

HOUSE CS FOR CS FOR SENATE BILL NO. 8 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/11/92

Referred: Rules

Sponsor(s): SENATORS KERTTULA, Halford, Jones, Sturgulewski, Collins, Rodey, Menard, Uehling, Pearce, Frank, Craft, Eliason

REPRESENTATIVES ZAWACKI, Sharp, M.A.Miller

A BILL

FOR AN ACT ENTITLED

1 "An Act amending and making effective an annuity program and amendments to the
2 longevity bonus program and the permanent fund dividend program provided for in
3 secs. 2 - 18, ch. 99, SLA 1985; relating to the longevity bonus program; and providing
4 for an effective date."

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

6 * Section 1. AS 43.23.005(d), as enacted by sec. 3, ch. 99, SLA 1985, is amended to read:

7 (d) A person who is eligible to receive a permanent fund dividend under this section, or
8 who is authorized to claim a dividend on behalf of another under (c) of this section, may elect
9 to receive the dividend either in cash or as an annuity credit. Notwithstanding (a) of this
10 section [ALTERNATIVELY], a person who receives a longevity bonus payment under
11 AS 47.45.015(a) during the previous year is not eligible to receive a permanent fund
12 dividend for the current year. For the purpose of calculating the amount of a dividend
13 under AS 43.23.025, an individual who is ineligible to receive a dividend under this
14 subsection is counted as an eligible individual whether or not the individual has applied for

1 the dividend. Each year the legislature may appropriate from the dividend fund to the
2 annuity investment fund under AS 43.23.110(a) an amount equal to the money that would
3 otherwise be paid as dividends to individuals determined to be ineligible under this
4 subsection [MAY ELECT TO RECEIVE 25 PERCENT, 50 PERCENT, OR 75 PERCENT OF
5 THE DIVIDEND IN CASH AND THE REMAINDER AS AN ANNUITY CREDIT. A
6 PERSON WHO IS 65 YEARS OF AGE ON OR BEFORE JANUARY 1, 1988 MAY ONLY
7 RECEIVE THE PERMANENT FUND DIVIDEND IN CASH AND MAY NOT ELECT TO
8 RECEIVE AN ANNUITY CREDIT].

9 * Sec. 2. AS 43.23.110(a), as enacted by sec. 16, ch. 99, SLA 1985, is amended to read:

10 (a) The annuity investment fund is established as a separate fund in the state treasury.
11 The annuity investment fund consists of money transferred from the dividend fund, cash
12 contributions under AS 43.23.125, appropriations to the fund under AS 43.23.005(d) and
13 income earned by the annuity investment fund. Notwithstanding AS 37.13.145, an amount equal
14 to the permanent fund dividends taken as annuity credits under this chapter shall be annually
15 transferred from the dividend fund to the annuity investment fund. Amounts appropriated to
16 the annuity investment fund during a year shall be credited on a per capita basis to the
17 annuity accounts of individuals that have elected an annuity credit under AS 43.23.005(d)
18 for that year.

19 * Sec. 3. AS 43.23.110(b), as enacted by sec. 16, ch. 99, SLA 1985, is amended to read:

20 (b) Money in the annuity investment fund shall be invested under AS 37.10.071 by the
21 commissioner of revenue [IN INVESTMENTS AUTHORIZED UNDER AS 39.35.110]. The
22 commissioner of administration shall credit the net income of the annuity investment fund to the
23 individual annuity accounts and the annuity reserve account.

24 * Sec. 4. AS 43.23 is amended by adding a new section to read:

25 Sec. 43.23.125. CASH CONTRIBUTIONS. An individual who is eligible to receive the
26 permanent fund dividend as an annuity credit under AS 43.23.005(d) but does not elect to do so
27 or who elects to receive only a portion of the permanent fund dividend as an annuity credit may
28 make a cash contribution to that individual's annuity account. The cash contribution for a
29 dividend year must be received by the Department of Administration before September 30 of the
30 year following that dividend year. The total amount of the annuity credit and the cash
31 contributions to an annuity account for a year may not exceed the amount of the permanent fund

1 dividend for that year.

2 * Sec. 5. AS 43.23.130(a), as enacted by sec. 16, ch. 99, SLA 1985, is amended to read:

3 (a) An individual with one or more annuity credits or cash contributions under
4 AS 43.23.125 may receive an annuity upon reaching the age of 65.

5 * Sec. 6. AS 43.23.130(b), as enacted by sec. 16, ch. 99, SLA 1985, is amended to read:

6 (b) An annuity under this section is a monthly payment based upon the principal and
7 accrued interest in the person's annuity account. Upon appointment to receive an annuity, the
8 account balance shall be transferred to the annuity reserve account. The [AN] annuity shall
9 be paid from the annuity reserve account as a straight life annuity or other payment plan
10 authorized by the commissioner of administration [THE DEPARTMENT OF
11 ADMINISTRATION]. The size of the annuity may not vary on account of the individual's sex.

