

Introduced: 3/26/82
Referred: Finance

1 IN THE HOUSE

BY MALONE, ROGERS,
MILLER AND BEIRNE

2 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 437

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) was a state resident for a period of at least six months
13 immediately preceding the effective date of this Act; and

14 (2) applies to the Department of Revenue on a form prescribed
15 by the department.

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 he applies.

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 in 1982 that contains a statement
5 of eligibility and a certification of residency in substantially the
6 following form:

7 I certify that I am a state resident and have been a
8 state resident since (the date that is six months before
9 the effective date of this Act). I also understand that a
10 false claim of residency to obtain a permanent fund dividend
11 payment is a criminal offense and that if convicted I must
12 repay all payments that have been paid to me. I understand
13 that this penalty is in addition to any criminal penalties
14 imposed.

15
16 _____
17 (signature of individual
18 or parent or guardian)

19 (c) The department shall prescribe and furnish an application form
20 for claiming a permanent fund dividend after 1982 that contains a state-
21 ment of eligibility and a certification of residency in substantially
22 the following form:

23 I certify that I am a state resident on the date of this
24 application and that I have been a state resident for at
25 least six months immediately preceding the date of this
26 application. I also understand that a false claim of res-
27 idency to obtain a permanent fund dividend is a criminal
28 offense and that if convicted I will forfeit all perman-
29 ent fund dividends and that I must repay all permanent
fund dividends which have been paid to me. I understand

1 that this penalty is in addition to any criminal penalties
2 imposed.

3
4 _____
(signature of individual)

5 Sec. 43.24.030. AMOUNT OF DIVIDEND. By August 1 of each year
6 beginning with 1983 the commissioner shall give public notice of the
7 value of each permanent fund dividend for that year. The commissioner
8 shall determine the value of a permanent fund dividend by

9 (1) determining the amount of income of the Alaska permanent
10 fund transferred to the dividend fund under AS 43.24.050(b) during the
11 current year;

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

14 (3) dividing the amount determined in (1) of this section by
15 the amount determined in (2) of this section.

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

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

27 Sec. 43.24.050. DIVIDEND FUND ESTABLISHED. (a) The dividend fund
28 is established as a separate fund in the state treasury. The dividend
29 fund shall be administered by the commissioner and may be invested by

1 the commissioner in the same manner as provided in AS 37.10.070. Money
2 in the dividend fund shall be used to pay permanent fund dividends annu-
3 ally.

4 (b) Each year the commissioner shall transfer to the dividend fund
5 50 percent of the income of the Alaska permanent fund which was earned
6 during the fiscal year ending on June 30 of the current year and which
7 is available for distribution under AS 37.13.130.

8 Sec. 43.24.060. DUTIES OF THE DEPARTMENT. (a) The department
9 shall

10 (1) annually pay permanent fund dividends from the dividend
11 fund;

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

15 (b) The department shall set the time limit for applications for
16 permanent fund dividends so that the number of eligible applicants is
17 determined by August 1 and permanent fund dividends for a year are paid
18 before December 31 of that year.

19 (c) The department shall assist residents of rural areas who
20 because of language, illness, old age, or inaccessibility need assis-
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22 dividend provided under this Act.

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

29 Sec. 43.24.080. ELIGIBILITY FOR STATE PUBLIC ASSISTANCE PAYMENTS.

1 In determining the eligibility of an individual for general relief
2 medical assistance under AS 47, the Department of Health and Social
3 Services may not consider a permanent fund dividend as income.

4 Sec. 43.24.099. DEFINITIONS. In this chapter

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

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

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

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

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

15 (B) postsecondary education;

16 (C) military service;

17 (D) medical treatment;

18 (E) service in Congress; or

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

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

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

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

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

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

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

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

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

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

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

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

COMMITTEE REPORT

HOUSE

FURTHER:

(11)

3/26/82

Date: _____

Mr. Speaker:

The Committee on FINANCE has had 2d SSHB 437

"An Act providing for permanent fund dividends; 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
- and recommends _____ new title
- 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:

CHAIRMAN

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Referred: Finance

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BY MALONE, ROGERS,
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26 freedom of choice, and stimulate private sector development through indivi-
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ALASKA STATE LEGISLATURE

TWELFTH Legislature SECOND Session
 2d SPONSOR SUBSTITUTED FOR
 HOUSE BILL NO. 437
 By MALONE, ROGERS, MILLER
 AND BEIRNE

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

Permanent fund dividends

Introduced in the House 3/26, 1982

HISTORY IN THE HOUSE

19	82	Read first time and referred to Committee on										
Mar	26	Finance										
		Reported back with recommendation that										
		Read second time and										
		Read third time and										
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		Signed by Speaker										
		Sent to Senate										

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

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		Reported correctly engrossed										
		Signed by President										
		Returned to House										

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19		Received from Senate
		Concurred in Senate amendment thus adopting: VOTE
		Failed to concur in Senate amendment; asked Senate to recede VOTE
		Senate receded from amendment VOTE
		Senate failed to recede from amendment VOTE
		CC appointed by House
		CC appointed by Senate
		CC adopted by House VOTE
		CC adopted by Senate VOTE
		To enrolling Reported correctly enrolled Sent to Governor by Governor
		Filed with Lt. Governor
		Chapter No.

