

HJR

31



Amendment #1

#1

Proposed Amendment for  
HJR31

Pg. 2, line 12, after the word "dividend." Insert: **Payments under this subsection shall be distributed by April 1, 2005.**

This amendment is a practical fix to the problem of moving billions of dollars out of the market and other investments of the fund without negative effects to the fund value or the markets. The Fund managers have said that this date will be sufficient.

#2

23-LS1282\W.1  
Cook  
3/23/04

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE HOLM

TO: CSHJR 31(W&M)

- 1 Page 2, line 12, following "<sup>2005</sup>~~dividend~~":
- 2 Insert ", unless a written rejection of the payment is provided to the State"

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HJR31CS(W&M)-DHSS-DPA1-03-18-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_

Dept. Affected: Health & Social Services

Title CONSTITUTIONAL AMENDMENT ON PERMANENT FUND

RDU Public Assistance

Component ATAP

Sponsor HOLM

Requester HOUSE (STA)

Component No. 220

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 26,423.1)	17,615.4	8,807.7			
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 26,423.1)</b>	<b>17,615.4</b>	<b>8,807.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (0)</b>						

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts	( 16,619.8)	7,812.1	8,807.7			
1003 GF Match	( 6,867.4)	6,867.4				
1004 GF		2,935.9				
1037 GF/Mental Health						
1007 Interagency Receipts	( 2,935.9)					
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 26,423.1)</b>	<b>17,615.4</b>	<b>8,807.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) 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)

HJR 31 proposes an amendment to the Alaska State Constitution to provide a one-time \$20,000 supplemental PFD payment, then eliminates the PFD program.

The bill also eliminates PFD hold harmless protection for individuals and families receiving public assistance benefits. The department would be required to count the PFD as income when determining eligibility for ATAP.

Approximately 4,600 of 5,000 families will receive a dividend and lose ATAP benefits in that month. Because of the large supplemental PFD payment, we assume these families would also lose eligibility for 11 additional months when the portion of the PFD retained would be counted as a resource.

con't next page.

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 03/16/2004  
Date 03/18/2004

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HJR31CS(W&M)-DHSS-DPA1-03-18-04

ANALYSIS CONTINUATION

While we assume 11 additional months of ineligibility, several factors could contribute to a typical ATAP family (one adult, two children) "spending down" their resources rapidly:

- the family will pay federal taxes of approx. 15% on the dividend;
- support services such as childcare benefits and food stamps will no longer be available adding significant costs to the family's budget;
- families will also lose Medicaid and will have to pay all health care costs incurred;
- extra resources will be used to pay off family debt. Research done by DPA shows that 40% of families leaving ATAP have debts for which their PFD has been garnished.

Distribution of a \$20,000 PFD in FY 95 results in one-time savings in ATAP and Tribal Assistance that include reductions in GF MOE for TANF. These reductions in GF MOE are moved and spent in Work Services to support TANF employment-oriented services. This action is required to avoid falling out of compliance with federal "maintenance of effort" MOE requirements. Alaska is already at its "75% MOE floor" and a reduction in GF MOE expenditure would result in severe federal financing penalties.

The fiscal note financial summary on page 1 shows the projected one-time savings in FY2005. FY2006 reflects that this amount would have to be added back in FY2006, partially offset by continued savings. In FY2007, the funding to replace FY2006 savings would have to be added back into the budget. This would bring the program back to the base funding level with no further changes to that base funding in FY2008-2010. This is detailed in the table shown on page 3.

In addition, the financial summary reflects that there is a switch in funding source from Interagency Receipts (from the PFD Hold Harmless component) to General Funds for benefit payments in FY2006 and all future years. PFD hold harmless revenue has been a funding source for public assistance programs since 1982. Ending the PFD program will also end the hold harmless program. When recipients regain eligibility, benefits once paid with PFD hold harmless money will be replaced by GF.

