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HOUSE COMMITTEE REPORT

(7)

Date referred: 1/30/87

FURTHER REFERRALS: Finance

DATE: 3-4-87

The State Affairs Committee has considered HB 83

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

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

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

SIGNING DO PASS:

D. C. ...
Cliff Damason
...
...
Dave W. Doolley

SIGNING OTHER RECOMMENDATIONS:

... (No Rec)

...
 Chairman's signature



Official Business

Alaska State Legislature

House

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

STATE AFFAIRS COMMITTEE

HOUSE BILL 93

FILE CONTENTS

1. HB 93: AN ACT RELATING TO COMPUTATION AND PAYMENT OF PERMANENT FUND DIVIDENDS; AND PROVIDING FOR AN EFFECTIVE DATE
2. GOVERNOR'S TRANSMITTAL LETTER, DATED 1/29/87
3. FISCAL NOTES (THREE), DEPARTMENT OF REVENUE, DATED 12/10/86 AND 2/19/87: -0-
4. FISCAL NOTE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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January 29, 1987

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

Dear Representative Grussendorf:

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

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

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

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

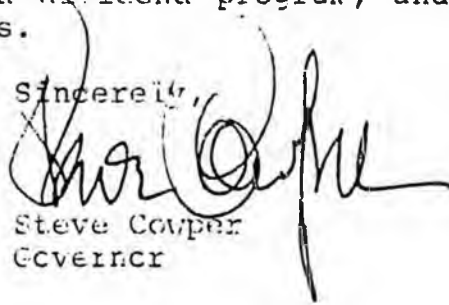
As mentioned earlier in this letter, the second bill deals with the 1982 -- 1985 appropriations made to pay permanent fund dividends. The primary purpose of this bill (in secs. 2 -- 7) is to provide a June 30, 1987 lapse date for the 1983, 1984, and 1985 appropriations, lapsing them to the dividend fund under AS 43.23.045(d) (proposed in the first bill).

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

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

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

Sincerely,



Steve Cooper
Governor

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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill Version: HB 83

Publish Date:

Revision Date:

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

Sponsor: Rules, Request of Governor

Requestor: State Affairs

Agency Affected: Revenue

BRU: Permanent Fund Dividend

Components: Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

No administrative impact.

Prepared By: Ervin B. Jones
Division: Administrative Services

Phone: 465-2313

Date: 2/19/87

Approved by Commissioner: Hugh Malone, Jr.
Agency: Revenue

Date: 2/19/87

Distribution (by Agency preparing fiscal note):

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

page ____ of ____

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

HB 831 44
Revision Date: 30/87

REQUEST

Bill/Resolution No. : 773-87-0050
 Title : An Act amending appropriations
pertaining to permanent fund dividends;
and providing for an effective date.
 Sponsor : _____
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : Health & Social Services
 BRU : _____
 Components : _____

EXPENDITURES/REVENUES : (Thousand, of Dollars)

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

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

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

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

N/A

Prepared by : Michael L. Price *Michael L. Price* Phone : 465-3170
 Division : Family and Youth Services Date : 11/20/86

Approved by Commissioner : John R. Pugh *J.R. Pugh* Date : 11/27/86
 Agency : Department of Health and Social Services

Distribution (by Agency preparing fiscal note):

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

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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____

Bill Version: HB 83
Publish Date: _____

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: None required.

