

H

B

133

CSHB 133 (SA) -- An Act relating to eligibility for permanent fund dividends; and providing for an effective date

File Contents

- 1) Copy of CS HB 133 (STATE AFFAIRS)
- 2) State Affairs Committee Report
- 3) State Affairs Committee Minutes
- 4) Copy of HB 133
- 5) Memorandum from Representative Pearce to Representative Ulmer dated 2/17/87
- 6) Sectional Analysis from Tamara Brandt Cook to Representative Pearce dated 2/17/87
- 7) Memorandum from Dr. Kerry Romesburg to Representative Pearce dated 2/17/87
- 8) Fiscal notes:
 - a. Department of Education, Postsecondary Commission, Student Loan Administration: -0-
 - b. Department of Education, Postsecondary Commission, Student Loan Fund: -0-
 - c. Department of Revenue, Enforcement: \$273,700.
 - d. Department of Revenue, Public Services: -0-
 - e. Department of Revenue, Administrative Services: \$23,300.
- 9) Work Draft CSHB 133 (HESS), Bradley 4/6/87
- 10) Work Draft CSHB 133 (HESS), Cook 4/8/87
- 11) Minutes, House HESS, 4/7/87
- 12) Minutes, House HESS, 4/8/87

DATE: 3-11-87

The State Affairs Committee has considered HB 133

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

RECOMMENDS:

- replace with CS HB 133 (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):

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

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Cliff Davidson

Grant W...

MARTIN Terry Martin - No Rec

Frank Urban

Chairman's signature

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

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

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

HSA	3-4-87	Mary Van Nimwegen 3:00 p.m.
HSA	3-6-87	3:00 p.m.
HSA	3-11-87	3:00 p.m.
H HESS	4-7-87	8:30 p.m.
H HESS	4-8-87	8:30 p.m.



2

Alaska State Legislature House of Representatives

6035 TANAINA DRIVE
ANCHORAGE, ALASKA 99502
(907) 243-8110

REPRESENTATIVE DRUE PEARCE
DISTRICT 9, SEAT A

WHILE IN JUNEAU
PO BOX V
JUNEAU, ALASKA 99811
(907) 465-4993

MEMORANDUM

TO: Representative Fran Ulmer
Chair, House State Affairs Committee

FROM: Representative Drue Pearce *Drue Pearce*

DATE: February 17, 1987

RE: HB 133 and HB 134 referred to
House State Affairs Committee

House State Affairs is the first committee of referral for HB 133 (An Act relating to eligibility for permanent fund dividends; and providing for an effective date.") and for HB 134 ("An Act permitting payment of certain permanent fund dividends into the principal of the permanent fund.")

HB 133 represents a move to reduce the number of students who are delinquent or who default on the repayment of their student loans by providing a disincentive to tardy payments. There is currently a law on the books that allows for attachment of dividend checks for those who owe the state money. However, due primarily to a backlog in the court system, only 800 dividends were attached last year of the 2,000 recipients whose loans were in default. Since the number of delinquencies (30 days or more in arrears) far exceeds the number of those in default (120 days or more in arrears), the positive impact to the state could be substantial.

HB 134 would allow Alaskans who do not wish to receive their Permanent Fund Dividends personally the option of directing that their dividend be paid directly into the corpus of the Permanent Fund. I was encouraged to reintroduce this legislation by individuals who expressed a desire to have their money stay in the Permanent Fund.

Fiscal notes for both of these bills have been requested from the Department of Revenue and will be forwarded to your committee as soon as they are received. I would appreciate your consideration in scheduling an early hearing on both of these bills.

3

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM

February 17, 1987

SUBJECT: Eligibility for permanent fund dividends
(HB 133)

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 relating to eligibility for permanent fund dividends.

Sec. 1. As well as meeting existing requirements, to qualify for a dividend an individual may not be more than 30 days delinquent on any payment due for a state education loan.

Sec. 2. The statement of eligibility on the application form for a dividend includes a statement that the individual is not more than 30 days delinquent on any state education loan payment.

