

POSITION PAPER

HOUSE BILL NO. 743

"An Act providing for contingency distribution of permanent fund income to residents of the State; and providing for an effective date."

This Act would provide permanent fund dividend distribution to all Alaskans 18 years of age or over, and it would establish a trust fund into which dividends would be paid on behalf of all Alaskan minors.

The Department supports House Bill No. 743 as a viable alternative to the original permanent fund distribution plan currently under review by the U.S. Supreme Court. We wish to restrict our comments on this bill to its effects on Alaska's low-income citizens, particularly those served by our ten public assistance programs.

We worked closely with those who developed the original dividend distribution plan. It was very clear to us then that almost everyone involved shared a desire to structure a dividend distribution system by which all low-income families could actually receive a net disposable income benefit by the distribution. The approach successfully constructed at that time seemed likely to benefit many of our recipients, and unlikely to result in significant hardship to those who were so situated that they would temporarily lose assistance eligibility when they received a dividend payment.

Unfortunately, after passage of the original permanent fund legislation, several of our major assistance programs either underwent or are about to undergo major federal changes. The net effect of these changes make it virtually impossible for any permanent fund dividend distribution plan to result in any real net income benefit to most of our recipients. Changes in state statutes governing assistance programs could offer some relief to certain families in certain programs, but only by significantly increasing state fund expenditures in those programs.

We believe the following effects would occur, were HB743 to pass substantially as proposed:

1. Low-income Alaskans who do not currently apply for Public Assistance at all, or do not use it regularly, would clearly benefit from any substantial and regular dividend distribution. Though it is impossible to measure the potential "preventive" aspects of such a distribution, we believe that the dividends would most likely help a significant number of marginally self-sufficient families and individuals avoid using public assistance.
2. The vast majority of our adult assistance recipients and many of our assistance families would become ineligible for assistance for at least one month, and possibly for as long as several months, immediately after they receive their dividend distribution payment. (Assistance units consisting of only children would not be affected, since their distribution would be made into the trust fund and would not therefore be considered as available income or resources.)

If regulations were adopted which allowed for Alaskans to choose between lump sum annual distribution or monthly distribution, federal assistance laws and regulations would allow most assistance recipients the same choice. In this case most clients could choose between temporary assistance ineligibility or a year-long decrease in monthly benefits.

3. A substantial number of assistance recipients, perhaps even as many as a thousand, could suffer grievous financial hardship by being rendered ineligible for assistance on even a temporary basis. We foresee, inevitably, that some assistance recipients would suffer extensive medical expenses during their period of ineligibility, expenses for which no existing program can offer relief. (One example might be a nursing home recipient who loses Medicaid eligibility for one month by receiving a \$1000 dividend payment, far less than would be enough to meet that month's \$3000 - \$3600 medical bill.) Not all such recipients could avoid ineligibility by opting for a monthly dividend distribution.
4. Federal assistance program regulations would require most applicants and recipients to apply for permanent fund benefits. It would not be possible for a person to choose not to apply for dividends in order to retain or maximize assistance benefits.
5. There would be a substantial decrease in the amount of federal and state funds expended in all ten major assistance programs. We lack sufficient data to accurately estimate how large a reduction would occur, and such data is simply not possible to obtain. The total reduction would certainly exceed \$5,000,000 and it might reach as high as \$10-15,000,000.

This reduction must be viewed as merely an accounting transfer, since most individuals and families would not suffer either a net decrease or a net increase in public funds they receive. Indeed, the net effect of such a transfer would simply be to save the federal government substantial expenditures, since state permanent fund dividend monies would be substituted for assistance payments which are either wholly or partially federally funded.

6. There would be a major workload impact on department staff, particularly those within the Division of Public Assistance. The new work involved could only be accommodated without additional staff by reducing service levels for new applicants or reapplicants during the 2 or 3 months each year that the permanent fund distribution occurs.

After considerable study, we reluctantly (and sadly) believe that it is impossible for any distribution of permanent fund dividends to result in any real or immediate gain to most of the 35,000-45,000 needy Alaskans whom it currently serves. Should we find cases of actual hardship as the result of dividend distribution, we will call these to the immediate attention of the Legislature and propose new approaches to alleviate the situation.

