

COMMITTEE REPORT  
HOUSE

4/23/81

FURTHER:

(11)

Date: 4/5/82

Mr. Speaker:

The Committee on FINANCE has had SSHB 23

"An Act establishing a personal loan program for Alaska residents; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SSHB 23 (F.N.)  same title  
 new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note (14)  
(11,50.4) 1314.4  
1,418.00 46.2
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

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\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
CHAIRMAN

# HOUSE JOURNAL

## HOUSE FINANCE COMMITTEE LETTER OF INTENT FOR CSSSHB 23 (Fin) and CSSSHB 24 (Fin)

The Committee intends that the passage of this legislation result in the payment of Permanent Fund dividends long awaited by Alaskans.

The Committee's interest in this legislation was spurred by evidence that per capita spending by the State of Alaska has increased more than seven times in real terms since substantial petroleum revenues first appeared in 1969. The Committee finds that few Alaskans are receiving seven times as much in benefits from the State than they were 13 years ago. The disparity between dramatically increased government spending and the benefits the public receives from that spending can be attributed to inefficiency in the delivery of government services and inequity in their distribution. Distribution of a portion of the state's wealth directly to state residents partially compensates for this problem.

The Committee recognizes that virtually all the petroleum development in Alaska has occurred on publicly owned lands. This is in sharp contrast to other states, where vast accumulations of wealth have accrued to private landholders. One purpose of this distribution is to share some of the income from the state's petroleum development with private citizens in an equitable manner.

The Committee does not intend Permanent Fund dividends as public assistance, but recognizes that these payments may be helpful in helping Alaskans to meet some of the high energy and housing costs faced by Alaskans. Federal statistics have long shown Anchorage at or near the top of the list of expensive American cities, and the cost of living in almost all other Alaska communities is uniformly estimated to be higher than Anchorage's. These high costs are caused in part by some natural disadvantages of extreme isolation and harsh climate inherent in Alaska. The Committee intends that some of the income from the energy wealth that is a natural advantage of Alaska and is owned in common by all Alaskans be used to help pay these costs.

The Committee believes that the program for Permanent Fund income distribution set out in this legislation is appropriate, but also believes additional mechanisms for direct distribution may be useful to Alaskans. The Committee thus includes in the companion appropriation bill funding for a package of two studies of (1) the effects of direct distribution on Alaska's people, economy, and society, and (2) the potential benefits and questions surrounding the creation and operation of a royalty trust for Alaskans.

The first study should be a reconnaissance of direct distribution which should:

- (1) define the relevant policy questions;
- (2) answer those which can be answered;
- (3) determine what needs to be done to answer the others.

Specifically, the Committee intends that there be investigation of the effects of direct distribution on:

- (a) income (both before and after taxes);

## HOUSE JOURNAL

House Finance Committee  
Letter of Intent  
CSSSHB 23 and CSSSHB 24

- (b) employment, unemployment, labor force, and unemployment rates;
- (c) prices and wage rates; and
- (d) population.

The first study should compare the effects of direct distribution with alternative uses of the state's wealth, including using equivalent amounts for increases in the state operating budget, capital budget, and loan appropriations.

The first study should be conducted by an investigator with in-depth experience in researching the Alaska economy, and should be completed within three months of the effective date of the Act.

The second study should examine in detail the full range of issues raised by the royalty trust proposal embodied in HB 642. The Committee intends that the study be conducted by a widely known investigator, preferably a nationally recognized accounting firm, and include contributions from economists, public finance experts, demographers, sociologists, and lawyers specializing in securities law, taxation law, and constitutional law. The Committee intends that the second study be completed by February 15, 1982.

The Committee chose a six months' residency requirement to ensure a link between the distribution of income from the state's resource wealth and the receipt of that income by bonafide state residents. The unique nature of this program increases the difficulties in administering it, and the Committee has determined this six-month residency requirement will aid in this administration.

The Committee also imposed the six months' residency requirement to reduce the possibility of applications by persons who are not bonafide residents. The likelihood of spurious applications may have been increased because of the extensive publicity which has surrounded the legislation and the Permanent Fund dividend legislation passed in 1980.

The Committee intends that the Department of Revenue engage in careful audit of Permanent Fund dividend applications and vigorously enforce the laws pertaining to fraud.

The Committee intends that the state general relief medical assistance program provide services to those state residents who lose benefits under the federal Medicaid program as a result of their receipt of Permanent Fund dividends. The Committee further intends that the Department of Health and Social Services monitor the impacts of Permanent Fund dividends on public assistance programs and make a report to the Legislature within 90 days after the first payment of Permanent Fund dividends.

The Committee intends that no individual's eligibility for public assistance under a state program be affected by the receipt of a Permanent Fund dividend in any month except for the month he or she receives a dividend.

---

Al Adams, Chairman  
House Finance Committee

Original sponsors: Randolph, Beirne  
and Fanning

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 23 (Finance)

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 for permanent fund dividends; and  
7 providing for an effective date."

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

9 \* Section 1. POLICY, PURPOSES, AND FINDINGS. (a) It is the policy of  
10 the state to promote the concept of government that derives its just powers  
11 from the people it serves by placing a substantial portion of Alaska's com-  
12 monly owned natural resource wealth into the hands of individual Alaskans.

13 (b) The purposes of this Act are to

14 (1) share a portion of the state's income derived from the develop-  
15 ment and production of the natural resources of the state directly and equit-  
16 ably with state residents; and

17 (2) encourage increased awareness and involvement by the residents  
18 of the state in the management and expenditure of the Alaska permanent fund  
19 (art. IX, sec. 15, Constitution of the State of Alaska).

20 (c) The legislature finds that

21 (1) equitable distribution of a portion of state wealth directly  
22 to the people of the state is in the public interest and serves a public  
23 purpose;

24 (2) distribution of a portion of state mineral resource revenues  
25 directly to state residents will maximize efficiency, promote individual  
26 freedom of choice, and stimulate private sector development through indivi-  
27 dual consumer choice;

28 (3) the costs for energy and housing paid by residents of the  
29 state are far higher than those paid by most citizens of the United States

1 and it is in the public interest to return to state residents a portion of  
2 the state's income from oil, gas, and other mineral production to help offset  
3 rising costs for energy and housing; and

4 (4) the search for additional mechanisms for a permanent program  
5 of equitable direct distribution of Alaska's wealth is important and should  
6 be continued.

7 \* Sec. 2. ELIGIBILITY FOR PERMANENT FUND DIVIDEND. (a) An individual is  
8 eligible to receive a one-time permanent fund dividend in the amount of  
9 \$1,000 if that individual

10 (1) applies to the Department of Revenue on a form prescribed by  
11 the department; and

12 (2) was a state resident for a period of at least six months  
13 immediately preceding the date of application.

14 (b) A parent or guardian may claim a permanent fund dividend on behalf  
15 of a minor or incompetent individual who is eligible to receive a payment  
16 under this section.

17 \* Sec. 3. PROOF OF ELIGIBILITY. (a) The commissioner shall adopt regu-  
18 lations for determining eligibility under this Act as emergency regulations  
19 under AS 44.62.250. The commissioner may require an individual to provide  
20 proof of eligibility, or may use other information available from other de-  
21 partments or agencies of the state to determine eligibility under this Act.

22 (b) The department shall prescribe and furnish an application form for  
23 claiming a permanent fund dividend that contains a statement of eligibility  
24 and a certification of residency in substantially the following form:

25 I certify that I am a state resident and have been a state  
26 resident for at least six months before the date of this appli-  
27 cation. I also understand that a false claim of residency to  
28 obtain a permanent fund dividend payment is a criminal offense  
29 and that if convicted I must repay all payments that have been

1 paid to me. I understand that this penalty is in addition to  
2 any criminal penalties imposed.

