

SB

117

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 16, 2003

FURTHER REFERRALS:

Date of Committee Action: 5/19/03

The FINANCE Committee considered:

CSSB 117(FIN)

CS FOR SENATE BILL NO. 117(F. 4)

LONGEVITY BONUS PROGRAM

"An Act relating to the longevity bonus program; and providing for an effective date."

Recommends it be replaced with HCS or CS for _____ (_____)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of
Abbrev
for
Depts.:

- ADM
- CEC
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
HSS	2	✓		
HSS	3	✓		
HSS	4	✓		
ADM	5	✓		
HSS	6	✓		

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>K. Meyer</i>	Meyer				
<i>MD Jones</i>	Hawker				
<i>Bill D. Smith</i>	STOLTE				
<i>Beth Bertel</i>	KERTULA				
<i>Ch. A. Burt</i>	Berkowitz				
<i>Carol E. Gross</i>	ROSE				
<i>Mike Chenault</i>	Chenault				
<i>[Signature]</i>	Whitaker				
<i>[Signature]</i>	FOSTER				
Chair: <i>[Signature]</i>	ARRIS				
Chair: <i>[Signature]</i>					

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 6
 Bill Version: CSSB 117(FIN)
 (S) Publish Date: 5/14/03
 Dept. Affected: Health & Social Services
 BRU Medical Assistance
 Component Medicaid Services

Revision Date/Time (Note if correction):
 Title ELIMINATE LONGEVITY BONUS
 Sponsor SENATE (RLS) BY REQUEST OF THE GOVERNOR

Requester _____ Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	2,494.0	2,349.7	2,217.2	2,096.4	1,797.4	1,656.3
Miscellaneous						
TOTAL OPERATING	2,494.0	2,349.7	2,217.2	2,096.4	1,797.4	1,656.3

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (3)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	1,587.6	1,478.2	1,375.9	1,280.6	1,192.4	1,107.8
1003 GF Match	906.4	871.5	841.3	815.8	605.0	543.5
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	2,494.0	2,349.7	2,217.2	2,096.4	1,797.4	1,656.3

Estimate of any current year (FY2003) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This bill phases out the Alaska Longevity Bonus Program. This phase-out may cause some seniors who are not currently receiving APA and Medicaid to seek help because their income has dropped below what they need to make ends meet. Seniors age 65+ who are eligible for APA payments are entitled to coverage under the Medicaid program.
 The Division of Public Assistance estimates that approximately 500 seniors would apply and be found eligible for APA. The Division of Medical Assistance estimates that approximately 50 of those seniors are already receiving Medicaid under other categories, so 450 seniors would become newly eligible for Medicaid in FY 04.

Prepared by: Jon Sherwood Fphone 465-5820
 Division: Medical Assistance Date/Time 05/14/2003
 Approved by: Joel S. Gilbertson, Commissioner Date 05/14/2003
 Agency: Department of Health and Social Services

COMMITTEE COPY

FISCAL NOTE
FN 6

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSSB 117(FIN)

ANALYSIS CONTINUATION

The estimated cost of providing Medicaid services to these seniors is \$490/month per senior. Due to death and out migration, 7 % of these new eligibles will leave the caseload each year. The cost of these new eligibles is shown below. Federal Funds are assumed to be 60% of the cost of adding new people before the adjustment.

FY 04: 450 persons x \$490/mo. x 12 mo. = \$2,646.0

FY 05: 419 persons x \$490/mo. x 12 mo. = \$2,463.7

FY 06: 390 persons x \$490/mo x 12 mo. = \$2,293.2

FY 07: 363 persons x \$490/mo. x 12 mo. = \$2,134.4

FY 08: 338 persons x \$490/mo. x 12 mo. = \$1,987.4

FY 09: 314 persons x \$490/mo. x 12 mo. = \$1,846.3

In addition, the Department currently spends \$190,000 in general funds on ALB Hold Harmless payments. These payments would be reduced as the ALB phased out. The adjusted costs of increased Medicaid coverage for senior citizens are shown below.

FY 04: \$2,646.0 - \$152.0 = \$2,494.0

FY 05: \$2,463.7 - \$114.0 = \$2,349.7

FY 06: \$2,293.2 - \$76.0 = \$2,217.2

FY 07: \$2,134.4 - \$38.0 = \$2096.4

FY 08: \$1,987.4 - \$0.0 = \$1,797.4

FY 09: \$1,846.3 - \$0.0= \$1,656.3

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 5
 Bill Version: CSSB 117 (FIN)
 (S) Publication Date: 5/14/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
 Title: ELIMINATE LONGEVITY BONUS BRU: Alaska Longevity Programs
 Component: Pioneers' Homes
 Sponsor: SENATE (RLS) BY REQUEST OF
 Requester: THE GOVERNOR Component No: 2671

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	115.7	230.8	345.8	460.9	576.0	576.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1156 Receipt Supported Services	(115.7)	(230.8)	(345.8)	(460.9)	(576.0)	(576.0)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Phasing-out and then eliminating the Longevity Bonus Program will result in the reduction of Pioneers' Home receipts. Certain residents on the payment assistance program will receive reduced Longevity Bonus payments and therefore will have less income to pay towards their monthly rate.

This estimated loss in receipt supported services is based on our current resident population receiving Longevity Bonus warrants.

Prepared by: John Vowell Phone 465-4416
 Division: Alaska Longevity Programs Date/Time 5/14/03 1:46 PM
 Approved by: Bob Labbe, Deputy Commissioner Date 5/14/2003
 Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSSB 117(FIN)
(S) Publish Date: 5/14/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
Title: ELIMINATE LONGEVITY BONUS BRU: Longevity Bonus Grants
Component: Longevity Bonus Grants
Sponsor: SENATE (RLS) BY REQUEST OF
Requester: GOVERNOR Component No.: 26

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(8,956.4)	(16,617.9)	(23,034.5)	(28,162.8)	(32,130.4)	(29,080.8)
Miscellaneous						
TOTAL OPERATING	(8,956.4)	(16,617.9)	(23,034.5)	(28,162.8)	(32,130.4)	(29,080.8)

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(8,956.4)	(16,617.9)	(23,034.5)	(28,162.8)	(32,130.4)	(29,080.8)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	(8,956.4)	(16,617.9)	(23,034.5)	(28,162.8)	(32,130.4)	(29,080.8)

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This fiscal note reflects the estimated savings by reducing the Longevity Bonus payments 20% each fiscal year beginning FY 2004 and ending FY 2007. The program will be eliminated June 30, 2007.

