

Introduced: 2/4/81
Referred: Finance

1 IN THE HOUSE

BY GARDINER

2 HOUSE BILL NO. 70

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
7 providing for an effective date."

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

9 * Section 1. AS 43.23.010(a) is amended to read:

10 (a) An individual who is eligible under (b) of this section is
11 entitled to one permanent fund dividend for each full year that the
12 individual is a state resident after January 1, 1959, to a maximum of
13 21 permanent fund dividends.

14 * Sec. 2. This Act is retroactive to January 1, 1979.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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12-0104

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16 070(c).

ALASKA STATE LEGISLATURE

TWELFTH Legislature .. FIRST Session

HOUSE .. BILL .. NO. ... 70...

By .. GARDINER ..

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

Permanent fund dividends

Introduced in the House ... 2/4 ..., 19..81

HISTORY IN THE HOUSE

19	81	Read first time and referred to Committee on Finance										
Feb.	4	Reported back with recommendation that										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reconsideration										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed										
		Signed by Speaker										
		Sent to Senate										
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19		Read first time and referred to Committee on										
		Reported back with recommendation that										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		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.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 70

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 70

Title Relating to permanent fund dividends

Requested by House Finance Committee

Date 2/4/81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected General Fund

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)

MILLIONS

	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.	(3.1)	(3.4)	(3.8)	(4.1)	(4.3)	(4.5)
TOTAL	(3.1)	(3.4)	(3.8)	(4.1)	(4.3)	(4.5)

FUNDING (Thousands of Dollars) IN TERMS OF THE REDUCTION IN AMOUNTS THAT WOULD HAVE TO BE APPROPRIATED TO PAY DIVIDENDS

MILLIONS

	(3.1)	(3.4)	(3.8)	(4.1)	(4.3)	(4.5)
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

Bill limits permanent fund dividends to a maximum of 21 per person.

The above is in terms of a savings in the amount necessary to be appropriated to pay dividends because of maximum limit; \$50 per dividend value.

Anselm C. Staack

IV. DATE February 17, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/ Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE
ALTERNATIVE APPROACH

(ENFORCEMENT DIVISION
ADMINISTRATIVE COSTS ALTERNATE)

I. REQUEST

Bill/Resolution No. House Bill 71
Title Permanent Fund Dividends for Minors
Requested by Gardiner and Rogers Date 2/19/81

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, or Subprogram(s) Affected Enforcement Division

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		84.0	84.0	84.0	84.0	84.0
200 TRAVEL		5.0	5.0	5.0	5.0	5.0
300 CONTRACTUAL		16.1	13.1	13.1	13.1	13.1
400 COMMODITIES		1.2	1.2	1.2	1.2	1.2
500 EQUIPMENT		3.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		109.3	103.3	103.3	103.3	103.3

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
<u>Permanent Fund</u>						
<u>Dividend Trust Fund</u>		109.3	103.3	103.3	103.3	103.3

POSITIONS

FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

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

See memo from Fred Boetsch, Director, Enforcement Division to R.D. Stevenson
Special Assistant to the Commissioner dated February 19, 1981.

IV. DATE February 19, 1981 PREPARED BY Fred Boetsch, Director, Enforcement Division
AGENCY Department of Revenue
Original: Legislative Finance PHONE 465-2366
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE (ENFORCEMENT DIVISION
ADMINISTRATIVE COSTS)

I. REQUEST

Bill/Resolution No. House Bill 71
Title Permanent Fund Dividends for Minors
Requested by Gardiner and Rogers Date 2/19/81

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	124.6	124.6	124.6	124.6
200 TRAVEL		30.0	30.0	30.0	30.0	30.0
300 CONTRACTUAL		83.6	73.6	73.6	73.6	73.6
400 COMMODITIES		3.2	3.2	3.2	3.2	3.2
500 EQUIPMENT		8.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		298.6	231.4	231.4	231.4	231.4

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
<i>Permanent Fund Dividend</i>						
<i>Trust Fund</i>		298.6	231.4	231.4	231.4	231.4

POSITIONS

FULL TIME		6	6	6	6	6
PART TIME						
TEMPORARY		6				

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

See memo from Fred Boetsch, Director, Enforcement Division to R.D. Stevenson, Special Assistant to the Commissioner dated February 19, 1981.

IV. DATE February 19, 1981 PREPARED BY Fred Boetsch, Director, Enforcement Division
AGENCY Department of Revenue
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: February 19, 1981

FILE NO:

TELEPHONE NO:

FROM: Fred P. Boetsch 
Director
Enforcement Division

SUBJECT: House Bill 71

This bill provides that minors will be eligible for the Permanent Fund Dividend Program under AS 43.23. and further provides that dividends due minors will be accrued during their minority years. The Department of Revenue is required to establish separate trust funds for this program and to keep track of the dividends accruing for the benefit of each eligible minor. The Treasury Division has prepared a fiscal note on the amount of money that would be transferred into this fund and the costs of maintaining the records for each individual trust.

