

Offered: 3/30/83
Referred: Rules

Original sponsor: Rules/Governor

Funding Information

| | |
|----------------|--------------|
| Permanent Fund | |
| Dividend Fund | \$41,000,000 |
| Other Funds | -0- |
| | <hr/> |
| | \$41,000,000 |

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 149 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation for 1982
7 permanent fund dividends; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$41,000,000 is appropriated to the Department
11 of Revenue from the Permanent Fund Dividend Fund (AS 43.23.045) to pay for
12 1982 permanent fund dividends.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10 070(c).

The following individual is expected to testify on CS
SB 149 (Finance):

Joe Donahue, Deputy Commissioner, Department of Revenue

Department of Revenue
PFD Fact Sheet
Information Prepared
for Senate Finance Committee
(CS for SB 149)
March 22, 1983

Attachment A - Appropriation History of PFD Program

Attachment B - PFD Processing status as of March 4, 1983

Attachment C - Population of Alaska for PFD purposes

Attachment D - Permanent Fund Dividend Fund, Reconciliation for
FY80, FY81

Appropriation History of PFD Program

FY 81 Ch 120 SLA 80 Sec. 52

| | |
|--|--------------------------|
| TOTAL Appropriations for 1979 Dividend Payments | \$129,330,300 |
| Administrative Cost Allocation from Fiscal Note SB 122 Ch. 21 SLA 80 | |
| Enforcement Division | \$378,100 |
| Audit Division | 12,100 |
| Admin. Services | <u>440,100</u> |
| TOTAL Administrative Cost | (870,300) |
| Supplemental Ch. 92 SLA 81 for 1979 Dividend Payments | <u>12,500,000</u> |
| Available for 1979 Dividend Payments | <u>\$141,000,000</u> |

FY 82 Ch 82 SLA 81

| | |
|--|------------------------|
| Total Appropriation for 1980 Dividend Payments | \$149,961,800 |
| The balances of administrative costs from FY81 were carried forward in FY82. | |
| Refundable Credits (Included in total) | <u>(1,632,000)</u> |
| Available for 1980 Dividend Payment | <u>148,329,800</u> |

A supplemental for \$419,000 was received, Ch 101 SLA 82 Sec. 52, for administrative costs associated with PFD processing.

FY 83 Ch 101 SLA 82 Sec. 18

| | |
|--|--------------------------|
| Total Appropriations for 1981 Dividend Payments | \$150,400,000 |
| Administrative Cost Allocation from Fiscal Note SB 842 Ch 102 SLA 82 | |
| Enforcement Division | \$777,200 |
| Public Services | 824,900 |
| Treasury Division | 159,800 |
| Administrative Services | <u>834,400</u> |
| TOTAL Administrative Costs | <u>(2,596,300)</u> |
| Available for 1981 Dividend Payments | <u>\$147,803,700</u> |

Chapter 101 SLA 82 Sec. 17 reappropriated Ch 120 SLA 80, Ch 82 SLA 81, and Ch 92 SLA 81 for the purpose of making 1979 and 1980 Permanent Fund Dividend Payments.

Chapter 101 SLA 82 Sec. 19 further appropriated the above for the purpose of making Permanent Fund Dividend payments under any bill passed by the Twelfth Legislature in event the original Permanent Fund Dividend Program was invalidated by the US Supreme Court.

The Supreme Court ruled the original program invalid. Senate Bill 842 was signed and became Chapter 102 SLA 82. This established the new Permanent Fund Dividend program.

The total available for \$1,000 dividend payments as a result of reappropriation was: \$437,133,500

FY 84

At the recommendation of the Division of Budget and Management, the Department of Revenue reflected the FY84 administrative cost of the PFD distribution program in the operating costs of the Department. This was done in recognition of the PFD program as an on-going function of this Department. The net result was to reflect the \$2.6 million in the FY84 budget as continuation.

In preparing the FY84 Executive Budget, OMB chose to reflect the repeal of the PFD program. In so doing, the administrative costs of each affected BRU was reduced as follows:

| | | |
|-----------------|-----------------|-------------|
| Enforcement | (\$ 589,700) | |
| Admin. Services | (654,800) | |
| Public Services | (789,400) | |
| Treasury | (160,600) | |
| | | |
| | TOTAL Reduction | (2,294,500) |

The total to be distributed in FY84 is approximately \$170 million, the sum of one half the FY82 earning of the Permanent Fund and one-half the estimated FY83 earnings of the Permanent Fund.

FY85

The estimated amount to be distributed in FY85 under current law is \$122 million.

