

HB

869

COMMITTEE REPORT

HOUSE

3/19

2/18/80

FURTHER: *Refer*

Date: _____

Mr. Speaker: ✓

The Committee on JUDICIARY has had HB 869
"An Act relating to claims of the state; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{and} recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

John A. Anderson J.

W. J. ...

Charles H. ...

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Richard ... (No Rec.)

... (No Rec.)

Charles H. ...

CHAIRMAN

13% 3 moz

21.46% no payments
in over year

26.11 never made payments

1845/6657 mother OS
father IS

1131 court order pay
AFDC mother

12,000 working on

Fred Smith
CSEB

See Jim - Perf Budget
Comm Ch Sen about
amendments
Int Comm?

Fed funding - attached to bill Sen Long didn't like, he tacked it on to one Ullman didn't like = HB 3434 passed

After new system in, Fed funding in, estimates 60-65% case load work will be AFDC. Barbara Henderson (ex Fed of Seattle) will give 95% of AFDC funding

Going to admin court order for child support, worked out with father, he can always fight in court

Problem w/ garnishee pay - need separate order for each pay check - would like consent of father for withholding until arrearage paid AS 47.23.250

82% delinquent

65% AFDC parent outside state - 1000 month, 20650

130-140 out of state to us per month (65% AFDC other state)

Will Fed req inhibit looking at labor files (FICA)

40-45% success rate in other states

15%-20% move before acted on - URSA both ways

1/3 AFDC cases need establish paternity

20% - max return against AFDC payments

Fantail Graphics - 22407 1st P/ce Was + Bothe!!
Lynne (Printers) 6105 NE 194th Place 486-2689
church of Redeemer
Joey Jack
Von Wrangel 14630 SE 267th St, Kent 98031
631-1506
Bill + Ellen Case - 842-7271

3/07/80

STATE OF ALASKA
 DEPARTMENT OF HEALTH AND SOCIAL SERVICES
 NUMBER OF CHILDREN AFFECTED BY DIVORCES-1979(JAN THRU OCT)

PAGE

	CENSUS	TOTAL CHILDREN	# DIVORCES <i>w/children</i>	AVERAGE CHILDREN
<i>Anchorage</i>	02	2,511	1,393	1
<i>Barru</i>	04	24	11	2
<i>Bethel</i>	05	33	18	1
<i>Bristol Bay</i>	07	1	1	1
<i>Fairbanks</i>	09	875	488	1
<i>Summit</i>	11	316	163	1
<i>Kenai</i>	12	210	114	1
<i>Ketchikan</i>	13	205	122	1
<i>Kodiak</i>	15	123	77	1
<i>Nome</i>	18	67	31	2
<i>Sitka</i>	22	117	68	1
<i>Valdez-Christina-Whittier</i>	26	53	32	1
FINAL T		4,535	2,518	1

Judy
 I gave
 a copy of
 this to
 Ser. Hocking

2,518 RECORDS TOTALED

STATE OF ALASKA
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
NUMBER OF CHILDREN AFFECTED BY DIVORCES-1978

	CENSUS	TOTAL CHILDREN	# DIVORCES <i>w/ children</i>	AVERAGE CHILDREN
<i>Archangel</i>	02	1,823	1,020	1
<i>Ennami</i>	04	13	6	2
<i>Bethel</i>	05	26	14	1
<i>Fairbanks</i>	09	581	320	1
<i>Juneau</i>	11	217	110	1
<i>Seward</i>	12	152	82	1
<i>Totkatkan</i>	13	134	83	1
<i>Kodiak</i>	15	104	56	1
<i>Nome</i>	18	66	28	2
<i>Sitka</i>	22	76	45	1
<i>Waldley - (Sitka) - (Sitka)</i>	26	42	26	1
FINAL T		3,234	1,790	1

1,790 RECORDS TOTALED

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100
DEPARTMENT Legislature - House
ATTENTION Rep. Charlie Farr

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input checked="" type="checkbox"/> Your Information |

Remarks:

FROM:
MAIL STATION NUMBER 0600
DEPARTMENT DASS
BY J. Rodriguez DATE 3/26/80

02-002 (REV. 10/73)

POSITION PAPER

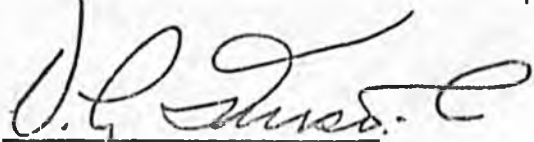
HOUSE BILL NO. 869

"An Act relating to claims of the state; and providing for an effective date."