Prepared by: John Vowell Phone: _____
Division: Alaska Longevity Programs Date/Time: 5/14/03 1:40 PM
Approved by: Bob Labbe, Deputy Commissioner Date: 5/14/2003
Agency: Department of Health & Social Services

COMMITTEE COPY

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSSB 117(FIN)
 (S) Publish Date: 5/14/03
 Dept. Affected: Health & Social Services
 BRU Public Assistance
 Component OAA-ALB Hold Harmless

Revision Date/Time (Note if correction): 5/14/2003
 Title ELIMINATE LONGEVITY BONUS

Sponsor SENATE (RLS) BY REQUEST OF THE GOVERNOR

Requester _____ Component No. 223

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(291.9)	(583.8)	(875.7)	(1,167.6)	(1,459.5)	(1,459.5)
Miscellaneous						
TOTAL OPERATING	(291.9)	(583.8)	(875.7)	(1,167.6)	(1,459.5)	(1,459.5)

CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(291.9)	(583.8)	(875.7)	(1,167.6)	(1,459.5)	(1,459.5)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	(291.9)	(583.8)	(875.7)	(1,167.6)	(1,459.5)	(1,459.5)

Estimate of any current year (FY2003) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation phases out the Alaska Longevity Bonus Program (ALB) over a five-year time period. Longevity bonus payments will be reduced by 20% in FY05, by 40% in FY05, by 60% in FY06, by 80% in FY07, and by 100% in FY08.

Federal SSI eligibility rules require that the ALB must be counted as income when determining SSI eligibility. This results in the loss of all or a portion of SSI benefits to approximately 1000 ALB/SSI recipients. To mitigate the loss of SSI income, the ALB Hold harmless program replaces these lost SSI benefits. As the ALB payments are phased out, the amount needed to replace lost SSI benefits will be reduced by the same percentage as the longevity bonus.

Prepared by: Angela Salerno
 Division: Public Assistance
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-3200
 Date/Time 04/29/2003
 Date 05/14/2003

COMMITTEE COPY

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 117(FIN)
 (S) Publish Date: 5/14/03
 Dept. Affected: Health & Social Services
 BRU Public Assistance
 Component Adult Public Assistance

Revision Date/Time (Note if correction): 05/14/2003

Title ELIMINATE LONGEVITY BONUS

Sponsor SENATE (RLS) BY REQUEST OF THE GOVERNOR

Requester _____

Component No. 222

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	210.0	195.3	181.4	168.8	157.1	146.2
Miscellaneous						
TOTAL OPERATING	210.0	195.3	181.4	168.8	157.1	146.2

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	210.0	195.3	181.4	168.8	157.1	146.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	210.0	195.3	181.4	168.8	157.1	146.2

Estimate of any current year (FY2003) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Adult Public Assistance (APA) serves low-income seniors age 65+. Phasing out of the Alaska Longevity Bonus (ALB) may cause some seniors who are not currently receiving APA to seek help from the program because their income has dropped below what they need to make ends meet. Economic data on the monthly income of seniors receiving the ALB does not exist. However, using data from the 2000 McDowell report "Issues Affecting the Economic Well-Being of Seniors," we estimate approximately 500 seniors may apply and be found eligible for APA. We assume that these new eligibles would have income closer to the maximum need standard and receive an average monthly benefit of \$35.

(Analysis continued on page 2)

Prepared by: Angela Salerno
 Division: Public Assistance
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-3200
 Date/Time 05/14/2003
 Date 05/14/2003

FISCAL NOTE
FN #2

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSSB 117(FIN)

ANALYSIS CONTINUATION
Assumptions

Using data found in the McDowell report "Issues Affecting the Economic Well-Being of Seniors," we estimate that approximately 500 low-income ALB recipients will apply for APA when they begin to lose a portion of ALB income.

The average APA benefit will be \$35/mo.

Due to death and out migration, 7% of these new eligibles will leave the caseload each year.

These new eligibles will remain on the APA caseload after the final phase out of the ALB

Calculations

FY 04: 500 persons x \$35/mo. X 12 mos. = \$210.0

FY 05: 465 persons x \$35/mo. X 12 mos. = \$195.3

FY 06: 432 persons x \$35/mo. X 12 mos. = \$181.4

FY 07: 402 persons x \$35/mo. X 12 mos. = \$168.8

FY 08: 374 persons x \$35/mo. X 12 mos. = \$157.1

FY 09: 348 persons x \$35/mo. X 12 mos. = \$146.2

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSSB 117(FIN)

BY REPRESENTATIVE STOLTZE

1 Page 1, line 3, through page 3, line 23:

2 Delete all material and insert:

3 **** Section 1.** AS 47.45 is amended by adding a new section to read:

4 Sec. 47.45.015. Maximum income and assets for eligibility to receive
5 longevity bonus. (a) In addition to the qualifications set out in AS 47.45.010 and
6 other provisions of this chapter, eligibility for a bonus is restricted to individuals who
7 meet the following income qualifications:

8 (1) monthly income does not exceed \$1,635 for an individual; or

9 (2) monthly income does not exceed \$2,208 for a couple.

10 (b) A recipient must report any change in financial status on the monthly
11 application submitted under AS 47.45.020. At least once a year, the department shall
12 review the recipient's financial status to verify eligibility for bonuses under this
13 section.

14 (c) A period of ineligibility to receive bonuses under this section does not
15 permanently disqualify the individual from receiving bonuses.

16 *** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 **APPLICABILITY.** This Act applies to the eligibility determinations for longevity
19 bonuses paid on or after July 1, 2003.

20 *** Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 **TRANSITION: REGULATIONS.** Notwithstanding sec. 5 of this Act, the
23 commissioner of administration may proceed to adopt regulations necessary to implement the

1 provisions of this Act. The regulations take effect under AS 47.45.100, but not before the
2 effective date of secs. 1 and 2 of this Act. The regulations may be retroactive to the effective
3 date of secs. 1 and 2 of this Act.

4 * Sec. 4. Section 3 of this Act takes effect immediately under AS 01.10.070(c).

5 * Sec. 5. Sections 1 and 2 of this Act take effect July 1, 2003."