The impact on the Enforcement Division would be in the Permanent Fund Eligibility and Village assistance programs.

Treasury estimates 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 annually indicating the residency status for the dividend year. Initially, of course, we would have to play catch up by enrolling all minors who were eligible for 1979 as well as for 1980.

A tremendous initial effort would be required to enroll minors currently living in the state. After that an annual effort would be required to meet our dual responsibilities of investigating applicants in order to determine their eligibility and ensure that people in rural areas and those who otherwise may have difficulty filling out an application have every opportunity to participate in the program.

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 the minors for 1979 and prior years and for picking up the 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 on an annual basis 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 the forms of \$40,000, additional phone costs of \$10,000, and an enhancement of the 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.

The bill provides that the administrative costs will be born by the trust fund maintained for the minors and accordingly we have indicated that funding source on the fiscal note.

We do have an alternative suggestion which would reduce our administrative

costs considerably and I imagine would also reduce Treasury's costs of maintaining the separate trust fund. We suggest that the bill be modified so that, upon reaching 18, a person could file a claim for a dividend based on years of residency. However, that person would not only get a dividend for the base year calculated on the basis of prior years of residency, but would get the cumulative dividend for those years in which he had met the residency requirements, including interest, just as calculated under a separate trust fund concept. For example, if an individual turned 18 in 1985 and had lived here for 3 years, assuming the dividend was \$50 for each year, he would be entitled to a total dividend of \$300 plus accumulated interest calculated as follows:

\$50 for the first year of residency
\$100 (2 x 50) for the second year of residency
\$150 (3 x 50) for the third year of residency
\$300 plus interest, paid at age 18

By building an interest calculation into this formula, the objective sought in 43.23.01.5(c) and (d) are met since, upon reaching 18, an individual would get a payment including all of his cumulative dividends for each year of residency with interest. From an Administrative standpoint, this would be far simpler since the algorithm for calculating that dividend could be built into the computer and we would be only dealing with applications of 18 year olds with prior years of residency on an annual basis. The necessity to maintain separate trust funds and process annual applications from all minors in the state would be eliminated.

This approach would create a technical problem with respect to the establishment of the actual dividend since AS 43.23 requires that dividends be declared annually on the basis of dividends paid during the prior year. However, an estimate could be developed of the accrued liability for those 18 and younger and that could be plugged into the dividend calculus as though it were in fact a dividend paid rather than accumulated. As a practical matter, since it is likely the dividend will remain at \$50 for several years, by the time we get to the point where that amount will in fact increase, the statistics concerning those persons reaching 18 years of age each year will have been historically validated.

If this suggestion is adopted, then our Administrative costs would be reduced to cover an additional Revenue Enforcement Officer I and two additional Tax Collection Specialist I's in order to handle the additional eligibility investigations and assistances for the applications of those turning 18 each year. Those applications would require an additional investigative effort due to their historical aspect. There would be a modest increase in telephone, printing, and mail costs. I have prepared an additional fiscal note on the basis of this suggestion and have so indicated it by the heading "Alternative Approach" which is typed in under "Fiscal Note".

FPB/nmw

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE (ADMINISTRATIVE SERVICES DIVISION
ADMINISTRATIVE COSTS)

I. REQUEST

Bill/Resolution No. HB 71

Title Providing for the Payment of Permanent Fund Dividends to Eligible Minors

Requested by _____ Date 2-19-81

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	135.0	83.3	90.0	97.2	105.0	113.4
200 TRAVEL						
300 CONTRACTUAL	122.4	121.1	130.8	141.3	152.6	164.8
400 COMMODITIES	1.0	1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	258.4	205.4	221.9	239.7	258.9	279.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
TRUST FUND	258.4	205.4	221.9	239.7	258.9	279.6

POSITIONS

FULL TIME						
PART TIME	17/56mm	14/37mm	14/37mm	14/37mm	14/37mm	14/37mm
TEMPORARY						

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

Assumption:

1. The inception-to-date information will come in on a single form.
2. 130,000 minors will apply for 1979.
3. 15 percent growth for subsequent years.
4. FY 81 funding to be requested by supplemental with residuals carrying into FY 82 to complete initial processing.

