

**HB**

**338**

# ALASKA STATE LEGISLATURE

## House of Representatives

COMMITTEE ASSIGNMENTS:

JUDICIARY COMMITTEE, CHAIRMAN  
LABOR & COMMERCE COMMITTEE, MEMBER  
LEGISLATIVE COUNCIL, MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
TOURISM, MEMBER

website: <http://www.akrepublicans.org/Rokeberg.htm>



INTERIM  
716 WEST 4TH AVENUE, SUITE 350  
ANCHORAGE, AK 99501  
PHONE: (907) 269-0117  
FAX: (907) 269-0119

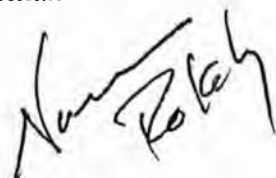
SESSION:  
ALASKA STATE CAPITOL  
JUNEAU, AK 99801-1182  
PHONE: (907) 465-4968  
FAX: (907) 465-2010

### Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

#### MEMORANDUM

TO: The Honorable John Coghill, Chairman  
House State Affairs Committee

FROM: Representative Norman Rokeberg 

DATE: April 16, 2002

RE: SB 338  
"An Act making certain individuals convicted of crimes ineligible for permanent fund dividends; relating to appropriations from the dividend fund; to certain payments of compensation from the crime victim compensation fund; to state aid for certain obligees with child support arrearages; and providing for an effective date."

I would appreciate it if you would schedule SB 338 for an early hearing before your committee.

cc: Senator Dave Donley



# Alaska State Senate


## Senate Finance Committee

Official Business

### MEMORANDUM

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

To: Representative John Coghill, Chair  
House State Affairs Committee

Fr: Senator Dave Donley, Co-Chair   
Senate Finance Committee

Re: Calendar Request for CSSB 338, "An Act making certain individuals convicted of crimes ineligible for permanent fund dividends; relating to appropriations from the dividend fund; to certain payments of compensation from the crime victim compensation fund; to state aid for certain obligees with child support arrearages; and providing for an effective date."

Date: April 15, 2002

I request that you schedule Committee Substitute for Senate Bill 338, for a hearing in the House State Affairs Committee at your earliest convenience.

Committee Substitute for Senate Bill 338 changes existing law so that individuals convicted of a felony or misdemeanor will lose their Permanent Fund Dividend for at least one year, regardless of whether they have a prior conviction or not. The bill also creates variable additional amounts of time violent criminals lose their dividend eligibility, depending on the seriousness of the crime.

Committee Substitute for Senate Bill 338 directs the Violent Crimes Compensation Board to first use money from confiscated Permanent Fund Dividends to pay the victims of the criminal who committed the violent crime.

Committee Substitute for Senate Bill 338 creates a new program under the Child Support Enforcement Agency of state aid for child support arrearages. Money appropriated to the Child Support Enforcement Agency from the dividend program representing amounts certain persons convicted of crimes would have received as dividends, is to be distributed to recipients of child support.

Committee Substitute for Senate Bill 338 passed out of the Senate on April 9 with a vote of 18 do pass and one no recommendation.

Thank you in advance for your consideration of this request. If you or your staff should have any questions, please contact myself or Marilyn Wilson of my staff at 6541.

DD/mjw

Attachments  
Bill  
Sponsor Statement  
Sectional Analysis  
Fiscal Notes  
Background Information



Official Business

# Alaska State Legislature

State Capitol  
Juneau, AK 99801-1182

## SPONSOR STATEMENT

### Committee Substitute for Senate Bill No. 338

**“An Act making certain individuals convicted of crimes ineligible for permanent fund dividends and relating to certain payments of compensation from the crime victim compensation fund; and providing for an effective date.”**

Under current law, as soon as two years after violent criminals are released, they may again start collecting Permanent Fund Dividends.

Existing law says individuals do not qualify for a Permanent Fund Dividend if during the qualifying year they are convicted of a felony, or if during all or part of the qualifying year, they are incarcerated as a result of a felony or misdemeanor, and they had a prior felony or two or more misdemeanors.

Committee Substitute for Senate Bill 338 would change this so individuals convicted of a felony or misdemeanor will lose their Permanent Fund Dividend for at least one year, regardless of whether they have a prior conviction or not.

