

H

B

S

1

1

SENATE FINANCE COMMITTEE REPORT

DATE: 4/25/90

DATE TURNED INTO OFFICE:

5/8/90

The Finance Committee considered

CSHB 511 (SA) am

Special appropriation: dividend fund

and recommended:

[] replace with _____ CS
[] or adopt _____ CS

[] same title
[] new title
[] technical title change (HB only)

[] attached amendment(s)
[] _____ letter of intent adopted

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

[] fiscal note(s) Dept/Date: _____

[] fiscal note(s) Dept/Date: _____

[] zero fiscal note(s) _____

[] zero fiscal note(s) DOR 2/20/90

[] appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]

Peace no rec

[Signature]

[Signature]

[Signature]

[Signature]

1. [Signature] Do Pass

2. [Signature] No

Co-Chairs: Signatures and Recommendation

REC

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-

Adopted

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:

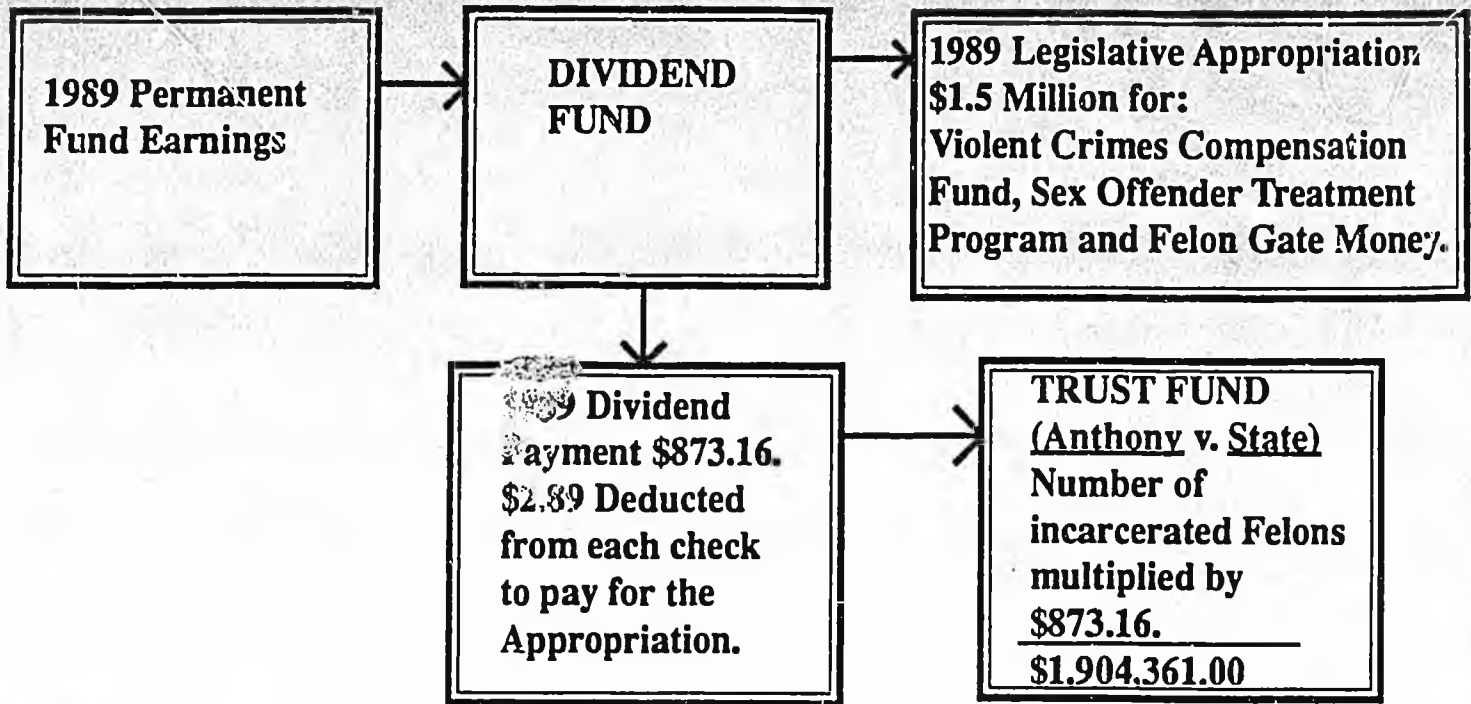
Section 3 appropriates \$1.5 million plus interest from the General Fund to the Dividend Fund for distribution in 1990 to those eligible for 1990 dividends. This will result in an increase to the 1990 dividend of approximately \$3.00 per applicant.

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.

