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HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: JUDICIARY

BILL: SB 444

CURRENT VERSION: CS SB 444 (FIN)

SCHEDULED: APRIL 27, 1988

SPONSOR: HENSLEY

PHONE NO: 3862

CONTACT FILE: _____

BILL SUBJECT: ELIGIBILITY FOR PERMANENT FUND DIVIDENDS AND PROVIDING CIVIL PENALTIES FOR CERTAIN CONDUCT

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
REVENUE	ROYCE WELLER/2303	
REVENUE	CLIFF GROH	

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
REVENUE/PFD DIVISION		4/12/88	-0-	-0-

ACTION

<u>DATE</u>	<u>COMMENT</u>
4/25/88	HEARING: HELD FOR FURTHER CONSIDERATION
4/27/88	ADDITIONAL TESTIMONY; HCS ADOPTED AND PASSED FROM COMMITTEE

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 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:

David J. Boucher (as amended)
David J. Boucher
Mark ...
...
...

SIGNING OTHER RECOMMENDATIONS:

Terry Martin - needs amendment to protect military residents

Jim Ulmer
 Chairman's signature

Original sponsors: Hensley, Kerttula,
Abood and Eliason

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 444 (State Affairs)

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; in this
23 paragraph "physically present" means being physically present in the
24 state, or, if not physically present, absent only for service in
25 Congress or service as a staff person to a member of the Alaska dele-
26 gation to Congress.

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

28 (b) The department shall prescribe and furnish an application
29 form for claiming a permanent fund dividend. The application must

1 contain a statement of eligibility and a certification of residency in
2 substantially the following form:

3 I certify that

4 () I am a state resident on the date of this ap-
5 plication, [AND] I have been a state resident for at
6 least six months immediately preceding April 1 of the
7 current dividend year, and I have been physically
8 present as defined in AS 43.23.005(a)(3) at some time
9 during the period beginning July 1 two years before
10 the date of application and ending on the date of
11 this application; or

12 () (name), the individual on whose behalf I am
13 applying, is a state resident on the date of this
14 application, [AND] has been a state resident for at
15 least six months immediately preceding April 1 of
16 the current dividend year, and has been physically
17 present as defined in AS 43.23.005(a)(3) at some time
18 during the period beginning July 1 two years before
19 the date of application and ending on the date of
20 this application.

21 I understand that a false claim of eligibility
22 [RESIDENCY] to obtain a permanent fund dividend for
23 myself or for another is a criminal offense, [AND]
24 that if convicted I will forfeit future [PERMANENT
25 FUND] dividends, and that I must repay all [PERMA-
26 NENT FUND] dividends that have been paid to me. I
27 understand that if I wilfully misrepresent, exer-
28 cise gross negligence, or recklessly disregard a
29 material fact regarding my eligibility for a perma-

AMENDMENT 1-B

Include in new section with Definition section:

"physically present" means being physically present in the state, or, if not physically present, absent only for service in Congress, service on the staff of a Member of Congress, service on the staff of the Governor in Washington, D.C., or service on the staff of the Alaska Legislature in Washington, D.C."

Employee is present - A. Per,
member

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

HSA	4-27-88	3:00p.m.
HSA	4-25-88	3:00p.m.

AMENDMENT 1-A

Include in section with Definitions section:

"physically present" means being physically present in the state, or, if not physically present, absent only for service in Congress or on the staff of a Member of Congress"

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.~~ ^[outside the state] for a Member of Alaska's Congressional delegation or the Governor of Alaska, at some time during the current dividend year; or is the spouse or dependent of such individual.

Ancendment

F-
Adel?
Hansen
suggestion

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 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 Governor of Alaska, at some time during the current dividend year, is the spouse or dependent of such individual.

