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STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

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.

Mary Van Nimwegen

H. JUD.	5-3-88	1:30p.m.
H. JUD.	4-29-88	1:30p.m.
H. JUD.	4-28-88	1:30p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/28/88

FURTHER REFERRALS:

DATE: May 3, 1988

The Judiciary Committee has considered CSSB 444(Fin)

"An Act relating to eligibility for permanent fund dividends and providing civil penalties for certain conduct involving permanent fund dividends; and providing for an effective date."

RECOMMENDS:

- replace with HCS CSSB 444(Jud) 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 4/12/88
- zero with analysis

SIGNING DO PASS:

[Signature]
Jim G...
Mike Savane

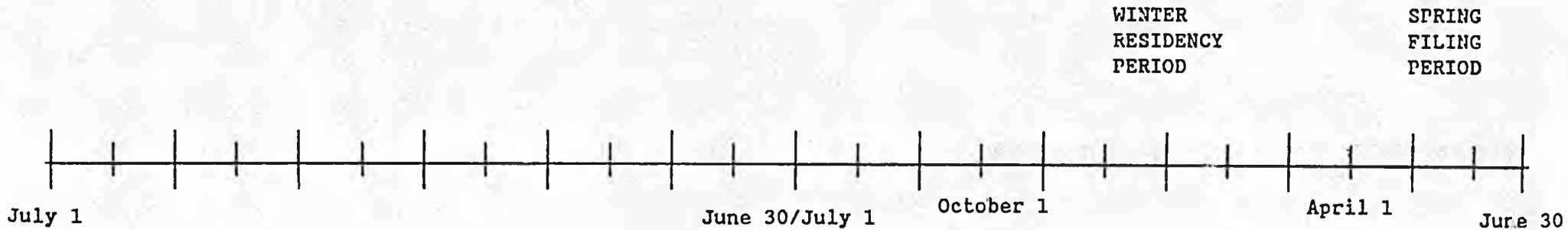
SIGNING OTHER RECOMMENDATIONS:

[Signature]
Senora ... (filed ...)
Max F. ... / no rec

Chairman's signature

HCS SB 444 (State Affairs)
TIGHTENING UP ON ELIGIBILITY REQUIREMENTS
FOR PERMANENT FUND DIVIDENDS

THE PERMANENT FUND DIVIDEND YEAR



Requirements for PFD eligibility

CURRENT
LAW

1. Timely application.
2. Intent to make Alaska a permanent home.
3. Physical presence for more than half of the winter or an allowable absence.

SB 444:
ADDITIONAL
REQUIREMENTS

Requires physical presence at some time since July 1 of the year two years previous to the date of application.

How many PFD s were paid?

1986- 532,000 1987- 530,000

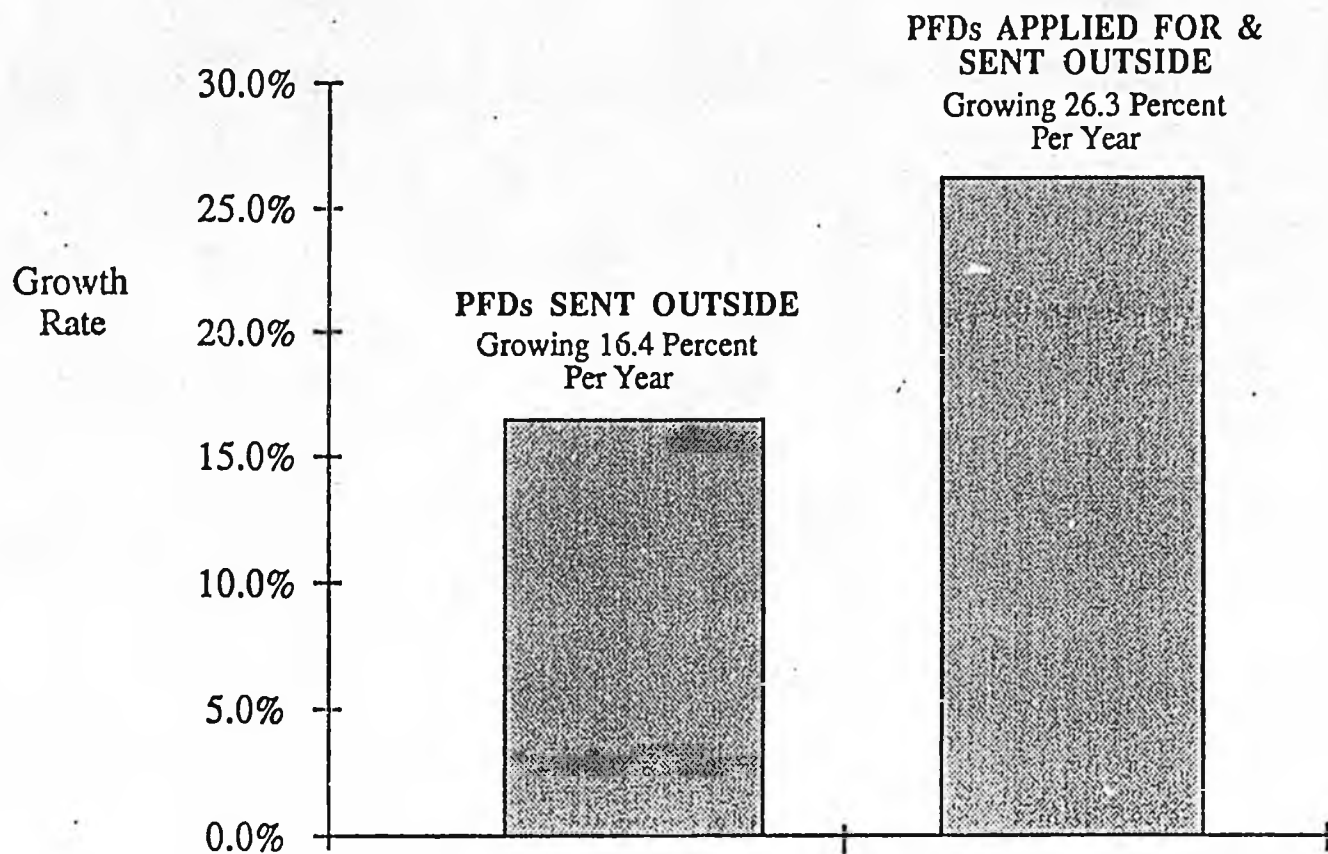
How many of these PFDs were
paid to out-of-state addresses?

1986- 19,500 1987- 22,700

*Of these PFDs,
how many were paid
to persons who also
applied from out-of-state?*

1986- 9,900 1987- 12,500

Changes In Permanent Fund Dividends: 1986-87



HCS SB 444

- * Adds requirement of physical presence at some time between date of application and July 1 of the year two years previous to the date of application. This requirement would in effect apply only to applicants with allowable absences, because all other applicants physically live in Alaska during the winter residency period.

- * Establishes civil penalties for misconduct in application for both applicant and certifying witnesses (intentional fraud still a criminal offense).

- * Adds at least \$8 million to Alaska economy in 1989.

- * Increases 1989 Permanent Fund Dividend by \$15 or more.

- * Effective date: January 1, 1989.