My name is Marie Darlin and I am the Capital City Task Force Coordinator for AARP in Alaska. You have a copy of my previous detailed testimony on the Longevity Bonus and you have letters from the AARP Office in opposition to legislation repealing the bonus program.

I wish to speak on the importance of the Longevity Bonus for our seniors and want to reiterate a few facts for your consideration.

The main purpose of the bonus was to keep our seniors in Alaska.

1994 phase-out legislation made a promise to seniors - no more changes!

12,000 of the 18,000 recipients are over age 75 that receive \$250. Costs decrease at 3 million or more each year.

The economic impact on the state from seniors is well over 1 billion per year - most of it spent here.

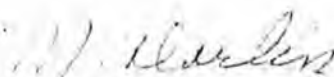
Every dollar spent turns over at least twice. Therefore, the 47.5 million the Governor's bill saves takes 95 million out of the economy.

Seniors provide volunteer hours worth approximately 60 million per year and they give at least 20 hours per month of caregiver services totaling an equivalent of 6300 full time jobs.

In 1999 6,000 seniors lived on less than \$1,000 per month (poverty level) and the bonus provided 10% of the income for single seniors.

The longevity bonus allows our seniors to remain independent contributing members of our communities and is much less expensive than caring for them with the Governor's safety nets.

PLEASE LEAVE THE LONGEVITY BONUS IN THE BUDGET!


Marie Darlin - AARP

House Finance Committee Vote Sheet

DATE:

5/18/03 117

SUBJECT:

moved out of comm

MEMBER

YES

NO

STOLTZE	✓	
WHITAKER	✓	
CHENAULT		
GROFT <i>Berkowitz</i>		✓
FOSTER		✓
HAWKER	✓	
JOULE <i>Kurtula</i>		✓
MEYER	✓	
MOSES		✓
WILLIAMS	✓	
HARRIS	✓	
TOTAL:		

PASSED: _____

6

FAILED: _____

4

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
1907 465-3500
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March 5, 2003

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of art. III, sec 18, of the Alaska Constitution, I am transmitting a bill that would eliminate the Alaska Longevity Bonus Program.

In 1972 Alaska initiated a program to reward our long-term residents (seniors) for their contributions and provide them with an incentive to remain in Alaska for their retirement years. It was originally intended to help those Alaskans who had been residents for 25 years and as stated in its original passage, was intended for those seniors who had "molded Alaska as we know it through skillful application of their talents."

Since that time, the Courts ruled that the 25 year residency requirement was unconstitutional. The new program instituted was expanded to all seniors residing in the state for one year. By 1993, the cost to the state was up to \$65 million a year. The legislature, recognizing that the cost would continue to escalate with the rapid growth of Alaska's senior population, implemented a phase out of the program.

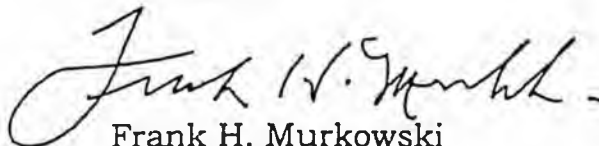
The judiciary eliminated the longevity program for Alaska's pioneers. The bill I transmit today ends its successor, eliminating a program that has outlived its original purpose and no longer offers special consideration to those pioneers so deserving of our thanks.

The Honorable Gene Therriault
March 5, 2003
Page 2

Alaska will continue to provide assistance and "safety net" programs for senior citizens. Some are directed toward all seniors such as an exemption from Hunting and fishing fees, the senior citizen property tax exemption and Pioneers' Homes. Many are targeted at seniors with limited means, including, adult public assistance, Medicaid assistance, personal care attendant services, nursing home services, home and community based waiver services, senior housing assistance, nutrition programs, and senior training and employment programs.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski
Governor

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

White Paper on the Alaska Longevity Bonus Program
March 14, 2003

History and Legislative Action

The Alaska Longevity Bonus Program was created in 1972. The intent of the program was to provide incentive for older Alaskans to continue uninterrupted residency in Alaska, acknowledge the economic hardships of living out retirement years in the state, and acknowledge the contributions these people made while Alaska was a territory.

The original statutory eligibility requirements were:

Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS. (a) A person who is 65 years of age or over, who was domiciled in the territory on or before January 3, 1959 and who has maintained a continuous residence domicile in the territory or state for 25 years may apply to the commissioner of administration for qualification to receive a monthly bonus of \$100.

By legislative action, the bonus amount was raised to \$125 in 1977, \$150 in 1979, \$200 in 1981 and \$250 in 1982.

The age and 25 year residency eligibility continued until a 1984 Superior Court opinion in the case of Schafer v. Vest (630 P.2d 1169 Alaska 1984) found the residency provision to be unconstitutional. As a result, the Legislature amended the statutes governing the program so that any person who was age 65 or older and an Alaskan resident for one year was eligible for the program.

In 1990, a hold-harmless ruling allowed bonus recipient: to receive monthly checks without affecting public assistance eligibility. Also that year, legislation was enacted doubling the residency requirement to two years.

In June of 1991 the Superior Court ruled against the two-year residency requirement and eligibility reverts to one-year residency. The bonus amount continued to be \$250 per person, per month.

At the end of 1992 there were 21,645 recipients in the bonus program at a cost to the state of \$63 million.

In 1993 legislation was passed "phasing out" the longevity bonus program over the next three years. New applicants in 1994 received \$200 per month; 1995

White Paper on the Alaska Longevity Bonus Program
March 14, 2003

applicants received \$150/mo; and 1996 applicants received \$100/mo. No new applicants were accepted into the program after December 31, 1996.

In July, 2002, legislation was enacted to allow recipients to be absent from the state for 60 days without loss of a bonus payment. Prior to this, the allowed absence without loss of a bonus payment was 30 days.

Monthly Operations

The longevity bonus check document is a three-part sheet. The top section is the check itself. The second section is an information area and lists Alaska Longevity Program numbers to call for answers concerning the check. Each February, the second section becomes the recipient's Federal 1099 form for income tax purposes. The lower portion of the page is an eligibility "validation stub" that must be completed, signed and mailed or faxed to the longevity bonus program office for the recipient to be eligible for the next month's check. Eligibility validation stubs are received and processed in the office throughout the month. At month end, a computer system compiles all the validation information and generates an interface with the state accounting system to print the checks.