By calling attention to the potential negative impact of HB743 upon assistance recipients, we do not wish to suggest that the Department opposes a cash distribution of dividends. There are broader purposes, needs, and constituencies involved in the issue of the permanent fund distribution which commend it as a desirable plan by which all Alaskans may share the State's wealth. We believe most of Alaska's needy citizens would find such a sharing of this wealth preferable to being totally dependent upon public assistance.

Recommended By:

Rod Betit

Rod Betit, Director
Division of Public Assistance

Date:

2/18/82

Approved By:

Helén D. Beirne

Helén D. Beirne, Commissioner
Department of Health & Social
Services

Date:

3-17-82

A M E N D M E N T

OFFERED IN THE HOUSE:

By: Halford

To: State Affairs HOUSE BILL No. 743

SENATE BILL No. _____

PAGE: 1

LINE: 17

AS 43.23 is invalid and who had been a resident for at least [30 days] 6 months before

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

3/24/82

Date: _____

Mr. Speaker: (State Affairs referral waived 3/24/82)

The Committee on FINANCE has had HB 743

"An Act providing for contingency distribution of permanent fund income to residents of the state; and providing for an effective date."

under consideration and ~~{a-majority-of-the-committee}~~-~~{the-committee}~~-- reports it back with the following recommendations:

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

12-2398
Berrie

ADD
Sponsors

Introduced: 2/8/82
Referred: State Affairs and
Finance

BY HURLBERT AND HOLFORD

1 IN THE HOUSE

2 HOUSE BILL NO. 743

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 contingency distribution of
7 permanent fund income to residents of the state; and
8 providing for an effective date."

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

10 * Section 1. CONTINGENT DIVIDEND DISTRIBUTION. (a) If the distribution
11 of permanent fund dividends provided in AS 43.23 is determined to be invalid
12 by a final decision of a court the money in the dividend fund (AS 43.23.050)
13 on the date of that determination shall be paid as dividends equally to each
14 resident of Alaska.

15 (b) An individual who is a resident of the state at the time of a final
16 court determination that the distribution of permanent fund dividends under
17 AS 43.23 is invalid and who had been a resident for at least 30 days before
18 that time is eligible for a dividend under this section.

19 (c) The commissioner of revenue shall adopt regulations under the
20 Administrative Procedure Act (AS 44.62) for determining the eligibility of
21 individuals under this section. The commissioner of revenue may require an
22 individual to provide proof of eligibility, or he may use other information
23 available to him from other state departments or agencies to determine the
24 eligibility of individuals. The commissioner of revenue may establish
25 procedures for paying dividends under this section along with other payments
26 of money or state benefits. The commissioner of revenue shall prescribe and
27 furnish an application form for claiming dividends under this section.

28 (d) The amount of each dividend payable under this section is deter-
29 mined by dividing the amount of money in the dividend fund (AS 43.23.050) by

1 the number of eligible applicants.

2 (e) If an applicant eligible for a dividend under this section is under
3 the age of 18 years the dividend shall be paid into a trust fund established
4 by the commissioner. The commissioner shall invest the money in the trust
5 fund in investments permitted under AS 37.10.070 for investment of state
6 money. A separate account within the trust fund shall be established for
7 each individual. The investment income of the trust fund shall be allocated
8 annually to each individual account in equal proportions. When the individual
9 for whom an account is established reaches the age of 18 years the balance in
10 the individual account is payable to the individual.

11 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
12 070(c).

ALASKA STATE LEGISLATURE

TWELFTH Legislature SECOND Session

HOUSEBILL..... NO. 743....

By .HURLBERT..AND..HALFORD.....

"An Act providing for contingency distribution of permanent fund income to residents of the state; and providing for an effective date."