EVERYBODY WHO GETS A PFD SHOULD HAVE BEEN TO ALASKA IN AT LEAST TWO YEARS

- * Now 2% of PFDs go to people who apply from Outside - next year it will be 3% and in 1989 it will go to 4% of all PFDs if we don't pass this bill now. (THIS TRANSLATES TO 12,500 PFDs IN 1987, OVER 17,000 PROJECTED IN 1988 AND OVER 23,000 PROJECTED IN 1989.)
- * More than 300 people got PFDs in 1987 who haven't seen Alaska in five years.
- * People are pulling this off by claiming allowable absences, and allowable absences are exploding.
- * If you have an allowable absence, all you need to get a PFD is to claim intent to make Alaska a permanent home - we obviously can't X-ray their heads, so the number of people claiming allowable absences is ballooning.
- * We need a simple rule to solve this problem which applies to everybody - this bill does that.
- * The bill adds one additional requirement for all those who claim allowable absences - "Have you been back to Alaska in the past two years?"
- * The bill draws a line we want to draw - people who have ties to Alaska will come back here at least once in two years - especially if their way is paid by the two dividends they will thus be eligible for.
- * Adding any exceptions to the two-year rule for allowable absences will ultimately gut the bill.
- * The two-year rule for allowable absences will be enforced by civil penalties for both applicants and the two certifying witnesses (intentional fraud still a criminal offense).
- * This bill will put at least \$8 million in the Alaska economy in 1989 and every year after that - this is over 15% of the impact of the Jobs Bill.
- * This bill is expected to increase the 1989 PFD by at least \$15 and more in later years

Revenue



Official Business

Alaska State Legislature

House

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

MEMORANDUM

TO: All Members

FROM: Representative John Sundt
Representative Mark Boyer
Representative Cliff Davidson
Representative Lyman Hoffman
Representative Curt Menard

SUBJECT: HCS SB 444 (Judiciary) - Permanent Fund Eligibility

DATE: May 5, 1988

We urge you to support this bill without amendment.

Each year, an increasing number of permanent fund dividends are paid to persons filing from outside the state of Alaska. Loopholes in the "allowable absence" provision allowed 12,500 dividends to be paid to out-of-state filers, up 26% from the year before.

Also increasing every year is the number of dividends paid to persons who have not set foot in the state in over five years.

SB 444 does not eliminate allowable absences. It does, however, add an additional requirement which will demonstrate a continuing tie to the state of Alaska on the part of filers by requiring them to be physically present in the state at least once in the two years prior to filing.

This new requirement will apply to all persons claiming an allowable absence, without exception. In our opinion, it is reasonable to expect anyone claiming continued residency in our state to return here at least once every two years, whatever the reason for the allowable absence.

We believe that the House Judiciary Committee Substitute treats all applicants equally and fairly, and we urge you to

Allowable absences are exceptions to the rule that to get a Permanent Fund Dividend, you have to live in Alaska during the October 1 - March 31 residency period.

If somebody has an allowable absence, he can be gone all year, year after year after year. There are 2,500 people getting Permanent Fund Dividends who apply from outside -- virtually all have allowable absences.

More than 300 people are getting Permanent Fund Dividends who haven't set foot in Alaska in more than 5 years.

Under current law, there can be no flat rule stopping someone from coming to Alaska for one day, leaving on an allowable absence and collecting Permanent Fund Dividends forever outside of Alaska.

Allowable Absences are:

- Military
- Alaska members of Congress
- State employees
- Prisoners (both adults and minors)
- Spouses and dependents of all those with allowable absences
- Medical cases
- Alaska Congressional staff
- Peace Corps
- Catch-all (anybody whose absence looks temporary -- few get this)

Breakdown of 12,500 is:

- Military spouses and dependents	50%
- Military members	25%
- Students	10%
- Students' spouses and dependents	10%
- Miscellaneous	5%
	<u>100%</u>

Other Proposed Solutions

It is unconstitutional to limit Permanent Fund Dividends for people on allowable absences only to people who were residents before they became soldiers, students, etc.

It is unfeasible to solve this problem through tough enforcement; we have 11 people in Permanent Fund Dividend enforcement now -- further reliance on enforcement will force us to hire more state employees or turn the law into a joke.

"Picking up the checks in Alaska" -- It is unconstitutional to require residency at time of receipt of Permanent Fund Dividends.

Amendments with Exceptions for Groups

This bill only works if it applies to everybody.

Military

- 30 days of leave each year -- they can come here in 2 years.
- Free flights on military transport planes -- they can come home for free.
- Most military people getting Permanent Fund Dividends outside first established Alaska residency when they rotated up here in the military.

Students

- Two-year window has two Christmases, one whole summer, and parts of two others.

Medical Cases

- This allowable absence is really for medical care unavailable in Alaska-- for emergency operations--not for long-term moves out of the state.

Peace Corps

- Two-year minimum service, although 13 months is average service.

Distribution only to:

- Boyer
- Coffen
- Hoffman
- ✓ ~~Bass~~ Sund

Questions and Answers on
HCS SB 444

*Q. What are allowable absences?

A. Allowable absences are statutory and regulatory exceptions to the rule that people can only get Permanent Fund Dividends if they live in Alaska during the October 1 - March 31 winter residency period.

If someone has an allowable absence, he or she can be gone from Alaska "year after year after year."

*Q. How many people are using allowable absences?

A. There were 12,500 people who received Permanent Fund Dividends in 1987 who applied from outside Alaska. Virtually all claimed allowable absences.

*Q. What are the allowable absences?

- A.
- Military
 - Students
 - Medical cases
 - Service in Congress from Alaska
 - Congressional staff service
 - Peace Corps
 - Prisoners (both adults and minors)
 - Service as state employee
 - Anybody whose absence seems temporary ("catch-all")
 - Spouses and dependents of anybody with an allowable absence.

*Q. Which allowable absences are used the most by people getting Permanent Fund Dividends outside?

A.	- Military <u>families</u>	50%
	- Military <u>members</u>	25%
	- Students	10%
	- Students' <u>families</u>	10%
	- Miscellaneous (mostly "catch-all")	<u>5%</u>
		100%

*Q. Are there actually people receiving Permanent Fund Dividends who have not set foot in Alaska for more than five years?

A. Yes. More than 300 people are receiving Permanent Fund Dividends in 1987 who stated on the application form that they have not been to Alaska in more than five years.

*Q. Is there any flat rule against someone coming to Alaska for one day, leaving the state on an allowable absence, and collecting Permanent Fund Dividends for as long as he keeps his allowable absence while never setting foot in the state again?

A. No, and under current law, no regulation could keep this from happening.

*Q. Could we legally keep people from getting Permanent Fund Dividends while they were on an allowable absence unless they were residents before they entered the activity (military, college, etc) which gave them the allowable absence?

A. No. This would be unconstitutional. Domicile and residence mean the same under constitutional law. There is no legal distinction.

*Q. Why not exempt military from the two-year window?

- 30-day leave each year.
- Military transport planes available for free flights back to Alaska.
- Most military people getting Permanent Fund Dividends outside originally established Alaska residency when they came here in the military.

*Q. Why not exempt the students from the two-year window?

A. Two years has two Christmases and one whole summer and parts of two others.

*Q. Why not exempt medical cases?

A. This allowable absence is really for medical care unavailable in Alaska--for emergency operations--not for long-term moves out of the state.

*Q. Why not exempt the Peace Corps?

A. The minimum period of service for the Peace Corps is two years; however, the average length of service is 13 months.

Three to four weeks of vacation per year with holiday allowance.

*Q. Why not exempt Congressional staff?

A. Two years is long enough for the Congressional staff to be away from the state without ever visiting.

*Q. What about the Governor's Office in D.C.?

A. They say they will be OK under this bill.

*Q. Why can't we just handle this problem through tough enforcement and administration residency rules?

A. If the current law is not going to be a joke, we would have to spend a lot of money and add a lot of state employees.

*Q. What about a legislative letter of intent saying that people claiming Permanent Fund Dividends after being out of the state on allowable absences for more than five years should carry the burden of proving residency in Alaska?

