

HB

134

HOUSE COMMITTEE REPORT

(11)

Date referred: 3/6/87

FURTHER REFERRALS:

DATE: 4/3/87

The Finance Committee has considered HB 134

"An Act permitting payment of certain permanent fund dividends into the principal of the permanent fund."

RECOMMENDS:

- replace with CS HB 134 (Fin) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: Finance letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

POURCHOT [Signature]

GOLL [Signature]

SIGNING OTHER RECOMMENDATIONS:

ADAMS [Signature] ^{NO REC} - DO NOT PASS

WILLIS [Signature] - DO NOT PASS

LARSON [Signature] - NO REC.

BOYER [Signature] - NO REC.

FRANK [Signature] - NO REC.

RIESER [Signature] - NO RECOMMENDATION

BROWN [Signature] - NO REC.

DAVIS [Signature] - [Signature]

SWACKHAMMER (signature top) [Signature] ^{good idea that needs work}

[Signature]
Chairman's signature



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

P.O. Box V
State Capitol
Juneau, Alaska 99811

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR

CS HB 134 (Finance)

If all costs of implementing the provisions of the Permanent Fund Dividend checkoff authorized in this Act are not off-set annually by an equal or larger amount of money elected by participants to be redeposited into the corpus of the Permanent Fund, it is the intent of the Legislature that the checkoff option be discontinued.

It is further the intent of the Legislature that possible tax liabilities or obligations under federal or state law be stated in the information accompanying the Permanent Fund application form provided by the Department of Revenue for this checkoff option as well as the Permanent Fund dividend itself.

A handwritten signature in cursive script, appearing to read "Al Adams".

Al Adams, Chairman
House Finance Committee

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

A

Bill Version: CSHB 134 (Fin)
Publish Date: _____

REQUEST _____
Revision Date: _____
Title: An act permitting payment of certain PFD's into the Permanent Fund
Sponsor: Pearce, Pourchot
Requestor: House State Affairs

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	21.9	10.7	10.7	10.7	10.7
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	11.0	11.0	11.0	11.0	11.0
SUPPLIES	-	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	33.1	21.9	21.9	21.9	21.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (PFD)	-	33.1	21.9	21.9	21.9	21.9
TOTAL	-	33.1	21.9	21.9	21.9	21.9

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	2	2	2	2	2
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

Prepared By: Ervin B. Jones
Division: Administrative Services
Approved by Commissioner: [Signature]
Agency: Revenue

Phone: 465-2313
Date: 3/2/87
Date: 3/2/87

Distribution (by Agency preparing fiscal note):

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

NOTE: SOME PEOPLE DO THIS ALSO. THEY JUST SEND THE BUDGET TO THE COMMISSIONER FOR REVIEW. IT IS SHOWING ON THE FINANCIALS AS "CITIZEN CONTRIBUTIONS" [Signature]

page _____ of _____

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
HB 134
3/2/87

Assumptions:

1. The bill will take effect for the 1988 permanent fund dividend year and application. The 1987 dividend application has already been printed.
2. There are seven other bills which if signed into law, would result in some form of "check-off" on the 1988 dividend application, in addition to the existing Olympic Fund checkoff. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note, and all related fiscal notes, is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
- 3) All incremental costs of administering this law will be borne by the same source of funding as the general administration of the PFD program, currently the dividend fund.
- 4) The incremental cost of computer resources will result in a chargeback by the Department of Administration.
- 5) Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, data processing chargeback, and the extra page in the dividend application will be continuing.
- 6) Elections will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions and elections will then be honored in the order listed on the form schedule, which will be in the order they become law.

Program Summary:

The provision of an election on the dividend application to have the dividend deposited into the principal of the permanent fund will cause additional administrative cost in several areas:

- a) An additional page added to each booklet and a schedule of contribution election decisions on each application.
- b) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the Permanent Fund (see Attachment A).
- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the election decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.

1. Positions

1 PPT Analyst/Programmer V, R21
@ \$5,638.47/Mo including salary
and benefits for 2 months = \$11.2

PCN 04-1125 would be funded for an
additional two months, in accordance
with Attachment A. Ongoing maintenance
of new programs would be accomplished
by existing staff.

1 PPT Document Processor I, R7
@ \$2,117.76/Mo, including salary and
benefits for 3 months = \$6.3

This position would assist in the manual
review and coding of 540,000 applications
for the new election decision. This
position represents the equivalent of the
additional time and effort.

