

SB

254



Official Business

Alaska State Legislature

SENATE

Labor & Commerce Committee

State Capitol
Juneau, AK 99801-1182

Sponsor Statement – CS for Senate Bill 254 (L&C)

“An Act relating to the exemption from levy, execution, garnishment, attachment, or other remedy for the collection of debt as applied to a permanent fund dividend, and to the fee for processing a claim on a dividend.”

Senate Bill 254 amends Title 43, Chapter 23 regarding the use of permanent fund dividends to satisfy debts. Existing law at AS 43.23.065 provides that 45 percent of a person's permanent fund dividend is exempt from garnishment, attachment, or any other remedy to collect on financial obligations when the debtor is in a state of default. Therefore, debtors in Alaska can under most circumstances shield 45 percent of their dividend check from persons or businesses seeking to collect.

There currently are some exceptions to this general rule: the 45 percent exemption does not apply to child support obligations, court ordered fines, claims on defaulted Alaska student loans, or any debt owed to an agency of the state. Under these and a few other narrowly defined circumstances, the state requires that 100 percent of the dividend be made available to meet the debtor's obligation.

The existing PFD garnishment provisions are inequitable and contradictory. The state can seize the entire amount of a dividend to satisfy its claims, but private parties such as small businesses, credit unions, landlords, or car dealers are limited in the amount they can garnish. The message sent, whether intentional or not, is that when contractual obligations are violated, agencies of the state have a greater right than private parties to settle their outstanding claims.

As originally introduced, Senate Bill 254 completely eliminated the dividend exemption, allowing state agencies and private parties alike to collect 100 percent. However, an amendment approved by the Labor & Commerce Committee restored the exemption but lowered it from 45 percent to 30 percent. Thus, the amended bill allows private parties to collect 70 percent of a dividend check, while state agencies continue to collect 100 percent. In addition, the Labor & Commerce Committee approved a fee for processing garnishments of dividend checks. The fee is equal to 5 percent of the total value of the dividend check and is deposited into the general fund. Currently the Permanent Fund Division charges only \$2 for each garnishment.

SB 254 narrows the gap between what state agencies and businesses are able to collect. When businesses are unable to recover monies lawfully owed them by persons in default, the losses are recovered by passing the costs on to honest, law-abiding consumers. The current 45 percent exemption for dividends is essentially a “hidden tax” on the majority of financially responsible consumers. Defaulters get to keep their dividend checks, while the majority of Alaskans end up providing an involuntary subsidy for their financial irresponsibility.

Prepared by Mike Pauley, Staff Aide to Senator Loren Leman (465-3841)
Last updated: February 13, 1998

SENATE COMMITTEE REPORT

DATE: 2/11/98

FURTHER:

DATE TURNED
IN TO OFFICE: 2-17-98

Judiciary Committee considered SENATE BILL NO. 254

"An Act relating to levy, execution, garnishment, attachment, or other remedy for the collection of debt as applied to a permanent fund dividend."

and recommends:

- be replaced with CS For SB 254 (JUD)
- 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 title
 - new: SCR#

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>		<i>Sean Karmell</i>	✓		
		<i>Mike Dillan</i>	✓		
		<i>Chance</i>	✓		
CHAIR: <i>[Signature]</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
<i>[Signature]</i>		←	
		*	

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
REVENUE	2-16-98	*	\$

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No. 2
Version: CSSB 254(JUD)
(S) Publish Date: 2-17-98

Revision Date: February 16, 1998 Dept. Affected: Revenue
Title: Levy of Permanent Fund Dividends BRU: Revenue Operations
Component: Permanent Fund Dividend
Sponsor: (S) L&C
Requestor: (S) JUD COMPONENT SERIAL NO. 981

Expenditures/Revenues: (Thousands of Dollars)

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
OPERATING EXPENDITURES						
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						
CHANGE IN REVENUES () 1005	3,434.0	3,434.0	3,434.0	3,434.0	3,434.0	3,434.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year cost \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Nanci A. Jones, Director
 Division: Permanent Fund Dividend
 Approved by Commissioner: Wilson L. Condon
 Agency: Revenue