Contingency distribution/permanent fund income

Introduced in the House 2/8....., 19-82

HISTORY IN THE HOUSE

19 82

Feb 8

Read first time and referred to Committee on State Affairs and Finance
Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration:

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

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

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

FISCAL NOTE (CORRECTED)

I. REQUEST

Bill/Resolution No. HB 743
 Title Providing for contingency distribution of permanent fund income to
Requesting residents of the State. Date 2/9/82
 Requested by: House State Affairs Committee

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected General Government
 BRU, Program, Or Subprogram(s) Affected Admin & Support, Admin Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	18.9	422.1	23.6	25.4	27.4	29.5
200 TRAVEL						
300 CONTRACTUAL	94.8	203.6	55.4	52.6	49.8	47.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	113.7	625.7	79.0	78.0	77.2	76.5

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	113.7	625.7	79.0	78.0	77.2	76.5
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		1/12mm	1/12 mm	1/12mm	1/12mm	1/12mm
PART TIME	2/8mm	25/187mm				
TEMPORARY						

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

See Attached

IV. DATE 2/17/82 PREPARED BY *Philip A. Wall*
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2313
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

FY 83

(CORRECTED)

1 PFT Systems Analyst R13 @ \$2003 mo. plus .32% costs for 12 mos. = 15.0

Complete computerized system testing of eligible individuals and trust system for individuals under 18 years of age.

1 PPT EDP Programmer II @ \$2295 mo. plus .32% costs for 5 mos. = 15.1

Code, compile and test computer programs.

12 PPT Tax Scanners R3 @ \$1487 mo. plus .32% costs for 9 mos. = 212.0

Mail opening, document control numbering, batching, batch control, data capture, batch correction and warrant release.

9 PPT Tax Scanners R3 @ \$1487 mo. plus .32% costs for 6 mos. = 106.0

Mail opening, document control, batching, data capture, batch correction and release.

2 PPT Clerk Typist R7 @ \$1487 mo. plus .32% costs. 1 for 2 mos., 1 for 9 mos. = 21.6

Forms distribution and forms supply in response to requests by mail, normal supply services, accounts payable including voucher preparation.

Total = 422.1

FY 84

1 PFT Tax Scanner @ \$1487 mo. plus .32% costs = 23.6

Prepare annual warrant release, make, name and address corrections, post interest to individual trust account, verify eligibility for trust account payments.

Total = 23.6

2. Other expenditures

FY 82

Forms and instructions:

200,000 pre-addressed @ \$78 M	=	15.6
400,000 for handout and response to requests @ \$13 M	=	5.2
Postage for forms distribution - 200,000 @ .17	=	34.0
200,000 @ .20	=	40.0

AMENDMENT

OFFERED IN THE HOUSE:

By: Halford

To: State Affairs

HOUSE BILL No. 743

SENATE BILL No. _____

PAGE: 1

LINE: 17

AS 43.23 is invalid and who had been a resident for at least [30 days] 6 months before

Introduced: 2/8/82
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY HURLBERT AND HALFORD

2 HOUSE BILL NO. 743

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 contingency distribution of
7 permanent fund income to residents of the state; and
8 providing for an effective date."

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

10 * Section 1. CONTINGENT DIVIDEND DISTRIBUTION. (a) If the distribution
11 of permanent fund dividends provided in AS 43.23 is determined to be invalid
12 by a final decision of a court the money in the dividend fund (AS 43.23.050)
13 on the date of that determination shall be paid as dividends equally to each
14 resident of Alaska.

15 (b) An individual who is a resident of the state at the time of a final
16 court determination that the distribution of permanent fund dividends under
17 AS 43.23 is invalid and who had been a resident for at least 30 days before
18 that time is eligible for a dividend under this section.

19 (c) The commissioner of revenue shall adopt regulations under the
20 Administrative Procedure Act (AS 44.62) for determining the eligibility of
21 individuals under this section. The commissioner of revenue may require an
22 individual to provide proof of eligibility, or he may use other information
23 available to him from other state departments or agencies to determine the
24 eligibility of individuals. The commissioner of revenue may establish
25 procedures for paying dividends under this section along with other payments
26 of money or state benefits. The commissioner of revenue shall prescribe and
27 furnish an application form for claiming dividends under this section.

28 (d) The amount of each dividend payable under this section is deter-
29 mined by dividing the amount of money in the dividend fund (AS 43.23.050) by

1 the number of eligible applicants.