Committee Substitute for Senate Bill 338 also creates variable additional amounts of time violent criminals lose their dividend eligibility, depending on the seriousness of the crime:

- Individuals incarcerated for an unclassified felony, including murder, attempted murder, solicitation to commit murder, conspiracy to commit murder, kidnapping, rape, sexual abuse of a minor or misconduct involving a controlled substance, would lose their dividend forever;
- Individuals incarcerated for a violent classified felony (Class A, B or C) would lose their dividend for 20 years;
- Individuals convicted of criminal mischief in the first degree under AS 11.46.480(a)(3), which is intentionally damaging an oil or gas facility, would lose their dividend for 20 years;
- Individuals incarcerated for a nonviolent felony (Class A, B or C) would lose their dividend for 10 years;
- Individuals incarcerated for a violent misdemeanor (Class A or B) would lose their dividend for five (5) years; and
- Individuals convicted of a violent or nonviolent crime but not incarcerated would lose their dividend for at least one (1) year;

Committee Substitute for Senate Bill 338 adds to the categories of criminals who are ineligible for a dividend: Individuals would lose their dividend for 20 years if convicted of criminal mischief where the damage is to an oil or gas facility. This addition is intended to discourage such acts as the recent vandalism to the Alyeska Pipeline. The Permanent Fund Dividend originates from oil production revenues. A criminal who commits vandalism should not be allowed to benefit from proceeds from the property they criminally damaged.

Under present law, money collected from the criminals' Permanent Fund Dividends may be appropriated for four purposes:

- Violent Crime Victim Compensation Fund
- Grants to Nonprofit Victims Groups
- Council on Domestic Violence and Sexual Assault
- Department of Corrections

Committee Substitute for Senate Bill 338 directs the Violent Crimes Compensation Board to first use money from these confiscated Permanent Fund Dividends for payments of compensation to the victims of the criminal who committed the violent crime. If a victim has a judgment or order of restitution for payment, the board is to pay that first, up to the amount of the criminal's confiscated Permanent Fund Dividend, and in addition to other compensations.

Committee Substitute for Senate Bill 338 creates a new program of state aide for child support arrearages in the Child Support Enforcement Agency. Money appropriated to the agency from the dividend program that represents amounts certain persons convicted of crimes would have received to be distributed by the agency to obligees for whom the agency is enforcing child support.

Since the budget currently uses both general funds and prisoners' Permanent Fund Dividends to fund these programs, an increase of prisoners' Permanent Fund Dividend funds will help reduce the fiscal gap.

To avoid violating the constitutional prohibition against ex post facto laws, this legislation applies only to individuals convicted of crimes committed after December 31, 2002.

DD/mjw

# 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

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 12, 2002

**SUBJECT:** Making individuals convicted of crimes ineligible for permanent fund dividends (CSSB 338 ( ); 22-LS1190\S)

**TO:** Senator Dave Donley, Co-Chair  
Senate Finance Committee

**FROM:** Tamara Brandt Cook  
Director

TBC

Here is a summary of the changes that have been incorporated into the enclosed draft committee substitute.

**Secs. 2 - 6:** These are new bill sections. In bill section 6, adding AS 25.27.400, a new program of state aid for child support arrearages is created in the Child Support Enforcement Agency. Money appropriated to the agency from the dividend program that represents amounts certain persons convicted of crimes would have received as dividends is to be distributed by the agency to obligees for whom the agency is enforcing a duty of child support. The other bill sections amend provisions to permit recovery from the obligor for amounts paid under this new aid program.

**Sec. 9:** Amends the public notice provision of the permanent fund dividend program in subsection (b) to acknowledge that some amounts attributable to dividends of certain ineligible persons convicted of crimes may be appropriated under subsection (c), added in this bill.

**Sec. 10:** This is a new bill section. It permits the legislature to appropriate money from the dividend fund without triggering the notice requirements that generally apply to appropriations from the dividend fund. The appropriations may not exceed the amount that would have been paid as dividends to ineligible persons with convictions who also are in arrears on child support payments and must be used for payments under the new program set up in Sec. 6 of the bill.

TBC:med  
02-267.med

# 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

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

January 16, 2002

**SUBJECT:** Individuals convicted of crimes ineligible for permanent fund dividends, sectional summary (Work Order No. 22-LS1190J)

**TO:** Senator Dave Donley

**FROM:** Tamara Brandt Cook  
Director *TBC*

**Sec. 1.** Requires the Violent Crimes Compensation Board to first use money appropriated from the dividend fund for the payment of compensation for victims of individuals who are ineligible for permanent fund dividends because of criminal convictions. In determining the amount of compensation of a victim of an individual who is ineligible for a dividend the board is required to consider the amount of any civil judgment or order of restitution that requires the individual to pay for damages to the victim. Amounts paid are not subject to the existing limit on compensation under AS 18.67.130(c), however, other existing statutes dealing with eligibility for compensation and the nature of the compensation, are not changed.