PFD Processing Status
3/14/83

| | ADULTS | CHILDREN | TOTAL |
|------------------|----------------|----------------|----------------|
| TOTAL IN PROCESS | 333,019 | 144,650 | 477,669 |
| LESS TOTAL PAID | <u>303,846</u> | <u>122,619</u> | <u>426,465</u> |
| TOTAL UNPAID | 29,173 | 22,031 | <u>51,204*</u> |

| | |
|-----------------------------------|---------------------|
| TOTAL Available for Distribution: | \$437,133,500 |
| less payments as of 3/14/83 | <u>426,465,000</u> |
| Balance: | <u>\$10,668,500</u> |

| | |
|-----------------------------------|--------------------|
| TOTAL Amount Needed as of 3/14/83 | 51,204,000 |
| less balance as of 3/14/83 | <u>10,668,500</u> |
| | <u>40,535,500*</u> |

*NOTE: Estimate 1500 eventual denials which will not be paid.

Population of Alaska
For PFD Purposes

Population estimates DOR, DOL; Summer 1982 - 405,000 - 441,000

Population estimate DOL, as of July 1, 1982
as released December 1982 - 464,000
(DOL staff considers this to be conservative)

Total PFD applications received less
all identified duplicates
as of March 4, 1983 - 477,669

1980 DEFINITION

PRELIMINARY ALASKA POPULATION
CITIES AND BOROUGHES
1980 and 1982
BY CENSUS AREA***

| | <u>April 1, 1980 Population</u> | <u>July 1, 1982 Population</u> |
|-------------------------------------|-------------------------------------|------------------------------------|
| STATE OF ALASKA | 401,851 | 464,047 |
| <u>Aleutian Islands Census Area</u> | 7,753 | 8,525 |
| Akutan | 169 | 188 |
| King Cove | 460 | 523* |
| Saint Paul | 551 | 595* |
| Sand Point | 625 | 797* |
| Unalaska | 1,322 | 1,922 |
| <u>Anchorage, Municipality of</u> | 174,431 | 202,453 |
| <u>Bethel Census Area</u> | 10,999 | 11,323 |
| Akiachak | 438 | 451 |
| Akiak | 198 | 229* |
| Akolmiut ^{1/} | 641 1/ | 353*1/ |
| Aniak | 341 | 351 |
| Atmaultluak | 219 | 236 |
| Bethel | 3,576 | 3,683 |
| Chefornak | 230 | 244* |
| Cnuathbaluk | 105 | 124* |
| Eek | 228 | 235 |
| Goodnews Bay | 168 | 173 |
| Kasigluk ^{1/} | N/A 1/ | 328*1/ |
| Kwethluk | 454 | 467 |
| Mekoryuk | 160 | 178* |
| Napakiak | 262 | 286* |
| Napaskiak | 244 | 251 |
| Newtok | 131 | 175* |
| Nightmute | 119 | 141 |
| Platinum | 55 | 57 |
| Quinhagak | 412 | 427* |
| Toksook Bay | 333 | 357* |
| Tuluksak | 236 | 243 |
| Tununak | 293 | 302* |
| Lower Kalskag | 246 | 260* |
| Upper Kalskag | 129 | 133 |

Released by Department of Labor
Research & Analysis
State Demographer

PERMANENT FUND DIVIDEND FUND,
Reconciliation of FY80, FY81

| | | | | |
|------|--|---------------|------|-------------------|
| FY80 | Cash Transfer of Distributable Income | 23,675,599.87 | X .5 | 11,837,779.94 |
| | PF to GF, Gross | | | |
| | | 54,931,481.21 | X .5 | 27,465,740.61 |
| FY81 | Cash Transfer of Distributable Income | | | |
| | Approx. Interest Accrued 7/1/80 - 12/31/82 | | | 6,456,479.45 |
| | Approx. Balance Available 12/30/82 | | | <u>45,800,000</u> |
| | | | | 39,303,520.55 |

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

MAR 28 1983

BILL SHEFFIELD, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

March 28, 1983

The Honorable John C. Sackett
Co-Chairman
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

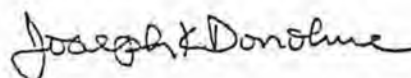
Dear Senator Sackett:

You have requested this Department's opinion as to whether the \$39.1 million dollar supplemental for the 1982 dividend program would be sufficient to cover the balance of the payments for the 1982 program. Our PFD Fact Sheet, which we are transmitting with this letter, indicates that as of March 14, 1983, the required balance was \$40.6 million which reduced by the estimated numbers of denials of 1,500 would lead to a need for \$39.1 million. However, the Department feels the appropriation should contain language to cover any possible shortfalls due to either (1) an underestimate of potential denials, (2) an unknown number of applicants who will be allowed to establish the fact of timely filing despite the lack of a record on file with this Department, or (3) due to the unknown number of adults who filed only sponsor applications on behalf of their children thinking that they were also applying for themselves. These applications will be honored in due course.

