

HB

511

HOUSE COMMITTEE ON STATE AFFAIRS

RECAP OF HB 511

Approp: Dividend Fund

Received February 7, 1990

by Reps. Boucher, Gruenberg, Boyer, Davidson,
Grussendorf, Brown, Kubina, M. Davis, Ulmer, Collins,
Martin, Menard, Leman, Hudson, Donley, Ellis, Navarre,
Hanley, C. Davis, Foster, Furnace, Koponen, Larson,
MacLean, Miller, Phillips, Sharp, Shultz, Swackhammer,
Zawacki, Finkelstein

Heard February 21, 1990

Adopted CSHB 511 (SA) February 21, 1990

Passed Out of Committee February 21, 1990
4 Do Pass

TABLE OF CONTENTS

HB 511: Approp: Dividend Fund

- Item 1:** HB 511 by Reps. Boucher, Gruenberg, Boyer, Davidson, Grussendorf, Brown, Kubina, M. Davis, Ulmer, Collins, Martin, Menard, Leman, Hudson, Donley, Ellis, Navarre, Hanley, C. Davis, Foster, Furnace, Koponen, Larson, MacLean, Miller, Phillips, Sharp, Shultz, Swackhammer, Zawacki, Finkelstein
- CSHB 511 (SA)
- Item 2:** Memorandum from Rep. Boucher, February 19, 1990
- Item 3:** Letter and Analysis from Dept. of Revenue, February 20, 1990

HOUSE BILL NO. 511

APPROP: DIVIDEND FUND

"An Act making a special appropriation to reimburse the dividend fund for appropriations from the dividend fund in fiscal year 1990 for prisoner gate money, sex offender treatment programs, and the Violent Crimes Compensation Board made in expectation that permanent fund dividends would be denied to incarcerated felons; making an appropriation of certain funds in an interest-bearing trust to the general fund and an appropriation of the remaining funds to the dividend fund, in the event that the state prevails in whole or in part in the appeal of the superior court decisions in Anthony v. State and Snyder v. Department of Revenue; and providing for an effective date."



Representative H.A. "Red" Boucher

Chairman House Committee on State Affairs • Special Committee on Telecommunications
Member Labor & Commerce Committee • Chairman Commission on the Future of the Permanent Fund

MEMORANDUM

To: House State Affairs Members

From: Red Boucher, Chairman

Subject: HB 511 - \$1.5 Million Reimbursement to the Dividend Fund.

Date: February 19, 1990

The Commission on the Future of the Permanent Fund found, through considerable public testimony, that Alaskan's objected to the use of dividend funds to pay for general government programs such as the Violent Crimes Compensation Fund, the Sex Offender Treatment Program and Felon Gate Money.

The intent of HB 511 is to reimburse Alaskan's for improper deductions made from the 1989 Dividend Checks. To accomplish this reimbursement, HB 511 makes an immediate appropriation from the General Fund to the Dividend Fund of \$1.5 million.