SEE NEXT PAGE

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HJR31CS(W&M)-DHSS-DPA1-03-18-04

ANALYSIS CONTINUATION

	FY2005	FY2006	FY2007	Total
<u>One-time ATAP Savings</u>				
Month PFD Received (October)				
Family ineligible over income	(2,935.9)			
Months following Receipt (Nov-Jun 05)				
Family ineligible over resource	(23,487.2)			
Months following Receipt (Jul-Sept 05)	-	(8,807.7)	-	
Total One-time Savings	(26,423.1)	(8,807.7)		(35,230.8)

Restore ATAP Payments

One year later no new PFD and most families  
have spent the PFD

Months eligibility returns (Oct-June06)				
Restore one-time savings		26,423.1		
Months eligibility returns (Jul-Sep)				
Restore one-time savings	-	-	8,807.7	
Formula ATAP funding restored	-	26,423.1	8,807.7	35,230.8

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS HJR31 (W M)  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU Public Assistance  
 Component Adult Public Assistance

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title CONSTITUTIONAL AMENDMENT ON PERMANENT FUND

Sponsor HOLM  
 Requester HOUSE (STA)

Component No. 222

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 15,169.2)	15,169.2				
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 15,169.2)</b>	<b>15,169.2</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 (0)</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match	( 11,376.9)	11,376.9				
1004 GF		3,792.3				
1037 GF/Mental Health						
1007 Interagency Receipts	( 3,792.3)					
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 15,169.2)</b>	<b>15,169.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

HJR 31 proposes an amendment to the Alaska State Constitution to provide a one time \$20,000 supplemental PFD payment, then eliminates the PFD program. The bill also eliminates the PFD hold harmless program for individuals and families receiving public assistance benefits. The department would be required to count the PFD as income when determining eligibility for Adult Public Assistance (APA). Approximately 14,600 of the 15,800 individuals receiving APA will lose APA as well as federal SSI benefits in the month they receive the PFD. Because of the large supplemental PFD payment, we assume they would also lose eligibility for three additional months in which PFD income would be counted as a resource.

con't. next page

Prepared by: Angela Salerno  
 Division: Public Assistance  
 Approved by: \_\_\_\_\_  
 Agency: Department of Health and Social Services

Phone 455-3200  
 Date/Time 03/18/2004  
 Date 03/18/2004

FISCAL NOTE

FN #

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. CS HJR31 (W M)

**ANALYSIS CONTINUATION**

The fiscal note financial summary on page 1 shows the projected one-time savings in FY2005. FY2006 reflects that this amount would have to be added back in FY2006, partially offset by continued savings. In FY2007, the funding to replace FY2006 savings would have to be added back into the budget. This would bring the program back to the base funding level with no further changes to that base funding in FY2008-2010. This is detailed in the table shown below.

In addition, the financial summary reflects that there is a switch in funding source from Interagency Receipts (from the PFD Hold Harmless component) to General Funds for benefit payments in FY2006 and all future years. PFD hold harmless revenue has been a funding source for public assistance programs since 1982. Ending the PFD program will also end the hold harmless program. When recipients regain eligibility, benefits once paid with PFD hold harmless money will be replaced by GF.

	FY2005	FY2006	FY2007	Total
<b>One-time APA Savings</b>				
<b>Month PFD Received (October)</b>				
Individuals ineligible over income	(3,792.3)			
<b>Months following Receipt (Nov-Jan 05)</b>				
Individuals ineligible over resource	(11,376.9)			
	-	-	-	
<b>Total One-time Savings</b>	(15,169.2)	-		(15,169.2)
 <b>Restore APA Payments (following year)</b>				
In FY06 no new PFD and Disabled Aged recipients have spent the PFD				
<b>Months eligibility returns (Oct-Jan compared to PY05)</b>				
Formula APA funding restored	-	15,169.5	-	15,169.5

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS HJR31 (W M)  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU Public Assistance  
 Component PFD Hold Harmless

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title CONSTITUTIONAL AMENDMENT ON PERMANENT FUND

Sponsor HOLM  
 Requester HOUSE (STA)