A. That is the law today. The Department of Revenue has established a rebuttable presumption that anyone who has been out of state during the winter residency period for more than five years is no longer a state resident. More than 300 people beat that presumption in 1987, and more will claim it in the future. It will be very expensive to enforce this regulation effectively.

FISCAL NOTE

REQUEST

Revision Date: _____
Title: An Act relating to eligibility
for permanent fund dividends
Sponsor: House State Affairs
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
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-
LANDS & 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-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

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: Please see attached.

Prepared By: Ervin B. Jones, Director Phone: 465-2323
Division: Permanent Fund Dividend Division Date: April 28, 1988

Approved by Commissioner: Hugh Malone Date: _____
Agency: Revenue

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
CSCSSB 444 (State Affairs)
As of April 28, 1988

This legislation would reduce the number of eligible applicants for Permanent Fund Dividends by approximately 6,000 in 1989. Although an exact figure is not possible, this reduction in applicants will serve to increase future Permanent Fund Dividends by approximately \$10.

Since persons now filing from out-of-state represent a substantial part of the Division's civil investigation effort, any real reduction will result in some decreased administrative costs in the FY 91 budget request, all else being equal. Some portion of the potential savings will be directed to increasing our efforts in criminal investigation, to reduce the potential for fraudulent filings. See attached position paper.

DEPARTMENT OF REVENUE
POSITION PAPER ON
HCS SB 444 (State Affairs)

Introduction

The Department of Revenue supports HCS SB 444 (State Affairs). This bill tightens up the rules on Permanent Fund Dividend eligibility and makes those rules easier to enforce. The bill would raise the annual dividend by at least \$15.

HCS SB 444 (State Affairs) would go a long way to reverse a trend allowed by current law. The number of people receiving Permanent Fund Dividends is falling, but the number of people receiving Permanent Fund Dividends who apply from out of state is rapidly increasing.

Approximately 12,500 dividends are now going to people who give out-of-state addresses when they file. This is more than two percent of all 1987 Permanent Fund Dividends, and represents a 25 percent increase over the figure for 1986. The Department of Revenue estimates that a minimum of two-thirds of this group -- at least 8,000 people -- are gone from the state for more than a year by the time they receive a dividend. Approximately 300 people are receiving 1986 and 1987 Permanent Fund Dividends who have not physically touched Alaska in more than five years.

Loopholes in the Eligibility Requirements for Permanent Fund Dividends

The substantial and growing number of people receiving Permanent Fund Dividends who apply from outside of Alaska is the product of some loopholes in the eligibility requirements for Permanent Fund Dividends.

Under current law, there are three requirements for someone to receive a Permanent Fund Dividend. First, the person must file an application between April 1 and June 30. Second, the person applying has to be a resident of Alaska for at least the six consecutive months between October 1 and March 31. Third, a person must be a state resident on the date of application. Thus, to get a dividend, someone must be a state resident for most of the fall and winter and still claim to be a resident for one day in the spring (AS 43.23.005 and 15 AAC 23.625).

There are two requirements for someone to be a state resident. First, the person must have an intent to remain permanently if that person is physically present in the state, and must have an intent to return and remain permanently if the person is absent (AS 43.23.095 and 15 AAC 23.665(k)). Second, the person either must be physically present in Alaska for 90 days or more between October 1 and March 31 or be absent for an allowable reason (called an "allowable absence"). The law also requires someone to have an allowable absence if he or she is absent more than 60 consecutive days from the state between October 1 and March 31.

Allowable absences thus draw a sharp line dividing those people who claim an intent to make Alaska their permanent home. If such a person is gone from Alaska for most of the winter or gone for all of the spring without an allowable absence, that person cannot legally receive that year's Permanent Fund Dividend. If a person has an allowable absence, on the other hand, that person may be gone for all of the winter window, gone for all of the spring filing period, and gone for all of the rest of the year -- year after year after year.

Under current law, there is no flat rule against someone coming to Alaska for a day, leaving the state on an allowable absence, and collecting Permanent Fund Dividends as long as he or she retains the allowable absence while never setting foot in the state again.

Approximatively 95 percent of those people receiving 1987 dividends who applied for them from outside the state also claimed allowable absences. More than \$8 million in dividends went to this group.

Approach of CS SB 444 (Finance)

The legislation passed by the Senate would add two rules to current law concerning eligibility for Permanent Fund Dividends. The first additional rule is that, with several exceptions, applicants must be physically present the day they apply. Since the legislation does not change the application period, this would mean that applicants not fitting into the exceptions would have to be physically present in Alaska each spring for one day.

The exceptions to the physical-presence requirement at the time of application are:

1. active duty military members;
2. full-time secondary, postsecondary, or vocational students;
3. persons receiving medical treatment that is not available in the state;
4. members of Congress; and
5. any other group that the Commissioner of Revenue may allow by regulation.

The second additional rule established by CS SB 444 (Finance) is that applicants cannot claim an allowable absence for more than five consecutive years unless the applicant claims one of four exceptions. This rule means that after spending five winters in a row outside the state, all applicants not fitting into one of the exceptions must physically live in Alaska for most of the sixth winter.

The four exceptions to the "five-year cutoff" rule are:

1. persons receiving medical treatment that is not available in the state;
2. members of Congress;
3. spouses and dependents of persons receiving medical treatment that is not available in the state; and
4. spouses and dependents of members in Congress.

The effect of these rules and exceptions in CS SB 444 (Finance) is to create four classes of allowable absences. They are:

- A. Persons who have to come back one day each spring but do not have to move back after five years away to spend the sixth winter in Alaska. Included in this class are: (1) Congressional spouses and dependents; and (2) medical cases' spouses and dependents.
- B. Persons who have to come back to Alaska after five consecutive years away to spend the sixth winter in the state but do not have to return each spring to apply while physically present in the state: (1) active duty military members; (2) full-time secondary, postsecondary, or vocational students; and (3) any other persons the Commissioner of Revenue may allow by regulation.
- C. Persons not subject to either rule. Included in this class are: (1) persons receiving medical treatment that is not available in the state; and (2) members of Congress.
- D. Persons subject to both rules. Persons claiming all other allowable absences are subject to both rules.

The bill passed by the Senate also establishes civil penalties for applicants who engage in willful misrepresentation, gross negligence, or reckless disregard of material facts concerning eligibility.

Approach of HCS SB 444 (State Affairs)

The Senate bill is preferable to current law. The Department of Revenue favors HCS SB 444 (State Affairs), however, because the Department believes this bill is simpler, more fair, and more stable than the Senate version of the legislation. In addition, HCS SB 444 (State Affairs) draws a line between applicants consistent with the dividend program's philosophy. Finally, HCS SB 444 (State Affairs) will raise the dividend by a greater amount than the Senate bill would.

In contrast to the two additional rules and multiple exceptions contained in the Senate bill, HCS SB 444 (State Affairs) includes one rule on eligibility. That rule is that any applicant claiming an allowable absence must also have been physically present in Alaska at some time since July 1 two years previous to the year of application.

Adding this requirement would establish a relatively easily measured indicator of the intent held by the person claiming Alaska residency while living elsewhere. The bill's enactment would reflect a legislative presumption that the person who truly intends to return and remain permanently will retain sufficient ties to the state to be present at least one day in two years. This additional requirement would also make sure that Permanent Fund Dividend recipients have not completely lost touch with Alaska.