Secs. 3., 4. The references to a certification of residency are changed to certification of eligibility, to reflect the fact that residency is not the only eligibility requirement.

Sec. 5. The bill has an immediate effective date.

TBC:mkr
m9/024

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP
 JUNEAU, ALASKA 99811
 PHONE: (907) 465-2854

M E M O R A N D U M

TO: The Honorable Drue Pearce
 Alaska State Representative

FROM: Kerry D. Romesburg, Executive Director
 Alaska Commission on Postsecondary Education

SUBJECT: Garnishment of Permanent Fund Dividends

DATE: February 17, 1987

If the Alaska Student Loan Program had been able to garnish the Permanent Fund Dividend Checks for those Alaskans in default on their student loans, without requiring a court judgement, the State would have realized over \$500,000 in FY87. At present, we need a judgement in order to attach the dividend.

In FY87 we ran a tape match of Permanent Fund applicants and student loan borrowers in default (120 or more days past due). We matched just over 2,000 persons, but only had final judgement on 800. If we had been able to attach the other 1,200, it would have substantially enhanced our loan receipts.

The State would not receive 100% of the garnishment on these defaulted accounts, since the loans are turned over to collection agencies (under contract) when they enter default status. Under the contract, the collectors would receive from 11% to 22% of the amount, dependent upon the stage of collection activity for the individual account.

In any case, using the FY87 example and a dividend check of around \$560, the result of automatic garnishment would be:

<u>%</u>	<u>Accounts</u>	<u>State</u>	<u>Collection Agency</u>
11%	1,200	\$598,080	\$ 73,920
22%	1,200	\$524,160	\$147,840

Under either scenario, it certainly would be worth the state's effort to garnish these dividends.

A

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version: 2-16-87 HR 133
Publish Date: _____

Revision Date: 2-16-87
Title: Re: Eligibility for Permanent
Fund Dividends
Sponsor: Pearce and Hanley
Requestor: House HESS

Agency Affected: Education
BRU: Postsecondary Commission
Components: Student Loan Admin.

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No new cost, since a computer match between loans and dividends is already done. Potentially, this could enhance loan collection by discouraging late payments and default.

Prepared by: Kerry D. Romesburg Phone: 465-2854
Division: Postsecondary Education Commission Date: 2-19-87

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

B

REQUEST

Bill Version: HB 133

Publish Date: _____

Revision Date: _____

Title: An act relating to eligibility for permanent fund dividends

Agency Affected: Revenue

BRU: Permanent Fund Dividend

Sponsor: Pearce, Larson, et al

Components: Administrative Services

Requestor: State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	12.2	6.6	6.6	6.6	6.6
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	11.0	11.0	11.0	11.0	11.0
SUPPLIES	-	0.1	0.1	0.1	0.1	0.1
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	23.3	17.7	17.7	17.7	17.7
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (PFD)	-	23.3	17.7	17.7	17.7	17.7
TOTAL	-	23.3	17.7	17.7	17.7	17.7

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	2	1	1	1	1
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

Prepared By: Ervin B. Jones
Division: Administrative Services Division

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

Approved by Commissioner: [Signature]
Agency: Revenue

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

*SEE NOTE ON
BUDGET FISCAL*

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
HB 133
3/2/87

Assumptions:

1. The provisions of this bill would have no effect until the 1988 dividend year and application. The 1987 dividend application has already been printed.
2. The Department of Education has available and will provide a list of persons who were 30 days or more delinquent on AS 14.43 loans as of each day included between April 1 and July 15. This list will be provided on or before September 1 of each year on magnetic tape or electronic transfer through the Juneau Data Center.
3. Any appeal of a denial of dividend based on this law will be made to the Department of Revenue. Such appeal must be filed within 60 days of the date of denial (AS 43). Only if the Department of Education notified the Department of Revenue that the information provided the Department of Revenue was in error will the Department of Revenue overturn the denial decision.23).
4. 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.
5. The incremental costs of computer resources will result in a chargeback by the Department of Administration.
6. Whereas the costs of programming will be a one-time cost, the data capture costs and the data processing chargeback costs are continuing.