Longevity bonus checks are issued on a two month "lag" period; that is, a check is issued based on a person's eligibility two months earlier. For example, the check a recipient receives in December is actually payment for October.

Longevity Bonus Grants Authorized Budget Summary (In \$1,000's)

	(Authorized) <u>FY 2003</u>	<u>FY 2002</u>	<u>FY 2001</u>	<u>FY 2000</u>	<u>FY 1999</u>	<u>FY 1998</u>	<u>FY 1997</u>	<u>FY 1996</u>	<u>FY 1995</u>	<u>FY 1994</u>	<u>FY 1993</u>
Original Authorization	\$47,519.3	\$51,158.6	\$53,558.6	\$55,302.1	\$63,499.4	\$70,593.6	\$74,062.6	\$72,152.6	\$73,409.9	\$69,084.2	\$64,898.7
Supplemental			1,300.0	3,839.7	100.0	(2,177.3)	(1,341.0)	1,600.0	(700.0)	1,694.9	1,980.7
Final Authorized		51,158.6	54,858.6	59,141.8	63,599.4	68,416.3	72,721.6	73,752.6	72,709.9	70,779.1	66,879.4
Actual Expenditures		50,958.0	54,829.9	59,125.5	\$63,528.6	68,031.9	71,950.8	73,270.1	72,709.5	70,414.1	66,607.5
Difference		\$200.6	\$28.7	\$16.3	\$70.8	\$384.4	\$770.8	\$482.5	\$0.4	\$365.0	\$271.9

Alaska Longevity Bonus Statistical Summary

Most Recent Month January 2003		
Sex of Active Participants:	Male	45%
	Female	55%
Active Participants Receiving Warrant:		17,340
Total Warrants Issued:		17,531
Total Cost of Warrants Issued:		\$3,846,600

Includes past warrants due to some participants.

Budget		
	FY 2001	FY 2002
Authorized	\$54,858,600	\$51,158,600
Cost	54,829,900	50,958,000
Difference	\$28,700	\$200,600

History			
Fiscal Year	Total Cost	Bonus Amount	# Recipients (FY end)
1973	\$2,532,300	\$100	4,753
1974	6,009,700	100	5,250
1975	6,255,300	100	5,463
1976	6,533,400	100	5,553
1977	8,666,900	125	6,228
1978	9,444,200	125	6,671
1979	12,195,500	150	7,207
1980	13,226,500	150	7,897
1981	19,420,600	200	8,527
1982	26,198,750	250	9,101
1983	27,504,500	250	9,731
1984	29,155,750	250	10,769
1985	43,096,750	250	15,135
1986	44,024,250	250	15,763
1987	46,943,250	250	16,834
1988	49,994,000	250	17,675
1989	53,348,500	250	18,439
1990	57,172,700	250	19,490
1991	60,069,500	250	20,298
1992	63,073,750	250	21,645
1993	66,607,500	250	22,741
1994	70,414,100	See (5)	23,850
1995	72,709,500	See (5)	24,959
1996	73,270,100	See (5)	26,083
1997	71,950,800	See (5)	26,427
1998	68,031,900	See (5)	24,610
1999	63,528,600	See (5)	23,039
2000	59,125,450	See (5)	21,467
2001	54,829,900	See (5)	20,238
2002	50,957,990	See (5)	18,741

See (1)

See (2)

See (3)

See (4)

Projections		
Fiscal Year	Total Cost	Average # Monthly Recipients
2003	47,981,000	17,954
2004	44,777,917	17,252
2005	41,543,333	16,081
2006	38,344,167	14,917
2007	35,203,333	13,766
2008	32,130,417	12,631
2009	29,080,833	11,468
2010	26,115,000	10,324
2011	23,361,667	9,304
2012	20,743,333	8,322
2013	18,250,000	7,376
2014	15,914,583	6,484
2015	13,740,417	5,654
2016	11,734,167	4,883
2017	9,901,250	4,165
2018	8,251,250	3,510
2019	6,768,750	2,917
2020	5,457,083	2,390
2021	4,326,667	1,931
2022	3,342,917	1,524
2023	2,510,833	1,166
2024	1,832,917	876
2025	1,282,083	638
2026	848,750	447
2027	525,833	298
2028	288,333	176
2029	116,250	81
2030	36,250	28
2031	5,833	5

See (6)

See (7)

Note (1) 25 year residency requirement

Note (2) 1 year residency requirement, 5/1

Note (3) 2 year residency requirement, 1/1

Note (4) 1 year residency requirement, 6/1

Note (5) The Longevity Bonus Program is being phased out. New applicants in: 1994 received \$200 per month; 1995 received \$150 per month and 1996 received \$100 per month. No recipients were added to the program after December 31, 1996. All people on the program prior to 1997 continue to receive their monthly bonus as long as they maintain their eligibility.

Note (6) Based on actual expenditures through February 28, 2003.

Note (7) Low projections as of October 9, 2002 forecast run.

