

Introduced: 3/14/84
Referred: State affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST

2

HOUSE BILL NO. 700

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the permanent fund dividend
7 distribution program; establishing an annuity program
8 in place of the longevity bonus program; and provid-
9 ing for an effective date."

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

11 * Section 1. AS 43.23.005 is amended by adding new subsections to read:

12 (d) A person who is eligible to receive a permanent fund divi-
13 dend under this section may elect to receive an annuity share under
14 AS 43.23.058 in lieu of a cash dividend.

15 (e) Notwithstanding the provisions of (a) - (d) of this section,
16 a person who has been convicted of a felony is not eligible for a
17 permanent fund dividend for a year in which the person is incarcerated
18 for all or part of that year as a result of the conviction.

19 * Sec. 2. AS 43.23.015 is amended by adding a new subsection to read:

20 (i) The permanent fund dividend application form shall be pre-
21 pared to allow an applicant to elect to receive an annuity share under
22 AS 43.23.058 or to direct that the applicant's permanent fund dividend
23 be paid into the general fund under AS 43.23.018.

24 * Sec. 3. AS 43.23 is amended by adding a new section to read:

25 Sec. 43.23.018. ELECTION TO PAY PERMANENT FUND DIVIDEND TO
26 GENERAL FUND. An individual who is eligible to receive a permanent
27 fund dividend under this chapter may indicate on the application form
28 that the dividend should be paid into the general fund to assist in
29 financing the costs of the operation of state government.

1 * Sec. 4. AS 43.23.025 is amended to read:

2 Sec. 43.23.025. AMOUNT OF DIVIDEND. By December 1 of each year
3 the commissioner shall give public notice of the value of each perma-
4 nent fund dividend for that year. The commissioner shall determine
5 the value of a permanent fund dividend by

6 (1) determining the amount of income of the Alaska perma-
7 nent fund transferred to the dividend fund under AS 43.23.045(b)
8 during the current year that is allocated to the dividend pool;

9 (2) determining the number of individuals eligible to
10 receive a dividend payment for the current year less the number of
11 individuals who are eligible for a dividend payment but who receive an
12 annuity under AS 43.23.058; and

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

15 * Sec. 5. AS 43.23.045 is amended to read:

16 Sec. 43.23.045. DIVIDEND FUND. (a) The dividend fund is estab-
17 lished as a separate fund in the state treasury. The dividend fund
18 shall be administered by the commissioner and shall be invested by the
19 commissioner in the same manner as provided in AS 37.10.070. The
20 dividend fund consists of the dividend pool and the annuity pool.

21 (b) Notwithstanding any contrary provision of law, each year the
22 commissioner shall transfer to the dividend fund 50 percent of the
23 income of the Alaska permanent fund earned during the fiscal year
24 ending on June 30 of the current year and available for distribution.
25 One-third of the permanent fund income transferred to the dividend
26 fund shall be allocated to the annuity pool and two-thirds shall be
27 allocated to the dividend pool.

28 (c) The department may adopt by regulation a plan that, to the
29 extent permitted by federal law, will allow an individual who elects

1 to participate in the plan to select an optional disbursement of the
2 dividend payment that would have the effect of deferring payment of
3 all or a portion of federal income taxes on the receipt of a permanent
4 fund dividend.

5 * Sec. 6. AS 43.23.055 is amended to read:

6 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

7 (1) annually pay

8 (A) permanent fund dividends from the dividend pool
9 [FUND]; and

10 (B) annuities from the annuity pool;

11 (2) adopt regulations under the Administrative Procedure
12 Act (AS 44.62) that establish procedures and time limits for claiming
13 a permanent fund dividend; the department shall set the time limit for
14 applications for permanent fund dividends so that the number of eligi-
15 ble applicants is determined by December 1 of the year for which the
16 dividend is declared and permanent fund dividends for a year are paid
17 before April 30 of the year following that year;

18 (3) adopt regulations under the Administrative Procedure
19 Act (AS 44.62) that establish procedures and time limits for an indi-
20 vidual upon emancipation or upon reaching majority to apply for perma-
21 nent fund dividends not received during minority because the parent,
22 guardian, or other authorized representative did not apply on behalf
23 of the individual; and

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

28 * Sec. 7. AS 43.23 is amended by adding a new section to read:

29 Sec. 43.23.058. ANNUITY SHARES. (a) An individual who holds

1 one or more annuity shares and who is 65 years of age or older shall
2 receive an annuity beginning in the year the individual becomes 65.

