

CSSB

227

# HOUSE COMMITTEE REPORT

(11)

Date referred: 5/14/87

FURTHER REFERRALS:

DATE: 5-16-87

The Finance Committee has considered CSSB 227(SA)

"An Act relating to claims of state agencies to permanent fund dividends."

**RECOMMENDS:**

- replace with HCS CS SB 227 (SA)  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:**

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**SIGNING OTHER RECOMMENDATIONS:**

[Signature] NO REC

[Signature] NO REC

[Signature] NO REC

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

No. 1

Bill Version: HCS SB 227(SA)  
Publish Date: HOUSE 5/14/87

REQUEST

Revision Date: \_\_\_\_\_  
Title: An act relating to claims of state agencies to PFD's  
Sponsor: Uehling and Faiks  
Requestor: State Affairs, Judiciary

Agency Affected: Revenue  
BRU: Administrative Services

Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	4.2	4.2	4.2	4.2	4.2
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	2.2	2.2	2.2	2.2	2.2
SUPPLIES	-	0.1	0.1	0.1	0.1	0.1
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	6.5	6.5	6.5	6.5	6.5
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	6.5	6.5	6.5	6.5	6.5
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	6.5	6.5	6.5	6.5	6.5

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	1	1	1	1	1
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

(See attached)

Prepared By: Ervin B. Jones  
Division: Administrative Services

Phone: 465-2313  
Date: 4/13/87

Approved by Commissioner: J. Malone  
Agency: Revenue

Date: 4/13/87

Distribution (by Agency preparing fiscal note):

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

Department of Revenue  
Administrative Services Division  
Fiscal Note Analysis

Assumptions:

- 1) It is assumed that the term "state agency" does not include the court system.
- 2) It is assumed that all state agencies which now execute judgments by serving the Department of Revenue with writs will instead use the procedure prescribed in this bill. In 1986, the department received approximately 5,000 writs from state agencies under AS 43.23.065(b)(4).
- 3) Given the ease by which the debtor agency is allowed to attach the PFD, an estimated increase of 3,000 claims is expected.
- 4) It is assumed that certified claims filed before April 1 of each calendar year will be returned to the agency as the department will not be holding revenue for the individual until he files a PFD application. Claims filed between April 1 and December 31 will be held and matched against the current year dividend file and will be honored in the order provided in AS 43.23.065.
- 5) Competing claims from different agencies will be honored in the order received.
- 6) Since Section 1 of the bill requires the Department of Revenue to send a notice to the address on the PFD file, the department will hold the claim until the PFD application is on file before sending the notice.

Program Summary:

The Department of Revenue will print a form for state agencies to use in claiming the permanent fund dividend of eligible individuals. This will ensure a uniform presentation of information required by the bill and will facilitate processing of the claim. Claims received will be matched against the PFD file. Except for claims filed between April 1 and July 31 of each year, if a payable application is not on file, the claim will be returned to the agency, marked "no funds available." If, on the other hand, a payable application is on file, the Department of Revenue will send the applicant a notice as described in Section 1.

During the period of April 1 - July 31 of each year, the current year's PFD file is being compiled. Agency claims filed during this period will be held until the current year PFD file is completed and will then be matched, resulting in either a notice of no funds available to the agency or a notice to the dividend applicant.

The provision of subparagraph (c) in the new Sec. AS 43.23.067 implies that the Department of Revenue will hold hearings under AS 44.62.330 - 44.62.630 if requested by the dividend applicant within 10 days of the date of the aforementioned notice. It would seem much more appropriate and practical for the agency making the claim to defend against any challenge; and we would therefore recommend that the bill be amended to provide that any challenge to the execution should be made to the agency making the claim. Unless the claim is released, it will be honored at the time of payment. Without access to the factual record supporting the claim and without the specialized program knowledge of the agency filing the claim, it would be impossible for Revenue to provide such a hearing.

At the time of payment of the dividend, a notice of payment and/or garnishment will be sent to the applicant, notifying him of the attachment(s) and/or assignment(s) and/or dividend contributions which reduced his dividend.

1. Positions

1 PPT Document Processor, R7,  
@ \$2,117.76/Mo including salary  
and benefits for 2 months = \$4.2

This position will assist in the processing of agency claims and the issuance of the related notices to PFD applicants.

Other Costs:

Travel: None

Contractual:

Printing of 10,000 agency claim forms and 10,000 notices to applicants = \$0.4

Postage for 8,000 notices to applicants = 1.8

TOTAL Contractual \$2.2

Supplies: \$0.1

Equipment: None

TOTAL Costs \$6.5

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: HCS SB 227(SA)  
Publish Date: HOUSE 5/14/87

REQUEST: \_\_\_\_\_

Revision Date: 4/13/87

Agency Affected: Commerce & Economic Dev.

Title: An Act relating to claims of state agencies to permanent fund dividends.