**Sec. 2.** Under existing law an individual does not qualify for a permanent fund dividend if the individual was, during the qualifying year, sentenced as a result of conviction in this state of a felony or, during all or part of the qualifying year, incarcerated as a result of the conviction in this state of a felony or a misdemeanor when the individual has previous convictions. This section adds to the categories of individuals who are not eligible for a dividend and sets various periods of ineligibility as follows:

(1) an individual sentenced or incarcerated during the qualifying year for conviction of a misdemeanor without regard to prior convictions;

(2) an individual sentenced during or at any time before the qualifying year for conviction of an unclassified felony or of criminal mischief in the first degree when the person damages an oil or gas facility;

(3) an individual was incarcerated during the 19 years before the qualifying year for a felony against the person;

(4) an individual was incarcerated during the nine years before the qualifying year for any other felony;

(5) an individual was incarcerated during the four years before the qualifying year for a misdemeanor against the person.

**Sec. 3.** Technical amendment to accommodate the change made in sec. 2.

Senator Dave Donley  
January 16, 2002  
Page 2

**Sec. 4.** Technical amendment to accommodate the change made in sec. 2.

**Sec. 5.** Makes the changes in secs. 2 and 3 apply only to individuals convicted of crimes committed after December 31, 2002, to avoid violating the constitutional prohibition against ex post facto laws.

**Sec. 6.** Makes the bill effective January 1, 2003, the beginning of a dividend year.

TBC:med  
02-013.med



# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB 338 (FIN)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Law  
 Title "An Act making certain individuals convicted of BRU Civil Division  
crimes ineligible for permanent fund dividends and ..." Component Collections and Support  
 Sponsor Senate Finance Committee  
 Requester Senate Finance Committee Component No. 2210

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (GF/Prog Rcpts)</b>	<b>0.0</b>	<b>0.0</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>
-------------------------------------------	------------	------------	----------------	----------------	----------------	----------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 The collections unit of the Department of Law is responsible for collecting civil and criminal judgments owed to the State of Alaska, and beginning in January 2002, restitution on behalf of victims of all types of crimes (violent, non-violent, and property crimes) and delinquent a.c.s. Criminal judgments include criminal fines, costs of incarceration, costs of appointed counsel, forfeited bonds, minor offense fines, and costs related to those fines. Civil judgments include cost and attorney fees awarded to the state in civil litigation, and APOC and OSHA penalties.  
  
 Approximately two-thirds of the state revenue generated by the unit is deposited in the general fund. The remaining revenue is appropriated as general fund program receipts both to support DWI incarceration and court appointed counsel programs, and to pay for the collections unit. Restitution revenue will go directly to victims.

Prepared by: Joan M. Kasson Phone (907) 465-5370  
 Division: Attorney General's Office Date/Time 3/29/02 3:51 P M  
 Approved by: Kathryn Daughettee for Bruce M. Botelho, Attorney General Date 3/29/2002  
 Agency: Department of Law

## FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CSSB 338 (FIN)

### ANALYSIS CONTINUATION

The unit's primary collection tool is the permanent fund dividend attachment. Historically, over 90 percent of the unit's collections each year are received through the attachment of defendants' permanent fund dividends. During FY 02 through January 31, 2002, the unit has collected \$3,198,282 of which \$2,938,837 was through the dividend attachment. Although the unit may use other collection tools, such as wage withholding or attachment of funds in bank accounts, most of the judgments that the unit collects are simply not large enough to justify the cost of such collection actions. The cost of collection would exceed the amount collected. To succeed, the unit must be able to collect a high volume of relatively small judgments. The only cost-effective way to do this is through the electronic attachment process used for the permanent fund dividend attachment. As a practical matter, if the permanent fund dividend cannot be attached, most of these judgments would be uncollectible when the cost of collection is factored into the equation.

Because of the unit's reliance on the attachment of dividends, a bill that removes persons from eligibility for the permanent fund dividend will adversely affect the unit's collections. CSSB 338 (FIN) creates several new categories of criminal defendants who are permanently or temporarily ineligible for dividends. Because approximately 85 percent of the unit's collection actions are against criminal defendants who would fall within one or more of these new categories, this bill will have a serious and substantial impact on collections.

For example, CSSB 338 (FIN) makes persons who have been convicted of an unclassified felony (the most serious violent crimes, such as murder, first degree sexual assault, etc.) permanently ineligible for dividends. Although this is probably a relatively small percentage of the judgments received by the unit for collection, the fines and other judgments in these cases tend to be larger. Thus, the removal of the permanent fund dividends in these cases would likely have a larger fiscal impact on the unit's collection than would otherwise be expected given the small number of cases. Fines in most of these cases would be uncollectible if CSSB 338 (FIN) passes.

