

HB

83

HOUSE COMMITTEE REPORT

(11)

Date referred: 3/6/87

FURTHER REFERRALS:

DATE: 4/9/87

The Finance Committee has considered HB 83

"An Act relating to computation and payment of permanent fund dividends; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 8.3 (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 note published _____
- zero with analysis

SIGNING DO PASS:

ADAMS Albert P. Adams

FOURCHOT [Signature]

LARSEN Ronald J. Larsen

GOL Peter

SWICK [Signature]

BOYER [Signature]

RICKER [Signature]

BROWN [Signature]

DAVIS [Signature]

FRANK [Signature]

WALLIS [Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]

Albert P. Adams

Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 83 (Finance)

Publish Date: _____

REQUEST

Revision Date: _____

Title: An act relating to computation and payment of permanent fund dividends

Sponsor: Rules, Governor

Requestor: Finance

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

No fiscal impact.

Prepared By: Eryn B. Jones
Division: Administrative Services

Phone: 465-2313

Date: 4/9/87

Approved by Commissioner: Hugh Malone *RW*
Agency: Revenue *FOR*

Date: 4/9/87

Distribution (by Agency preparing fiscal note):

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

Offered: 4/10/87
Referred: Rules

Original sponsor: Rules/Governor

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IN THE HOUSE BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 83 (Finance)
IN THE LEGISLATURE OF THE STATE OF ALASKA
FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to permanent fund dividends; and providing for an effective date."

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

* Section 1. AS 43.23.005(a) is amended to read:

(a) An individual is eligible to receive one permanent fund dividend each year in an amount to be determined under AS 43.23.025 if the individual applies to the department, and if [ON THE DATE OF APPLICATION THE INDIVIDUAL]

(1) on the date of application the individual is a state resident; and

(2) the individual was [HAS BEEN] a state resident for a period of at least six consecutive months immediately preceding the beginning of the application period [DATE OF APPLICATION].

* Sec. 2. AS 43.23.025 is amended to read:

Sec. 43.23.025. AMOUNT OF DIVIDEND. By October 1 of each year the commissioner shall give public notice of the value of each permanent fund dividend for that year. The commissioner shall determine the value of a permanent fund dividend by

(1) determining the total amount available for dividend payments, which equals

(A) the amount of income of the Alaska permanent fund transferred to the dividend fund under AS 43.23.045(b) during the current year;

(B) plus the unexpended and unobligated balances of

1 prior fiscal year appropriations that lapse into the dividend
2 fund under AS 43.23.045(d);

3 (C) less the amount necessary to pay dividends from
4 the dividend fund in the current year under AS 43.23.055(3);

5 (2) determining the number of individuals eligible to
6 receive a dividend payment for the current year; and

7 (3) dividing the amount determined under [IN] (1) of this
8 section by the amount determined under [IN] (2) of this section.

9 * Sec. 3. AS 43.23.045 is amended by adding a new subsection to read:

10 (d) Unless specified otherwise in an appropriation act, the
11 unexpended and unobligated balance of an appropriation to implement
12 this chapter lapses into the dividend fund on June 30 of the fiscal
13 year for which the appropriation was made and shall be used in deter-
14 mining the amount of and paying the subsequent year's dividend as
15 provided in AS 43.23.025(1)(B).

16 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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R.O. HFC 4/9/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 83 (Finance)
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: An act relating to computation and payment of permanent fund dividends
Sponsor: Rules, Governor
Requestor: Finance

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

No fiscal impact.

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

Phone: 465-2313
Date: 4/9/87

Approved by Commissioner: *Hugh Malone* *RW For*
Agency: Revenue

Date: 4/9/87

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____

Bill Version: CS HB 83

Publish Date: _____

Revision Date: April 9, 1987

Agency Affected: Revenue

Title: An Act relating to permanent fund dividends

BRU: Permanent Fund Dividend

Sponsor: House Finance Committee

Components: _____

Requestor: House Finance Committee

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: None required.