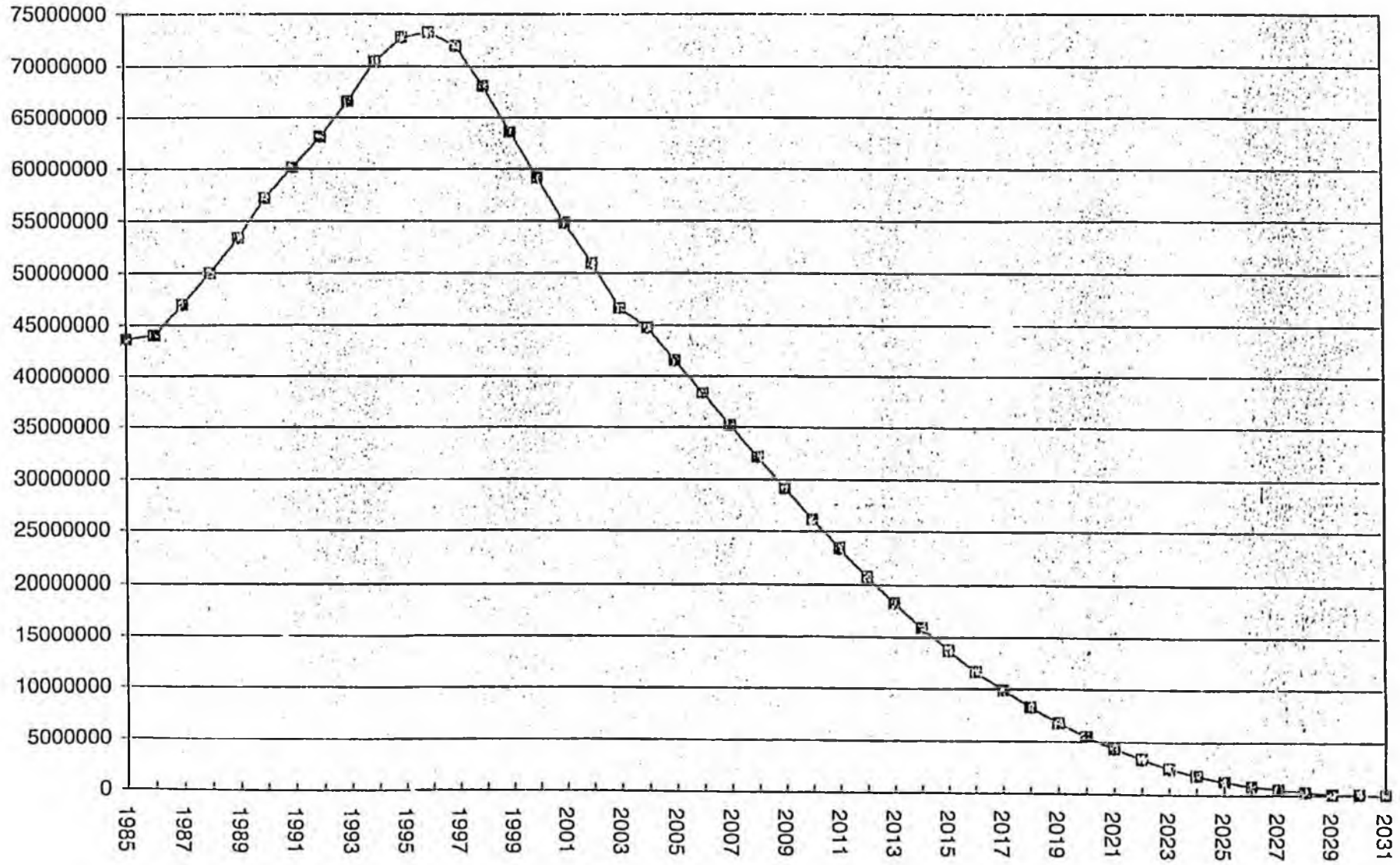
Note (8) Based on the average low payment estimate per the McDowell Group forecast model.

Longevity Bonus Program Projections
As of October 9, 2002

Fiscal Year	\$250 / month		\$200 / month		\$150 / month		\$100 / month		Combined Totals	
	Average No. Monthly Participants	Cost (In 1,000's)	Average No. Monthly Participants	Cost (In 1,000's)	Average No. Monthly Participants	Cost (In 1,000's)	Average No. Monthly Participants	Cost (In 1,000's)	Average No. Monthly Participants	Cost (In 1,000's)
2004	11,646	34,936.6	1,681	4,033.3	1,827	3,288.7	2,099	2,518.3	17,252	44,776.8
2005	10,702	32,107.4	1,607	3,856.6	1,756	3,160.0	2,015	2,418.3	16,080	41,542.3
2006	9,783	29,349.1	1,520	3,648.3	1,644	3,027.5	1,932	2,318.3	14,879	38,343.1
2007	8,893	26,680.4	1,432	3,436.6	1,595	2,871.2	1,845	2,214.1	13,766	35,202.3
2008	8,029	24,086.7	1,349	3,236.6	1,503	2,706.2	1,750	2,100.0	12,631	32,129.4
2009	7,193	21,578.4	1,269	3,044.9	1,415	2,547.5	1,591	1,909.1	11,468	29,079.8
2010	6,390	19,170.1	1,187	2,848.3	1,332	2,397.5	1,415	1,698.3	10,324	26,114.1
2011	5,631	16,893.0	1,095	2,628.3	1,245	2,241.2	1,332	1,598.3	9,303	23,360.8
2012	4,923	14,770.2	1,003	2,408.3	1,150	2,069.9	1,245	1,494.1	8,322	20,742.5
2013	4,157	12,792.7	915	2,196.6	1,050	1,889.9	1,150	1,380.0	7,272	18,249.2
2014	3,645	10,934.8	832	1,996.6	957	1,722.5	1,015	1,260.0	6,449	15,913.8
2015	3,074	9,222.4	749	1,796.6	874	1,572.5	957	1,148.3	5,653	13,739.7
2016	2,560	7,680.8	662	1,588.3	787	1,416.2	874	1,048.3	4,882	11,733.5
2017	2,110	6,328.8	574	1,376.6	695	1,251.2	787	944.1	4,165	9,900.7
2018	1,710	5,130.9	497	1,193.3	607	1,092.5	695	834.1	3,510	8,250.7
2019	1,353	4,058.0	431	1,033.3	527	948.7	607	728.3	2,917	6,768.3
2020	1,044	3,131.0	364	873.3	456	820.0	527	632.5	2,390	5,456.7
2021	786	2,358.1	301	721.6	389	700.0	456	546.6	1,931	4,326.3
2022	574	1,720.7	242	581.6	319	573.7	389	466.6	1,523	3,342.6
2023	404	1,212.4	191	458.3	254	457.5	319	382.5	1,168	2,510.6
2024	265	793.6	153	366.6	204	367.5	254	305.0	876	1,832.7
2025	153	460.3	119	286.6	161	290.0	204	245.0	638	1,281.9
2026	76	227.0	83	198.3	128	230.0	161	193.3	447	848.6
2027	31	93.7	48	115.0	91	163.7	128	153.3	298	525.8
2028	10	29.2	23	55.0	53	95.0	91	109.2	176	288.3
2029	0	0.0	5	11.7	23	41.2	53	63.3	81	116.2
2030	0	0.0	0	0.0	5	8.7	23	27.5	28	36.2
2031	0	0.0	0	0.0	0	0.0	5	5.8	5	5.8

Notes: Participants are any person who has applied for and is eligible to receive the Longevity Bonus.
Based on the low projections per the October 9, 2002 forecast run.