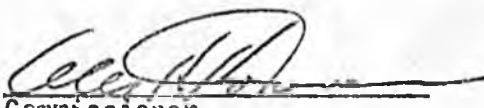
The passage of House Bill No. 869 would be of significant benefit to the Department of Health and Social Services.

Present debts owed Department of Health and Social Services are chiefly the result of assistance programs for which comprehensive, federally mandated remedies exist.

This bill would relieve the DHSS of collection responsibility and place it in an organized collection system. This should be more efficient and cost effective statewide. We recommend support of House Bill No. 869.

Recommended By: 
V. L. Iverson, Director
Division of Administrative Services

Date: 3/1/80

Approved By: 
Commissioner
Department of Health and
Social Services

Date: 3/24/80

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 869
 Title An Act relating to claims of the state; and providing for an effective date
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected N/A
 BRU, Program, or Subprogram(s) Affected N/A

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL 0

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There is no fiscal impact to this department.

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Department of Health & Social Services

Prepared by: Goldbach
 Division/Office: DAS/Fiscal
 Date: 2/26/80
 PH: 465-3012

001 (Rev. 12/79)
 DHSS (11-28-79)

Approval DHSS Mgt. & Bdgt: Mike Ouelo Date: 2/29/80

NOTES ON CHILD SUPPORT ENFORCEMENT

Judy Brakel Feb. 28, 1980
phone 586-6561 or 586-3456

Alaska law says that the Child Support Enforcement Agency (CSEA) will serve both families on welfare (AFDC) and families not on welfare. When federal funding was cut out in 1979 for non-AFDC cases, the Alaska agency ceased enforcement activities on those cases, in violation of Alaska law.

At present the Alaska CSEA is not benefiting any family in Alaska except through the operation of a bluff. When CSEA collects child support for families on welfare, the state & federal govts. keep the money to reimburse welfare costs. Some of the agency's clients who are not on AFDC are still benefiting from the "bluff" that exists because enforcement for those cases was a reality for a while and there has been no publicity about the fact that enforcement is no longer available.

Needed immediately:

- (1) a supplemental appropriation for FY 1980
- (2) a regular appropriation for FY 1981, which could be written to come into effect only if federal funding, now contained in HR3434 (sitting in free conference committee since November) is not passed. Last year a federal funding bill was expected to pass and did not. The same may happen this year.

The Alaska Dept. of Revenue has suggested \$260,000 for FY 1981 to take care of the federal shortfall, but the administration did not put it in their budget. This is extremely shortsighted (aside from being inhumane). Three years of effort by CSEA to make "believers" out of the people who owe support money will be lost soon and the agency will have to start from scratch again if the program is ever refunded. The lack of child support is also a pivotal factor which drives families onto welfare and other types of aid.

Question: should the agency get additional funding, over and above making up the Federal shortfall, so that this program can be made truly effective?

During the early part of 1979, while federal funding was still in effect, only 44 % of the families on CSEA's caseload were receiving any child support at all, and only 18% of the families showed full support payments with no arrears. The total arrears on CSEA's caseload of 5,900 families was \$17,000,000.

A new orientation is needed: non-payment of child support needs to be regarded as seriously as non-payment of income taxes. Let's get our priorities straight!

Some possibilities for improving enforcement:

- (1) Simplifying wage garnishment procedures for CSEA only
- (2) Charging interest on arrears
- (3) Intercepting state income tax refunds. Oregon presently does this by matching Soc. Sec. numbers. Get this into effect before proposed new income tax rebates go into effect.
- (4) When numerous attempts at collection are required, the penalties should become more serious.

(5) Penalties for deliberate avoidance of work to escape payment.

Some of these options have been tried by other states. Other measures are also being tried.

Problems caused by inflation:

To begin with the support settlement is usually less than 1/2 of what it costs to raise a child. Current inflation can then reduce the value of the settlement amount by 50% in 4 years. Going through the courts to get the settlement raised is an expensive (\$1,000 to \$3,000) process whose cost is usually born by the mother. She has to wait several years between filing each adjustment and many months for the court to act on it. The payor is usually antagonized in the process, which may have repercussions on child visitation and custody problems.