Thomas C. Williams

Prepared By: Thomas C. Williams

Phone: 465-2366

Division: Enforcement

Date: April 9, 1987

Approved by Commissioner: Hugh Malone FOR

Date: April 9, 1987

Agency: Department of Revenue

Distribution (by Agency preparing fiscal note)

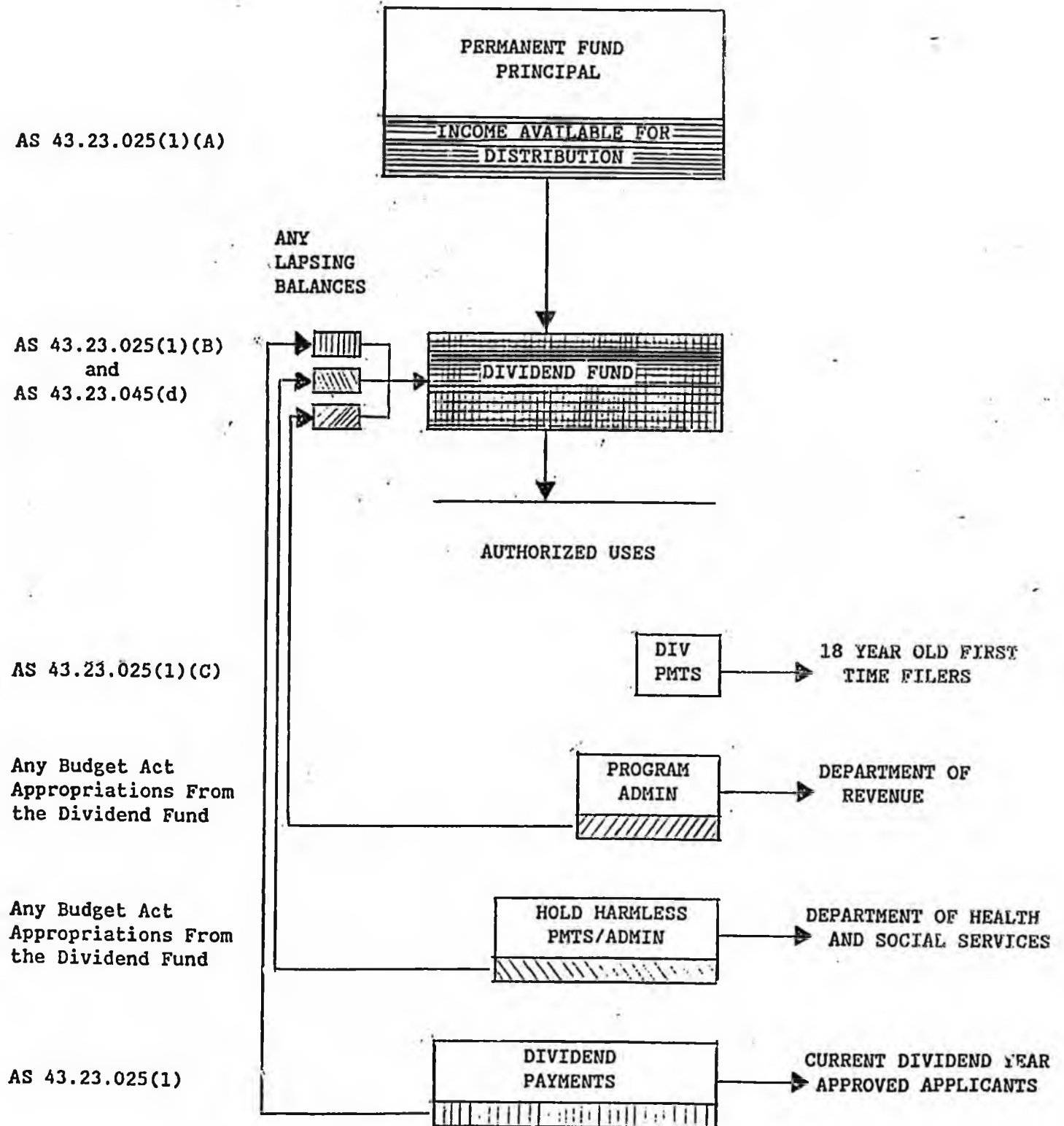
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