Component No. 225

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 15,495.0)					
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 15,495.0)</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 (0)</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1050 PFD Fund	( 15,495.0)					
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 15,495.0)</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 (FY2004) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The PFD Hold Harmless program (PFD-HH) replaces public assistance benefits lost because federal rules require that the PFD be counted as income for program eligibility purposes. HJR 31 eliminates PFD-HH protection for individuals who lose eligibility for ATAP, tribal assistance (NFAP), food stamps, APA and federal SSI benefits. These individuals and families would be ineligible for benefits in the month they receive the PFD. We assume recipients will continue to be ineligible for additional months because any PFD income retained must be counted as a resource. We assume APA and SSI recipients would lose benefits for three additional months, recipients of other programs will lose benefits for an additional 11 because of the \$20,000 supplemental payment.

see next page

Prepared by: Angela Salerno  
 Division: Public Assistance  
 Approved by: Elmer A. Lindstrom, Special Assistant to the Commissioner  
 Agency: Department of Health and Social Services

Phone 465-3200  
 Date/Time 03/18/2004  
 Date 03/18/2004

FISCAL NOTE

FN #

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. CS HJR31 (W M)

ANALYSIS CONTINUATION

Savings to the PFD-HH fund are as follows:

ATAP:	(\$2,935,900)
NFAP:	( 676,700)
FS:	(5,047,000)
APA:	(3,792,300)
SSI:	<u>(3,043,000)</u>
Total	(\$15,494,900)

PFD hold harmless revenue has been a revenue source for public assistance programs since 1982. Loss of this funding source will result in cost-shifting of \$6.4 million to the state GF. This funding switch is shown on the fiscal notes for the ATAP, APA and Tribal Assistance components. The SSI and Foodstamp costs previously paid by PFD Hold Harmless funding will revert to Federal benefit payments.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS HJR31 (W M)  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU Departmental Support Services  
 Component Commissioner's Office

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title CONSTITUTIONAL AMENDMENT ON  
PERMANENT FUND

Sponsor HOLM  
 Requester HOUSE (STA) Component No. 317

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 80,691.5)	75,420.4	2,635.6	2,635.5		
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 80,691.5)</b>	<b>75,420.4</b>	<b>2,635.6</b>	<b>2,635.5</b>	<b>0.0</b>	<b>0.0</b>

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

<b>CHANGE IN REVENUES (0)</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	( 49,463.9)	46,232.7	1,615.6	1,615.6		
1003 GF Match	( 31,227.6)	29,187.7	1,020.0	1,019.9		
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 80,691.5)</b>	<b>75,420.4</b>	<b>2,635.6</b>	<b>2,635.5</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 HJR 31 proposes an amendment to the Alaska Constitution that provides for a one-time supplemental permanent fund dividend (PFD) payment of \$20,000 and thereafter eliminates payment of dividends to Alaskans. The bill also eliminates the PFD Hold Harmless program that discounts receipt of the PFD as income when determining eligibility for public assistance programs, including Medicaid.  
  
 This fiscal note has a department-wide impact on all Medicaid eligibles and programs that cross multiple divisions within the department. This fiscal note is therefore being submitted through the Commissioner's office.

Prepared by: Janet Clarke, Assistant Commissioner Phone 465-1630  
 Division Administrative Services Date/Time 03/18/2004  
 Approved by: \_\_\_\_\_ Date 03/18/2004  
 Agency Department of Health and Social Services

FISCAL NOTE

FN #

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. CS HJR31 (W M)

**ANALYSIS CONTINUATION**

The following assumptions are based upon our understanding that, should HJR 31 become law, the Legislature intends for the 2004 PFD payment and the \$20,000 final payment to be countable income for all needs-based public assistance programs. Therefore, all PFD exemptions in Medicaid policy and the State Plan would be need to be removed and that it would be anticipated that recipients would receive both payments in October 2004. Medicaid savings under this proposal would be seen in FY 05, but close to normal expenditures and caseload trends would resume in FY 06. The following assumptions have been used:

**Family Medicaid - Adults:** It is likely that larger families will take longer to spend down. Therefore, larger families will be ineligible for a longer period. On average, we anticipate that 75% percent of the adults in Family Medicaid cases will be ineligible for 4 months.

