

HB

481

Alaska State Legislature

CHAIR:
REPRESENTATIVE
JEANNETTE JAMES

State Capitol
Room 102
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381



House of Representatives
HOUSE STATE AFFAIRS

MEMBERS:
REPRESENTATIVES
IVAN IVAN
AL VEZEY
FRED DYSON
MARK HODGINS
KIM ELTON
ETHAN BERKOWITZ

SPONSOR STATEMENT HOUSE BILL 481

"An Act relating to application for and payment of permanent fund dividends of certain deceased individuals; and providing for an effective date."

House Bill 481 corrects an inequity in the categories of individuals who may receive Permanent Fund Dividends (PFDs). Currently, eligible individuals fall under numerous categories. Besides those physically present in the state for the entire period of eligibility, categories include individuals absent from the state for military reasons, educational advancement or medical treatment. Additionally, individuals accompanying those who are absent from the state for medical treatment are also eligible to receive a dividend.

One category of eligible individuals, however, has been deprived of the opportunity to receive PFDs. Those are the individuals who, though eligible to receive a PFD, do not because they died during the application period before applying. In other words, they do not receive a permanent fund dividend simply because they died at the wrong time of the year.

The application deadline for permanent fund dividends is March 31 of the year following the year for which the dividend applies. This dividend is normally paid sometime the following October. If an eligible individual applies for and receives a dividend and then dies, the individual's estate has access to the permanent fund dividend. Similarly, although by regulation rather than statute, the PFD of an eligible individual who applies for a PFD but dies before receiving it, is also given to the individual's estate. However, if an eligible individual dies during the application period prior to applying, the estate's representative is unable to apply on the individual's behalf. This creates a class of individuals based solely on the date of their deaths.

House Bill 481 corrects this inequity. It puts into statute that the estate of an individual who applies for a PFD but dies before receiving it may keep the PFD. It also provides that as long as an individual was eligible for and would have received a permanent fund dividend had the individual continued to live, the individual's estate is eligible to apply for and receive the dividend. This correction could be a great assistance in many circumstances.

The dividend of an individual who died unexpectedly could be used by the family to help pay the funeral expenses and any medical expenses that may have been incurred. It could be used to pay for the support of an individual's offspring or to assist with other costs. The family of a deceased individual should not be deprived of the Permanent Fund Dividend simply because of the time of year during which the individual died. Nor, on a less compassionate note, should an individual's creditors be deprived if no heirs exist.

House Bill 481 requires no additional funding. Its effect on the amount of individual permanent fund dividends would be negligible; however the advantages to the family of the deceased individual would be great.

Alaska State Legislature

CHAIR:
REPRESENTATIVE
JEANNETTE JAMES

State Capitol
Room 102
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381



House of Representatives
HOUSE STATE AFFAIRS

MEMBERS:
REPRESENTATIVES
IVAN IVAN
AL VEZEY
FRED DYSON
MARK HODGINS
KIM ELTON
ETHAN BERKOWITZ

SECTIONAL ANALYSIS

HOUSE BILL 481

"An Act relating to application for and payment of permanent fund dividends of certain deceased individuals; and providing for an effective date."

- Section 1:** Adds a new subsection to AS 43.23.005, Eligibility, which provides that the permanent fund dividend of an individual eligible to receive a dividend who applied for, but died before receiving, the dividend may be paid to the deceased individual's estate. Also provides that the personal representative of the estate, or a successor claiming personal property under AS 13.16.680, Formal Testacy Proceedings Order, Foreign Will, may apply for the dividend of an individual eligible to receive a dividend who dies during the application period before applying for the dividend.
- Section 2:** Amends AS 43.23.025(a), Amount of Dividend, to specify that the number of estates and successors eligible to receive a dividend payment for the current year be included with the number of individuals eligible to receive a dividend for that year.
- Section 3:** Makes Section 1 retroactive to January 1, 1998.
- Section 4:** Provides an immediate effective date for Sections 1 and 3 of the bill.
- Section 5:** Section 2 of the legislation becomes effective January 1, 1999.