

HB

563

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 providing for an effective date."

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

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

11 (a) By October 1 of each year the commissioner [SHALL GIVE
12 PUBLIC NOTICE OF THE VALUE OF EACH PERMANENT FUND DIVIDEND FOR THAT
13 YEAR. THE PUBLIC NOTICE SHALL CONTAIN A STATEMENT DISCLOSING THE
14 AMOUNT BY WHICH EACH INDIVIDUAL DIVIDEND HAS BEEN REDUCED IN ORDER TO
15 PAY THE COSTS OF ADMINISTERING THE PROGRAM AND THE HOLD HARMLESS
16 PROVISIONS OF AS 43.23.075. THE COMMISSIONER SHALL ALSO INCLUDE THE
17 STATEMENT ON THE STUB ATTACHED TO EACH INDIVIDUAL DIVIDEND CHECK. THE
18 COMMISSIONER] shall determine the value of each [A] permanent fund
19 dividend for that year by

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

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

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

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

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

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

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

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

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

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

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

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

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

29 * Sec. 3. The commissioner of revenue shall include with each permanent

1 fund dividend check for 1990 information explaining the legislative history
2 and purpose of appropriations from the dividend fund for Department of
3 Corrections and Department of Public Safety programs that reduced dividends
4 for 1989. If money is made available, through appropriation or a decision
5 of the court upholding the constitutionality of AS 43.23.005(d), to rein-
6 burse the dividend fund for amounts by which the 1989 dividend was reduced,
7 the commissioner shall include on the stub attached to each dividend check
8 for 1990 a statement of the amount by which the check is increased due to
9 the reimbursement.

10 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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6-2446A
Cook
4/26/90

BY THE STATE AFFAIRS COMMITTEE

1 IN THE SENATE

2 SENATE CONCURRENT RESOLUTION NO.
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Suspending Uniform Rules 41(b), 24(c),
6 and 35 of the Alaska State Legislature
7 concerning HB 563.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 That under Rule 54 of the Uniform Rules of the Alaska State Legisla-
10 ture the provisions of Rule 41(b), Rule 24(c), and Rule 35 of the Uniform
11 Rules, regarding changes to the title of a bill, are suspended in consid-
12 eration of House Bill No. 563, relating to the amount of permanent fund
13 dividends, to information regarding the value of dividends, and to the
14 partial exemption of dividends for the collection of debt.

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

907-485-3712

Senate State Affairs Committee

LETTER OF INTENT TO ACCOMPANY S CS HB 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 HB 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



Alaska State Legislature

House of Representatives
COMMITTEE ON STATE AFFAIRS

MEMORANDUM

TO: Senate State Affairs Committee Members

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

DATE: April 27, 1990

RE: CSHB 563(SA) am

CSSB 346(SA), sponsored by Senator Jim Duncan, is similar to CSHB 563(SA). Senator Duncan agreed that the House version should be advanced, and requested that language from CSSB 346 (SA) regarding disclosure of sources and amounts of appropriations from which the dividend is derived be incorporated into the House State Affairs bill. CSHB 563(SA) was amended on the House floor to include that language (see Section 2).

CSHB 563(SA) am

The following provides a sectional analysis of CSHB 563(SA) am:

Section 1: Describes how the value of each Permanent Fund dividend will be calculated each year.

Page 2, lines 6-9, (E) clarifies current practice; that is, the dividend amount is based on the net balance of the dividend fund once deductions are made for hold harmless, administrative costs, or other listed deductions.

Section 2: (House Floor Amendment) Discloses the amount and source of appropriations from which the dividend is derived from, and discloses all deductions which affect the dividend amount. Each stub would show:

(1) appropriations mandated by the constitution;

(2) special appropriations made by the legislature including inflation-proofing; and

(3) all deductions including administration and hold harmless costs.

Subparagraph (b) states that additional information explaining deductions would be enclosed with the dividend check. For example, deductions for the sex offender treatment program would be fully explained on a flyer enclosed with the check.

Section 3: (House Floor Amendment) \$100 is exempt from debt collection before and after payment is made. Exception is made for child support obligations, court ordered restitution, or debt owed the state.

Section 4: This is a **temporary law** which requires the commissioner of the Department of Revenue to prepare an explanation of itemized deductions contained on the 1989 check stub. **This explanation would be included with the 1990 check, but not printed on the stub.**

Contingent upon an appropriation (HB 511) or a court decision which reimburses the dividend fund for 1989 deductions (Violent Crimes Compensation Board, sex offender treatment program, prisoner gate money), this temporary law requires that the added money be shown as a credit on the 1990 dividend check stub.

Section 5: Effective date for Sections 1, 2, and 4 requires disclosure on 1990 dividend stub, and all subsequent dividend stubs.

Section 6: Section 6 takes effect on January 1, 1991.

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ment shall set the time limit for applica-
tions for permanent fund dividends so
that the number of eligible applicants is
determined by October 1 of the year for
which the dividend is declared and perma-
nent fund dividends for a year are paid
before April 30 of the year following that
year;

"(3) adopt regulations under the Admin-
istrative Procedure Act (AS 44.62) that es-
tablish procedures and time limits for an
individual upon emancipation or upon
reaching majority to apply for permanent
fund dividends not credited or received
during minority because the parent,
guardian, or other authorized representa-
tive did not apply on behalf of the individ-
ual;

"(4) assist residents of the state, partic-
ularly in rural areas, who because of lan-
guage, disability, or inaccessibility to pub-

lic transportation need assistance to es-
tablish eligibility and to apply for perma-
nent fund dividends; and

"(5) provide the commissioner of admin-
istration with information necessary to
maintain individual annuity account
records and administer the annuity pro-
gram."