3  
4 \_\_\_\_\_  
5 (signature of individual  
6 or parent or guardian)

7 \* Sec. 4. PENALTIES AND ENFORCEMENT. (a) In addition to any criminal  
8 penalties imposed by law, if an individual is convicted of a crime in connec-  
9 tion with a false statement made in a certification of residency for purposes  
10 of claiming a payment under this Act, and the conviction is not reversed,  
11 that individual is not eligible for a permanent fund dividend and must pay  
12 back any permanent fund dividend received.

13 (b) If a final determination is made that a payment has been improperly  
14 made to an individual, the commissioner may use the collection procedures or  
15 remedies set out in AS 43 to recover the permanent fund dividend.

16 \* Sec. 5. DUTIES OF THE DEPARTMENT. (a) The department shall adopt as  
17 emergency regulations under AS 44.62.250 procedures and time limits for  
18 claiming a permanent fund dividend under this Act. The deadline for claiming  
19 a permanent fund dividend under this Act may not be later than 120 days after  
20 the effective date of this Act. Payments shall be made as soon as possible  
21 after the department determines that an applicant is eligible for the payment.

22 (b) The department shall assist residents of rural areas who because of  
23 language, illness, old age, or inaccessibility need assistance to establish  
24 eligibility and to apply for the permanent fund dividend provided under this  
25 Act.

26 \* Sec. 6. EXEMPTIONS OF PERMANENT FUND DIVIDENDS. Fifty percent of a  
27 permanent fund dividend that is payable to or has been paid to an individual  
28 under this Act is exempt from levy, execution, garnishment, and other remedy  
29 for the collection of a debt. An exemption under this section may be claimed  
by an individual whether or not the payment has been commingled with other

1 money.

2 \* Sec. 7. ELIGIBILITY FOR STATE PUBLIC ASSISTANCE PAYMENTS. In determin-  
3 ing the eligibility of an individual for general relief medical assistance  
4 under AS 47, the Department of Health and Social Services may not consider a  
5 permanent fund dividend as income.

6 \* Sec. 8. DEFINITIONS. In this Act,

7 (1) "commissioner" means the commissioner of revenue;

8 (2) "department" means the Department of Revenue;

9 (3) "individual" means a natural person;

10 (4) "state resident" means an individual who is physically present  
11 in the state with the intent to remain permanently in the state or, if he is  
12 not physically present in the state, intends to return to the state and is  
13 absent for any of the following reasons:

14 (A) vocational, professional, or other special education for  
15 which a comparable program was not reasonably available in the state;

16 (B) postsecondary education;

17 (C) military service;

18 (D) medical treatment;

19 (E) service in Congress; or

20 (F) other reasons that the commissioner may establish by  
21 regulation under the Administrative Procedure Act (AS 44.62).

22 \* Sec. 9. AS 43.23 and secs. 1, 3 and 4, ch. 21, SLA 1980, as amended by  
23 sec. 1, ch. 60, SLA 1980, are repealed.

24 \* Sec. 10. AS 43.23.010(b) is amended to read:

25 (b) For each year, an individual is eligible to receive payment of  
26 the permanent fund dividends for which he is entitled under this section  
27 if he

28 [(1) IS AT LEAST 18 YEARS OF AGE; AND

29 (2)] is a state resident during all or part of the year for

1 which the permanent fund dividend is paid.

2 \* Sec. 11. AS 43.23.010 is amended by adding a new subsection to read:

3 (g) A parent or guardian may claim a permanent fund dividend on  
4 behalf of a minor or incompetent individual who is eligible to receive a  
5 payment under this section.

6 \* Sec. 12. Section 4, ch. 21, SLA 1980, is repealed.

7 \* Sec. 13. Sections 10 - 12 of this Act take effect immediately in accor-  
8 dance with AS 01.10.070(c).

9 \* Sec. 14. Sections 1 - 9 of this Act take effect on the date of a deci-  
10 sion by the United States Supreme Court that invalidates any portion of  
11 AS 43.23 or secs. 1, 3, and 4, ch. 21, SLA 1980, as amended by sec. 1, ch. 60,  
12 SLA 1980, or on July 10, 1982, whichever is earlier.

# HOUSE JOURNAL

## HOUSE FINANCE COMMITTEE

### LETTER OF INTENT

#### FOR

CSSSHB 23 (Fin) and CSSSHB 24 (Fin)

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## HOUSE JOURNAL

House Finance Committee  
Letter of Intent  
CSSSHB 23 and CSSSHB 24

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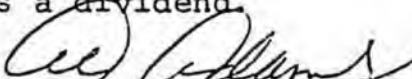
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Al Adams, Chairman  
House Finance Committee

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Work Draft (3/22/82) CS for House Bill No. 23 (Finance)  
Title An Act providing for contingency distribution of permanent fund dividends...  
Requested by Finance Date 4/4/82

II. FISCAL DETAIL

Agency Affected Health and Social Services  
Program Category Affected See Analysis  
BRU, Program, Or Subprogram(s) Affected See Analysis  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURE (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		175.2				
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(11825.6)				
TOTAL		(11650.4)				

FUNDING (Thousands of Dollars)

GENERAL FUND		(4889.6)				
FEDERAL FUNDS		(6760.8)				
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME		8				
TEMPORARY						

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

(A) Assumptions include:

- (1) A one month ineligibility period for aged, blind, disabled, and general relief cash assistance recipients;
- (2) A three month period of ineligibility for all Aid to Families with Dependent Children recipient families, under new federal regulations which would consider a one-time-only permanent fund distribution as available income for several months even if the family has spent all of their distribution;
- (3) No in-migration of new assistance recipients attracted here by the distribution, and no "deterrent effect" of distribution that would decrease current FY83 estimates of number of recipients;
- (4) A 5.6% FY83 Cost of Living Increase for AFDC and an 11.2% COLA for aged, blind and disabled; and
- (5) Current operations and policies of the General Relief cash assistance program will be continued without significant change for FY83.

(See Page 2)

IV. DATE 4/5/82 PREPARED BY Andrew S. Lube  
AGENCY Division of Public Assistance

Original: Legislative Finance PHONE 465-3347  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

(B) Program Categories Affected:

<u>BRU Component</u>	<u>Pers Serv 100</u>	<u>Grants 700</u>	<u>FY83 TOTAL</u>	<u>GF</u>	<u>FED</u>
<u>Soc &amp; Econ Assist for Gen Pop Assistance Payments BRU</u>					
AFDC		(10498.2)	(10498.2)	(5249.1)	(5249.1)
Aid to Disabled		(582.4)	(582.4)	(582.4)	
Aid to Blind		(14.4)	(14.4)	(14.4)	
Gen Relief Assistance		(75.0)	(75.0)	(75.0)	
<u>PA Administration BRU</u>					
Elig Determination	175.2		175.2	106.9	68.3
<u>Soc &amp; Econ Assist for Aged</u>					
Old Age Assistance BRU		(495.6)	(495.6)	(495.6)	
<u>Public Health</u>					
Medicaid BRU		(3160.0)	(3160.0)	(1580.0)	(1580.0)
GRM BRU		<u>3000.0</u>	<u>3000.0</u>	<u>3000.0</u>	
TOTAL	175.2	(11825.6)	(11650.4)	(4889.6)	(6760.8)

(C) Explanation of Increases

- (1) Staff resources necessary to promptly terminate and promptly reopen entire caseload without adverse effects on accuracy or timeliness:

Overtime for existing field staff:	100.0
8 seasonal new field staff (full-time, 4 months each):	75.2
Total	<u>175.2</u>
State Funds	106.9
Federal Funds	68.3

- (2) "Safety net" General Relief - Medical new costs (state funds) to protect ineligible persons from suffering medical expenses costing more than the amount of their distribution payment:

<u>Nursing Home recipients</u>	
(\$1750 X 450 recipients)	787.5
<u>"Accident" Cases</u>	
Total	<u>2212.5</u> <u>3000.0</u>

Accident case funding is only an estimate. No data can be developed to indicate how many ineligible people would suffer an unaffordable medical need during their time of ineligibility, or to indicate how many of these would need to apply.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS HB 23

Title Providing for contingency distribution of Permanent Fund Dividends

Requested by House Finance committee Date 4/3/82

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_ Revenue \_\_\_\_\_

Program Category Affected \_\_\_\_\_ General Government \_\_\_\_\_

BRU, Program, Or Subprogram(s) Affected Administrative 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

Millions  
FUNDING (Thousands of Dollars)

GENERAL FUND		416.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The 1981 population estimate is 416,000. The source of funds for Permanent Fund distribution is the general fund, however should the Committee Substitute for HB 23 be amended to allow dedicated fund participation, the earnings of the Permanent Fund available for the payment of dividends through June 30, 1982 is 45,042,000.