RECEIVED
APR 13 1987

LEGISLATIVE FINANCE

R/O
 4/13/87
 2115197

ALASKA DEPARTMENT OF REVENUE
DIVIDEND COMPUTATION AND PAYMENT METHOD PER HB 83
 As of February 20, 1987



ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND PROGRAM
TOTAL ESTIMATED FY 87 PAYMENTS TO 18 YEAR OLD FIRST TIME FILERS
 As of March 27, 1987

<u>Dividend Year</u>	<u>Original Estimate</u>	<u>/ Yrs =</u>	<u>Ave. Per Year</u>	<u>FY87 Filings</u>		<u>Amount of Dividend</u>	<u>Estmtd FY 87 Payment</u>
				<u>Thru 3/31</u>	<u>Est. 6/30</u>	<u>x</u>	<u>=</u>
1982	5,000	19	264	27	36	\$1,000.00	\$36,000
1983	4,683	19	247	20	27	385.16	10,399
1984	1,638(A)	19	87	24	32	331.29	10,601
1985	2,438(A)	19	129	36	48	404.00	19,392
1986	2,529(A)	19	<u>134</u>	<u>28</u>	<u>37</u>	556.26	<u>20,582</u>
<u>Totals</u>			<u>860</u>	<u>135</u>	<u>180</u>		<u>\$96,974</u>

Note

A. These were based on 1.5% of the number of children applications actually filed.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 83
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: An Act relating to computation and payment of permanent fund dividends
Sponsor: House Rules Committee
Requestor: House State Affairs

Agency Affected: Revenue
BRU: Permanent Fund Dividend
Components: Enforcement Operating

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: None required.

Prepared By: Thomas C. Williams
Division: Enforcement

Phone: 465-2366
Date: February 24, 1987

Approved by Commissioner: J. Malone
Agency: _____

Date: 2/25/87

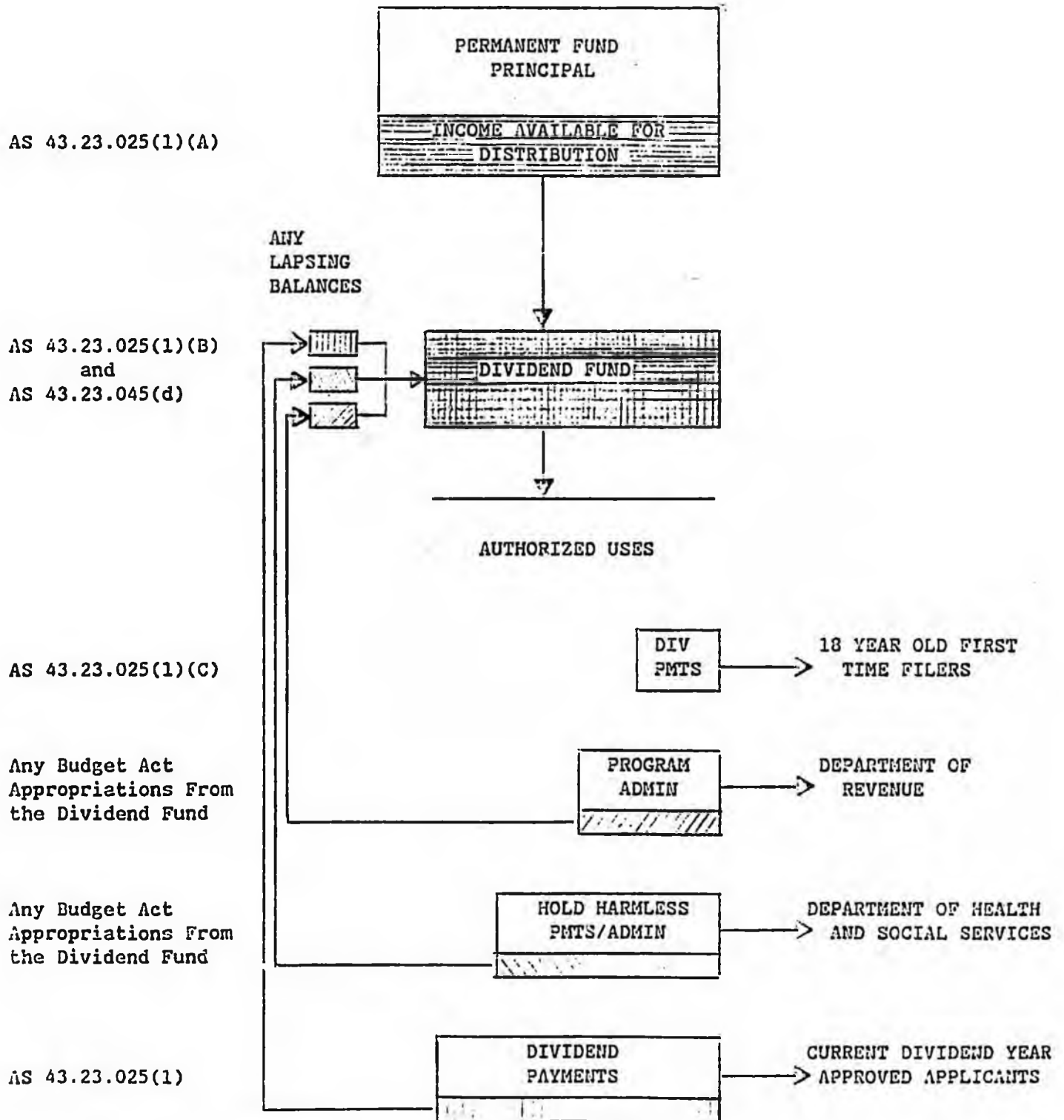
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CES