(continued on next page)

IV. DATE 2-20-81

PREPARED BY Philip A. Wall

AGENCY Revenue

PHONE 465-2313

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Positions - FY 81:

1. Two PPT Systems Analysts, four months each to design and program dividends = 26.4
2. 12 PPT clerical, three months each to process applications and payments and three PPT clerical, four months each to answer inquiries and phones = 83.6
3. Overtime and shift differential = 25.0

Contractual:

Data Processing Chargeback = 58.4

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE (TREASURY DIVISION TRUST FUND
ADMINISTRATIVE COSTS)

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 71

Title Providing for the payment of permanent fund dividends to eligible minors

Requested by House Finance Committee

Date 2/4/71

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(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	4.6	27.5	30.3	33.3	36.6	40.3
200 TRAVEL						
300 CONTRACTUAL	5.0	25.0	27.5	30.3	33.3	36.6
400 COMMODITIES						
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	9.6	55.0	57.8	63.6	69.9	76.9

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
DIVIDEND TRUST FUND	9.6	55.0	57.8	63.6	69.9	76.9

POSITIONS

FULL TIME	.2	1	1	1	1	1
PART TIME						
TEMPORARY						

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

A permanent fund dividend accrues annually to the benefit of each person under 18. Treasury must maintain a separate trust fund into which these dividend amounts are deposited until drawn.

Bill would be effective immediately; above assumes effective date of May 1, 1981. Associated costs are for the two months. Personal services are for an Accounting Tech. I, range 12 to handle necessary accounting duties. Contractual costs are for safekeeping fees related to fund segregation. Equipment is for new position.

Anselm C. Staack

IV. DATE February 18, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE

(DIVIDEND AMOUNTS TO BE PAID
OR SET ASIDE IN TRUST)

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 71

Title Providing for the payment of permanent fund dividends to eligible minors

Requested by House Finance Committee

Date 2/4/71

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected General Fund

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)

→ MILLIONS ←

	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.	93.4	19.4	26.1	33.1	40.1	47.5
TOTAL	93.4	19.4	26.1	33.1	40.1	47.5

FUNDING (~~Thousands~~ of Dollars)

→ MILLIONS ←

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
<u>GENERAL FUND</u>	93.4	19.4	26.1	33.1	40.1	47.5
<u>FEDERAL FUNDS</u>						
<u>OTHER (Specify Fund Source)</u>						

POSITIONS

	(INCLUDED TO ADMINISTRATIVE COST FISCAL NOTES)					
<u>FULL TIME</u>						
<u>PART TIME</u>						
<u>TEMPORARY</u>						

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

A permanent fund dividend accrues annually to the benefit of each person under 18. Above is based on Ak. Dept. of Labor population statistics for 1979 and 1980 updated to 1/1/81. \$50 per dividend value used for all years. 3% population growth factor assumed from 1980 baseline data for affected population.

FY 81 includes accrual for all dividends that are estimated to be payable/accrued for 1/1/79 retroactive effective date; and 1980 dividend year amounts.

FY 82 thru FY 86 are the amounts necessary to be accrued applicable to each year for additional dividends for 1981 thru 1985. Therefore, FY 81 amount establishes the fund for all past dividend amounts that would be claimable on the same basis as AS 43.23.010.

Anselm C. Staack

IV. DATE February 18, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller
AGENCY Dept. of Revenue/Treasury Division
PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 2/4/81
Referred: Finance

1 IN THE HOUSE

BY GARDINER AND ROGERS

2 HOUSE BILL NO. 71

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 the payment of permanent fund
7 dividends to eligible minors; and providing for an
8 effective date."

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

10 * Section 1. AS 43.23 is amended by adding a new section to read:

11 Sec. 43.23.015. ACCRUAL OF DIVIDENDS FOR MINORS. (a) A perma-
12 nent fund dividend shall annually accrue to the benefit of an eligible
13 minor in the same manner as provided in AS 43.23.010.

14 (b) The department shall maintain records showing the permanent
15 fund dividends to which each eligible minor is entitled.

16 (c) The department shall establish a separate trust fund in which
17 shall be deposited the amount of permanent fund dividends accruing to
18 the benefit of each eligible minor. The trust fund shall be adminis-
19 tered by the commissioner and may be invested by the commissioner in
20 the same manner provided for the investment of the Alaska permanent
21 fund under AS 37.13.120. The costs of administering the trust fund
22 shall be paid from the earnings of the trust fund.

23 (d) Upon reaching the age of 18 an individual shall receive all
24 permanent fund dividends, plus interest, which accrued to his benefit
25 while he was an eligible minor. Payment of the accrued dividends and
26 interest shall be made as authorized under AS 43.23.010(d) and (e).

27 (e) If an eligible minor dies before reaching the age of 18, his
28 accrued permanent fund dividends shall be paid to his estate.

29 * Sec. 2. AS 43.23.100 is amended by adding a new paragraph to read:

1 (9) "eligible minor" means an individual under 18 years of
2 age who is otherwise eligible to receive a permanent fund dividend
3 under AS 43.23.010.

4 * Sec. 3. This Act is retroactive to January 1, 1979.

5 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
6 070(c).