Requiring the applicant to certify that he or she has been physically present at some time is an administratively simple way of testing a person's intent to return and remain permanently in Alaska. The application form already requires that an applicant certify his or her residency on the date of application, and also requires that two other persons certify the applicant's residency. This legislation would allow the Department of Revenue to require the applicant and these two certifying witnesses to attest to the additional simple fact that the applicant has been in Alaska since July 1 two years before.

This requirement will make it more likely that dividends will be spent in Alaska. Now, more than \$8 million in dividends goes to people who apply from outside Alaska.

Putting this money back into the state has another benefit. If this bill passed, the Department of Revenue estimates that in 1989 at least 10,000 fewer people will receive dividends than would under current law. This will increase the dividend by more than \$15 per Alaskan.

The proposed legislation also establishes civil penalties for both applicants and certifying witnesses for willful misrepresentation, gross negligence, or reckless disregard of material facts concerning eligibility. Current law allows two methods of dealing with individuals who have wrongly claimed permanent fund dividends. One method is available against all individuals who have received dividends to which they were not entitled, whatever their state of mind. This method is the assessment, an administrative procedure in which the Department of Revenue attempts to recover the dividend which the individual received (AS 43.23.035(b)). The other method is criminal prosecution, which is aimed only at those who have intentionally engaged in fraud (the crime is "unsworn falsification" under AS 11.56.210). Intent to defraud can be difficult to prove, especially to the high standard of beyond a reasonable doubt required by the criminal law.

The proposed legislation would authorize the Department of Revenue to seek civil penalties which could exceed the value of the dividend(s) wrongly obtained for those who have engaged in undesirable behavior short of intentional fraud. The bill would establish civil fines of up to \$5,000 for those who are found to have engaged in willful misrepresentation, gross negligence, or reckless disregard of material facts involving their eligibility for dividends. The standard of proof required would be lower than that required in criminal prosecutions.

The civil penalties would apply to such conduct by certifying witnesses as well as by the applicants. This approach is appropriate given the importance of the certifications given by the certifying witnesses that the applicant satisfies all the requirements.

Timing of SB 444

This bill would take effect January 1, 1989 and will have its first impact on the 1989 dividend distribution. This is appropriate, because printing deadlines make it too difficult to make the changes in the 1988 dividend application forms which would be required if the changes in the law went into effect this year.

Information about the loopholes in the Permanent Fund Dividend program appears to be spreading, however, which makes it critical for the Legislature to pass a bill this session which can go into effect for the 1989 dividend distribution. With the one-year lag between passage and implementation effectively forced by printing deadlines, the Legislature must take action this session, or the earliest dividend distribution it can affect will be in 1990.

Paying dividends to the people who claim to be Alaskans but have been gone for years is not what the program is all about. We believe this bill is needed to protect the integrity of the dividend program.

Original sponsors: Hensley, Kerttula,
Abood and Elias n

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 444 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to eligibility for permanent fund
7 dividends and providing civil penalties for certain
8 conduct involving permanent fund dividends; and
9 providing for an effective date."

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

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

12 (a) An individual is eligible to receive one permanent fund
13 dividend each year in an amount to be determined under AS 43.23.025 if
14 the individual applies to the department, and if

15 (1) on the date of application the individual is a state
16 resident; [AND]

17 (2) the individual was a state resident for a period of at
18 least six consecutive months immediately preceding April 1 of the
19 current dividend year; and

20 (3) the individual has been physically present in the state
21 at some time during the period beginning July 1 two years before the
22 date of application and ending on the date of application.

23 * Sec. 2. AS 43.23.015(b) is amended to read:

24 (b) The department shall prescribe and furnish an application
25 form for claiming a permanent fund dividend. The application must
26 contain a statement of eligibility and a certification of residency in
27 substantially the following form:

28 I certify that

29 () I am a state resident on the date of this ap-

1 plication, [AND] I have been a state resident for at
2 least six months immediately preceding April 1 of the
3 current dividend year, and I have been physically
4 present at some time during the period beginning
5 July 1 two years before the date of application and
6 ending on the date of this application; or

7 () (name), the individual on whose behalf I am
8 applying, is a state resident on the date of this
9 application, [AND] has been a state resident for at
10 least six months immediately preceding April 1 of
11 the current dividend year, and has been physically
12 present at some time during the period beginning
13 July 1 two years before the date of application and
14 ending on the date of this application.

15 I understand that a false claim of eligibility
16 [RESIDENCY] to obtain a permanent fund dividend for
17 myself or for another is a criminal offense, [AND]
18 that if convicted I will forfeit future [PERMANENT
19 FUND] dividends, and that I must repay all [PERMA-
20 NENT FUND] dividends that have been paid to me. I
21 understand that if I wilfully misrepresent, exer-
22 cise gross negligence, or recklessly disregard a
23 material fact regarding my eligibility for a perma-
24 nent fund dividend I will forfeit the dividend, be
25 subject to a civil fine of up to \$5,000, and lose
26 my eligibility for the next five dividends. I un-
27 derstand that these penalties are [THIS PENALTY IS]
28 in addition to any criminal penalties imposed.

1 (signature of individual,
2 parent, guardian, or other
3 authorized representative)

4 * Sec. 3. AS 43.23.035 is amended by adding a new subsection to read:

5 (c) An individual who, in claiming a permanent fund dividend, or
6 an individual who, in certifying another person's eligibility, wilful-
7 ly misrepresents, exercises gross negligence, or recklessly disregards
8 a material fact pertaining to eligibility forfeits the dividend, is
9 subject to a civil fine of up to \$5,000, and loses eligibility to
10 receive the next five dividends following the forfeited dividends.
11 The commissioner may commence proceedings in court to enforce this
12 subsection.

13 * Sec. 4. This Act takes effect January 1, 1989.
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5-1919N
Cook
4/30/88

Original sponsors: Hensley, Kerttula,
Abood and Eliason

1 IN THE SENATE BY THE JUDICIARY COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 444 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to eligibility for permanent fund
7 dividends and providing civil penalties for certain
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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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14 the individual applies to the department, and if

15 (1) on the date of application the individual is a state
16 resident; [AND]

17 (2) the individual was a state resident for a period of at
18 least six consecutive months immediately preceding April 1 of the
19 current dividend year; and

20 (3) the individual has been physically present in the state
21 at some time during the period beginning July 1 two years before the
22 date of application and ending on the date of application.

23 * Sec. 2. AS 43.23.015(b) is amended to read:

24 (b) The department shall prescribe and furnish an application
25 form for claiming a permanent fund dividend. The application must
26 contain a statement of eligibility and a certification of residency in
27 substantially the following form:

28 I certify that

29 () I am a state resident on the date of this ap-

1 plication, [AND] I have been a state resident for at
2 least six months immediately preceding April 1 of the
3 current dividend year, and I have been physically
4 present at some time during the period beginning
5 July 1 two years before the date of application and
6 ending on the date of this application; or

7 () (name), the individual on whose behalf I am
8 applying, is a state resident on the date of this
9 application, [AND] has been a state resident for at
10 least six months immediately preceding April 1 of
11 the current dividend year, and has been physically
12 present at some time during the period beginning
13 July 1 two years before the date of application and
14 ending on the date of this application.

15 I understand that a false claim of eligibility
16 [RESIDENCY] to obtain a permanent fund dividend for
17 myself or for another is a criminal offense, [AND]
18 that if convicted I will forfeit future [PERMANENT
19 FUND] dividends, and that I must repay all [PERMA-
20 NENT FUND] dividends that have been paid to me. I
21 understand that if I wilfully misrepresent, exer-
22 cise gross negligence, or recklessly disregard a
23 material fact regarding my eligibility for a perma-
24 nent fund dividend I will forfeit the dividend, be
25 subject to a civil fine of up to \$5,000, and lose
26 my eligibility for the next five dividends. I un-
27 derstand that these penalties are [THIS PENALTY IS]
28 in addition to any criminal penalties imposed.

