

HB

205

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 19, 2003

FURTHER REFERRALS:

Date of Committee Action: April 3, 2003

The STATE AFFAIRS Committee considered:

HB 205

HOUSE BILL NO. 205

PFD: PEACE CORPS VOLUNTEERS & MISC

"An Act relating to service in the peace corps as an allowable absence from the state for purposes of eligibility for permanent fund dividends and to the period for filing an application for a permanent fund dividend; authorizing the Department of Revenue to issue administrative orders imposing sanctions for certain misrepresentations or other actions concerning eligibility for a permanent fund dividend and providing for administrative appeal of those orders; 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
 CED
 COR
 CRT
 FED
 DEC
 DFG
 GOV
 IISS
 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
Rev		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	SEATON	✓			
	Grunberg	✓			
	HOLLY	✓			
	LYNN			X	
	Dahlstrom			X	
	Benkowitz	✓			
Chair:	Weyhrauch		X		
Chair:	Weyhrauch		X		

Alaska State Legislature

Session:
State Capitol
Juneau, AK 99801
Phone: (907) 465-2995
Fax: (907) 465-6592



Interim:
716 W 4th Avenue, Suite 300
Anchorage, AK 99501-2133
Phone: (907) 269-0250
Fax: (907) 269-0249

Representative Lesil McGuire

Chair, Judiciary Committee

Sponsor Statement for HB 205 **PFD Eligibility for Peace Corp. Volunteers**

"An Act relating to service in the peace corps as an allowable absence from the state for purposes of eligibility for permanent fund dividends; and providing for an effective date."

Alaskans are known for their volunteer spirit. Our young people often consider serving their country as a way to give back what this country has given to them. Many serve in the military, while others choose to make conditions better for someone else by devoting two years of their lives to the Peace Corps. Like military service, the Peace Corps has played a major role in promoting democracy in other countries. But we the legislature, have overlooked this valuable service to our country.

Alaska college students, those taking care of a loved one outside or being a merchant marine all qualify as exemptions when applying for the Permanent Fund Dividend. Spending two years of your life in a third world country as a Peace Corps' volunteer not only means going without your P.F.D., it also means that as a volunteer, you are not paid a salary. Instead, you receive a stipend to cover your basic necessities - food, housing expenses, and local transportation. At the conclusion of your service as a volunteer, you will receive a "readjustment allowance" of \$225 for each month of service. The annual dividend check would help these men and women to better their lives while they are serving our country and helping those less fortunate.

Additionally, the committee substitute before you adds language to existing statute that will give the Department of Revenue a new tool for enforcing fraud. For many years we have tried to catch and prosecute those who would lie and cheat to get a check, only to be frustrated by an overcrowded and costly court system.

The changes will bring the investigation and prosecution of these cases into the Department under Administrative Rule. Fines of up to three thousand dollars (\$3,000) can be levied through this process and will send a message to those looking for that check illegally, that they will face consequences for their actions.

Committee Substitute for House Bill 205 amends the application period from January 2 to January 1. This change is due to the fact that applicants could not file for their PFD electronically until recently, and had to wait to file a paper application until January 2.

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TALKING POINTS

PFD Eligibility for Peace Corp. Volunteers

“An Act relating to service in the peace corps as an allowable absence from the state for purposes of eligibility for permanent fund dividends; and providing for an effective date.”

- The Peace Corps is an entirely voluntary government service, just as the military is.
- Peace Corps Volunteers make a two-year minimum commitment to serve their country overseas.
- Alaskan Peace Corps Volunteers (PCVs) were originally eligible to receive permanent fund dividends until they were removed in 1998. The only other group ever removed from the allowable absence list was U.S. national team (Olympic) athletes.
- Even after the PCVs and athletes were removed in 1998, a new group, the merchant marines, was added in 1999 that had never been on the allowable absence list before.
- According to the Peace Corps Office of Communications, there are currently 32 Peace Corps Volunteers from Alaska (although this number fluctuates as volunteers start or complete their 2 years of service) and 711 Alaskans have served or are serving since 1961.
- If Peace Corps Volunteers are added to the number of Alaskans eligible to receive permanent fund dividends, the reduction (if any) in the amount of each check would be a matter of pennies. In 2000 and 2001, each check would have been eight cents smaller.
- Peace Corps Volunteers only receive a only small living stipend while they serve overseas. Receiving the Alaskan Permanent Fund would nearly double their yearly income while abroad. And today's younger volunteers face higher student loan debt and re-establishment costs when they return home.
- Peace Corps Volunteers answer questions about what its like to be an Alaskan and an American every day they are abroad. They are the best ambassadors of goodwill we have. In the words of President Bush, “they are willing to sacrifice for causes greater than themselves.”