For the remaining defendants, the bill delays collection for a number of years either after sentencing or after the defendant is released from jail or prison. In these cases, the impact on collections will be attributable to the delay. The unit has found that the earlier the collection proceedings begin the more likely the judgment will be collected. Over time, defendants leave Alaska, die, are incarcerated for new crimes, or incur debts with a higher priority under the dividend priority scheme. Thus, debts that the unit could have collected during the first year or two after the defendant is released from jail may be uncollectible after the four, nine, or nineteen-year delay imposed by the bill.

The bill not only would affect collection of debts owed the state, but would also have an adverse effect on victims of crimes not covered by the Violent Crimes Compensation Board. Under existing law, only victims of certain violent crimes are entitled to payments from the board. See AS 18.67.101. Many of the victims for whom the unit collects restitution are victims of property and other non-violent crimes. These victims would not be entitled to compensation from the board, but would lose the permanent fund dividend for varying periods of time as a means of collecting the restitution awarded to them by the court.

It is extremely difficult to estimate the impact of this bill on the unit's collections. The impact will be masked initially because during the first several years after the bill takes effect, the unit will be collecting judgments that pre-date the bill's effective date. These earlier judgments will be unaffected by the bill's restrictions because the bill applies only to defendants convicted of crimes committed after December 31, 2002. As collections continue on older judgments, the effect of the bill will be limited. In addition, the current law precludes defendants from receiving a dividend while incarcerated. In these cases, the unit would be unable to collect the judgment until the defendant was released from jail anyway. Thus, the unit will not begin to feel the effect of the bill until these new defendants begin to be released from incarceration. At that point, we should see a sharp drop in collections, as the old judgments are paid off and the new judgments are not collectible because the defendants are ineligible for the dividend.

The only exceptions to this are the provisions which make (1) misdemeanants who are not incarcerated ineligible for the dividend for the year in which they were sentenced, and (2) first and second time misdemeanants who are incarcerated ineligible while incarcerated and for four years thereafter. These are persons who are eligible for a dividend under the current law. The impact of these provisions will be felt immediately by the unit. These are persons from whom we are usually able to collect during the first year after we receive the judgments from the court.

**FISCAL NOTE**

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

**BILL NO. CSSB 338 (FIN)**

**ANALYSIS CONTINJATION**

As illustrated in the above discussion, there are many variables that will affect the actual loss in collections related to this bill over time. There can be no doubt that the provisions of CSSB 338 (FIN) will reduce the collections of criminal fines, restitution for crime victims, and other judgments owed to the state. The actual amount of the reduction, however, cannot be determined at this time.

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 338  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Corrections  
Title An Act making certain individuals BRU Community Residential Centers  
convicted of crimes ineligible for permanent fund dividends Component Existing CRC's  
Sponsor Senate Finance  
Requester Finance Component No. #2244

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services		49.9	51.8	53.7	55.7	57.8
Travel						
Contractual		4.0	4.0	4.0	4.0	4.0
Supplies		1.5	1.5	1.5	1.5	1.5
Equipment		2.5				
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>57.9</b>	<b>57.3</b>	<b>59.2</b>	<b>61.2</b>	<b>63.3</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>			*	*	*	*
-------------------------------	--	--	---	---	---	---

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		57.9	57.3	59.2	61.2	63.3
1156 Receipt Services			(649.0)	(649.0)	(649.0)	(649.0)
1037 GF/Mental Health						
1050 PFD Fund			649.0	649.0	649.0	649.0
<b>TOTAL</b>	<b>0.0</b>	<b>57.9</b>	<b>57.3</b>	<b>59.2</b>	<b>61.2</b>	<b>63.3</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time	0	1	1	1	1	1
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

\*Indetermined revenue estimate. We do not know how many offenders will be impacted by this legislation and we do not know how much the PFD's will be worth by FY2005.

Section 1. Provides first use of PFD funds from this legislation for the payment of compensation for victims of individuals who appear on the list of individuals ineligible for a dividend. Assume if there is no victim the attached funds will go into the PFD fund for appropriation by the Legislature.

(Continued on Page 2)

Prepared by: Joseph Reeves Phone 465-3315  
Division Administrative Services Date/Time 2/27/02 4:16 PM  
Approved by: Margaret M. Pugh, Commissioner Date 2/27/02  
Agency Department of Corrections

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB338(F..I)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Ineligibility for PFD / BRU Child Support Enforcement  
Crime Victims Compensation Component Child Support Enforcement  
 Sponsor Senate Finance Committee  
 Requester Senate Finance Committee Component No. 111

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	98.4	98.4	98.4	98.4	98.4	98.4
Travel						
Contractual	30.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>128.4</b>	<b>98.4</b>	<b>98.4</b>	<b>98.4</b>	<b>98.4</b>	<b>98.4</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------	------------

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	128.4	98.4	98.4	98.4	98.4	98.4
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>128.4</b>	<b>98.4</b>	<b>98.4</b>	<b>98.4</b>	<b>98.4</b>	<b>98.4</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

See Page 2 for explanation.