IV. DATE 4/5/82 PREPARED BY P. A. Wall

AGENCY Revenue  
PHONE 465-2393

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CS HB 23

Title: An act providing for contingency distribution of Permanent Fund Dividends

Requested by: House Finance Committee

Date: 3/30/82

II. FISCAL DETAIL

Agency Affected: Revenue

Program Category Affected: General Government

BRU, Program, or Subprogram(s) Affected: Administrative and Public 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	219.5	642.9	-	-	-	-
200 TRAVEL	35.0	-	-	-	-	-
300 CONTRACTUAL	272.0	388.6	-	-	-	-
400 COMMODITIES	-	5.0	-	-	-	-
500 EQUIPMENT	-	125.0	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	526.5	1,319.4	-	-	-	-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	526.5	1,319.4	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

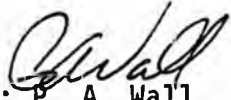
POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	9/108mm	-	-	-	-
PART TIME	24/72mm	20/158mm	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

See attached.

IV. DATE: 3/30/82

PREPARED BY:  P. A. Wall

AGENCY: Revenue

PHONE: 465-2393

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

## CS HB 23

CS HB 23 contains provisions which will take effect immediately on the date the U. S. Supreme Court invalidates the existing Permanent Fund Dividend program or on July 10, 1982, whichever occurs first. The FY82 expenditures continue the resources previously authorized for administering AS 43.23. These expenditures will require supplemental appropriations.

If this program becomes effective, it would provide for the following:

- a. Each eligible individual would receive a dividend payment of \$1,000.
- b. Eligible individuals would be those who were Alaska residents for at least six months immediately preceding the date of application.
- c. Parents or guardians of minors or incompetent individuals who are eligible individuals, may claim the dividends of those minor or incompetent individuals.
- d. Individuals must file a claim in order to receive a dividend, except in the case of minors or incompetent individuals in which case the parent or guardian of such person must file the claim.
- e. There are approximately 400,000 potential eligible individuals.

### Assumptions:

- a. 400,000 payments in 1982
- b. The program will become effective in FY82 due to court action, for purposes of identifying costs to a fiscal year.

### Program Summary:

Emergency regulations will be adopted, further defining eligibility and the application and proof of eligibility requirements. Application forms will be designed, ordered and distributed. Processing and computer programs will be designed, written and implemented. The new program will be advertised and a rapid response public assistance program will be mounted to provide information and assistance in filing to the general public and specific assistance to residents of rural areas throughout the state to establish eligibility and to apply for the dividend.

Applications will be opened, placed in control, reviewed, batched, data captured, edited and corrected, and payments prepared and mailed. Appropriate files, reports and enforcement processing steps will be performed. Payments matching garnishments and other attachments will be adjusted as required.

Positions -

FY82

Administrative Services

3 PFT positions to continue positions presently authorized in support of AS 43.23 which provide:

- a. Recruitment, hiring, EEO and contract administration, leave accounting and related personnel/payroll services.
- b. Design and/or modification of authorized distribution system for eligible individuals.
- c. Forms procurement and distribution. Accounts payable including voucher preparation. Supply services.

PFT PCN 1100, R 12C @ \$1,870 mo. plus  
32% costs for 3 mos. = 7.4

PFT PCN 1124, R 18F @ \$3,153 mo. plus  
32% costs for 3 mos. = 12.5

PFT PCN 1104, R 8A @ \$1,393 mo. plus  
32% costs for 3 mos. = 5.5

6 PPT positions for batch control, correction,  
dividend payment release, stop payments or  
garnishments and other attachments, data capture  
of address changes, mail opening and distribution,  
document numbering, batching.

6 PPT Tax Scanners R 8 @ \$1,487 mo. plus  
32% costs for 3 mos. = 35.3

Total Administrative Services positions = 60.7

Public Services

6 PFT Positions to continue positions presently  
authorized in support of AS 43.23 which provides  
assistance to the public through response to phone,  
mail and in-person inquiries at Service Counters  
and in rural communities. Design and maintenance  
of address changes system and returned warrant  
system.

PFT PCN 2018, R 12B @ \$1,814 mo plus 32% costs for 3 mos.	=	7.2
PFT PCN 2019, R 20F @ \$3,623 mo. plus 32% costs for 3 mos.	=	14.3
PFT PCN 2027, R 7A @ \$1,319 mo. plus 32% costs for 3 mos.		5.2
PFT PCN 2030, R 15F @ \$2,548 mo. plus 32% costs for 3 mos.	=	10.1
PFT PCN 2033, R 18A @ \$2,640 mo. plus 32% costs for 3 mos.	=	10.5
PFT PCN 2099, R 8A @ \$1,393 mo. plus 32% costs for 3 mos.	=	5.5

PPT position for:

Phone, letter and counter response to inquiries at Juneau, Anchorage, and Fairbanks. Application assistance in urban and rural communities. Receipt, filing and reissue of returned undeliverable or unclaimed dividend payments. Furnish copies of applications upon authorized request.

18 PPT Tax Scanners R 8 @ \$1,487 mo plus 32% costs for 3 mos.	=	106.0
---	---	-------

Total Public Services Positions 158.8

FY83

Administrative Services

PFT PCN 1100, R 12D @ \$20,073 mo. plus 32% costs.	=	32.8
PFT PCN 1124, R 18F @ \$3,371 mo. plus 32% costs.	=	53.4
PFT PCN 1104, R 8A @ \$1,393 mo. plus 32% costs.	=	22.1
9 PPT Tax Scanners R 8 @ \$1,487 mo. plus 32% costs.	=	159.0

Batch control, correction. dividend payments  
release, stop payments on garnishments and  
other attachments, mail opening and distribution,  
document control numbering, batching.

Total Administrative services positions for FY83 267.3

Public Services

PFT PCN 2018, R 12C @ \$2,010 mo. plus  
32% costs = 31.8

PFT PCN 2019, R 20F @ \$3,851 mo. plus  
32% costs = 61.0

PFT PCN 2027, R 7A @ \$1,408 mo. plus  
32% costs = 22.3

PFT PCN 2030, R 15F @ \$2,739 mo. plus  
32% costs = 43.4

PFT PCN 2033, R 18B @ \$2,640 mo. plus  
32% costs = 41.8

PFT PCN 2099, R 8B @ \$1,530 mo. plus  
32% costs = 24.2

11 PPT Tax Scanners R 8 @ \$1,487 mo.  
plus 32% costs for 7 mos. = 151.1

Phone, letter and counter response to inquiries  
at Juneau, Anchorage, and Fairbanks. Application  
assistance in urban and rural communities. Receipt,  
filing, and re-issue of returned undeliverable and  
undeliverable dividend payments. Furnish copies of  
applications upon authorized request