**Family Medicaid - Children:** Children are protected by 6 months of continuous eligibility. On average, 1/6<sup>th</sup> of total FM child population will apply for or renewed eligibility in the month of October, but will be ineligible because of receipt of PFD payments. Those found ineligible will remain ineligible for 1 month. After the month of ineligibility, the child can move to DKC or will spend down their resources and remain on Family Medicaid.

**Denali KidCare:** All poverty-level children are protected by 6 months of continuous eligibility. On average, 1/6<sup>th</sup> of the DKC child population will apply for or renewed eligibility in the month of October, but will be ineligible because of receipt of PFD payments. Since DKC does not have a resource test, the child will only be ineligible for 1 month.

**Pregnant Women:** Once determined eligible, all pregnant women are guaranteed eligibility through their post-partum period. On average women receive benefits under this category for 6 months. Only 1/12<sup>th</sup> of the total annual population in this category will be found ineligible for this category for one month. Of that 1/12<sup>th</sup>, 50% will spend down and return to Medicaid the next month; the remaining 50% will not return.

**Newborn:** This category is not be affected by this bill. They will either receive automatic eligibility by virtue of their mother's Medicaid eligibility or they will not receive either PFD payment.

**Under-21 Medicaid:** These are primarily 19 and 20 year olds living on their own. We assume this group would spend down resources quickly. On average, 1/12<sup>th</sup> of this population will be ineligible for 2 months.

**SSI/APA-Related Medicaid:** On average, 65% of this population will lose eligibility for 4 months.

**Long-Term Care Medicaid:** Both on-going and potential medical costs are so high for this group that 80% will either spend down in the month of receipt or establish a Medicaid Qualifying Trust. On average, 20% of this population will lose eligibility for 2 months because they cannot spend down quickly or they determine that establishing a trust is not in their long-term best interest. Nevertheless, their cost of care obligation will consume these payments quickly.

**Medicare Premium Groups:** On average, 75% of this population will lose eligibility for 4 months.

FISCAL NOTE  
FN #

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO.CS HJR31 (W M)

**ANALYSIS CONTINUATION**

Application of these assumptions to estimated costs within each eligible subtype affected under the proposed PFD payment scenario results in calculated savings as charted below. However, this fiscal note reflects the one-time cost savings in FY05 plus residual savings through FY07 offset by the cost of Medicaid re-enrollment and new enrollment.

The fiscal note financial summary on page 1 shows the projected one-time savings in FY2005. FY2006 reflects that this amount would have to be added back in FY2006, partially offset by continued savings. Add-back of funding to restore benefit payments is also shown in FY2007 and FY2008. This would bring the program back to the base funding level with no further changes to that base funding in FY2009-2010. This is detailed in the table shown below.

**SAVINGS BY FISCAL YEAR**

	<u>Total</u>	<u>Federal</u>	<u>Match</u>
FY05	-80,691.5	-49,463.9	-31,227.6
FY06	-5,271.1	-3,231.2	-2,039.9
FY07	-2,635.5	-1,615.6	-1,019.9

**RESTORE FUNDING FOR BENEFIT PAYMENTS**

FY06	80,691.5	49,463.9	31,227.6
FY07	5,271.1	3,231.2	2,039.9
FY08	2,635.5	1,615.6	1,019.9

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR31CS(W&M)-DHSS-DPA4-03-18-04

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: CONSTITUTIONAL AMENDMENT ON  
PERMANENT FUND

( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU: Public Assistance  
 Component: Child Care Benefits

Sponsor: HOLM  
 Requester: HOUSE (STA)

Component No. 1897

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 24,399.0)	16,266.0	8,133.0			
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 24,399.0)</b>	<b>16,266.0</b>	<b>8,133.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (0)</b>						

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts	( 19,197.0)	11,064.0	8,133.0			
1003 GF Match	( 4,519.1)	4,519.1				
1004 GF	( 682.9)	682.9				
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 24,399.0)</b>	<b>16,266.0</b>	<b>8,133.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) 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)

HJR 31 proposes an amendment to the Alaska State Constitution to provide a one time \$20,000 supplemental PFD payment, then eliminates the PFD program. The bill also eliminates the PFD hold harmless protection for individuals and families receiving public assistance benefits. The department would be required to count the PFD as income when determining eligibility for childcare assistance. Approximately 3,570 families now receiving assistance will either lose benefits or have an increased copay.