Background

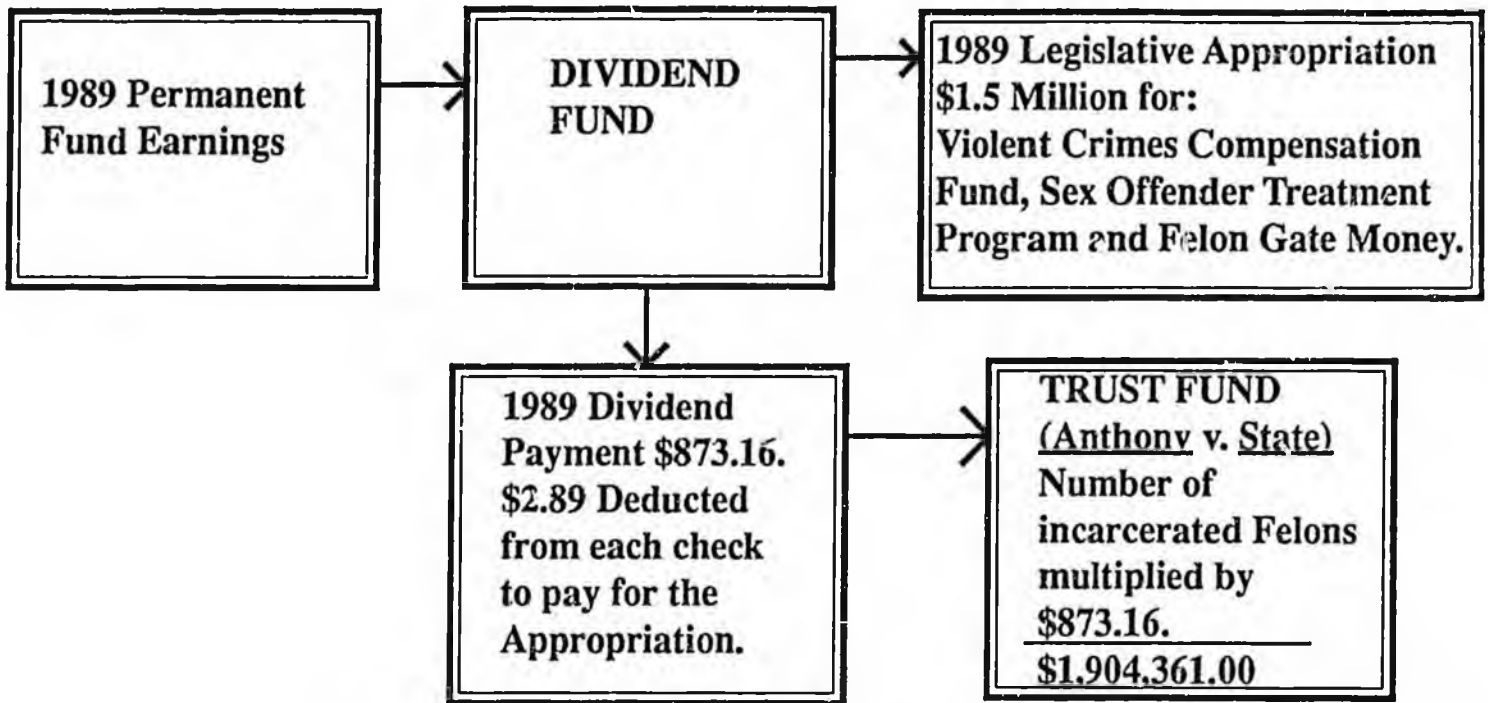
In 1988, the legislature passed CSHB 245 which denied a dividend check to incarcerated felons. The Superior Court ruled in July of 1989 that withholding all felon's dividend checks was unconstitutional. Until this issue can be resolved on appeal, that Court placed the Felon's dividend checks in a trust fund.

If the state wins the appeal, the Dividend Fund will receive the trust money back. Resolution of this case, however, may not occur until after the 1990 checks are distributed. HB 511 ensures that the 1990 dividend checks are credited for the amount deducted in 1989.

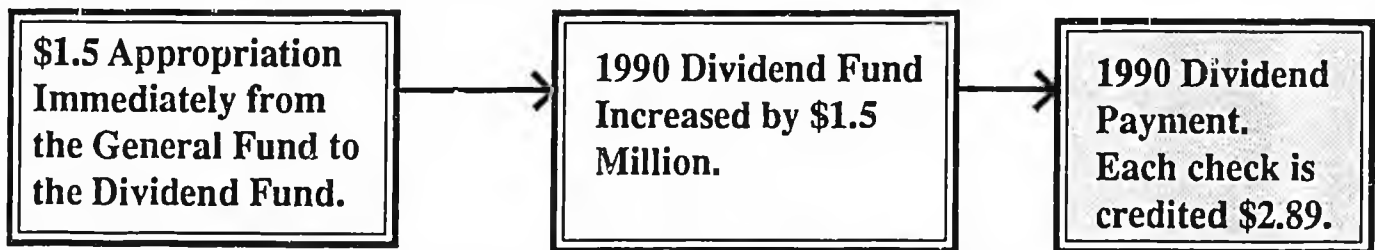
If the state wins the appeal, \$1.5 million of the trust money plus interest will be deposited in the General Fund. The balance of the trust money would be deposited in the Dividend Fund. If the State Supreme Court upholds the ruling of the Superior Court, the felons will receive a 1989 dividend check from the Trust Fund.

A summary of HB 511 and the disposition of the trust funds is attached.