Program Summary:

In order for the department to comply with the provisions of the bill, it will be necessary to do the following:

- a) Data capture the date of signature on each of approximately 540,000 PFD applications.
- b) Match, via computer, the date of signature for each application against the electronic list of persons who were 30 days or more in arrears on that date. This match will have to be by name and birthdate, to try to ensure that the "right" applicants are subsequently denied.
- c) Mail a computer-generated denial notice to the unsuccessful applicant.

1. Positions:

1 PPT Analyst/Programmer V, R21 @ \$5,638.47/Mo,
including salary and benefits for 1 month = \$5.6

PCN 1125 would be funded for an additional one month, to design, write, and test programs for data capture, matching, and generation of notices. Maintenance of programs would be accomplished by existing staff.

1 PPT Data Processing Clerk I, R8 @ \$2,221.64/Mo,
including salary and benefits for 3 months = \$6.6

This position will assist in the data capture of approximately 540,000 dividend applications. This represents the equivalent value of capturing 540,000 application dates.

TOTAL Personal Services \$12.2

2. Other expenditures:

- a) Travel: None.
- b) Contractual:

1. Data Processing Chargeback \$5.0
2. Add 1 page to PFD booklet \$6.0
TOTAL Contractual \$11.0

- c) Supplies: \$0.1
- d) Equipment: Use existing.

TOTAL \$23.3

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:

- 1) Amend Sec. 3, line 21 to read as follows:

" . . . ing the certification of eligibility and residency required under (b) of the section."

2) Amend Sec. 4, line 24 to read as follows:

" (d) The application and certification of eligibility and residency"

It is important to emphasize that the primary requirement of eligibility for a permanent fund dividend is residency.

Attachments: None.

C

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____
 Revision Date: 2-16-87
 Title: An Act: security for Collection
of student loans
 Sponsor: Pearce and Hanley
 Requestor: House HESS

Bill Version: 2-16-87
 Publish Date: _____

Agency Affected: Education
 BRU: Postsecondary Commission
 Components: Student Loan Fund

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

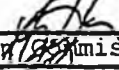
GENERAL FUND	N.A.	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The only fiscal impact is potentially an increase in program receipts resulting from better success in collection or defaulted accounts.

Prepared by: Kerry D. Romesburg  Phone: 465-2854
 Division: Postsecondary Education Commission Date: 2-19-87

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

D

REQUEST

Bill Version: HB 133

Publish Date: _____

Revision Date: _____

Agency Affected: Revenue

Title: An Act relating to eligibility for permanent fund dividends

BRU: Permanent Fund Dividend

Sponsor: Pearce, Larson, Gruenberg,

Components: Enforcement

Ulmer, Davidson, Navarre, and Frank

Requestor: House State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	210.0	216.0	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	20.0	20.0	-	-	-
SUPPLIES	-	1.5	1.5	-	-	-
EQUIPMENT	-	42.2	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	273.7	237.5	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	273.7	237.5	-	-	-
TOTAL	-	273.7	237.5	-	-	-

POSITIONS:

FULL-TIME	-	6	6	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Please attached analysis.

Prepared By: Thomas C. Williams

Phone: 465-2366

Division: Enforcement Division

Date: March 2, 1987

Approved by Commissioner: [Signature]

Date: 3/2/87

Agency: _____

Distribution (by Agency preparing fiscal note):

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

NOTE: MIGHT BE EASIER TO LET THEM APPLY AND THEN GRAB REVENUE THE CHECK - THIS ALLIANCE WITH REVENUE IS DONE NOW.

MAR 02 1987

page 1 of 3

OFFICE OF THE COMMISSIONER

THIS PROJECT WILL GREATLY INCREASE APPELLATE COSTS AND PRODUCE CHANGE OF ATTORNEYS...

