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ALASKA STATE LEGISLATURE

TWENTY-THIRD Legislature FIRST Session

HOUSE BILL NO. 435

By RANDOLPH, FANNING AND BEIRNE

"An Act providing a new plan for the distribution of permanent fund income and repealing the 1980 permanent fund distribution plan; and providing for an effective date."

Permanent fund income/repealing 1980 perm. fund distrib. plan

Introduced in the House 3/31, 1981

HISTORY IN THE HOUSE

19	81	Read first time and referred to Committee on State Affairs and Finance
Mar	31	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
		Sen 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.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

May 6, 1981

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

Dear Mr. Miller:

Re: House Bill No. 435

House Bill No. 435, an Act providing a new plan for the distribution of permanent fund income and repealing the 1980 permanent fund distribution plan, which 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. Phil Wall, Director, Administrative Services Division; Mr. Fred Boetsch, Director, Enforcement Division and Mr. Bill Yankee, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

RDS/rdh

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

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Gary L. Jenkins, Director
Audit Division
Department of Revenue

Phil Wall, Director
Administrative Services Division
Department of Revenue

Fred Boetsch, Director
Enforcement Division
Department of Revenue

Bill Yankee
Research Section
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 435
 Title An Act providing a new plan for distribution of permanent fund income
 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 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 April 6, 1981 PREPARED BY Gary L. Jenkins
 AGENCY Audit Division
 PHONE 465-7320

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. HB 435

Title Providing a new plan for the distribution of permanent fund income.

Requested by House State Affairs Date 4/27/81

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	101.1	109.7	118.5	128.0	138.2	149.3
200 TRAVEL						
300 CONTRACTUAL	223.8	212.2	229.2	247.5	267.3	288.7
400 COMMODITIES	3.5	3.8	4.1	4.4	4.8	5.2
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	323.4	325.7	351.8	379.9	410.3	443.2

FUNDING (Thousands of Dollars)

GENERAL FUND	328.4	325.7	351.8	379.9	410.3	433.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

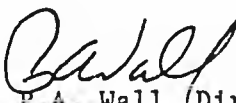
FULL TIME	1/12mm	3/36mm	3/36mm	3/36mm	3/36mm	3/36mm
PART TIME	6/36 mm	5/19mm	5/19mm	5/19mm	5/19mm	5/19mm
TEMPORARY						

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

HB 435 repeals the 1980 Permanent Fund Dividend laws effective January 1, 1980 and sets up a new plan for distributing permanent fund income. Fiscal Year 1981 funding when authorized by supplemental, must carry over into FY82 to allow completion of the 1980 Dividend Payments.

See the attached Assumptions and Expenditure Detail:

IV. DATE 4/27/81

PREPARED BY  P.A. Wall, Director

AGENCY Revenue

PHONE 465-2313

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Assumptions 230,000 full year Alaskans aged 18 and over.

Use applications filed by individuals as basis for payments.

The first payment is for calendar 1980.

1980 payments can be made from applications already filed.

10% growth, 8% inflation.

FY81 Costs for 1980 Permanent Fund Dividend 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, error correction and		
warrant control @ \$1393/mo plus 25%	=	20.9
4 PPT R8 Scanners, 6mm each for data capture, inquiry		
reply, batching, and mail @ \$1393/mo plus 25%	=	<u>41.8</u>

101.1

Other Expenditures:

Contractual -

Postage:

Forms distribution, 100,000 @ .18 each	=	18.0
230,000 payments @ .18 each	=	41.4

Forms:

150,000 applications @ \$50 M	=	7.5
230,000 warrants @ \$35 M	=	8.1

Miscellaneous:

Toll calls, insurance, etc.	=	4.0
Contingency	=	50.0

Equipment Rental, Data Capture:

4 CRT @ \$80/mo for 6 mos.	=	1.9
1 Control Unit @ \$705/mo for 6 mos.	=	4.2
1 Printer @ \$286/mo for 6 mos.	=	1.7

Data Processing Chargeback:

Disk Storage, 100 million bytes @ 90% of \$12/mo/mb times 12 mos.	=	13.0
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Processing Charges -

development	=	35.0
on-going processing	=	33.0
data capture and inquiry	=	<u>6.0</u>

223.8

Commodities -

= 3.5

3.5

Total First Year Costs for 1980 Permanent Fund Dividend Payments = * \$ 328.4

* Development and Processing Cost is \$1.43 per payment.

FY82 Costs For 1981 Permanent Fund Dividend 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 control, pre-edit and warrant control @ \$1504/mo plus 25%	=	22.6
2 PFT R8 Scanner for data capture, batching and attachment processing @ \$1504/mo plus 25%	=	45.2
3 PPT R8 Scanners for 5 mm each for data capture, inquiry reply, batch, pre-edit and mail @ \$1504/mo plus 25%	=	<u>28.2</u>

109.7

Other Expenditures -

Contractual -

Postage:

Forms distribution, 300,000 @ .18 each	=	54.0
253,000 payments @ .18 each	=	45.5

Forms:

350,000 applications @ \$50 M	=	17.5
253,000 warrants @ \$35 M	=	8.9

Miscellaneous:

Toll calls, insurance, etc.	=	4.5
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Equipment Rental, Data Capture:

2 CRT @ \$87/m for 12 mos.	=	2.1
3 CRT @ \$87/m for 5 mos.	=	1.3
1 Control Unit @ \$761/mo for 12 mos.	=	9.1
1 Printer @ \$309/mo for 12 mos.	=	3.7

Data Processing Chargeback:

Disk Storage, 108 million bytes @ 90% of \$12/mo/mb times 12 mos.	=	14.0
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Processing Charges -

development (changes)	=	5.0
on-going processing	=	35.6
data capture and inquiry	=	<u>11.0</u>

212.2

Commodities -

= 3.8

3.8

Total Second Year Costs for 1981 Permanent Fund Dividend Payments = * \$325.7

* Development and Processing Cost is \$1.29 per payment.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 435
Title Distribution of Permanent Fund Income
Requested by Randolph Date March 31, 1981

II. FISCAL DETAIL

Agency Affected Revenue
Program Category Affected Revenue Collection & Management
BRU, Program, or Subprogram(s) Affected Enforcement
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
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)

The role of the Enforcement Division under this bill is the name as it is under AS 43.23. Although additional work is placed on the Administrative Services Division to process applications and manipulate EDP files, there would be no additional workload on Enforcement. Therefore, no additional expenses would be incurred.

IV. DATE 5-5-81 PREPARED BY *Jed Bretsch*
AGENCY Enforcement
PHONE 465-2366
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. House Bill No. 435

Title Act providing for a new permanent fund distribution program

Requested by House State Affairs Committee Date 4/3/81

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 (Millions of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		52.7	69.1	94.4	120.4	175.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Dividend Fund		39.0	46.0	62.9	80.3	117.0
Total Funding		91.7	115.1	157.3	200.7	292.4

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The proposed legislation would require the above appropriations from the General Fund to the Dividend Fund, along with the amounts forecast to come from the existing Dividend Fund. The funding from the Dividend Fund is exclusive of the repayment amount to the General Fund (required under AS 43.23.050(c)).

The FY 82 total includes \$23.7 million for 1980 dividends and \$68.0 million for 1981 dividends. The assumption is made that the calendar year dividend would be paid by the end of the next fiscal year. Approximately 230,000 Alaskans 18 and over would share in the 1980 dividend payment.

IV. DATE 4/09/81

PREPARED BY BILL YANKEE

AGENCY Revenue Research

PHONE 465-2173

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)