

S

B

3

4

6

SENATE FINANCE COMMITTEE REPORT

DATE: 4/5/90

FURTHER:

DATE TURNED INTO OFFICE: 4/10/90

The Finance Committee considered

SB 346

"An Act relating to public notice regarding the value of permanent fund dividends; and providing for an effective date."

and recommended:

- replace with _____ CS _____
- or adopt _____ CS SB 346 (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):

fiscal note(s) _____ Dept/Date: _____

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) DOR 4/4/90 Dept/Date: _____
Other-PFD 7.2

zero fiscal note(s) _____

SIGNING DO PASS:

J. Duncan
Carl Frank
Paul J. Hagg
James
Mont

OTHER RECOMMENDATIONS:

1. Del B... DO PASS 2. Paul Hagg DO PASS
 Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST

Revision Date: April 4, 1990
Title: An Act relating to public notice on value of PFD
Sponsor: DUNCAN
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	7.3	-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	7.3	-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 (PFD)	7.3	-0-	-0-	-0-	-0-	-0-
TOTAL	7.3	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	1	-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: April 4, 1990

Approved by Commissioner: Walter B. Barber for
Agency: Revenue

Date: 4-1-90

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
CS SB 346 (SA)
April 4, 1990

1. Positions

	<u>FY 91</u>	<u>FY 92</u>
1 PPT Document Processor II, R8 @ \$2,446.08/Mo including salary and benefits for 3 months. FY 91 only =	\$7.3	\$0.0

This position is to answer increased phone calls and letters regarding the special notice

2. Other Expenditures:

a) <u>Travel:</u>	\$0.0	\$0.0
b) <u>Contractual:</u>	\$0.0	\$0.0
c) <u>Supplies:</u>	\$0.0	\$0.0
d) <u>Equipment:</u>	\$0.0	\$0.0

Total Cost	\$7.3	\$0.0
------------	-------	-------

Analysis:

The department supports full disclosure and clear accountability for expenditures from the dividend fund.

Section 2, line 20 through 25 requires additional information to be communicated to the public. It is feasible to print the information on the check stub. The department has only two concerns with this new requirement:

- a) We expect the public to be very interested in this breakdown of the source of their dividend. It is now an established fact that the public pays close attention to information on the permanent fund dividend check stub. We expect an increase in public contact. This increase is covered by the fiscal note request for one seasonal part-time Document Processor II to work at the Anchorage Dividend Information Office during October-December of 1990.
- b) Our second concern is the impact which the additional use of the check stub will have on the Department's tenuous agreement with the Internal Revenue Service that allows us to use the check stub as a "substitute 1099." Absent this agreement, the dividend program would incur approximately \$175,000 in additional postage and printing costs each year. If the Internal Revenue Service cancels our waiver because of their perception that the stub is being altered and will no longer serve as an acceptable "substitute 1099," then the next year's operating budget would have to reflect the additional costs.

Original sponsor(s): SEN. DUNCAN, Sturgulewski, Faiks

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 346 (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 public information regarding the
8 value of dividends; and providing for an effective
9 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) Before [BY] October 1 of each year the commissioner [SHALL
13 GIVE PUBLIC NOTICE OF THE VALUE OF EACH PERMANENT FUND DIVIDEND FOR
14 THAT YEAR. THE PUBLIC NOTICE SHALL CONTAIN A STATEMENT DISCLOSING THE
15 AMOUNT BY WHICH EACH INDIVIDUAL DIVIDEND HAS BEEN REDUCED IN ORDER TO
16 PAY THE COSTS OF ADMINISTERING THE PROGRAM AND THE HOLD HARMLESS
17 PROVISIONS OF AS 43.23.075. THE COMMISSIONER SHALL ALSO INCLUDE THE
18 STATEMENT ON THE STUB ATTACHED TO EACH INDIVIDUAL DIVIDEND CHECK. THE
19 COMMISSIONER] shall determine the value of each [A] permanent fund
20 dividend for that year by

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

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

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

29 (C) less the amount necessary to pay dividends from

1 the dividend fund in the current year under AS 43.23.055(3);

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

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

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

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

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

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

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

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

26 (3) by which each dividend has been reduced due to each
27 appropriation from the dividend fund, including amounts to pay the
28 costs of administering the dividend program and the hold harmless
29 provisions of AS 43.23.075.

1 * Sec. 3. 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 CS SB 346 (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. CS SB 346 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

FISCAL NOTE

REQUEST

Revision Date: _____
Title: An Act relating to public
notice on value of PFD
Sponsor: DUNCAN
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	14.7	14.7	14.7	14.7	14.7	14.7
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	24.7	24.7	24.7	24.7	24.7	24.7
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	24.7	24.7	24.7	24.7	24.7	24.7
TOTAL	24.7	24.7	24.7	24.7	24.7	24.7

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	2	2	2	2	2	2
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: See attached.

Prepared By: Ervin Jones Phone: 465-2323
Division: Permanent Fund Dividend Division Date: February 28, 1990

Approved by Commissioner: Hugh Malone Date: 2/28/90
Agency: Revenue

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 346
 February 28, 1990

1. Positions

		<u>FY 91</u>	<u>FY 92</u>
2 PPT Document Processor IIs, R8 @ \$2,446.08/Mo including salary and benefits for 3 months	=	\$14.7	\$14.7

This position is to answer increased phone calls and letters regarding the special notice

2. Other Expenditures:

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		\$24.7	\$24.7

Analysis:

The department supports full disclosure and clear accountability for expenditures from the dividend fund.

Section 2, line 15 through 20 requires additional information to be communicated to the public. It is not feasible to include that type of information on the check stub itself due to limited space. An insert could be added to the envelope at a cost of approximately \$10,000 to cover printing.

Section 2, line 21-23 is a restatement of the existing requirements for disclosure. The department believes it would be better to expand this to cover any appropriations from the dividend fund which result in a reduction of the dividend.

Suggested Amendment:

Section 2, page 2, line 22-23 to be amended to read:

"costs of administering the dividend program, [AND] the hold harmless provisions of AS 433.23.075, or other appropriations from the dividend fund.