[Amendment adopted]

Senator Stevens currently has 19 Alaskans on his staff who qualify for the Alaska Permanent Fund Dividend including:

1. Andrew Lundquist Fairbanks
2. Carol White + 2 children Juneau
3. Greg Chapados Fairbanks
4. Kathie Bridenbaugh Anchorage
5. Lisa Sutherland + husband Aniak
6. Louise Johnson Fairbanks
7. Mara Rabinowitz Fairbanks
8. Mary Louise Faunce Anchorage
9. Michelle Stone Anchorage
10. Shannon Pusich + husband Juneau
11. Susan Stengl Juneau
12. Suzanne Palmer + husband Anchorage
13. Svend Brandt-Erichsen Anchorage
14. Valerie Belon Anchorage
15. Wally Burnett Fairbanks
16. Earl Comstock Anchorage
17. Allan Engstrom Juneau
18. Wayne Schley Fairbanks
19. Jeff Landry Anchorage

Senator Frank Murkowski has 15 Alaskans on his staff who qualify for the Dividend including:

1. Jamie Boucher Anchorage
2. Susan Cole Fairbanks
3. Doris Elerding Ketchikan
4. Carol Elliott Juneau
5. Sarah Emard Ketchikan
6. Dennis Fradley + wife
and 2 children Anchorage
7. Jessica Gavora Fairbanks
8. Midori Gellert Anchorage
9. Randall Moen Juneau
10. Greg Renkes Palmer
11. Tom Roberts Fairbanks
12. Elizabeth Stolpe Anchorage
13. Todd Tweedy Fairbanks
14. Kelly Wein Fairbanks
15. Bill Wolf Juneau

Memo to File

Date: 4/22/88

RE: CSCSSB 444 Eligibility for permanent fund dividends
Call from Lisa Southerland, Sen. Stevens office
(202) 224-1024 4/22 10:50 a.m. (917) 586-9545

Lisa called asking the current status and form of above bill. I told her that the allowable exemptions remain the same as the current statute however they will be required to be physically present in Alaska once in a two year period.

She said that would be difficult for many staff. The salaries in their office average approximately \$20,000. They can't afford to fly back to Alaska even in that time period. Also the federal budget is being cut back and so is their office's travel budget. Those staff who do get to fly back to the state on government business are only the few top aides -- who are paid substantially more. She thinks this measure is very unfair to those who are Alaskans, and working daily to serve the state.

She asked for a telecopy of the bill which I sent at noon, 4/22.

1. List of staff affected
of which
2. Submit as amendment

Original sponsors: Hensley, Kerttula,
Abood and Eliason

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 444 (Finance)
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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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) on the date of application the individual is physically

21 present in the state. *at some time since July 1 two*
years previous.

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

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

27 I certify that

28 () I am a state resident on the date of this ap-
29 plication, [AND] I have been a state resident for at

1 least six months immediately preceding April 1 of the
2 current dividend year, and I am ^{have been physically} physically present as present
3 defined in AS 43.23.095 on ^{at some time since July 1 two years previous on} the date of this applica-
4 tion; or

5 () (name), the individual on whose behalf I am
6 applying, is a state resident on the date of this
7 application, [AND] has been a state resident for at
8 least six months immediately preceding April 1 of the
9 current dividend year, and ^{have been physically} is physically present as present
10 defined in AS 43.23.095 on ^{at some time since July 1 two years previous on} the date of this applica-
11 tion.

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

26 _____
27 (signature of individual,
28 parent, guardian, or other
29 authorized representative)

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

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

** Sec. 4. This Act takes effect January 1, 1989.*
10 ~~* Sec. 4. AS 43.23.095 is amended to read:~~

11 Sec. 43.23.095. DEFINITIONS. In this chapter,

12 (1) "Alaska permanent fund" means the fund established by
13 art. IX, sec. 15 of the state constitution;

14 (2) "commissioner" means the commissioner of revenue;

15 (3) "department" means the Department of Revenue;

16 (4) "dividend fund" means the fund established by AS 43.-
17 23.045;

18 (5) "individual" means a natural person;

19 (6) "permanent fund dividend" means a right to receive a
20 payment from the dividend fund;