The financial summary above shows the projected one-time savings in FY2005. FY2006 reflects that this amount would have to be added back in FY2006, partially offset by continued savings. In FY2007, the funding to replace FY2006 savings would have to be added back into the budget. This would bring the program back to the base funding level with no further changes to that base funding in FY2008-2010. This is detailed on page 2.

Prepared by: Angela Salerno Phone 465-3200  
 Division: Public Assistance Date/Time 03/18/2004  
 Approved by: Joel S. Gilbertson, Commissioner Date 03/18/2004  
 Agency: Department of Health and Social Services

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HJR31CS(W&M)-DHSS-DPA4-03-18-04

ANALYSIS CONTINUATION

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	Total
<u>One-time Child Care Assistance Savings</u>				
Month PFD Received (October)				
Family ineligible over income				
for approximately one year				
October-June 05	(24,399.0)			
Months following Receipt (Jul-Sept 05)	<u>-</u>	<u>(8,133.0)</u>	<u>-</u>	
Total One-time Savings	(24,399.0)	(8,133.0)		(32,532.0)
 <u>Restore Child Care Assistance</u>				
One year later no new PFD and most families have spent the PFD				
Months eligibility returns (Oct-June06)				
Restore one-time savings		24,399.0		
Months eligibility returns (Jul-Sep)				
Restore one-time savings	<u>-</u>	<u>-</u>	<u>8,133.0</u>	
Formula ATAP funding restored	-	24,399.0	8,133.0	32,532.0

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS HJR31 (W M)  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU Children's Services  
 Component Foster Care Base Rate

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title CONSTITUTIONAL AMENDMENT ON PERMANENT FUND  
 Sponsor HOLM  
 Requester HOUSE (STA)

Component No. 2236

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	24.9	( 24.9)				
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>24.9</b>	<b>( 24.9)</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 (0)</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	24.9	( 24.9)				
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>24.9</b>	<b>( 24.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The proposed changes to the PFD distribution in this bill would cause the payment to be counted as income and could impact the amount of Title IV-E federal receipts received by the Office of Children's Services for Foster Care.

This resolution can be viewed two ways in regards to Foster Care programs:  
 1) Children in OCS custody and in out-of-home care - If the monies go into their trust account the children will not lose benefits because the trust accounts are not accessible without court action.

Continued on next page ---

Prepared by: Jane! Clarke, Assistant Commissioner Phone 465-1630  
 Division Administrative Services Date/Time 03/17/2004  
 Approved by: \_\_\_\_\_ Date 03/18/2004  
 Agency Department of Health and Social Services

FISCAL NOTE  
FN #

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. CS HJR31 (W M)

**ANALYSIS CONTINUATION**

This would include the benefits of Title IV-E; Medicaid, and SSI/OASDI eligibility. Based on this we don't see any impact for the kids that are already in custody and placed out of the home prior to the 2004 PFD release.

2) There is a potential impact for those children that come into custody and are placed out of their homes during the month of the 2004 PFD distribution.

OCS data shows that 76 children were removed from their homes between 10/10/03 and 11/9/03. This would represent a good sampling of children that fell into category #2 during the time of the PFD release in 2003. These 76 kids would not have been Title IV-E eligible.

Foster Care Base Rate Assumption:

Multiplying just the foster care base rate for 30 days by those 76 children, results in \$46.1.

$(\$20.22 \text{ base rate} \times 30 \text{ days} -- \$606.0 / \$606.60 \times 76 = \$46,101.60)$

With the federal reimbursement rate of 53.99%, that would mean a loss of federally reimbursed funds equating to approximately \$24,890 for one month of the 76 children being Title IV-E ineligible. This loss in federal revenue would have to be replaced by state general funds in FY05 only. In FY06 the children would once again be eligible for Title IV-E federal reimbursement.

