

SB

156

# Alaska State Legislature

INTERIM OFFICE  
1024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-2843

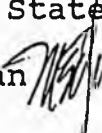
Senator Mitch Abood  
CHAIRMAN



IN SESSION:  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4714

## Senate Committee on State Affairs

### MEMORANDUM

TO: Members of the Committee on State Affairs  
FROM: Senator Mitch Abood, Chairman   
DATE: March 27, 1987  
SUBJECT: CS for Senate Bills 156; 173 and 180

I have prepared committee substitutes for three bills that provide for contributions from permanent fund dividends for various uses - SB 156, SB 173 and SB 180. All the programs have been placed under the administration of the Department of Revenue and each bill is identical, so that all the contribution provisions that pass can be placed in the same section of the law, instead of being scattered throughout the statutes as is presently the case.

If more than one of these committee substitutes are enacted, the revisor of statutes will simply renumber the paragraphs listing check-offs to accomodate all that are enacted.

The Department of Revenue has also suggested that language be inserted in all of the check-off bills that would provide for a system of prioritization among the dividend programs in cases where there are insufficient funds to honor all of the programs which an individual has chosen to contribute through his or her dividend.

Our legislative legal counsel has advised the committee that providing a system for prioritization is not possible in the current individual committee substitutes unless the three check-off plans are incorporated into one bill and presented as a list which can then be prioritized.

The Committee may want to transmit a letter to either the Finance Committee or the Rules Committee along with CSSB 156, 173 and 180, requesting that they provide a system for prioritizing the various dividend plans which will ultimately reach them this session.

POSITION PAPER  
SB 156

SB 156 creates an option on the Permanent Fund Dividend Application so applicants can direct that \$25 of their dividend be donated to the political party they indicate. The Department of Revenue may use a portion of the funds to pay administrative costs.

The Department of Administration must hold the funds in trust for distribution to the political parties.

The bill has no direct impact on the Alaska Public Offices Commission. The political parties would not receive a list of the individuals who donated through this method but that would not be particularly troublesome. Under the Commission's regulations, an organization may hold a fund-raiser at which the names of contributors are not recorded so long as there are 25 or more paying participants and no one contributes more than \$50. Since SB 156 would limit the maximum donation per individual to \$25, the proposal could be considered consistent with the regulation which was designed to alleviate some of the recordkeeping burdens associated with low cost fund-raisers where large numbers of people attended.

The Commission's position on SB 156 is neutral.

*Sheda Pittman*

Exec. Director, Alaska Public Offices Commission

*3/20/87*

Date

*Jan Rogers / for*

Chairman, Alaska Public Offices Commission

*3-23-87*

Date

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

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

Bill Version: SB 156

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

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

Agency Affected: Administration  
BRU: Alaska Public Offices Commission

Title: An act relating to contributions from permanent fund...

Sponsor: Hensley, Coghill, et. al.

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

Requestor: Senate State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS: 0 0 0 0 0 0

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Theda Pittman *Theda Pittman* Phone: 276-4176  
Division: Alaska Public Offices Commission Date: 3/20/87

Approved by Commissioner: Jean Rogers *Jean Rogers* Date: 3-23-87  
Agency: Chairman, Alaska Public Offices Commission

Distribution (by preparer):

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

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Senator Mitch Aboud  
CHAIRMAN

## Senate Committee on State Affairs

CSSB 156 SA  
CSSB 180 SA  
CSSB 173 SA

### LETTER OF INTENT

The Senate Committee on State Affairs has considered CSSB 156 (State Affairs) "An Act relating to contributions from permanent fund dividends for political parties; and providing for an effective date"; CSSB 173 (State Affairs), "An Act relating to contributions from permanent fund dividends to the community school grant fund; and providing for an effective date"; and SB 180 (State Affairs), An Act relating to contributions from permanent fund dividends for the World Eskimo-Olympics; and providing for an effective date.

It is the intent of the Senate Committee on State Affairs that language be inserted in all of the permanent fund dividend check-off bills which would devise a system of prioritizing the check-off programs to provide for instances where garnishments or assignments reduce the dividend, leaving insufficient funds to honor all of the programs which the individual has selected. The Committee proposes that the order of prioritization be based on date of enactment. In cases where two bills have the same date of enactment, it is the intent of the Committee that the bills be listed in alphabetical order.