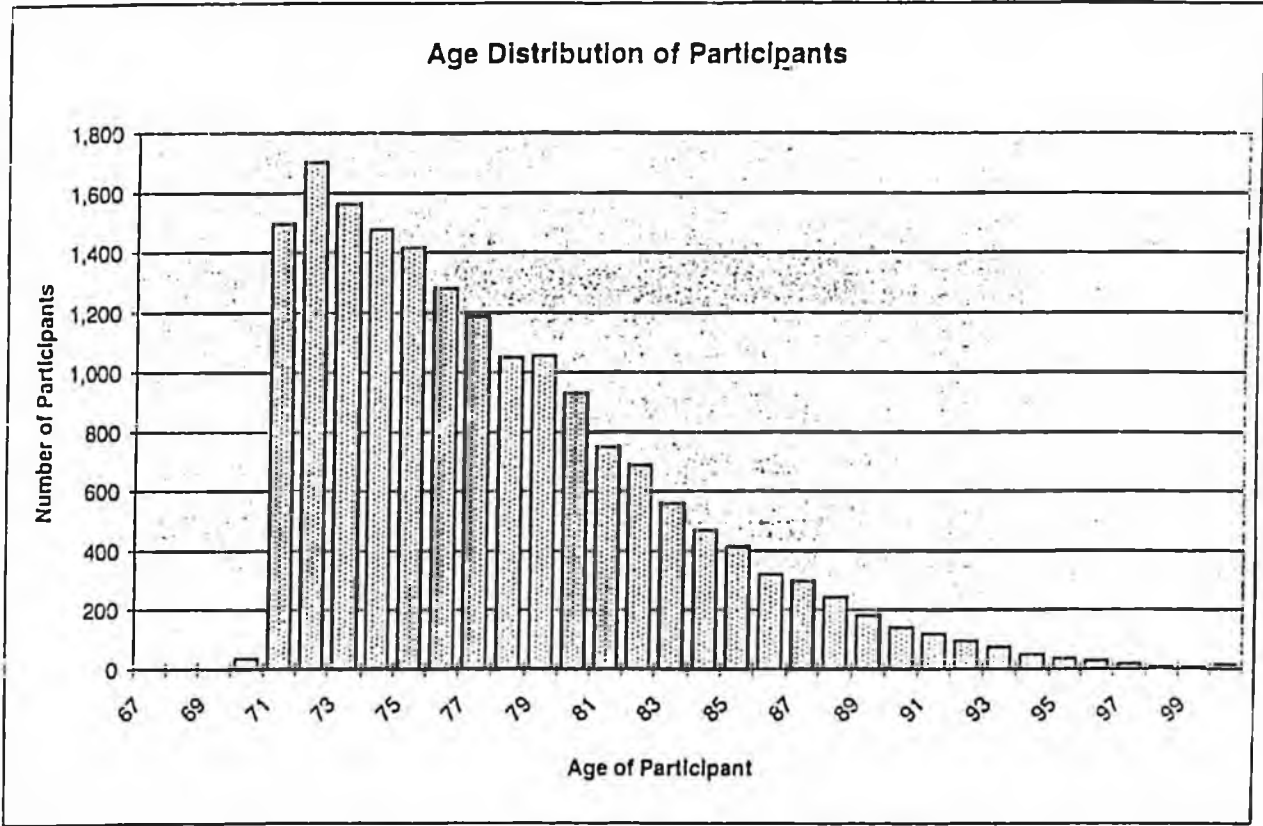
Longevity Bonus Program Phase-out (amounts from FY1985 - FY2002 are actual expenditures; amounts from FY 2003 are the forecasted low estimates)



**Age Distribution of Longevity Bonus Participants
As of December 2002**

Age	Bonus Amount				Total
	\$250	\$200	\$150	\$100	
67	1	0	0	0	1
68	1	0	0	0	1
69	0	0	0	0	0
70	0	1	1	33	35
71	0	0	39	1,455	1,494
72	0	48	1,565	89	1,702
73	45	1,397	86	32	1,560
74	1,324	94	38	20	1,476
75	1,327	37	26	25	1,415
76	1,226	32	14	7	1,279
77	1,132	24	16	14	1,186
78	1,012	14	9	15	1,050
79	1,017	13	15	10	1,055
80	894	12	13	9	928
81	718	8	12	10	748
82	656	14	11	7	688
83	538	8	2	10	558
84	448	5	9	7	469
85	399	6	2	7	414
86	306	6	2	6	320
87	289	1	2	5	297
88	234	3	4	3	244
89	175	1	3	1	180
90	132	6	2	1	141
91	112	1	3	2	118
92	91	2	0	1	94
93	70	0	2	1	73
94	48	0	1	0	49
95	33	1	1	0	35
96	29	0	0	1	30
97	15	0	1	1	17
98	8	0	0	0	8
99	8	0	1	0	9
100 & over	14	1	0	0	15
Total	12,302	1,735	1,880	1,772	17,689

Age Distribution of Participants



Longevity Bonus Program
Age of Participants
As of December 2002

Age	Number of Participants	Percent	% This Age or Older	% Younger	% Older
67	1	0.01%	100.00%		99.99%
68	1	0.01%	99.99%	0.01%	99.99%
69	0	0.00%	99.99%	0.01%	99.99%
70	35	0.20%	99.39%	0.01%	99.79%
71	1,494	8.45%	99.79%	0.21%	91.34%
72	1,702	9.62%	91.34%	8.66%	81.72%
73	1,560	8.82%	81.72%	18.28%	72.90%
74	1,476	8.34%	72.90%	27.10%	64.56%
75	1,415	8.00%	64.56%	35.44%	56.56%
76	1,279	7.23%	56.56%	43.44%	49.33%
77	1,186	6.70%	49.33%	50.67%	42.63%
78	1,050	5.94%	42.63%	57.37%	36.69%
79	1,055	5.96%	36.69%	63.31%	30.73%
80	928	5.25%	30.73%	69.27%	25.48%
81	748	4.23%	25.48%	74.52%	21.25%
82	688	3.89%	21.25%	78.75%	17.36%
83	558	3.15%	17.36%	82.64%	14.21%
84	469	2.65%	14.21%	85.79%	11.56%
85	414	2.34%	11.56%	88.44%	9.21%
86	320	1.81%	9.21%	90.79%	7.41%
87	297	1.68%	7.41%	92.59%	5.73%
88	244	1.38%	5.73%	94.27%	4.35%
89	180	1.02%	4.35%	95.65%	3.33%
90	141	0.80%	3.33%	96.67%	2.53%
91	118	0.67%	2.53%	97.47%	1.87%
92	94	0.53%	1.87%	98.13%	1.33%
93	73	0.41%	1.33%	98.67%	0.92%
94	49	0.28%	0.92%	99.08%	0.64%
95	35	0.20%	0.64%	99.53%	0.45%
96	30	0.17%	0.45%	99.55%	0.28%
97	17	0.10%	0.28%	99.72%	0.18%
98	8	0.05%	0.18%	99.82%	0.14%
99	9	0.05%	0.14%	99.86%	0.08%
100	15	0.08%	0.08%	99.92%	0.00%
Total	17,689	100.00%			