Distribution (by Agency preparing fiscal note):

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

EAR
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ALASKA DEPARTMENT OF REVENUE
 DIVIDEND COMPUTATION AND PAYMENT METHOD PER HB 83
 As of February 20, 1987



STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE



REQUEST _____

Bill Version: HB 83
Publish Date: _____

Revision Date: _____
Title: An act relating to computation and payment of permanent fund dividends
Sponsor: Rules, Request of Governor
Requestor: 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

No administrative impact.

Prepared By: Ervin B. Jones Phone: 465-2313
 Division: Administrative Services Date: 2/19/87
 Approved by Commissioner: Hugh Malone, Jr. Date: 2/19/87
 Agency: Revenue

Distribution (by Agency preparing fiscal note):

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

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS



ANCHORAGE
P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-8818
(H) (907) 338-2425

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

House of Representatives

MEMORANDUM

DATE: April 9, 1987
TO: House Finance Members
FROM: Representative Pat Pourchot *Pat*
SUBJECT: Draft Amendment for CS HB 83 (Fin)

Attached is a draft amendment for the draft Committee Substitute for HB 83 (Fin). The amendment would allow the department to pay prior year dividends out of current year dividend funds to persons who either were unable to file on time through no fault of their own, or whose application was lost.

The subcommittee unanimously rejected this amendment. However, at the request of the Department of Revenue the Subcommittee agreed to bring the amendment before the full committee for a vote.

* SECTION 2. Page 2, lines, 3 - 4: Sec. 43.23.025 (1)(C) is amended as follows:

(C) less the amount necessary to pay prior year dividends from the dividend fund in the current year as determined by the commissioner [UNDER 43.23.055(3)];

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 83()

Page 2, line 3, after "pay":

Insert "prior year"

Page 2, line 4:

Delete "under AS 43.23.055(3)"

Insert "as determined by the commissioner"

cc

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 29, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting two bills -- one, a substantive measure, and the other, an appropriation bill -- relating to permanent fund dividends.

The first bill relates to computation and payment of the dividends. The major purpose of the bill is to amend the formula for determining the amount of each year's dividend, to reflect disbursements made from the dividend fund for payment of prior-year dividends. Section 1 of the bill. Existing AS 43.23.055(3) provides a mechanism for persons to establish, in later years, that they have a right to a prior-year dividend. Those affected are children who reach the age of majority and establish that one or more applications were not filed on their behalf in prior years. Under the bill, proposed AS 43.23.025(1)(C) provides for current-year payment of prior-year dividends approved for payment in that year, by recognizing that the amount available for payment of current-year dividends is reduced by the amount necessary to pay approved prior-year dividends.