Effect of amendments. — The 1984
amendment substituted "October" for
"December" in paragraph (2).

The 1988 amendment, effective May 26,
1988, deleted "and" at the end of para-
graph (3), and added paragraphs (5) and
(6).

Editor's notes. — Section 4, ch. 54,
SLA 1988 provides that the amendments
made to this section by ch. 54, SLA 1988
apply "only to eligibility for permanent
fund dividends for years after 1988."

Sec. 43.23.065. Exemption of permanent fund dividend.

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

(b) An exemption is not available under this section for permanent
fund dividends taken to satisfy

(1) child support obligations required by court order or decision of
the child support enforcement agency under AS 47.23.140 —
47.23.220;

(2) court ordered restitution under AS 12.55.045 — 12.55.051 or
12.55.100; or

(3) a debt owed by an eligible individual to an agency of the state,
unless the debt is contested and an appeal is pending, or the time limit
for filing an appeal has not expired.

(c) Claims listed in (b) of this section have priority in the order
listed over other claims on a permanent fund dividend. (§ 1 ch 102
SLA 1982; am § 1 ch 157 SLA 1984; am § 1 ch 57 SLA 1985; am § 67
ch 138 SLA 1986; am § 3 ch 26 SLA 1989)

Revisor's notes. — Sections 12 and 13,
ch. 99, SLA 1985, amend this section and
add new (b) and (c). The amendments are
effective if § 1, ch. 99, SLA 1985 is re-
pealed (see § 25, ch. 99, SLA 1985). If the
amendments become law, the section will
read: "(a) Fifty percent of a cash perma-
nent fund dividend payment is exempt
from levy, execution, garnishment, at-
tachment, or any other remedy for the col-

lection of debt. This exemption applies to
an eligible individual's permanent fund
dividend both before and after payment is
made to the individual. An exemption is
not available under this section for cash
permanent fund dividend payments taken
to satisfy (1) child support obligations re-
quired by court order or decision of the
child support enforcement agency under
AS 47.23.140 — 47.23.220; (2) a debt owed

by an eligible individual to an agency of the state, unless the debt is contested and an appeal is pending, or the time limit for filing an appeal has not expired; or (3) court ordered restitution under AS 12.55.045 — 12.55.051 or 12.55.100. A child support obligation under (1) of this section has priority over a debt owed to an agency of the state, and a permanent fund dividend may not be taken to satisfy a debt under (2) of this section until any portion of the dividend necessary to satisfy a child support obligation has been taken.

"(b) The department shall require an individual to take 100 percent of the permanent fund dividend in cash if the department receives a levy, execution, garnishment, attachment or other legal remedy for the collection of a past due debt described in (a)(1) or (2) of this section.

"(c) The courts of this state may, as a condition of any civil judgment or restitution order under AS 12.55.045 — 12.55.051 or 12.55.100, require the defendant to take the defendant's permanent fund dividend in cash."

Effect of amendments. — The 1984 amendment added the last sentence and, in the next-to-last sentence, substituted "An exemption is not" for "No exemption is," inserted "(1)," and added the language

beginning with "(2) a debt" at the end of the sentence. Section 2, ch. 157, SLA 1984 limits the application of the 1984 amendment to dividends issued for 1984 and subsequent years.

The first 1985 amendment added "or (3) court ordered restitution under AS 12.55.045 — 12.55.051 or 12.55.100" at the end of the next-to-last sentence and in the last sentence inserted "or court ordered restitution" and "and court ordered restitution."

The second 1985 amendment, effective if § 1, ch. 99, SLA 1985 is repealed, rewrote subsection (a) and added subsections (b) and (c).

The 1986 amendment rewrote this section.

The 1989 amendment, effective May 12, 1989, repealed former paragraph (b)(3), relating to the court ordered probation fee, and redesignated former paragraph (b)(4) as present (b)(3).

Editor's notes. — Section 5, ch. 26, SLA 1989 provides that the amendments to (b) of this section by § 3, ch. 26, SLA 1989 "do not affect the collection of probation fee payments ordered by a court under AS 12.55.105, repealed by § 4 of this Act, after June 30, 1986, and before May 12, 1989."

Sec. 43.23.067. Claims of defaulted scholarship loans. (a) AS 09.38 does not apply to permanent fund dividends taken under AS 14.43.120(i). Notwithstanding AS 09.35, execution on a claim under AS 14.43.120(i) is accomplished by delivering a certified claim to the department containing the following information:

(1) the name and social security number of the individual whose dividend is being claimed;

(2) the amount the individual owes on the scholarship loan; and

(3) a statement that

(A) the debt has not been contested, or, if contested, that the issue has been resolved in favor of the Alaska Commission on Postsecondary Education; and

(B) if the debt has been contested and resolved in favor of the Alaska Commission on Postsecondary Education, no appeal is pending, the time limit for filing an appeal has expired, or the appeal has been resolved in favor of the commission.

(b) Upon receipt of a claim under (a) of this section the department shall notify the individual of the claim. The notice shall be sent to the address provided in the individual's permanent fund dividend application and must provide the following information:

(1) the amount of the claim; and



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

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)

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.