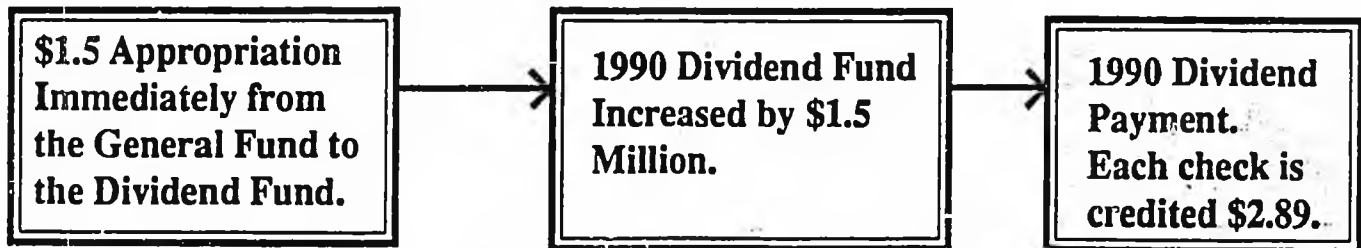
If the State loses, the trust account will be paid out to the felons.

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?

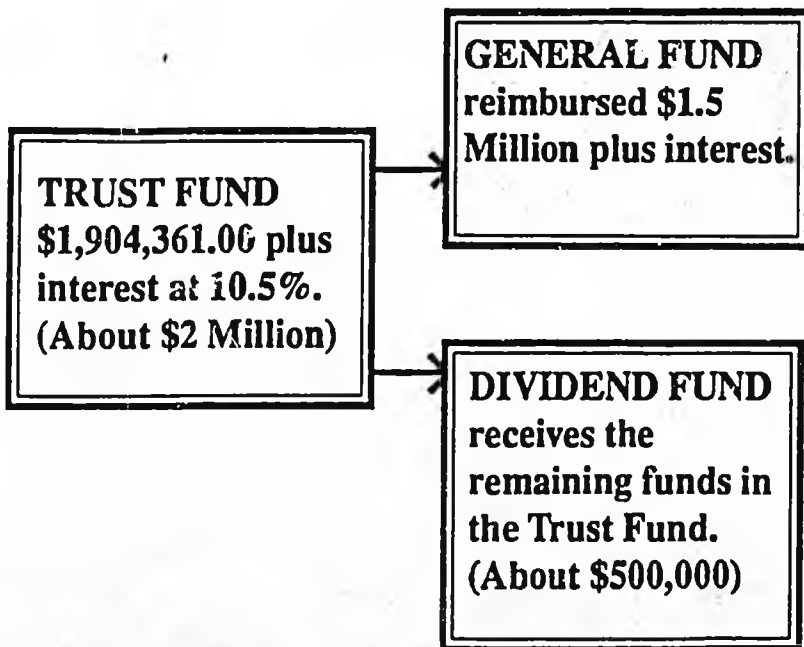
Figure 1: **House Bill 511-\$1.5 Million Appropriation to the Dividend Fund**



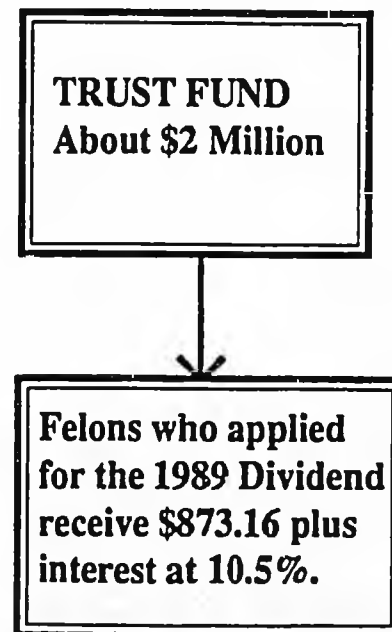
HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)



Amended: 4/19/90
Offered: 2/20/90
Referred: Finance

6-1669J

Original sponsor(s): REP. 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, Taylor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 511 (State Affairs) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act making a special appropriation to reimburse
7 the dividend fund for appropriations from the divi-
8 dend fund in fiscal year 1990 for prisoner gate
9 money, sex offender treatment programs, and the
10 Violent Crimes Compensation Board made in expectation
11 that permanent fund dividends would be denied to
12 incarcerated felons; making an appropriation of
13 certain funds in an interest-bearing trust to the
14 general fund and an appropriation of the remaining
15 funds to the dividend fund, in the event that the
16 state prevails in whole or in part in the appeal of
17 the superior court decisions in Anthony v. State and
18 Snyder v. Department of Revenue; and providing for an
19 effective date."

