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SENATE FINANCE COMMITTEE REPORT

DATE: 5/1/90

FURTHER:

DATE TURNED INTO OFFICE: 5/6/90

The Finance Committee considered

CSHB 563 (SA) am

An Act relating to the amount of a permanent fund dividend, to information regarding the value of dividends, and to the partial exemption of dividends from remedies for the collection of debt; efd.

and recommended:

replace with _____ CS
 or adopt SCS CSHB 563 (SA)
 attached amendment(s)
 _____ letter of intent adopted

same title
 new title
 technical title change (HB only)

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) 32.0 DOR Dept/Date: _____

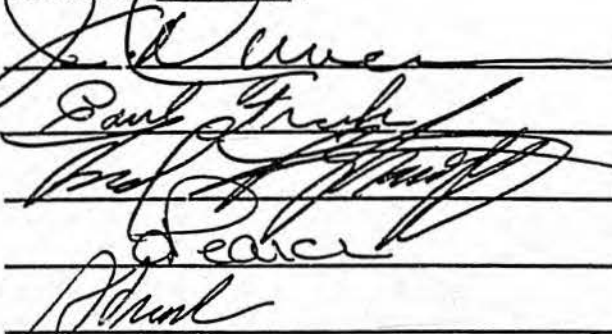
zero fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:



1. John S. [Signature] Do Pass 2. Pat [Signature] (no pass)

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

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 SENATE CS FOR 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, to information regarding the value of
8 dividends, and to the partial exemption of dividends
9 from remedies for the collection of debt; and provid-
10 ing for an effective date."

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

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

13 (a) By October 1 of each year the commissioner [SHALL GIVE
14 PUBLIC NOTICE OF THE VALUE OF EACH PERMANENT FUND DIVIDEND FOR THAT
15 YEAR. THE PUBLIC NOTICE SHALL CONTAIN A STATEMENT DISCLOSING THE
16 AMOUNT BY WHICH EACH INDIVIDUAL DIVIDEND HAS BEEN REDUCED IN ORDER TO
17 PAY THE COSTS OF ADMINISTERING THE 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. THE
20 COMMISSIONER] shall determine the value of each [A] permanent fund
21 dividend for that year by

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

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

27 (B) plus the unexpended and unobligated balances of
28 prior fiscal year appropriations that lapse into the dividend
29 fund under AS 43.23.045(d);

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

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

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

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

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

16 * Sec. 2. AS 43.23 is amended by adding a new section to read:

17 Sec. 43.23.028. PUBLIC NOTICE. By October 1 of each year the commis-
18 sioner shall give public notice of the value of each permanent fund
19 dividend for that year. The notice and the stub attached to each
20 individual dividend check must disclose the amount

21 (1) of each dividend attributable to income earned by the
22 permanent fund from deposits to that fund required under art. IX, sec.
23 15, Constitution of the State of Alaska;

24 (2) of each dividend attributable to income earned by the
25 permanent fund from appropriations to that fund and from amounts added
26 to that fund to offset the effects of inflation; and

27 (3) by which each dividend has been reduced due to each
28 appropriation from the dividend fund, including amounts to pay the
29 costs of administering the dividend program and the hold harmless

1 provisions of AS 43.23.075.

2 * Sec. 3. AS 43.23.065(a) is amended to read:

3 (a) Except as provided in (b) of this section, 45 [50] percent
4 of the annual permanent fund dividend payable to an individual is
5 exempt from levy, execution, garnishment, attachment, or any other
6 remedy for the collection of debt. This exemption applies to an
7 eligible individual's permanent fund dividend both before and after
8 payment is made to the individual.

9 * Sec. 4. The commissioner of revenue shall include with each permanent
10 fund dividend check for 1990 information explaining the legislative history
11 and purpose of appropriations from the dividend fund for Department of
12 Corrections and Department of Public Safety programs that reduced dividends
13 for 1989. If money is made available, through appropriation or a decision
14 of the court upholding the constitutionality of AS 43.23.005(d), to reim-
15 burse the dividend fund for amounts by which the 1989 dividend was reduced,
16 the commissioner shall include on the stub attached to each dividend check
17 for 1990 a statement of the amount by which the check is increased due to
18 the reimbursement.

19 * Sec. 5. Sections 1, 2, and 4 of this Act take effect immediately
20 under AS 01.10.070(c).

21 * Sec. 6. Section 3 of this Act takes effect January 1, 1991.

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Falks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

LETTER OF INTENT TO ACCOMPANY SCS CSHB 563 (SA)

It is the intent of the Senate State Affairs Committee that all deductions from the earnings of the Permanent Fund be disclosed to the public. SCS CSHB 563 requires that all appropriations from the Dividend Fund be listed on the dividend check stub. The amount of dividends as the result of constitutionally mandated deposits and the amount attributable to legislative appropriations shall also appear 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 shall include 1) the Permanent Fund Corporation's operating budget, 2) the annual reinvestment of earnings to off-set the effects of inflation, 3) the appropriations to the Department of Law for legal fees for oil tax litigation and 4) any other deductions from the Earnings Reserve Account or earnings of the Permanent Fund.

It is the intent of the legislature that the current Corporation practice of including an informational brochure with the dividend check be continued and that the brochure include information which explains the amount and purpose of all deductions from the Permanent Fund Corporation earnings.

Senator Pat Pourchot, Chairman

April 27, 1990