

HB

84

HOUSE COMMITTEE REPORT

(11)

Date referred: 3/6/87

FURTHER REFERRALS:

DATE: 4/9/87

The Finance Committee has considered HB 84

"An Act amending appropriations pertaining to permanent fund dividends; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 84 (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:

SIGNING OTHER RECOMMENDATIONS:

ADAMS Albert G. Adams

POWERS Pat Powers

BOYER _____

WALLIS Ray Wallis

SWACK Bill Swack

GOLL Peter Goll

LARSON _____

RIEGER Steve Rieger

BROWN Tom Brown

DAVIS Mike Davis

FRANK John Frank

Albert G. Adams
Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 84 (Finance)

Publish Date: _____

REQUEST _____

Revision Date: _____

Title: An act amending appropriations
pertaining to 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: Ervin B. Jones
Division: Administrative Services

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

Approved by Commissioner: Hugh Malone
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

page _____ of _____

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 84 (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 amending appropriations pertaining to perma-
7 nent fund dividends; and providing for an effective
8 date."

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

10 * Section 1. Section 75, ch. 101, SLA 1982, is amended to read:

11 Sec. 75. (a) The unexpended and unobligated portion of the
12 appropriations made in secs. 17 and [,] 18 of this Act lapses into the
13 general fund June 30, 1987.

14 (b) The appropriations made in secs. [,] 21, 40, 41, 42, 43, 44,
15 47, and 48 of this Act are not one-year appropriations and do not
16 lapse in accordance with AS 37.25.010.

17 * Sec. 2. Section 1, ch. 6, SLA 1983, is amended to read:

18 Section 1. The sum of \$41,000,000 is appropriated to the Depart-
19 ment of Revenue from the Permanent Fund Dividend Fund (AS 43.23.045)
20 to pay for 1982 permanent fund dividends. The unexpended and unobli-
21 gated portion of the appropriation made by this section lapses into
22 the general fund June 30, 1987.

23 * Sec. 3. Section 32, ch. 107, SLA 1983, is amended by inserting the
24 following on page 14, after line 11:

25 The unexpended and unobligated portion of the appropriation made
26 on line 11 lapses into the general fund June 30, 1987.

27 * Sec. 4. Section 1, ch. 44, SLA 1984, is amended to read:

28 Section 1. The sum of \$11,869,300 is appropriated to the divi-
29 dend fund (AS 43.23.045) from the net income of the Alaska permanent

1 fund earned during the fiscal year ending June 30, 1983. The unex-
2 pended and unobligated portion of the appropriation made by this
3 section lapses into the general fund June 30, 1987.

4 * Sec. 5. Section 14, ch. 122, SLA 1984, is amended to read:

5 Sec. 14. The income of the Alaska permanent fund allocated
6 annually to pay permanent fund dividends as provided in AS 43.23.-
7 045(b) is appropriated to the dividend fund (AS 43.23.045(a)) for the
8 payment of the 1984 permanent fund dividend and administrative costs.
9 The unexpended and unobligated portion of the appropriation made by
10 this section lapses into the general fund June 30, 1987.

11 * Sec. 6. Section 15, ch. 122, SLA 1984, is amended to read:

12 Sec. 15. The sum of \$7,985,700 is appropriated to the dividend
13 fund (AS 43.23.045) from the net income of the Alaska permanent fund
14 earned during the fiscal year ending June 30, 1983, for the payment of
15 the 1984 permanent fund dividend. The unexpended and unobligated
16 portion of the appropriation made by this section lapses into the
17 general fund June 30, 1987.

18 * Sec. 7. Section 14, ch. 98, SLA 1985, is amended to read:

19 Sec. 14. The income of the Alaska permanent fund allocated
20 annually to pay permanent fund dividends as provided in AS 43.23.-
21 045(b) is appropriated to the dividend fund (AS 43.23.045(a)) for the
22 payment of the 1985 permanent fund dividend and administrative costs.
23 The unexpended and unobligated portion of the appropriation made by
24 this section lapses into the general fund June 30, 1987.