We proposed to the Senate State Affairs Committee the attached Committee Substitute. They rejected language in Sec. 2 which would have hedged against an indeterminate shortfall and instead amended the appropriation language to \$41.0 million.

In short, whereas we do not at this time believe we will need more than the \$41.0 million, or even the \$39.1 million, we would still prefer language similar to Sec. 2 of our proposed Committee Substitute to avoid the possibility of denying any applicants their dividends until a supplemental can be obtained next year.

Sincerely,



Joseph K. Donohue
Deputy Commissioner, Taxation

JKD:jas

Enclosures

PROPOSED COMMITTEE SUBSTITUTE

SENATE BILL NO. 149

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act making a supplemental appropriation for 1982 permanent fund dividends; and providing for an effective date."

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

* Section 1. The sum of \$39,100,000 is appropriated to the Department of Revenue from the Permanent Fund Dividend Fund (AS 43.23.045) to pay for 1982 permanent fund dividends.

* Sec. 2. If the amount of money appropriated under Sec. 1 of this act falls short of the amount needed to pay 1982 permanent fund dividends, the amount of the shortfall is appropriated from the Permanent Fund Dividend Fund to pay 1982 permanent fund dividend payments.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 25, 1983

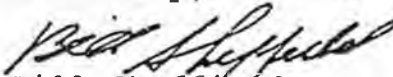
The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a supplemental appropriation to the Department of Revenue from the permanent fund dividend fund to cover the balance of the 1982 dividend payments. By the middle of March the Department of Revenue expects to spend the balance of the \$442,192,100 appropriated in ch. 101, SLA 1982 for the 1982 dividend program. At that time, the department estimates that an additional \$39,100,000 will cover the 1982 dividend payments that have not yet been made. This shortfall exists because the population estimates used to make the initial appropriation were too low.

As of September 30, 1982, a balance of \$117,265,000 existed in the permanent fund dividend fund. Of this, \$43,712,600 is based on FY 80 and FY 81 earnings. According to sec. 19(g) of ch. 102, SLA 1982, income from the permanent fund for FY 82 and FY 83 which is transferred to the permanent fund dividend fund must be used for 1983 dividend payments. This section does not address the FY 80 and FY 81 income transferred to the permanent fund dividend fund. Thus, the \$43,712,600 transferred for FY 80 and FY 81 is available to make 1982 dividend payments. While the law is not clear as to whether this money needs to be appropriated to pay the dividends, we feel it is advisable to appropriate the money in order to eliminate the possibility for legal challenge. I request your expedited consideration of this appropriation.

Sincerely,


Bill Sheffield
Governor

Alaska State Legislature
House of Representatives

Al Adams
Chairman
Committee on Finance

Official Business

April 7, 1983

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3320

1024 W. 6th
Anchorage, Alaska 99501
(907) 274-0615

MEMORANDUM

TO: House Finance Committee Members

FROM: Al Adams, Chair *ABA*
House Finance Committee

SUBJ: SB 149, supplemental appropriation for 1982
permanent fund dividend checks

Shortfall

As of March 4, 1983, the Department of Revenue (DOR) has received 477,669 applications for 1982 permanent fund dividends. \$437,133,500 is available for 1982 permanent fund dividends. Thus, a shortfall of \$40,535,500 exists ($\$477,669,000 - \$437,133,500 = \$40,535,500$).

DOR expects to decline payment for approximately 1500 dividend checks because of duplicate filing of applications. If this occurs, any amount left over from this supplemental would lapse into the general fund.

Please refer to the "PFD Fact Sheet" in your file for further details.

CS SB 149 (Finance)

The only difference between the Senate Finance committee substitute and the original bill is the amount of the appropriation. The \$41 million represents the maximum amount DOR currently estimates is necessary to pay all 1982 permanent fund dividends.

DOR requested that the CS include the original \$39.1 million appropriation and language allowing any additional shortfall to be paid out of the 1983 permanent fund dividend fund. (See letter to Senator Sackett, 3/28/83, in your file.) The Senate chose, however, to raise the appropriation amount to \$41 million instead.

Introduced: 2/25/83
Referred: State Affairs and
Finance

Funding Information

| | |
|----------------|---------------------|
| Permanent Fund | |
| Dividend Fund | \$39,100,000 |
| Other Funds | -0- |
| | <u>\$39,100,000</u> |

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 149

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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14 10.070(c).

Offered: 3/30/83
Referred: Rules

Original sponsor: Rules/Governor

Funding Information

| | |
|----------------|--------------|
| Permanent Fund | |
| Dividend Fund | \$41,000,000 |
| Other Funds | -0- |
| | <hr/> |
| | \$41,000,000 |

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 142 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

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