ALASKA DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
ANALYSIS OF HB 133
March 2, 1987

Assumptions

1. Applicants who are delinquent in an education loan can be determined by a computer tape match with the Post-Secondary Education and can be denied by current investigative personnel.
2. There are approximately 9,500 education loans in default status (delinquent for more than 120 days). Another 2,500 loans are greater than 30 days but less than 120 days delinquent.
3. Approximately one-third (or 4,000) of these people will not apply for a permanent fund dividend.
4. All 8,000 remaining people who apply will be denied. Approximately 75% of these applicants will appeal yielding 6,000 appeals.
5. Each PFD Specialist in the Juneau Dividend Appeals unit will be able to resolve 1,000 appeals per year.
6. The number of individuals who would be delinquent and apply for a PFD would decrease over time.

Computations

Personal Services

6 PFD Specialist I (range 13, @ 35.0/year) \$210.0

Total Personal Services 210.0

Contractual Services

Long distance telephone charges, postage, printing, etc. 20.0

Total Contractual 20.0

Commodities

Miscellaneous office supplies (6 employees @ \$250/year) 1.5

Total Commodities 1.5

ALASKA DEPARTMENT OF REVENUE
ENFORCEMENT DIVISION
ANALYSIS OF HB 133
March 2, 1987

Equipment

6	Workstations for Support Personnel	@ \$5,273.73	31.6
6	Swivel-Tilt Chairs with arms	@ \$640.81	3.8
1	File cabinets (5 drawer legal w/lock)	@ \$341.35	.3
6	12 digit Desk Calculators (printing)	@ \$135.03	.8
3	IBM Computer Terminals	@ \$1,200.00	3.6
6	Telephones	@ \$343.00	<u>2.1</u>

Total Equipment 42.2

Total \$273.7

Program Effects

The Permanent Fund Corporation is currently estimating the value of the 1987 dividend to be over \$700. If this figure is accurate, then passage of this bill would reduce available funds for attachment by Post-Secondary Education by at least \$5,600,000 (8,000 denied applicants x \$700).

Additionally, there would be no PFD monies available for attachment by other state or federal agencies trying to collect debts from these individuals.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

E

REQUEST _____
Revision Date: _____
Title: Act Relating to Eligibility for
Permanent Fund Dividends
Sponsor: Pearce, Larson, Gruenberg, Ulmer
Requestor: Hlth, Ed., & Social Services

Bill Version: HB 133

Publish Date: _____

Agency Affected: Revenue

BRU: Public Services - Permanent Fund
Dividend

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared by: Sally Smith
Division: Public Services

Phone: 465-2392
Date: February 20, 1987

Approved by: J. Malone
Commissioner: _____
Agency: Revenue

Date: 3/2/87

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management & Budget
Impacted Agency(ies)
Senate Secretary

(SEE NOTE
ON ENFORCEMENT
FISCAL NOTE. HW)

5-0533L

Cook

4/8/87

Original sponsors: Pearce, Larson,
Gruenberg, et al.

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 133 (HESS)

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 the scholarship loan program and
7 the collection of scholarship loans; and providing
8 for an effective date."

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

10 * Section 1. AS 14.43.120(b) is amended to read:

11 (b) Scholarship loans may only be used to attend a

12 (1) career education institution [PROGRAM] that has been
13 approved by the commission before July 1, 1986, or has been operating
14 for at least two years before the borrower attends; or

15 (2) college or university that

16 (A) has been approved by the commission before July 1,
17 1986, or has been operating for at least two years before the
18 borrower attends;

19 (B) is accredited by a national or regional accredita-
20 tion association recognized by the Council on Postsecondary
21 Accreditation or is approved by the commission; and

22 (C) if the loans are federally insured, is approved by
23 the United States Commissioner of Education.

24 * Sec. 2. AS 14.43.120(i) is amended to read:

25 (i) If a loan is in default, the commission shall notify the
26 borrower that repayment of the remaining balance is accelerated and
27 due, by sending the borrower a notice by registered or certified mail.
28 The permanent fund dividend of a defaulted borrower may be taken under
29 AS 43.23.065(b)(4) to satisfy the balance due on the defaulted loan.