25 * Sec. 8. This Act takes effect on the effective date of a version of
26 HB 83, relating to permanent fund dividends, or a substantially similar
27 measure that is enacted by the First Session of the Fifteenth Alaska State
28 Legislature.

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS



ANCHORAGE
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ANCHORAGE, AK 99510
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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 CS HB 84 (Fin)

The Subcommittee on HB 84 unanimously supports the Committee Substitute for HB 84 (Fin), "An Act amending appropriations pertaining to permanent fund dividends; and providing for an effective date."

The Committee Substitute lapses unexpended and unobligated portions of appropriations made for payment of permanent fund dividends for the years 1982 through 1985 into the general fund. In addition, the Committee Substitute lapses the unexpended and unobligated balance of a 1984 appropriation (in Section 4) for additional dividends and administrative costs back into the general fund. The effective date of HB 84 is contingent upon passage of HB 83.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 84
Publish Date: HOUSE 3/6/87

REQUEST

Revision Date: _____
Title: An Act amending appropriations
pertaining to permanent fund dividends
Sponsor: House Rules Committee
Requestor: House State Affairs

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<u>OPERATING</u>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: This bill lapses approximately \$4,667.8 to the general fund and 20,787.3 to the dividend fund as explained in the attached analysis (section I, Estimated PFD Lapse Balances under HB 84 and section II, Required PFD Account Encumbrances under HB 83 and HB 84).

Thomas C. Williams

Prepared By: Thomas C. Williams
Division: Enforcement

Phone: 465-2366
Date: February 24, 1987

Approved by Commissioner: *H. Maline*
Agency: _____

Date: 2/25/87

Distribution (by Agency preparing fiscal note):

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

ALASKA DEPARTMENT OF REVENUE
 FISCAL NOTE ANALYSIS OF HB 84
 February 24, 1987

I. ESTIMATED PFD LAPSE BALANCES UNDER HB 84

	Orig. Lapse Date	Total	Dividend	Rev Admin.	H&SS H. Harm
<u>1982 PFD (General Fund)</u>					
Sec. 17 and 18, ch 101, SLA 1982 (A)	None	\$ 440,560,100	\$ 439,730,100	\$ 830,000	\$ -0-
Fiscal Note		<u>2,500,000</u>	<u>-0-</u>	<u>2,500,000</u>	<u>-0-</u>
Total 1982 Appropriation		<u>\$ 443,060,100</u>	439,730,100	<u>\$ 3,330,000</u>	<u>\$ -0-</u>
Less: 1982 PFD ITD Expended Est. Encumbrance (B)			(435,052,316) <u>(-0-)</u>		
<u>Estimated Lapse under Sec. 1</u>			<u>\$ 4,677,784</u>		
<u>1982 PFD (Dividend Fund)</u>					
Sec 1, ch. 6, SLA 1983	None	\$ 41,000,000	\$ 41,000,000	\$ -0-	\$ -0-
Less: 1982 PFD ITD Expended Est. Encumbrance (B)			(34,423,433) <u>(586,000)</u>		
<u>Estimated Lapse under Sec. 2</u>			<u>\$ 5,990,567</u>		
<u>1983 PFD (Dividend Fund)</u>					
Sec. 32, ch. 107, SLA 1983 page 14, line 11	6/30/84	\$ 179,020,000	\$ 175,935,300	\$ 3,084,700	\$ -0-
Sec. 2, ch. 44, SLA 1984	6/30/85	11,584,500	11,584,500	-0-	-0-
Sec. 3, ch. 44, SLA 1984	6/30/85	<u>284,800</u>	<u>-0-</u>	<u>284,800</u>	<u>-0-</u>
Total 1983 PFD Authorizations		<u>\$ 190,889,300</u>	187,519,800	<u>\$ 3,369,500</u>	<u>\$ -0-</u>
Less: 1983 PFD ITD Expended Est. Encumbrance (B)			(176,632,020) <u>(689,628)</u>		
<u>Est. Lapse under Secs. 3 & 4</u>			<u>\$ 10,198,152</u>		

