

COMMITTEE REPORT  
SENATE

FURTHER:

3/10/83

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

Mr. President:

The Committee on FINANCE has had SB 149

Supplemental appropriation for the 1982 permanent fund dividends

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
- and recommends do pass  new title
- 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:

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CHAIRMAN

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

Funding Information

Permanent Fund	-11,000,000
Dividend Fund	\$39,100,000
Other Funds	-0-
	<u>\$39,100,000</u>
	-11,000,000

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

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 \$39,100,000 is appropriated to the Department

11

of Revenue from the Permanent Fund Dividend Fund (AS 43.23.045) to pay for

12

198 permanent fund dividends.

13

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

14

10.070(c).

COMMITTEE REPORT  
SENATE

2/25/83

FURTHER: Finance

Date: 3/8/83

Mr. President:

The Committee on State Affairs has had SB 149

An Act making a supplemental appropriation for 1982 permanent fund dividends; and eff. 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
- and recommends \_\_\_\_\_  new title
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Tim Kelly

Arthur J. ...

Robert ...

Bill Ray

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_

W. J. ...

CHAIRMAN

SENATE AMENDMENT #1

By STATE AFFAIRS COMMITTEE

To: \_\_\_\_\_ SENATE BILL No. 149

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

PAGE: 1      LINE: 10

Delete \$39,100,000 and add \$41,000,000

# 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

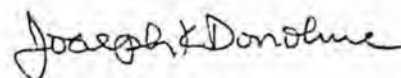
Dear Senator Sackett:

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 shortfall 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).

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 ProgramFY 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	(830,300)
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	(\$ 689,700)	
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>
	40,535,500*

\*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  
(DCL 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>	7,768	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 <sup>1/</sup>	641 <sup>1/</sup>	353* <sup>1/</sup>
Aniak	341	351
Atmoutluak	219	236
Bethel	3,576	3,683
Chefornak	230	244*
Chuathbaluk	105	124*
Eek	228	235
Goodnews Bay	168	173
Kasigluk <sup>1/</sup>	N/A <sup>1/</sup>	328* <sup>1/</sup>
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	298	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		
	PF to GF, Gross	23,675,599.87	
		<u>X .5</u>	11,837,779.94
FY81	Cash Transfer of Distributable Income		
		54,931,481.21	
		<u>X .5</u>	27,465,740.61
			39,303,520.55
	Approx. Interest Accrued 7/1/80 - 12/31/82		6,496,479.45
	Approx. Balance Available 12/30/82		<u>45,800,000</u>