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4 32

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

3/31/81

(5)

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 432

"An Act providing for payments to state residents; 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 \_\_\_\_\_
- All) 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:

\_\_\_\_\_

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CHAIRMAN

## STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF REVENUE

April 9, 1981

The Honorable Mike Miller  
 Chairman  
 House State Affairs Committee  
 Room 102 - Capitol Building  
 Juneau, Alaska 99811


Re: House Bill No. 432

Dear Mr. Miller:

House Bill No. 432, an Act providing for payments to state residents, was introduced in the House on March 31, 1981 and was referred to the House State Affairs and Finance Committees.

For the consideration of the House State Affairs Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Gary L. Jenkins, Director, Audit Division; Mr. Fred Boetsch, Director, Enforcement Division; Mr. Phil Wall, Director, Administrative Services Division and Mr. Vincent Wright, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson  
 Special Assistant

cc: The Honorable Samuel R. Cotten  
 Chairman  
 House Finance Committee

Fred Boetsch, Director  
 Enforcement Division  
 Department of Revenue

Joseph K. Donohue  
 Deputy Commissioner  
 Department of Revenue

Phil Wall, Director  
 Administrative Services  
 Division  
 Department of Revenue

Gary L. Jenkins, Director  
 Audit Division  
 Department of Revenue

Vincent Wright  
 Research Section  
 Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 432  
 Title An Act providing for payments to state residents; and providing effective 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) -NONF-

	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 April 6, 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  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE Bill 432  
 Title Payments to State Residents  
 Requested by \_\_\_\_\_ 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	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.						
<b>TOTAL</b>		<b>298.6</b>	<b>231.4</b>	<b>231.4</b>	<b>231.4</b>	<b>231.4</b>

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Permanent Fund Dividend						
Trust Fund		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 to R. D. Stevenson dated 4/6/81.

IV. DATE 4-6-81 PREPARED BY Fred Boetsch  
 AGENCY Revenue - Enforcement Division  
 PHONE 465-2566  
 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: House Bill 432

This bill would repeal the Permanent Fund Dividend Act (AS 43.23) and replace it with a \$500.00 payment to each resident who had been a resident for the entire calendar year for which the dividend is being claimed. The primary impact on the Enforcement Division would be the extension of the program to minors and the need to enroll them in the program for 1979 and 1980 on a retroactive basis as well as including them in the future on an on-going basis. The impact on the Enforcement Division would be in the Permanent Fund Eligibility and Village 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 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 1980.

A tremendous initial effort would be required to enroll minors currently living in the state. An annual effort would then 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 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.

Attachment

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 432  
 Title Providing for Payments to State Residents  
 Requested by House State Affairs Date 4-3-81

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	163.8	122.8	132.6	143.3	154.7	167.1
200 TRAVEL						
300 CONTRACTUAL	326.9	271.0	292.7	316.1	341.4	368.7
400 COMMODITIES	4.0	4.3	4.7	5.0	5.4	5.9
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>494.7</b>	<b>398.1</b>	<b>430.0</b>	<b>464.4</b>	<b>501.5</b>	<b>541.7</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	494.7	398.1	430.0	464.4	501.5	541.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	4/48mm	4/48mm	4/48mm	4/48mm	4/48mm	4/48mm
FULL TIME						
PART TIME	6/36mm	4/14mm	4/14mm	4/14mm	4/14mm	4/14mm
TEMPORARY						

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

Assumptions: 320,000 annual residency payments for calendar 1980.  
 300 character records = 100 mb storage for calendar 1980.  
 350,000 transactions (accepted applications, rejected applications and address changes). Letters of inquiry not included.  
 10% payment growth per year  
 8% inflation per year  
 History/enforcement file developed and maintained supervision and space provided from existing resources.  
 Fiscal year 1981 funding will be requested by supplemental with residuals carrying into Fiscal Year 1982 to complete the first year of processing.

IV. DATE 4/4/81 PREPARED BY Philip A. Wall, Director  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FY81 Costs for 1980 Residency Payments:

Positions:

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

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 mo	=	1.3
3 CRT @ \$80/mo for 12 mo	=	2.9
1 Control Unit @ \$705/mo for 12 mo	=	8.5
1 Printer @ \$286/mo for 12 mo	=	3.4

Data Processing 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>

326.9

Commodities-

= 4.0

4.0

Total First Year Costs for 1980 Residency Payments

=

\* \$ 494.7

\* Development and Processing costs is \$1.55 per payment.

FY82 Costs for 1981 Residency Payments:

Positions:

1 PPT R18 for 2mm, Systems design changes, \$2851/mo plus 25%	=	7.1
1 PPT R17 for 2mm, programming changes, \$2651/mo plus 25%	=	6.6
1 PFT R8 scanner for batch, pre-edit and warrant control @ \$1504/mo plus 25%	=	22.6
3 PFT R8 scanners for data capture, batching, and attachment processing @ \$1504/mo plus 25%	=	67.7
2 PPT R8 scanners for 5mm each for data capture, inquiry reply, batching, pre-edit and mail @ \$1504/mo plus 25%	=	<u>18.8</u>

122.8

Other Expenditures:

Contractual-

Postage:

Forms distribution, 440,000 @ .18¢	=	79.2
352,000 payments @ .18¢	=	63.4

Forms:

495,000 applications @ \$54M	=	26.7
352,000 warrants @ \$38M	=	13.4

Miscellaneous:

Phones, toll calls, insurance, etc.	=	4.9
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Equipment Rental, data capture:

2 CRT @ \$87/mo for 5 mo	=	.9
2 CRT @ \$87/mo for 12 mo	=	2.1
1 Control Unit @ \$761/mo for 12 mo	=	9.1
1 Printer @ \$309/mo for 12 mo	=	3.7

Data Processing Chargeback:

Disk Storage, 108 million bytes @ 90% of \$12/mo/mb times 12 mos	=	14.0
Processing Charges- development (changes)	=	5.0
on-going processing	=	25.6
data capture and inquiry	=	<u>13.0</u>

271.0

Commodities-

= 4.3

4.3

Total Second Year Costs for 1981 Residency Payments

= \* \$ 398.1

\* Development and Processing costs is \$1.14 per payment.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 432  
 Title An Act providing for payments to state residents  
 Requested by House State Affairs Committee Date 4/9/81

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						

FUNDING <sup>Millions</sup> (Thousands of Dollars)

GENERAL FUND	479	124.5	108	92		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
1/2 Permanent Fund Funding	46	57.5	79	101		

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The years 1979, 1980, and 1981 are consolidated for payment in FY 1982. The year 1982 is paid in FY 83, the year 1983 in FY 84, etc.

The first row of figures indicates how much must be appropriated from the general fund and the second row suggests how much would be paid from permanent fund earnings.

The assumption is made that no repayment provision for the loan from the general fund is provided for but the intent of the remainder of AS 43.23.050 is retained.

IV. DATE 4/9/81 PREPARED BY Vincent D. Wright  
 AGENCY Department of Revenue  
 Original: Legislative Finance PHONE 465-2391  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

**ALASKA STATE LEGISLATURE**

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 432

By MALONE, BEIRNE, GARDINER,  
~~AND~~ AND ROGERS

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

Payments/state residents

Introduced in the House ... 3/31., 19. 81

**HISTORY IN THE HOUSE**

19 81	Read first time and referred to Committee on										
Mar 31	State Affairs and Finance 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:										
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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
PASS	Effective Date										
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	Reconsideration										
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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. ....