2 (e) If an applicant eligible for a dividend under this section is under
3 the age of 18 years the dividend shall be paid into a trust fund established
4 by the commissioner. The commissioner shall invest the money in the trust
5 fund in investments permitted under AS 37.10.070 for investment of state
6 money. A separate account within the trust fund shall be established for
7 each individual. The investment income of the trust fund shall be allocated
8 annually to each individual account in equal proportions. When the individual
9 for whom an account is established reaches the age of 18 years the balance in
10 the individual account is payable to the individual.

11 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
12 070(c).

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

189

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 743

FISCAL NOTE (CORRECTED)

I. REQUEST

Bill/Resolution No. HB 743
 Title Providing for contingency distribution of permanent fund income to
requested by residents of the State. Date 2/9/82
 Requested by: House State Affairs Committee

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected General Government
 BRU, Program, Or Subprogram(s) Affected Admin & Support, Admin Services
 (Note: If more than one budget component is affected, separate line-item
 amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	18.9	422.1	23.6	25.4	27.4	29.5
200 TRAVEL						
300 CONTRACTUAL	94.8	203.6	55.4	52.6	49.8	47.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	113.7	625.7	79.0	78.0	77.2	76.5

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	113.7	625.7	79.0	78.0	77.2	76.5
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

		1/12mm	1/12 mm	1/12mm	1/12mm	1/12mm
FULL TIME						
PART TIME	2/8mm	25/187mm				
TEMPORARY						

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

See Attached

IV. DATE 2/17/82 PREPARED BY *Philip A. Wall*
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2313
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

ANALYSIS

FY 82 expenditures continue the resources previously authorized for AS 43.23. The work assignment will immediately be redirected to implementation of HB 743. FY 83 expenditures will accomplish distribution of dividends for eligible individuals 18 and over. Expenditures for FY 84 and beyond allow distribution of dividends for each new group reaching age 18 and will continue for 17 years.

A. Assumptions:

Estimated eligible applicants (estimated 1981 census)	= 420,000
Estimated age 18 and over	= 260,000
Estimated under age 18	= 160,000

Supervision will be provided by existing staff. Expenditures decrease to zero in the year 2,000.

B. Program Summary:

The Department will develop and promulgate regulations and procedures and design and distribute forms concerning the application eligibility and distribution of dividends as required by HB 743. A computerized processing system will be designed and implemented to enable the payments, accounting and reporting. These eligible individuals under 18 years of age will be maintained on the computerized system until all payments are made.

1. Positions --

FY 82

1 Personnel Assistant R12 @ \$1,889 mo. plus .25% costs for 2 mos. = 4.7

Recruitment, hiring, EEO and contract administration, miscellaneous personnel.

1 Systems Analyst R18 @ \$2838 mo. plus .25% costs for 4 mos. = 14.2

Design computerized distribution system for eligible individuals and trust system for individuals under 18 years of age.

Total = 18.9

FY 83

1 PPT Personnel Assistant R12 @ \$1889 mo. plus .32% costs for 9 mos. = 22.4

Recruitment, hiring, EEO and contract administration, miscellaneous personnel

FY 83

(CORRECTED)

1 PFT Systems Analyst R18 @ 2838 mo. plus .32% costs for 12 mos. = 45.0

Complete computerized system desing of eligible individuals and trust system for individuals under 18 years of age.

1 PPT EDP Programmer II @ \$2295 mo. plus .32% costs for 5 mos. = 15.1

Code, compile and test computer programs.

12 PPT Tax Scanners R3 @ \$1487 mo. plus .32% costs for 9 mos. = 212.0

Mail opening, document control numbering, batching, batch control, data capture, batch correction and warrant release.

9 PPT Tax Scanners R3 @ \$1487 mo. plus .32% costs for 6 mos. = 106.0

Mail opening, document control, batching, data capture, hatch correction and release.

2 PPT Clerk Typist R7 @ \$1487 mo. plus .32% costs. 1 for 2 mos., 1 for 9 mos. = 21.6

Forms distribution and forms supply in response to requests by mail, normal supply services, accounts payable including voucher preparation.

Total = 422.1

FY 84

1 PFT Tax Scanner @ \$1487 mo. plus .32% costs = 23.6

Prepare annual warrant release, make, name and address corrections, post interest to individual trust account, verify eligibility for trust account payments.

