

HB

FB

HOUSE COMMITTEE REPORT

FILE

(11)

Date Referred: March 7, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/11/90

The FINANCE Committee considered:

HB 563

HOUSE BILL NO. 563

DISCLOSE PER. FUND INCOME EXPENDITURES

"An Act relating to disclosure of expenditures of permanent fund income; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 563 (SA) the same title
- have 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):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) 3/7/90/REV
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Do Not Pass No Rec Amend

Ronald J. Larson LARSON

Charles Swackhammer SWACKHAMMER

Harold Brown BROWN

Koponen KOPONEN

Giddner Ulmer ULMER

Barnes BARNES

Shultz SHULTZ

Phillips PHILLIPS

Rieger RIEGER

	Do Not Pass	No Rec	Amend

Ronald J. Larson LARSON
Chairman's Signature

FISCAL NOTE

cc

REQUEST

Revision Date: _____
Title: An Act relating to the amount of the permanent fund dividend
Sponsor: State Affairs Committee
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	22.0	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	10.0	10.0	10.0	10.0	10.0	10.0
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	32.0	10.0	10.0	10.0	10.0	10.0
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 (PFD)	32.0	10.0	10.0	10.0	10.0	10.0
TOTAL	32.0	10.0	10.0	10.0	10.0	10.0

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	3	3	3	3	3	3
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: See attached.

Prepared By: Ervin Jones
Division: Permanent Fund Dividend Division

Phone: 465-2323
Date: February 28, 1990

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 2/28/90

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

Adopted

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
CSHB 563
February 28, 1990

1. <u>Positions</u>	<u>FY 91</u>	<u>FY 92</u>
3 PPT Document Processor IIs, R8 @ \$2,446.08/Mo including salary and benefits for 3 months	= \$22.0	\$0.0
This position is to answer increased phone calls and letters regarding the special notice		
2. <u>Other Expenditures:</u>		
a) <u>Travel:</u>	\$0.0	\$0.0
b) <u>Contractual:</u>		
Estimated cost to print and fold 525,000 flyers	= \$10.0	\$10.0
c) <u>Supplies:</u>	\$0.0	\$0.0
d) <u>Equipment:</u>	\$0.0	\$0.0
Total Cost	\$32.0	10.0

Analysis:

Assuming the number of appropriations from the dividend fund, including administrative costs and hold harmless costs, stays under four, they can be identified on the face of the stub. A brief legislative history and purpose can be printed (in very small print) on the back. If more than four appropriations occur or if a more in-depth explanation is required, we will possibly have to go to a flyer insert, resulting in the noted contractual costs.

Regarding the one time requirement to insert an explanation of the 1989 appropriations in with the 1990 dividend, it is the considered opinion of this department that this action will create confusion in the public as to which year the deductions are for, etc., and will result in thousands of additional contacts. The additional staff is the estimated incremental cost of handling these usually irate and/or confused contacts.

Original sponsor(s): State Affairs Committee

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 563 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the amount of a permanent fund
7 dividend and to information regarding certain amounts
8 by which dividends are reduced or increased; and
9 providing for an effective date."

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

11 * Section 1. AS 43.23.025(a) is amended to read:

12 (a) By October 1 of each year the commissioner shall give public
13 notice of the value of each permanent fund dividend for that year.
14 The public notice shall contain a statement disclosing the amount by
15 which each individual dividend has been reduced due to each appropri-
16 ation from the dividend fund, including amounts [IN ORDER] to pay the
17 costs of administering the dividend program and the hold harmless
18 provisions of AS 43.23.075. The commissioner shall also include the
19 statement on the stub attached to each individual dividend check.
20 Additional information fully explaining the legislative history and
21 purpose of each appropriation shall be provided with the check. The

22 commissioner shall determine the value of a permanent fund dividend by

23 (1) determining the total amount available for dividend
24 payments, which equals

25 (A) the amount of income of the Alaska permanent fund
26 transferred to the dividend fund under AS 43.23.045(b) during the
27 current year;

28 (B) plus the unexpended and unobligated balances of
29 prior fiscal year appropriations that lapse into the dividend

1 fund under AS 43.23.045(d);

2 (C) less the amount necessary to pay dividends from
3 the dividend fund in the current year under AS 43.23.055(3);

4 (D) less the amount necessary to pay dividends from
5 the dividend fund due to eligible applicants who, as determined
6 by the department, filed for a previous year's dividend by the
7 filing deadline but who were not included in a previous year's
8 dividend computation;

9 (E) less appropriations from the dividend fund during
10 the current year, including amounts to pay costs of administering
11 the dividend program and the hold harmless provisions of AS 43.-
12 23.075;

13 (2) determining the number of individuals eligible to
14 receive a dividend payment for the current year; and

15 (3) dividing the amount determined under (1) of this sec-
16 tion by the amount determined under (2) of this section.

