

HB

32

appeal to Superior Ct
from administrative
order is \$100. (Adm R 9)

9-LS0161NG

CS FOR HOUSE BILL NO. 32(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 2/13/95

Referred: Judiciary, Finance

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to administrative proceedings involving a determination of
2 eligibility for a permanent fund dividend or authority to claim a dividend on
3 behalf of another."

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

5 * Section 1. AS 43.23.015(g) is amended to read:

6 (g) If an individual is aggrieved by a decision of the department determining
7 the individual's eligibility for a permanent fund dividend or the individual's authority
8 to claim a permanent fund dividend on behalf of another, the individual may, upon
9 payment of a \$25 appeal fee, request the department to review its decision. If the
10 individual is aggrieved by the decision of the department after all administrative
11 proceedings, the individual may appeal that decision to the superior court in
12 accordance with AS 44.62.560. An appeal to the court under this section does not
13 entitle the aggrieved individual to a trial de novo. The appeal shall be based on the
14 record of the administrative proceeding from which appeal is taken and the scope of

1 appeal is limited to matters contained in the record of the administrative proceeding.
2 If, as a result of an administrative proceeding or a court appeal, the individual
3 prevails, the \$25 appeal fee shall be returned to the individual by the department.

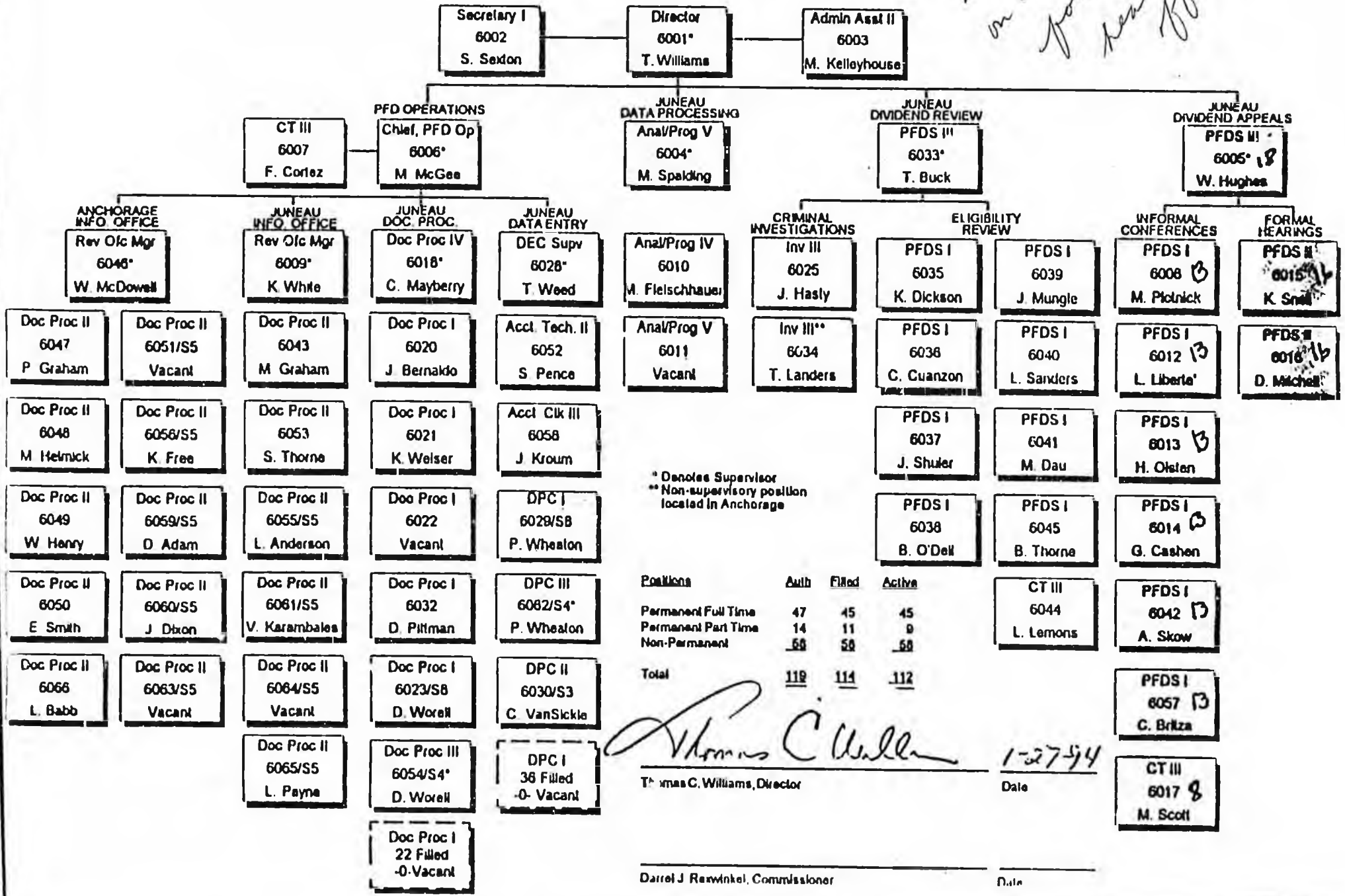
4 * Sec. 2. AS 43.23.015 is amended by adding a new subsection to read:

5 (i) An indigent individual may apply for a waiver of the appeal fee required
6 under (g) of this section. The department shall prescribe and furnish a form for that
7 purpose. The department shall grant the waiver if, during the year immediately
8 preceding the year the form is submitted to the department, the individual was a
9 member of a family with an income equal to or less than the federal poverty guidelines
10 for Alaska set by the United States Department of Health and Human Services.

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ORGANIZATION CHART

January 18, 1994

*Not shown
on chart -
formal
hearing
officers*



* Denotes Supervisor
** Non-supervisory position located in Anchorage

Positions	Auth	Filled	Active
Permanent Full Time	47	45	45
Permanent Part Time	14	11	9
Non-Permanent	58	58	58
Total	119	114	112

Thomas C. Williams
Thomas C. Williams, Director

1-27-94
Date

Darrel J. Rawinkel, Commissioner

Date

Alaska State Legislature

2000 E. PRINCE STREET
ANCHORAGE, ALASKA 99501-1102
(907) 465-4011
(907) 465-4111 FAX

PATERFIRM ADDRESS:
210 WEST 14TH AVENUE
ANCHORAGE, ALASKA 99501
(907) 261-8100
(907) 261-8111 FAX

DISTRICT 10



COMMITTEE ON ENERGY
VICE CHAIRMAN LABOR & COMMERCIAL
COMMITTEE
BUDGETARY COMMITTEE
HIGHER EDUCATION COMMITTEE
INTERNATIONAL TRADE & TOURISM
COMMITTEE
ECONOMIC TASK FORCE

Representative Joe Green

SPONSOR STATEMENT HB 32

HB 32 addresses a serious problem with the number of appeals filed after an applicant is denied a Permanent Fund Dividend, and the length of time that it takes to process those appeals. As of January 1, 1995 there were approximately 9,740 appeals pending, the highest number since the PFD program's inception. One district 10 resident is still waiting to be heard almost 2 years after filing, and there are people who have waited even longer for their appeals to be processed and resolved. Processing such a large number of appeals is costly as well as being unfair to those who have a legitimate claim. Currently there are 10 permanent full time employees in the Permanent Fund Division and one appeals officer in the commissioners office working on processing the appeals, yet there are still almost 10,000 appeals pending, with no end in sight. Part of the problem is that it only costs a 32 cent stamp to file an appeal. Many people who clearly do not meet the qualifications for receiving a dividend protest their denial simply because they have the opportunity to do so at no risk to themselves. The 1994 denial rate was 64%. In years prior to 1994 the percentage rate of denials has been significantly higher.

HB 32 would implement a \$25 filing fee for individuals protesting the denial of their PFD application (the department will adopt a regulation to allow indigent individuals to be exempt from the fee). The filing fee would be refundable if their appeal is successful, and non-refundable if the denial is upheld. It is anticipated that the implementation of a filing fee would discourage clearly unqualified individuals from appealing, thereby reducing costs which are deducted from the amount of the dividend, and making the appeals process significantly shorter for legitimate claims.

HOUSE COMMITTEE REPORT

2/13/95

(7)

Date Referred: January 16, 1995

FURTHER REFERRALS:

Judiciary
Finance

Date of Committee Action: 2/9/95

The STATE AFFAIRS Committee considered:

HB 32

HOUSE BILL NO. 32

PFD ADMINISTRATIVE PROCEEDINGS

"An Act relating to administrative proceedings involving a determination of eligibility for a permanent fund dividend or authority to claim a dividend on behalf of another."

recommends it be replaced with the following committee substitute C.S. HB 32 (STA) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) Revenue fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Jeannette James</i>	JAMES	✓			
<i>Karen Porter</i>	Porter	✓			
<i>Bob Green</i>	Green	✓			
<i>Ivan</i>	Ivan			✓	
<i>Robert Robinson</i>	ROBINSON	✓			
<i>Ed Willis</i>	Willis			✓	
<i>Scott Ogden</i>	Ogden	✓			
		(5)		(2)	