STATE OF ALASKA
THE LEGISLATURE

POUCH V. STATE CAPITOL
JUNEAU, ALASKA 99811

HOUSE OF REPRESENTATIVES

TO FINANCE

REMARKS:

Please give the page your committee copy
of Sponsor Sub. for HB 437 as we now have
a 2d SS sent to you this morning.

Thank you.

pick up
FROM Clerk's Office DATE 3/29

LAA 25-H

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSSHB 437 (State Affairs)
 Title An Act relating to permanent fund dividends and providing payments for 1979 and 1980.
 Requested by House Finance Committee Date May 13, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (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

FUNDING (Millions of Dollars)

GENERAL FUND		397.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
$\frac{1}{2}$ Permanent Fund Earnings (1979 and 1980)		14.8				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

It is assumed that the entire payment will be made after June 30, 1981. The estimate assumes that state residents will be eligible for approximately 660,000 full-year dividend payments and 48,200 part-year (prorated) dividend payments for 1979 and 1980.

$$\begin{aligned}
 660,000 \times \$600 &= \$396.0 \text{ million} \\
 48,200 \times \$332 \text{ (avg. prorated dividend)} &= 16.0 \text{ million} \\
 &= \underline{\underline{\$412.0 \text{ million}}}
 \end{aligned}$$

It is assumed that one-half the earnings of the Permanent Fund for 1979 and 1980, or \$14.8 million, is to be used for payment leaving \$397.2 million to be appropriated from the General Fund.

Joseph K. Donohue
Joseph K. Donohue

IV. DATE May 13, 1981 PREPARED BY Joseph K. Donohue
 AGENCY Revenue
 Original: Legislative Finance PHONE 465-2302
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSSHB 437 (SA)

Title Permanent Fund Dividends and Providing a Payment Program for the State Residents for 1979 and 1980 Date 4/30/81

Requested by: House Finance Committee

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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	193.9					
200 TRAVEL						
300 CONTRACTUAL	359.2					
400 COMMODITIES	4.0					
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	557.1	—————>				

FUNDING (Thousands of Dollars)

GENERAL FUND	557.1	—————>				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME	13/93mm	—————>				
TEMPORARY						

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

ASSUMPTIONS: 366,100 Alaskans qualify. Full and Part Year Residents.
415,000 Transactions (accepted applications, rejected applications & address changes). 240,000 Transactions may be in the form of 1980 Permanent Fund Divident Applications. Letters and phone calls of inquiry not included. Enforcement and Permanent Fund Dividend deduction file developed.

Supervision and space provided from existing resources.

FY81 funding requires supplemental appropriation with residuals carrying into FY82 to complete the one-time project.

Expenditure and Position detail in on Page 2.

IV. DATE 5/15/81 PREPARED BY *F. A. Wall*
AGENCY Revenue
PHONE 465-2313

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

PROCESSING ASSUMPTIONS:

1. That the 1980 PFD application file will be matched to the 1979 PFD application file and an initial processing of payments will occur based upon the accepted 1980 application.
2. The initial process will create substantial complexity in the application and processing procedures. Many duplicate applications are expected as people will not know if they've previously applied or if the application was received. Rapid processing of the initial payment will be required to minimize this problem.
3. Then, applications will be solicited and processed from all other individuals.

Positions:

1 PPT R18 for 5mm, systems design-payment processing: \$2640/mo plus 25%	=	16.5	
1 PPT R18 for 4mm, systems design-Enforcement, Permanent Fund Dividend Deduction and Inquiry processing: \$2640/mo plus 25%	=	13.2	
2 PPT R17 for 3mm each, programming: \$2455/mo plus 25%	=	18.4	
1 PPT R8 for 12mm for pre-edit, correction & warrant control: \$1393/mo plus 25%	=	20.9	
5 PPT R8 for 6mm each for data capture, inquiry reply, batching, pre-edit and mail: \$1393/mo plus 25%	=	52.2	
3 PPT R8 for 12mm each for data capture, batching and attachment processing: \$1393/mo plus 25%	=	<u>62.7</u>	
			93mm for 193.9

Other Expenditures:

Postage:			
Forms distribution, 400,000 @ .18¢ each	=	72.0	
366,100 payments @ .18¢ each	=	65.9	
Forms:			
450,000 applications @ \$50M	=	22.5	
366,100 warrants @ \$35M	=	12.8	
Miscellaneous:			
Toll Calls, insurance, etc.	=	4.5	
Contingency	=	50.0	
Equipment Rental - Data Capture:			
5 CRT @ \$80/mo for 4 mos.	=	1.6	
3 CRT @ \$80/mo for 12 mos.	=	2.9	
1 Control Unit @ \$705/mo for 12 mos.	=	8.5	
1 printer @ \$286/mo for 12 mos.	=	3.4	

D.P. Chargeback:

Disk Storage:

140 million bytes @ 90% of \$12/mo/mb X 12 mos. = 18.1

Processing Charges:

development = 42.0

on-going processing = 39.0

data capture and inquiry = 16.0

359.2

Commodities:

= 4.0

4.0

Total Cost for 1979 and 1980 Residency Payments

* 557.1

* Development and processing cost is \$1.53 per payment.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSSHB 437 (State Affairs)