Average Age of Participant: 77.5
Median Age of Participant: 76

Longevity Bonus Participants by Zipcode
As of March 2003

Zip Code	Count	Zip Code	Count	Zip Code	Count	Zip Code	Count	Zip Code	Count	Zip Code	Count
77682	1	99563	18	99627	16	99678	35	99738	4	99788	6
98056	1	99564	2	99628	15	99679	11	99739	8	99789	11
98368	1	99565	3	99630	12	99680	9	99740	26	99791	4
99059	1	99566	7	99631	6	99681	15	99741	14	99795	1
99467	1	99567	187	99632	19	99682	8	99742	18	99801	605
99501	933	99568	19	99633	10	99683	16	99743	9	99802	154
99502	388	99569	4	99634	12	99684	35	99744	3	99803	91
99503	456	99571	2	99635	53	99685	17	99745	5	99811	1
99504	976	99572	43	99636	10	99686	52	99746	17	99820	18
99505	3	99573	53	99637	16	99687	436	99747	11	99821	52
99506	4	99574	72	99638	3	99688	86	99748	11	99824	82
99507	442	99575	6	99639	63	99689	17	99749	12	99825	1
99508	963	99576	69	99640	8	99690	10	99750	13	99826	3
99509	158	99577	321	99641	11	99691	5	99751	2	99827	133
99510	131	99578	8	99643	5	99692	2	99752	62	99829	33
99511	106	99579	1	99644	12	99693	8	99753	6	99830	32
99512	1	99580	6	99645	649	99694	13	99754	3	99832	10
99513	2	99581	18	99647	3	99695	2	99755	1	99833	154
99514	82	99583	2	99648	4	99697	1	99756	3	99835	362
99515	369	99585	10	99649	3	99700	1	99758	17	99836	1
99516	351	99586	30	99650	17	99701	665	99759	4	99840	30
99517	585	99587	14	99651	1	99702	2	99760	32	99841	8
99518	209	99588	44	99652	81	99705	200	99761	16	99901	518
99519	40	99589	6	99653	4	99706	51	99762	99	99903	2
99520	69	99590	6	99654	339	99707	241	99763	25	99907	1
99521	57	99591	5	99655	33	99708	122	99764	9	99917	1
99522	48	99598	1	99656	2	99709	376	99765	13	99918	5
99523	53	99599	2	99657	7	99710	39	99766	21	99919	7
99524	71	99602	10	99658	23	99711	26	99767	3	99921	38
99533	1	99603	324	99659	8	99712	122	99768	7	99922	11
99540	6	99604	35	99660	11	99714	22	99769	17	99923	3
99546	1	99605	12	99661	11	99716	9	99770	22	99924	1
99547	5	99606	11	99662	11	99720	11	99771	9	99925	17
99548	3	99607	6	99663	18	99721	8	99772	22	99926	58
99549	2	99609	18	99664	139	99722	2	99773	15	99927	5
99550	14	99610	70	99665	5	99723	80	99774	3	99928	38
99551	19	99611	372	99666	4	99724	4	99776	4	99929	136
99552	11	99612	11	99667	2	99725	12	99777	11	99946	1
99553	2	99613	13	99668	5	99726	4	99778	8	99950	13
99554	24	99614	18	99669	386	99727	6	99779	4		
99555	7	99615	253	99670	3	99729	8	99780	52		
99556	63	99620	13	99671	12	99730	4	99781	6		
99557	14	99621	27	99672	97	99732	1	99782	22		
99558	3	99622	15	99674	28	99733	2	99783	3		
99559	148	99624	6	99675	3	99734	1	99784	8		
99561	14	99625	6	99676	31	99736	4	99785	7		
99562	1	99628	8	99677	7	99737	122	99786	8	Total	17,546

Note: Active participants who are eligible to receive a Longevity Bonus payment if validation submitted timely.

Original legislation



LAWS OF ALASKA

1972

Source

Chapter No.

FCCS HCS CSSB 211

205

AN ACT

Providing for an Alaska longevity bonus; and providing for an effective date.

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

Section 1. AS 47 is amended by adding a new chapter to read:

CHAPTER 45. ALASKA LONGEVITY BONUS.

Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS. (a) A person who is 65 years of age or over, who was domiciled in the territory on or before January 3, 1959 and who has maintained a continuous domicile in the territory or state for 25 years may apply to the commissioner of administration for qualification for qualification to receive a monthly bonus of \$100.

(b) When the commissioner of administration determines that an applicant qualifies under this chapter he shall immediately begin payment of the bonus.

(c) A person who otherwise qualifies to receive a bonus provided for in this chapter may continue to do so only as long as he continuously retains a domicile in the state.

Sec. 47.45.020. CONTINUOUS ELIGIBILITY PROCEDURES. After qualification, monthly applications for bonuses may be made in person to any office of the Department of Administration. Mailed monthly applications shall also be considered by the Department of Administration. In-person or mailed applications shall be made on forms provided by the Department of Administration and shall conform to the conditions as provided by regulation. The commissioner may make exceptions to those residents who are

isolated in rural areas and cannot mail a monthly application; however, they shall mail an application at least once every six months.

Sec. 47.45.030. ABSENCE FROM THE STATE. A recipient shall notify the commissioner of administration when he expects to be absent from the state if the absence is for a continuous period that exceeds 30 days. After such notification, the recipient shall no longer receive bonuses from the Department of Administration after his last regularly approved monthly application. Upon his return to the state he may again make application for a bonus. Whenever the absence is for a continuous period that exceeds 100 days, the recipient shall be disqualified from receiving bonuses for the next 12 calendar months after his return to the state. However, when the commissioner of administration determines a period of absence is beyond the control of the recipient, he may not be disqualified, if he still otherwise qualifies upon his return to the state. Continual absences from the state, even though reported, and failure to notify the commissioner of an expected absence may be grounds for disqualification.