1 PPT Data Processing Clerk I, R8,
@ \$2,221.64/Mo, including salary and
benefits for 2 months = \$4.4

This position would assist in the data
capture of the additional election
decision. The position represents the
equivalent value of the additional time
and effort.

TOTAL Personal Services \$21.9

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Data Processing Chargeback \$5.0
Add a page to the PFD Booklet \$6.0

c) Supplies: \$0.2

d) Equipment: Use existing equipment 0.0

TOTAL COST \$33.1

3. Funding: Permanent Fund Dividend Fund.

4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: None.

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
HB 134
Summary of Data Processing Requirements
3/2/87

Wang data entry processing	75.0 hours
Includes:	Data entry Batch lists Corrections Wang to IBM transfer
IBM Update jobs	30.0 hours
Includes:	Edits Batch listings Log sheets
DMS Online programs for lookup and changes	37.5 hours
Nightly Update of Changes	22.5 hours
Warrant Jobs	90.0 hours
Includes:	Printing warrants with different amounts. Include check stub messages. Modify warrant registers as needed for balancing. Create new program(s) for transferring accumulated decisions to the Permanent Fund, and to account for the reserve necessary due to returned and cancelled PFD warrants.
Miscellaneous	45.0 hours
Includes:	Setting up test files on IBM Systems testing Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.
TOTAL HOURS	300.0 hours

Original sponsors: Pearce, Pourchot
and Collins

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 134 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act permitting payment of certain permanent fund
7 dividends into the principal of the permanent fund."

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

9 * Section 1. PERMANENT FUND DIVIDENDS. (a) Except as provided in (b)
10 of this section, a person who is eligible to receive a permanent fund divi-
11 dend may elect to receive the dividend in cash or have it deposited into
12 the principal of the permanent fund.

13 (b) A person who is authorized to claim a dividend on behalf of
14 another under AS 43.23.005(c) may only receive the dividend in cash. The
15 Department of Revenue shall require an individual to take a permanent fund
16 dividend in cash if the department receives a levy, execution, garnishment,
17 attachment or other legal remedy for the collection of a past due debt
18 applicable to the dividend.

19 (c) The Department of Revenue shall prepare a permanent fund dividend
20 application form to allow an applicant, other than a person who is claiming
21 a dividend on behalf of another, to elect to receive the dividend in cash
22 or to have it deposited into the principal of the permanent fund.

23 (d) The Department of Revenue may adopt regulations under the Admin-
24 istrative Procedure Act (AS 44.62) that establish procedures and time
25 limits for electing to have a dividend paid into the principal of the
26 permanent fund.

27 (e) By the 10th day of the Second Session of the Sixteenth Alaska
28 State Legislature, the commissioner of revenue shall submit a report to the
29 legislature listing, by year, the number of applicants who have elected to

1 have dividends deposited into the principal of the permanent fund, the
2 amount of money deposited into the fund as a result of those elections, and
3 the administrative costs of implementing this Act.

4 * Sec. 2. This Act is repealed December 31, 1990.

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Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS



ANCHORAGE
P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

House of Representatives

MEMORANDUM

DATE: April 1, 1987

TO: House Finance Committee Members

FROM: Representative Pat Pourchot, Vice Chair
House Finance Committee

SUBJECT: HB 134, (Permitting payment of certain permanent fund dividends into the principal of the permanent fund)

Attached is a draft Finance CS for HB 134 which addresses the concerns expressed by Finance Committee members during Monday's hearing.

As a means of addressing the Committee's desire to have a "sunset" provision included in HB 134, the bill has been redrafted in the form of a Temporary Act and will provide two full years of operation (1988 and 1989) and one full session (1990) for legislative review before expiring on December 31, 1990.

A Letter of Intent is included which states that the program shall pay for itself and that the tax consequences shall be flagged on the Permanent Fund Dividend application form.

The sponsor has approved the attached draft.

Original sponsors: Pearce, Pourchot
and Collins

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 134 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

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14 another under AS 43.23.005(c) may only receive the dividend in cash. The
15 Department of Revenue shall require an individual to take a permanent fund
16 dividend in cash if the department receives a levy, execution, garnishment,
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26 permanent fund.