Total = 23.6

2. Other expenditures

FY 82

Forms and instructions:

200,000 pre-addressed @ \$78 M	=	15.6
400,000 for handout and response to requests @ \$13 M	=	5.2
Postage for forms distribution - 200,000 @ .17	=	34.0
200,000 @ .20	=	40.0

FY 83

Postage for 260,000 dividend payments @ .20 = 52.0
Data processing (includes development, data capture
and production):
Computer Resource Units: 100,000 @ 1.25 per unit = 125.0
Common Output Units: 325 @ \$31 (reports, warrants, Com) = 10.1
Storage Units: Distribution file 5,040 @ .90 disk = 4.5
Misc. including garnishments 500 @ .90 disk = .5
Backup file - tape = .1
Warrant stock: 240,000 @ \$35 M = 8.4
Warrant envelopes: 240,000 @ 12.43 M = 3.0
Total = 203.6

FY 84

Postage for 9,500 dividend payments from the Trust Fund @ .25 ea = 2.4
Data processing (includes name and address updates, posting of interest,
eligibility checking and production):
Computer Resource Units: 38,000 @ 1.25 = 47.5
Common Output Units: 100 @ \$31 (reports, warrants, Com) = 3.1
* Storage Units: Trust File 1920 @ .90 disk = 1.7
Misc. including garnishments 179 @ .90 disk = .2
Backup File - Tape = .1
Warrant Stock: 9,500 @ \$35 M = .3
Warrant Envelopes: 9,500 @ \$12.43 M = .1
Total = 55.4

* 9,500 records drop from the Trust File each year as trust payments are made.

FY 85

Postage for 9,500 dividend payments from the Trust Fund @ .25 ea = 2.4
Data processing (includes name and address updates, posting of interest,
eligibility checking and production):
Computer Resource Units: 36,000 @ 1.25 = 45.0
Computer Output Units: 95 @ \$31 = 2.9
Storage Units: Trust File 1806 @ .90 disk = 1.6
Misc. 169 @ .90 disk = .2
Backup file - Tape = .1
Warrant Stock: 9,500 @ \$35 M = .3
Warrant Envelopes: 9,500 @ \$12.43 M = .1
Total = 52.6

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

HB 743

I. REQUEST

Bill/Resolution No. House Bill 743
Title Providing for Contingency Distribution of Permanent Fund Income to Residents
Requested by House State Affairs Committee Date February 18, 1982

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected Revenue Collections 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	9.8	29.4	33.0	37.0	41.0	46.0
200 TRAVEL						
300 CONTRACTUAL	9.2	37.0	41.0	46.0	52.0	58.0
400 COMMODITIES						
500 EQUIPMENT		3.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	19.0	69.0	74.0	83.0	93.0	104.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Dividend Trust Fund	19.0	69.0	74.0	83.0	93.0	104.0

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

If Permanent Fund Dividend Plan based on each full year an individual has been a resident of the state of Alaska is determined to be invalid, then dividends will be paid equally to all residents.

A trust fund will be established for eligible residents under the age of 18. Treasury must maintain a separate trust fund for each individual.

Bill would be effective immediately; above assumes March 1, 1982. Costs are for 4 months. Personal services are for an Accounting Tech I, Range 12, to handle necessary accounting functions. Contractual costs are for safekeeping fees related to fund segregation. Equipment is for new position.

