

SB

444

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3/2/88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

2/16/88

DATE TURNED INTO OFFICE 3/11/88

Mr. President:

State Affairs

Committee considered SB 444

eligibility for permanent fund dividends and providing civil penalties
for certain conduct involving permanent fund dividends; efd

and recommended:

replace with CS _____ same title
 new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
W. K. ...

[Signature]
Chairman signature and recommendation

Committee Backup Attached

Alaska State Senate

P.O. Box V
Juneau, AK 99811
Tel: (907) 465-2444
465-3862/465-4923



Senate Finance Committee
State Affairs Committee
Vice-Chair, Rules Committee
Chair, Administrative Regulation Review

William L. Hensley

SENATE BILL 444:

A BILL TO REDUCE

THE FLOW OF PERMANENT FUND DIVIDENDS

OUT OF ALASKA

Summary

Alaska's population is falling and so is the number of permanent fund dividends paid -- but the number of people filing for and receiving dividends outside the state is growing. The number of people applying for 1987 dividends from out of Alaska and receiving the checks out of Alaska is expected to increase by more than 25 percent over the figure for 1986. The total will be about 12,500 people, which represents more than two percent of all recipients for 1987. More than \$8 million will be sent to those filing for and receiving dividends outside of Alaska.

The proposed legislation would add to the eligibility requirements for dividends the condition that an applicant be physically present in the state on the date of application, which can anytime be between April 1 and June 30. In addition, the proposed legislation would cut off a person's ability to receive dividends if he or she was not physically present in Alaska during most of the eligibility period (October 1 - March 31) for more than five consecutive years.

The Problem

Alaska statutes set out two requirements before someone can receive a permanent fund dividend. A person is eligible to apply if that person (1) has been a state resident for at least the six consecutive months between October 1 and March 31, and (2) is a state resident on the date of application (AS 43.23.005). The requirement of the intent to make Alaska a permanent home is absolute.

The requirement of physical presence in Alaska, however, does not mean that a person has to spend each day of the October 1 - March 31 eligibility period in the state. By regulation, a person is allowed to spend up to 60 consecutive days -- and 90 total days -- outside the state during the winter eligibility period without it affecting eligibility (15 AAC 23.665(k)). If a person is gone more than two months straight or more than three months total, however, that person is only eligible if he or she has an "allowable absence."

Absences which are allowable by statute are: (1) vocational, professional and other education which is not reasonably available in Alaska; (2) postsecondary or secondary education; (3) military service; (4) medical treatment; (5) service in Congress; and (6) service in the Peace Corps (AS 43.23.095).

The statute provides that the Department of Revenue, which administers the program, may add other allowable absences. Absences made allowable by regulation are: (1) service on the staff of a U.S. Senator or U.S. Representative for Alaska; (2) prisoners and minors committed to state custody; (3) service as a state employee; (4) any absence whose "nature and duration . . . are temporary and are consistent with an intent to return to the state and remain permanently in the state" (the "catch-all" exception); and (5) spouses, children, and other dependents of residents who are absent for allowable reasons (15 AAC 23.665(a-j and 1)).

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 the whole 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 lives while never setting foot in the state again. There are some regulations requiring the Department of Revenue to scrutinize with particular care absences claimed for state employment, medical purposes, certain educational purposes, or the catch-all exception. There is also a regulation placing the burden on the applicant to prove intent to return and remain permanently in Alaska if absences claimed for secondary or postsecondary education, military service in Congress or Congressional staff, state employment, or the catch-all exception exceed five years.

Despite these regulations, 300 people who have not been in Alaska for more than five years were paid 1986 dividends. The growing use of allowable absences has caused a substantial increase in the number of people applying for and receiving permanent fund dividends outside of Alaska. The total is estimated to be about 12,500 for 1987. This is more than a 25% jump over the 1986 at a time when the state's estimated population and total number of dividend recipients are both dropping. More than two percent of 1987 dividends will go to this group, which represents more than \$8 million. About 95% of this group claimed an allowable absence in 1987.

The Proposed Remedy: SB 444

The proposed legislation adds a requirement of physical presence in the state on the date of application. Formerly, a person could be gone all year, after year, and still claim a dividend if that person claimed an allowable absence and an intent to return and remain permanently. This requirement will provide an additional test of a person's intent to return to and remain permanently in the state. It will also make sure that the person has not completely lost touch with Alaska. Finally, this requirement will make it more likely dividends will be spent in Alaska.

Requiring the applicant to certify that he or she is physically present on the date of application and provide two other persons who will certify the same is an administratively feasible way of accomplishing these goals. This requirement will not be an excessive burden on the applicant, as he or she can choose any day to file among the 90 days of the April 1 - June 30 filing period. The only exceptions for this requirement of physical presence are medical treatment not available in Alaska and service in Congress. Spouses and dependents of the first two groups will also be eligible.

The proposed legislation also makes a flat rule cutting off allowable absences after five consecutive years (with the same narrow exceptions as proposed for the requirement of physical presence on the date of application). The effect of this, when combined with the requirement of physical presence when applying, 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, but after that time require an applicant 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 collect the dividend which the individual received. (AS 43.23.035b)) 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 lesser than that required on criminal prosecutions.