Title An Act relating to permanent fund dividends and providing a payment program

Requested by House Finance Committee Date May 1, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Audit 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) NONE

	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

FUNDING (Thousands of Dollars) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE May 1, 1981

PREPARED BY Gary L. Jenkins
AGENCY Audit Division
PHONE 465-2320

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for Sponsor Substitute for House Bill 437
 Title Payments to State residents
 Requested by Malone, Rogers, Miller & Bierne Date 5/1/81

II. FISCAL DETAIL

Agency Affected 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		173.8	0	0	0	0
200 TRAVEL		30.0	0	0	0	0
300 CONTRACTUAL		83.6	0	0	0	0
400 COMMODITIES		3.2	0	0	0	0
500 EQUIPMENT		8.0	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		298.6	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Permanent Fund Dividend						
Trust Fund		298.6	0	0	0	0

POSITIONS

FULL TIME		6	0	0	0	0
PART TIME						
TEMPORARY						

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

See memo from Fred Boetsch to R. D. Stevenson, dated May 1, 1981.

IV. DATE 5-1-81 PREPARED BY *Fred Boetsch*
 AGENCY Department of Revenue - Enforcement Division
 PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Commissioner's Office

DATE: May 1, 1981

FILE NO:

TELEPHONE NO:

FROM: Fred P. Boetsch, Director *FJB*
Division of Enforcement

SUBJECT: Committee Substitute for
Sponsor Substitute for
House Bill 437

This bill provides for a payment of \$600.00 to each person who was a resident of Alaska for calendar years 1979 and/or 1980. It also provides for a pro-rated payment for residents who were eligible for a portion of either year. The basic differences between this program and the Permanent Fund Dividend program (AS 43.23) are:

- 1) The payment is one time only;
- 2) Residency for calendar years 1979 and/or 1980 is required - prior years do not count either for eligibility or amount of payment;
- 3) Minors are included.

It is this last requirement that would create administrative costs for the Enforcement Division where the impact would be in the Eligibility and Rural assistance programs.

We estimate that approximately 130,000 minors would be impacted by the program. Each minor or his parent or guardian would be required to file an application. A tremendous effort would be required to enroll minors currently living in the state.

Therefore, for fiscal year 1982, we would need six temporary Tax Collection Specialist II's for about a four month period in order to assist with the catch up effort of enrolling all minors for filing additional 1979 and 1980 applications. Beyond that, we would need a Revenue Enforcement Officer III, a Revenue Enforcement Officer I, 2 Tax Collection Specialist II's and 2 Tax Collection Specialist I's to handle the additional volume of approximately 130,000 or more applications and to extend the rural assistance program to minors. Additional travel involved in the effort to reach minors in the rural areas would be approximately \$30,000. There would be additional printing and mailing costs of forms of \$40,000, additional phone costs of \$10,000, and an enhancement of existing computer programs in order to

R. D. Stevenson
Special Assistant
Office of the Commissioner

Page 2
May 1, 1981

bring in the additional information of \$15,000. Additional office space could be rented for \$15,000. Commodity costs and equipment are also indicated on the attached fiscal note detail.

Section 7 provides that a payment under this act would be deducted from any payments subsequently made under AS 43.23 for 1979 and/or 1980. It does not address the situation where the payment under this bill would be larger than the amount due under AS 43.23. Would this amount be reimbursable to the state or forgiven?

FPB:lw

Attachment

POSITION PAPER

COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE
FOR HOUSE BILL NO. 437 (STATE AFFAIRS)

"An Act relating to permanent fund dividends and providing a payment program for state residents for 1979 and 1980; and providing for an effective date."

Federal laws and regulations would require the Department to consider any distribution of permanent fund cash payments when determining whether a family is eligible for Aid to Families with Dependent Children (AFDC), Foodstamps, Medicaid, Old Age Assistance, Aid to the Blind and Aid to the Disabled.

Based on a proposed payment of \$600 per person per year (1979 and 1980), the average Alaskan public assistance family of three persons would receive \$3600 under CSSSHB-437, presumably as a lump sum payment. Most public assistance recipients may hold up to \$1500 in assets (cash, net value of real estate, etc.) and still remain eligible. Under current policy, any new assets received by a public assistance family, such as permanent fund payments, would not be counted in the month they are received. However, any funds actually remaining in the following month are counted against the \$1500 ceiling.

EXAMPLE: AFDC family of 2 receives \$2400 permanent fund payment on June 5 and spends all but \$300 by June 30. The remaining \$300 would be added to the household's other resources to see if it exceeds the \$1500 limit. If the \$1500 limit is exceeded, the AFDC payment is terminated effective August 1 until the recipient is back under the \$1500 limit. If on the other hand, \$300 would not place the AFDC recipient over the \$1500 limit, the AFDC payment would continue without change.

However, on July 1, 1981 the Aid to Families with Dependent Children (AFDC) Program will be changed in Alaska to a new system of budgeting, one designed to reduce errors. Under the new system, the proposed permanent fund payment would count as income in the month it is received. Most of Alaska's 6300 AFDC families would as a result suffer at least one month of ineligibility for AFDC benefits each year, for the permanent fund payment would place them over the qualifying income standards.