Total Public Services positions for FY83 375.6

Total positions for FY83 642.9

Other Expenditures

FY82

Contracts

Toll calls, including Zenith calls	=	4.0
Forms and Instructions:		
250,000 pre-addressed @ \$78 M	=	19.5
200,000 for handout and response to requests due to minors being eligible @ \$13 M	=	2.6
Postage:		
Forms & Instructions:		
250,000 @ .22	=	55.0
100,000 @ .25	=	25.0
Data Processing: (Includes development, data capture and production)		
Computer Resource Units: 25,000 @ 1.25 per Unit	=	31.3
Common Output Units: 100 @ \$31 (Reports, Warrants, COM)	=	3.0
Storage Units: Master and Distribution File, 1,750 @ \$14, Disk	=	24.5
Misc. Storage including garnishments, 500 @ \$14, Disk	=	7.0
Back-Up File - Tape	=	.1
Public Services Contracts for rural application assistance	=	70.0
Advertising and Media - Public Services	=	<u>30.0</u>
Total Contractual for FY82		272.0

Travel:

Public Services rural application assistance	=	<u>35.0</u>
Total Travel for FY82		35.0

FY83

Contractual

Postage:

Correspondence - 10,000 @ .25	=	2.5
Forms and Instructions - 50,000 @ .25	=	12.5
Dividend Payment Warrants - 400,000 @ .25	=	100.0

Data Processing:  
(Includes development, data capture and  
production)

Production:

Computer Resource Units: 90,000 @ 1.25/unit	=	112.5
Common Output Units: 275 @ \$31 (reports, warrants COM)	=	8.5
Storage Units: Master and Distribution File: 3700 @ \$14	=	51.8
Misc. including garnishments: 500 @ \$14	=	7.0
Backup - Tape:	=	.1
Warrant Stock: 400,000 @ \$35 M	=	14.0
Warrant Envelopes: 400,000 @ \$12.43 M	=	5.0

Terminals:	Data Capture CRT's: 4 @ \$3,900 ea.	=	15.6	
	Data Management CRT's 4 @ \$4,600 ea.	=	18.4	
	Printer - 1 @ \$7,026	=	7.0	
	Controller - 1 @ \$4,679	=	4.7	
Toll Calls including Zenith:				
	Administrative Services	=	4.0	
	Public Services	=	15.0	
Misc. Contractual:				
	Administrative Services	=	4.0	
	Public Services	=	6.0	<u>        </u>
Total Contractual for FY83				388.6
Commodities:				
	Administrative Services	=	2.0	
	Public Services	=	3.0	<u>        </u>
Total Commodities				5.0
Equipment & Microfilm System		=	125.0	<u>        </u>
Total Equipment				125.0

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 23

Title Act providing for contingency distribution of permanent fund dividends

Requested by House Finance Date 4/5/82

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection & 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	63.0	377.9	408.1	440.7	476.0	514.1
200 TRAVEL	1.3	30.0	33.0	36.3	39.9	43.9
300 CONTRACTUAL	20.1	50.0	54.5	59.4	64.7	70.5
400 COMMODITIES	.6	3.9	4.3	4.7	5.1	5.6
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	85.0	461.8	499.9	541.1	585.7	634.1

FUNDING (Thousands of Dollars)

	85.0	461.8	499.9	541.1	585.7	634.1
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	12/24mm	12/144mm	12/144mm	12/144mm	12/144mm	12/144mm
FULL TIME						
PART TIME						
TEMPORARY						

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

See memorandum to Joseph K. Donohue from Marilla L. Gemmer dated April 5, 1982.

*Marilla L. Gemmer*

IV. DATE April 5, 1982

PREPARED BY Marilla L. Gemmer, Director

AGENCY Department of Revenue - Enforcement Division

Original: Legislative Finance

PHONF 465-2366

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)


# MEMORANDUM

## State of Alaska

TO: Joseph K. Donohue  
Deputy Commissioner - Taxation

DATE: April 5, 1982

FILE NO:

 FROM: Marilla L. Gemmer  
Director  
Enforcement Division

TELEPHONE NO:

CSHB 23

SUBJECT:

Provided that CSHB 23 is enacted in the content as the work draft paper dated March 22, 1982, the act will allow for a one-time distribution of permanent fund dividend payments of \$1000 to each eligible individual, including minor children. This act will also provide for the collection of improperly made payments.

The Enforcement Division will be impacted under sec. 3 which provides for the determination of eligible applicants. With the addition of applications for minors, not provided for under the current AS 43.23, we estimate approximately 420,000 applications. Determining the eligibility of applications for minors between the age of 6 months and school age will be the major problem area.

The Enforcement Division will also be responsible under sec. 4(b) for the collection of improperly paid dividends from individuals who are determined not to be eligible.

We request that for the balance of FY 82 funding be continued for the current staff level. Funding for the current staff has also been projected thru FY 87. We will analyze our staff requirements prior to the end of FY 84 and submit our budget accordingly.

NOTE: The following amendments are presented for your consideration:

(b) The department shall prescribe and furnish an application for claiming a permanent fund dividend that contains a statement of eligibility and a certification of residency in substantially the following form:

Joseph K. Donohue  
Deputy Commissioner - Taxation

April 5, 1982  
Page 2

I certify that (individual's) name (I am) the individual for whom I am making application is a state resident and has (have) been a state resident for at least six months before the date of this application. I also understand that a false claim of residency to obtain a permanent fund dividend payment is a criminal offense and that if convicted I must repay all payments that have been paid to me or paid to the individual in whose name I have made application. I understand that this penalty is in addition to any criminal penalties imposed.

Page 3, line 8

Sec. 4(b) should be amended as follows:

(b) If a final determination is made that a payment has been improperly made to an individual, the commissioner may use the collection procedures and remedies set out in AS 43. for the collection of tax to recover the permanent fund dividend. A notice of an improperly paid dividend must be sent to the individual within 6 years after the improper payment. If a notice is not sent within the 6 year period, proceedings may not be commenced in court for the recovery of the improper payment.

Page 3, line 11

Sec. 5(a) should be amended as follows:

The department shall adopt emergency regulations under AS 44.62.250 to establish procedures and time limits for claiming a permanent fund dividend under this Act.

MLG:lw

Original sponsors: Randolph, Beirne  
and Fanning

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 23 (Finance)  
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 for permanent fund dividends; and  
7 providing for an effective date."

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

9 \* Section 1. POLICY, PURPOSES, AND FINDINGS. (a) It is the policy of  
10 the state to promote the concept of government that derives its just powers  
11 from the people it serves by placing a substantial portion of Alaska's com-  
12 monly owned natural resource wealth into the hands of individual Alaskans.

13 (b) The purposes of this Act are to

14 (1) share a portion of the state's income derived from the develop-  
15 ment and production of the natural resources of the state directly and equit-  
16 ably with state residents; and

17 (2) encourage increased awareness and involvement by the residents  
18 of the state in the management and expenditure of the Alaska permanent fund  
19 (art. IX, sec. 15, Constitution of the State of Alaska).

20 (c) The legislature finds that

21 (1) equitable distribution of a portion of state wealth directly  
22 to the people of the state is in the public interest and serves a public  
23 purpose;

24 (2) distribution of a portion of state mineral resource revenues  
25 directly to state residents will maximize efficiency, promote individual  
26 freedom of choice, and stimulate private sector development through indivi-  
27 dual consumer choice;

28 (3) the costs for energy and housing paid by residents of the  
29 state are far higher than those paid by most citizens of the United States

and it is in the public interest to return to state residents a portion of the state's income from oil, gas, and other mineral production to help offset rising costs for energy and housing; and

(4) the search for additional mechanisms for a permanent program of equitable direct distribution of Alaska's wealth is important and should be continued.

\* Sec. 2. ELIGIBILITY FOR PERMANENT FUND DIVIDEND. (a) An individual is eligible to receive a one-time permanent fund dividend in the amount of \$1,000 if that individual

(1) applies to the Department of Revenue on a form prescribed by the department; and

(2) was a state resident for a period of at least six months immediately preceding the date of application.

(b) A parent or guardian may claim a permanent fund dividend on behalf of a minor or incompetent individual who is eligible to receive a payment under this section.

\* Sec. 3. PROOF OF ELIGIBILITY. (a) The commissioner shall adopt regulations for determining eligibility under this Act as emergency regulations under AS 44.62.250. The commissioner may require an individual to provide proof of eligibility, or may use other information available from other departments or agencies of the state to determine eligibility under this Act.

