

HB

35

HOUSE COMMITTEE REPORT

(12)

Date referred: 2/16/87

FURTHER REFERRALS:

DATE: 3/3/87

The Finance Committee has considered HB 35

"An Act prohibiting the assignment of the right to receive a permanent fund dividend; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 35 (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: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal ^{version} note published 2/16/87 with title change
- zero with analysis

SIGNING DO PASS:

ADAMS [Signature]

ARSON [Signature]

GALL [Signature]

DAVIS [Signature]

Bayl [Signature]

SUTTER [Signature]

SIGNING OTHER RECOMMENDATIONS:

BOURCHOT [Signature] no rec

RIEGER [Signature] No Recommendation

FRANK [Signature] NO REC.

BROWN [Signature] No rec.

[Signature]
Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 35(1in)
Publish Date: HOUSE 2/16/87

REQUEST _____

Revision Date: _____
Title: An act prohibiting the assign-
ment to right to receive PFD's
Sponsor: Goll and Ulmer
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	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

(See attached)

Prepared By: Ervin B. Jones
Division: Administrative Services

Phone: 465-2313
Date: 1/27/87

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 1/27/87

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE ANALYSIS
CONTINUATION

CSHB 35(SA)

Assumptions:

1. HB 35 would have an effective date prior to March 15, 1987, so that the Department of Revenue would have an opportunity to advise the public of the change in law before the 1987 PFD filing season starts on April 1, 1987.

Analysis:

There would be no fiscal impact on the administration of the PFD program. Prior to the popularity of the "Dividend-Buying" plan of certain private individuals, one full-time accounting clerk was very busy processing all garnishments and assignments received by the department. The prohibition on assignments would result in an increase in the number of garnishments processed, as most assignees would opt for the remaining more expensive option of garnishment. This bill would probably, however, cause those entrepreneurs who are "buying dividends" to go out of business.

Attachments A and B provide pertinent detail regarding the users of the assignment and garnishment processes.

Original sponsors: Goll, Ulmer,
Davis and Davidson

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 35 (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 relating to assignments of the right to
7 receive a permanent fund dividend."

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

9 * Section 1. AS 43.23 is amended by adding a new section to read:

10 Sec. 43.23.067. ASSIGNMENTS. (a) Except as provided in (b) of
11 this section, a person eligible to receive a permanent fund dividend
12 may not assign the right to the dividend. An attempted assignment of
13 the right to receive a permanent fund dividend is against public
14 policy and is void.

15 (b) A person may assign the right to receive a permanent fund
16 dividend to a

17 (1) federal, state, or municipal governmental entity;

18 (2) person or organization providing health care or social
19 services that is licensed or certified, or that is approved under
20 AS 47.37.140;

21 (3) person or organization that receives state funds for
22 the provision of health care or social services; or

23 (4) health facility as defined in AS 29.60.120(f)(1).

24 (c) Before an assignment is processed the assignee shall provide
25 written proof to the department that the assignee qualifies to receive
26 the permanent fund dividend under (b) of this section. The department
27 may establish a fee to offset processing of the assignment. The fee
28 shall be deducted from the assigned permanent fund dividend or, if
29 less than the entire dividend is assigned, from the balance due to the

1 assignor.

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A M E N D M E N T

Offered in the HOUSE

By GOLL

TO: CSHB 35(Finance)

Page 1, line 20:

Delete "or"

Page 1, line 22:

Delete "." and insert "; or"

Page 1, after line 22, insert:

"(4) health facility as defined in AS 29.60.120(f)(1)."

MESSAGES FROM THE SENATE

A message dated February 13, 1987, was read stating the Senate has approved the following citations, and they are transmitted for consideration:

Honoring - Esther C. Wunnicke
by Senators Josephson, Sturgulewski, Fischer,
Fahrenkamp, Halford, Faiks, Uehling, Zharoff,
Szymanski, Kerttula, Kelly, Binkley, Eliason
and Duncan; and Representatives Ellis and Brown

which was referred to the Rules Committee for placement on the calendar; and

Honoring - The Students & Faculty of Creek-
side Elementary School
by Senators Uehling, Kelly and Halford

which was taken up later as a Special Order of business.