Phone: (907) 465-2323
 Date: February 16, 1998
 Date: February 16, 1998

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Alaska Department of Revenue
Permanent Fund Dividend Division

Fiscal Analysis of CS SB 254(L&C)

This amended bill reduces the exemption allowed on an individual's Permanent Fund Dividend (PFD) that was protected from levy, execution, garnishment, attachment, or any other remedy for the collection of debt, from 45% to 30%. Cumbersome wording regarding the timing of payment is also eliminated.

Section two of the bill removes the authority for PFD to charge an administrative fee for claims on PFD's (leaving the authorization to charge a fee for voluntary assignments). Currently this fee is \$2 per claim and generates approximately \$150.0 per year in program receipts to cover charges incurred for processing over 83,000 claims and assignments. Only about 3,000 of these are voluntary assignments.

Section three is a new section added to impose a 5% administrative fee to be collected and deposited in the general fund to cover the administrative costs incurred by the department, the court system, and other state agencies for processing a claim on a PFD. We estimate the revenue to be generated for each year based on the following.

Involuntary Claims on PFD's

52,830 applicants	(number of applicants w/one or more requests)
\$1300 x 5% fee = \$65	(5% fee on 1997 dividend amount)

52,530 @ \$65 = \$3,433,950 (total revenue generated)

Total to GF Program Receipts 1005	<u>\$ 3,434.0</u>
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LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 9, 1998

SUBJECT: Administrative fee for processing claims on permanent fund dividends (CSSB 254(L&C))

TO: Senator Loren Leman
Attn: Annette Kreitzer

FROM: Tamara Brandt Cook
Director *TBC*

Here is a draft of a bill lowering the permanent fund dividend exemption from 45 to 30 percent and changing the fee charged to administer claims on dividends to 5 percent of the dividend itself. The original proposal would not have imposed the higher administrative fee on claims on dividends for child support or for scholarship loan payments. I believe that singling out two types of debtors for favorable treatment with respect to administrative fees would create an equal protection problem for this bill.

Under the state equal protection clause, a statute is evaluated on a sliding scale under which the goal of the legislation and the importance of the individual rights affected are considered. (*State v. Anthony*, 810 P.2d 155 (Alaska 1991)) As the importance of the individual rights affected increases, the burden increases on the state to show that the state's goal justifies the intrusion on the individual's interest in equal treatment.

In this case, charging a lower administrative fee to two classes of creditors means that they will have the benefit of a greater reduction in their indebtedness, if the entire dividend is taken, or a greater amount for themselves, if the claim is for only part of a dividend, while other creditors will not have that benefit.

An individual's interest in receiving a permanent fund dividend is accorded a low level of protection under the state equal protection clause because only an economic interest is implicated and that interest is not based on the need of the applicant. (*Underwood v. State*, 831 P.2d 322 (Alaska 1994)) However, even minimum scrutiny under the state constitution may be more demanding than under the federal constitution. (*State Department of Revenue v. Cosio*, 858 P.2d 621 (Alaska 1993)) It is possible that, in applying a minimum scrutiny equal protection test, the court would find that a sufficiently rational basis exists for treating some creditors differently from other creditors, but the basis for the distinction does not occur to me.

Senator Loren Leman
February 9, 1998
Page 2

Lastly, please note that two recent claims provisions, AS 43.23.068 - claims on defaulted public assistance overpayment, and AS 43.23.066 - claims on reimbursement for court-ordered treatment, were never added to the fee provision in AS 43.23.071. This draft corrects that apparent oversight.

TBC:glc:jr
98-064.glc

John E. Low
Post Office Box 90608
Anchorage, Alaska 99509-0608

February 12, 1998

The Honorable Robin Taylor
Chairman, Senate Judiciary Committee
State Capitol
Juneau, Alaska 99801

Dear Senator Taylor:

I am writing to express my support for Senate Bill 254. I strongly urge you and your colleagues to vote in favor of this legislation.