CHAIR'S SIGNATURE *Jeannette James*
James

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 32

Revision Date: _____ Dept. Affected: Department of Revenue
 Title: PFD Administrative Proceedings BRU: Permanent Fund Dividend Division
 Component: Permanent Fund Dividend Division
 Sponsor: Representative GREEN
 Requester: House State Affairs COMPONENT SERIAL NO. 981

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES		(7.9)	(52.7)	(97.5)	(142.3)	(142.3)
TRAVEL						
CONTRACTUAL					(21.0)	(29.4)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	(7.9)	(52.7)	(97.5)	(163.3)	(171.7)

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	121.8	129.0	129.0	129.0	129.0	129.0
------------------------	-------	-------	-------	-------	-------	-------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1050 Dividend Fund		(7.9)	(52.7)	(97.5)	(163.3)	(171.7)
TOTAL	0.0	(7.9)	(52.7)	(97.5)	(163.3)	(171.7)

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME			(1)	(2)	(3)	(3)
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See Page 2.

Prepared by: Thomas C. Williams, Director *Thomas C Williams* Phone: 465-2323
 Division: Permanent Fund Dividend Division Date: 2/6/95
 Approved by Commissioner: *[Signature]* Date: 2/16/95
 Agency: Department of Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ANALYSIS OF HB 32
As of February 6, 1995

Assumptions

- A. This legislation would be effective in FY 96.
- B. 55% of all appeals received involve bright line issues and 45% of all appeals received involve non-bright line issues. Bright line issues are those that are clearly definable by objective criteria, such as whether an individual was physically present in state during the two previous calendar years or met an application deadline. Non-bright line issues are those that involve issues that are more subjective, such as whether an individual demonstrated an intent to return to Alaska.
- C. The addition of a fee will mean some of those individuals whose denial involved a bright line issue as well as some of those individuals whose denial involved a non-bright line issue will not appeal.
- D. Necessary data processing programming updates to the PFD masterfile computer system would require approximately 4 staff weeks work for PFD Division data processing staff. Other data processing programming projects would be delayed to make time for the initial programming.
- E. Additional data entry and fee processing could be accomplished by current staff, since with the adoption of the appeal fee requirement the total number of appeals received is expected to decline.
- F. See the attached *Projected Revenues Resulting From HB 32* and *Projected Inventory Resulting From HB 32* regarding the number of appeals to be received and the required staffing levels. If these assumptions are correct then:
 - 1. in FY 97 one PFDS II could be reallocated to a PFDS I resulting in a savings of \$7.9. In FY 98, FY 99 and again in FY 00, a PFDS I position could be eliminated each year for an additional savings of \$44.8 each; and
 - 2. funding for one range 22 Formal Hearing Officer in the Commissioner's Office could be reduced to 75% in FY 00, and 65% in FY 01.
- G. To the extent that the number of appeals does not decline as projected, staffing levels could not be reduced as reflected. Similarly, to the extent that the number of appeals declines more than projected, staffing levels might be able to be reduced more than the amount reflected.

Attachments

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
PROJECTED INVENTORY RESULTING FROM HB 32

As of February 6, 1995

	<u>FY95(A)</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<u>Informal Conference Appeals</u>							
Beginning Appeal Inventory	9,704	8,954	6,714	3,224	984	0	260
Total New Appeals	3,000	5,260	5,260	5,260	5,260	5,260	5,260
Total Resolutions	<u>(3,750)</u>	<u>(7,500)</u>	<u>(8,750)</u>	<u>(7,500)</u>	<u>(6,244)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Ending Inventory	<u>8,954</u>	<u>6,714</u>	<u>3,224</u>	<u>984</u>	<u>0</u>	<u>260</u>	<u>520</u>
<u>Formal Hearing Appeals</u>							
Beginning Appeal Inventory	978	988	735	509	282	55	4
Total New Appeals	535	447	473	473	473	473	473
Total Resolutions	<u>(525)</u>	<u>(700)</u>	<u>(700)</u>	<u>(700)</u>	<u>(700)</u>	<u>(525)</u>	<u>(455)</u>
Ending Inventory	<u>988</u>	<u>735</u>	<u>509</u>	<u>282</u>	<u>55</u>	<u>4</u>	<u>22</u>
<u>Staffing Levels</u>							
Permanent Fund Dividend Division							
Informal Conference Staff	6	6	7	6	5	4	4
Formal Hearing Staff	2	2	1	1	1	1	1
Total Permanent Fund Dividend Division Staff	8	8	8	7	6	5	5
Commissioner's Office Formal Hearing Staff funded by PFD Division	<u>1.5</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0.75</u>	<u>0.65</u>

(A) Beginning Inventory for FY95 is as of January 1, 1995