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SSB 156 SA

Publish Date: 3-31

REQUEST

Revision Date: \_\_\_\_\_  
Title: Contributions from PFD's to  
political parties  
Sponsor: Hensley, et al  
Requestor: Senate State Affairs

Agency Affected: Revenue  
BRU: Administrative Services

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	21.9	10.7	10.7	10.7	10.7
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	11.0	11.0	11.0	11.0	11.0
SUPPLIES	-	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	33.1	21.9	21.9	21.9	21.9
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	33.1	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (political party acct)	-	-	21.9	21.9	21.9	21.9
TOTAL	-	33.1	21.9	21.9	21.9	21.9

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	3	2	2	2	2
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

(See attached)

Prepared By: Ervin B. Jones  
Division: Administrative Services

Phone: 465-2313  
Date: 3/19/87

Approved by Commissioner: [Signature]  
Agency: Revenue

Date: 3/20/87

Distribution (by Agency preparing fiscal note):

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

Department of Revenue  
Administrative Services Division  
Fiscal Note Analysis  
SB 156  
3/19/87

Assumptions:

- 1) The bill will take effect for the 1988 permanent fund dividend year and application. The 1987 dividend application has already been printed.
- 2) There are nine other bills which if signed into law, would result in some form of "check-off" on the 1988 dividend application. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note, and all related fiscal notes, is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, \$25, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
- 3) All FY88 costs of administering this law will be borne by the general fund, since no funds will be available to the political party account until October 1, 1988. Funding for administrative costs in FY89 and thereafter will be taken from the political party account as appropriated by the legislature.
- 4) The incremental cost of computer resources will result in a chargeback by the Department of Administration.
- 5) Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, data processing chargeback, and the extra page in the dividend application will be continuing.
- 6) Contributions will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions will then be honored in the order listed on the form schedule, which will be in the order they become law.
- 7) The Department of Revenue will determine qualifying political parties in cooperation with the Division of Elections and will list the parties by name on the PFD application.
- 8) It is assumed that each applicant will contribute to only one political party.

Program Summary:

The provision of a new contribution decision on the dividend application will cause additional administrative cost in several areas:

- a) An additional page added to each application, a schedule of contribution decisions.
- b) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the trust account (see Attachment A).

*Back up SB 156 SA*

- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the contribution decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.
- d) The accounting for the political party account will be performed by existing staff in the Fiscal Section of Administrative Services.

1. Positions

1 PPT Analyst/Programmer V, R21  
 @ \$5,638.47/Mo including salary  
 and benefits for 2 months = \$11.2

PCN 04-1125 would be funded for an additional two months, in accordance with Attachment A. Ongoing maintenance of new programs would be accomplished by existing staff.

1 PPT Document Processor I, R7  
 @ \$2,117.76/Mo, including salary and  
 benefits for 3 months = \$6.3

This position would assist in the manual review and coding of 540,000 applications for the new contribution decision. This position represents the equivalent of the additional time and effort.

1 PPT Data Processing Clerk I, R8,  
 @ \$2,221.64/Mo, including salary and  
 benefits for 2 months = \$4.4

This position would assist in the data capture of the additional contribution decisions. The position represents the equivalent value of the additional time and effort.

TOTAL Personal Services \$21.9

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Data Processing Chargeback \$5.0  
 Add additional page to PFD  
 booklet \$6.0

c) Supplies: \$0.2

d) Equipment: Use existing equipment 0.0

TOTAL COST \$33.1

3. Funding: General Fund.

4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: The following amendment #1 should be considered.

1. Sec. 1, line 12-16 is amended to read:

". . . The Department of Revenue shall prepare the permanent fund dividend application to allow [AN APPLICANT] individuals who are 18 years of age or older to direct that \$25 of their dividend be subtracted from the check and contributed to the political party designated by the applicant."

Current state law (AS15.13.120(a)(4)) prohibits an individual from making a political contribution in the name of another person. Since the child's permanent fund dividend application is filed on behalf of the child by the parent or other sponsor, it is arguable that an election on the PFD Child's application, executed by the parent, may be contrary to the above referenced statute.

2. Sec. 1, line 18-20 is amended to read:

". . . The Department of Revenue [MAY] shall use money in the account to pay administrative costs incurred under this section [.] as appropriated by the legislature. . ."

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue  
Administrative Services Division  
Fiscal Note Analysis  
SB 156  
Summary of Data Processing Requirements  
3/19/87

Wang data entry processing	75.0 hours
Includes:	Data entry Batch lists Corrections Wang to IBM transfer
IBM Update jobs	30.0 hours
Includes:	Edits Batch listings Log sheets
DMS Online programs for lookup and changes	37.5 hours
Nightly Update of Changes	22.5 hours
Warrant Jobs	90.0 hours
Includes:	Printing warrants with different amounts. Include check stub messages. Modify warrant registers as needed for balancing. Create new program(s) for transferring accumulated contributions to the Political Party Account, and to account for the reserve necessary due to returned and cancelled PFD warrants.
Miscellaneous	45.0 hours
Includes:	Setting up test files on IBM Systems testing Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.
TOTAL HOURS	300.0 hours