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

21 * Section 1. HISTORICAL BACKGROUND. The legislature has adopted a
22 policy to deny benefits of the permanent fund to incarcerated felons. To
23 implement this policy, in 1988 the legislature disqualified incarcerated
24 felons from receiving permanent fund dividends. In 1989 the legislature
25 appropriated \$1,500,000 from felons' permanent fund dividends to the De-
26 partments of Corrections and Public Safety. Legal challenges by incarcer-
27 ated felons subsequently caused superior courts to rule that the law deny-
28 ing permanent fund dividends to felons is unconstitutional. Pending review
29 by the Alaska Supreme Court, a superior court created an interest-bearing

1 trust for the felons' permanent fund dividends. About \$2,000,000 is in the
2 interest-bearing trust. The amount of the 1989 permanent fund dividend
3 received by each dividend recipient was reduced by the appropriations to
4 the Departments of Corrections and Public Safety and by the creation of the
5 interest-bearing trust. The legislature did not anticipate the felons'
6 challenge and did not intend that the permanent fund dividend recipients
7 should bear the costs of these programs and the interest-bearing trust.

8 * Sec. 2. PURPOSE. It is the purpose of this Act to

9 (1) restore the \$1,500,000 that was appropriated from the divi-
10 dend fund, plus interest, by making an appropriation from the general fund
11 to the dividend fund; and

12 (2) if the state prevails on appeal and obtains a reversal in
13 whole or in part of the superior court decisions that resulted in the
14 interest-bearing trust being created, appropriate up to \$1,500,000, plus
15 interest, from the money placed into the interest-bearing trust to the
16 general fund, and appropriate the remaining funds to the dividend fund.

17 * Sec. 3. The sum of \$1,500,000, plus interest at 10.5 percent per
18 annum from the date that funds were transferred from the dividend fund to
19 the Department of Corrections and to the Department of Public Safety until
20 the effective date of this section, is appropriated from the general fund
21 to the dividend fund (AS 43.23.045) for payment in 1990 to individuals
22 entitled to receive a 1990 permanent fund dividend.

23 * Sec. 4. If the Alaska Supreme Court reverses in whole or in part the
24 decisions of the superior courts in Anthony v. State (3PA-88-1009 Civ.) and
25 Snyder v. Department of Revenue (3AN-89-3807 Civ.), upon final judicial
26 disposition of the funds in the interest-bearing trust established by the
27 superior court in Anthony, the funds remaining in the trust, not to exceed
28 an amount equal to the amount appropriated by sec. 3 of this Act plus the
29 actual interest accrued on that amount from the effective date of sec. 3 of

1 this Act until the effective date of this section, are appropriated to the
2 general fund.

3 * Sec. 5. If the Alaska Supreme Court reverses in whole or in part the
4 decision of the superior court in Anthony v. State (3PA-88-1009 Civ.) and
5 Snyder v. Department of Revenue (3AN-89-3807 Civ.), upon final judicial
6 disposition of the funds remaining in the interest-bearing trust estab-
7 lished by the superior court in Anthony, the funds remaining in the trust
8 after the appropriation of funds under sec. 4 of this Act, are appropriated
9 to the dividend fund (AS 43.23.045).

10 * Sec. 6. Sections 1 - 3 of this Act take effect immediately under
11 AS 01.10.070(c).

12 * Sec. 7. Sections 4 - 5 of this Act take effect on the date of a
13 decision by the Alaska Supreme Court reversing in whole or in part the
14 superior court decisions in Anthony v. State (3PA-88-1009 Civ.) and Snyder
15 v. Department of Revenue (3AN-89-3807 Civ.).



Alaska State Legislature

House of Representatives
COMMITTEE ON STATE AFFAIRS

MEMORANDUM

To: Senate Finance Committee Members

From: Representative H.A. "Red" Boucher, Chair
House State Affairs Committee

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

Date: May 3, 1990

The Commission on the Future of the Permanent Fund found, through considerable public testimony, that the public 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 the people of Alaska for those deductions made from their Dividend Checks in 1989. 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 felon's dividend checks was unconstitutional, and until the issue could be resolved on appeal, the Court placed those Dividend checks in a trust fund.