Peter A. Bushre

IV. DATE February 18, 1982 PREPARED BY Peter A. Bushre, Deputy Commissioner

AGENCY Department of Revenue/Treasury Division

Original: Legislative Finance PHONE 465-2350

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

1	POSITION TITLE Accounting Technician II				RANGE/STEP 12A	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DIBAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. 14B743	PCN No.	PRIORITY		FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:				
	1	2	3		To implement a trust fund to hold Permanent Fund dividend payments for eligible residents under the age of 18 and to do the ongoing accounting recording and reporting work.					
4	PERSONAL SERVICES:									
	SALARY 1,889 X 12		22,668							
5	BENEFITS 22,668 X .1550		3,513							
6	SBS X .0613		1,389							
7	FIXED BENEFITS		1,800							
8	TOTAL PERSONAL SERVICES 01		29,370							
9	TRAVEL 02									
10	CONTRACTUAL 03									
11	COMMODITIES 04									
12	EQUIPMENT 05		3,000							
13	OTHER									
14	TOTAL COST		32,370							
	RECEIPT CODE	FUNDING SOURCE								
15		FED RCPTS. 1002								
16		GF MATCH. 1003								
17		GEN. FUND 1004		32,370						
18		I-A RCPTS. 1005								
19		PGM RCPTS 1028								
20		OTHER								
21	CONTINUATION									
22	ADDITION									
FOR B&M USE ONLY										
4A KEY NUMBER _____ COLUMN NO. _____										

AGENCY Department of Revenue PROGRAM Revenue Collection and Management

BRU Treasury Management

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 1

REVISOR House Bill 743
DATE 2/18/82

FY 83

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 743

Title An Act providing for contingency distribution of permanent fund income to

Requested by House State Affairs Committee Date 2/16/82 residents
of the state and providing
for an effective date.

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection & Management

BRU, Program, Or Subprogram(s) Affected Enforcement Division

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

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	104.4	208.8				
200 TRAVEL	6.6	13.4				
300 CONTRACTUAL	3.3	6.7				
400 COMMODITIES	.7	1.3				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS, ETC.	0	0				
TOTAL	115.0	230.2				

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	115.0	230.2				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	10/40mm	10/80mm				
FULL TIME						
PART TIME						
TEMPORARY						

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

See Marilla Gemmer's memorandum to R. D. Stevenson dated February 17, 1982.

IV. DATE February 17, 1982

PREPARED BY

Marilla Gemmer

AGENCY Department of Revenue, Enforcement Division

Original: Legislative Finance

PHONE 465-2366

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Office of the Commissioner

DATE: February 15, 1982

FILE NO:

TELEPHONE NO:

FROM: *JS*
Marilla L. Gemmer
Director
Division of Enforcement

SUBJECT: HB 743

This bill provides for a contingency plan for distribution of Permanent Fund Dividends in the event the U. S. Supreme Court finds AS 43.23 to be invalid.

This bill differs from AS 43.23 in that it provides for a one time distribution of dividends; residents under the age of 18 are eligible; and the residency requirements are considerably less.

The impact on the Enforcement Division would be in the Permanent Fund Dividend eligibility program.

We would estimate approximately 420,000 applicants under this plan, including those under the age of 18, for which trust fund accounts will be established. Phil Wall is preparing a fiscal note on the impact of such a filing which includes all of the paperwork processing, the computer processing and program development.

This bill does not address definitions. Under this bill, how is "resident" to be interpreted? What constitutes applicant "eligibility"?

Additionally, this bill does not provide for any measure of enforcement or collection of dividends that are obtained fraudulently, nor does it provide for assignment or offsetting of a portion or all of the dividend to a creditor or a state agency to whom the applicant may be indebted.

For the purpose of this fiscal note we will assume that the investigation, collection and garnishment programs will be administered in the same manner as established under AS 43.23. With this in mind we request continuation of our current staffing level of four Revenue Enforcement Officers, one of which is at the supervisory level; four Tax Collection Specialists; one Clerk Typist III; and one Accounting Technician I.

MLG:lw

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill 743
 Title An Act providing for contingency distribution of Permanent Fund Income.
 Requested by State Affairs and Finance Date 02/16/82

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

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS (see narrative below)

FULL TIME						
PART TIME						
TEMPORARY						

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

The following two possible scenarios are offered because of the uncertainty involved in the timing of the United States Supreme Court's decision relative to AS 43.23.050.

Scenario I

The primary assumption in this scenario is that the sum total of permanent fund dividends appropriated in FY 81 and FY 82 is divided among qualified applicants. The result is, assuming the one time payment is effective as of FY 83, approximately \$297 million plus earnings on the trust fund paid at a later date.

Scenario II

If a permanent fund dividend appropriation for FY 83 falls within the time schedule of the Court's decision, then the total dividend payable would approximate \$469 million plus earnings from the trust fund to be paid at a later date.

IV. DATE 02/16/82 PREPARED BY Vincent D. Wright
 AGENCY Revenue
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)