(b) The department shall prescribe and furnish an application form for claiming a permanent fund dividend that contains a statement of eligibility and a certification of residency in substantially the following form:

I certify that I am a state resident and have been a state resident for at least six months before the date of this application. I also understand that a false claim of residency to obtain a permanent fund dividend payment is a criminal offense and that if convicted I must repay all payments that have been

1 paid to me. I understand that this penalty is in addition to  
2 any criminal penalties imposed.

\_\_\_\_\_  
(signature of individual  
or parent or guardian)

3  
4  
5  
6 \* Sec. 4. PENALTIES AND ENFORCEMENT. (a) In addition to any criminal  
7 penalties imposed by law, if an individual is convicted of a crime in connec-  
8 tion with a false statement made in a certification of residency for purposes  
9 of claiming a payment under this Act, and the conviction is not reversed,  
0 that individual is not eligible for a permanent fund dividend and must pay  
1 back any permanent fund dividend received.

2 (b) If a final determination is made that a payment has been improperly  
3 made to an individual, the commissioner may use the collection procedures or  
4 remedies set out in AS 43 to recover the permanent fund dividend.

5 \* Sec. 5. DUTIES OF THE DEPARTMENT. (a) The department shall adopt as  
6 emergency regulations under AS 44.62.250 procedures and time limits for  
7 claiming a permanent fund dividend under this Act. The deadline for claiming  
8 a permanent fund dividend under this Act may not be later than 120 days after  
9 the effective date of this Act. Payments shall be made as soon as possible  
0 after the department determines that an applicant is eligible for the payment

1 (b) The department shall assist residents of rural areas who because of  
2 language, illness, old age, or inaccessibility need assistance to establish  
3 eligibility and to apply for the permanent fund dividend provided under this  
4 Act.

5 \* Sec. 6. EXEMPTIONS OF PERMANENT FUND DIVIDENDS. Fifty percent of a  
6 permanent fund dividend that is payable to or has been paid to an individual  
7 under this Act is exempt from levy, execution, garnishment, and other remedy  
8 for the collection of a debt. An exemption under this section may be claimed  
9 by an individual whether or not the payment has been commingled with other

money.

\* Sec. 7. ELIGIBILITY FOR STATE PUBLIC ASSISTANCE PAYMENTS. In determining the eligibility of an individual for general relief medical assistance under AS 47, the Department of Health and Social Services may not consider a permanent fund dividend as income.

\* Sec. 8. DEFINITIONS. In this Act,

(1) "commissioner" means the commissioner of revenue;

(2) "department" means the Department of Revenue;

(3) "individual" means a natural person;

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

(A) vocational, professional, or other special education for which a comparable program was not reasonably available in the 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. 9. 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. 10. AS 43.23.010(b) is amended to read:

(b) For each year, an individual is eligible to receive payment of the permanent fund dividends for which he is entitled under this section if he

[(1) IS AT LEAST 18 YEARS OF AGE; AND

(2)] is a state resident during all or part of the year for

1 which the permanent fund dividend is paid.

2 \* Sec. 11. AS 43.23.010 is amended by adding a new subsection to read:

3 (g) A parent or guardian may claim a permanent fund dividend on  
4 behalf of a minor or incompetent individual who is eligible to receive a  
5 payment under this section.

6 \* Sec. 12. Section 4, ch. 21, SLA 1980, is repealed.

7 \* Sec. 13. Sections 10 - 12 of this Act take effect immediately in accor-  
8 dance with AS 01.10.070(c).

9 \* Sec. 14. Sections 1 - 9 of this Act take effect on the date of a deci-  
0 sion by the United States Supreme Court that invalidates any portion of  
1 AS 43.23 or secs. 1, 3, and 4, ch. 21, SLA 1980, as amended by sec. 1, ch. 60  
2 SLA 1980, or on July 10, 1982, whichever is earlier.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SSHB 23  
 Title An Act Establishing a Personal Loan Program for Alaska Residents  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Division of Business Loans  
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		299.6	75.0	82.2	89.7	
200 TRAVEL		38.4	9.9	11.6	37.4	
300 CONTRACTUAL		72.3	14.5	16.0	30.0	
400 COMMODITIES		3.3	.1	.1	.3	
500 EQUIPMENT		22.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND		435.6	99.5	109.9	157.4	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		10	2	2	4	
PART TIME						
TEMPORARY						

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

Fiscal note detail attached.  
 FY '82 figures are for initial staffing.  
 FY '83 & '84 reflects an ongoing program.  
 FY '85 shows an increase of staffing to handle delinquencies.

*Sharon Traylor*

IV. DATE Feb. 20, 1981 PREPARED BY Sharon Traylor, Director  
 AGENCY Division of Business Loans/Dept. of Com. & Eco  
 PHONE 465-2510 Dev.

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL  
SSHB 23 - PERSONAL LOAN PROGRAM

		<u>12 Months</u>
100	4 Loan Examiner I/II's (flex) @ \$2,455/mo. ea.	117.9
	2 Clerk Typist III's @ #1,393/mo. ea.	33.4
	2 Loan Closer I's @ \$1,564/mo. ea.	37.5
	1 Documents Processing Clerk III @ \$1,564/mo.	18.8
	1 Accounting Technician II @ \$1,995/mo.	<u>23.9</u>
	TOTAL WAGES	231.4
	Standard Benefits (Wages x .1555)	36.0
	Supplemental Benefits (Wages x .0613)	14.2
	Health Insurance (Man Months x \$150)	<u>18.0</u>
	TOTAL PERSONAL SERVICES	299.6
200	Trips to Close Loans:	
	60 Trips @ \$500	30.0
	120 Days Per Diem @ \$70	<u>8.4</u>
		38.4
300	Telephone & Postage	33.0
	Printing of Applications, Advertising	3.3
	Office Space @ \$3,000/mo.	<u>36.0</u>
		72.3
400	Office Supplies	<u>3.3</u>
	TWELVE MONTHS OPERATING COSTS	<u>413.6</u>
500	Equipment:	
	10 Desks @ \$330	3.3
	5 Typist's Extensions @ \$455	2.3
	5 Credenzas @ \$470	2.4
	6 Secretarial Chairs @ \$150	.9
	4 Executive Chairs @ \$190	.8
	10 Side Chairs @ \$100	1.0
	10 File Cabinets @ \$325	3.3
	8 Calculators @ \$200	1.6
	6 Typewriters @ \$1,000	6.0
	10 Waste Baskets @ \$25	.3
	2 Coat Racks @ \$70	<u>.1</u>
		22.0
	TOTAL	<u>435.6</u>

SECOND YEAR

100	1 Loan Examiner I/II (Flex) @ \$2,700/mo.		58.7
	1 Accounting Technician II @ \$2,195/mo.		<u>16.3</u>
	Benefits and Health Insurance		
	TOTAL PERSONAL SERVICES		75.0
200	Travel		
	15 Trips @ \$500	7.5	
	30 Days Per Diem @ \$80/Day	<u>2.4</u>	9.9
300	Contractual Services		14.5
400	Office Supplies		<u>.1</u>
	TOTAL SECOND YEAR COSTS		<u>99.5</u>

THIRD YEAR

100	1 Loan Examiner I/II (Flex) @ \$2,970/mo.		64.6
	1 Accounting Technician II @ \$2,415/mo.		<u>17.6</u>
	Benefits and Health Insurance		
	TOTAL PERSONAL SERVICES		82.2
200	Travel		
	15 Trips @ \$600	9.0	
	30 Days Per Diem @ \$85/Day	<u>2.6</u>	11.6
300	Contractual Services		16.0
400	Office Supplies		<u>.1</u>
	TOTAL THIRD YEAR COSTS		<u>109.9</u>

FOURTH YEAR

100	3 Loan Examiner I/II (Flex) @ \$3,119/mo.		37.4
	1 Accounting Technician II @ \$2,536/mo.		30.4
	Benefits and Health Insurance		<u>21.9</u>
	TOTAL PERSONAL SERVICES		89.7
200	Travel		
	45 Trips @ \$660	29.7	
	90 Days Per Diem @ \$85/Day	<u>7.7</u>	37.4
300	Contractual Services		30.0
400	Office Supplies		<u>.3</u>
	TOTAL FOURTH YEAR COSTS		<u>157.4</u>

10% INFLATION FOR SUCCEEDING YEARS

CORRECTION

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 23

Sponsors should have read:  
BY RANDOLPH, BEIRNE AND FANNING

Please discard all other copies of this Bill.