AKpeacedividends.org

Working to see that Alaska's Peace Corps Volunteers once again receive Permanent Fund Dividends they've earned.

(Note: Also see the talking points current as of 4/4/2002)

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Alaskan Peace Corps Volunteers (PCVs) were originally eligible to receive permanent fund dividends until they were removed in 1998. The only other group ever removed from the allowable absence list was U.S. national team (olympic) athletes.

Even after the PCVs and athletes were removed in 1998, a new group - the merchant marine - was added in 1999 which had never been on the allowable absence list before.

Q: Why were peace corps volunteers removed from the list of those eligilbe to receive permanent fund dividends? We don't know. Nor do we know whose idea that was. All we do know is that it happened. A bill meant to change the rules for PFD eligibility for spouses was amended in the Senate Finance Committee in the spring of 1998 to remove peace corps volunteers and olympic athletes from the list. The change took effect beginning in 1999.

Q: Why should anyone out of state for more than six months receive a dividend? Maybe no one should. That's not the question we're asking. The question is, with the way dividends are now, should eligibility for Peace Corps Volunteers be restored?

Q: If Peace Corps Volunteers should get a dividend, why shouldn't missionaries and others? Maybe they should. Maybe a lot of other groups should. That isn't the question we're asking. The question is, should eligibility for Peace Corps Volunteers be *restored*? Missionaries have never been eligible before, and their service is different because it's not a U.S. Government service like another allowable absence, the military.

Q: What groups are currently allowed to be out of state for longer than six months and still receive their dividend? They include full-time college or vocational training students, persons serving in the armed forces duty or the merchant marine, Alaskans who are absent for medical treatments or caring for an ill parent, spouse, sibling or child.

Q: How many Alaskans are in the Peace Corps right now? According to the Peace Corps Office of Communications, there are currently 26 Peace Corps Volunteers from Alaska (although this number fluctuates as volunteers start or complete their 2 years of service) and 711 have served or are serving since 1961.

Q: If Peace Corps Volunteers are added to the number of Alaskans eligible to receive permanent fund dividends, how much would that reduce the amount of each check? In 2000 and 2001, each check would be eight cents smaller.

Assuming that all 26 PCVs were added to the estimate of the number of eligible applicants (which they aren't - the estimate isn't arrived at that way), then the same \$1,092,451,347.17 appropriated in 2001 would have to be split 590,449 ways instead of 590,423 ways. The amount of the 2001 check would have been reduced from \$1,850.28 per person to \$1,850.20 - a difference of eight cents (the amount of each check is rounded to the nearest even number of cents). The same \$1,150,429,188 appropriated in 2000 would have to be split 585,826 ways instead of 585,800 ways. The amount of the 2000 check would have been reduced from \$1,963.86 per person to \$1,963.78 - a difference of eight cents.

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FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB205
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title PFD: Peace Corps Volunteers BRU Revenue Operations
and Miscellaneous Component Permanent Fund Dividend
Sponsor Representative McGuire
Requester House State Affairs Component No. 981

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	20.0	20.0	20.0	20.0	20.0	20.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	20.0	20.0	20.0	20.0	20.0	20.0

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						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1050 Permanent Fund Dividend Fund	20.0	20.0	20.0	20.0	20.0	20.0
TOTAL	20.0	20.0	20.0	20.0	20.0	20.0

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)

See attached page for discussion of bill.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469
Division Department of Revenue Date/Time 3/28/03 5:05 PM
Approved by: Larry Persily, Deputy Commissioner Date 3/28/2003
Agency Department of Revenue