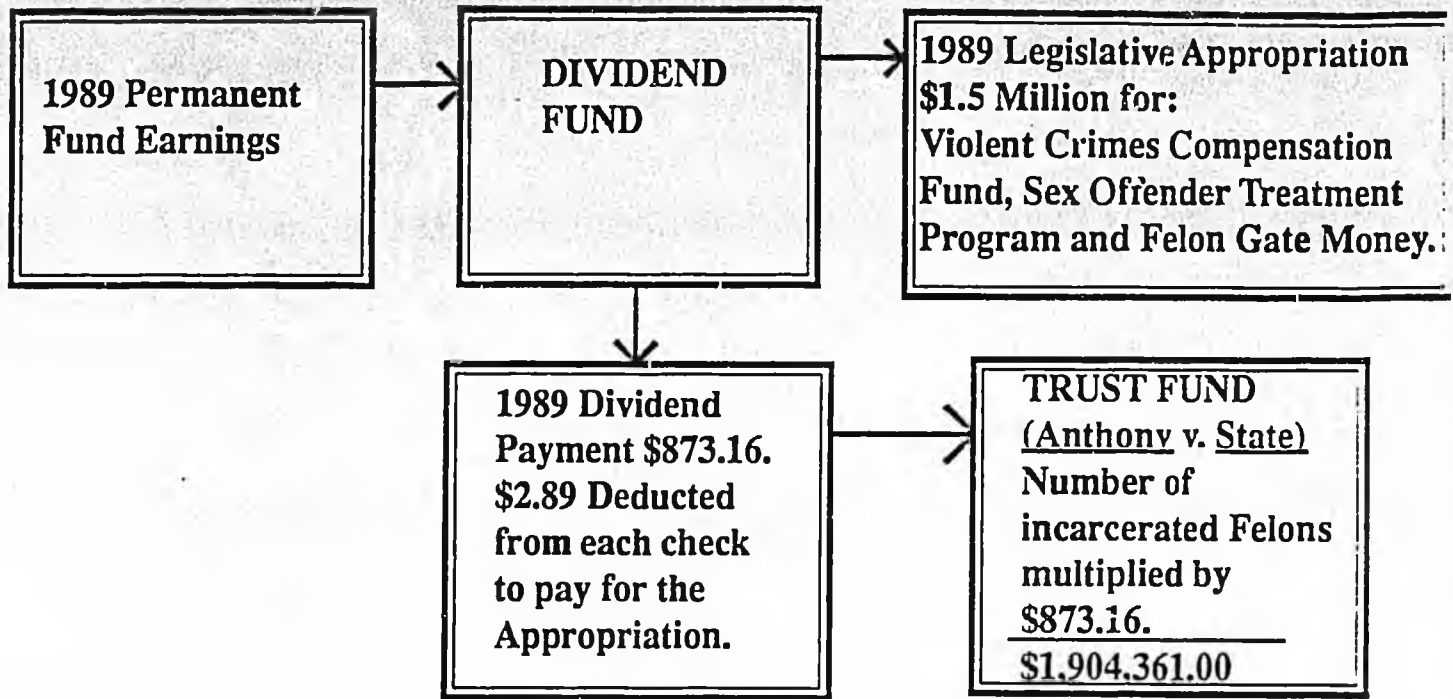
If the state wins the appeal, the Dividend Fund will receive the trust money back. Resolution of this case, however, may not occur until after the 1990 checks are distributed. HB 511 ensures that the 1990 dividend checks are credited for the amount deducted in 1989.

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

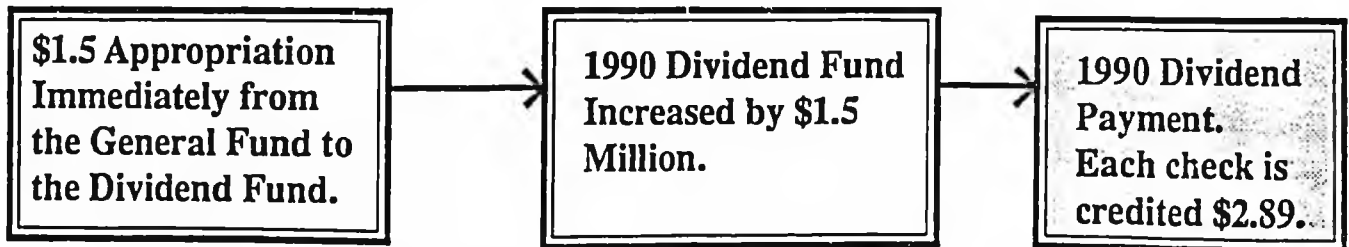
Supreme Court upholds the ruling of the Superior Court, the felons will receive a 1989 dividend check from the Trust Fund.