Introduced: 2/18/81  
Referred: Labor & Commerce and  
Finance

1 IN THE HOUSE

BY RANDOLPH, BEIRNE AND  
FANNING

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 23

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a personal loan program for  
7 Alaska residents; and providing for an effective  
8 date."

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

10 \* Section 1. PURPOSE AND INTENT. The major problem facing Alaska today  
11 is that state government has surplus wealth which occurs as a result of its  
12 ownership and control of land and other natural resources including sub-  
13 surface minerals. This problem has reached a great magnitude illustrated by  
14 the increase of money available for appropriation by the legislature by  
15 approximately \$1.15 billion in one month at the beginning of the 1981 legis-  
16 lative session. Estimates by legislative fiscal analysts project about \$327  
17 billion in revenues from the Prudhoe Bay oil fields alone, or more than  
18 \$800,000 for each man, woman, and child presently in Alaska. This surplus  
19 wealth threatens the well-being of Alaskans by making them dependent on  
20 government programs, by encouraging the rampant growth of government, i,  
21 depriving the private economy of the wealth, and by replacing individual  
22 consumer choice in the free market with governmental allocation of resources  
23 based on political rather than economic criteria. While ultimately this  
24 problem can only be resolved by transferring the ownership of natural  
25 resources to the private ownership of individual Alaskans, interim steps  
26 must be taken to divest state government of this threatening surplus wealth  
27 in a manner which will benefit Alaskans in an equitable manner. While  
28 "handouts" are distasteful to all self-respecting individuals, this Act is  
29 designed as a necessary and efficient interim step in the process of return-

1 ing unwarranted state government surplus wealth to a free and prosperous  
2 economy of private individuals.

3 \* Sec. 2. AS 45 is amended by adding a new chapter to read:

4 CHAPTER 85. PERSONAL LOAN PROGRAM FOR ALASKA RESIDENTS.

5 Sec. 45.85.010. PERSONAL LOAN PROGRAM ESTABLISHED. A personal  
6 loan program is established in the Department of Commerce and Economic  
7 Development. The department shall make personal loans to persons who  
8 are eligible under AS 45.85.040. Repayments of personal loans made  
9 under this chapter shall be paid into the general fund.

10 Sec. 45.85.020. ADMINISTRATION. The commissioner shall  
11 administer the personal loan program according to regulations adopted  
12 under the Administrative Procedure Act (AS 44.62).

13 Sec. 45.85.030. CONDITIONS OF PERSONAL LOANS. (a) A personal  
14 loan made under this chapter shall be for \$10,000.

15 (b) Interest may not be charged on a personal loan made under  
16 this chapter.

17 (c) Repayment of a personal loan shall begin within five years  
18 from the date of the loan, and the personal loan shall be fully repaid  
19 within 15 years from the date of the loan.

20 (d) Security may not be required for a personal loan made under  
21 this chapter, and an eligible applicant may not be subjected to a  
22 credit investigation as a condition of obtaining a personal loan.

23 Sec. 45.85.040. ELIGIBILITY FOR PERSONAL LOAN. A person is  
24 eligible to receive a personal loan under this chapter if the person

25 (1) is a resident of Alaska;

26 (2) is 18 years or older.

27 Sec. 45.85.050. DEFINITIONS. In this chapter

28 (1) "commissioner" means the commissioner of the Department  
29 of Commerce and Economic Development;

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(2) "department" means the Department of Commerce and Economic Development;

(3) "resident" means an individual domiciled in the state who has been a resident for at least one year immediately preceding his application for a loan under this chapter.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).

# Alaska State Legislature

## House of Representatives



Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM

TO: Rep. David Cuddy  
FROM: Clifford John Groh, Staff  
DATE: 3 April 1982  
SUBJECT: Fiscal notes on CSHB23

A handwritten signature in cursive script that reads "Cliff".

Fiscal notes from the Department of Revenue and the Department of Health and Social Services will not be ready in final written form until early next week, but I received figures over the phone yesterday.

Philip A. Wall, Director of Administrative Services for the Department of Revenue, estimates the fiscal note for his department at \$1,845,900.

Gordon Landes, Public Assistance Program Officer for the Department of Health and Social Services, estimates the savings for his department at approximately \$4 million. (His earlier estimate of savings of \$2.39 million was based on the administration bill, SB842.)

## PROPOSED REPORT BY THE HOUSE FINANCE COMMITTEE

ON

CSHB23 AND CSHB24

The Committee intends that the passage of this legislation result in the payment of Permanent Fund dividends long awaited by Alaskans.

The Committee's interest in this legislation was spurred by evidence that per capita spending by the State of Alaska has increased more than seven times in real terms since substantial petroleum revenues first appeared in 1969. The Committee finds that few Alaskans are receiving seven times as much in benefits from the State than they were 13 years ago. The disparity between dramatically increased government spending and the benefits the public receives from that spending can be attributed to inefficiency in the delivery of government services and inequity in their distribution. Distribution of a portion of the State's wealth directly to State residents partially compensates for this problem.

The Committee recognizes that virtually all the petroleum development in Alaska has occurred on publicly owned lands. This is in sharp contrast to other states, where vast accumulations of wealth have accrued to private landholders. One purpose of this distribution is to share some of the income from the state's petroleum development with private citizens in an equitable manner.

The Committee does not intend Permanent Fund dividends as public assistance, but recognizes that these payments may be helpful in helping Alaskans to meet some of the high energy and housing costs faced by Alaskans. Federal statistics have long shown Anchorage at or near the top of the list of expensive American cities, and the cost of living in almost all other Alaska communities is uniformly estimated to be higher than Anchorage's. These high costs are caused in part by some natural disadvantages of extreme isolation and harsh climate inherent in Alaska. The Committee intends that some of the income from the energy wealth that is a natural advantage of Alaska and is owned in common by all Alaskans be used to help pay these costs.

The Committee believes that the program for Permanent Fund income distribution set out in this legislation is appropriate, but also believes additional mechanisms for direct distribution may be useful to Alaskans. The Committee thus includes in the companion appropriation bill funding for a package of two studies of (1) the effects of direct distribution on Alaska's people, economy, and society and (2) the potential benefits and questions surrounding the

creation and operation of a royalty trust for Alaskans.

The first study should be a reconnaissance of direct distribution which should:

- (1) define the relevant policy questions;
- (2) answer those which can be answered;
- (3) determine what needs to be done to answer the others.

Specifically, the Committee intends that there be investigation of the effects of direct distribution on:

- (a) income (both before and after taxes);
- (b) employment, unemployment, labor force, and unemployment rates;
- (c) prices and wage rates; and
- (d) population.

The first study should compare the effects of direct distribution with alternative uses of the state's wealth, including using equivalent amounts for increases in the state operating budget, capital budget, and loan appropriations.

The first study should be conducted by an investigator with in-depth experience in researching the Alaska economy, and should be completed within three months of the effective date of the Act.

The second study should examine in detail the full range of issues raised by the royalty trust proposal embodied in HB642. The Committee intends that the study be conducted by a widely known investigator, preferably a nationally recognized accounting firm, and include contributions from economists, public finance experts, demographers, sociologists, and lawyers specializing in securities law, taxation law, and constitutional law. The Committee intends that the second study be completed by February 15, 1982.