Prepared by: Barbara Miklos, Director  
 Division: Child Support Enforcement Division  
 Approved by: Larry Persily, Deputy Commissioner  
 Agency: Department of Revenue

Phone 269-6800  
 Date/Time 3/26/02 7:52 PM  
 Date 3/26/2002

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CSSB338(FIN)

ANALYSIS CONTINUATION

Bill Analysis

Under Section 6, no custodial parents would be eligible for a grant under this program in successive years, and custodial parents who received any amount at all during the previous fiscal year would also be ineligible for any money under this program. We believe this would eliminate so many families as to be ineffective in addressing our primary concern that thousands of children would be denied a significant source of child support under this legislation.

With average arrears for incarcerated obligors exceeding \$23,000, it is apparent that the children in this caseload suffer a longstanding lack of support. It is unlikely that many of these children have received any significant support in the past year, although even the smallest amount would make them ineligible for this program.

The Permanent Fund dividend is not an alternative means of collecting child support. Rather, it is a critical enforcement tool, especially in egregious cases. Taking that tool away would serve to deprive some of Alaska's neediest children.

Under Section 5, because the aid given to the custodial parent would not meet the federal definition of child support, it would not be possible, under federal law, to reimburse the state for money paid out per AS 25.27.400 using the federal tax refund offset program. (45 CFR 303.72)

Cost of Implementing the Legislation

The primary cost to CSED for implementing the new program created by CSSB338(FIN) would be for additional staff required to carry out the assignment. The division's preliminary estimate is for one caseworker and one accounting technician. There also will be some programming expense the first year, which is shown as a contractual expense. Since this program does not meet the requirements for federal matching funds, it must be supported entirely through state general funds.

Federal and computer system requirements will make it necessary for us to set up a new and separate file for each case we approve under this program, and the funds received for the custodial parent and child(ren) would be directed to that file. Without a separate file, the funds would be credited against the non-custodial parent's debt, which is not the statutory direction of this new program.

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 338  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DPS  
 Title An Act making certain individuals BRU Statewide Support  
convicted of crimes ineligible for PFDs Component APSIN  
 Sponsor Senate Finance  
 Requester Senate Finance Component No. 528

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	0.0	4.2	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>4.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	4.2	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>4.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

DPS Information Systems' contractor has written software to compile the annual list of persons who may be ineligible for a PFD based on criminal convictions in APSIN. DPS will pay the contractor (analyst programmer) to revise the software in order to compile the list based on the new criteria.

50 hours X \$84 per hour = \$4,200

Prepared by: Diane Schenker, Administrative Manager Phone 907-269-5092  
 Division Administrative Services Date/Time 2/27/02 3:17 PM  
 Approved by: Commissioner Glenn Godfrey Date 2/27/2002  
 Agency Department of Public Safety

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 338  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education  
Title An Act making certain individuals convicted of BRU ACPE  
crimes ineligible for permanent fund dividends and... Component Student Loan Operation  
Sponsor Rep. Con Bunde  
Requester Labor and Commerce Component No. 213

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>

**FU: SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Alaska Commission on Postsecondary Education is charged with administering Alaska's various education loan programs. It does so as an enterprise agency of the state, the operational costs for which are paid through recycled funds of the Alaska Student Loan Corporation.

A very few years after the inception of the Alaska Permanent Fund Dividend program, the Commission was authorized by statute to administratively garnish the dividends of defaulted borrowers who remained at least six months in arrears on their education loans. In 2001 alone the Commission asserted its claim to approximately 8,600 dividends and ultimately collected approximately \$10.5 million on defaulted loans. Since the first year of garnishment activity, the Commission has collected well over \$100 million and considers this tool to be one of its most efficient and effective collection levers.

Prepared by: Diane Barrans, Executive Director Phone 465-6740  
Division: Executive Office Date/Time 2/28/02 9:44 AM  
Approved by: Diane Barrans, Executive Director *Diane Barrans* Date 2/28/2002  
Agency: Alaska Commission on Postsecondary Education



# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CS SB 338 (FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title "An Act making certain individuals BRU Legal and Advocacy Services  
convicted of crimes ineligible for PFD...." Component Public Defender Agency  
Sponsor: Senate Finance  
Requestor: (S) FIN Component No. 1631

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	*	*	*	*	*	*
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	*	*	*	*	*	*

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

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	*	*	*	*	*	*
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	*	*	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

See attached sheet.

