

# COMMITTEE REPORT

## SENATE

FURTHER:

3/12/86

Date 3/20/86

Mr. President

The Committee on FINANCE considered SSSB 421  
relating to attachment and assignment of permanent fund dividends;  
efd/.

and (a majority of the committee) (the committee) reports it back with  
the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE  
-85FC
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

*Keith Helfel*  
*Paul Fitch*  
*[Signature]*  
   
   
 

   
   
   
   
 

co- *Paul Fitch*  
Chairman  
*do pass*  
Chairman recommendation

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

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

**REQUEST**

Bill/Resolution No. : SSSB 421  
 Title : Act relating to attachment  
and assignment of permanent fund  
dividends  
 Sponsor : Senator P. Fischer  
 Requestor : \_\_\_\_\_  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : All  
 BRU : \_\_\_\_\_  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL</b>	0	0	0	0	0	0
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<b>REVENUE</b>	0	0	0	0	0	0
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS :**

<b>FULL-TIME</b>	0	0	0	0	0	0
<b>PART-TIME</b>						
<b>TEMPORARY</b>						

**ANALYSIS :** Attach a separate page if necessary

Prepared by : \_\_\_\_\_  
 Division : Senator Jan Faiks, Co-chairman  
Senate Finance Committee

Phone : 465-4523

Date : 3/20/86

Approved by Commissioner : \_\_\_\_\_  
 Agency : \_\_\_\_\_

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

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Introduced: 2/28/86  
Referred: Judiciary and  
Finance

BY P. FISCHER  
AND DEVRIES

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 421

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to attachment and assignment of  
7 permanent fund dividends; and providing for an  
8 effective date."

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

10 \* Section 1. AS 43.23.065 is amended by adding new subsections to read:

11 (b) AS 09.38 does not apply to permanent fund dividends taken to  
12 satisfy debts under (a)(1) - (3) of this section.

13 (c) Notwithstanding AS 09.35, execution on a debt of a type  
14 listed under (a)(1) - (3) of this section is accomplished by serving a  
15 certified copy of the judgment on the commissioner.

16 (d) A voluntary assignment of a permanent fund dividend to  
17 satisfy a debt of a type listed under (a)(1) - (3) of this section  
18 shall be granted the priority provided for under (a) of this section  
19 in the same manner as an involuntary attachment.

20 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
21 10.070(c).

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

*Rec'd after  
will R/P*

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

REQUEST  
Bill/Resolution No: SSSB 421  
Title: An act relating to attachment  
and assignment of Permanent Fund  
Dividends  
Sponsor: P. Fischer and DeVries  
Requestor: Senate Judiciary  
Date of Request: 3/3/86

FISCAL DETAIL  
Agency Affected: Revenue  
BRU: Permanent Fund Dividend  
  
Components: Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

See attached

Prepared By: *Ervin B. Jones*  
Division: Administrative Services

Phone: 465-2313  
Date: 4/17/86

Approved by Commissioner: *Thomas H. Sandale*  
Agency: Revenue

Date: 4/17/86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Department of Revenue  
Administrative Services Division  
Fiscal Note Analysis  
SSSB 421

Assumptions:

1. It is assumed that the substance of AS 09.38, related regulations and the volume of court history, interpreting those laws would not apply to attachments for Child Support Enforcement, debts to state agencies, or court ordered restitution and cannot be relied upon as a basis for such attachments.
2. It is assumed that all attachments which arise from a court judgment will be served as a certified copy of judgment and that attachments arising from administrative decisions (e.g. tax liabilities, child support orders) will continue to be served in the existing way.
3. It is assumed that AS 09.40.010 will apply to all prejudgment attachments.

Program Summary:

AS 43.23.065 was originally enacted to offer protection to 50% of an applicant's dividend from the standard remedies for collection of debts - levy, execution, garnishment, and attachment. These attachments arise from either court orders or from administrative remedies found in federal and state law.

This protection is specifically not offered in three cases:

- 1) child support obligations required by court order or decision of the Child Support Enforcement Division;
- 2) debts owed to a state agency, where appeals have been exhausted; and
- 3) court ordered restitution

In these cases, 100% of the dividend is subject to attachment.

In 1985, the Department of Revenue received and processed 15,008 attachment orders, of which 12,123 were accepted. Of these, the above three categories accounted for the following number of attachments:

- 1) CSED - 1,297
- 2) State debts - 1,286
- 3) Restitution orders - 3

The attachments can be served as Writs of Execution, arising from a court judgment or as an Order to Withhold arising from an administrative decision. The attachments are served either on paper or by magnetic tape. The paper attachments are manually entered into the PFD system, identifying the person's record as one to be attached upon payment. The magnetic tape match does basically the same thing. Because of the huge volume of attachments, and because there is only one employee to process them, the Department of Revenue has been encouraging tape matches for those creditors who are large and sophisticated enough to handle it (e.g. Child Support Enforcement, IRS, Department of Labor). Those serving the

Program Summary (con't)

department with attachments may release the attachment up until the time the dividend is paid. This occurs when the debtor has satisfied the debt by other means. Releases are all done manually by entering a status change in the file. The PFD system includes a "garnishment" subsystem which processes payments in priority order once an attached dividend comes up for payment. In cases where a residual amount is due the applicant, the subsystem also produces that warrant.

In each case where an individual's dividend is attached, in whole or in part, the Department of Revenue sends the applicant a notice indicating how much was taken, and by whom. This notice also provides a telephone number at which the process server can be contacted.

The changes proposed would require the Document Processing section of Administrative Services - PFD to do the following:

- 1) modify the voluntary assignment to explain the changes;
- 2) review all voluntary assignments to determine those falling under AS 43.23.065(d) as proposed;
- 3) modify the Attachment sub-system of the PFD system to recognize the new priority of such voluntary assignments.

1. Positions: None

2. Other Expenditures: None

Funding: N/A

Section Cost Analysis: N/A

Computations: N/A

Impact on Local Government: N/A

Attachments: None

Suggested Revisions: None

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POLCHY STATE CAPITOL  
JUNEAU ALASKA 998  
907 465 3800

MEMORANDUM

March 4, 1986

SUBJECT: Sectional Analysis of SSSB 421  
TO: Senator Paul Fischer  
FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

Section 1. The statute dealing with exemption of permanent fund dividends from levy, execution, garnishment, attachment or other remedies for the collection of debt is amended. Under existing law the exemption is not available for dividends taken to satisfy child support obligations, a debt owed to an agency, or a court ordered restitution under certain statutes. Under this bill, for these types of non-exempt situations, AS 09.38 (Alaska Exemptions Act) does not apply. Execution is not accomplished under the general chapter on executions (AS 09.35) but rather, it is accomplished by serving a certified copy of the judgment on the commissioner of revenue. In addition, a voluntary assignment of a dividend to satisfy one of the debts of a type that is not exempt under existing law is to be granted the same priority as would be granted under existing law for an involuntary attachment.

Sec. 2. The Act has an immediate effective date.

TBC:mkr  
m3/118

COMMITTEE REPORT  
SENATE

FURTHER:

FINANCE

2/28/86

Date

3/11/86

Mr. President

The Committee on JUDICIARY considered SSSB 421  
relating to attachment and assignment of permanent fund dividends; efd.

and (a majority of the committee) (the committee) reports it back with  
the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
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MEMBERS SIGNING  
DO PASS

Gene Sisk  
Tommy  
Tom Kelly  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

Patrick Bodery  
Chairman

Chairman recommendation