EXAMPLE: AFDC recipient with two children has an AFDC income qualifying limit of \$514. Under CSSSHB-437 the family receives a \$3600 payment in August. Under the new system of budgeting, this \$3600 would count as income, placing the family well over the \$514 limit. The family would be eligible for AFDC for the months of August and September but ineligible in the month of October. The family would become eligible again in November if less than \$1500 of the permanent fund payment remained at that time.

Most public assistance families would be impacted adversely by the passage of CSSSHB-437. These public assistance families will become ineligible for continued public assistance benefits unless they spend enough of their permanent fund payment to stay within the qualifying limits of the Division's programs.

Recommended by:

Rod Betit
Rod Betit, Director
Division of Public
Assistance

Date:

May 11, 1981

Approved by:

Helen D. Beirne
Helen D. Beirne
Commissioner

Date:

5-12-81

Original sponsors: Malone, Rogers,
Miller and Beirne

Offered: 4/29/81
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 437 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA.

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: An Act relating to permanent fund dividends and provid-
7 ing a payment program for state residents for 1979 and
8 1980; and providing for an effective date."

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

10 * Section 1. LEGISLATIVE PURPOSE AND FINDINGS. (a) The purpose of this
11 Act is to share directly with state residents a portion of the state's
12 income from oil production.

13 (b) The legislature finds that it is in the public interest to provide
14 all state residents with an immediate and direct benefit from the earnings
15 of the Alaska permanent fund. The legislature further finds that state
16 residents anticipated the payment to them of permanent fund dividends under
17 AS 43.23, and many made commitments in accordance with their expectations.
18 Because payment of permanent fund dividends continues to be delayed by
19 litigation, the legislature had concluded that in order to make any distri-
20 bution before the litigation is resolved, the distribution must be in equal
21 amounts to each resident. Unlike the permanent fund dividend program,
22 however, this per capita distribution does not provide an incentive for
23 long-term residence in the state; it does not help to assure that the state
24 will benefit in the future from a stable population; it does not encourage a
25 long-term interest in prudent management of the Alaska permanent fund and
26 the state's natural resources; and it does not recognize the many contribu-
27 tions, both tangible and intangible, that individuals have made to the
28 Alaska community during their previous periods of residence in the state.
29 Thus, the method of distribution provided in this Act is not the method

1 preferred by the legislature. However, the legislature finds that the
2 enactment of the permanent fund dividend program has raised expectations on
3 the part of state residents to receive a direct benefit from the state's
4 natural resource revenues, and that many residents have been counting on
5 receiving dividend payments. As a result, an obligation now exists to
6 fulfill those expectations by making an immediate distribution as an interim
7 measure, pending resolution of the permanent fund dividend litigation. This
8 obligation can be satisfied in part by the enactment of secs. 2 - 7 of this
9 Act, which provide for a one-time distribution to residents under a method
10 that does not raise the legal issues raised in the pending permanent fund
11 dividend litigation.

12 * Sec. 2. RESIDENCY PAYMENT. (a) An individual who is eligible under
13 (b) of this section is entitled to an annual residency payment of \$600 per
14 year for each full year that the individual was a state resident during
15 calendar years 1979 and 1980.

16 (b) An individual is eligible to receive a residency payment under (a)
17 of this section if he

18 (1) applies to the department for the payment; and

19 (2) is a state resident on the date of the application.

20 (c) A parent or guardian may claim a residency payment on behalf of a
21 minor or incompetent who is eligible to receive a residency payment under
22 this section.

23 (d) An individual who applies for a residency payment shall make and
24 submit a statement of eligibility verified by him under penalty of perjury.
25 The commissioner may require an individual to provide additional proof of
26 eligibility including one or more affidavits from individuals having personal
27 knowledge concerning the individual's eligibility.

28 (e) If an individual who is eligible under (b) of this section was a
29 state resident for less than 12 months during 1979 or during 1980, the

Original sponsors: Malone, Rogers,
Miller and Beirne

Offered: 4/29/81
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 437 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: An Act relating to permanent fund dividends and provid-
7 ing a payment program for state residents for 1979 and
8 1980; and providing for an effective date."

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

10 * Section 1. LEGISLATIVE PURPOSE AND FINDINGS. (a) The purpose of this
11 Act is to share directly with state residents a portion of the state's
12 income from oil production.

13 (b) The legislature finds that it is in the public interest to provide
14 all state residents with an immediate and direct benefit from the earnings
15 of the Alaska permanent fund. The legislature further finds that state
16 residents anticipated the payment to them of permanent fund dividends under
17 AS 43.23, and many made commitments in accordance with their expectations.
18 Because payment of permanent fund dividends continues to be delayed by
19 litigation, the legislature had concluded that in order to make any distri-
20 bution before the litigation is resolved, the distribution must be in equal
21 amounts to each resident. Unlike the permanent fund dividend program,
22 however, this per capita distribution does not provide an incentive for
23 long-term residence in the state; it does not help to assure that the state
24 will benefit in the future from a stable population; it does not encourage a
25 long-term interest in prudent management of the Alaska permanent fund and
26 the state's natural resources; and it does not recognize the many contribu-
27 tions, both tangible and intangible, that individuals have made to the
28 Alaska community during their previous periods of residence in the state.
29 Thus, the method of distribution provided in this Act is not the method

1 individual is entitled to payment of a prorated dividend based on the number
2 of months that the individual was a state resident during the year for which
3 the prorated payment is made.

