

## SENATE BILL NO. 254

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE BY REQUEST

Introduced: 4/17/91  
Referred: Judiciary, Finance

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to the exemption for permanent fund dividends from the collection of  
2 debts, to the collection of debts by execution on dividends, and to claims on a dividend;  
3 and providing for an effective date."

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

5 \* Section 1. AS 09.38.015(a) is amended to read:

6 (a) An individual is entitled to exemption of the following property:

7 (1) a burial plot for the individual and the individual's family;

8 (2) health aids reasonably necessary to enable the individual or a dependent to  
9 work or to sustain health;

10 (3) benefits paid or payable for medical, surgical, or hospital care to the extent  
11 they are or will be used to pay for the care;

12 (4) an award under AS 18.67 (Violent Crimes Compensation Board) or a crime  
13 victim's reparations act of another jurisdiction;

14 (5) benefits paid or payable as a longevity bonus under AS 47.45;

- 1 (6) compensation or benefits paid or payable and exempt under federal law;  
2 (7) liquor licenses granted under AS 04;  
3 (8) limited entry permits granted under AS 16.43, except as provided in that  
4 chapter;  
5 (9) that portion of a permanent fund dividend exempted under  
6 AS 43.23.065(a).

7 \* Sec. 2. AS 09.38.030(b) is amended to read:

8 (b) An individual who does not receive earnings either weekly, semi-monthly or monthly  
9 is entitled to a maximum exemption for the aggregate value of cash and other liquid assets  
10 available in any month of \$1,400, except as provided in AS 09.38.050. The term "liquid assets"  
11 includes deposits, securities, notes, drafts, accrued vacation pay, refunds, prepayments, and  
12 receivables, but does not include permanent fund dividends before or after receipt by the  
13 individual.

14 \* Sec. 3. AS 14.43.120(i) is amended to read:

15 (i) If a loan is in default, the commission shall notify the borrower that repayment of the  
16 remaining balance is accelerated and due by sending the borrower a notice by registered or  
17 certified mail. The permanent fund dividend of a borrower may be taken under  
18 AS 43.23.065(b)(4) [AS 43.23.065(b)(3)] to satisfy the balance due on the defaulted loan.

19 \* Sec. 4. AS 43.23.065 is amended to read:

20 Sec. 43.23.065. EXEMPTION OF AND LEVY ON PERMANENT FUND DIVIDENDS.

21 (a) Except as provided in (b) of this section, 45 percent of the annual permanent fund dividend  
22 payable to an individual is exempt from levy, execution, garnishment, attachment, or any other  
23 remedy for the collection of debt. This exemption applies to an eligible individual's permanent  
24 fund dividend both before and after payment is made to the individual. No other exemption  
25 applies to a dividend.

26 (b) An exemption is not available under this section for permanent fund dividends taken  
27 to satisfy

- 28 (1) child support obligations required by court order or decision of the child  
29 support enforcement agency under AS 25.27.140 - 25.27.220;  
30 (2) court ordered restitution under AS 12.55.045 - 12.55.051 or 12.55.100; [OR]  
31 (3) court ordered fines; or

1                   **(4)** a debt owed by an eligible individual to an agency of the state, unless the debt  
2 is contested and an appeal is pending, or the time limit for filing an appeal has not expired.

3                   (c) Claims listed in (b) of this section have priority in the order listed over other claims  
4 on a permanent fund dividend whether payments are sought through legal actions for the  
5 collection of debts or through assignments.

6 \* Sec. 5. AS 43.23.065 is amended by adding a new subsection to read:

7                   (d) AS 09.38.080(c) and 09.38.085 do not apply to a levy on a permanent fund dividend.  
8 The department shall include the case number with a dividend or portion of a dividend  
9 transmitted to the court in response to a writ of execution. At the time payment is made to the  
10 court, the department shall send to the individual at the address provided in the individual's  
11 dividend application and to the court that issued the writ a notice that contains

12                   (1) notification that all or part of the individual's dividend has been seized under  
13 a writ of execution;

14                   (2) the name and address of the court that issued the writ;

15                   (3) the case number for which the writ was issued;

16                   (4) the amount seized under the writ; and

17                   (5) notification that the individual has 30 days from the date the notice is mailed  
18 in which to file with the court an objection to the seizure if a mistake has been made.

19 \* Sec. 6. AS 43.23.067(b) is amended to read:

20                   (b) Upon receipt of a claim under (a) of this section the department shall notify the  
21 individual of the claim. The notice shall be sent to the address provided in the individual's  
22 permanent fund dividend application and must provide the following information:

23                   (1) the amount of the claim; and

24                   (2) notice that the amount of the permanent fund dividend that does not exceed  
25 the amount of the claim shall be paid to the Alaska Commission on Postsecondary Education **and**  
26 **that the** [UNLESS THE COMMISSION RELEASES THE CLAIM OR THE] individual  
27 [REQUESTS A HEARING] within 30 days after the date the notice is sent by the department  
28 may request the commission to hold a hearing on the claim.

29 \* Sec. 7. AS 43.23.067(c) is amended to read:

30                   (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an individual under (b)(2)  
31 of this section. [IF A REQUEST FOR A HEARING IS NOT RECEIVED BY THE

1 DEPARTMENT WITHIN THE REQUIRED TIME LIMIT, THE DEPARTMENT SHALL PAY  
2 TO THE ALASKA COMMISSION ON POSTSECONDARY EDUCATION THE AMOUNT OF  
3 THE PERMANENT FUND DIVIDEND THAT DOES NOT EXCEED THE AMOUNT OF THE  
4 CLAIM.]

5 \* Sec. 8. This Act takes effect immediately under AS 01.10.070(c).