My reasons for supporting this bill go back to an unpleasant experience that began in 1995. I Own a four-plex apartment in Anchorage with my mother. We had one tenant living there with her dog and two cats when we purchased the property in 1993.

In September of 1995 I noticed several cats in the apartment and I had received complaints of smells coming from her unit. When I asked her about the cats she said she stated she had six of them living there. This prompted me to give her notice of my intent to terminate our rental agreement.

When I reclaimed the unit on Nov. 1st, I found eight abandoned cats. The apartment was filled with pet waste. The kitchen window had been left open for the cats to come and go as they pleased. Other damage included shredded walls from cat claws and urine soaked carpets along with underlying wood floors. All carpets, vinyl, even the refrigerator and oven had to be replaced due to cat waste.

The clean up process was time consuming and discouraging. I worked every day of November and most every day of December to prepare for a new tenant. I used three ozone machines to eliminate the smell, talked to every possible expert and analyzed every option. I could not resolve it the problem the smell still returns each summer. It was the most frustrating job I ever undertook, and my time for repairs totaled more then two hundred hours.

I tried to contact the former tenant responsible for the damage. She hung up on me, and I have never seen her again. Since she would not talk, I wrote a letter specifying the damage she caused. This was also ignored. Since her security deposit was only \$450, I began the long process of suing her. I filed a complaint and had her served. Once again, she did not respond. I estimate the total damage more then \$8000.00. I asked for a judgment of \$5000, which was the small claims limit at that time. The former tenant

finally communicated via telephone at the default judgment hearing and admitted to the liability of \$5,000.

Then I proceeded to collect by hiring an investigator. I paid a process server the \$75. to seize any bank account in Anchorage held by the former tenant. She had no bank account. I then discovered I could not garnish her wages because of the generous exemptions that state law allows for debtors who have judgments against them.

It seemed my only hope was to seize her Permanent Fund Dividend check, which I have done twice so far. It's a small help but gains very little because of the exemptions that also apply to this area. Assuming that the amount of the annual dividend check remains reasonably stable, and assuming the debtor does not leave the state, it will take more than thirteen years to collect this debt. If the Legislature eliminates the exemption to on dividend checks, I could collect the debt in approximately 6 and 1/2 years.

This apartment is the only rental property my mother and I own. Because of what one irresponsible person did, we could not draw any income from it for eleven months. I trusted her not to ruin my property and she violated that trust. I urge you to help change this law so I can be justly compensated for my loss.

Sincerely,

John Low

**McNall & Associates, P.C.
Attorneys**

William L. McNall
H. Frank Cahill
Sandra J. Wicks

921 West Sixth Avenue
Suite 100
Anchorage, Alaska 99501-2044
Telephone (907) 276-2535
Telecopier (907) 279-8527

Francine D. Harbour
Of Counsel

Thomas Brown
Legal Assistant

January 28, 1998

JAN 28 1998

VIA FAX 1-907-465-3810

Senator Loren Leman
Attn: Annette Kreitzer
State Capitol Room 115
Juneau, AK 99801

Re: Senate Bill 254
Increasing Garnishment of PFDs

Dear Senator Leman:

A significant part of this law office's practice involves representing creditors, and we levy on a large number of permanent fund dividends each year on behalf of our clients. I cannot support your proposed legislation which completely eliminates the existing exemption for 45% of an individual's permanent fund dividend. Under your bill, a creditor could levy upon 100% of a debtor's permanent fund dividend. In my view, many debtors will refuse to apply for a permanent fund dividend if they will not receive any cash from it. Notwithstanding that the debtor obtains a significant benefit by having the permanent fund dividend pay off his or her debt, I think it likely that a significant number of debtors would "cut off their nose to spite their face" by refusing to complete an application if they are confident that they will not receive any money directly. I recognize that my views are not in conformity with the majority of the opinions expressed at a meeting in your office several months ago; effective collection, I believe, requires a longer view.