4 (f) The department shall prescribe and furnish an application form for
5 claiming the residency payment which shall contain a statement of eligi-
6 bility, a statement informing the applicant of the provisions of sec. 7 of
7 this Act, and a certification of residency in the following form:

8 Under penalty of perjury, I certify that I am a state resident on the
9 date of this application and I was a state resident during _____
10 full months of 1979 and _____ full months of 1980 and that I
11 understand that my claim for a residency payment is determined by the
12 length of my residence in the state. I also understand that if I am
13 convicted of falsely claiming a residency payment I will forfeit the
14 residency payment and that I must repay any residency payment which has
15 been paid to me. I understand that this penalty is in addition to any
16 criminal penalties imposed.

17 _____
18 (signature of individual)

19 * Sec. 3. PENALTIES AND ENFORCEMENT. (a) In addition to any criminal
20 penalties imposed by state law, if an individual is convicted of perjury or
21 unsworn falsification for a statement made in a certification of residency,
22 and the conviction is not reversed, that individual is not, and may never
23 become, eligible for a residency payment, and he forfeits any residency
24 payment paid to him.

25 (b) If the commissioner determines that a residency payment should not
26 have been claimed by or paid to an individual, he may use any collection
27 procedures or remedies available under this title to recover a residency
28 payment which was improperly made.

29 * Sec. 4. APPROPRIATIONS OF PERMANENT FUND INCOME. The legislature

1 shall appropriate at least 50 percent of the annual income of the Alaska
2 permanent fund for 1979 and 1980 residency payments under this Act. If 50
3 percent of the annual income of the Alaska permanent fund is not sufficient
4 to pay° all residency payments due under this Act, the legislature shall
5 appropriate the additional amount needed from the general fund.

6 * Sec. 5. DUTIES OF THE DEPARTMENT. The department shall

7 (1) present a request to the legislature for an appropriation for
8 the residency payments required by sec. 2 of this Act;

9 (2) make the residency payments required by this Act from the
10 appropriation made for that purpose;

11 (3) prescribe and distribute forms to the public so that the
12 residency payments under this Act will be paid before October 15, 1981;

13 (4) assist residents of rural areas who because of language,
14 illness, old age or inaccessibility to public transportation need assistance
15 to establish eligibility and to apply for the residency payment provided by
16 this Act.

17 * Sec. 6. DEFINITIONS. In this Act,

18 (1) "Alaska permanent fund" means the fund established by art IX,
19 sec. 15, of the state constitution;

20 (2) "commissioner" means the commissioner of revenue;

21 (3) "department" means the Department of Revenue;

22 (4) "individual" means a natural person;

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

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

29 (B) postsecondary education,

- 1 (C) military service,
- 2 (D) medical treatment,
- 3 (E) service in Congress, or
- 4 (F) other reasons which the commissioner may establish by
- 5 regulation under the Administrative Procedure Act (AS 44.62).

6 * Sec. 7. If a payment is determined to be due to an individual under
7 AS 43.23 for calendar year 1979 or 1980, the payment made to an individual
8 under secs. 2 - 7 of this Act for that year shall be deducted from the
9 amount due under AS 43.23 for that year.

10 * Sec. 8. Section 4, ch. 21, SLA 1980 is repealed.

11 * Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-
12 070(c).

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Introduced: 4/2/81
Referred; State Affairs and
Finance

1 IN THE HOUSE

BY MALONE, ROGERS, MILLER
AND BEIRNE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 437

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: An Act providing for payments to state residents for
7 1980; and providing for an effective date."

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

9 * Section 1. RESIDENCY PAYMENT. (a) An individual who is eligible
10 under (b) of this section is entitled to an annual residency payment of \$500
11 if the individual was a state resident during the entire calendar year of
12 1980.

13 (b) An individual is eligible to receive a residency payment under (a)
14 of this section if he

15 (1) applies to the department for the payment; and

16 (2) is a state resident on the date of the application.

17 (c) A parent or guardian may claim a residency payment on behalf of a
18 minor or incompetent who is eligible to receive a residency payment under
19 this section.

20 (d) An individual who applies for a residency payment shall make and
21 submit a statement of eligibility which must be verified by him under penalty
22 of perjury. The commissioner may require an individual to provide additional
23 proof of eligibility including one or more affidavits from individuals
24 having personal knowledge concerning the individual's eligibility.

25 (e) The department shall prescribe and furnish an application form for
26 claiming the residency payment which shall contain a statement of eligibility
27 and a certification of residency in the following form:

28 Under penalty of perjury, I certify that I am a state resident on the
29 date of this application and I was a state resident during 1980 and

1 that I understand that my claim for a residency payment is determined
2 by the length of my residence in the state. I also understand that if
3 I am convicted of falsely claiming a residency payment I will forfeit
4 the residency payment and that I must repay any residency payment which
5 has been paid to me. I understand that this penalty is in addition to
6 any criminal penalties imposed.