If every single parent in Alaska who should be going to court to get their settlement modified due to inflation were actually to do so the courts would be flooded. Court calendars are already over-full.

Needed: legislation which would enable CSEA to make an administrative modification of the support level on the basis of inflation even when there is a court order on the books. Appeal to the courts from the administrative decision would be possible.

This could be done annually for all the cases administered by CSEA. The agency presently has legal authority to do this for those cases that originated with CSEA's own administrative determination of a support obligation. But for the majority of cases, since a court order originally determined the support settlement, CSEA needs new legal authority to allow it to do an administrative modification on the basis of cost of living increases without going back to court. The laws of 10 states now provide such authority -- Washington, Utah and Virginia are examples.

Recognizing that all parties are probably losing real spendable income as a result of inflation, the child support increases could be set to lag behind the CPI or be based upon some other Bureau of Labor Statistics index, such as the index that relates to wages.

*Assuming
only 12 1/2%
inflation!* →

OF ALASKA

INVESTIGATION

515780

Called 3:20 p.m.

TO: Kristine Harder
House State Affairs Committee
Pouch V
Juneau, Alaska 99811

DATE: March 3, 1980

FILE NO:

TELEPHONE NO:

FROM: AVRUM M. GROSS
ATTORNEY GENERAL

SUBJECT: Possible changes in
child support laws.

By: *Elizabeth Page Kennedy*
Elizabeth Page Kennedy
Assistant Attorney General
Anchorage

The Child Support Enforcement Agency staff and I would like to thank you for the opportunity to have input into possible changes in the Statutes to make child support enforcement more viable in this state without increasing costs. The suggestions below come mostly from Agency staff with concurrence of myself. I would note that I have not, because of time constraints, researched any constitutional issues which may affect these suggestions. Many of them are done in other states at the present. We suggest the following:

1. As a preliminary matter, we suggest that the definition of "state" in AS 25.25.010(1) be expanded to include foreign countries or states, which would allow us to establish support procedures with places such as Canada and West Germany, which have similar laws. Right now we cannot locate obligors in foreign jurisdictions.
2. One of our biggest problems is the fact that we must garnishee every thirty days on judgments. We suggest that the Agency's withhold and deliver orders for executions on child support arrearage judgments be made continuous until satisfied. This could be done by making the orders exempt from the 30 day requirement of satisfaction in AS 47.23.250, perhaps by adding language that would force those persons accruing continuous debts to the obligor, such as employers, to continue to pay every thirty days until the judgment is satisfied.
3. In the State of California, child support arrearages become judgments once they are due and owing. It is not clear whether that is true in this state or not.

Kristine Harder
March 3, 1980
Page 2.

(We would urge a disclaimer on any legislation to say that it appears to be the law in this state.) An addition to the law which would aid us would be to turn child support arrearages into judgments at the time they become due and owing by law, and authorize execution in the form of a withhold and deliver order upon a certified statement of arrears prepared by the Agency. This appears to be the intention of AS 47.23.150, but it is not clearly stated.

4. The Agency may establish support orders under AS 47.23.160 et seq. However, AS 47.23.020(1) and some of the other language speaks to enforcement of orders. The Agency feels that it needs, in order to effectively administer child support obligations set through administrative channels, a method to have the court summarily certify, and make into an order, subject to contempt proceedings, the administrative determinations of the Agency.
5. In the same vein, we often get child support orders from other states which are adequate orders. A simple process would be to file that order under AS 25.25.254 and begin to enforce here. However, we do not do that for one simple reason: it appears that such a registration opens the obligee to the jurisdiction of our courts, and would allow the obligor to bring up questions of visitation (see the civil and criminal sanctions in AS 9.55.238 and AS 11.51.125) and custody. Since the Agency cannot defend the obligee on those questions, and would not want to because of cost and lack of time and information, it means indigent obligees would be subject to court suits in our jurisdiction, far from home. We suggest some sort of change to allow us to register the foreign judgments for the purposes of support only. This would also protect the obligor, since currently, if a support order lower than the one in the other state is entered here, the excess in the out of state order continues to accrue as arrearages, even if he makes all the payments in our state.
6. We suggest that a 20% rise in the cost of living over any period of time from the time of the entry of the order be made sufficient "change of circumstance" to justify consideration of a

Kristine Harder
March 3, 1980
Page 3.

modification of the support amount.