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(signature of individual,
parent, guardian, or other
authorized representative)

* Sec. 3. AS 43.23.035 is amended by adding a new subsection to read:

(c) An individual who, in claiming a permanent fund dividend, or an individual who, in certifying another person's eligibility, wilfully misrepresents, exercises gross negligence, or recklessly disregards a material fact pertaining to eligibility forfeits the dividend, is subject to a civil fine of up to \$5,000, and loses eligibility to receive the next five dividends following the forfeited dividends. The commissioner may commence proceedings in court to enforce this subsection.

* Sec. 4. This Act takes effect January 1, 1989.

HCS SB 444 (State Affairs)

Amendment #1

Page 1, lines 22 - 26.

Delete all material after:

"ending on the date of application."

A M E N D M E N T #2

Offered in the HOUSE

By Gruenberg

TO: HCS CSSB 444(State Affairs)

Page 1, line 21:

Delete "two"

Insert "three"

Failed
3-3

Page 1, lines 22 - 26:

~~Delete"; in this paragraph "physically present" means being physically present in the state, or, if not physically present, absent only for service in Congress or service as a staff person to a member of the Alaska delegation to Congress"~~

Insert ", unless traveling to the state would have been an extreme hardship"

Page 2, line 7, after "and":

Insert ", unless traveling to the state would have been an extreme hardship,"

Page 2, line 8:

Delete "as defined in AS 43.23.005(a)(3)"

Page 2, line 9:

Delete "two"

Insert "three"

Page 2, line 16, after "and":

Insert ", unless traveling to the state would have been an extreme
hardship,"

Page 2, line 17:

Delete "as defined in AS 43.23.005(a)(3)"

Page 2, line 18:

Delete "two"

Insert "three"

LETTER OF INTENT

for HCS SB 444 (State Affairs)

It is the intent of the Legislature that the Department of Revenue scrutinize with particular care all applications for Permanent Fund Dividends from those who claim allowable absences for more than five consecutive years. It is the further intent of the Legislature that the burden of proof shall rest on such an applicant to prove he or she is still a state resident.



Official Business

Alaska State Legislature

House

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: House State Affairs Committee

FROM: Representative Fran Ulmer, Chair
House State Affairs

DATE: April 25, 1988

RE: House Committee Substitute for SB 444(SA) Work Draft

The proposed State Affairs Committee Substitute for SB 444 accomplishes the following according to the Department of Revenue:

Permanent Fund Dividend Eligibility

- Requires that an applicant be physically present at some time in the two years before application. Individuals would have to indicate their intention of making Alaska their permanent home and have an allowable absence.
- Imposes civil penalties on reckless certifying of witnesses. Intentional fraud will remain a criminal offense.

Advantages

- Administratively simpler and more stable.
- Dividend amount increases.

LETTER OF INTENT

for HCS SB 444 (State Affairs)

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DEPARTMENT OF REVENUE
POSITION PAPER ON
SB 444

Introduction

The Department of Revenue supports SB 444. This bill tightens up the rules on Permanent Fund Dividend eligibility and makes those rules easier to enforce. The bill would raise the annual dividend by at least \$15, and carries a zero fiscal note.

SB 444 would go a long way to reverse a trend allowed by current law. Both the state population and the number of people receiving Permanent Fund Dividends are falling. But the number of people receiving Permanent Fund Dividends who apply from out of state is rapidly increasing.

More than 12,000 dividends are now going to people who give out-of-state addresses when they file. This is more than two percent of all 1987 Permanent Fund Dividends, and represents a 25 percent increase over the figure for 1986. The Department of Revenue estimates that a minimum of two-thirds of this group -- at least 8,000 people -- are gone from the state for more than a year by the time they receive a dividend. Approximately 300 people are receiving 1986 and 1987 Permanent Fund Dividends who have not physically touched Alaska in more than five years.

Loopholes in the Eligibility Requirements for Permanent Fund Dividends

The substantial and growing number of people receiving Permanent Fund Dividends who apply from outside of Alaska is the product of some loopholes in the eligibility requirements for Permanent Fund Dividends.

Under current law, there are three requirements for someone to receive a Permanent Fund Dividend. First, the person must file an application between April 1 and June 30. Second, the person applying has to be a resident of Alaska for at least the six consecutive months between October 1 and March 31. Third, a person must be a state resident on the date of application. Thus, to get a dividend, someone must be a state resident for most of the fall and winter and still claim to be a resident for one day in the spring (AS 43.23.005 and 15 AAC 23.625).

There are two requirements for someone to be a state resident. First, the person must have an intent to remain permanently if that person is physically present in the state, and must have an intent to return and remain permanently if the person is absent (AS 43.23.095 and 15 AAC 23.665(k)). Second, the person either must be physically present in Alaska for 90 days or more between October 1 and March 31 or be absent for an allowable reason (called an "allowable absence"). The law also requires someone to have an allowable absence if he or she is absent more than 60 consecutive days from the state between October 1 and March 31.

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
SB 444
As of March 10, 1988

This legislation would reduce the number of eligible applicants for Permanent Fund Dividends by approximately 10,000 in 1989. Although an exact figure is not possible, this reduction in applicants will serve to increase future Permanent Fund Dividends by approximately \$15.

Since persons not filing from out-of-state represent a substantial part of the Division's civil investigation effort, any real reduction will result in some decreased administrative costs in the FY 91 budget request, all else being equal. Some portion of the potential savings will be directed to increasing our efforts in criminal investigation, to reduce the potential for fraudulent filings. See attached position paper.

Allowable absences thus draw a sharp line dividing those people who claim an intent to make Alaska their permanent home. If such a person is gone from Alaska for most of the winter or gone for all of the spring without an allowable absence, that person cannot legally receive that year's Permanent Fund Dividend. If a person has an allowable absence, on the other hand, that person may be gone for all of the winter window, gone for all of the spring filing period, and gone for all of the rest of the year -- year after year after year.

Under current law, there is no flat rule against someone coming to Alaska for a day, leaving the state on an allowable absence, and collecting Permanent Fund Dividends as long as he or she retains the allowable absence while never setting foot in the state again.

Approximately 95 percent of those people receiving 1987 dividends who applied for them from outside the state also claimed allowable absences. More than \$8 million in dividends went to this group.

SB 444's Approach

If enacted, SB 444 would make several changes consistent with the dividend program's philosophy. First, the legislation adds to current law a requirement that an applicant be physically present in Alaska on the date of application, which can be anytime between April 1 and June 30. The bill provides for only narrow exceptions to this requirement: (1) medical treatment not available in Alaska; (2) service in Congress; and (3) spouses and dependents of these people in (1) and (2).

Adding the requirement of physical presence on the date of application would establish a relatively easily measured indicator of the intent held by the person claiming Alaska residency while living elsewhere. The bill's enactment would reflect a legislative presumption that the person who truly intends to return and remain permanently will retain sufficient ties to the state to be present at least one day during the three-month filing period. This additional requirement would also make sure that Permanent Fund Dividend recipients have not completely lost touch with Alaska.

Requiring the applicant to certify that he or she is physically present on the date of application is an administratively simple way of testing a person's intent to return and remain permanently in Alaska. The application form already requires that an applicant certify his or her residency on the date of application, and also requires that two other persons certify the applicant's residency. This legislation would allow the Department of Revenue to require the applicant and these two certifying witnesses to attest to the additional simple fact that the applicant is here in Alaska the date he or she signs the form. This requirement of physical presence on the date of application will not be an excessive burden on the applicant as the applicant can choose any day of the three-month filing period (April 1 - June 30) to file.