The Committee chose a six months' residency requirement to ensure a link between the distribution of income from the State's resource wealth and the receipt of that income by bona fide State residents. The unique nature of this program increases the difficulties in administering it, and the Committee has determined this six-month residency requirement will aid in this administration.

The Committee also imposed the six months' residency requirement to reduce the possibility of applications by persons who are not bona fide residents. The likelihood of spurious applications may have been increased because of the extensive publicity which has surrounded the legislation and the Permanent Fund dividend legislation passed in 1980.

The Committee intends that the Department of Revenue engage in careful audit of Permanent Fund dividend applications and vigorously enforce the laws pertaining to fraud.

The Committee intends that the state general relief medical assistance program provide services to those state residents who lose benefits under the federal Medicaid program as a result of their receipt of Permanent Fund dividends. The Committee further intends that the Department of Health and Social Services monitor the impacts of Permanent Fund dividends on public assistance programs and make a report to the Legislature within 90 days after the first payment of Permanent Fund dividends.

The Committee intends that no individual's eligibility for public assistance under a state program be affected by the receipt of a Permanent Fund dividend in any month except for the month he or she receives a dividend.

Lear  
4/1/82 ✓  
Continuing Payments

Original sponsors: Randolph, Beirne  
and Fanning

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 23 (Finance)

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 for permanent fund dividends; and  
7 providing for an effective date."

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

9 \* Section 1. POLICY, PURPOSES, AND FINDINGS. (a) It is the policy of  
10 the state to promote the concept of government that derives its just powers  
11 from the people it serves by placing a substantial portion of Alaska's  
12 commonly owned natural resource wealth into the hands of individual Alaskans.

13 (b) The purposes of this Act are to

14 (1) share a portion of the state's income derived from the develop-  
15 ment and production of the natural resources of the state directly and equit-  
16 ably with state residents; and

17 (2) encourage increased awareness and involvement by the residents  
18 of the state in the management and expenditure of the Alaska permanent fund  
19 (art. IX, sec. 15, Constitution of the State of Alaska).

20 (c) The legislature finds that

21 (1) equitable distribution of a portion of state wealth directly  
22 to the people of the state is in the public interest and serves a public  
23 purpose;

24 (2) distribution of a portion of state mineral resource revenues  
25 directly to state residents will maximize efficiency, promote individual  
26 freedom of choice, and stimulate private sector development through indivi-  
27 dual consumer choice;

28 (3) the costs for energy and housing paid by residents of the  
29 state are far higher than those paid by most citizens of the United States

1 and it is in the public interest to return to state residents a portion of  
2 the state's income from oil, gas, and other mineral production to help offset  
3 rising costs for energy and housing; and

4 (4) the search for additional mechanisms for a permanent program  
5 of equitable direct distribution of Alaska's wealth is important and should  
6 be continued.

7 \* Sec. 2. AS 43 is amended by adding a new chapter to read:

8 CHAPTER 24. PERMANENT FUND DIVIDENDS.

9 Sec. 43.24.010. ELIGIBILITY FOR PERMANENT FUND DIVIDEND. (a) An  
10 individual is eligible to receive a permanent fund dividend in the  
11 amount of \$1,000 in 1982 if that individual

12 (1) applies to the Department of Revenue on a form prescribed  
13 by the department; and

14 (2) was a state resident for a period of at least six months  
15 immediately preceding the date of application.

16 (b) An individual is eligible to receive a permanent fund dividend  
17 each year after 1982 in an amount determined under AS 43.24.030 if that  
18 individual

19 (1) applies to the department on a form prescribed by the  
20 department; and

21 (2) was a state resident for a period of at least six months  
22 immediately preceding the date of application.

23 (c) A parent or guardian may claim a permanent fund dividend on  
24 behalf of a minor or incompetent individual who is eligible to receive a  
25 payment under this section.

26 Sec. 43.24.020. PROOF OF ELIGIBILITY. (a) The commissioner shall  
27 adopt regulations for determining eligibility under this chapter as  
28 emergency regulations under AS 44.62.250. The commissioner may require  
29 an individual to provide proof of eligibility, or may use other informa-

1 tion available from other departments or agencies of the state to deter-  
2 mine eligibility under this chapter.

3 (b) The department shall prescribe and furnish an application form  
4 for claiming a permanent fund dividend that contains a statement of  
5 eligibility and a certification of residency in substantially the follow-  
6 ing form:

7 I certify that I am a state resident on the date of this  
8 application and that I have been a state resident for at  
9 least six months immediately preceding the date of this  
10 application. I also understand that a false claim of res-  
11 idency to obtain a permanent fund dividend is a criminal  
12 offense and that if convicted I will forfeit all perman-  
13 ent fund dividends and that I must repay all permanent  
14 fund dividends which have been paid to me. I understand  
15 that this penalty is in addition to any criminal penalties  
16 imposed.

17  
18 \_\_\_\_\_  
(signature of individual)

19 Sec. 43.24.030. AMOUNT OF DIVIDEND. By August 1 of each year  
20 beginning in 1983 the commissioner shall give public notice of the  
21 value of each permanent fund dividend for that year. The commissioner  
22 shall determine the value of a permanent fund dividend by

23 (1) determining the amount of income of the Alaska permanent  
24 fund transferred to the dividend fund under AS 43.24.050(b) during the  
25 current year;

26 (2) determining the number of permanent fund dividends pay-  
27 able to eligible individuals for the current year; and

28 (3) dividing the amount determined in (1) of this section by  
29 the amount determined in (2) of this section.

1           Sec. 43.24.040. PENALTIES AND ENFORCEMENT. (a) In addition to  
2 any criminal penalties imposed by law, if an individual is convicted of  
3 a crime in connection with a false statement made in a certification of  
4 residency for purposes of claiming a payment under this chapter, and the  
5 conviction is not reversed, that individual is not eligible for a perma-  
6 nent fund dividend and must pay back any permanent fund dividend re-  
7 ceived.

8           (b) If a final determination is made that a payment has been  
9 improperly made to an individual, the commissioner may use the collec-  
10 tion procedures or remedies set out in AS 43 to recover the permanent  
11 fund dividend.

12           Sec. 43.24.050. DIVIDEND FUND ESTABLISHED. (a) The dividend fund  
13 is established as a separate fund in the state treasury. The dividend  
14 fund shall be administered by the commissioner and may be invested by  
15 the commissioner in the same manner as provided in AS 37.10.070. Money  
16 in the dividend fund shall be used to pay permanent fund dividends annu-  
17 ally.

18           (b) Each year the commissioner shall transfer to the dividend fund  
19 50 percent of the income of the Alaska permanent fund which was earned  
20 during the fiscal year ending on June 30 of the current year and which  
21 is available for distribution under AS 37.13.130.

22           Sec. 43.24.060. DUTIES OF THE DEPARTMENT. (a) The department  
23 shall

24           (1) annually pay permanent fund dividends from the dividend  
25 fund;

26           (2) adopt regulations under the Administrative Procedure Act  
27 (AS 44.62) that establish procedures and time limits for claiming a  
28 permanent fund dividend after 1982;

29           (b) The department shall set the time limit for applications for

1 permanent fund dividends so that the number of eligible applicants is  
2 determined by August 1 and permanent fund dividends for a year are paid  
3 before December 31 of that year.

4 (c) The department shall assist residents of rural areas who  
5 because of language, illness, old age, or inaccessibility need assis-  
6 tance to establish eligibility and to apply for the permanent fund  
7 dividend provided under this Act.

8 Sec. 43.24.070. EXEMPTIONS OF PERMANENT FUND DIVIDENDS. Fifty  
9 percent of a permanent fund dividend that is payable to or has been paid  
10 to an individual under this chapter is exempt from levy, execution,  
11 garnishment, and other remedy for the collection of a debt. An exemp-  
12 tion under this section may be claimed by an individual whether or not  
13 the payment has been commingled with other money.

