

HB

32

SFIN

FILE

Revision Date: _____ Dept. Affected: Revenue
 Title: PFD Administrative Proceedings BRU: Permanent Fund Dividend Division -
 Component: Permanent Fund Dividend Division
 Sponsor: Representative Green
 Requestor: Conference Committee COMPONENT SERIAL NO. 981

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	152.3					
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT	14.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	166.3	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	130.3	143.3	149.8	156.3	162.8	166.1
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other Permanent Fund Div. Fund	166.3					
TOTAL	166.3	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

*4/19/96
Captured
for budget
funding*

Prepared by: Nahci A. Jones, Director Phone: 465-2323
 Division: Permanent Fund Dividend Date: 3/20/96
 Approved by Commissioner: [Signature] Date: _____
 Agency: Department of Revenue

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DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION

Fiscal Note Analysis
Conference CS for House Bill NO. 32

OVERVIEW

This bill would amend section AS 43.23.015, Application and proof of eligibility, section (g) to allow an administrative appeal to be filed upon payment of a \$25 appeal fee. Within twelve months after the administrative appeal is filed, the department shall provide the individual with a final written decision. If as a result of the administrative appeal, or court proceeding, the individual prevails, the \$25 appeal fee shall be returned to the individual by the department. This bill will effect all appeals filed after January 1, 1997.

FISCAL IMPACT

The department will need 4 additional Specialist I positions for one fiscal year, beginning July 1, 1996 through June 30, 1997, in order to help eliminate the current appeals backlog for 1995 and those new appeals that will be received starting in May 1996. By eliminating the appeals backlog we will be able to meet the twelve month maximum turn-around time for appeals filed after January 1, 1997.

Each position including benefits cost \$38,070 for a total cost of \$152,280 in personal services. Additional costs for computers for each employee are \$14,000. The total fiscal impact will be \$166,280 for the four positions.

FISCAL NOTE

110. 2

Bill Version: CS HB 32 CFIN

Revision Date: 6-Feb-96 Dept. Affected: Revenue (S) Publish Date: 2/7/96
 Title: PFD Administrative Proceedings BRU: Permanen Fund Dividend Division
 Component: Permanent Fund Dividend Division
 Sponsor: Representative Green
 Requestor: Senate Rules COMPONENT SERIAL NO. 981

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	130.3	143.3	149.8	156.3	162.8	166.1
------------------------	-------	-------	-------	-------	-------	-------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

*2/7/96
Captured
for 96
fiscal notes*

Prepared by: Nanci A. Jones
 Division: Permanent Fund Dividend Division
 Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Phone: 465-2323
 Date: 2/6/96
 Date: 2/6/96

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ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ANALYSIS OF CS HB 32 (FIN)
As of February 6, 1996

Assumptions

- A. This legislation would be effective in FY 97.
- B. 50% of all appeals received involve bright line issues and 50% 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. It is projected that there will be an increase in the number of appeals due to the annual increase in the number of applications filed. We do not anticipate any staff reductions due to this increase in the number of appeals filed.

Attachments

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
PROJECTED REVENUES RESULTING FROM CS HB 32 (FIN)

As of February 6, 1996

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
<u>Informal Conference Appeals</u>						
Estimated Appeals Received	7,000	7,700	8,050	8,400	8,750	8,925
Amount Collected	175,000	192,500	201,250	210,000	218,750	223,125
Projected Overturn Rate	25%	25%	25%	25%	25%	25%
Amount Refunded	<u>\$43,750</u>	<u>\$48,125</u>	<u>\$50,313</u>	<u>\$52,500</u>	<u>\$54,688</u>	<u>\$55,781</u>
Amount Retained at Informal before Formal Overturns	\$131,250	\$144,375	\$150,937	\$157,500	\$164,062	\$167,344
<u>Formal Hearing Appeals</u>						
Projected Appeal Rate with fee	15%	15%	15%	15%	15%	15%
Appeals Received	788	866	906	945	984	1,004
Projected Overturn Rate	5%	5%	5%	5%	5%	5%
Amount of Formal Hearing Fee Refunded	<u><\$975></u>	<u><\$1,083></u>	<u><\$1,133></u>	<u><\$1,181></u>	<u><\$1,230></u>	<u><\$1,275></u>
<u>Net Retained</u>	<u>\$130,275</u>	<u>\$143,292</u>	<u>\$149,804</u>	<u>\$156,319</u>	<u>\$162,832</u>	<u>\$166,069</u>

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
PROJECTED INVENTORY RESULTING FROM CS HB 32 (FIN)

As of February 6, 1996

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>
<u>Informal Conference Appeals</u>						
Beginning Appeal Inventory	7,000	5,000	3,700	2,750	2,150	1,900
Total New Appeals	7,000	7,700	8,050	8,400	8,750	8,925
Total Resolutions	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>
Ending Inventory	<u>5,000</u>	<u>3,700</u>	<u>2,750</u>	<u>2,150</u>	<u>1,900</u>	<u>1,825</u>
<u>Formal Hearing Appeals</u>						
Beginning Appeal Inventory	1,200	1,488	1,854	2,260	2,705	3,189
Total New Appeals	788	866	906	945	984	1,004
Total Resolutions	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>
Ending Inventory	<u>1,488</u>	<u>1,854</u>	<u>2,260</u>	<u>2,705</u>	<u>3,189</u>	<u>3,693</u>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/12/95

FURTHER:

DATE TURNED INTO OFFICE: 5-6-95

Finance Committee considered CS FOR HOUSE BILL NO. 32(FIN)

Administrative proceedings involving a determination of eligibility for a permanent fund dividend or authority to claim a dividend on behalf of another; efd.