Very truly yours,

MCNALL & ASSOCIATES, P.C.

By: 

H. Frank Cahill

HFC/sb

National Bank of Alaska



Consumer Special Credit Services
P.O. Box 102880
Anchorage, AK 99510-2880

January 28, 1998

Senator Loren Leman's Office
716 West 4th Avenue, Suite 520
Anchorage, Alaska 99501

RE: Alaska Permanent Fund Dividend

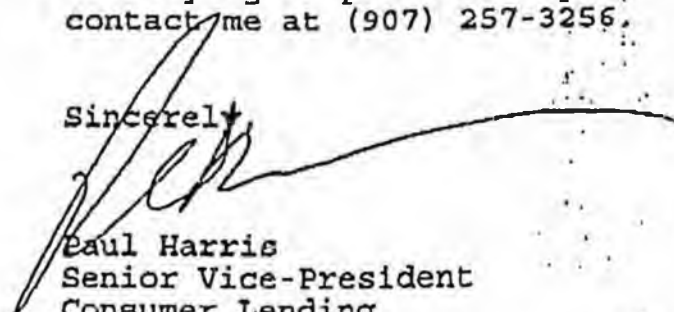
As a representative for National Bank of Alaska, I can't express enough the importance of receiving as much money as we can for unpaid loans that we have obtained a judgement on. At the present time we are only receiving 45% (garnishment) of Alaska's permanent fund dividend, for the most part, this only allows us to pay the interest due on most of our loans instead of reducing the principal balance.

If we were able to garnish 100% of the permanent fund dividend, we would be able to reduce the balance on these loans substantially and possibly pay most of them off. With individuals that are receiving the permanent fund dividend, we would not be taking anything away from them since this is "free money" that the state of Alaska is giving us. Nobody is above the law and our local business's should be treated the same as private citizens and benefit from this wonderful advantage of living or operating a business in the state of Alaska.

I feel that if you have a judgement against you, you should not have the right to a portion of the money distributed by the state of Alaska permanent fund dividend. I understand that child support and state agencies can garnish up to 100% of the permanent fund dividend and we should be given that same opportunity.

We at National Bank of Alaska fully support this bill that you are trying to pass and any assistance that we can provide, please contact me at (907) 257-3256.

Sincerely,



Paul Harris
Senior Vice-President
Consumer Lending



**NORTHLAND
CREDIT**

January 28, 1998

Senator Loren Leman
716 West 4th Avenue Ste 520
Anchorage, Alaska 99501

Dear Senator Leman,

Northland Credit Corporation proudly supports Senate Bill 254, which would allow other entities other than those prescribed Title 43, Chapter 23 to use the permanent fund to satisfy debts on a much larger scale.

If businesses and private citizens were allowed to garnish 100% of the permanent fund, it would certainly send a message to those who choose not to pay their debts. We understand that state and federal agencies should be entitled to enforce the collection of child support payments or other obligations owed, but to allow those who may not fall under that criteria not to be subject to the same penalties is biased.

As a Branch Manager for the largest wholly-owned Alaskan consumer finance company, I feel it is imperative that some adjustment be made to this statute.

Sincerely,



Troy R. Ferguson
Branch Manager
Northland Credit Corporation

Superior Financial Service Corporation

226 E. 7th Avenue

Anchorage, Alaska 99501

(907) 276-0444 • Fax (907) 258-9051

January 29, 1998

FEB 02 1998

Senator Loren Leman
State Capitol Room #115
Juneau, AK 99801

RE: Senate Bill #254

Dear Senator Leman:

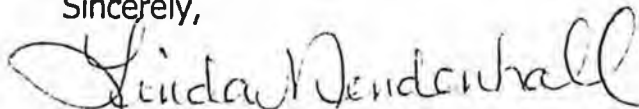
I would like to extend my appreciation, on behalf of Superior Financial Service, Corp., for your efforts regarding SB 254.

SB 254 will give us, and other creditors, an equitable way to collect a debt that is legally due.