My office was assisted in the preparation of this explanation of SB 444 by Cliff Groh, Special Assistant to the Commissioner of Revenue - 465-2323.

Alaska State Senate

P.O. Box V
Juneau, AK 99811
Phone: (907) 465-2444
465-3862/465-4923



Senate Finance Committee
State Affairs Committee
Vice-Chair, Rules Committee
Chair, Administrative Regulation Review

William L. Hensley

QUESTIONS AND ANSWERS ON SB 444

LEGISLATION TIGHTENING UP PERMANENT

FUND DIVIDEND ELIGIBILITY

REQUIREMENTS

Q. What are the requirements for someone to receive a Permanent Fund Dividend under the law today?

A. First, the person applying has to be a resident of Alaska for at least the six consecutive months between October 1 - March 31. Second, a person must be a state resident on the date of application, sometime between April 1 and June 30 of each year. (AS 43.23.005 and 15 AAC 23.625) 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.

Q. What does it take to be a state resident?

A. First, that 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").

Second, 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)) (The law also requires someone to have an allowable absence if he or she is absent more than 60 total days in the state between October 1 and March 31.)

Q. Which absences are allowable?

A. Absences which are allowable by statute are: (1) vocational, professional, and other specific education which is not reasonably available in Alaska; (2) postsecondary or secondary education; (3) military service; (4) medical treatment; (5) service in Congress; and (6) service in the Peace Corps (AS 43.23.095).

The statute also provides that the Department of Revenue, which administers the program, may add other allowable absences. Absences made allowable by regulation are: (1) service on the staff of a U.S. Senator or U.S.

Representative for Alaska; (2) prisoners and minors committed to state custody; (3) service as a state employee; (4) any absence whose "nature and duration . . . are temporary and are consistent with an intent to return to the state and remain permanently in the state" (the "catch-all" exception); and (5) spouses, children and other dependents of residents who are absent for allowable reasons (15 AAC 23.665(a-j and l)).

Q. If the law recognizes allowable absences, does this mean that someone applying for the dividend does not have to be physically present in the state even for one day of the year?

A. That's right. Allowable absences 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 residency period, gone for all of the spring filing period, and gone the whole rest of the year - year after year after year.

Q. Are there any barriers under current law to stop completely someone from coming to Alaska for a day, leaving on an allowable absence, and receiving Permanent Fund Dividends for as long as the person keeps the allowable absence without ever setting foot in the state again?

A. No, there is no flat rule preventing that from happening.

There are some regulations requiring the Department of Revenue to scrutinize with particular care absences claimed for state employment, medical purposes, certain educational purposes, or the catch-all exception. There is also a regulation placing the burden on the applicant to prove intent to return and remain permanently in Alaska if absences are claimed for more than five years for secondary or postsecondary education, military service, service in Congress or Congressional staff, state employment, or the under catch-all exception.

Q. Do these regulations prevent people from receiving dividends who have not been in Alaska for five years or more?

A. No. Three hundred people received dividends in 1986 who stated that they had not been physically present in Alaska for five years or more.

Q. What is the effect of the law permitting allowable absences on the number of people receiving dividends out of Alaska?

A. The growing use of allowable absences has caused a substantial increase in the number of people applying for and receiving permanent fund dividends outside of Alaska. The total is estimated to be about 12,500 for 1987. This is more than a 25% jump over 1986 at a time when the state's estimated population and total number of dividend recipients are both dropping. More than two percent of 1987 dividends will go to this group, which represents more than \$8 million. About 95% of this group claimed an allowable absence in 1987.

Q. How would SB 444 remedy this problem?

- A. SB 444 would: (1) require that an applicant for a Permanent Fund Dividend be physically present in the State on the date of application (the application period is April 1 - June 30); (2) establish a flat prohibition on a person's ability to receive a Permanent Fund Dividend after five consecutive years claiming any allowable absence; and (3) establish civil penalties for willful misrepresentation, gross negligence, or reckless disregard of material facts concerning eligibility.
- Q. What effect would this legislation have on what a person would need to receive a permanent Fund Dividend?
- A. A person would always need an intent to make Alaska his or her permanent home. A person could still be absent on an allowable absence during the entire eligibility period of October 1 - March 31. The person would have to return to be physically present in Alaska on the date the person applies - which could be during the filing period of April 1 - June 30. The person could be absent five years in a row during the October 1 - March 31 eligibility period, but would need to return to Alaska to spend most of the October 1 - March 31 period in the sixth year to be eligible for that sixth year.
- Q. Why does the legislation add a requirement of physical presence?
- A. This requirement will provide an easily measured indicator of a person's intent to return to Alaska and remain permanently. If enacted, the bill 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 90-day filing period.
- Q. Why does the legislation set the date of application as the time the applicant must be physically present in the state?
- A. 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.
- Q. Will this requirement of physical presence on the date of application be an excessive burden on the applicant?
- A. No. The applicant can choose any day of the 90-day filing period (April 1 - June 30) to return to file.
- Q. Are there any exceptions to the proposed rules that applicants must be physically present on the date of application and cannot claim allowable absences after five consecutive years of being gone from the state during the eligibility period?