This requirement will also make it more likely that dividends will be spent in Alaska. Now, more than \$8 million in dividends goes to people who apply from outside Alaska.

Putting this money back into the state has another benefit. If this bill passed, the Department of Revenue estimates that in 1989 at least 10,000 fewer people will receive dividends than would under current law. This will increase the dividend by more than \$15 per Alaskan.

SB 444 also cuts off allowable absences after five consecutive years (with the few narrow exceptions that apply to the physical presence rule). When combined with the requirement of physical presence when applying, the effect of this is to allow a person to be gone for most of the winter five years in a row while being present for one day in the spring each year. The following year, the applicant would have to return to Alaska to spend most of the winter.

Finally, the proposed legislation establishes civil penalties for willful misrepresentation, gross negligence, or reckless disregard of material facts concerning eligibility. Current law allows two methods of dealing with individuals who have wrongly claimed permanent fund dividends. One method is available against all individuals who have received dividends to which they were not entitled, whatever their state of mind. This method is the assessment, an administrative procedure in which the Department of Revenue attempts to recover the dividend which the individual received (AS 43.23.035(b)). The other method is criminal prosecution, which is aimed only at those who have intentionally engaged in fraud (the crime is "unsworn falsification" under AS 11.56.210). Intent to defraud can be difficult to prove, especially to the high standard of beyond a reasonable doubt required by the criminal law.

The proposed legislation would authorize the Department of Revenue to seek civil penalties which could exceed the value of the dividend(s) wrongly obtained for those who have engaged in undesirable behavior short of intentional fraud. The bill would establish civil fines of up to \$5,000 for those who are found to have engaged in willful misrepresentation, gross negligence, or reckless disregard of material facts involving their eligibility for dividends. The standard of proof required would be lower than that required in criminal prosecutions.

Timing of SB 444

This bill would take effect January 1, 1989 and will have its first impact on the 1989 dividend distribution. This is appropriate, because printing deadlines make it too difficult to make the changes in the 1988 dividend application forms which would be required if the changes in the law went into effect this year.

Information about the loopholes in the Permanent Fund Dividend program appears to be spreading, however, which makes it critical for the Legislature to pass a bill this session which can go into effect for the 1989 dividend distribution. With the one-year lag between passage and implementation effectively forced by printing deadlines, the Legislature must take action this session, or the earliest dividend distribution it can affect will be in 1990.

Paying dividends to the people who claim to be Alaskans but have been gone for years is not what the program is all about. We believe this bill is needed to protect the integrity of the dividend program.

How many PFD s were paid?

1986- 532,000 1987- 530,000

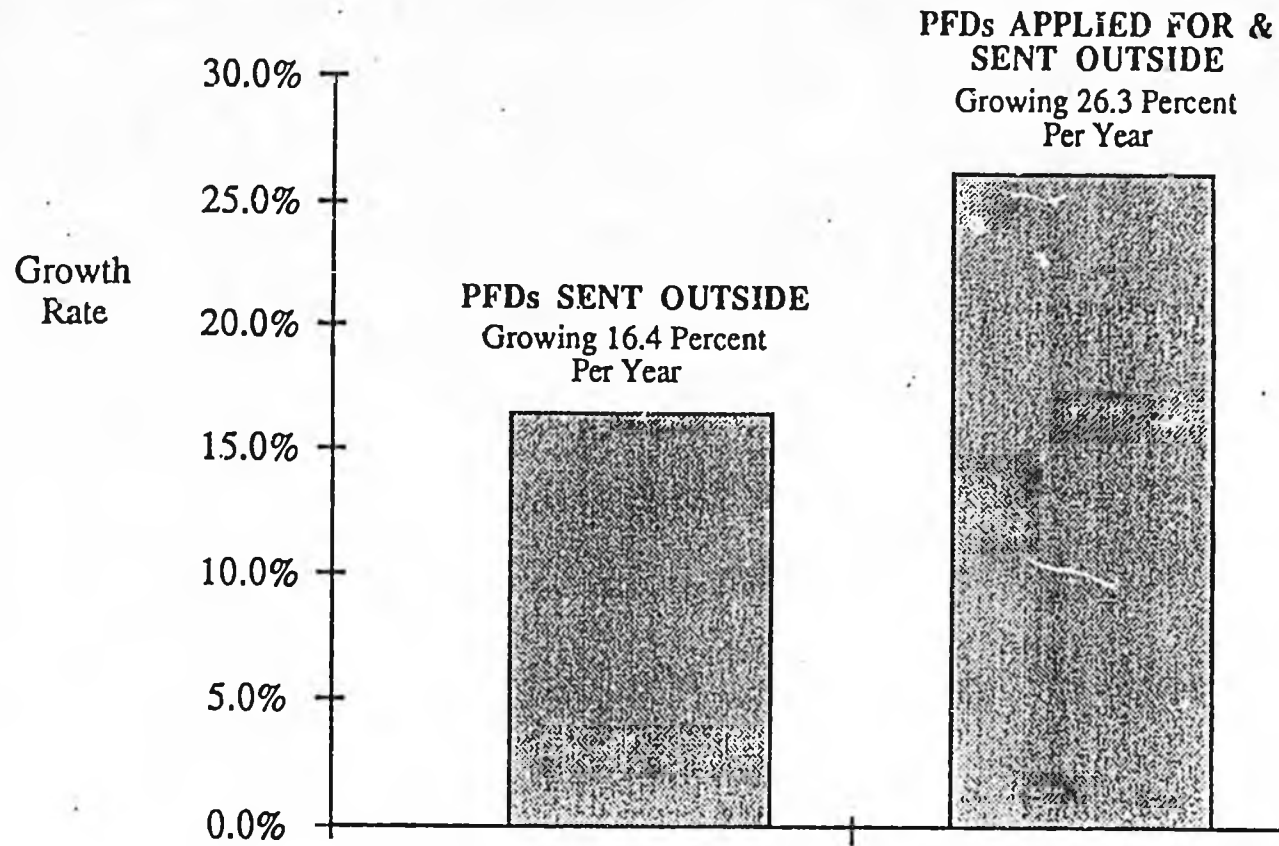
*How many of these PFDs were
paid to out-of-state addresses?*

1986- 19,500 1987- 22,700

*Of these PFDs,
how many were paid
to persons who also
applied from out-of-state?*

1986- 9,900 1987- 12,500

Changes In Permanent Fund Dividends: 1986-87



CS SB 444 (Finance) (passed the Senate)
Four Classes of Allowable Absences

- A. People who have to come back one day each spring but do not have to move back every 5 years to spend the winter.
 - 1. Congressional spouses and dependents.
 - 2. Medical cases' spouses and dependents.

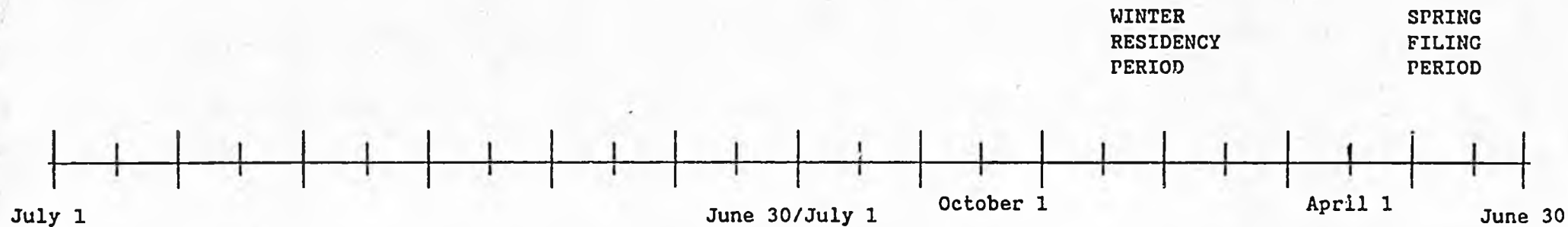
- B. People who have to come back every sixth winter to spend the winter but don't have to fly back for one day in the spring.
 - 1. Active duty military members.
 - 2. Students.
 - 3. Other folks the Commissioner may let in by regulation.