21 (7) "physically present" means being physically present in
22 the state, or, if not physically present, absent only for

23 (A) medical treatment that is not available in the
24 state;

25 (B) service in Congress;

26 (C) military service;

27 (D) full-time secondary, postsecondary, or vocational
28 education; or

29 (E) other reasons that the commissioner may establish
by regulation;

1 (8) "state resident" means an individual who is physically
2 present [IN THE STATE] with the intent to remain permanently in the
3 state or, if the individual is not physically present [IN THE STATE],
4 intends to return to the state and

5 (A) is absent only for any of the following reasons:

6 (i) medical treatment that is not available in
7 the state;

8 (ii) service in the Congress; or

9 (iii) to accompany, as a spouse or dependent, an
10 individual who is eligible for a permanent fund dividend under
11 (i) or (ii) of this subparagraph; or

12 (B) has not been absent during the six months immedi-
13 ately preceding April 1 for more than five consecutive years and
14 is absent only for any of the following reasons:

15 (i) [(A)] vocational, professional, or other spe-
16 cific education for which a comparable program was not
17 reasonably available in the state;

18 (ii) [(B)] secondary or postsecondary education;

19 (iii) [(C)] military service;

20 [(D)] MEDICAL TREATMENT;

21 [(E)] SERVICE IN CONGRESS;]

22 (iv) [(F)] other reasons that [WHICH] the commis-
23 sioner may establish by regulation; or

24 (v) [(G)] service in the Peace Corps;

25 (9) [(8)] "year" means a calendar year.

26 * Sec. 5. This Act takes effect January 1, 1989.

CS SB444 (Finance)

Four Groups 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.

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.

How many PFD s were paid?

1986- 532,000 1987- 530,000

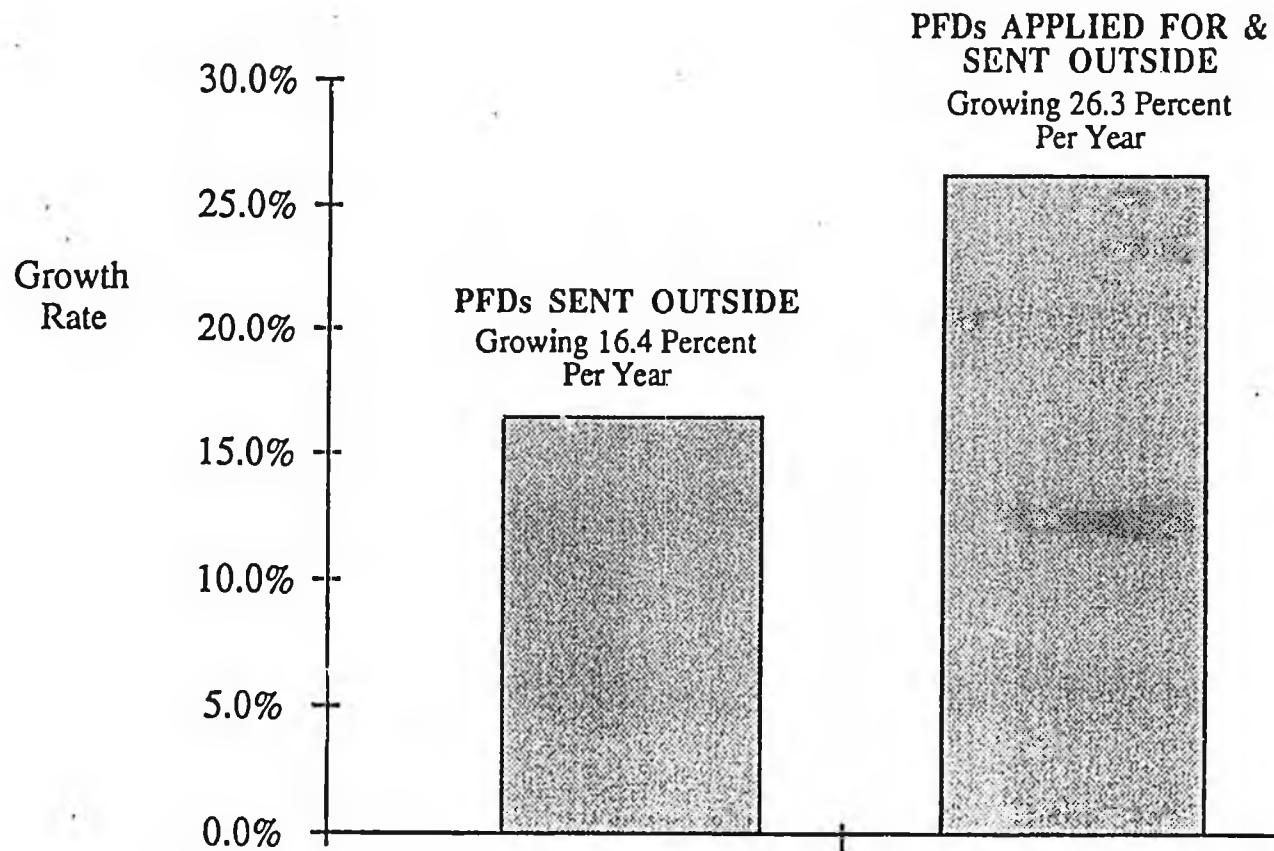
*How many of these PFDs were
paid to out-of-state addresses?*