Prepared By: Thomas C. Williams
Division: Enforcement

Phone: 465-2366
Date: February 24, 1987

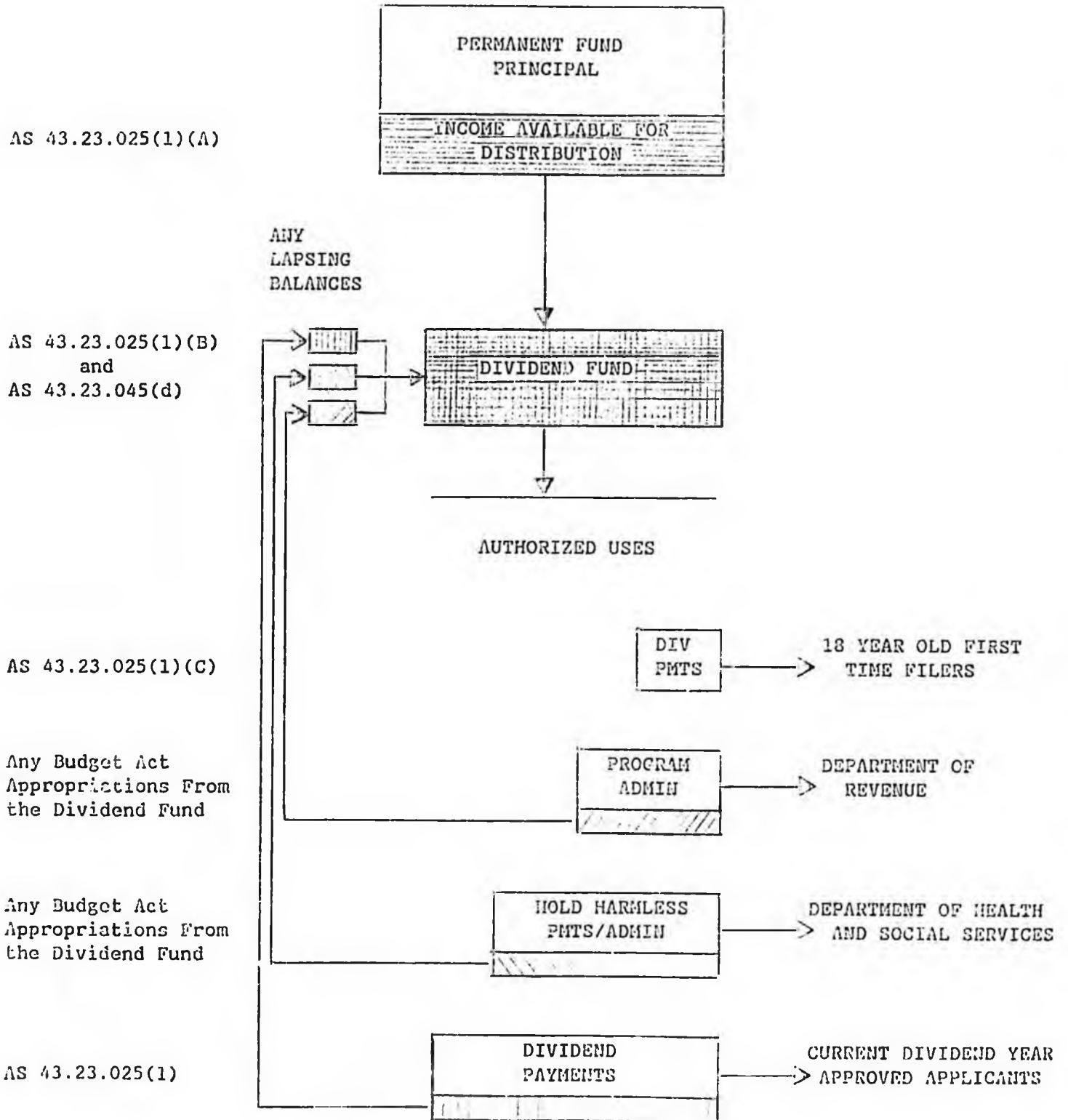
Approved by Commissioner: J. Malone
Agency: _____

Date: 2/25/87

Distribution (by Agency preparing fiscal note):

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

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



STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

HB 83 + HB 87
3 1/30/87

Revision Date: _____

REQUEST

Bill/Resolution No: _____
Title: "Computation and payment of
Permanent Fund Dividends"

Sponsor: House Rules
Requestor: Governor
Date of Request: 12/4/86

FISCAL DETAIL

Agency Affected: Department of Revenue
BRU: Permanent Fund Dividend

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 86	FY 85	FY 90	FY 91	FY 91
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Ervin B. Jones
Division: Administrative Services

Phone: 465-2313
Date: 12/10/86

Approved by ^{For} Commissioner: Wilton B. Barber
Agency: Department of Revenue

Date: 12-10-86

Distribution (by Agency preparing fiscal note):

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