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29 legislature listing, by year, the number of applicants who have elected to

1 have dividends deposited into the principal of the permanent fund, the
2 amount of money deposited into the fund as a result of those elections, and
3 the administrative costs of implementing this Act.

4 * Sec. 2. This Act is repealed December 31, 1990.
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DRAFT LETTER OF INTENT, HB 134

If all costs of implementing the provisions of the Permanent Fund Dividend checkoff authorized in this Act are not off-set annually by an equal or larger amount of money elected by participants to be redeposited into the corpus of the Permanent Fund, it is the intent of the Legislature that the checkoff option be discontinued.

It is further the intent of the Legislature that possible tax liabilities or obligations under federal or state law be stated in the information accompanying the Permanent Fund application form provided by the Department of Revenue for this checkoff option as well as the Permanent Fund dividend itself.

1986

ADULT APPLICATION

A

DUE DATE: JUNE 30, 1986

THIS SPACE FOR OFFICE USE ONLY

This application must be used by all eligible residents who are 18 years of age or older, or who are legally emancipated minors if less than 18 years of age. **TO FILE ON BEHALF OF ANOTHER ADULT, YOU MUST ALSO COMPLETE AND ATTACH FORM 04-100 B. USE THE SEPARATE FORM 04-100 C TO FILE ON BEHALF OF A CHILD.** Please type or print neatly.

PERMANENT FUND DIVIDEND RESIDENCY DEFINED

To be a resident for the purpose of qualifying for an Alaska permanent fund dividend, you must be present in the state and intend to remain permanently. If you are outside Alaska, you must have been a resident before leaving, demonstrate at all times during your absence an intent to return to Alaska and remain permanently, and be absent for at least one of the allowable reasons as stated in the instructions.

1. ELIGIBILITY REQUIREMENTS. Please check the appropriate box beside each of the following statements.

YES NO

A. I was an Alaska resident for the entire period October 1, 1985 through March 31, 1986.

B. I am, and intend to remain, an Alaska resident at the time I file this application.

You may apply for an Alaska permanent fund dividend only if you answered yes to both statements.

2. My date of birth:

MONTH

DAY

BIRTH YEAR

*You are not required to provide any social security number requested on this form. For their intended use, see the instructions for line 3 on page 3.

3. My Social Security Number*

4. My First Name

Initial

Last Name

Mailing Address

City, State, Zip Code

5. My home is physically located at: (number, street and city, or physical location)

6A. My Home Telephone No.

()

6B. My Work Telephone No.

()

7. CITIZENSHIP STATUS. I have the following status:

A. U.S. citizen

B. Resident alien, refugee, or asylee

(Enter Alien Registration No. A-_____)

8. ADULT STATUS. I have adult status because I am:

A. 18 years of age or older

B. Under 18 years of age but legally emancipated by: (check one)

1. Marriage (attach copy of marriage certificate)

2. Other (attach copy of court order)

9. I have been a continuous Alaska resident since: (month, day if known, year)

10. My spouse's name: (first name, initial, last name)

11. EMPLOYMENT DURING RESIDENCY PERIOD.

A. Name and mailing address of my primary employer during the period October 1, 1985 through March 31, 1986:

B. Date employment began:

C. Employer's Telephone No.:

D. My occupation: (Note: If you were a member of the U.S. armed forces, you must attach a copy of your Leave and Earnings Statement for September 1985. If unavailable, attach a certified copy of form DD 2558, State of Legal Residence Certificate.)

E. Work Status: In the box to the right, enter the letter A-L which describes your work status. See page 4 of the line-by-line instructions for work status codes.

12. ABSENCES. During the period October 1, 1985 through March

13. ANNUITY PROGRAM. First read the information about this program on page __. Check the appropriate box below to transfer a percentage of your 1988 permanent fund dividend to an annuity account. CAUTION: The percent you indicate will be subtracted from your 1988 dividend. Leave this section blank if you do NOT wish to participate in the annuity program.

A. 25% B. 50% C. 75% D. 100%

14. PERMANENT FUND DIVIDEND CONTRIBUTIONS. See page __ of the instructions for information on the contribution options. Check the box(es) beside the program(s) you want to support with your permanent fund dividend. CAUTION: The total amount you indicate will be subtracted from your 1988 dividend. Leave this section blank if you want to receive the full dividend amount.