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to the _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical change

new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Plus Fee</i>	✓		
		<i>REPEC 100</i>	✓		
<i>Ben M...</i>	✓	<i>Handwritten signature</i>	✓		
Co-Chair: <i>D...</i>					
Co-Chair: <i>Rick Halford</i>	✓				

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

DOR	2/6/95	0	

121.8 revenue

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

NO. 1

Bill Version: CSHB 32(STA)

(H) Publish Date: 2/13/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

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 Phone: 465-2323
 Division: Permanent Fund Dividend Division Date: 2/6/95
 Approved by Commissioner: [Signature] Date: 2/16/95
 Agency: Department of Revenue

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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

COMMITTEE COPY

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

As of February 6, 1995

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<u>Informal Conference Appeals</u>						
Appeals Received without a fee	8,000	8,000	8,000	8,000	8,000	8,000
Bright Line Issue Appeals Received without a fee (55%)	4,400	4,400	4,400	4,400	4,400	4,400
Non-Bright Line Issue Appeals Received (45%)	3,600	3,600	3,600	3,600	3,600	3,600
Bright Line Issue Appeals with Fee (50% of those without a fee)	2,200	2,200	2,200	2,200	2,200	2,200
Non-Bright Line Issue Appeals with Fee (85% of those without a fee)	3,060	3,060	3,060	3,060	3,060	3,060
Total Appeals with Fee	5,260	5,260	5,260	5,260	5,260	5,260
Amount Collected	\$131,500	\$131,500	\$131,500	\$131,500	\$131,500	\$131,500
Projected Overturn Rate	15%	10%	10%	10%	10%	10%
Amount Refunded	\$19,725	\$13,150	\$13,150	\$13,150	\$13,150	\$13,150
Amount Retained at Informal before Formal Overturns	\$111,775	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350
<u>Formal Hearing Appeals</u>						
Projected Appeal Rate with fee	10%	10%	10%	10%	10%	10%
Appeals Received	447	473	473	473	473	473
Amount Collected	\$11,175	\$11,825	\$11,825	\$11,825	\$11,825	\$11,825
Projected Overturn Rate	5%	5%	5%	5%	5%	5%
Amount of Formal Hearing Fee Refunded	\$550	\$600	\$600	\$600	\$600	\$600
Amount of Related Informal Conference Fee Refunded	\$550	\$600	\$600	\$600	\$600	\$600
Amount Retained at Formal	\$10,625	\$11,225	\$11,225	\$11,225	\$11,225	\$11,225
<u>Net Retained</u>	<u>\$121,850</u>	<u>\$128,975</u>	<u>\$128,975</u>	<u>\$128,975</u>	<u>\$128,975</u>	<u>\$128,975</u>

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DEPT. OF NATURAL RESOURCES
DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT
DEPT. OF ENVIRONMENTAL CONSERVATION

Representative Joe Green

District 10

Memorandum

TO: Senator Rick Halford, Co-Chair
Senate Finance Committee

FROM: Representative Joe Green *Joe*

DATE: March 13, 1995

RE: CSHB 32, "Permanent Fund Administrative Proceedings"

I respectfully request that CSHB 32 be scheduled for a hearing before the Senate Finance Committee. HB 32 is one of my top legislative priorities for the nineteenth legislature and I would appreciate it being heard at the earliest possible date.

Currently there are almost 10,000 PFD appeals pending, with the wait for some being in excess of two years. While there are those who have a legitimate reason for appealing, there is also a large percentage of those who do so because it only costs the price of a 32 cent stamp. HB 32 would implement a \$25 filing fee for individuals protesting the denial of their PFD application. The legislation includes a waiver from the appeal fee for indigent individuals. The filing fee would be refundable if the appeal is successful, and non-refundable if the denial is upheld. It is anticipated that the implementation of a filing fee would discourage clearly frivolous appeals, thereby reducing costs which are deducted from the amount of the dividend, and making the appeals process significantly shorter for legitimate claims.

Thank you for your consideration.

BASIS JOURNAL TEXT

04/10/95

HOUSE JOURNAL

PAGE 1215

CSHB 32(FIN)
SECOND READING
AMENDMENT TO AMENDMENT No. 1

YEAS: 4 NAYS: 35 EXCUSED: 0 ABSENT: 1

YEAS: KOTT, MOSES, MULDER, SANDERS

04/10/95

HOUSE JOURNAL

PAGE 1216

HB 32
NAYS: AUSTERMAN, BARNES, BRICE, BROWN, BUNDE, DAVIES, B.DAVIS,
G.DAVIS, ELTON, FINKELSTEIN, FOSTER, GREEN, GRUSSENDORF, HANLEY, IVAN,
JAMES, KELLY, KOHRING, KUBINA, MACKIE, MARTIN, MASEK, NAVARRE,
NICHOLIA, OGAN, PARNELL, PHILLIPS, PORTER, ROBINSON, ROKEBERG,
THERRIAULT, TOOHEY, VEZEY, WILLIAMS, WILLIS

ABSENT: MACLEAN

SELECTION=>

PF1	PF2	PF3	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
HELP		EXIT	MENU		PRINT	BWD	FWD		FIRST	LAST	QUIT