ALASKA DEPARTMENT OF REVENUE
 FISCAL NOTE ANALYSIS OF HB 84
 February 24, 1987

	Orig. Lapse Date	Total	Dividend	Rev Admin.	H&SS H. Harm
<u>1984 PFD (Dividend Fund)</u>					
Sec. 14, ch. 122, SLA 1984	6/30/85	\$ 155,129,971	\$ 152,114,471	\$ 3,015,500	\$ -0-
Sec. 15, ch. 122, SLA 1984	6/30/85	7,985,700	7,985,700	-0-	-0-
Total 1984 PFD Authorizations		<u>\$ 163,115,671</u>	160,100,171	<u>\$ 3,015,500</u>	<u>\$ -0-</u>
Less: 1984 PFD ITD Expended Est. Encumbrance (B)			(158,650,077) (194,467)		
<u>Est. Lapse under Secs. 5 & 6</u>			<u>\$ 1,255,627</u>		
<u>1985 PFD (Dividend Fund)</u>					
Sec. 14, ch. 98, SLA 1985	6/30/86	\$ 210,733,842	\$ 210,733,842	\$ -0-	\$ -0-
Sec. 26, ch. 98, SLA 1985 page 26, line 5	6/30/86	2,895,900	-0-	2,895,900	-0-
Sec. 26, ch. 97, SLA 1985 page 35, line 7	6/30/86	3,644,300	-0-	-0-	3,644,300
Total 1985 PFD Authorization		<u>\$ 217,274,042</u>	210,733,842	<u>\$ 2,895,900</u>	<u>\$3,644,300</u>
Less: 1985 PFD ITD Expended Est. Encumbrance (B)			(208,258,532) (180,332)		
<u>Estimated Lapse under Sec. 7</u>			<u>\$ 2,294,978</u>		
<u>1986 PFD (Dividend Fund)</u>					
Sec 13, ch. 129, SLA 1986	6/30/87	\$ 295,835,142	\$ 295,835,142	\$ -0-	\$ -0-
Sec 21, ch. 129, SLA 1986 page 21, line 8	6/30/87	3,378,000	-0-	3,378,000	-0-
Sec 21, ch. 129, SLA 1986 page 28, line 22	6/30/87	4,211,700	-0-	-0-	4,211,700
Total 1986 PFD Authorizations		<u>\$ 303,424,842</u>	295,835,142	<u>\$ 3,378,000</u>	<u>\$4,211,700</u>
Less: 1986 PFD ITD Expended Est. Encumbrance			(293,171,545) (2,663,597)		
<u>Estimated 1986 PFD Lapse (C)</u>			<u>(-0-)</u>		

ALASKA DEPARTMENT OF REVENUE
FISCAL NOTE ANALYSIS OF HB 84
 February 24, 1987

No. 4
 HB 84
 3/6/87

Orig. Lapse Date	Total	Dividend	Rev Admin.	H&SS H. Harm
<u>Actual and Estimated Lapse to Dividend Fund (D)</u>				
1982 PFD	\$ 5,990,567	\$ 5,990,567	\$ -0-	\$ -0-
1983 PFD	10,400,819	10,198,152	202,667	-0-
1984 PFD	1,558,596	1,255,627	302,969	-0-
1985 PFD	2,837,340	2,294,978	412,316	130,046
1986 PFD	NCA	-0-	NCA	NCA
 <u>Estimated Additional Amount</u>				
<u>Available for 1987 PFD</u>				
<u>under AS 43.23.045(d)</u>				
	\$ 20,787,322	\$ 19,739,324	\$ 917,952	\$ 130,046

NOTES:

- A. Included within the Sec. 19, ch. 101, SLA 1982 appropriation was an amount to be sued for the PCC/CCC tax credit program. The actual appropriation was as follows:

Total Appropriation	\$ 442,192,100
Less: Tax credit allocation	(1,632,000)
Total PFD allocation	\$ 440,560,100

- B. Per section II, Required PFD Account Encumbrances under HB 83 and HB 84.

- C. This analysis indicates there will be a shortfall of funds for the 1986 PFD program

Required Funds per PFD Account Encumbrances under HB 83 and HB 84	\$4,531,294
Less: Estimated Encumbrance	2,663,597
Shortfall	(\$1,867,697)

However, because many of the outstanding applications will actually be denied, no actual shortfall is anticipated.

