

Introduced: 2/16/82  
Referred: State Affairs and  
Finance

BY THE RULES COMMITTEE  
BY REQUEST

1 THE HOUSE

2 HOUSE BILL NO. 860

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 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 the  
12 state, when its revenue from natural resource wealth exceeds its legitimate  
13 needs, to return the excess revenue to the people of the state in an equitable  
14 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 of  
20 the Alaska permanent fund.

21 (c) The legislature finds that

22 (1) the 1980 program to distribute permanent fund income to resi-  
23 dents of Alaska according to their length of residency is unfairly discrimina-  
24 tory 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 that has been appealed to the United States Supreme  
27 Court; this lawsuit has delayed distribution of permanent fund income; fur-  
28 thermore, 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 government  
4 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 fiscal  
12 year for which dividends are paid if the individual

13 (1) is a resident of the state during the entire fiscal year  
14 for which the permanent fund dividend is paid; and

15 (2) applies to the Department of Revenue on or before June 30  
16 of the fiscal year for which the permanent fund dividend is paid.

17 (b) A parent or guardian may apply on behalf of a minor who is  
18 eligible to receive a permanent fund dividend.

19 Sec. 43.24.020. PROOF OF ELIGIBILITY. (a) The commissioner shall  
20 adopt regulations under the Administrative Procedure Act (AS 44.62) for  
21 determining the eligibility of individuals for permanent fund dividends.  
22 The commissioner may require an individual to provide proof of eligibil-  
23 ity, or he may use other information available to him from other state  
24 departments or agencies to determine the eligibility of an individual.

25 (b) The department may prescribe and furnish an application form  
26 for claiming a permanent fund dividend that contains a statement of  
27 eligibility and a certification of residency in substantially the follow-  
28 ing form:

29 I certify that I am a state resident on the date of this applica-

1 tion and I have been a state resident since \_\_\_\_\_ and  
2 that I understand that my claim for a permanent fund dividend is  
3 determined by my residence during the fiscal year for which the  
4 permanent fund dividend is paid. I also understand that a false  
5 claim of residency to obtain a permanent fund dividend is a criminal  
6 offense and that if convicted I will forfeit my permanent fund  
7 dividend and that I must repay all fraudulently obtained permanent  
8 fund dividends which have been paid to me.

9 \_\_\_\_\_  
10 (signature of individual)

11 Sec. 43.24.030. AMOUNT OF DIVIDEND. The commissioner shall deter-  
12 mine the value of a permanent fund dividend by

13 (1) determining the amount of income of the Alaska permanent  
14 fund transferred to the dividend fund under AS 43.24.060(b) in the  
15 fiscal year;

16 (2) determining the number of permanent fund dividends to be  
17 paid for the fiscal year; and

18 (3) dividing the amount determined in (1) of this section by  
19 the amount determined in (2) of this section.

20 Sec. 43.24.040. PAYMENT OF DIVIDEND. (a) An individual eligible  
21 to receive payment of a permanent fund dividend shall receive that  
22 payment as a single payment.

23 (b) If an individual eligible to receive payment of a permanent  
24 fund dividend is a minor, the department shall make payment to the  
25 parent or guardian who made application on behalf of the minor. The  
26 parent or guardian shall hold the dividend as custodian for the minor  
27 subject to AS 45.60.021 - 45.60.101 (Alaska Uniform Gifts to Minors  
28 Act).

29 (c) The department shall pay permanent fund dividends to eligible

1 applicants before the August 1 immediately following the fiscal year for  
2 which the permanent fund dividends are being paid.

3 (d) The commissioner may establish procedures for paying permanent  
4 fund dividends along with other payments of money or state benefits as  
5 long as payment complies with the requirements of this section.

6 Sec. 43.24.050. PENALTIES AND ENFORCEMENT. In addition to any  
7 criminal penalties imposed by state law, if an individual is convicted  
8 of unsworn falsification for a statement made in a certification of  
9 residency made for purposes of this chapter, and the conviction is not  
10 reversed, that individual is not eligible for a permanent fund dividend  
11 for the fiscal year for which the false statement was made, and he  
12 forfeits all fraudulently obtained permanent fund dividends paid to him.

13 Sec. 43.24.060. DIVIDEND FUND ESTABLISHED. (a) The dividend fund  
14 is established as a separate fund in the state treasury. The dividend  
15 fund shall be administered by the commissioner and may be invested by  
16 the commissioner in the same manner provided for the investment of the  
17 Alaska permanent fund under AS 37.13.120. Money in the dividend fund  
18 and any interest earned from investment of money in the dividend fund  
19 shall be annually appropriated to pay permanent fund dividends.

20 (b) By July 15 of each year the commissioner shall transfer to the  
21 dividend fund the income of the Alaska permanent fund that was earned  
22 during the preceding fiscal year and that is available for distribution  
23 under AS 37.13.140.

24 Sec. 43.24.070. DUTIES OF THE DEPARTMENT. The department shall

25 (1) by January 1 of each year estimate the amount of permanent  
26 fund dividends to be paid by August 1 under AS 43.24.030;

27 (2) by the 10th day of each regular legislative session,  
28 present a request to the legislature for an appropriation from the  
29 dividend fund to the department sufficient to pay the estimated permanent

1 fund dividends that are to be paid under AS 43.24.030;

2 (3) annually pay permanent fund dividends from the dividend  
3 fund in accordance with this chapter;

4 (4) adopt regulations under the Administrative Procedure Act  
5 (AS 44.62) that establish procedures for claiming a permanent fund  
6 dividend; and

7 (5) assist residents of rural areas who because of language,  
8 illness, old age, or inaccessibility to public transportation need as-  
9 sistance to establish eligibility and to apply for permanent fund divi-  
10 dends.

11 Sec. 43.24.100. DEFINITIONS. In this chapter,

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

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

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

16 (4) "dividend fund" means the fund established by AS 43.24.-  
17 060;

18 (5) "fiscal year" means the year beginning July 1 and ending  
19 June 30;

20 (6) "individual" means a natural person;

21 (7) "minor" means a person who is under 18 years of age;

22 (8) "permanent fund dividend" means a right to receive a  
23 payment of money from the dividend fund;

24 (9) "state resident" means an individual who is physically  
25 present in the state with the intent to remain permanently in the state  
26 or, if he is not physically present in the state, intends to return to  
27 the state and he is absent for the following reasons:

28 (A) vocational, professional or other special education  
29 for which a comparable program was not reasonably available in the

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

state,

(B) postsecondary education,

(C) military service,

(D) medical treatment,

(E) service in Congress, or

(F) other reasons that the commissioner may establish by

regulation under the Administrative Procedure Act (AS 44.62).

\* Sec. 3. The Department of Revenue shall by June 1, 1982, prescribe and make available an application form for claiming permanent fund dividends for the fiscal year ending June 30, 1982. The Department of Revenue shall mail the form to each individual who, before July 1, 1982, filed a resident or part-year resident Alaska net income tax return for the 1979 tax year under AS 43.20 or filed an application for a permanent fund dividend under AS 43.23. An eligible individual may receive payment of permanent fund dividends for the fiscal year ending June 30, 1982, if he applies to the Department of Revenue on the form prescribed by the department no later than June 30, 1982. The application must be accompanied by a statement of eligibility as required by AS 43.24.020 enacted in sec. 2 of this Act.

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

\* Sec. 5. This Act takes effect upon the date of a decision, if any, by the United States Supreme Court that invalidates any provision of AS 43.23 or secs. 1, 3 and 4, ch. 21, SLA 1980, as amended by sec. 1, ch. 60, SLA 1980.