7. Currently, AS 47.23.120 makes the obligor liable for public assistance amounts up to the amount ordered in a child support order if one has been entered. However, AS 47.23.130 limits the amount the state may set out in an administrative support order to the amount of welfare received. Where the welfare is low, say \$150.00, and the obligor is wealthy enough to pay a higher amount, we are still prohibited from entering a higher order. That makes it difficult for the woman to later get a higher order and get out of the poverty class. We suggest that upon application by the obligee, the state may pursue at the same time the rights of the obligee to payments in excess of the welfare amount, with said excess to go to the obligee.

We like the idea of authorizing collection on potential state income tax refunds, and the idea of interest on arrears. The question of penalties is an interesting one. Presently we use the process for contempt proceedings, which includes potential jail time. We also have the criminal non-support section in AS 11.51.120, which we don't usually use. When faced with a person who continually fails to support, many judges in this state are fairly good about using jail time as a threat. That is somewhat of a problem because we'd rather have the money: when the obligor is in jail no money is coming in. If you can find a solution to that problem, we would be the first in the nation to do so.

Thank you again for your interest. I'm sorry this information is somewhat scattered, but we did the best we could in the time we had. I certainly wish you luck in your endeavors to improve the system. I might note that some of these enforcement provisions might work if set up for private enforcement provisions also, such as #3. That would encourage more private remedies and cut some of the costs to the state.

If you have any further questions. Please feel free to contact me.

EPK:nw

cc: Dan Copeland
Fred Smith

STATE OF ALASKA

file copy
JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S - JUNEAU 99811

March 6, 1980

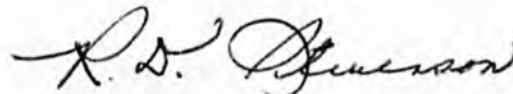
The Honorable Charles Parr
Chairman
House Judiciary Committee
Room 124 - Capitol Building
Juneau, Alaska 99811

Dear Mr. Parr:

House Bill No. 869, an Act relating to claims of the state, was introduced in the House on February 18, 1980 and was referred to the House Judiciary Committee.

For the consideration of the House Judiciary Committee, I am enclosing copies of Fiscal Notes prepared by P. A. Wall, Director, Administrative Services Division and Fred Boetsch, Director, Enforcement Division of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

P. A. Wall, Director
Administrative Services Division
Department of Revenue

Fred Boetsch, Director
Enforcement Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB869
 Title Claims of the State
 Requested by Parr Date _____

II. FISCAL DETAIL
 Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Enforcement Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		22.7	22.7	22.7	22.7	22.7
200 TRAVEL						
300 CONTRACTUAL		4.7	4.7	4.7	4.7	4.7
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		1.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		28.9	27.9	27.9	27.9	27.9

FUNDING (Thousands of Dollars)

GENERAL FUND		28.9	27.9	27.9	27.9	27.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The Enforcement Division would require the services of one Tax Collection Specialist to implement its portion of the administration of this bill. Our part of the procedure would be to prepare a short audit in order to apply the proposed refund to the claimed debt. This would require a CRT terminal to access the refund and agency claims files and appropriate forms for handling the short audits. In the initial year a desk, chair, calculator and files storage would be purchased.

We do not have specific information as to the probable volume of claims. However, since the new procedure would be functionally differentiated from other procedures, an appropriate organizational module would have to be created to implement the program. It is possible that the volume would be come great enough to require additional personnel and/or equipment in subsequent years.

IV. DATE 2-28-80 PREPARED BY Fred Boetsch
 AGENCY Department of Revenue
 PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

1	POSITION TITLE Tax Collection Specialist I				RANGE/STEP 10A	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No. NEW	PRIORITY	FORM 12 PAGE/LINE		LEG.		
3	TYPE OF EXPENDITURE			AMOUNT	JUSTIFICATION:					
	1	2	3							
4	PERSONAL SERVICES: SALARY 1,440/mo.		17,280							
5	BENEFITS		3,059							
6	FICA		1,059							
7	HEALTH INS.		1,272							
8	TOTAL PERSONAL SERVICES			22,570						
9	TRAVEL									
10	CONTRACTUAL			4,700						
11	COMMODITIES			500						
12	EQUIPMENT			1,000						
13	OTHER									
14	TOTAL COST			28,870						
	CODE	FUNDING SOURCE								
15		FED RCPTS.								
16		GF MATCH.								
17		GEN. FUND		28,870						
18		I-A RCPTS.								
19		PGM RCPTS								
20		OTHER								
21	CONTINUATION	FOR R&M USE ONLY								
22	ADDITION									
4A KEY NUMBER		COLDIAN NO.								

