

COMMITTEE REPORT  
HOUSE

4/23/81

FURTHER:

(11)

Date: 4/3/82

Mr. Speaker:

The Committee on FINANCE has had SSHB 24

"An Act making a special appropriation to the Department of Commerce and Economic Development to establish a personal loan program; 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 24 (FIN)  same title
- new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

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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.

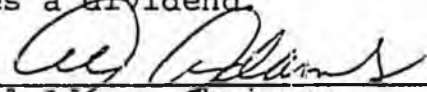
The Committee chose a six months' residency requirement to ensure a link between the distribution of income from the state's resource wealth and the receipt of that income by bonafide state residents. The unique nature of this program increases the difficulties in administering it, and the Committee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

Funding Information

General Fund	\$430,092,100
Other Funds	-0-
	<u>\$430,092,100</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 24 (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 reappropriating money to the permanent fund  
7 dividend account; making a special appropriation to the  
8 permanent fund dividend account for fiscal year 1983;  
9 making special appropriations to the Department of  
10 Revenue for a study of the effects of distribution from  
11 the Alaska permanent fund and for a study of the issues  
12 raised by the royalty trust embodied in HB 642; and  
13 providing for an effective date."

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

15 \* Section 1. The sum of \$129,330,300 appropriated from the general fund  
16 in sec. 52, ch. 120, SLA 1980, at page 69, line 5, for permanent fund divi-  
17 dend payments and the sum of \$149,961,800 appropriated from the general fund  
18 in sec. 28, ch. 82, SLA 1981, at page 106, line 7, for permanent fund divi-  
19 dend payments are reappropriated to the Alaska permanent fund dividend account  
20 for payment of permanent fund dividends under CS for House Bill No. 23 (Fin-  
21 ance).

22 \* Sec. 2. The sum of \$150,400,000 is appropriated from the general fund  
23 to the Alaska permanent fund dividend account for payment of permanent fund  
24 dividends in the fiscal year ending June 30, 1983 under CS for House Bill No.  
25 23 (Finance).

26 \* Sec. 3. The sum of \$50,000 is appropriated from the general fund to the  
27 Department of Revenue for a study of the effects of distributions from the  
28 Alaska permanent fund dividend account on Alaska's people and economy.

29 \* Sec. 4. The sum of \$350,000 is appropriated from the general fund to

1 the Department of Revenue for a study of the issues raised by the royalty  
2 trust embodied in House Bill No. 642.

3 \* Sec. 5. The appropriations made under this Act do not lapse under  
4 AS 37.25.010.

5 \* Sec. 6. This Act takes effect on the date of a decision by the United  
6 States Supreme Court that invalidates any portion of AS 43.23 or secs. 1, 3  
7 and 4, ch. 21, SLA 1980, as amended by sec. 1, ch. 60, SLA 1980, or on  
8 July 10, 1982, whichever is earlier.

Original sponsors: Randolph, Beirne  
and Fanning

Funding Information

General Fund	\$430,092,100
Other Funds	-0-
	<u>\$430,092,100</u>

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 24 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act reappropriating money to the permanent fund dividend account; making a special appropriation to the permanent fund dividend account for fiscal year 1983; making special appropriations to the Department of Revenue for a study of the effects of distribution from the Alaska permanent fund and for a study of the issues raised by the royalty trust embodied in HB 642; and providing for an effective date."

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

\* Section 1. The sum of \$129,330,300 appropriated from the general fund in sec. 52, ch. 120, SLA 1980, at page 69, line 6, for permanent fund dividend payments and the sum of \$149,961,800 appropriated from the general fund in sec. 28, ch. 82, SLA 1981, at page 106, line 7, for permanent fund dividend payments are reappropriated to the Alaska permanent fund dividend account for payment of permanent fund dividends under CS for House Bill No. 23 (Finance).

\* Sec. 2. The sum of \$150,400,000 is appropriated from the general fund to the Alaska permanent fund dividend account for payment of permanent fund dividends in the fiscal year ending June 30, 1983 under CS for House Bill No. 23 (Finance).

\* Sec. 3. The sum of \$50,000 is appropriated from the general fund to the Department of Revenue for a study of the effects of distributions from the Alaska permanent fund dividend account on Alaska's people and economy.

\* Sec. 4. The sum of \$350,000 is appropriated from the general fund to

*estate like  
Natural  
Resources  
Trust*

the Department of Revenue for a study of the issues raised by the royalty trust embodied in House Bill No. 642.

\* Sec. 5. The appropriations made under this Act do not lapse under AS 37.25.010.

\* Sec. 6. This Act takes effect on the date of a decision by the United States Supreme Court that invalidates any portion of AS 43.23 or secs. 1, 3 and 4, ch. 21, SLA 1980, as amended by sec. 1, ch. 60, SLA 1980, or on July 10, 1982, whichever is earlier.

CORRECTION

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 24

Sponsors should have read:

BY RANDOLPH, BEIRNE AND FANNING

Please discard all other copies of this Bill.

Funding Information  
General Fund \$2,000,000,000  
Other Funds -0-  
\$2,000,000,000

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. 24  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Commerce and Economic Development to establish  
8 a personal loan program; and providing for an effective  
9 date."

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

11 \* Section 1. The sum of \$2,000,000,000 is appropriated from the general  
12 fund to the Department of Commerce and Economic Development to establish a  
13 personal loan program under AS 45.85.

14 \* Sec. 2. This Act takes effect on the effective date of an Act estab-  
15 lishing a personal loan program.

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SSHB 24

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SSHB 24  
 Title An Act making a special appropriation to the Dept. of Commerce & Economic Development  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_ to establish  
 a personal loan program.

II. FISCAL DETAIL  
 Agency Affected 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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Effect of personal loan program reflected in Fiscal Note for SSHB 23.

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

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