CONTRIBUTION OPTION

CONTRIBUTION AMOUNT

- A. Alaska Winter Olympics Account \$ 5.00
- B. Alaska Children's Trust Fund \$ _____
- C. Alaska Educational Trust Fund 50%
- D. Principal of Permanent Fund 100%
- E. Public Broadcasting Account \$ 5.00
- F. Arts Account \$ 5.00
- G. Arctic Winter Games Account \$ 5.00
- H. Political Parties Account
 - (1) Alaska Democratic Party \$25.00
 - (2) Alaska Libertarian Party \$25.00
 - (3) Alaska Republican Party \$25.00
- I. Community Schools Grant Fund \$ 5.00
- J. Alaska Eskimo-Indian Olympics Account \$ 5.00

14. EXPLANATION OF ABSENCES. If you answered "yes" to any question in section 12, you must explain the reason(s) for your absence(s) in the appropriate categories below. If you fail to disclose an absence as required, you may be denied a permanent fund dividend.

Remember, you can be a resident of only one state at a time. If you claim residency in another state for any significant purpose (e.g. to vote in a state or local election, or to qualify for resident tuition at a college or university), then you have terminated your eligibility for an Alaska permanent fund dividend.

A. OUT OF STATE AS THE SPOUSE OR DEPENDENT OF A PERSON WITH AN ALLOWABLE ABSENCE
If you check this box you must also check the category of the other person's absence and provide the requested information for that person.

Name, Social Security Number, and Address of Person You Were With

B. ARMED FORCES Branch of Service Serial Number State of Legal Residence - (Attach L.E.S. for September 1985)

Date(s) of Departure - Date(s) of Return Date of Enlistment or Last Reenlistment

C. MEDICAL TREATMENT UNDER CARE OF LICENSED PHYSICIAN Name of Physician

Date(s) of Departure - Date(s) of Return City and State Where Treated

D. BUSINESS Employer's Name Date(s) of Departure - Date(s) of Return

E. COLLEGE, SCHOOL OR UNIVERSITY Name of School

Was resident tuition paid? YES NO Degree Sought or Other Purpose Dates of Attendance

F. VACATION OR OTHER REASONS Date(s) of Departure - Date(s) of Return

Please explain reasons (attach additional pages as necessary)

RESIDENCY VERIFICATION BY TWO ADULTS WHO KNOW YOU

The statement below must be read and signed by two adults who know you, and who can attest to your eligibility for a permanent fund dividend. These persons must be willing to answer questions about your residency if requested to do so by the Department of Revenue. Your permanent fund dividend may be delayed or denied if the persons you select do not respond to such an inquiry. Persons you may wish to ask to verify your residency include your spouse, other relatives, close friends or neighbors. While not necessary, it is preferable that these persons be Alaska residents who are also applying for their permanent fund dividends.

I certify under penalty of perjury that I have read and understand the definition of an Alaska resident as stated on this application, and that to the best of my knowledge and belief the person named on this application was an Alaska resident for the entire period October 1, 1985 through March 31, 1986 and is still an Alaska resident.

I understand that I may be contacted by the Alaska Department of Revenue regarding the eligibility of the person named on this application.

15. Signature of Spouse, Relative or Friend		Date	16. Signature of Relative or Friend		Date
X			X		
Printed Name of Person Who Signed Above		Social Security Number*	Printed Name of Person Who Signed Above		Social Security Number*
Mailing Address		*Please see SSN advisory note at section 3.	Mailing Address		*Please see SSN advisory note at section 3.
City, State, Zip Code		Daytime Telephone No. ()	City, State, Zip Code		Daytime Telephone No. ()

YOUR SIGNATURE IS REQUIRED

17. SIGNATURE. It is important that you carefully read the following statement before signing. If you make any alteration to this statement, you will be denied a permanent fund dividend.

I certify under penalty of perjury that I am now and intend to remain an Alaska resident at the time I file this application and that I was an Alaska resident for the entire period October 1, 1985 through March 31, 1986.

I understand that a false claim of residency to obtain a permanent fund dividend for myself or for another is a criminal offense, and that if convicted, I will forfeit future permanent fund dividends, and that I must repay all permanent fund dividends that have been paid to me.

I also understand that this penalty is in addition to any criminal penalties imposed.