12 * Sec. 7. AS 43.23.130(e), as enacted by sec. 16, ch. 99, SLA 1985, is repealed and reenacted to
13 read:

14 (e) If a person elects to credit a permanent fund dividend or make a cash contribution
15 to an annuity account and dies before age 65, a lump sum payment shall be made to that person's
16 designated beneficiary or beneficiaries. The lump sum payment includes all dividends or cash
17 contributions credited to the person's annuity account and interest earned on the account. A
18 person may change or revoke a designation without notice to the beneficiary or beneficiaries at
19 any time. If a person designates more than one beneficiary, each shares equally unless the person
20 specifies a different allocation or preference. The designation, change, or revocation of
21 beneficiary shall be made on a form provided by the commissioner of administration and is not
22 effective until it is filed with the commissioner. If there is no beneficiary designated or
23 surviving, the lump sum payment shall be paid to the

24 (1) surviving spouse;

25 (2) if there is no surviving spouse, in equal parts to the surviving children
26 including adopted children;

27 (3) if there is no surviving spouse or child, in equal parts to the surviving parents;

28 or

29 (4) if there is no surviving spouse, child, or parent, to the estate of the deceased.

30 * Sec. 8. AS 43.23 is amended by adding a new section to read:

31 Sec. 43.23.135. EMERGENCY WITHDRAWALS. An individual may make a

1 withdrawal from that individual's annuity account before reaching the age of 65 if the individual
2 establishes to the satisfaction of the commissioner of administration that the withdrawal is
3 necessary to meet an unforeseeable emergency. The amount withdrawn may not exceed the total
4 amount in the individual's annuity account or the amount actually necessary to meet the
5 emergency, whichever is less. The commissioner shall define the term "unforeseeable
6 emergency" by regulation. An individual may only make one withdrawal under this section and
7 may pay it back with interest under terms established by the commissioner. An individual who
8 has made a withdrawal under this section may not elect to credit a dividend or make a cash
9 contribution to an annuity account for two years after the withdrawal.

10 * Sec. 9. AS 47.45.015, as enacted by sec. 18, ch. 99, SLA 1985, is repealed and reenacted to read:

11 Sec. 47.45.015. AMOUNT OF BONUS. (a) The amount of the monthly longevity bonus
12 for a person who reaches 65 years of age on or before December 31, 1992, is \$250.

13 (b) The amount of the monthly longevity bonus for a person who reaches 65 years of age
14 on or after January 1, 1993, is

- 15 (1) \$250 during fiscal year 1993;
- 16 (2) \$225 during fiscal year 1994;
- 17 (3) \$200 during fiscal year 1995;
- 18 (4) \$175 during fiscal year 1996;
- 19 (5) \$150 during fiscal year 1997;
- 20 (6) \$125 during fiscal year 1998;
- 21 (7) \$100 during fiscal year 1999;
- 22 (8) \$75 during fiscal year 2000;
- 23 (9) \$50 during fiscal year 2001;
- 24 (10) \$25 during fiscal year 2002; and
- 25 (11) \$0 after fiscal year 2002.

26 * Sec. 10. AS 47.45.030 is amended to read:

27 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification, a recipient shall
28 notify the commissioner of administration when the recipient expects to be absent from the state
29 if the absence is for a continuous period that exceeds 30 days. After that notification, the
30 recipient may no longer receive bonuses from the Department of Administration after the last
31 regularly approved monthly application. Upon returning to the state, the recipient may again

1 make application for a bonus. Whenever the absence is for a continuous period that exceeds 180
2 [90] days the recipient shall be disqualified from receiving bonuses for the next 12 calendar
3 months after returning to the state. However, when the commissioner determines a period of
4 absence is beyond the control of the recipient, the recipient may not be disqualified if the
5 recipient still otherwise qualifies upon returning to the state. Continual absences from the state,
6 even though reported, and failure to notify the commissioner of an expected absence may be
7 grounds for disqualification.

8 * Sec. 11. AS 47.45.070(a) is amended to read

9 (a) An unqualified person is one who

10 (1) does not meet the age or residence requirements as provided for under this
11 chapter;

12 (2) meets the age and residence requirements of this chapter but either is confined
13 in a state or federal mental health institution or facility and is certified by the state as unable to
14 manage personal affairs, or resides in a nursing home as that term is defined in AS 08.70.180;
15 however, if that person, at the time of commitment or commencement of residence, provided the
16 principal support of a spouse, the commissioner of administration may determine to pay the
17 confined person's bonus to the person's spouse until the spouse is qualified for a bonus;

18 (3) is otherwise qualified but confined in a penal or correctional institution or
19 facility; upon completion of sentence or upon the conferral of a pardon, parole or probation, the
20 person may make application; confinement outside the state shall be considered as residence in
21 the state if a person was convicted and sentenced from a court in Alaska; revocation of parole
22 or probation shall be cause for immediate disqualification until release from confinement is again
23 effected;

24 (4) voluntarily leaves the state and remains absent from the state for a continuous
25 period of more than 180 [90] days.

26 * Sec. 12. AS 43.23.110(c) and sec. 1, ch. 99, SLA 1985, are repealed.

27 * Sec. 13. Chapter 99, SLA 1985, and secs. 1 - 11 of this Act apply only to permanent fund divi-
28 dends for years beginning after December 31, 1993. Notwithstanding the amendments to AS 43.23 made
29 by ch. 99, SLA 1985, and this Act, permanent fund dividends for 1993 and prior years shall be made
30 under the law as it existed before the effective date of this Act.

31 * Sec. 14. This Act takes effect immediately under AS 01.10.070(c).