# The Republican Party of Alaska



Jim Crawford  
Chairman

Marylin Palne  
National Committeewoman

Eldon Ulmer  
National Committeeman

Jack Wilbur  
Vice Chairman

Gail Phillips  
Secretary

Tim McKeever  
Treasurer

Charlot Thickstun  
Asst. Secretary

Lloyd James  
Asst. Treasurer

Dave Harbour  
Finance Chairman

Cliff Groh  
Legal Counsel

750 E. Fireweed Lane, Suite 102  
Anchorage, Alaska 99503  
(907) 276-4467

March 25, 1987

Senator Willie Hensley  
P.O. Box V  
Juneau, AK 99811

Dear Senator Hensley:

Thank you for your request for comments from the Republican Party of Alaska in regard to SB 156. This bill would provide a check off on Permanent Fund applications that would allow Alaskans to direct a portion of their dividend to support political parties.

We appreciate your recognition that political parties deserve financial support from the citizenry because of their role in charting the future of our state. We want to thank you and your fellow sponsors for their intentions.

The most important part of the bill as we read it is that it protects the Permanent Fund from administrative charges that would be incurred by the establishment of this new program. Our party has spoken strongly about defending the Permanent Fund. We believe that, even if our party benefits from a program, the program should not impair the ability of the Fund to provide for future needs of our state's citizens.

Current Alaska law forbids the contribution of money to a political party in the name of another. We strongly urge you to continue to honor that principle by slightly revising the current bill. Political parties should be given the names of those who direct a portion of their dividend to the party of their choice. That way we could thank each donor and report their contribution according to the APOC regulations.

Thank you for your efforts, and thank you for offering us the opportunity to comment on your bill.

With best regards,

  
Jim Crawford  
Chairman, Republican Party of Alaska

*Committee B  
SB 156*



# Democratic Party of Alaska

MAR 23 1987

Jack Roderick  
State Chair

March 20, 1987

Virgie King  
1st Vice Chair

State Affairs Committee  
Pouch V  
Juneau, AK 99811

Hilda Woods  
Treasurer

Dear Committee Members;

Carolyn Covington  
Secretary

This letter is in support of SB #156, which would allow individuals to donate to political parties by a "check off" system from one's Permanent Fund Dividend application.

Pegge Begich  
Finance Director

Bob Goldberg  
Legal Counsel

There seems to be public concern with the way political campaigns are financed. The common thread that runs through legislation pending before the 15th Session of the Alaska Legislature is that too much "special interest" money is bankrolling campaigns in Alaska. I see much of the campaign related legislation as intending to strengthen the political parties as a way of negating the affects of the "special interest" contributions. Senate Bill #156 works toward the goal of strengthening political parties in Alaska. This is a step in the right direction towards lessening the influence of "special interest" contributions, thereby helping to reform campaign practices in Alaska.

Doris Volske  
National Committeewoman

Vander Pearson  
National Committeeman

Chancy Croft  
Policy Commission

Peg Tileston  
Alaska Democrat

The Alaska Democratic Party is solidly behind this legislation. Thank you.

Sincerely,

*Jack Roderick*

Jack Roderick,  
Party Chair

WDB

Bill Bobrick  
Exec. Director

Susie Barnett  
Office Manager

(907) 562-3050

P.O. Box 10-4199 • Anchorage, AK 99510

Effect of amendments. — The 1984 amendment changed the internal refer-  
ence in the introductory language of sub-  
section (b).

**Chapter 21. Oil and Gas Corporate Income Tax.**

*[Repealed, § 19 ch 116 SLA 1981.]*

Editor's notes. — This chapter repeal  
line is set out above to correct a minor  
error in the main pamphlet.

**Chapter 23. Permanent Fund Dividends.**

- Section  
25. Amount of dividend  
45. Dividend fund  
55. Duties of the department

- Section  
65. Exemption of permanent fund divi-  
dends

Cross references. — For 1982 perma-  
nent fund dividend distribution, see § 19,  
ch. 102, SLA 1982, in the Temporary and  
Special Acts; for extension of application  
period for 1982 and 1983 dividends, see  
§ 4, ch. 55, SLA 1983 and § 1, ch. 43, SLA  
1984, respectively, in the Temporary and  
Special Acts.

Opinions of attorney general. — If

**Sec. 43.23.005. Eligibility.**

Revisor's notes. — Sections 2 and 3,  
ch. 99, SLA 1985, amend (e) and (d) of this  
section respectively. The amendments are  
effective if § 1, ch. 99, SLA 1985 is re-  
pealed (see § 25, ch. 99, SLA 1985). If the  
amendments become law, the subsection  
will read: "(c) A parent, guardian, or  
other authorized representative may claim a permanent fund dividend on  
behalf of an unemancipated minor or on  
behalf of an incompetent individual who  
is eligible to receive a dividend under this  
section.