A. Yes, there are two narrow exceptions. The only exceptions to both proposed rules are to obtain medical treatment not available in Alaska or service in Congress. Spouses and dependents of these two groups will also be eligible.

Q. What effect will these charges have on each dividend?

A. The Department of Revenue has estimated that if this bill became law, in the first year each dividends would be at least \$15 higher than it would otherwise be.

Q. How do the new proposed civil penalties work?

A. 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 collect 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 over them that required on criminal prosecutions.

Q. What is the overall effect of this bill?

A. This legislation both tightens up the rules for eligibility for Permanent Fund Dividends and makes those rules easier to apply.

My office was assisted in preparation of this explanation of SB 444 by Cliff Groh, Special Assistant to the Commissioner of Revenue - 465-2323.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

MAR 11 1988

March 10, 1988

The Honorable Willie Hensley
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Willie,

I applaud your introduction of SB 444, the bill tightening up eligibility requirements for Permanent Fund Dividends. I share your concern for the integrity of the Permanent Fund Dividend program, and want to make sure we can guarantee that all people receiving Permanent Fund Dividends are not just "Alaskans in spirit."

Sincerely,

A handwritten signature in dark ink, appearing to read "Steve Cowper".

Steve Cowper
Governor

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)

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.

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.

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.

RECEIVED
MAR 10 1988

C
D
March 8, 1988 Tuesday

Chairman and Members of Senate State Affairs Committee

Subject: SB 444---An Act relating to Residence and Permanent Fund Dividends

Dear Members:

A resident to me means someone who physically lives in the State of Alaska.

A "resident" has the following characteristics: an ability to prove physical presence in the state from (1) October to March and at the time of application and receipt of the dividend check; (2) ownership or rental of structure (home, cabin, etc) used for shelter; (3) permanent going membership in a family group whose head of house hold maintains a structure used for shelter; (4) a resident's personal effects (such as toothbrush, clothing, tv set, car, toys etc.) are physically present in the State of Alaska; (5) they receive their mail at an Alaskan address; (6) participate in the economy by spending their income (from what ever source...retirement, Social Security, wages, etc) to purchase food, shelter, and heating fuel in Alaska for their own use.

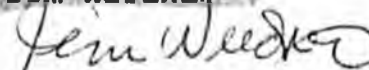
I find it hard to believe that someone who does not meet #1, #2, #3, #4, #5, #6, should be allowed to receive dividends--for any reason. I therefore recommend that "residency based on intent" be dropped, and that residency based on "physical presence" adopted.

The permanent fund dividend program is the only program which benefits each Alaskan resident fairly and equally. Sending the money to people who don't live here does very little for the Alaskan economy.

Naturally there any be some legitimate exceptions (such as medical treatment) however they should be limited to a 1 year maximum.

Thank you for considering these suggestions.

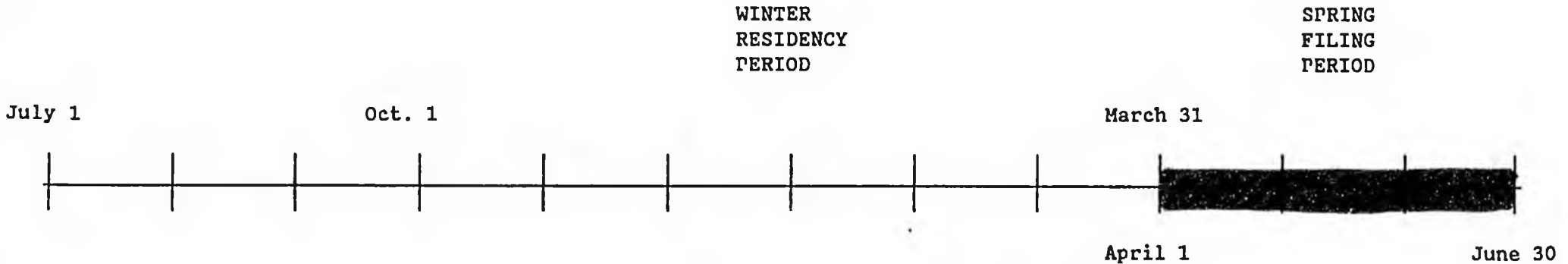
Jim Weidner



5479 C.H. R.R.
Fairbanks, Ak. 99712
488-6366

SB 444
TIGHTENING UP ON ELIGIBILITY REQUIREMENTS
FOR PERMANENT FUND DIVIDENDS

THE PERMANENT FUND DIVIDEND YEAR



Requirements for PFD eligibility

CURRENT
LAW

Winter Residency Period

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

Applicant's Application Day
During Spring Filing Period

1. Timely application.
2. Intent to make Alaska a permanent home.
3. Physical presence on the date of application or an allowable absence.

SB 444 includes all current requirements and adds these additional requirements.

SB 444:
ADDITIONAL
REQUIREMENTS

Requires physical presence for most of the winter after five years of allowable absences (cuts off allowable absences after five years out of the state).

Physical presence on 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