- C. People who don't have to do either.
 - 1. - Medical cases.
 - 2. Members of Congress.

- D. Everybody else has to do both.

HCS SB 444 (State Affairs)
TIGHTENING UP ON ELIGIBILITY REQUIREMENTS
FOR PERMANENT FUND DIVIDENDS

THE PERMANENT FUND DIVIDEND YEAR



Requirements for PFD eligibility

CURRENT
LAW

1. Timely application.
2. Intent to make Alaska a permanent home.
3. Physical presence for more than half of the winter or an allowable absence.

SB 444:
ADDITIONAL
REQUIREMENTS

Requires physical presence at some time since July 1 of the year two years previous to the date of application.

HCS SB 444

- * Adds requirement of physical presence at some time between date of application and July 1 of the year two years previous to the date of application. This requirement would in effect apply only to applicants with allowable absences, because all other applicants physically live in Alaska during the winter residency period.

- * Establishes civil penalties for misconduct in application for both applicant and certifying witnesses (intentional fraud still a criminal offense).

- * Adds at least \$8 million to Alaska economy in 1989.

- * Increases 1989 Permanent Fund Dividend by \$15 or more.

- * Effective date: January 1, 1989.

FISCAL NOTE

REQUEST

Revision Date: _____
Title: An Act relating to eligibility
for permanent fund dividends
Sponsor: Hensley, Kerttula, Abood et.al.
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
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-
LANDS & 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-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

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: Please see attached.

Prepared By: Ervin B. Jones, Director
Division: Permanent Fund Dividend Division

Phone: 465-2323
Date: March 10, 1988

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 3/10/88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/15/88

FURTHER REFERRALS: Judiciary

DATE: 4-27-88

The State Affairs Committee has considered CSSB 444(Fin)

"An Act relating to eligibility for permanent fund dividends and providing civil penalties for certain conduct involving permanent fund dividends; and providing for an effective date."

RECOMMENDS:

[] replace with HCS CS SB 444(SA) [X] the same title

[] attached amendment(s) [] a new title

[X] 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

[] zero fiscal note

[] zero with analysis

[] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 4/12/88

SIGNING DO PASS:

W. A. Brucher (as amended)
David Jacoby
Mark Martin
Erin Huff
Carl W. ...

SIGNING OTHER RECOMMENDATIONS:

Terry Martin - needs amendment to protect military residents

Jim Ulmer
Chairman's signature

Rep Mark Boyer
Alaska State Legislature

Dear Representative Boyer:

As both a resident of this great state of Alaska and as an officer in the Air Force I am deeply concerned about the way the Permanent Fund is being misused by being sent to many members in the military community who are not in reality Alaska State residents. Currently permanent fund dividend checks will not be mailed out of state to any civilians who claim residency but can be sent to members of the armed services who have been living out of state for up to 5 years. I don't think this practice is fair to the civilian sector of our state. I personally know of several air force families who have been stationed here for a short period of time and now have been moved elsewhere who continue receiving dividend checks for each member of the family. Most of these have no intention of ever returning to Alaska. In fact many of these didn't want to come here to begin with, hated Alaska, did not live on base, and did not show any desire to live here any longer than necessary. However since they could receive dividend checks by claiming residency they did so and are now using those checks to help support the economy of the states where they are now living until their 5 years are up. Two families I know are receiving yearly dividend checks who have purchased homes in other states where they now live. Neither chose to live off base while here in Alaska. One of these families is receiving 6 dividend checks a year to help make their house payments. There is something really wrong with a system that allows this to occur. To remedy this very unjust system I suggest we make the following changes to the way our Permanent Fund is distributed.

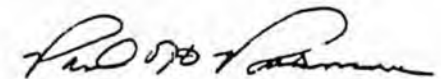
- #1. Domicile requirements should be the same for both civilians and military alike. If someone is living out of state he should not receive a permanent fund check. A possible exception to this rule might be for a soldier who gets sent to a remote assignment and his/her family remains here in Alaska.
- #2. If #1 is felt unacceptable at the very least in order to get a permanent fund check mailed to him out of state a soldier must be able to show some permanent roots established by owning a home here in Alaska.
- #3. All members of the same household should be required to claim Alaskan residency in order to qualify for a dividend check. It is not uncommon for the military wage earner to retain his home state residency status while his nonworking wife and children all claim Alaska residency. By doing this when he returns to his home state he still retains his residency status should he decide to go back to school. Also if he is enlisted he can get overseas pay. On the other hand all his dependants continue getting their yearly dividend checks although they aren't really planning on staying behind when he leaves.

Neither the USAF or USA publish data on what percent of the military who continue to claim Alaska residency and their permanent fund checks ever return to the state permanently (because it would make them look bad). I am sure it is quite common however because I know many in my section alone who fit into that category.

Please look into this regrettably inequitable situation during your busy current legislative session and do what correcting you feel is necessary. All resident of our great State need to be treated equally and fairly whether civilian or military. Alaska's State Government is responsible to the residents and the economy of Alaska alone. It should not be funding the economy of the other 49 states because someone living there just happened to be stationed here in Alaska in the past.

I would love to hear your reply if you ever have time in your busy schedule.

Sincerely



Capt. Paul H. Rasmussen
3361 Fernwood Ave
North Pole, AK 99705

DEPARTMENT OF REVENUE
POSITION PAPER ON
SB 444

Introduction

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Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
SB 444
As of March 10, 1988

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This bill would take effect January 1, 1989 and will have its first impact on the 1989 dividend distribution. This is appropriate, because printing deadlines make it too difficult to make the changes in the 1988 dividend application forms which would be required if the changes in the law went into effect this year.

Information about the loopholes in the Permanent Fund Dividend program appears to be spreading, however, which makes it critical for the Legislature to pass a bill this session which can go into effect for the 1989 dividend distribution. With the one-year lag between passage and implementation effectively forced by printing deadlines, the Legislature must take action this session, or the earliest dividend distribution it can affect will be in 1990.

Paying dividends to the people who claim to be Alaskans but have been gone for years is not what the program is all about. We believe this bill is needed to protect the integrity of the dividend program.

CS SB 444 (Finance) (passed the Senate)
Four Classes of Allowable Absences

- A. People who have to come back one day each spring but do not have to move back every 5 years to spend the winter.
 - 1. Congressional spouses and dependents.
 - 2. Medical cases' spouses and dependents.

- B. People who have to come back every sixth winter to spend the winter but don't have to fly back for one day in the spring.
 - 1. Active duty military members.
 - 2. Students.
 - 3. Other folks the Commissioner may let in by regulation.

- C. People who don't have to do either.
 - 1. Medical cases.
 - 2. Members of Congress.

- D. Everybody else has to do both.

John -

The Dept. of Law
says federal court

~~Suit~~ Sailors + Soldiers Relief

A.C. does not ban
this bill -

+ was aimed at
civil suits against military -

Cliff

... to come such

MEMORANDUM

State of Alaska

Department of Law

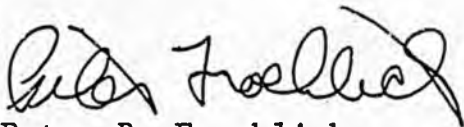
TO: Honorable Hugh Malone
Commissioner
Department

DATE: May 5, 1988

FILE NO.