The message also stated the Senate has approved the following citations, and they are being enrolled:

Honoring - Mary McKinnon

Honoring - Boys Basketball Team, 1-A Region
V Champions

REPORTS OF STANDING COMMITTEESHB 35

The State Affairs Committee has considered:

HOUSE BILL NO. 35
"An Act prohibiting the assignment of the right to
receive a permanent fund dividend; and providing
for an effective date."

and recommends it be replaced with:

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 35
(State Affairs)
"An Act relating to assignments of the right to
receive a permanent fund dividend."

Recommending do pass (4): Ulmer (Chairman), Menard,
Donley, Davidson

No recommendation (2): Martin, Boucher

A zero fiscal note with analysis was published February 16,
1987.

HB 35 was referred to the Finance Committee.

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE GOLL

NAME: ORV GILBERT
 TITLE:
 ADDRESS: GENERAL DELIVERY
 CITY: ANAKTUVUK PASS ZIP: 99721
 PHONE: 661-3328
 BILL NO: HB 35
 SUBJECT: PROHIBITING ASSIGNMENT OF PF DIVIDEND
 MESSAGE: I URGE THE PASSAGE OF HB 35. LIVING IN THE BUSH, I HAVE SEEN THE
 ABUSE OF ASSIGNING THE RIGHTS TO PERMANENT FUND DIVIDENDS.

POMID: 03075907
 DATE: 01/20/87
 TIME: 07:59:07
 LIONAME: ANCHORAGE LIO

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE GOLL

NAME: JANICE LIENHART
 TITLE: VICTIMS FOR JUSTICE
 ADDRESS: 3100 MOUNTAIN VIEW DRIVE
 CITY: ANCHORAGE ZIP: 99501
 PHONE: 337-5201
 BILL NO:
 SUBJECT: FIRING OF VICTOR KRUMM
 MESSAGE: WE WERE SORRY TO HEAR ABOUT THE FIRING OF VICTOR KRUMM. HE HAS DONE
 A SUPERB JOB. MR. WOLVERTON, WHO IS THE RECOMMENDED D A, HAS NEVER PROCESSED
 CASE AND HAS BEEN A WEAK JUDGE. IT WOULD SEEM THAT THIS WOULD NOT BE IN THE
 BEST INTEREST OF THE COMMUNITY.

POMID: 03085330
 DATE: 01/20/87
 TIME: 08:53:30
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ZAWACKI
BOUCHER	BOYER	ABOOD
BROWN	CATO	BENNETT
COLLINS	COTTEN	BINKLEY
DAVIDSON	DAVIS	COGHILL
DONLEY	ELLIS	DUNCAN
FRANK	FURNACE	ELIASON
GRUENBERG	GRUSSENDORF	FAHRENKAMP
HANLEY	HERRMANN	FAIKS
HOFFMAN	HUDSON	FERGUSON
KOPONEN	LARSON	FISCHER
MARTIN	MENARD	HALFORD
MILLER	NAVARRE	JONES
PEARCE	PETTYJOHN	JOSEPHSON
PHILLIPS	POURCHOT	KELLY
RIEGER	SHULTZ	KERTTULA
SPRINGER	SUND	RODEY
SWACKHAMMER	TAYLOR	STURGULEWSKI
ULMER	WALLIS	SZYMANSKI
ZAWACKI		UEHLING

5-0096X
Cook
3/2/87

Original sponsors: Goll, Ulmer,
Davis and Davidson

Changes from SA CS:
_____ = new language
[] = deleted language

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 35 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

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17 (1) federal, state, or municipal governmental entity;

18 (2) ^[which] person or organization providing health care or social
19 services that is licensed or certified, or that is approved under
20 AS 47.37.140; ^[or otherwise recognized by the state] or

21 (3) person or organization that receives state funds for
22 the provision of health care or social services. ^[and is required.... for those services.]