Superior Financial Service, Corp. strongly supports SB 254 and would like to show our support. If we can assist in any way please let us know.

Once again, thank you Senator Leman.

Sincerely,



Linda Mendenhall
Account Representative
Superior Financial Service, Corp.
(907) 276-0444



Cal Worthington Ford

JAN 28. 1998

REF: SB 254

Dear Senator Ieman,

I am writing in support of your Senate Bill, 254. I think that creditors should be aloud to obtain 100% of an individuals dividend. Just because a business is not run by the State does not mean that they shouldn't be given the same opportunt to collect a debt owed to them. The Permanent Fund is privileged monies it is not earned wages; therefore 100% should be available for garnishment.

Sincerly,

Monica F. Graziano
Monica F. Graziano

*John E. Low
Post Office Box 90608
Anchorage, Alaska 99509-0608*

January 28, 1998

The Honorable Loren Leman
Chairman, Senate Labor & Commerce Committee
State Capitol, Room 115
Juneau, Alaska 99801

Dear Senator Leman:

I am writing to express my support for Senate Bill 254. I strongly urge you and your colleagues to vote in favor of this legislation.

My reasons for supporting this bill go back to an unpleasant experience that began in 1995. I own a four-plex apartment in Anchorage with my mother. We had one tenant living there with her dog and cat when we purchased the property in 1993.

In September of 1995 I noticed several cats in the apartment and I had received complaints of smells coming from her unit. When I asked her about the cats, she stated she owned six of them. This prompted me to give her notice of my intent to terminate our rental agreement. All of this caught me by surprise. I had only entered the apartment on two occasions, and it seemed to have been well-maintained. I should have been suspicious as she generally wouldn't answer the door and all the curtains would be closed to keep her privacy. She also put wallpaper over her back sliding door, apparently to hide the mess. She was turning the apartment into a cat sanctuary.

When I reclaimed the unit on November 1, 1995, I found eight abandoned cats. The apartment was filled with pet waste. The kitchen window had been left open for the cats to come and go as they pleased. Other damage included shredded walls from cat claws, and urine-soaked carpets along with underlying wood floors. All carpets, vinyl, even the refrigerator and oven had to be replaced because of the cat waste.

The clean-up process was time consuming and discouraging. I tried to hire house cleaners, but when one potential cleaner entered the unit her eyes began to water from the urine smell. She ended up running out, saying she could not participate. Consequently I did most of the work myself with limited help from two others and a carpenter. I worked every day of November and most every day of December to prepare for a new tenant. I used three ozone machines to eliminate the smell, talked to every possible expert and analyzed every option. I could not resolve the problem -- the smell still returns each summer. It was the most frustrating job I ever undertook, and my time for repairs totaled more than two hundred hours.

The Honorable Loren Leman
Senate Labor & Commerce Committee
January 28, 1998
Page 2

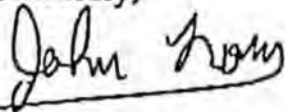
I tried to contact the former tenant responsible for the damage. She hung up on me, and I have never seen her again. Since she would not talk, I wrote a letter specifying the damage she caused. This was also ignored. Given that her security deposit had been only \$450, I began the long process of suing her. I filed a complaint and had her served. Once again, she did not respond. I estimated the damage at more than \$8,000. I asked for a judgment of \$5,000, which was the small claims limit at the time. The former tenant finally communicated via telephone at a default judgment hearing, and she admitted to the liability of \$5,000.

Then I proceeded to collect by hiring an investigator. I paid a process server the \$75 fee to seize any bank account in Anchorage held by the former tenant. She had no bank account. I then discovered I could not garnish her wages because of the generous exemptions that state law allows for debtors who have judgments against them.

It seemed my only hope was to seize her Permanent Fund dividend check, which I have done twice so far. It's a small help, but gains very little because of the exemptions that also apply to this area. Assuming that the amount of the annual dividend check remains reasonably stable, and assuming the debtor does not leave the state, it will take more than 13 years for me to collect this debt. If the Legislature eliminates the exemption on dividend checks, I could collect the debt in approximately 6 and 1/2 years.