Prepared by: Barbara Brink, Director  
Division: Public Defender Agency  
Approved by: Jim Duncan, Commissioner  
Agency: Department of Administration

Phone (907) 334-4416  
Date/Time 3/28/02 11:27 AM  
Date 3/28/2002

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CS SB 338 (FIN)

**ANALYSIS CONTINUATION**

This legislation would make a large number of people ineligible for PFDs by amending the statute to significantly increase the list of circumstances under which a person would not be eligible for a dividend.

This bill may have a fiscal impact on the Public Defender Agency. For many indigent people, the PFD is one of their primary sources of income. When indigent people convicted of and or incarcerated for felonies and misdemeanors owe fines, restitution, surcharges, and fees, and are ineligible to receive a PFD for many years, they may not be able to pay these amounts and then are in violation of their probation or parole conditions and petitions to revoke may be filed. This could significantly increase the workload of the Agency, however, it is not possible to determine the extent of that impact. The Agency represents indigent persons in both parole and probation revocations, and both may very well increase substantially if this bill becomes law, but it is not possible to determine the extent of that impact. Therefore, an indeterminate fiscal note is submitted.

**Projected Amount of Permanent Fund Dividend Checks**

	CY01 Actual	CY02	CY03	CY04	CY05	CY06	CY07
Top Quartile		\$1,670	\$1,550	\$1,560	\$1,550	\$1,740	\$2,050
Median	\$1,850	\$1,640	\$1,420	\$1,280	\$1,190	\$1,310	\$1,510
Bottom Quartile		\$1,610	\$1,300	\$1,020	\$850	\$920	\$970

(amts are from Alaska Permanent Fund Corp's presentation to Use Fin 2/12/02)

**Revenue Available for Appropriation Under Current Law**

PFD Eligible Inmates under current law:	5459	5568	5680	5793	5909	6027	6148
Prisoners PFD funds available for appropriation under current law:	FY03 actual	FY04	FY05	FY06	FY07	FY08	FY09
Top Quartile		\$9,298,861	\$8,803,293	\$9,037,290	\$9,158,946	\$10,487,288	\$12,602,827
Median	\$10,100,679	\$9,131,815	\$8,064,952	\$7,415,212	\$7,031,707	\$7,895,602	\$9,283,058
Bottom Quartile		\$8,964,770	\$7,383,407	\$5,908,997	\$5,022,648	\$5,545,003	\$5,963,289

**Revenue Available for Appropriation if SB338 Becomes Law**

PFD Eligible Inmates if bill becomes law:			8379	8547	8718	8892	9070
Prisoners PFD funds available for appropriation under SB 338:			FY05	FY06	FY07	FY08	FY09
Top Quartile			\$12,988,041	\$13,333,272	\$13,512,758	\$15,472,544	\$18,593,730
Median			\$11,898,722	\$10,940,121	\$10,374,311	\$11,648,869	\$13,695,869
Bottom Quartile			\$10,893,196	\$8,717,909	\$7,410,222	\$8,180,885	\$8,798,009

**Increased Revenue if SB338 Becomes Law**

Increase in funds available for appropriation:			FY05	FY06	FY07	FY08	FY09
Top Quartile			\$4,184,749	\$4,295,982	\$4,353,813	\$4,985,256	\$5,990,903
Median			\$3,833,770	\$3,524,908	\$3,342,605	\$3,753,267	\$4,412,811
Bottom Quartile			\$3,509,789	\$2,808,911	\$2,387,575	\$2,635,883	\$2,834,720

The above sections are provided to show the effects should SB 338 become law. The current law makes anyone ineligible who, during the dividend qualifying year, was sentenced for a felony conviction or was incarcerated either as the result of a felony conviction, or a misdemeanor conviction if the individual had two prior convictions. These dividends are appropriated to various agencies to compensate the victims and partially reimburse the state for the care of the criminals.

The first section shows the actual dividend amount for 2001 and has projected future PFD amounts broken down by Top, Median, and Bottom Quartiles. These numbers are supplied by the Permanent Fund Dividend Corporation and are their best case to worst case scenarios as projected by the Corporation.

The second section shows the actual amount available for appropriation from ineligible felons and misdemeanants under current law. The \$10.1 million will be appropriated in the FY03 budget and is the actual amount that would have been distributed in 2001 had these felons and misdemeanants received their dividends.

The third section is a projection of the amount available to the legislature to appropriate if SB 338 becomes law. The most significant change involves misdemeanants. Under current law a person doesn't forfeit their PFD until he/she is convicted of a third misdemeanor. Under SB 338 a first time misdemeanor conviction would result in forfeiture of their PFD.

The "PFD Eligible Inmates" projections were provided by the Department of Corrections and are based on 2% growth.

