shall be administered by the commissioner and may be invested by

1 the commissioner in the same manner as provided in AS 37.10.070. Money
2 in the dividend fund shall be used to pay permanent fund dividends annu-
3 ally.

4 (b) Each year the commissioner shall transfer to the dividend fund
5 50 percent of the income of the Alaska permanent fund which was earned
6 during the fiscal year ending on June 30 of the current year and which
7 is available for distribution under AS 37.13.130.

8 Sec. 43.24.060. DUTIES OF THE DEPARTMENT. (a) The department
9 shall

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

12 (2) adopt regulations under the Administrative Procedure Act
13 (AS 44.62) that establish procedures and time limits for claiming a
14 permanent fund dividend after 1982;

15 (b) The department shall set the time limit for applications for
16 permanent fund dividends so that the number of eligible applicants is
17 determined by August 1 and permanent fund dividends for a year are paid
18 before December 31 of that year.

19 (c) The department shall assist residents of rural areas who
20 because of language, illness, old age, or inaccessibility need assis-
21 tance to establish eligibility and to apply for the permanent fund
22 dividend provided under this Act.

23 Sec. 43.24.070. EXEMPTIONS OF PERMANENT FUND DIVIDENDS. Fifty
24 percent of a permanent fund dividend that is payable to or has been paid
25 to an individual under this chapter is exempt from levy, execution,
26 garnishment, and other remedy for the collection of a debt. An exemp-
27 tion under this section may be claimed by an individual whether or not
28 the payment has been commingled with other money.

29 Sec. 43.24.080. ELIGIBILITY FOR STATE PUBLIC ASSISTANCE PAYMENTS.

1 In determining the eligibility of an individual for general relief
2 medical assistance under AS 47, the Department of Health and Social
3 Services may not consider a permanent fund dividend as income.

4 Sec. 43.24.099. DEFINITIONS. In this chapter

5 (1) "commissioner" means the commissioner of revenue;

6 (2) "department" means the Department of Revenue;

7 (3) "individual" means a natural person;

8 (4) "state resident" means an individual who is physically
9 present in the state with the intent to remain permanently in the state
10 or, if he is not physically present in the state, intends to return to
11 the state and is absent for any of the following reasons:

12 (A) vocational, professional, or other special education
13 for which a comparable program was not reasonably available in the
14 state;

15 (B) postsecondary education;

16 (C) military service;

17 (D) medical treatment;

18 (E) service in Congress; or

19 (F) other reasons that the commissioner may establish by
20 regulation under the Administrative Procedure Act (AS 44.62).

21 * Sec. 3. The department shall adopt as emergency regulations under
22 AS 44.62.250 procedures and time limits for claiming a permanent fund dividend
23 under AS 43.24.010(a). The deadline for claiming a permanent fund dividend
24 under AS 43.24.010(a) may not be later than 120 days after the effective date
25 of this Act. Payments shall be made as soon as possible after the department
26 determines that an applicant is eligible for the payment.

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

29 * Sec. 5. AS 43.23.010(b) is amended to read:

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

4 [(1) IS AT LEAST 18 YEARS OF AGE; AND

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

7 * Sec. 6. AS 43.23.010 is amended by adding a new subsection to read:

8 (g) A parent or guardian may claim a permanent fund dividend on
9 behalf of a minor or incompetent individual who is eligible to receive a
10 payment under this section.

11 * Sec. 7. Section 4, ch. 21, SLA 1980, is repealed.

12 * Sec. 8. Sections 5 - 7 of this Act take effect immediately in accor-
13 dance with AS 01.10.070(c).

14 * Sec. 9. Sections 1 - 4 of this Act take effect upon the date of a deci-
15 sion by the United States Supreme Court that invalidates any portion of
16 AS 43.23 or secs. 1, 3, and 4, ch. 21, SLA 1980, as amended by sec. 1, ch. 60,
17 SLA 1980, or on July 10, 1982, whichever is earlier.