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

BRU Enforcement

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page _____ of _____

REVISED DATE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HB 869
 Bill/Resolution No. _____
 Title Claim of the State
 Requested by _____ Date 2-26-80

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected _____ General Government _____
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		29.5	31.6	33.8	36.1	38.7
200 TRAVEL						
300 CONTRACTUAL		4.0	4.3	4.6	4.9	5.2
400 COMMODITIES		.3	.3	.3	.4	.4
500 EQUIPMENT		.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		34.3	36.2	38.7	41.4	44.3

FUNDING (Thousands of Dollars)

GENERAL FUND		34.3	36.2	38.7	41.4	44.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

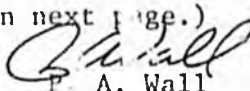
FULL TIME		1/12mm	1/12mm	1/12mm	1/12mm	1/12mm
PART TIME		1/3mm	1/3mm	1/3mm	1/3mm	1/3mm
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

HB 869 would allow all State agencies to offset certain debt claims against individual income tax refunds. The procedure in the Bill should be changed by four considerations:

1. Most refunds held because of claimed debt will exceed the 30 days contained in AS 43.20.215 and result in interest penalties. The action to be taken should be defined.
2. There is no provision for early release of the held refund should the debtor pay the claimant agency directly. An early release feature by the claimant agency would be helpful.

(continued on next page.)

IV. DATE 3-5-80 PREPARED BY  P. A. Wall
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HB 869 Analysis (continued)

3. Most important, Sec. 44.78.070 does not provide for notifying Revenue should a hearing be requested by the debtor. This is necessary to insure the refund is held to determination of the hearing and through the 20-day certification period in Sec. 44.78.080. A subsection 44.78.070(c) could say, "The department shall hold action upon the refund until Sec. 44.78.080 is complete."
4. It appears that AS 44.78.060 should be corrected to 050(c) under Sec. 44.78.060 (page 2, line 28).

Assumptions

An estimate of the number of debt claims is not possible. Claims from the student, veterans and agriculture loan, motor vehicle and other programs which serve large numbers of individuals are assumed. The promulgation of regulations, design and distribution of a debt claim form and the procedure to establish and control debt claim offsets is assumed to constitute one additional employee's work load.

Positions

1 PFT Accounting Clerk II, Range 8 A	
\$1,277 per mo. X 12 months	= 15.3
Benefits - 2.3, FICA - 1.0, H.I. - 1.5	= 4.8
1 PPT Systems Analyst, Range 18 A	
\$2,465 per mo, X 3 months	= 7.4
Benefits - 1.1, FICA - .5, H.I. - .4	= 2.0

Other Expenditures

Contractual	= 4.0
Forms - 1.0	
Postage, Phone - 1.5	
DP Chargeback - 1.0	
Miscellaneous - .5	
Commodities	= .3
Equipment	= .5

This debt offset concept would be even more effective if the control was placed on the Daily Warrant Process in the Department of Administration where the warrants which make all State payments, including the refund warrants, are written each day.

file copy

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB869
 Title Claims of the State
 Requested by Parr Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Enforcement Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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300 CONTRACTUAL		4.7	4.7	4.7	4.7	4.7
400 COMMODITIES		.5	.5	.5	.5	.5
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600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
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FUNDING (Thousands of Dollars)

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FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The Enforcement Division would require the services of one Tax Collection Specialist to implement its portion of the administration of this bill. Our part of the procedure would be to prepare a short audit in order to apply the proposed refund to the claimed debt. This would require a CRT terminal to access the refund and agency claims files and appropriate forms for handling the short audits. In the initial year a desk, chair, calculator and files storage would be purchased.