1 * Sec. 3. AS 14.43.120(1) is amended to read:

2 (1) The state will pay the interest on that portion of a loan
3 that is not federally insured during

4 (1) the period in which a borrower is a full-time student
5 [BEFORE THE BEGINNING OF THE REPAYMENT PERIOD OF THE LOAN]; [AND]

6 (2) deferments under (k) of this section; and

7 (3) the 12 months after the borrower ceases to be a full-
8 time student if the borrower has paid an amount equal to 10 percent of
9 the total loan balance before the end of the 12-month period.

10 * Sec. 4. AS 14.43.120 is amended by adding a new subsection to read:

11 (r) Each loan shall include a notice to the loan applicant of
12 the provisions of (i) of this section and the provisions of AS 43.23.-
13 067.

14 * Sec. 5. AS 43.23 is amended by adding a new section to read:

15 Sec. 43.23.067. CLAIMS OF DEFAULTED SCHOLARSHIP LOANS. (a)
16 AS 09.38 does not apply to permanent fund dividends taken under
17 AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under
18 AS 14.43.120(i) is accomplished by delivering a certified claim to the
19 department containing the following information:

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

22 (2) the amount the individual owes on the scholarship loan;
23 and

24 (3) a statement that

25 (A) the debt has not been contested, or, if contested,
26 that the issue has been resolved in favor of the Alaska Commis-
27 sion on Postsecondary Education; and

28 (B) if the debt has been contested and resolved in
29 favor of the Alaska Commission on Postsecondary Education, no

1 appeal is pending, the time limit for filing an appeal has ex-
2 pired, or the appeal has been resolved in favor of the commis-
3 sion.

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

8 (1) the amount of the claim; and

9 (2) notice that the amount of the permanent fund dividend
10 that does not exceed the amount of the claim shall be paid to the
11 Alaska Commission on Postsecondary Education unless the commission
12 releases the claim or the individual requests a hearing within 30 days
13 after the date the notice is sent by the department.

14 (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an
15 individual under (b)(2) of this section. If a request for a hearing
16 is not received by the department within the required time limit, the
17 department shall pay to the Alaska Commission on Postsecondary Educa-
18 tion the amount of the permanent fund dividend that does not exceed
19 the amount of the claim.

20 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).
21
22
23
24
25
26
27
28
29

Cook changed to
Bradley draft

COOK 5-0533L
Bradley
4/6/87

Original sponsors: Pearce, Larson,
Gruenberg, et al.

del. to Koponen

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 133 (HESS)

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 the ^{scholarship} collection of ~~student~~ loans
7 ~~and~~ ^{scholarship} ~~student~~ loan program; and providing
8 for an effective date."

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

0 * Section 1. AS 14.43.120(b) is amended to read:

1 (b) Scholarship loans may only be used to attend a

2 (1) career education institution [PROGRAM] that has been
3 approved by the commission before July 1, 1986, or has been operating
4 for at least two years before the borrower attends; or

15 (2) college or university that

16 (A) has been approved by the commission before July 1,
17 1986, or has been operating for at least two years before the
18 borrower attends;

19 (B) is accredited by a national or regional accredita-
20 tion association recognized by the Council on Postsecondary
21 Accreditation or is approved by the commission; and

22 (C) if the loans are federally insured, is approved by
23 the United States Commissioner of Education.

24 * Sec. 2. AS 14.43.120(i) is amended to read:

25 (i) If a loan is in default, the commission shall notify the
26 borrower that repayment of the remaining balance is accelerated and
27 due, by sending the borrower a notice by registered or certified mail.
28 The permanent fund dividend of a defaulted borrower may be taken under
29 AS 43.23.065(b)(4) to satisfy the balance due on the defaulted loan.