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

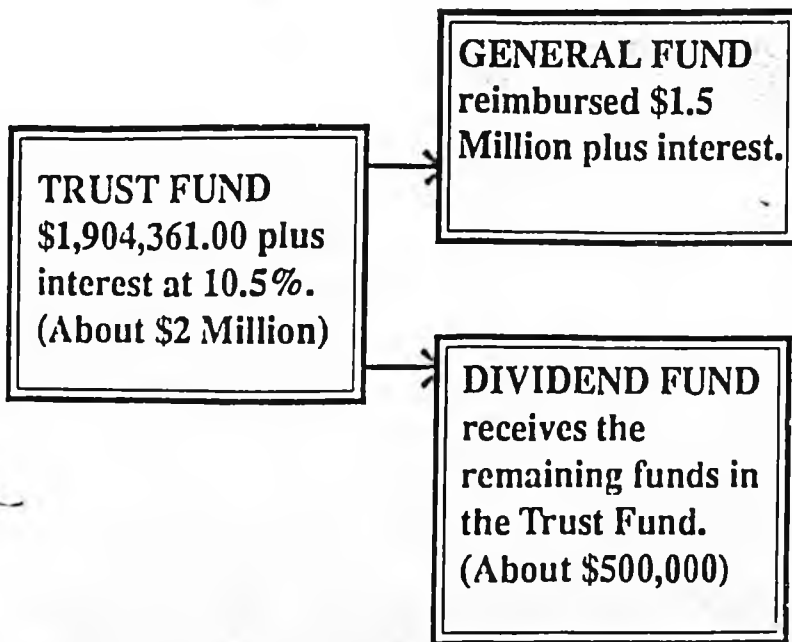
Figure 1: House Bill 511-\$1.5 Million Appropriation to the Dividend Fund



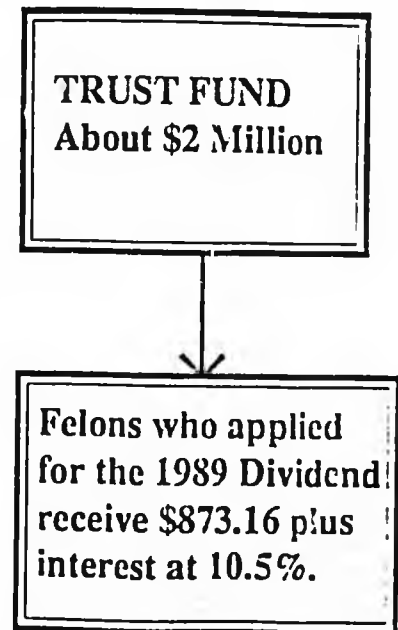
HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)



THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE



Alaskans on the Future of the Fund

Final Report
of the Commission
on the Future
of the Permanent Fund

January 31,
1990

FISCAL NOTE

REQUEST

Revision Date: _____
Title: An act making a special appro-
priation 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)

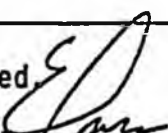
	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-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-

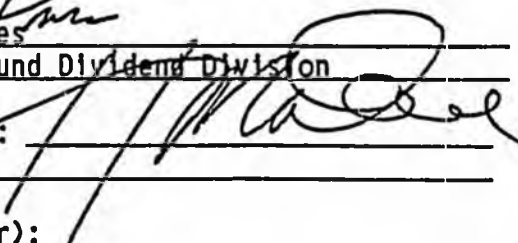
POSITIONS:

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:

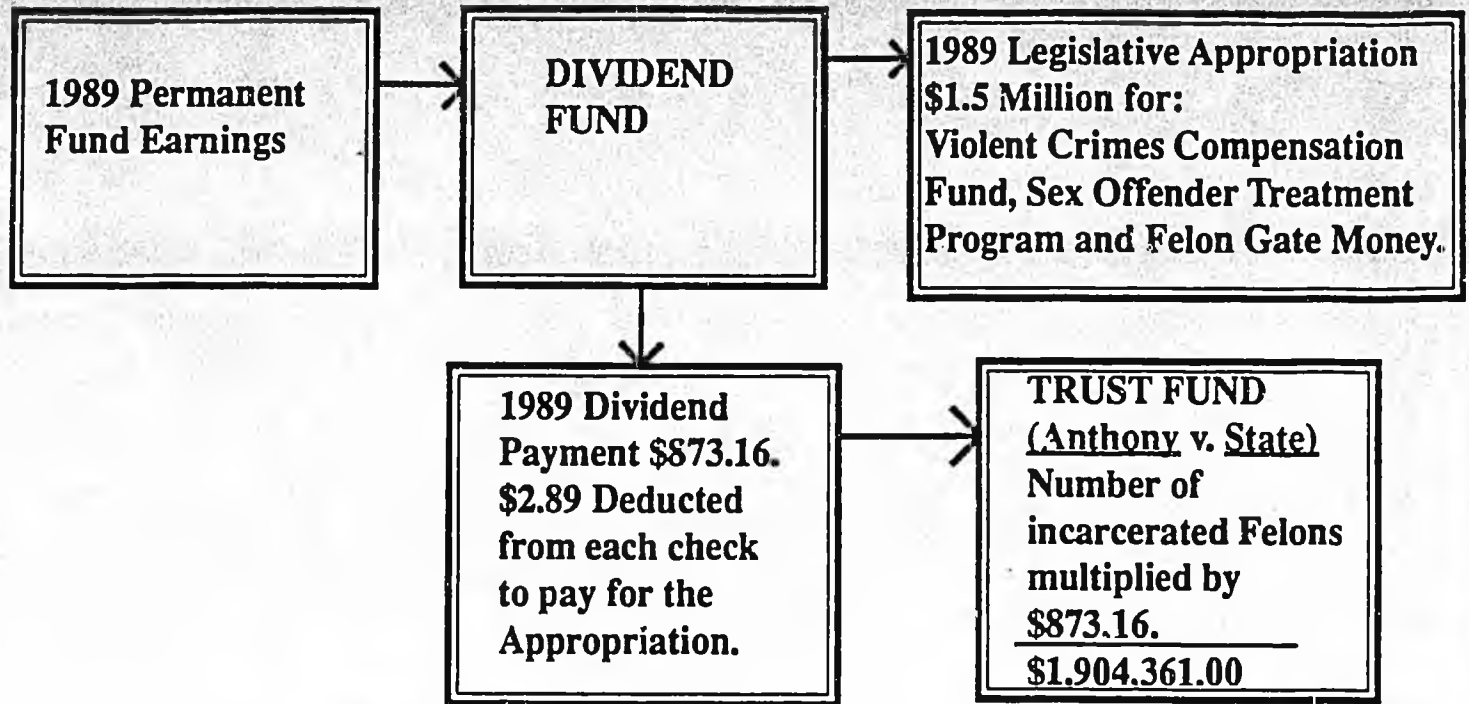
Section 3 appropriates \$1.5 million plus interest from the General Fund to the Dividend Fund for distribution in 1990 to those eligible for 1990 dividends. This will result in an increase to the 1990 dividend of approximately \$3.00 per applicant.

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.

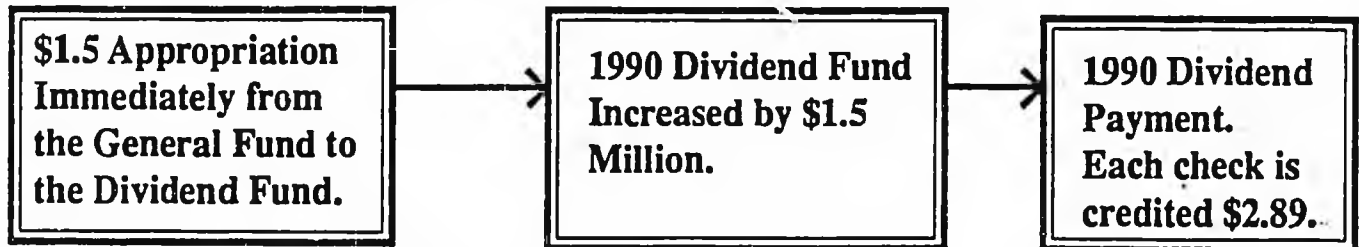
If the State loses, the trust account will be paid out to the felons.

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?

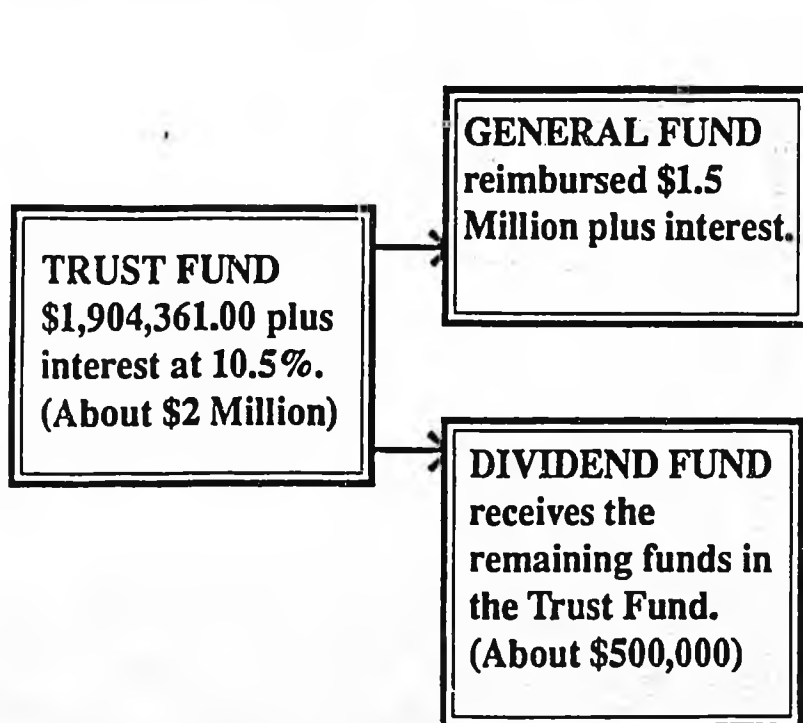
Figure 1: House Bill 511-\$1.5 Million Appropriation to the Dividend Fund