14 Sec. 43.24.080. ELIGIBILITY FOR STATE PUBLIC ASSISTANCE PAYMENTS.  
15 In determining the eligibility of an individual for general relief  
16 medical assistance under AS 47, the Department of Health and Social  
17 Services may not consider a permanent fund dividend as income.

18 Sec. 43.24.099. DEFINITIONS. In this chapter

- 19 (1) "commissioner" means the commissioner of revenue;  
20 (2) "department" means the Department of Revenue;  
21 (3) "individual" means a natural person;  
22 (4) "state resident" means an individual who is physically  
23 present in the state with the intent to remain permanently in the state  
24 or, if he is not physically present in the state, intends to return to  
25 the state and is absent for any of the following reasons:

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

29 (B) postsecondary education;

1 (C) military service;

2 (D) medical treatment;

3 (E) service in Congress; or

4 (F) other reasons that the commissioner may establish by

5 regulation under the Administrative Procedure Act (AS 44.62).

6 \* Sec. 3. The department shall adopt as emergency regulations under  
7 AS 44.62.250 procedures and time limits for claiming a permanent fund dividend  
8 under AS 43.24.010(a). The deadline for claiming a permanent fund dividend  
9 under AS 43.24.010(a) may not be later than 120 days after the effective date  
10 of this Act. Payments shall be made as soon as possible after the department  
11 determines that an applicant is eligible for the payment.

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

14 \* Sec. 5. AS 43.23.010(b) is amended to read:

15 (b) For each year, an individual is eligible to receive payment of  
16 the permanent fund dividends for which he is entitled under this section  
17 if he

18 [(1) IS AT LEAST 18 YEARS OF AGE; AND

19 (2)] is a state resident during all or part of the year for  
20 which the permanent fund dividend is paid.

21 \* Sec. 6. AS 43.23.010 is amended by adding a new subsection to read:

22 (g) A parent or guardian may claim a permanent fund dividend on  
23 behalf of a minor or incompetent individual who is eligible to receive a  
24 payment under this section.

25 \* Sec. 7. Section 4, ch. 21, SLA 1980, is repealed.

26 \* Sec. 8. Sections 5 - 7 of this Act take effect immediately in accor-  
27 dance with AS 01.10.070(c).

28 \* Sec. 9. Sections 1 - 4 of this Act take effect on the date of a deci-  
29 sion by the United States Supreme Court that invalidates any portion of

1 AS 43.23 or secs. 1, 3, and 4, ch. 21, SLA 1980, as amended by sec. 1, ch. 60,  
2 SLA 1980, or on July 10, 1982, whichever is earlier.

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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

SSHB 23

I. REQUEST

Bill/Resolution No. SSHB 23

Title An Act Establishing a Personal Loan Program for Alaska Residents

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		299.6	75.0	82.2	89.7	
200 TRAVEL		38.4	9.9	11.6	37.4	
300 CONTRACTUAL		72.3	14.5	16.0	30.0	
400 COMMODITIES		3.3	.1	.1	.3	
500 EQUIPMENT		22.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		435.6	99.5	109.9	157.4	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		10	2	2	4	
PART TIME						
TEMPORARY						

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

Fiscal note detail attached.

FY '82 figures are for initial staffing.

FY '83 & '84 reflect an ongoing program.

FY '85 shows an increase of staffing to handle delinquencies.

*Sharon Traylor*

IV. DATE Feb. 20, 1981

PREPARED BY Sharon Traylor, Director

AGENCY Division of Business Loans/Dept. of Com. & Econ

PHONE 465-2510

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL  
SSHB 23 - PERSONAL LOAN PROGRAM

		<u>12 Months</u>
100	4 Loan Examiner I/II's (flex) @ \$2,455/mo. ea.	117.9
	2 Clerk Typist III's @ #1,393/mo. ea.	33.4
	2 Loan Closer I's @ \$1,564/mo. ea.	37.5
	1 Documents Processing Clerk III @ \$1,564/mo.	18.8
	1 Accounting Technician II @ \$1,995/mo.	<u>23.9</u>
	TOTAL WAGES	231.4
	Standard Benefits (Wages x .1555)	36.0
	Supplemental Benefits (Wages x .0613)	14.2
	Health Insurance (Man Months x \$150)	<u>18.0</u>
	TOTAL PERSONAL SERVICES	299.6
200	Trips to Close Loans:	
	60 Trips @ \$500	30.0
	120 Days Per Diem @ \$70	<u>8.4</u>
		38.4
300	Telephone & Postage	33.0
	Printing of Applications, Advertising	3.3
	Office Space @ \$3,000/mo.	<u>36.0</u>
		72.3
400	Office Supplies	<u>3.3</u>
	TWELVE MONTHS OPERATING COSTS	<u>413.6</u>
500	Equipment:	
	10 Desks @ \$330	3.3
	5 Typist's Extensions @ \$455	2.3
	5 Credenzas @ \$470	2.4
	6 Secretarial Chairs @ \$150	.9
	4 Executive Chairs @ \$190	.8
	10 Side Chairs @ \$100	1.0
	10 File Cabinets @ \$325	3.3
	8 Calculators @ \$200	1.6
	6 Typewriters @ \$1,000	6.0
	10 Waste Baskets @ \$25	.3
	2 Coat Racks @ \$70	<u>.1</u>
		22.0
	TOTAL	<u>435.6</u>

SECOND YEAR

100	1 Loan Examiner I/II (Flex) @ \$2,700/mo.		
	1 Accounting Technician II @ \$2,195/mo.		58.7
	Benefits and Health Insurance		<u>16.3</u>
	TOTAL PERSONAL SERVICES		75.0
200	Travel		
	15 Trips @ \$500	7.5	
	30 Days Per Diem @ \$80/Day	<u>2.4</u>	9.9
300	Contractual Services		14.5
400	Office Supplies		<u>.1</u>
	TOTAL SECOND YEAR COSTS		<u>99.5</u>

THIRD YEAR

100	1 Loan Examiner I/II (Flex) @ \$2,970/mo.		
	1 Accounting Technician II @ \$2,415/mo.		64.6
	Benefits and Health Insurance		<u>17.6</u>
	TOTAL PERSONAL SERVICES		82.2
200	Travel		
	15 Trips @ \$600	9.0	
	30 Days Per Diem @ \$85/Day	<u>2.6</u>	11.6
300	Contractual Services		16.0
400	Office Supplies		<u>.1</u>
	TOTAL THIRD YEAR COSTS		<u>109.9</u>

FOURTH YEAR

100	3 Loan Examiner I/II (Flex) @ \$3,119/mo.		37.4
	1 Accounting Technician II @ \$2,536/mo.		30.4
	Benefits and Health Insurance		<u>21.9</u>
	TOTAL PERSONAL SERVICES		89.7
200	Travel		
	45 Trips @ \$650	29.7	
	90 Days Per Diem @ \$85/Day	<u>7.7</u>	37.4
300	Contractual Services		30.0
400	Office Supplies		<u>.3</u>
	TOTAL FOURTH YEAR COSTS		<u>157.4</u>

10% INFLATION FOR SUCCEEDING YEARS

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

18  
23

I. REQUEST

Bill/Resolution No. SSH 23  
Title An Act Establishing a Personal Loan Program for Alaska Residents  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

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BRU, Program, or Subprogram(s) Affected Division of Business Loans  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

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700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

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PART TIME						
TEMPORARY						

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

Fiscal note detail attached.  
FY '82 figures are for initial staffing.  
FY '83 & '84 reflects an ongoing program.  
FY '85 shows an increase of staffing to handle delinquencies.

IV. DATE 1-27-81 PREPARED BY Sharon Traylor, Director  
AGENCY Division of Business Loans/Dept. of Com. & Econ. Dev.  
PHONE 465-2510  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL  
HB 23 - PERSONAL LOAN PROGRAM

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FOURTH YEAR

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300	Contractual Services		30.0
400	Office Supplies		<u>.3</u>
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10% INFLATION FOR SUCCEEDING YEARS