17 * Sec. 2. The commissioner of revenue shall include with each permanent
18 fund dividend check for 1990 information explaining the legislative history
19 and purpose of appropriations from the dividend fund that reduced dividends
20 for 1989. If money is made available, through appropriation or a decision
21 of the court upholding the constitutionality of AS 43.23.005(d), to reim-
22 burse the dividend fund for amounts by which the 1989 dividend was reduced,
23 the commissioner shall include on the stub attached to each dividend check
24 for 1990 a statement of the amount by which the check is increased due to
25 the reimbursement.

26 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

Item 5



Alaska State Legislature

House of Representatives
COMMITTEE ON STATE AFFAIRS

LETTER OF INTENT
TO ACCOMPANY
CS HB 563 (SA)

February 28, 1990

It is the intent of the **House State Affairs Committee** that all deductions from the earnings of the Permanent Fund be disclosed to the public in accordance with the recommendations contained in the Final Report of the **Commission on the Future of the Permanent Fund**. Section 1 would require that all appropriations from the Dividend Fund be listed on the dividend check stub.

It is the intent that all additional deductions from earnings be disclosed in a form other than on the check stub realizing that there is insufficient space on the check stub to list all expenditures paid from annual earnings. Those disclosures should include, 1) the Permanent Fund Corporation's operating budget, 2) the annual reinvestment of earnings to off-set the effects of inflation, 3) the \$3.5 million appropriated to the Department of Law and 4) any other deductions from the Earnings Reserve Account, the Dividend Fund or earnings of the Permanent Fund that is not otherwise listed on the check stub.

Therefore, the House State Affairs Committee endorses the current Corporation practice of including an informational flyer with the dividend check, and encourages the expansion of this flyer to include information which explains the amount and purpose of each deductions during the prior year.

Rep. H. A. "Red" Boucher, Chairman



Alaska State Legislature

House of Representatives
COMMITTEE ON STATE AFFAIRS

MEMORANDUM

From: H.A. 'Red' Boucher, Chairman

To: House Finance Committee Members

Date: February 28, 1990

Subject: **HB563** - requiring disclosure of deductions from Dividend Fund and an explanation of 1989 deductions.

Section 1- Amends AS 43.23.025 to require that each deduction from the dividend fund be listed on the check and that the legislative history and purpose of each deduction be fully explained either on the check or within the envelope which accompanies the check. The cost of this informational enclosure will be part of the administrative expenses in managing the dividend program and will be shown on the check stub.

The (E) amendment (page 2, lines 9-12) adds a clarification to the calculation used to determine the annual dividend payment so that the amount deducted from the dividend fund is subtracted from the calculation.

Section 2- This is a temporary law which requires the Commissioner of Revenue to prepare an explanation of itemized deductions contained on the 1989 check stub. The explanation will be included with the 1990 dividend check. Contingent upon an appropriation or court decision which reimburses the dividend fund for the 1989 deduction, this temporary law also requires that the added money be shown as a credit on the 1990 dividend check stub.

FISCAL NOTE

REQUEST

Revision Date: _____
Title: An act relating to disclosures
of expenditures of perm. fund income
Sponsor: State Affairs Committee
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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: See attached.

Prepared By: Ervin Jones
Division: Permanent Fund Dividend Division

Phone: 465-2323
Date: February 20, 1990

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 2/21/90

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

HB 563

Department of Revenue
Permanent Fund Dividend Division
Fiscal Note Analysis
HB 563
February 20, 1990

ANALYSIS:

The Department of Revenue supports this bill because the department supports full accountability to the public of all appropriations from the earnings of the Permanent Fund, whether the appropriations are from the earnings directly or from the dividend fund. If the objective of the bill is to adopt the recommendation of the Commission on the Future of the Permanent Fund, we suggest the following amendments.

1. Section 1, page 1, line 14 should be amended to read, ". . . purpose of each [EXPENDITURE] appropriation made from income of the permanent fund"

If the department is going to report current appropriations to the public on October 1, we should not report only the expenditures (paid bills) for July 1-September 30, but rather the full amount of the appropriations.

2. Section 1, page 1, line 16 should be amended to read, ". . . dividend has been reduced due to each appropriation from the dividend fund, including amounts to pay the costs of administering"

This amendment would make it very clear that any appropriation from the dividend fund erodes the value of each individual dividend, regardless of the purpose of the appropriation.

3. Section 1, page 2, line 7, insert:

(E) less appropriations from the dividend fund during the current year, including amounts to pay the costs of administering the dividend program and the hold harmless provisions of AS 43.23.075;

This amendment would serve to clarify the calculation of the dividend amount.

4. Section 2 makes the changes effective with the declaration of the 1991 dividend. It is suggested that this change could go into effect in 1990 with no administrative difficulties.