BILL SUMMARY

This legislation would:

- Re-establish volunteer service in the U.S. Peace Corps as an allowable absence in determining eligibility for the Permanent Fund dividend.
- Start the annual application period for the dividend on January 1 each year instead of January 2. The use of online applications allows the Dividend Division to accept applications on January 1, even if it is a holiday.
- Allow the Department of Revenue to assess administrative penalties of up to \$3,000 each and forfeiture of dividends against individuals who willfully misrepresent information on their application or in the review process for the Permanent Fund dividend. Applicants would have the right to a formal hearing before a hearing examiner to determine whether the fine is appropriate, and, beyond that, applicants could appeal to court. Under existing statute, the only method for the Department to assess a penalty against an applicant who willfully misrepresents information is to file criminal charges in the case. The state is reluctant to file criminal charges because of the great expense. Therefore, the Dividend Division loses out on using such penalties as an effective enforcement tool against fraud. This bill would solve that problem by providing administrative penalties as a lower-cost alternative.

OPERATING EXPENSES

The Department of Revenue estimates it will need to increase its contract with the Department of Law by \$20,000 per year to handle the additional workload (an estimated 50 penalty cases per year, of which an estimated 20 would go to formal hearing and of which two would likely be appealed to Superior Court).

The \$20,000 would cover the work involved in screening the cases and handling the appeals. Revenue would use an RSA to pay Law for its work.

The money would come from the Dividend Fund, not the state General Fund.

4-3-03

HB 205

April 3, 2003

APR 07 2003

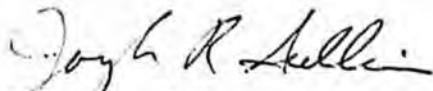
Ladies and Gentlemen of the Legislature of the Great State of Alaska,

I urge you today to restore the Permanent Fund to Peace Corps volunteers who go to help people in foreign lands improve their lives and lift themselves out of hopelessness and despair. Remember that when these Alaskan volunteers do that they represent our state of Alaska as well as our country. In addition to helping people meet their needs, the mission of Peace Corps is to expose people from other countries to Americans and Americans to those people.

Right now we are fighting a war in a part of the world that seems to be dominated by evil forces. We are trying to extinguish a fire by shooting at the flames of something that has, in a sense, been burning for a long time already. I ask you to consider that Peace Corps volunteers work to counteract the root causes of war. By the efforts Peace Corps volunteers have taken in the past, how many wars have been avoided we will never know. Any firefighter will tell you that to put out a fire, you must aim your extinguisher at the base of the flames, what is actually burning rather than at the flames themselves. The base is where Peace Corps volunteers work. When Peace Corps volunteers give up the good life they have in Alaska to help other people and live as they live and with them, those people understand that this is not something we have to do, but something we do because of who we are and the values that we have. The people in these countries understand that and they realize that America is not just rich in material things, we are rich in spirit. They see that we are trying to share this richness of spirit with them by helping them help themselves. They understand the greatness of our values and they are inspired to be like us in this way as well, not just in wealth of goods that we have. The Peace Corps is well named because ultimately, peace is what it brings to the poor of other lands.

I urge the legislature now to show their support for our Alaskan citizens who go to these countries even though losing the Permanent Fund for several years has not deterred them from what they believe and I believe is the right thing to do. I was a Peace Corps volunteer in Zambia for two years teaching subsistence farmers how to raise fish for food and to generate a little income to put clothes on their children, send them to school and buy medicine when they are sick with malaria. I hope I made a difference; I think I did. There were other Alaskans in the same program whom I know and many more in other programs in other countries whom I don't know. It is time to show our people who represent us in Peace Corps that we are behind them and support what they are doing. Please restore the Permanent Fund to Peace Corps volunteers from our wonderful and generous state that shares its people and their talents with the rest of the world to do good and bring peace.

Sincerely,



Joe Sullivan, Ph.D.
Returned Peace Corps Volunteer
Zambia, Rural Aquaculture Promotion Project
1999 to 2001

12300 Audubon Dr.
Anchorage, AK 99516
907-345-0527 (home)
907-272-3118 (work)
907-350-3771 (cell)