Distributed by  
Senator Donley

Chapter 46

AN ACT

1 Relating to permanent fund dividend program notice requirements, to the ineligibility for  
2 dividends of individuals convicted of felonies or incarcerated for misdemeanors, and to the  
3 determination of the number and identity of certain ineligible individuals.

4

5 \* Section 1. PURPOSES. The purposes of the amendments made to AS 43.23.005(d) and  
6 43.23.028 in this Act are to

7 (1) obtain reimbursement for some of the costs imposed on the state criminal  
8 justice system related to incarceration or probation of individuals convicted of a felony and  
9 individuals who are chronic offenders as demonstrated by their being incarcerated as a result of  
10 a misdemeanor conviction after having been convicted of two or more prior crimes;

11 (2) ensure the public is advised about the ineligibility for dividends under  
12 AS 43.23.005(d), the reasons for making individuals ineligible under that subsection, and the  
13 purposes for which the state has appropriated the money that would otherwise have been paid  
14 to those ineligible individuals;

Chapter 46

1 (3) clarify what the funds appropriated to certain agencies listed under  
2 AS 43.23.028(b) may be used for if the appropriations are to be exempt from the notice  
3 requirement; and

4 (4) obtain another source of funding for the state agencies listed in  
5 AS 43.23.028(b).

6 \* Sec. 2. AS 43.23.005(d) is amended to read:

7 (d) Notwithstanding the provisions of (a) - (c) of this section, an individual  
8 [WHO HAS BEEN CONVICTED OF A FELONY] is not eligible for a permanent fund  
9 dividend for a dividend year when

10 (1) during the calendar year immediately preceding that dividend  
11 year the individual was sentenced as a result of conviction in this state of a felony;

12 (2) [,] during all or part of the [PRVIOUS] calendar year immediately  
13 preceding that dividend year, the individual was incarcerated [,] as a result of the  
14 conviction in this state of a

15 (A) felony; or

16 (B) misdemeanor if the individual has been convicted of two  
17 or more prior crimes as defined in AS 11.81.900 [THE INDIVIDUAL IS  
18 INCARCERATED].

19 \* Sec. 3. AS 43.23.005 is amended by adding a new subsection to read:

20 (g) For purposes of applying (d)(1) of this section, the date the court imposes  
21 a sentence or suspends the imposition of sentence shall be treated as the date of  
22 conviction. For purposes of applying (d)(2)(B) of this section, multiple convictions  
23 arising out of a single criminal episode shall be treated as a single conviction.

24 \* Sec. 4. AS 43.23.028 is amended to read:

25 Sec. 43.23.028. PUBLIC NOTICE. (a) By October 1 of each year, the  
26 commissioner shall give public notice of the value of each permanent fund dividend for  
27 that year and notice of the information required to be disclosed under (3) of this  
28 subsection. In addition, [ THE NOTICE AND] the stub attached to each individual  
29 dividend check and direct deposit advice must [DISCLOSE THE AMOUNT]

30 (1) disclose the amount of each dividend attributable to income earned  
31 by the permanent fund from deposits to that fund required under art. IX, sec. 15,

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

Constitution of the State of Alaska;

(2) disclose the amount of each dividend attributable to income earned by the permanent fund from appropriations to that fund and from amounts added to that fund to offset the effects of inflation; [AND]

(3) disclose the amount by which each dividend has been reduced due to each appropriation from the dividend fund, including amounts to pay the costs of administering the dividend program and the hold harmless provisions of AS 43.23.075;

(4) include a statement that an individual is not eligible for a dividend when

(A) during the calendar year immediately preceding that dividend year the individual was convicted of a felony;

(B) during all or part of the calendar year immediately preceding that dividend year, the individual was incarcerated as a result of the conviction of a

(i) felony; or

(ii) misdemeanor if the individual has been convicted of two or more prior crimes;

(5) include a statement that the legislative purpose for making individuals listed under (4) of this subsection ineligible is to

(A) obtain reimbursement for some of the costs imposed on the state criminal justice system related to incarceration or probation of those individuals;

(B) provide funds for payments to crime victims and for grants for the operation of domestic violence and sexual assault programs;

(6) disclose the total amount that would have been paid during the previous fiscal year to individuals who were ineligible to receive dividends under AS 43.23.005(d) if they had been eligible;

(7) disclose the total amount appropriated for the current fiscal year under (b) of this section for each of the funds and agencies listed in (b) of this section.