Signature	Date
X	

DUE DATE: JUNE 30, 1986

SEND TO: Alaska Department of Revenue
P.O. Box SR
Juneau, Alaska 99811-0400

Receipt of Applications: When processing has begun on your 1986 application, you will be notified by mail. If you need to know before then that your application has been received, you are advised to send it by U.S. certified mail with a return receipt requested or deliver it in person to a Revenue Public Service Center. If possible, please submit all the applications from your household (same mailing address) at the same time.

Dividend checks will be issued beginning October 1986.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

HB 134
3

FOUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 2800

MEMORANDUM

February 17, 1987

SUBJECT: Permitting payment of permanent fund dividends into the principal of the permanent fund (Work Order 5-0238A)

TO: Representative Drue Pearce

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the sectional analysis that you requested of the bill permitting the payment of permanent fund dividends into the principal of the permanent fund.

Sec. 1. A new provision is added which permits a person to elect to receive a permanent fund dividend in cash or have it deposited into the principal of the permanent fund. A person claiming a dividend on behalf of another may only receive the dividend in cash.

Sec. 2. A public agency that claims a dividend on behalf of another may only receive cash. Existing law requires the agency to hold the dividend in trust for the individual.

Sec. 3. The permanent fund dividend application form must be prepared to allow an applicant to elect to receive cash or to have the dividend deposited into the permanent fund.

Sec. 4. The provision that permits the state to recover the payment of a dividend that was improperly made is limited to cash payments.

Sec. 5. The Department of Revenue is required to pay dividends to individuals who elect to receive cash and to make payments to the permanent fund for individuals who elect to have that done. The department's regulations must include procedures and time limits for electing to have the dividend paid into the permanent fund.

Sec. 6. The exemption from any remedy for the collection of debt is limited to cash permanent fund dividend payments.

Sec. 7. The exceptions to the exemption from any remedy for the collection of debt are limited to cash dividend payments.

Sec. 8. The Department of Revenue shall require an individual to take a dividend in cash if the department receives notice of a legal remedy for the collection of a past due debt of a type for which the exemption does not apply.

Sec. 9. "Permanent fund dividend" is redefined to include an election to have the payment deposited into the principal of the permanent fund, as well as a cash payment.

TBC:mkr
m9/022

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

December 2, 1986

SUBJECT: Permanent fund dividends
(Work Order 15-0238)

TO: Representative Drue Pearce

FROM: Tamara Brandt Cook *ABC*
Director
Division of Legal Services

Enclosed is the draft you requested allowing people to elect to have permanent fund dividends paid into the principal of the Alaska permanent fund. You asked for a reintroduction of last session's HB 462 and I have had to change the draft substantially. For this reason, please review the draft carefully to be sure it accomplishes your purpose.

Some of the changes were necessary to accommodate the amendment to AS 43.23.065 made last session. (Chapter 138, Section 67, SLA 1986) In addition, as you are undoubtedly aware, the voters approved the proposed change to the longevity bonus program creating an annuity option paid for in part from permanent fund dividends. Setting up the annuity program involves extensive revisions to AS 43.23 which were enacted two years ago but do not become effective until the legislature acts to implement the results of the advisory vote. In case that occurs, I have drafted this version to incorporate to the maximum extent possible the language that will become effective if the annuity program goes forward. Differences between the two bills can then be reconciled by the revisor without having to make changes to your bill, since the provisions in the two bills will not be in direct conflict.

The only substantive difference between this draft and HB 462 is in the treatment of a permanent fund dividend paid to a person on behalf of another. HB 462 let the guardian elect to have the payment made into the permanent fund. I note that under AS 43.23.055(3) provision is made to allow a person upon emancipation to apply for dividends not received

Representative Pearce
Page 2
December 2, 1986

during minority. In keeping with that provision, it seems to me to be preferable to require a person applying for a dividend for another to take it in cash or not at all, so that the legitimate recipient can eventually elect for himself whether to take it or place it in the permanent fund. Please let me know if you would like this aspect of your bill treated differently.

TBC:mkr
m7/040

Enclosure

1 IN THE HOUSE

BY PEARCE AND POURCHOT

2

HOUSE BILL NO. 134

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act permitting payment of certain permanent fund
7 dividends into the principal of the permanent fund."

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

9 * Section 1. AS 43.23.005 is amended by adding a new subsection to
10 read:

11 (d) A person who is eligible to receive a permanent fund divi-
12 dend under this section may elect to receive the dividend in cash or
13 have it deposited into the principal of the permanent fund. A person
14 who is authorized to claim a dividend on behalf of another under (c)
15 of this section may only receive the dividend in cash.