7
8 _____
(signature of individual)

9 * Sec. 2. PENALTIES AND ENFORCEMENT. (a) In addition to any criminal
10 penalties imposed by state law, if an individual is convicted of perjury or
11 unsworn falsification for a statement made in a certification of residency,
12 and the conviction is not reversed, that individual is not, and may never
13 become, eligible for a residency payment, and he forfeits any residency
14 payment paid to him.

15 (b) If the commissioner determines that a residency payment should not
16 have been claimed by or paid to an individual, he may use any collection
17 procedures or remedies available under this title to recover a residency
18 payment which was improperly made.

19 * Sec. 3. APPROPRIATIONS OF PERMANENT FUND INCOME. The legislature
20 shall appropriate at least 50 percent of the annual income of the Alaska
21 permanent fund for 1980 residency payments under this Act. If 50 percent of
22 the annual income of the Alaska permanent fund is not sufficient to pay all
23 residency payments due for 1980, the legislature shall appropriate the
24 additional amount needed from the general fund.

25 * Sec. 4. DUTIES OF THE DEPARTMENT. The department shall

26 (1) present a request to the legislature for an appropriation for
27 the residency payments required by sec. 1 of this Act;

28 (2) make the residency payments required by this Act from the
29 appropriation made for that purpose;

1 (3) prescribe and distribute forms to the public so that the
2 residency payments for 1980 will be paid before October 15, 1981;

3 (4) assist residents of rural areas who because of language,
4 illness, old age or inaccessibility to public transportation need assistance
5 to establish eligibility and to apply for the residency payment provided by
6 this Act.

7 * Sec. 5. DEFINITIONS. In this Act,

8 (1) "Alaska permanent fund" means the fund established by art IX,
9 sec. 15, of the state constitution;

10 (2) "commissioner" means the commissioner of revenue;

11 (3) "department" means the Department of Revenue;

12 (4) "individual" means a natural person;

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

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

19 (B) postsecondary education,

20 (C) military service,

21 (D) medical treatment,

22 (E) service in Congress, or

23 (F) other reasons which the commissioner may establish by
24 regulation under the Administrative Procedure Act (AS 44.62).

25 * Sec. 6. If any provision of secs 1 - 5 of this Act is held to be
26 invalid by the final judgment, decision, or order of a court of competent
27 jurisdiction, then that provision is nonseverable, and all provisions of
28 secs 1 - 5 of this Act are invalid and of no force or effect.

29 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-

4-4

1 070(c).

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POSITION PAPER

SPONSOR SUBSTITUTE
FOR HOUSE BILL NO. 437

"An Act providing for payments to state residents for 1980; and providing for an effective date."

Federal laws and regulations would require the Department to consider any distribution of permanent fund cash payments when determining whether a family is eligible for Aid to Families with Dependent Children (AFDC), Foodstamps, Medicaid, Old Age Assistance, Aid to the Blind and Aid to the Disabled.

Based on a proposed payment of \$500 per person, the average Alaskan public assistance family of three persons would receive \$1500 under SSHB-437, presumably as a lump sum payment. Most public assistance recipients may hold up to \$1500 in assets (cash, net value of real estate, etc.) and still remain eligible. Under current policy, any new assets received by a public assistance family, such as permanent fund payments, are not counted in the month they are received. However, any funds actually remaining in the following month are counted against the \$1500 ceiling.

EXAMPLE: AFDC family of 2 receives \$1000 on May 5 and spends all but \$300 by June 1. The remaining \$300 would be added to the household's other resources to see if it exceeds the \$1500 limit. If the \$1500 limit is exceeded, the AFDC payment is terminated effective July 1 until the recipient is back under the \$1500 limit. If on the other hand, \$300 would not place the AFDC recipient over the \$1500 limit, the AFDC payment would continue without change.

On June 1, 1981 the Aid to Families with Dependent Children (AFDC) Program will be changed in Alaska to a new system of budgeting, one designed to reduce errors. Under the new system, the proposed permanent fund payment would count as income in the month it is received. Most of Alaska's 6300 AFDC families would as a result suffer one month of ineligibility for AFDC benefits each year, for the permanent fund payment would place them over the qualifying income standards.

EXAMPLE: AFDC recipient with two children has an AFDC qualifying standard and maximum payment of \$514. Under SSHB-437 she receives a \$1500 payment in August. Under the new system of budgeting, this \$585 would count as income, placing the family \$71 over the limit. The family would be eligible for AFDC for the months of August and September but ineligible in the month of October. The family would become eligible again in November.

Most other public assistance recipients hold total assets well under the \$1500 maximum. These families would not be impacted adversely by the passage of SSHB-437. However, there are undoubtedly some of these public assistance families who will become ineligible for continued benefits until they dispose of sufficient assets to fall back within the \$1500 resource limit.

Recommended by:

Rod Betit
Rod Betit, Director
Division of Public
Assistance

Date:

April 10, 1981

Approved by:

Helen D. Beirne
Helen D. Beirne
Commissioner

Date:

4/15/81

POSITION PAPER

SPONSOR SUBSTITUTE
FOR HOUSE BILL NO. 437

"An Act providing for payments to state residents for 1980; and providing for an effective date."