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.

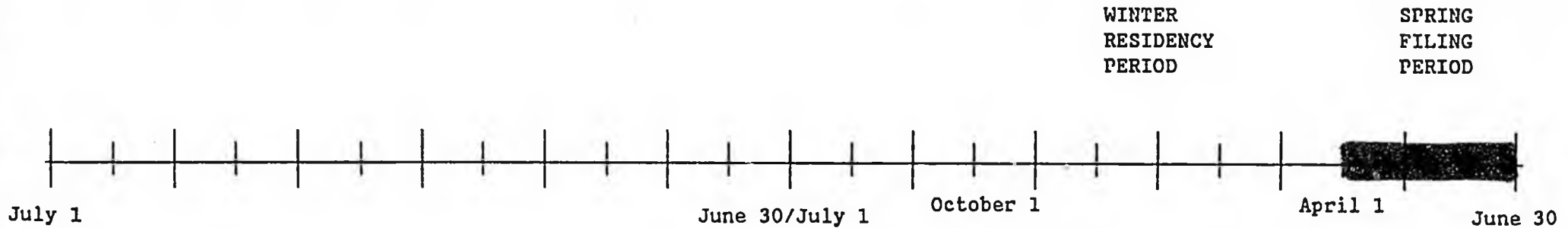
- B. People who have to come back every sixth winter to spend the winter but don't have to fly back for one day in the spring.
 - 1. Active duty military members.
 - 2. Students.
 - 3. Other folks the Commissioner may let in by regulation.

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 - 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.

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.



Alaska State Legislature

House

Official Business

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.

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.

10000 group

Simple Rule
Fail
STABLE

separate: Two rules

- 1) plus next days
- 2) group grow - even sp. cut off

exception (data cut off)

→ conquer c.g.

Appear untold -

→ con, illud


3) B3 - unstable - open door

CS

Two year window

Accidents Absence - 270 fail
 Outside
 12000 days

Spun. Reg File, Accidents
 Absence - list no exact

have to be 

whereas

how is market affected -

July 1 2 yrs ago - crisis

(Military, group + students)

→ new reqs - IR family member live
 in AR, spouse cant get it -

293

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

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Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
CS SB 444 (Fin)
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.

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.

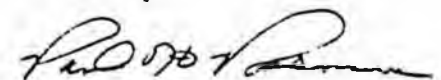
- #1. Domicile requirements should be the same for both civilians and military alike. If someone is living out of state he should not receive a permanent fund check. A possible exception to this rule might be for a soldier who gets sent to a remote assignment and his/her family remains here in Alaska.
- #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