The fiscal note financial summary on page 1 shows the projected one-time cost in FY2005. FY2006 reflects that this funding can then be deleted. This would bring the program back to the base funding with no further changes to the funding level in FY2007-2010.

Note: This fiscal note reflects costs to the Foster Care Base Rate component only. Fiscal impacts to the Foster Care Augmented and Foster Care Special Needs components are detailed in separate fiscal notes.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR31CS(W&M)-DHSS-OCS2003-18-04  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title CONSTITUTIONAL AMENDMENT ON  
PERMANENT FUND

Dept. Affected: Health & Social Services  
 RDU Children's Services  
 Component Foster Care Augmented Rate

Sponsor HOLM  
 Requester HOUSE (STA)

Component No. 2237

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	6.9	( 6.9)				
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>6.9</b>	<b>( 6.9)</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 (0)</b>						

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	6.9	( 6.9)				
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>6.9</b>	<b>( 6.9)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) 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)

The proposed changes to the PFD distribution in this bill would cause the payment to be counted as income and could impact the amount of Title IV-E federal receipts received by the Office of Children's Services for Foster Care.

This resolution can be viewed two ways in regards to Foster Care programs:

1) Children in OCS custody and in out-of-home care - If the monies go into their trust account the children will not lose benefits because the trust accounts are not accessible without court action.

Continued on next page —

Prepared by: Janet Clarke  
 Division Administrative Services  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-1630  
 Date/Time 03/18/2004  
 Date 03/18/2004

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HJR31CS(W&M)-DHSS-OCS2-03-18-04

**ANALYSIS CONTINUATION**

This would include the benefits of Title IV-E; Medicaid, and SSI/OASDI eligibility. Based on this we don't see any impact for the kids that are already in custody and placed out of the home prior to the 2004 PFD release.

2) There is a potential impact for those children that come into custody and are placed out of their homes during the month of the 2004 PFD distribution.

OCS data shows that 76 children were removed from their homes between 10/10/03 and 11/9/03. This would represent a good sampling of children that fell into category #2 during the time of the PFD release in 2003. These 76 kids would not have been Title IV-E eligible.

**Foster Care Augmented Assumption:**

During the first 7 months of FY04, 33.4% of all children in foster care received augmented payments averaging \$503.63 per month. 33.4% of the 76 children identified above (25.4) multiplied by \$503.63 per month equals \$12,782 in augmented payments.

With the federal reimbursement rate of 53.99%, that would mean a loss of federally reimbursed funds equating to approximately \$6,901 for one month of the children receiving augmented payments being Title IV-E ineligible. This loss in federal revenue would have to be replaced by state general funds in FY05 only. In FY06 the children would once again be eligible for Title IV-E federal reimbursement.

The fiscal note financial summary on page 1 shows the projected one-time cost in FY2005. FY2006 reflects that this funding can then be deleted. This would bring the program back to the base funding with no further changes to the funding level in FY2007-2010.

Note: This fiscal note reflects costs to the Foster Care Augmented component only. Fiscal impacts to the Foster Care Base Rate and Foster Care Special Needs components are detailed in separate fiscal notes.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS HJR31 (W M)  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU Children's Services  
 Component Foster Care Special Need

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title CONSTITUTIONAL AMENDMENT ON PERMANENT FUND

Sponsor HOLM  
 Requester HOUSE (STA)

Component No. 2238

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	9.4	( 9.4)				
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>9.4</b>	<b>( 9.4)</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 (0)</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	9.4	( 9.4)				
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>9.4</b>	<b>( 9.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The proposed changes to the PFD distribution in this bill would cause the payment to be counted as income and could impact the amount of Title IV-E federal receipts received by the Office of Children's Services for Foster Care.

This resolution can be viewed two ways in regards to Foster Care programs:

- 1) Children in OCS custody and in out-of-home care - If the monies go into their trust account the children will not lose benefits because the trust accounts are not accessible without court action.