1 * Sec. 3. AS 14.43.120(1) is amended to read:

2 (1) The state will pay the interest on that portion of a loan
3 that is not federally insured during

4 (1) the period in which a borrower is a full-time student
5 [BEFORE THE BEGINNING OF THE REPAYMENT PERIOD OF THE LOAN]; [AND]

6 (2) deferments under (k) of this section; and

7 (3) the 12 months after the borrower ceases to be a full-
8 time student if the borrower pays an amount equal to 10 percent of the
9 total loan balance before the end of the 12-month period.

10 * Sec. 4. AS 14.43.120 is amended by adding a new subsection to read:

11 (r) Each loan shall include a notice to the loan applicant of
12 the provisions of (i) of this section and the provisions of AS 43.23.-
13 067.

14 * Sec. 5. AS 43.23 is amended by adding a new section to read:

15 Sec. 43.23.067. CLAIMS OF DEFAULTED ^{SCHOLARSHIP} STUDENT LOANS. (a) AS 09.-
16 38 does not apply to permanent fund dividends taken ~~to satisfy debts~~
17 under AS ^{14.43.120(i)} ~~43.23.065(b)(4)~~. Notwithstanding AS 09.35, execution on a
18 claim under AS ^{14.43.120(i)} ~~43.23.065(b)(4)~~ is accomplished by delivering a cer-
19 tified claim to the department containing the following information:

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

22 (2) the amount the individual owes ^{on the scholarship loan} ~~to the commission~~; and

23 (3) a statement that

24 (A) the debt has not been contested, or, if contested,
25 that the issue has been resolved in favor of the ^{Alaska Commission on Post secondary Education} ~~commission~~; and

26 (B) if the debt has been contested and resolved in
27 favor of the ^{Alaska Commission on Post secondary Education} ~~commission~~, no appeal is pending, the time limit for
28 filing an appeal has expired, or the appeal has been resolved in
29 favor of the commission.

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

5 ~~(1) a notification of the commission action;~~

6 (1) the amount of the claim; *and*

7 (2) notice that the amount of the permanent fund dividend

8 that does not exceed the amount of the claim shall be paid to the
9 *Alaska Commission on Postsecondary Education*
10 ~~commission~~ unless the commission releases the claim or the individual
11 requests a hearing within 10 days after the date the notice is sent by
12 the department.

13 (c) AS 44.62.330 - 44.62.630 apply to a hearing requested by an
14 individual under (b)(²) of this section. If a request for a hearing
15 is not received by the department within the required time limit, the
16 department shall pay the amount of the permanent fund dividend that
17 does not exceed the amount of the claim to the *Alaska Commission on Postsecondary Education*
18 ~~commission, making the~~
19 ~~claim.~~

20 * Sec. 6. This Act takes effect July 1, 1987.



Official Business

COMMITTEE:

House HESS Committee

DATE: 3/26/87

SIGN-IN

Subject of meeting:

~~CSB-715 - Transport/Tuition Supplemental~~
~~HB 133 - Transportation/Tuition Supplemental~~
~~HB 135 - Educational Coursework Study~~

HB 131

HB 133

HB 135

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? & Which Bill.
Dave Gray	C510	2444	Sen. Newsley	SB 115
Jack Kreinkade	OMB	3568		
KERRY ROMESBURG	POSTSECONDARY EDUCATION	2857-1	POST SEC. COMMISSION	HB 131 HB 133 HB 135
Larry Huxel	DOE	2865	Dept. of Education	Available to Comm SB 115 / HB 13
RON LARSON	C500	3727		HB 131
Diane Pearce	C612	4993	Self	133 135

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____

Bill Version: CS HB 133

Publish Date: _____

Revision Date: _____

Agency Affected: Revenue

Title: An Act relating to the scholar-
ship loan program ...

BRU: Permanent Fund Dividend

Sponsor: House Health, Education and
Social Services Committee

Components: Enforcement

Requestor: House HESS 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 Necessary

Prepared By: Thomas C. Williams

Phone: 465-2366

Division: Enforcement Division

Date: April 13, 1987

Approved by Commissioner: [Signature]

Date: April 13, 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