- D. Estimated dividend payment lapses are based on this schedule. The amounts included for 1983, 1984, and 1985 PFD Revenue administrative costs and the 1984 and 1985 H&SS hold harmless costs are the amounts already actually lapsed to the dividend fund. The amount of the 1986 Revenue administrative and H&SS hold harmless appropriations that may lapse is not currently available (NCA) and has not been included.

ALASKA DEPARTMENT OF REVENUE
FISCAL NOTE ANALYSIS OF HB 84
 February 24, 1987

No. 4
 HB 84
 3/6/87

II. REQUIRED PFD ACCOUNT ENCUMBRANCES UNDER HB 83 AND HB 84

	1986	1985	1984	1983	1982
<u>Unresolved Applications</u>					
Not on File	-0-	-0-	-0-	-0-	-
Unpaid					
Incomplete	195	40	18	8	
Potential Duplicate	165	20	19	1	-
Acceptable	544	52	2	-0-	
No Sponsor on File	-0-	-0-	-0-	-0-	-
Review	881	80	34	19	
Invalid Code	-0-	-0-	-0-	-0-	
Garnished					
Acceptable	-0-	33	12	72	3
Questioned	-0-	-0-	-0-	2	
Review	1	-0-	-0-	-0-	-
To Be Reissued					
Acceptable	31	6	-0-	-0-	-
Questioned	3	1	-0-	-0-	
Stop Payment					
Acceptable	-0-	-0-	-0-	-0-	
Cancelled					
Acceptable	3,367	21	13	6	
No Sponsor on File	-0-	2	4	-0-	
Questioned	12	8	2	51	
Review	2	-0-	-0-	-0-	-
<u>Total Unresolved Applications</u>	<u>5,201</u>	<u>263</u>	<u>104</u>	<u>159</u>	<u>3</u>
<u>Denial Appealed</u>					
Request to Apply Late	154	21	5	5	
Informal	2,071	1,353	423	281	1
Formal	-0-	17	42	19	
Court	-0-	-0-	-0-	-0-	-
Invalid Status	-0-	-0-	-0-	-0-	-
<u>Total Denial Appealed</u>	<u>2,225</u>	<u>1,391</u>	<u>470</u>	<u>305</u>	<u>2</u>
<u>Appeal Period Not Yet Expired</u>					
Denials	720	-0-	-0-	2	-
Informal Upholds	-0-	53	13	1	
Formal Upholds	-0-	-0-	-0-	-0-	-
<u>Total Appeal Period Not Expired</u>	<u>720</u>	<u>53</u>	<u>13</u>	<u>3</u>	
<u>Total Potential Payments</u>	<u>8,146</u>	<u>1,707</u>	<u>587</u>	<u>467</u>	<u>5</u>
<u>Dividend Amount</u>	<u>x 556.26</u>	<u>x 404.00</u>	<u>x 331.29</u>	<u>x 386.15</u>	<u>x 1,000.</u>
<u>Required Funds as of 02/05/87</u>	<u>\$ 4,531,293.96</u>	<u>\$ 689,628.00</u>	<u>\$ 194,467.23</u>	<u>\$ 180,332.05</u>	<u>\$ 586,000.</u>

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

3

REQUEST _____

Bill Version: HB 84
Publish Date: _____

Revision Date: _____
Title: An act amending appropriations
pertaining to 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
Division: Administrative Services

Phone: 465-2313
Date: 2/19/87

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 2/19/87

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

Bill Version: CSHB 84 (Finance)
Publish Date: _____

REQUEST _____

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Sponsor: Rules, Governor
Requestor: Finance

Agency Affected: Revenue
BRU: Permanent Fund Dividend

Components: Administrative Services

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SUPPLIES	-	-	-	-	-	-
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LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
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POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

No fiscal impact.

Prepared By: Ervin B. Jones
Division: Administrative Services

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

Approved by Commissioner: Hugh Malone
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

page _____ of _____

F/O 4/9
Received 4/12/87

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 7, 1987

SUBJECT: Amendment of old lapse dates
(CSHB 84 ())

TO: Representative Pat Pouchot

FROM: David R. Dierdorff 
Revisor of Statutes

Enclosed is the draft committee substitute with the changes you requested in sec. 4 and in the effective date. As I told Jeannie Larson, I have some concerns about the legality of the approach taken in sec. 4 of the draft.