Sec. 47.45.040. DISQUALIFICATION. Disqualification under this chapter shall rest solely with the commissioner of administration and shall be outlined in the regulations promulgated under sec. 100(1) of this chapter.

Sec. 47.45.050. DEPARTMENT HEARING. The Department of Administration may hold a departmental hearing upon the request of any applicant or recipient who has been disqualified. Previous to this hearing the department shall by certified mail notify an applicant or recipient in plain and comprehensive language the exact reason for his disqualification. Form letters using only referral to state statutes or department regulations, or otherwise vague in detail, shall not be considered compliance by the department with this section.

Sec. 47.45.060. LEGAL REMEDY. Legal remedy from disqualification may be sought by an applicant or recipient in any court of competent jurisdiction in the state. The burden of proof shall rest solely upon the applicant or recipient and any costs related to a disqualification verdict determined against the applicant or recipient may be recoverable by the attorney general from that person, or from any agency representing that person supported in whole, or in part, with state appropriations.

Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is one who

(1) Does not meet the age or residence requirements as provided for under this chapter;

(2) meets the age and residence requirements of this chapter but is confined in a state or federal mental health institution or facility and is certified by the state as unable to manage his own affairs; however, if such a person was at the time of his commitment the principal support of a spouse, the commissioner of

administration may determine to pay the confined person's bonus to his spouse until the spouse is qualified for a bonus;

(3) is otherwise qualified but confined in a penal or correctional institution or facility; upon completion of sentence or upon the conferral of a pardon, parole or probation, the person may make application; confinement outside the state shall be considered as residence in the state if a person was convicted and sentenced from a court in Alaska; revocation of parole or probation shall be cause for immediate disqualification until release from confinement is again effected;

(4) leaves the state of his own volition and remains absent from the state for a continuous period of more than 100 days.

Sec. 47.45.080. ACCRUAL OF BONUSES. No recipient may, for any reason, receive an accrual of bonuses in excess of two monthly payments. No interest may be paid on accrued bonuses. Upon the death of a recipient the commissioner of administration shall pay to the beneficiary of the recipient any accrued bonuses not to exceed two monthly payments.

Sec. 47.45.090. ALASKA LONGEVITY BONUS FUND. (a) There is the Alaska longevity bonus fund created for the purpose of paying the monthly bonuses provided for in this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

(b) The commissioner of administration is the administrator of the fund.

Sec. 47.45.100. POWERS AND DUTIES OF THE ADMINISTRATOR. The commissioner of administration shall

(1) promulgate regulations necessary to carry out the provisions of this chapter;

(2) make expenditures from the fund necessary to administer this chapter;

(3) establish and maintain an adequate system of accounts for the fund;

(4) publish annually a report showing the financial condition of the fund.

Sec. 47.45.110. CUSTODY OF FUNDS. The commissioner of revenue is the treasurer of the system and has powers and duties for this purpose including but not limited to the following:

(1) to act as official custodian of the cash and securities belonging to the fund;

(2) to receive all items of cash belonging to the fund.

Sec. 47.45.120. EXEMPTION FROM TAXATION AND PROCESS. Bonuses received under this chapter are exempt from all state and political subdivision taxes except sales and use taxes and are not subject to execution, attachment, garnishment or other process. No bonus received under this chapter may be exempt from a federal tax requirement.

Sec. 47.45.130. DEATH OR CESSATION OF RESIDENCY. The commissioner of administration shall establish procedures to stop a bonus when a recipient under this chapter no longer qualifies. When a recipient dies or discontinues his residency in the state his qualification for a bonus shall stop at the time of his last approved monthly application.

Sec. 47.45.140. PENALTY FOR FALSE STATEMENTS. A person who willfully or knowingly makes a false statement, or falsifies or permits to be falsified any record required by this chapter, is guilty of a misdemeanor and, upon conviction, is punishable by a fine of not more than \$500, or by imprisonment for not more than six months, or by both, forfeits all rights under this chapter, and shall make adequate restitution for any bonuses illegally received.

Sec. 47.45.150. DEFINITIONS. In this chapter

(1) "bonus" means a monthly Alaska longevity bonus payment made to a person or his beneficiary who qualifies under this chapter;

(2) "domicile" means the place with which a person has a settled connection for determination of his civil status or other legal purposes because it is actually or legally his permanent and principal home.

Sec. 47.45.160. APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT. The Administrative Procedure Act (AS 44.62) does not apply to this chapter.

Sec. 47.45.170. PURPOSE. The sole purpose of this chapter is to offer and provide all law-abiding Alaskans capable of managing their own affairs who have maintained a domicile in the state for at least 25 years and have reached a retirement age of 65, an incentive to continue uninterrupted residency in the state. Under no circumstances shall this chapter be considered a form, type, or manner of public relief. Bonuses made under this chapter are not predicated on need even though they may appear to provide supplemental income to some qualified persons who would otherwise be forced to become responsibilities of the state. The legislature further finds and states that this legislation recognizes the economic hardships suffered by many elderly Alaskans, Alaskans who through their tenacity and perseverance molded Alaska as we know it through skillful application of their talents. These pioneers are the same Alaskans, who in the prime of their life were in effect treated as second-class citizens by the federal government, who paid much of their hard-earned income to a government in which they did not have the right to participate through the power of the ballot. The legislature also is aware of the fact that many of

these pioneers have been forced to live out their retirement years in areas far away from the land they loved and nurtured and thereby also suffering in many cases, the loss of familial relationship with their own kin, an experience that is sad and frustrating to them as well as depriving new generations of Alaskans the benefit of their wisdom and experience. This legislation hopefully will provide our pioneers with the economic means to remain in and continue to serve their state and to enjoy the opportunity of aiding the new Alaskan in making this state truly "The Great Land".

* Sec. 2. AS 01.10.030 does not apply to this Act. If any provision of this Act, or the application of a provision of this Act to any person or circumstance is held invalid, this entire Act shall be considered invalid.

* Sec. 3. This Act takes effect January 1, 1973.