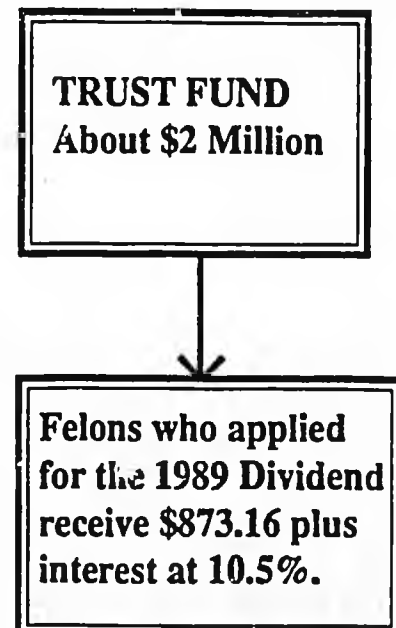
HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)



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-

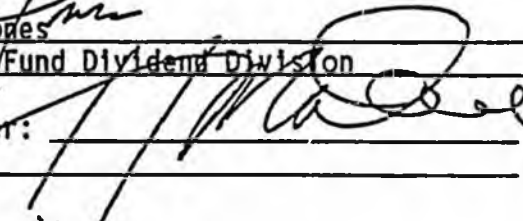
POSITIONS:

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:

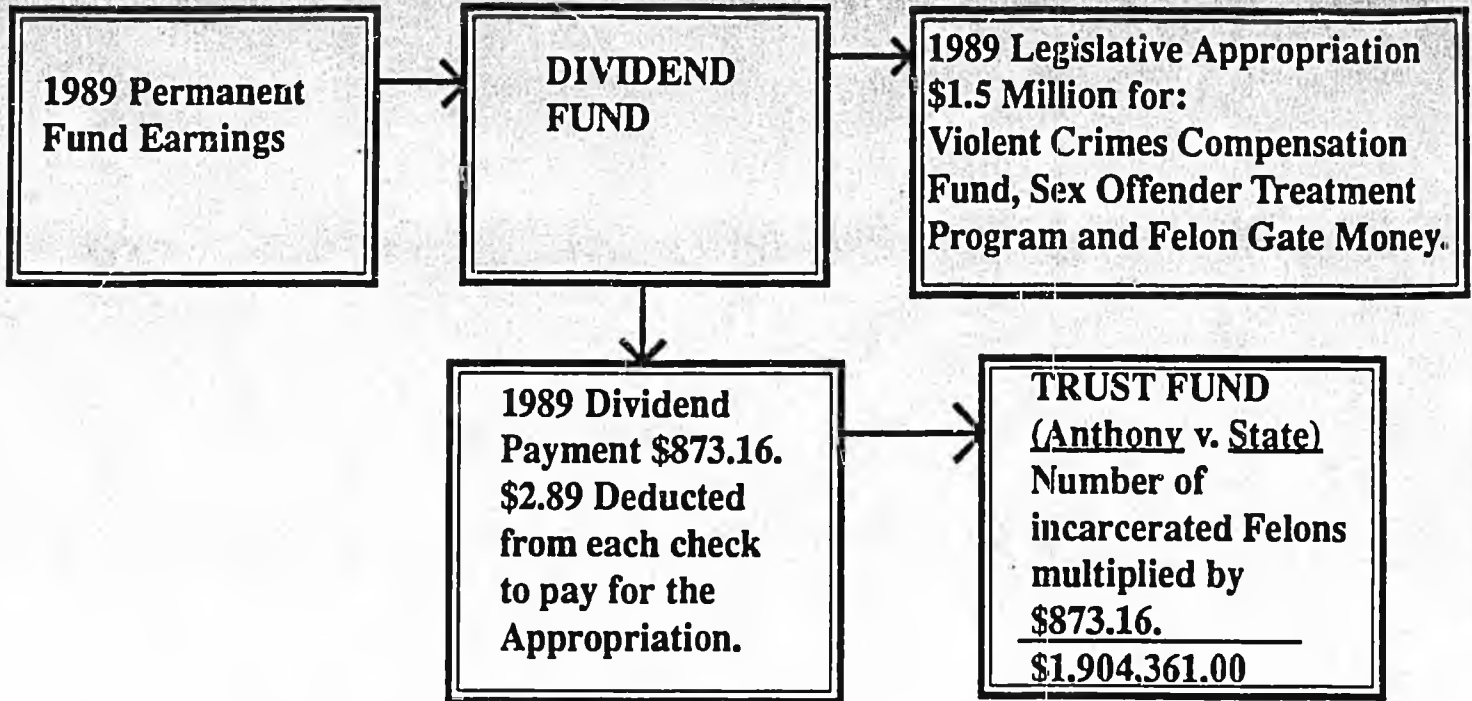
Section 3 appropriates \$1.5 million plus interest from the General Fund to the Dividend Fund for distribution in 1990 to those eligible for 1990 dividends. This will result in an increase to the 1990 dividend of approximately \$3.00 per applicant.