Under the terms of ch. 44, SLA 1984 as enacted, all of the unexpended and unobligated portion of the appropriations made by that Act lapsed into the dividend fund June 30, 1985. Whether the administrative steps necessary to execute that lapse were carried out or not, as a legal matter the funds lapsed into the dividend fund on that date. Consequently, it could be argued that the only way to transfer that money from the dividend fund to the general fund is to appropriate it.

It may be that other appropriations lapsed by CSHB 84 () have a similar problem. However, sec. 4 is the only section that places the problem squarely before the reader. This may also be a case where pragmatic realities override legal technicalities. Given the sensitivity of anything related to the permanent fund, however, I believe that you should be aware that a question could be raised about the amendment of a lapse date after that date has occurred.

If I can be of further assistance, please advise.

DRD:mkr
m10/113

Enclosure

Original sponsor: Rules/Governor

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 84 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending appropriations pertaining to perma-
7 nent fund dividends; and providing for an effective
8 date."

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

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14 (b) The appropriations made in secs. [,] 21, 40, 41, 42, 43, 44,
15 47, and 48 of this Act are not one-year appropriations and do not
16 lapse in accordance with AS 37.25.010.

17 * Sec. 2. Section 1, ch. 6, SLA 1983, is amended to read:

18 Section 1. The sum of \$41,000,000 is appropriated to the Depart-
19 ment of Revenue from the Permanent Fund Dividend Fund (AS 43.23.045)
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22 the general fund June 30, 1987.

23 * Sec. 3. Section 32, ch. 107, SLA 1983, is amended by inserting the
24 following on page 14, after line 11:

25 The unexpended and unobligated portion of the appropriation made
26 on line 11 lapses into the general fund June 30, 1987.

27 * Sec. 4. Section 4, ch. 44, SLA 1984, is amended to read:

28 Sec. 4. The unexpended and unobligated portion of the appropria-
29 tions [APPROPRIATION] made by secs. 2 and 3 of this Act lapses into the

1 general [DIVIDEND] fund [(AS 43.23.045)] June 30, 1987 [1985].

2 * Sec. 5. Section 14, ch. 122, SLA 1984, is amended to read:

3 Sec. 14. The income of the Alaska permanent fund allocated
4 annually to pay permanent fund dividends as provided in AS 43.23.-
5 045(b) is appropriated to the dividend fund (AS 43.23.045(a)) for the
6 payment of the 1984 permanent fund dividend and administrative costs.
7 The unexpended and unobligated portion of the appropriation made by
8 this section lapses into the general fund June 30, 1987.

9 * Sec. 6. Section 15, ch. 122, SLA 1984, is amended to read:

10 Sec. 15. The sum of \$7,985,700 is appropriated to the dividend
11 fund (AS 43.23.045) from the net income of the Alaska permanent fund
12 earned during the fiscal year ending June 30, 1983, for the payment of
13 the 1984 permanent fund dividend. The unexpended and unobligated
14 portion of the appropriation made by this section lapses into the
15 general fund June 30, 1987.

16 * Sec. 7. Section 14, ch. 98, SLA 1985, is amended to read:

17 Sec. 14. The income of the Alaska permanent fund allocated
18 annually to pay permanent fund dividends as provided in AS 43.23.-
19 045(b) is appropriated to the dividend fund (AS 43.23.045(a)) for the
20 payment of the 1985 permanent fund dividend and administrative costs.
21 The unexpended and unobligated portion of the appropriation made by
22 this section lapses into the general fund June 30, 1987.

23 * Sec. 8. This Act takes effect on the effective date of a version of
24 HB 83, relating to permanent fund dividends, that is enacted by the First
25 Session of the Fifteenth Alaska State Legislature.
26
27
28
29

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

2

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)(B), amends the dividend determination formula to reflect the new lapse provision.