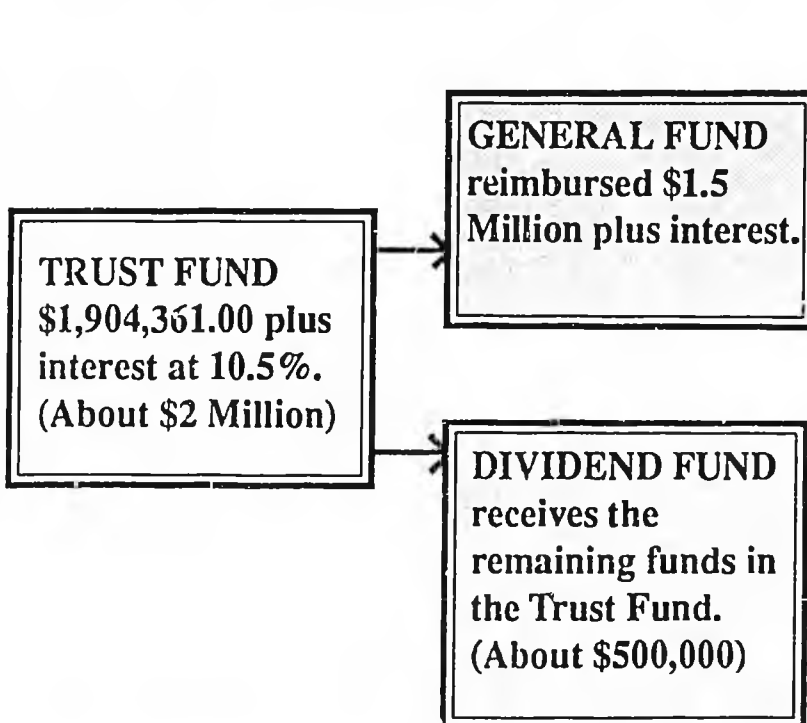
Figure 1: House Bill 511-\$1.5 Million Appropriation to the Dividend Fund



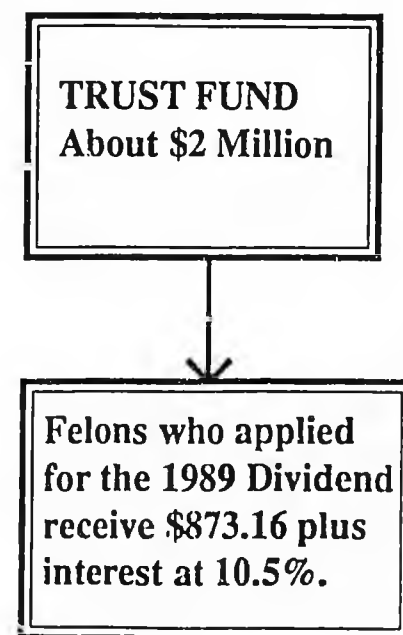
HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)



STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

Item 3

STEVE COWPER, GOVERNOR

P.O. BOX 5
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February 20, 1990

The Honorable Red Boucher
Alaska State House
P.O. Box V
Juneau, AK 99811

Dear Representative Boucher:


HB 511 would restore to the 1990 Permanent Fund Dividend the amount of the 1989 deductions for sex offender treatment, gate money, and violent crimes compensation. This will increase each 1990 dividend check by about \$3.00.

However, I want to make clear that section four of the legislation would transfer the dividend money now held in trust over to the general fund rather than back into the dividend fund if the state wins in the felons' lawsuit.

I realize that there may be strong legislative interest in putting the dividend money in the general fund since the general fund is paying the expense that the dividend fund incurred for the sex offender treatment, gate money, and violent crimes compensation.

I just want to make sure that folks are clear that under this version of HB 511, the permanent fund dividend fund will ultimately pay this cost if the state wins the case.

Sincerely,



Hugh Malone
Commissioner

HM:m11
90-32

FISCAL NOTE

REQUEST

Revision Date: _____
Title: An act making a special appro-
riation to reimburse the dividend fund
Sponsor: BOUCHER, Gruenberg, et al
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: _____
Agency: Revenue

Date: Feb 20, 1990

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
HB 511
February 20, 1990

ANALYSIS:

Section 3 appropriates \$1.5 million plus interest from the General Fund to the Dividend Fund for distribution in 1990 to those eligible for 1990 dividends. This will result in an increase to the 1990 dividend of approximately \$3.00 per applicant.

Sections 4 and 5 establish appropriations from the 1989 Felon's Trust Account contingent upon the State winning the felon's case on appeal. Under Sections 4 and 5, this account will first be appropriated to the General Fund in the amount appropriated in Section 3, with the remainder to go back to the Dividend Fund.

If the State loses, the trust account will be paid out to the felons.

NOTE: The interest which is accruing to the trust account is coming from the General Fund. Is it the intention of the Legislature that this interest be appropriated to the Dividend Fund under Section 5?