We do not have specific information as to the probable volume of claims. However, since the new procedure would be functionally differentiated from other procedures, an appropriate organizational module would have to be created to implement the program. It is possible that the volume would be come great enough to require additional personnel and/or equipment in subsequent years.

IV. DATE 2-28-80 PREPARED BY Fred Boetsch
 AGENCY Department of Revenue
 PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

1	POSITION TITLE Tax Collection Specialist I				RANGE/STEP 10A	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No. NEW	PRIORITY	FORM 12	PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT	JUSTIFICATION:					
	1	2	3							
4	PERSONAL SERVICES: SALARY 1,440/mo.		17,280							
5	BENEFITS		3,059							
6	FICA		1,059							
7	HEALTH INS.		1,272							
8	TOTAL PERSONAL SERVICES			22,670						
9	TRAVEL									
10	CONTRACTUAL			4,700						
11	COMMODITIES			500						
12	EQUIPMENT			1,000						
13	OTHER									
14	TOTAL COST			28,870						
	CODE	FUNDING SOURCE								
15		FED RCPTS.								
16		GF MATCH.								
17		GEN. FUND		28,870						
18		I-A RCPTS.								
19		PGM RCPTS								
20		OTHER								
21	CONTINUATION	FOR B&M USE ONLY								
22	ADDITION									
4A. KEY NUMBER		COLDIAN NO.								

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

BRU Enforcement

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page _____ of _____

REVISED DATE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HB 869
 Bill/Resolution No. _____
 Title Claim of the State
 Requested by _____ Date 2-26-80

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected _____ General Government _____
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		29.5	31.6	33.8	36.1	38.7
200 TRAVEL						
300 CONTRACTUAL		4.0	4.3	4.6	4.9	5.2
400 COMMODITIES		.3	.3	.3	.4	.4
500 EQUIPMENT		.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		34.3	36.2	38.7	41.4	44.3

FUNDING (Thousands of Dollars)

GENERAL FUND	34.3	36.2	38.7	41.4	44.3
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

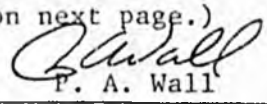
FULL TIME	1/12mm	1/12mm	1/12mm	1/12mm	1/12mm
PART TIME	1/3mm	1/3mm	1/3mm	1/3mm	1/3mm
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

HB 869 would allow all State agencies to offset certain debt claims against individual income tax refunds. The procedure in the Bill should be changed by four considerations:

1. Most refunds held because of claimed debt will exceed the 30 days contained in AS 43.20.215 and result in interest penalties. The action to be taken should be defined.
2. There is no provision for early release of the held refund should the debtor pay the claimant agency directly. An early release feature by the claimant agency would be helpful.

(continued on next page.)

IV. DATE 3-5-80 PREPARED BY  P. A. Wall
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB 869 Analysis (continued)

3. Most important, Sec. 44.78.070 does not provide for notifying Revenue should a hearing be requested by the debtor. This is necessary to insure the refund is held to determination of the hearing and through the 20-day certification period in Sec. 44.78.080. A subsection 44.78.070(c) could say, "The department shall hold action upon the refund until Sec. 44.78.080 is complete."
4. It appears that AS 44.78.060 should be corrected to 050(c) under Sec. 44.78.060 (page 2, line 28).

Assumptions

An estimate of the number of debt claims is not possible. Claims from the student, veterans and agriculture loan, motor vehicle and other programs which serve large numbers of individuals are assumed. The promulgation of regulations, design and distribution of a debt claim form and the procedure to establish and control debt claim offsets is assumed to constitute one additional employee's work load.

Positions

1 PFT Accounting Clerk II, Range 8 A	
\$1,277 per mo. X 12 months	= 15.3
Benefits - 2.3, FICA - 1.0, H.I. - 1.5	= 4.8
1 PPT Systems Analyst, Range 18 A	
\$2,465 per mo, X 3 months	= 7.4
Benefits - 1.1, FICA - .5, H.I. - .4	= 2.0

Other Expenditures

Contractual	= 4.0
Forms - 1.0	
Postage, Phone - 1.5	
DP Chargeback - 1.0	
Miscellaneous - .5	
Commodities	= .3
Equipment	= .5

This debt offset concept would be even more effective if the control was placed on the Daily Warrant Process in the Department of Administration where the warrants which make all State payments, including the refund warrants, are written each day.