23 (c) Before an assignment is processed the assignee shall provide
24 written proof to the department that the assignee qualifies to receive
25 the permanent fund dividend under (b) of this section. The department

26 ^[shall] may establish a fee ^[for processing assignments... section.] to offset processing of the assignment. The fee
27 shall be deducted from the assigned permanent fund dividend or, if
28 less than the entire dividend is assigned, from the balance due to the
29 assignor.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

January 28, 1987

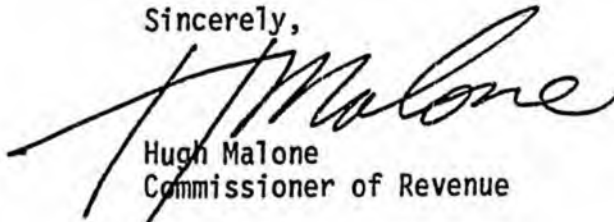
The Honorable Peter Goll
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Goll:

The Department of Revenue supports HB 35 - "An Act prohibiting the assignment of the right to receive a PFD..." We believe your proposal properly addresses current abuses in the assignment program.

We would, however, encourage you to amend the proposed language to allow for assignments to public agencies and qualified non-profit organizations.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. Malone".

Hugh Malone
Commissioner of Revenue

HM:mkw
87-13

the department... cars were recalled last year because of safety-related defects. Although car manufacturers are required to notify owners of the recalls, the

charge to the consumer. The agency indicated in a news release, "No matter how long ago the recall occurred, the manufac-

will be a problem. Hotline opera... sumers with o... problems to the... al, state or local In addition, offers booklets c

WE BUY DIVIDEND CHECKS FOR \$300 CASH

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Raft

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STATE OF ALASKA
 Department of Revenue
 Pouch SA
 Juneau, Alaska 99811

10

**ASSIGNMENT OF RIGHTS
 TO ALASKA PERMANENT FUND DIVIDEND**

If you desire to have all or a portion of your permanent fund dividend payment issued to another party, complete this form and send it to the address shown above. Only one assignment may be made for each dividend. Assignment may not be made where the application for the dividend was made on behalf of a child or other adult. Once an assignment is made it may not be retracted by the assignor.

ASSIGNOR (Dividend Applicant)		
Social Security Number		
First Name	M.I.	Last Name
Mailing Address		
City, Town or Post Office, State and Zip Code		

ASSIGNEE (Rights Assigned To)	
Permanent Fund Dividend Year	Amount to be Assigned
Full Name of Individual or Agency	
Mailing Address	
City, Town or Post Office, State and Zip Code	

In accordance with 15 AAC 23., I hereby assign to the party stated above (Assignee), all right, title and interest in the permanent fund dividend to which I may be entitled, limited to the amount stated above. This assignment must be signed in the presence of two witnesses or a notary public.

Signature of Assignor	Date
-----------------------	------

TWO WITNESSES	NOTARY PUBLIC
<p>This assignment was executed freely and voluntarily in the presence of two disinterested witnesses whose signatures appear here.</p>	<p>This assignment was subscribed and sworn to before me on this _____ day of _____, 19____, at _____.</p> <p align="right">SEAL</p>
<p>Witness _____ Date _____</p> <p>Witness _____ Date _____</p>	

REPRESENTATIVE
PETER GOLL



P. O. F
JUNEAU, AL
(907) 48.

6

Stats, background

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

January 28, 1987

The Honorable Fran Ulmer
Chair
House State Affairs Committee
Alaska State Legislature
Juneau, Alaska 99811

Dear Rep. Ulmer:

Attached are materials related to House Bill 35, relating to the assignment of Permanent Fund Dividend checks.

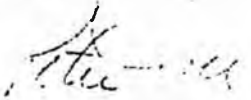
The bill as written prohibits all assignments of Permanent Fund Dividend checks.

At the present time, the Department of Revenue will make available on request a form with which a citizen may assign his or her check to another party.