TEL. NO.: 465-3600

SUBJECT: Possible House floor
amendments to SB 444 on
eligibility for PFDs



FROM: Peter B. Froehlich
Assistant Attorney General

It has come to our attention that there may be an attempt to amend SB 444 on the House floor, based on a distinction in military law between "domicile" and "residence". We want to inform you that such an amendment would almost certainly be constitutionally defective because there is no corresponding distinction between these two concepts in constitutional law.

In fact, one's "domicile" or "home of record" under military law is exactly the same as one's "residence" under constitutional law and Alaska law. Both are defined as the place where one intends to make his or her permanent home, or, in the words of AS 43.23.095(7), "to remain permanently".

Any attempt to amend SB 444 based on such a "distinction without a difference" would seriously jeopardize the carefully crafted constitutional balance of the bill.

Please let us know if we can provide any further information or assistance on this bill.

John —

I think this will
be Ramona's and +



THE DIFFERENCES BETWEEN THE HOUSE AND SENATE'S BILLS

① The Senate bill had two rules on eligibility (you have to be physically present to apply and you cannot claim allowable absences more than 5 years in a row) and then made multiple exceptions to these rules —

while the House has one rule (everybody with an allowable absence must have been back to Alaska at some time in the past two years) and no exceptions.

② The Senate bill has civil penalties for ~~which apply to~~ gross negligence, reckless disregard, and willful misrepresentation which apply to applicants only,

while the House bill applies those civil penalties to applicants and co-signing ~~cert~~ witnesses a life (certifying witnesses)

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/15/88

FURTHER REFERRALS: Judiciary

DATE: 4-27-88

The State Affairs Committee has considered CSSB 444 (Fin)

"An Act relating to eligibility for permanent fund dividends and providing civil penalties for certain conduct involving permanent fund dividends; and providing for an effective date."

RECOMMENDS:

- replace with HCS CS SB 444(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
- zero fiscal note
- zero with analysis
- same as previous fiscal note published _____
- same as previous zero fiscal note published 4/12/88

SIGNING DO PASS:

David L. Bricker (as amend)
David Doudy
Mark [unclear]
[unclear]
Carl [unclear]

SIGNING OTHER RECOMMENDATIONS:

Terry Martin - needs amendment to protect military residents

[Signature]
 Chairman's signature

Rep Mark Boyer
Alaska State Legislature

Dear Representative Boyer:

As both a resident of this great state of Alaska and as an officer in the Air Force I am deeply concerned about the way the Permanent Fund is being misused by being sent to many members in the military community who are not in reality Alaska State residents. Currently permanent fund dividend checks will not be mailed out of state to any civilians who claim residency but can be sent to members of the armed services who have been living out of state for up to 5 years. I don't think this practice is fair to the civilian sector of our state. I personally know of several air force families who have been stationed here for a short period of time and now have been moved elsewhere who continue receiving dividend checks for each member of the family. Most of these have no intention of ever returning to Alaska. In fact many of these didn't want to come here to begin with, hated Alaska, did not live off base, and did not show any desire to live here any longer than necessary. However since they could receive dividend checks by claiming residency they did so and are now using those checks to help support the economy of the states where they are now living until their 5 years are up. Two families I know are receiving yearly dividend checks who have purchased homes in other states where they now live. Neither chose to live off base while here in Alaska. One of these families is receiving 6 dividend checks a year to help make their house payments. There is something really wrong with a system that allows this to occur. To remedy this very unjust system I suggest we make the following changes to the way our Permanent Fund is distributed.

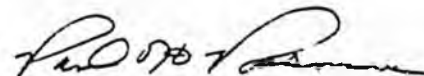
- #1. Domicile requirements should be the same for both civilians and military alike. If someone is living out of state he should not receive a permanent fund check. A possible exception to this rule might be for a soldier who gets sent to a remote assignment and his/her family remains here in Alaska.
- #2. If #1 is felt unacceptable at the very least in order to get a permanent fund check mailed to him out of state a soldier must be able to show some permanent roots established by owning a home here in Alaska.
- #3. All members of the same household should be required to claim Alaskan residency in order to qualify for a dividend check. It is not uncommon for the military wage earner to retain his home state residency status while his nonworking wife and children all claim Alaska residency. By doing this when he returns to his home state he still retains his residency status should he decide to go back to school. Also if he is enlisted he can get overseas pay. On the other hand all his dependants continue getting their yearly dividend checks although they aren't really planning on staying behind when he leaves.

Neither the USAF or USA publish data on what percent of the military who continue to claim Alaska residency and their permanent fund checks ever return to the state permanently (because it would make them look bad). I am sure it is quite common however because I know many in my section alone who fit into that category.

Please look into this regrettably inequitable situation during your busy current legislative session and do what correcting you feel is necessary. All resident of our great State need to be treated equally and fairly whether civilian or military. Alaska's State Government is responsible to the residents and the economy of Alaska alone. It should not be funding the economy of the other 49 states because someone living there just happened to be stationed here in Alaska in the past.

I would love to hear your reply if you ever have time in your busy schedule.

Sincerely



Capt. Paul H. Rasmussen
3361 Fernwood Ave
North Pole, AK 99705

Alaska State Legislature

Committees:

Chair-State Affairs
V. Chair-Judiciary
Telecommunications
Special Ethics
Legislative Council
Finance Subcommittee
for the University of Alaska
Joint Committee
on Economic Recovery



P.O. Box V
Juneau, Alaska 99811
(907) 465-4947

REPRESENTATIVE FRAN ULMER

COMMITTEE ON STATE AFFAIRS

March 10, 1988

Jim Weir
1380 Fritz Cove Road
Juneau, AK 99801

Dear Jim:

Thank you for calling my office regarding Senate Bill 444, 'An Act relating to eligibility for permanent fund dividends and providing civil penalties for certain conduct involving permanent fund dividends; and providing for an effective date.' Enclosed is some background information on the bill which I requested from Senator Hensley, the prime sponsor.

I will reserve judgment on SB 444 until I hear testimony on it should it come before my committee. If it does make it to House State Affairs, I will let you know when it is scheduled so that you may testify.

Thank you again for sharing your concerns with me.

Sincerely,

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

Fran Ulmer, Chair
House State Affairs Committee

Enclosure

cc: Crondehl

his # 789-3260

On page 1, lines 22, delete "application." and insert "application; or"

On page 1, line 23, insert a new subsection to read:

"(4) the individual has been working in Washington, D.C. for a Member of Alaska's Congressional delegation or the ^{State}Governor of Alaska, at some time during the current dividend year; or is the spouse or dependent of such individual.

On page 2, line 7 insert a new paragraph to read:

"() I am a state resident on the date of this application; I have been a state resident for at least six months immediately preceding April 1 of the current dividend year; and I have been working in Washington, D.C. for a ^{State}Member of Alaska's Congressional delegation or the ~~Governor~~ of Alaska, at some time during the current dividend year, or am a spouse or dependent of such individual.

On page 2, line 14, delete "application." and insert "application; or"

On page 2, line 15, insert a new paragraph to read:

"() (name), the individual on whose behalf I am applying; is a state resident on the date of this application, has been a state resident for at least six months immediately preceding April 1 of the current dividend year; and has been working in Washington, D.C. for a Member of Alaska's Congressional delegation or the ^{State}Governor of Alaska, at some time during the current dividend year, is the spouse or dependent of such individual.