"(d) A person who is eligible to receive  
a permanent fund dividend under this sec-  
tion, or who is authorized to claim a divi-

the legislature enacts any other distribu-  
tion program which is consistent with the  
intent of the permanent fund dividend law  
(AS 43.23), any appropriation to imple-  
ment that program will be exempt from  
the appropriation limit of § 16, art. IX, of  
the state constitution. 1983 Op. Att'y Gen.  
No. 01.

depend on behalf of another under (e) of this  
section, may elect to receive the dividend  
either in cash or as an annuity credit. Al-  
ternatively, a person may elect to receive  
25 percent, 50 percent, or 75 percent of the  
dividend in cash and the remainder as an  
annuity credit. A person who is 65 years  
of age on or before January 1, 1988 may  
only receive the permanent fund dividend  
in cash and may not elect to receive an  
annuity credit."

Section 22, ch. 99, SLA 1985 provides  
for an advisory vote to be held at the gen-  
eral election in 1986. For the text of that  
provision, see § 22, ch. 99, SLA 1985 in  
the Temporary and Special Acts.

5B 156

**NOTES TO DECISIONS**

Stated in *Alaska Oil Co. v. Alaska*, 45  
Bankr. 358 (D. Alaska 1985).

**Sec. 43.23.015. Application and proof of eligibility.**

Revisor's notes. — Sections 4 — 8, ch.  
99, SLA 1985, amend (a), (b), (e) and (f)  
of this section, and add a new (i). The  
amendments are effective if § 1, ch. 99,  
SLA 1985 is repealed (see § 25, ch. 99,  
SLA 1985). If the amendments become  
law, the section will read: "(a) The com-  
missioner shall adopt regulations under  
the Administrative Procedure Act (AS  
44.62) establishing the process for deter-  
mining the eligibility of individuals for  
permanent fund dividends. The commis-  
sioner may require an individual to pro-  
vide proof of eligibility, and the commis-  
sioner may use other information avail-  
able from other state departments or  
agencies to determine the eligibility of an  
individual.

"(b) The department shall prescribe  
and furnish an application form for claim-  
ing a permanent fund dividend. The appli-  
cation must contain a statement of eligi-  
bility and a certification of residency in  
substantially the following form:

I certify that

"(1) I am a state resident on the date of  
this application and I have been a state  
resident for at least six months immedi-  
ately preceding the date of this applica-  
tion; or

"(2) I (name), the individual on whose  
behalf I am applying, is a state resident  
and has been a state resident for at least  
six months immediately preceding the  
date of this application.

I understand that a false claim of resi-  
dency to obtain a permanent fund divi-  
dend for myself or for another is a crim-  
inal offense and that if convicted I will for-  
feit future permanent fund dividends and

that I will bear or must repay all perma-  
nent fund dividends that have been cred-  
ited or paid to me, and any accrued inter-  
est in my annuity account. I understand  
that this penalty is in addition to any  
criminal penalties imposed.

(signature of individual, parent,  
guardian, or other authorized repre-  
sentative)

"(c) If a public agency claims a dividend  
on behalf of an individual under this sec-  
tion, the public agency shall elect 100 per-  
cent cash under AS 43.23.005(d) and hold  
the dividend in trust for the individual.  
Money held in trust under this subsection  
shall be invested by the commissioner in  
accordance with AS 37.10.070.

"(d) A minor or an incompetent individ-  
ual may not maintain a claim against the  
state or an officer or employee of the state  
based either on the manner in which the  
parent, guardian, or authorized repre-  
sentative other than a public agency of the  
state managed or disposed of permanent  
fund dividends received on behalf of the  
minor or incompetent, or an election made  
or not made on that individual's behalf  
under AS 43.23.005(d).

"(e) The permanent fund dividend ap-  
plication form shall be prepared to allow  
an applicant, other than a person who is  
exempt under AS 47.45.015(b), to elect to  
receive the dividend either in cash or as  
an annuity credit."

Section 22, ch. 99, SLA 1985 provides  
for an advisory vote to be held at the gen-  
eral election in 1986. For the text of that  
provision, see § 22, ch. 99, SLA 1985 in  
the Temporary and Special Acts.

**Sec. 43.23.025. Amount of dividend.** By October 1 of each year  
the commissioner shall give public notice of the value of each perma-  
nent fund dividend for that year. The commissioner shall determine  
the value of a permanent fund dividend by

(1) determining the amount of income of the Alaska permanent  
fund transferred to the dividend fund under AS 43.23.045(b) during  
the current year;