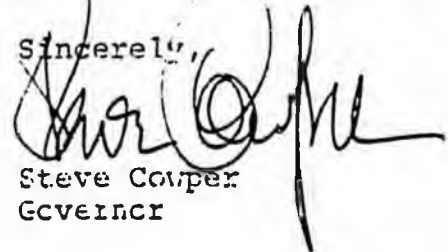
As mentioned earlier in this letter, the second bill deals with the 1982 -- 1985 appropriations made to pay permanent fund dividends. The primary purpose of this bill (in secs. 2 -- 7) is to provide a June 30, 1987 lapse date for the 1983, 1984, and 1985 appropriations, lapsing them to the dividend fund 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

Introduced: 1/30/87
 Referred: State Affairs
 and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
 REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 84

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act amending appropriations pertaining to perma-
 7 nent fund dividends; and providing for an effective
 8 date."

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

10 * Section 1. Section 75, ch. 101, SLA 1982, is amended to read:

11 Sec. 75. (a) The unexpended and unobligated portion of the
 12 appropriations made in secs. 17 and [,] 18 of this Act lapses into the
 13 general fund June 30, 1987.

14 (b) The appropriations made in secs.[,] 21, 40, 41, 42, 43, 44,
 15 47, and 48 of this Act are not one-year appropriations and do not
 16 lapse in accordance with AS 37.25.010.

17 * Sec. 2. Section 1, ch. 6, SLA 1983 is amended to read:

18 Section 1. The sum of \$41,000,000 is appropriated to the Depart-
 19 ment of Revenue from the Permanent Fund Dividend Fund (AS 43.23.045)
 20 to pay for 1982 permanent fund dividends. The unexpended and unobli-
 21 gated portion of the appropriation made by this section lapses into
 22 the dividend fund (AS 43.23.045(d)) June 30, 1987.

23 * Sec. 3. Section 32, ch. 107, SLA 1983, is amended by inserting the
 24 following on page 14, between lines 11 and 12:

25 The unexpended and unobligated portion of the appropriation made
 26 on line 11 lapses into the dividend fund (AS 43.23.045(d)) June 30,
 27 1987.

28 * Sec. 4. Section 4, ch. 44, SLA 1984, is amended to read:

29 Sec. 4. The unexpended and unobligated portion of the

1 appropriation made by sec. 2 of this Act lapses into the dividend fund
2 (AS 43.23.045(d)) June 30, 1987. The unexpended and unobligated
3 portion of the appropriation made by sec. 3 of this Act lapses into
4 the dividend fund (AS 43.23.045) June 30, 1985.

5 * Sec. 5. Section 14, ch. 122, SLA 1984, is amended to read:

6 Sec. 14. The income of the Alaska permanent fund allocated
7 annually to pay permanent fund dividends as provided in AS 43.23.-
8 045(b) is appropriated to the dividend fund (AS 43.23.045(a)) for the
9 payment of the 1984 permanent fund dividend and administrative costs.
10 The unexpended and unobligated portion of the appropriation made by
11 this section lapses into the dividend fund (AS 43.23.045(d)) June 30,
12 1987.

13 * Sec. 6. Section 15, ch. 122, SLA 1984, is amended to read:

14 Sec. 15. The sum of \$7,985,700 is appropriated to the dividend
15 fund (AS 43.23.045) from the net income of the Alaska permanent fund
16 earned during the fiscal year ending June 30, 1983, for the payment of
17 the 1984 permanent fund dividend. The unexpended and unobligated
18 portion of the appropriation made by this section lapses into the
19 dividend fund (AS 43.23.045(d)) June 30, 1987.

20 * Sec. 7. Section 14, ch. 98, SLA 1985, is amended to read:

21 Sec. 14. The income of the Alaska permanent fund allocated
22 annually to pay permanent fund dividends in AS 43.23.045(b) is appro-
23 priated to the dividend fund (AS 43.23.045(a)) for the payment of the
24 1985 permanent fund dividend and administrative costs. The unexpended
25 and unobligated portion of the appropriation made by this section
26 lapses into the dividend fund (AS 43.23.045(d)) June 30, 1987.

27 * Sec. 8. This Act takes effect on the effective date of an Act relat-
28 ing to computation and payment of permanent fund dividends.