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.

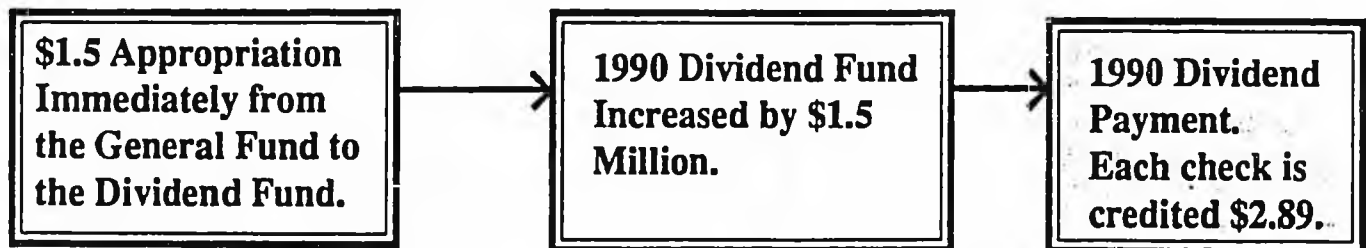
If the State loses, the trust account will be paid out to the felons.

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?

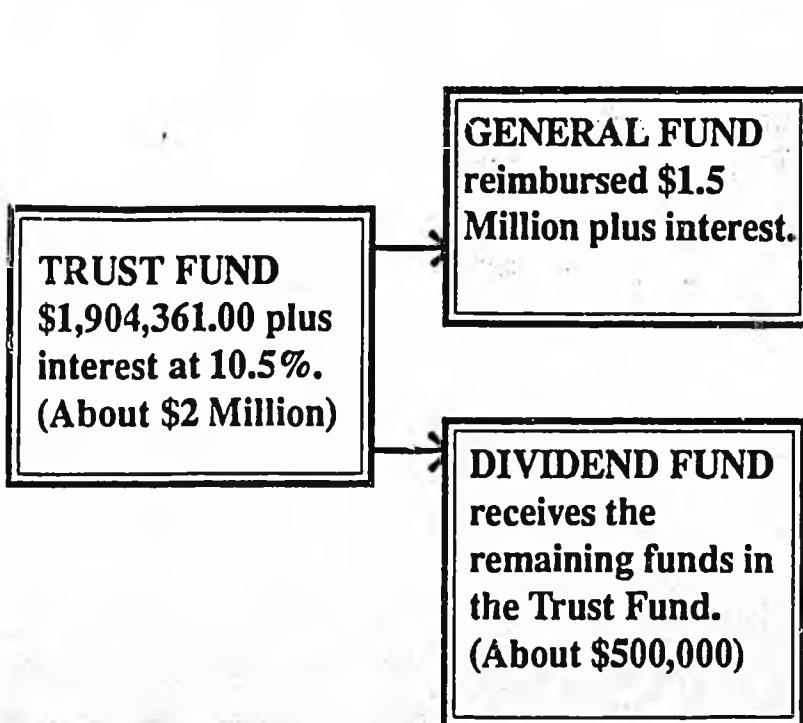
Figure i: **House Bill 511-\$1.5 Million Appropriation to the Dividend Fund**



HOUSE BILL 511 - What it does.



Alternative #1 (State wins appeal.)



Alternative #2 (Felons win appeal.)