The legislature addressed the problem of funding prior-year dividends in the 1982 appropriation for the dividend program, by specifying that the appropriation was nonlapsing. The "nonlapse" provision was not, however, included in the FY 1983, 1984, 1985, and 1986 appropriations. (The second bill deals with the 1982 -- 1985 appropriations, and is discussed later in this letter.) This first bill will preclude the necessity for a "nonlapse" provision in future appropriations by statutorily providing that each year's batch of approved prior-year dividends is paid from money in the dividend fund on October 1 of that year. This method of payment will provide a much more accurate way of dealing with an unknown number of prior-year dividend applicants than will a method requiring an "estimate" of that unknown number and the setting-aside of the amount "estimated" necessary to pay those dividends.

Proposed AS 43.23.045(d), in sec. 2 of the bill, provides a "lapse" provision for appropriations made to implement AS 43.23. An appropriation has been the vehicle for the "transfer" of permanent fund income to the dividend fund that is required by current AS 43.23.045(b). The lapse provision in proposed AS 43.23.045(d) will make certain that that appropriation remains available to pay dividends. This provision assures that, to the maximum extent possible, money appropriated to the dividend fund is used to pay dividends. One of the amendments in sec. 1 of the bill, proposed AS 43.23.025(1)(E), amends the dividend determination formula to reflect the new lapse provision.

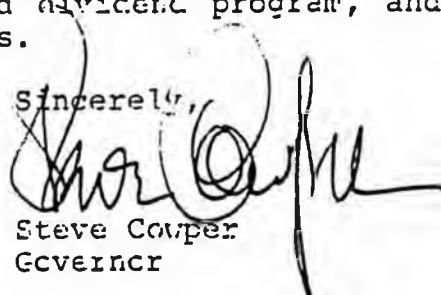
As mentioned earlier in this letter, the second bill deals with the 1982 -- 1985 appropriations made to pay permanent fund dividends. The primary purpose of this bill (in secs. 3 -- 7) is to provide a June 30, 1987 lapse date for the 1983, 1984, and 1985 appropriations, lapsing them to the dividend fund under AS 43.23.045(d) (proposed in the first bill).

Unlike the others, the 1982 appropriations were made from the general fund. Under sec. 1 of the second bill, the remaining portion of the 1982 appropriations lapses back to the general fund June 30, 1987.

The permanent fund dividend appropriation enacted for fiscal year 1987 is not dealt with in this bill because, if enacted, the new lapse provision in the first bill (AS 43.23.045(d)) will take effect before the end of fiscal year 1987 and will apply to that appropriation.

This pair of bills resolves complicated problems in the administration of the permanent fund dividend program, and I urge your support of these measures.

Sincerely,


Steve Cooper
Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 83

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to computation and payment of permanent fund dividends; and providing for an effective date."

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

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* Section 1. AS 43.23.025 is amended to read:

11

Sec. 43.23.025. AMOUNT OF DIVIDEND. By October 1 of each year

12

the commissioner shall give public notice of the value of each permanent

13

fund dividend for that year. The commissioner shall determine

14

the value of a permanent fund dividend by

15

(1) determining the total amount available for dividend

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payments, which is the total of

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(A) the amount of income of the Alaska permanent fund

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transferred to the dividend fund under AS 43.23.045(b) during the

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current year;

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(B) plus the unexpended and unobligated balances of

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prior fiscal year appropriations which lapse into the dividend

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fund under AS 43.23.045(d);

23

(C) less the amount necessary to pay dividends from

24

the dividend fund in the current year under AS 43.23.055(3);

25

(2) determining the number of individuals eligible to

26

receive a dividend payment for the current year; and

27

(3) dividing the amount determined under [IN] (1) of this

28

section by the amount determined under [IN] (2) of this section.

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* Sec. 2. AS 43.23.045 is amended by adding a new subsection to read:

1 (d) Unless specified otherwise in an appropriation Act, the
2 unexpended and unobligated portion of an appropriation to implement
3 this chapter lapses into the dividend fund on June 30 of the fiscal
4 year for which the appropriation was made, and must be used in de-
5 termining the amount of, and paying, the subsequent year's dividend,
6 as provided in AS 43.23.025(1)(B).

7 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).