The form is then returned to and processed by the Department of Revenue at state expense. Abuses of this system have led to the introduction of House Bill 35.

It is my understanding that certain assignments may be in the public interest. For that reason, the close scrutiny of this legislation by your committee is encouraged and solicited.

Respectfully,


Peter Goll

How
assigned
to other
legislative
assignment

REPRESENTATIVE
PETER GOLL



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4925

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

January 28, 1987

Statement of costs incurred by the Department of Revenue to process assignments of Permanent Fund Dividend checks:

Source: Department of Revenue
Figures are approximate

Cost per assignment: \$3.40

Number of submitted requests for assignments and administrative cost:

1984: 604. If all requests are approved, total cost: \$2,053.60

1985: 1,047. If all requests are approved, total cost: \$3,559.80

1986: 5,145. If all requests are approved, total cost: \$17,493.00

The rapid increase in the annual number of assignments is evident.

A major part of this increase has been the result of so-called Dividend Buyers.



STATE OF ALASKA
HOUSE OF REPRESENTATIVES

January 28, 1987

Source: Department of Revenue
Figures are approximate

Attached please find:

Chart #1 and Chart #2 from the Department of Revenue, and a letter from the State Office of Alcoholism and Drug Abuse.

The Department of Revenue charts which are attached provide the following information.

Chart #1 provides the total number of assignment requests accepted and paid by the Department in 1986.

Chart #2 provides a breakdown of the types of assignments and garnishments of Permanent Fund Dividend checks in 1986.

Please note that garnishments are not impacted by HB35.

I believe that assignments to government agencies do not constitute a significant financial burden on the state, and often serve a public interest purpose. I have no objection to permitting assignment to government agencies if this is the will of the committee. I am advised that the opportunity to assign to government agencies has the support of the Department of Revenue.

Other assignments are divided into "Dividend Buyers" and "All others." "All others" includes gifts to charities, assignments to non-profit agencies, assignments to funeral homes and other categories to be outlined by the Department in its testimony before the committee.

The letter from the State Office of Alcoholism and Drug Abuse indicates the use of assignments to obtain health and social services from licensed or approved non-profit agencies. That letter suggests an expected increase in assignments of 100 per cent during 1987.

The legislation as written would prohibit the assignment of checks to approved non-profit agencies for the purchase of health and social services. If the committee agrees that assignment of checks for the purchase of health and social services from approved non-profit entities is in the public interest and should be administered by the Department of Revenue, I have no objection to permitting this sort of assignment.

Thank you for your consideration.

STATE OF ALASKA

DEPARTMENT OF REVENUE

STEVE COWPER, GOVERNOR

STATE OFFICE BUILDING
POUCH SA
JUNEAU, ALASKA 99811

January 27, 1987

The Honorable Peter Goll
Representative
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Goll:

At your request, the Department of Revenue has reviewed the records of permanent fund dividend assignments and garnishments. The attached statistical information is offered.

Sincerely,


Evelyn Jones, Director
Administrative Services Division

Attachments

EJ:ms

Department of Revenue
Administrative Services Division
Analysis of
Assignments/Garnishments
1986
HB 35
Attachment A
1/27/87

1986 Total Services Accepted and Paid By Department of Revenue

	<u>Accepted</u>	<u>Paid</u>
<u>Assignments</u>	5,145	4,267*
<u>Garnishments</u>	11,963	10,240*

*See Attachment B for further detail.

Department of Revenue
 Administrative Services Division
 Analysis of
 Assignments/Garnishments
 1986
 HB 35
 Attachment B
 1/27/87