16 * Sec. 2. AS 43.23.015(e) is amended to read:

17 (e) If a public agency claims a [PERMANENT FUND] dividend on
18 behalf of an individual under this section, the public agency shall
19 receive cash and hold the dividend in trust for the individual. Money
20 held in trust under this subsection shall be invested by the commis-
21 sioner in accordance with AS 37.10.070.

22 * Sec. 3. AS 43.23.015 is amended by adding a new subsection to read:

23 (i) The permanent fund dividend application form shall be pre-
24 pared to allow an applicant, other than a person who is claiming a
25 dividend on behalf of another, to elect to receive the dividend in
26 cash or to have it deposited into the principal of the permanent fund.

27 * Sec. 4. AS 43.23.035(b) is amended to read:

28 (b) If the commissioner determines that a cash [PERMANENT FUND]
29 dividend should not have been claimed by or paid to an individual, the

1 commissioner may use all collection procedures or remedies available
2 for collection of taxes under this title to recover the payment of a
3 permanent fund dividend that was improperly made. A notice of an
4 improperly paid dividend must be sent to the individual within 10
5 years after the improper payment. If notice is not sent within the
6 10-year period, proceedings may not be commenced in court for recovery
7 of the improper payment.

8 * Sec. 5. AS 43.23.055 is amended to read:

9 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

10 (1) annually pay permanent fund dividends from the dividend
11 fund to individuals who elect under AS 43.23.005(d) to receive cash
12 and make payments to the principal of the permanent fund for indi-
13 viduals who elect under AS 43.23.005(d) to make a deposit to the fund;

14 (2) adopt regulations under the Administrative Procedure
15 Act (AS 44.62) that establish procedures and time limits for claiming
16 a permanent fund dividend or for electing to have the dividend paid
17 into the principal of the permanent fund; the department shall set the
18 time limit for applications for permanent fund dividends so that the
19 number of eligible applicants is determined by October 1 of the year
20 for which the dividend is declared and permanent fund dividends for a
21 year are paid before April 30 of the year following that year;

22 (3) adopt regulations under the Administrative Procedure
23 Act (AS 44.62) that establish procedures and time limits for an indi-
24 vidual upon emancipation or upon reaching majority to apply for perma-
25 nent fund dividends not received during minority because the parent,
26 guardian, or other authorized representative did not apply on behalf
27 of the individual; and

28 (4) assist residents of the state, particularly in rural
29 areas, who because of language, disability, or inaccessibility to

1 public transportation need assistance to establish eligibility and to
2 apply for permanent fund dividends.

3 * Sec. 6. AS 43.23.065(a) is amended to read:

4 (a) Except as provided in (b) of this section, 50 percent of a
5 cash [THE ANNUAL] permanent fund dividend payment [PAYABLE TO AN
6 INDIVIDUAL] is exempt from levy, execution, garnishment, attachment,
7 or any other remedy for the collection of debt. This exemption
8 applies to an eligible individual's permanent fund dividend both
9 before and after payment is made to the individual.

10 * Sec. 7. AS 43.23.065(b) is amended to read:

11 (b) An exemption is not available under this section for cash
12 permanent fund dividend payments [DIVIDENDS] taken to satisfy

13 (1) child support obligations required by court order or
14 decision of the child support enforcement agency under AS 47.23.140 -
15 47.23.220;

16 (2) court ordered restitution under AS 12.55.045 - 12.55.-
17 051 or 12.55.100;

18 (3) a court ordered probation fee under AS 12.55.105; or

19 (4) a debt owed by an eligible individual to an agency of
20 the state, unless the debt is contested and an appeal is pending, or
21 the time limit for filing an appeal has not expired.

22 * Sec. 8. AS 43.23.065 is amended by adding a new subsection to read:

23 (d) The department shall require an individual to take a perma-
24 nent fund dividend in cash if the department receives a levy, execu-
25 tion, garnishment, attachment or other legal remedy for the collection
26 of a past due debt described in (b) of this section.

27 * Sec. 9. AS 43.23.095(6) is repealed and reenacted to read:

28 (6) "permanent fund dividend" means a right to receive a
29 payment from the dividend fund or to elect to have the payment

i deposited into the principal of the permanent fund.