This apartment is the only rental property my mother and I own. Because of what one irresponsible person did, we could not draw any income from it for eleven months. I trusted her not to ruin my property and she violated that trust. I urge the Legislature to change this law so that I can be justly compensated for my loss.

Sincerely,



John Low

JOHNSON

EXPECT THE BEST

NISSANJeep
Eagle

JAN 28 1998

January 28, 1998

Senator Loren Loman
State Capitol Room #115
Juneau, AK 99801

RE: Senate Bill #254

Dear Senator Loman:

I would like to extend my sincere appreciation to your office, for the effort you have put forward in regards to Senate Bill #254. This will help give us, and our fellow creditor's, the right to be equal in our efforts to collect a debt that is legally owed.

Johnson Nissan / Jeep / Eagle strongly supports Senate Bill #254. We are attempting, at this time, to rally as much support as we can for this bill. If there is any way we can be of assistance to you or your office, please call me at the number below.

Thank you for your efforts, and most of all your concern for everyone involved. We at Johnson Nissan / Jeep / Eagle promote fairness to everyone involved, including the debtor. All the creditor's in the State of Alaska will benefit greatly if it's passed. Again, if there's anything we can do, please let me know.

Sincerely,



Tori Sorensen
Johnson Nissan / Jeep / Eagle
Collections Manager
(907) 762-5253

cc: Kim
Juckie



Cal Worthington Ford

Jan 28, 1998

Ref: SB 254

Dear Senator Lemm,

I strongly support Senate Bill 254. This will help Alaskas small business collect on some of there bad debits on people thru the Alaska Permand Fund Dividend. It is unfair that State and Federal Government agency's can collect 100% of the Alaska PFD. Thank you for sponsoring this piece of Legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kenneth C. Lee II'.

Kenneth C Lee II



Cal Worthington Ford

28 January 1998

Ref: Garnishment of PFD Checks

Dear Senator Lemsu,

I strongly support Senate Bill 254. Since the Alaska PFD is basically a gift, not earned money, I feel that a person or private business should be able to garnish 100% of the PFD. I believe a private party who has a judgment to collect a bad debt should have just as much right to the whole PFD as the State of Alaska or the Federal Government. In most cases the PFD is the only means of garnishment and with only 55% of the PFD a lot of debts stay at the same amount due to the accrued interest between payments. Being able to seize 100% would actually reduce some of the principal amounts of the bad debts and therefore also reduce the accrued interest.

Again, I very strongly support Senate Bill 254.

Sincerely,

Ulrike M. Ward

AFFORDABLE LOAN COMPANY

JAN 28 1998

Senator Loren Leman
State Capital Room 115
Juneau, Ak. 99801

Ref: Senate Bill number 254

Dear Senator Lemman:

I would personally like to thank your office for the efforts you have put forth with this bill. This will give us, and any other creditor, the right to be equal in our efforts to collect a debit that is legally due and payable.

We strongly support this bill and will be trying to gather other support for this bill. Please let us know if there is any way we can be of assistance.

Again, thank you for your efforts, and mostly for your concern of fairness for everyone. The creditors in the State of Alaska will benefit from this bill greatly.

Sincerely,

Jackie Brock

Jackie Brock
manager

Revision Date: February 11, 1998 Dept. Affected: Revenue
 Title: Levy of Permanent Fund Dividends BRU: Revenue Operations
 Component: Permanent Fund Dividend
 Sponsor: (S) L&C
 Requestor: (S) JUD COMPONENT SERIAL NO. 981

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
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	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year cost \$ _____

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

This amended bill reduces the exemption allowed on an individual's Permanent Fund Dividend (PFD) that was protected from levy execution, garnishment, attachment, or any other remedy for the collection of debt, from 45% to 30%. Cumbersome wording regarding the timing of payment is also eliminated. Section two of the bill removes the authority for PFD to charge an administrative fee for claims on PFD's. Section three is a new section added to impose a 5% administrative fee to be collected and deposited in the general fund to cover the administrative costs incurred by the department, the court system, and other state agencies for processing a claim on a PFD.