(b) To the extent that amounts appropriated for a fiscal year do not exceed

Chapter 46

1 the total amount that would have been paid during the previous fiscal year to  
2 individuals who were ineligible to receive dividends under AS 43.23.005(d) if they  
3 had been eligible, the (THE) notice requirements of (3) (a) of this section do not  
4 apply to appropriations from the dividend fund to the

5 (1) crime victim compensation fund established under AS 18.67.162 for  
6 payments to crime victims;

7 (2) [ . TO THE] council on domestic violence and sexual assault  
8 established under AS 18.66.010 for grants for the operation of domestic violence and  
9 sexual assault programs; [.] or

10 (3) (TO THE) Department of Corrections for incarceration and  
11 probation programs [TO THE EXTENT THAT AMOUNTS APPROPRIATED FOR  
12 A FISCAL YEAR DO NOT EXCEED THE TOTAL AMOUNT THAT WOULD HAVE  
13 BEEN PAID DURING THE PREVIOUS FISCAL YEAR TO INDIVIDUALS WHO  
14 ARE INELIGIBLE TO RECEIVE DIVIDENDS UNDER AS 43.23.005(d) IF THEY  
15 HAD BEEN ELIGIBLE].

16 \* Sec. 5. AS 43.23.055 is amended to read:

17 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

18 (1) annually pay permanent fund dividends from the dividend fund;

19 (2) subject to AS 43.23.011 and paragraph (8) of this section, adopt  
20 regulations under AS 44.62 (Administrative Procedure Act) that establish procedures and  
21 time limits for claiming a permanent fund dividend; the department shall determine the  
22 number of eligible applicants by October 1 of the year for which the dividend is declared  
23 and pay the dividends by December 31 of that year;

24 (3) adopt regulations under AS 44.62 (Administrative Procedure Act) that  
25 establish procedures and time limits for an individual upon emancipation or upon  
26 reaching majority to apply for permanent fund dividends not received during minority  
27 because the parent, guardian, or other authorized representative did not apply on behalf  
28 of the individual;

29 (4) assist residents of the state, particularly in rural areas, who because  
30 of language, disability, or inaccessibility to public transportation need assistance to  
31 establish eligibility and to apply for permanent fund dividends;

1 (5) use a list of individuals ineligible for a dividend under  
2 AS 43.23.005(d) provided annually by [ANNUALLY DETERMINE, IN  
3 COOPERATION WITH] the Department of Corrections and the Department of Public  
4 Safety to determine [.] the number and identity of those individuals [INELIGIBLE FOR  
5 A PERMANENT FUND DIVIDEND UNDER AS 43.23.005(d)];

6 (6) adopt regulations that are necessary to implement AS 43.23.005(d);

7 (7) adopt regulations that establish procedures for the parent, guardian,  
8 or other authorized representative of a disabled individual to apply for prior year  
9 permanent fund dividends not received by the disabled individual because no application  
10 was submitted on behalf of the individual;

11 (8) adopt regulations that establish procedures for an individual to apply  
12 to have a dividend warrant reissued if it is returned to the department as undeliverable  
13 or it is not paid within two years of the date of its issuance; however, the department  
14 may not establish a time limit within which an application to have a warrant reissued  
15 must be filed [;

16 (9) REPEALED]

17 \* Sec. 6. The amendments made by secs. 2 and 3 of this Act apply only to individuals  
18 convicted of crimes committed after December 31, 1996. Convictions for crimes committed  
19 before January 1, 1997, may not be considered in determining the number of prior convictions  
20 for purposes of applying AS 43.23.005(d)(2)(B).

21 \* Sec. 7. The amendments made by sec. 4 of this Act apply after December 31, 1996.  
22 Before January 1, 1997, AS 43.23.028 shall apply as it read before the effective date of this Act.





# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
 MAR 22 2002  
 SENATE FINANCE  
 COMMITTEE

DATE: 2/20/02

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: 28 March 2002

Finance Committee considered SENATE BILL NO. 338

*SB 338 INELIGIBILITY FOR PFD/CRIME VICTIMS COMPENSATION FUND*

"An Act making certain individuals convicted of crimes ineligible for permanent fund dividends and relating to certain payments of compensation from the crime victim compensation fund; and providing for an effective date."  
 and recommends:

- be replaced with CS SB 338 (FIN)
- adopt previous CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

- Senate Bill:**  
 same title  
 new title
- House Bill:**  
 same title  
 technical title  
 new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
REN. (CSED)	2/20/02	128.4		
Admin	2/20/02	*		
Education	2/28/02		✓	
Public Safety	2/27/02		✓	
LAW	2/27/02		✓	

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lynne Orr</i>	✓			
<i>John Austin</i>			✓	
<i>George Cochran</i>			✓	
<i>Don Blum</i>			✓	
<i>David Finnan</i>	✓			
<i>John Walcott</i>	✓			
COCHAIR: <i>Wesley Dyer</i>	✓			
COCHAIR: <i>Steve Kelly</i>	✓			