Detail Analysis of Services Paid

	<u>Agency</u>	<u># Paid</u>	<u>\$ Paid</u>
<u>Garnishments</u>			
Federal:	Internal Revenue Service	2,756	\$1,481,764
State:	Child Support Enforcement	4,400	2,282,836
	Department of Labor	725	307,199
All Other:		<u>2,359</u>	<u>\$ 721,859</u>
TOTAL:		<u>10,240</u>	<u>\$4,793,659</u>
<u>Assignments</u>			
Federal:	Internal Revenue Service	31	16,119
	Small Business Administration	1	556
	U.S. Department of Justice	3	1,213
State:	Commerce	1	556
	Child Support Enforcement	26	11,307
	Corrections	1	556
	Education	13	6,855
	H&SS	19	4,723
	Labor	35	15,399
	Law	3	1,613
	Natural Resources	2	903
	Public Safety	2	956
	Revenue	7	2,621
	Transportation	1	556
Dividend Buyers:		1,282	696,383
All Others:		<u>2,840</u>	<u>\$1,287,739</u>
TOTALS		<u>4,267</u>	<u>\$2,048,055</u>

DICK PLUS
 1-27-87

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

January 28, 1987

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-046
PHONE: (907) 465-2300

The Honorable Peter Goll
Representative
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Goll:

Per your request, I am providing the following information regarding the processing of assignments and garnishments of permanent fund dividends.

- 1) The number of assignments received by the department has escalated in recent years as follows:

1984 -	604
1985 -	1,047
1986 -	5,378

- 2) Estimate of cost per service received and processed by the department - \$3.40. (This includes only associated personal services cost. Computer resource costs would take more time to estimate, but should be considered.)

- 3) In addition to state and federal agencies and persons "buying" dividends, the assignment process is also used by the following:
 - a. Churches
 - b. Hospitals
 - c. Regional housing authorities
 - d. Funeral homes
 - e. Non-profit organizations
 - f. Court system
 - g. Collection agencies
 - h. Insurance companies
 - i. Rehabilitation centers
 - j. Doctors
 - k. Automotive dealers
 - l. Flying schools
 - m. Attorneys

The Honorable Peter Goll
January 28, 1987
Page 2

- n. Furniture stores
- o. Telephone companies
- p. Credit unions
- q. Banking institutions
- r. Bookkeeping services

I hope this answers your questions. If not, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hugh Malone", with a flourish extending to the right.

Hugh Malone
Commissioner of Revenue

HM:EJ:ms
87-14

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5
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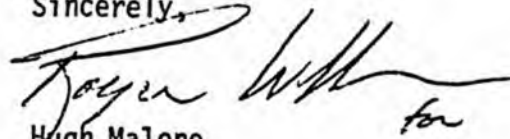
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The Honorable Peter Goll
January 28, 1987
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Hugh Malone
Commissioner of Revenue

HM:EJ:ms
87-14

REPRESENTATIVE
PETER GOLL



P O BOX V
JUNEAU, ALASKA 99811
(907) 465-1925

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

January 28, 1987

Statement of costs incurred by the Department of Revenue to process assignments of Permanent Fund Dividend checks:

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Figures are approximate

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A major part of this increase has been the result of so-called Dividend Buyers.

Original sponsors: Goll, Ulmer,
Davis and Davidson

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4 FIFTEENTH LEGISLATURE - FIRST SESSION
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18 (2) person or organization providing health care or social
19 services which is licensed, certified, approved, or otherwise recog-
20 nized by the state; or

21 (3) person or organization that receives state funds for
22 the provision of health care or social services and is required or
23 allowed by regulations of the Department of Health and Social Services
24 to charge a fee for those services.

25 (c) The department shall establish a fee for processing assign-
26 ments made under (b) of this section. The fee shall be deducted from
27 the assigned permanent fund dividend or, if less than the entire
28 dividend is assigned, from the balance due to the assignor.

Introduced: 1/19/87
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY GOLL AND ULMER

2

HOUSE BILL NO. 35

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act prohibiting the assignment of the right to
7 receive a permanent fund dividend; and providing for
8 an effective date."

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

10 * Section 1. AS 43.23 is amended by adding a new section to read:

11 Sec. 43.23.067. ASSIGNMENT PROHIBITED. A person eligible to
12 receive a permanent fund dividend may not assign the right to the
13 dividend. An attempted assignment of the right to receive a permanent
14 fund dividend is against public policy and is void.

15 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).