BRU: Occupational Licensing

Sponsor: Senators Uehling and Faiks

Components: \_\_\_\_\_

Requestor: Senator Uehling

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

(See Attached)

Prepared by: Jennifer Strickler, Management Analyst  
Division: Occupational Licensing

Phone: 465-2144  
Date: 4/13/87

Approved by Commissioner: J. Anthony Smith  
Agency: Commerce and Economic Development

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

Distribution (by preparer):

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

SB 227 /HB 223

The Division of Occupational Licensing has experienced approximately 3% of NSF checks submitted annually for licensing fees in FY 86 and FY 87. At that rate, 3% of the projected FY 88 revenue will total \$36,600.00.

SB 227 will allow the division to recover funds for NSF checks through filing a claim against an individual's permanent fund dividend check, after all other attempts to recover the funds are unsuccessful. The impact of the bill should discourage future non-compliance with attempts to recover funds.

Original sponsors: Uehling and Faiks

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 227 (State Affairs)  
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 claims of state agencies to  
7 permanent fund dividends."

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. CLAIMS OF STATE AGENCIES. (a) AS 09.38 does  
11 not apply to permanent fund dividends taken to satisfy debts under  
12 AS 43.23.065(b)(4). Notwithstanding AS 09.35, execution on a claim  
13 under AS 43.23.065(b)(4) may be accomplished by delivering a certified  
14 claim to the department containing the following information:

15 (1) the name and social security number of the individual  
16 whose dividend is being claimed;

17 (2) the amount the individual owes to the agency; and

18 (3) a statement that

19 (A) the debt has not been contested, or, if contested,  
20 that the issue has been resolved in favor of the agency; and

21 (B) if the debt has been contested and resolved in  
22 favor of the agency, no appeal is pending, the time limit for  
23 filing an appeal has expired, or the appeal has been resolved in  
24 favor of the agency.

25 (b) Upon receipt of a claim under (a) of this section the de-  
26 partment shall notify the individual of the claim. The notice shall  
27 be sent to the address provided in the individual's permanent fund  
28 dividend application and must provide the following information:

29 (1) the identity of the agency that has made the claim;

1                   (2) the amount of the claim;

2                   (3) notice that the amount of the permanent fund dividend  
3 that does not exceed the amount of the claim shall be paid to the  
4 agency unless the agency releases the claim or the individual requests  
5 a hearing on the validity of the claim from the agency making the  
6 claim within 10 days after the date the notice is sent by the  
7 department.

8                   (c) If a hearing is requested by an individual under (b)(3) of  
9 this section, the agency making the claim shall notify the department.  
10 The agency making the claim is responsible for affording the individ-  
11 ual a hearing on the validity of the claim. A hearing is not required  
12 under this subsection on the validity of the debt that forms the basis  
13 for the claim. AS 44.62.330 - 44.62.630 apply to the hearing. If no  
14 notice of a request for a hearing or release of the claim is received  
15 by the department from the agency, the department shall pay the amount  
16 of the permanent fund dividend that does not exceed the amount of the  
17 claim to the agency making the claim.



Official Business

# Alaska State Legislature

## Senate

SENATOR RICK UEHLING

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

### Senate Finance Committee

TO: Representative Fran Ulmer  
Chair, House State Affairs Committee

From: Senator Rick Uehling *R.U.*

DATE: May 6, 1987

RE: CSSB227(S.A.), "An Act Relating To Claims Of State  
Agencies To Permanent Fund Dividends"

I have asked staff to provide the following information and analysis of CSSB227(State Affairs), "An Act Relating To Claims Of State Agencies To Permanent Fund Dividends." Attached is a brief summary, a copy of the bill, a sectional analysis, copies of the affected statutes, and the fiscal notes.

#### Summary

SB227 would allow state agencies to garnish an individual's Permanent Fund Dividend to satisfy the nonpayment of a debt to that agency. This bill allows the procedure to occur outside of the courts, yet still provides due process to the individual through an appeals process under the Administrative Procedures Act. The burden on the court system and the excessive time and expense on the part of the agency is eliminated.

An example, and one of the reasons for the introduction of this bill, is the Postsecondary Education Commission. Currently, \$41,000,000 in student loans are in default! These are not delinquent loans, but those in default which are turned over to collection agencies who immediately file suit in court. Last year 2,000 individuals who applied for the dividend were also in default on the student loans. As noted in the Postsecondary Education Commission's fiscal note, if this bill passes it could mean an additional \$400,000 to \$800,000 in revenue each year for the student loan program. Other Departments such as Commerce & Economic Development, Health & Social Services and the Court system have indicated that this bill could result in additional revenue for them as well.

It does not seem equitable for individuals to receive the Permanent Fund Dividend when they are in default on a debt to a state agency. This bill takes steps to remedy that inequity. ...

Original sponsors: Uehling and Faiks

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Original sponsors: Uehling and Faiks

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1 IN THE SENATE

BY UEHLING AND FAIKS

2

SENATE BILL NO. 227

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

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9 is received by the department within the required time limit, the  
10 department shall pay the amount of the permanent fund dividend that  
11 does not exceed the amount of the claim to the agency making the  
12 claim.