There are no fiscal effects on the Permanent Fund Dividend program.

Prepared by: Nanci A. Jones, Director Phone: (907) 465-2323
 Division: Permanent Fund Dividend Date: February 11, 1998
 Approved by Commissioner: Wilson L. Condon Date: February 11, 1998
 Agency: Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

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Revision Date: February 11, 1998 Dept. Affected: Revenue
 Title: Levy of Permanent Fund Dividends BRU: Revenue Operations
 Component: Permanent Fund Dividend
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Expenditures/Revenues:		(Thousands of Dollars)				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
OPERATING EXPENDITURES						
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	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()						

FUND SOURCE		(Thousands of Dollars)				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year cost \$ _____

POSITIONS:		FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
FULL-TIME		0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME		0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY		0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

This amended bill reduces the exemption allowed on an individual's Permanent Fund Dividend (PFD) that was protected from levy execution, garnishment, attachment, or any other remedy for the collection of debt, from 45% to 30%. Cumbersome wording regarding the timing of payment is also eliminated. Section two of the bill removes the authority for PFD to charge an administrative fee for claims on PFD's. Section three is a new section added to impose a 5% administrative fee to be collected and deposited in the general fund to cover the administrative costs incurred by the department, the court system, and other state agencies for processing a claim on a PFD.

There are no fiscal effects on the Permanent Fund Dividend program.

Prepared by: Nanci A. Jones, Director Phone: (907) 465-2323
 Division: Permanent Fund Dividend Date: February 11, 1998
 Approved by Commissioner: Wilson L. Condon Date: February 11, 1998
 Agency: Revenue

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ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
SUMMARY OF INVOLUNTARY ATTACHMENTS FOR DIVIDEND YEARS 1997 AND 1996
 As of January 29, 1998

Agencies	1997			
	Total Claims Requested	Total Claims Paid	Amount of Claims Paid	Unpaid Claims
Bankruptcy	201	178	226,358	23
CSED	12,051	10,890	11,325,803	1,161
PSED	10,916	9061	10,763,807	1,855
State Agencies	11,769	5,259	1,850,095	6,510
IRS*	20,206	1	713	*20205
Court Ordered Restitution	65	53	62,098	12
Court Ordered Fines	15,798	7,905	2,062,671	7,893
Other Writs & Certified Services	18,717	9,733	5,321,983	8,984
Totals:	89,723	43,080	31,613,528	26,438

Agencies	1996			
	Total Claims Requested	Total Claims Paid	Amount of Claims Paid	Unpaid Claims
Bankruptcy	136	114	126,965	22
CSED	11,751	10,804	9,948,642	947
PSED	8,952	7,443	7,836,429	1,509
State Agencies	10,257	5,033	1,643,122	5,224
IRS*	21,418	16,452	13,874,801	4,966
Court Ordered Restitution	46	32	31,521	14
Court Ordered Fines	12,281	5,348	1,270,722	6,933
Other Writs & Certified Services	15,543	7,210	3,558,836	8,333
Totals:	80,384	52,436	38,291,039	27,948

*In 1997, the IRS was experiencing difficulties with its computer system and, as a result, withdrew its attachments.

SUPPORTING DOCUMENTS

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
SUMMARY OF VOLUNTARY AND INVOLUNTARY ATTACHMENTS FOR 1982 - 1997
As of January 29, 1998

<u>YEAR</u>	<u>AMOUNT</u>
1982	27
1983	88
1984	50
1985	185
1986	17,422
1987	35,296
1988	44,990
1989	31,204
1990	38,056
1991	42,961
1992	52,499
1993	59,888
1994	69,863
1995	84,554
1996	85,059
1997	<u>94,386</u>
Total:	<u>656,518</u>