Federal laws and regulations would require the Department to consider any distribution of permanent fund cash payments when determining whether a family is eligible for Aid to Families with Dependent Children (AFDC), Foodstamps, Medicaid, Old Age Assistance, Aid to the Blind and Aid to the Disabled.

Based on a proposed payment of \$500 per person, the average Alaskan public assistance family of three persons would receive \$1500 under SSHB-437, presumably as a lump sum payment. Most public assistance recipients may hold up to \$1500 in assets (cash, net value of real estate, etc.) and still remain eligible. Under current policy, any new assets received by a public assistance family, such as permanent fund payments, are not counted in the month they are received. However, any funds actually remaining in the following month are counted against the \$1500 ceiling.

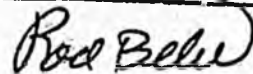
EXAMPLE: AFDC family of 2 receives \$1000 on May 5 and spends all but \$300 by June 1. The remaining \$300 would be added to the household's other resources to see if it exceeds the \$1500 limit. If the \$1500 limit is exceeded, the AFDC payment is terminated effective July 1 until the recipient is back under the \$1500 limit. If on the other hand, \$300 would not place the AFDC recipient over the \$1500 limit, the AFDC payment would continue without change.

On June 1, 1981 the Aid to Families with Dependent Children (AFDC) Program will be changed in Alaska to a new system of budgeting, one designed to reduce errors. Under the new system, the proposed permanent fund payment would count as income in the month it is received. Most of Alaska's 6300 AFDC families would as a result suffer one month of ineligibility for AFDC benefits each year; for the permanent fund payment would place them over the qualifying income standards.

EXAMPLE: AFDC recipient with two children has an AFDC qualifying standard and maximum payment of \$514. Under SSHB-437 she receives a \$1500 payment in August. Under the new system of budgeting, this \$585 would count as income, placing the family \$71 over the limit. The family would be eligible for AFDC for the months of August and September but ineligible in the month of October. The family would become eligible again in November.

Most other public assistance recipients hold total assets well under the \$1500 maximum. These families would not be impacted adversely by the passage of SSHB-437. However, there are undoubtedly some of these public assistance families who will become ineligible for continued benefits until they dispose of sufficient assets to fall back within the \$1500 resource limit.

Recommended by:



Rod Betit, Director
Division of Public
Assistance

Date:

April 10, 1981

Approved by:



Helen D. Beirne
Commissioner

Date:

4/15/81

HB 437

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute for House Bill No. 437
 Title An Act providing for payments to state residents for 1980.
 Requested by House State Affairs Committee Date April 6, 1981

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (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

Millions
FUNDING (~~(Thousands)~~ of Dollars)

GENERAL FUND		163.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
½ Permanent Fund Earnings (1980)		11.8				

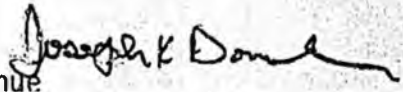
POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

It is assumed that the entire payment will be made after June 30, 1981. The estimate assumes that approximately 350,000 Alaskans will qualify as full-year residents for 1980 times the \$500 payment for a total of \$175 million. One-half of the earnings from the Permanent Fund, or \$11.8 for 1980, is to be used for payment leaving \$163.2 to be appropriated from the General Fund.

IV. DATE April 6, 1981


 PREPARED BY Joseph K. Donohue
 AGENCY Department of Revenue
 PHONE 465-2300

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWEIFTH LEGISLATURE

FISCAL NOTE

I. REQUEST SS HB 437
 Bill/Resolution No. _____
 Title Providing for Payments to State Residents for 1980
 Requested by State Affairs and Finance Date _____

II. FISCAL DETAIL
 Agency Affected _____ Revenue
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administrations & 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	163.8					
200 TRAVEL						
300 CONTRACTUAL	326.9					
400 COMMODITIES	4.0					
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	494.7	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	494.7	-0-	-0-	-0-	-0-	-0-
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

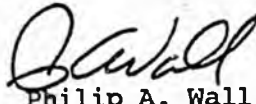
POSITIONS

FULL TIME						
PART TIME	10/84mm					
TEMPORARY						

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

Assumptions: 320,000 annual residency payments for calendar 1980
 350,000 Transactions (accepted applications, rejected applications and address changes). Letters of inquiry not included. Enforcement file developed. Supervision and space provided from existing resources.

FY 81 funding will be requested by supplemental with residuals carrying into Fy 82 to complete the one-time project.

IV. DATE April 4, 1981 PREPARED BY  Philip A. Wall
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FY 81 Costs for 1980 Residency Payments:

Positions:

1 PPT R18 for 7mm, systems design	=	23.1	
\$2640/mo plus 25%			
1 PPT R17 for 5mm, programming	=	15.3	
\$2455/mo plus 25%			
1 PPT R8 scanner for batch, pre-edit and warrant control	=	20.9	
\$1393/mo plus 25%			
4 PPT R8 scanners, 6mm each: data capture, inquiry reply, batching, pre-edit and mail	=	41.8	
\$1393/mo plus 25%			
3 PPT R8 scanners, 12mm each for data capture, batching and attachment processing	=	<u>62.7</u>	
\$1393/mo plus 25%			163.8

Other Expenditures:

Contractual-

Postage:

Forms distribution 400,000 @ .18¢ each	=	72.0	
320,000 payments @ .18¢ each	=	57.6	

Forms:

450,000 applications @ \$50M	=	22.5	
320,000 warrants @ \$35M	=	11.2	

Miscellaneous:

Phones, toll calls, insurance, etc.	=	4.5	
Contingency	=	50.0	

Equipment rental, data capture:

4 CRT @ \$80/mo for 4 mos	=	1.3	
3 CRT @ \$80/mo for 12 mos	=	2.9	
1 control unit @ \$705/mo for 12 mos	=	8.5	
1 printer @ \$286/mo for 12 mos	=	3.4	

D.P. Chargeback:

Disk Storage:

100 million bytes @ 90%			
of \$12/mo/mb times 12 mos	=	13.0	

Processing Charges:

development	=	35.0	
on-going processing	=	33.0	
data capture and inquiry	=	<u>12.0</u>	

276.9

Commodities-

= 4.0

4.0

Total cost for 1980 Residency Payments

*\$494.7

* Development and processing cost is \$1.55 per payment.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute for House Bill 437
 Title Payments to State residents
 Requested by Malone, Rogers, Miller & Bierno Date 4/6/81

II. FISCAL DETAIL

Agency Affected 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			173.8	0	0	0
200 TRAVEL			30.0	0	0	0
300 CONTRACTUAL			83.6	0	0	0
400 COMMODITIES			3.2	0	0	0
500 EQUIPMENT			8.0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			298.6	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Permanent Fund Dividend						
Trust Fund			298.6	0	0	0

POSITIONS

FULL TIME			6	0	0	0
PART TIME						
TEMPORARY						

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

See memo from Fred Boetsch to R. D. Stevenson, dated 4/6/81.

IV. DATE 4-6-81 PREPARED BY Fred Boetsch
 AGENCY Department of Revenue - Enforcement Division
 PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Commissioner's Office

DATE: April 6, 1981

FILE NO:

TELEPHONE NO:

FROM: Fred P. Boetsch, Director
Division of Enforcement

FJB
SUBJECT:

Sponsor Substitute for
House Bill 437

This bill provides for a payment of \$500.00 to each person who was a resident of Alaska for all of calendar year 1980. The basic difference between this program and the Permanent Fund Dividend program (AS 43.23) are:

- 1) The payment is one time only;
- 2) Residency for calendar year 1980 is required - prior years do not count either for eligibility or amount of payment;
- 3) Minors are included.

It is this last requirement that would create administrative costs for the Enforcement Division where the impact would be in the Eligibility and Rural assistance programs.

We estimate that approximately 130,000 minors would be impacted by the program. Each minor or his parent or guardian would be required to file an application. A tremendous effort would be required to enroll minors currently living in the state.

Therefore, for fiscal year 1982, we would need six temporary Tax Collection Specialist II's for about a four month period in order to assist with the catch up effort of enrolling all minors for filing additional 1980 applications. Beyond that, we would need a Revenue Enforcement Officer III, a Revenue Enforcement Officer I, 2 Tax Collection Specialist II's and 2 Tax Collection Specialist I's to handle the additional volume of approximately 130,000 or more applications and to extend the rural assistance program effort to minors. Additional travel involved in the effort to reach minors in the rural areas would be approximately \$30,000. There would be additional printing and mailing costs of forms of \$40,000, additional phone costs of \$10,000, and an enhancement of existing computer programs in order to bring in the additional information of \$15,000. Additional office space could be rented for \$15,000. Commodity costs and equipment are also indicated on the attached fiscal note detail.

Attachment

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No SS HB 437

Title An Act providing for payments to state residents for 1980; and providing eff. date

Requested by House State Affairs Committee Date 4-6-81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Audit 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) -NONE-

	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

FUNDING (Thousands of Dollars)

-NONE-

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

POSITIONS

-NONE-

	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)

IV. DATE 4-6-81

PREPARED BY Gary L. Jenkins

AGENCY Audit Division

PHONE 465-2320

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department REVENUE	Sponsor (Principal) Malone, Rogers, Miller &	Bill Number SS HB 437
Department Position Oppose		Beirne
Division Director Joseph K. Donohue	Date 4/7/81	Commissioner Thomas K. Williams
		Date 4/7/81

GOVERNOR'S OFFICE USE

Comments:

<input type="checkbox"/> Position Noted	By	Date
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SUMMARY

1. a) Related Bills (Similar or Conflicting) HB 432, HB 435 & HB 67	1. b) Other Agencies Affected by Bill NONE
2. a) Organizational Support for Bill None Known	2. b) Organizational Opposition to Bill None Known

3. Program Effects of Bill

This would establish a one time residency distribution for 1980 to all Alaskans (including minors) of \$500 per capita. It would allow a distribution of some of the State's oil wealth during the pendency of the Zobel litigation.

4. Fiscal Impact: None Fiscal Note Attached

5. Amendments Proposed:

Amend one year requirement to the maximum period of residency felt to be clearly constitutional by Attorney General's office.

6. Comments:

It would still raise constitutional questions relating to durational residency requirements because it allows \$500 distribution only to 1980 full year residents. Potentially, it would be subject to a Zobel - type suit and the distribution frustrated.