3 (b) The amount of an annuity received by an eligible individual
4 under this section is equal to the value of an annuity share for that
5 year multiplied by the number of annuity shares held by that indivi-
6 dual.

7 (c) The value of an annuity share for a year is determined by
8 dividing the amount in the annuity pool for that year by the number of
9 annuity shares that are held by individuals who are eligible to re-
10 ceive an annuity in that year.

11 (d) Money in the dividend pool that would otherwise have been
12 paid to an individual who elects to receive an annuity share under
13 AS 43.23.005(d) shall be transferred to the principal of the Alaska
14 permanent fund for reinvestment.

15 (e) An individual who holds one or more annuity shares and is
16 otherwise eligible to receive an annuity does not have to be a state
17 resident in order to receive the annuity.

18 (f) An annuity share is cancelled upon the death of the indi-
19 vidual who holds that share, whether or not that individual is eligi-
20 ble to receive an annuity at the time of death. An annuity may not be
21 paid to the estate of an individual who is eligible for the annuity
22 but dies before payment is made. An annuity share may not be in-
23 herited by or otherwise transferred to an individual.

24 (g) An individual who is eligible to receive an annuity share
25 for a year may purchase up to two additional annuity shares for
26 designated previous years by paying the department an amount equal to
27 the value of those shares as determined under (c) of this section.
28 Notwithstanding the provisions of this subsection the number of
29 annuity shares held by an individual may not exceed the number of

1 years that have elapsed since January 1, 1985. Money paid to the
2 department under this subsection shall be transferred into the
3 principal of the Alaska permanent fund for reinvestment.

4 (h) The department shall pay an annuity under this section
5 before December 31 of the year for which it is owed.

6 * Sec. 8. AS 43.23.065 is amended to read:

7 Sec. 43.23.065. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty
8 percent of the annual permanent fund dividend payable to an individual
9 is exempt from levy, execution, garnishment, attachment, or any other
10 remedy for the collection of debt. This exemption applies to an
11 eligible individual's permanent fund dividend both before and after
12 payment is made to the individual. No exemption is available under
13 this section for permanent fund dividends taken to satisfy child
14 support obligations required by court order or decision of the child
15 support enforcement agency under AS 47.23.140 - 47.23.220. The exemp-
16 tion provided by this section does not apply to the collection of a
17 debt owed to the state or to a court-ordered payment of restitution to
18 the victim of a crime.

19 * Sec. 9. AS 43.23.095(6) is amended to read:

20 (6) "permanent fund dividend" means a right to receive a
21 payment from the dividend fund; unless the context otherwise requires
22 "permanent fund dividend" includes "annuity share";

23 * Sec. 10. AS 44.21.230(c) is amended to read:

24 (c) The commission may not investigate, review, or undertake any
25 responsibility for the [LONGEVITY BONUS PROGRAM (AS 47.45.010 -
26 47.45.170) OR THE] Alaska Pioneers' Homes (AS 47.25.010 - 47.25.110).

27 * Sec. 11. The following laws are repealed: AS 09.38.015(a)(5),
28 AS 47.08.060(c)(8) and AS 47.45.

29 * Sec. 12. If any provision of this Act, or the application of this Act

1 to any person or circumstance is held invalid, the remainder of this Act
2 and the application to other persons or circumstances is not affected
3 thereby.

4 * Sec. 13. This Act applies only to permanent fund dividends for years
5 beginning after December 31, 1984.

6 * Sec. 14. This Act takes effect January 1, 1985.