Continued on next page ---

Prepared by: Janet Clarke, Assistant Commissioner  
 Division Administrative Services  
 Approved by: \_\_\_\_\_  
 Agency Department of Health and Social Services

Phone 465-1630  
 Date/Time 03/18/2004  
 Date 03/18/2004

FISCAL NOTE

FN #

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. CS HJR31 (W M)

**ANALYSIS CONTINUATION**

This would include the benefits of Title IV-E; Medicaid, and SSI/OASDI eligibility. Based on this we don't see any impact for the kids that are already in custody and placed out of the home prior to the 2004 PFD release.

2) There is a potential impact for those children that come into custody and are placed out of their homes during the month of the 2004 PFD distribution.

OCS data shows that 76 children were removed from their homes between 10/10/03 and 11/9/03. This would represent a good sampling of children that fell into category #2 during the time of the PFD release in 2003. These 76 kids would not have been Title IV-E eligible.

**Foster Care Special Needs Assumption:**

The average monthly amount spent for special needs per child in foster care during the first seven months of FY04 was \$228.36. Multiplying the monthly amount times the 76 children results in \$17,355 in special needs costs.

With the federal reimbursement rate of 53.99%, that would mean a loss of federally reimbursed funds equating to approximately \$9,370 for one month of the 76 children being Title IV-E ineligible. This loss in federal revenue would have to be replaced by state general funds in FY05 only. In FY06 the children would once again be eligible for Title IV-E federal reimbursement.

The fiscal note financial summary on page 1 shows the projected one-time cost in FY2005. FY2006 reflects that this funding can then be deleted. This would bring the program back to the base funding with no further changes to the funding level in FY2007-2010.

Note: This fiscal note reflects costs to the Foster Care Special Needs component only. Fiscal impacts to the Foster Care Augmented and Foster Care Base Rate components are detailed in separate fiscal notes.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR31CS(W&M)-DPA5-DHSS-03-18-04

( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title CONSTITUTIONAL AMENDMENT ON  
PERMANENT FUND

RDU Public Assistance  
 Component Tribal Assistance

Sponsor HOLM  
 Requester HOUSE (STA)

Component No. 2336

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 6,091.2)	4,062.0	2,029.2			
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 6,091.2)</b>	<b>4,062.0</b>	<b>2,029.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

<b>CHANGE IN REVENUES (0)</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match	( 5,414.4)	3,385.2	2,029.2			
1004 GF		676.8				
1037 GF/Mental Health						
1007 Interagency Receipts	( 676.8)					
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 6,091.2)</b>	<b>4,062.0</b>	<b>2,029.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) 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)

HJR 31 proposes an amendment to the Alaska State Constitution to provide a one-time \$20,000 supplemental PFD payment, then eliminates the PFD program. The bill also eliminates the PFD hold harmless protection for individuals and families receiving public assistance benefits.

The Department currently provides a fair and equitable portion of state TANF appropriations to support the operation of tribal TANF programs through distribution of Alaska Native Family Assistance Grants (NFAP). Approximately 1,000 families served by these programs will lose benefits in the month they receive the PFD. Because of the large supplemental PFD payment, we assume they would also lose eligibility for 11 additional months.

con't next page

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 03/18/2004  
 Date 03/18/2004

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HJR31CS(W&M)-DPA5-DHSS-03-18-04

**ANALYSIS CONTINUATION**

The fiscal note financial summary on page 1 shows the projected one-time savings in FY2005. FY2006 reflects that this amount would have to be added back in FY2006, partially offset by continued savings. In FY2007, the funding to replace FY2006 savings would have to be added back into the budget. This would bring the program back to the base funding level with no further changes to that base funding in FY2008-2010. This is detailed in the table shown below.

In addition, the financial summary reflects that there is a switch in funding source from Interagency Receipts (from the PFD Hold Harmless component) to General Funds for benefit payments in FY2006 and all future years. PFD hold harmless revenue has been a funding source for public assistance programs since 1982. Ending the PFD program will also end the hold harmless program. When recipients regain eligibility, benefits once paid with PFD hold harmless money will be replaced by GF.

	FY2005	FY2006	FY2007	Total
<u>One-time Tribal Assistance Savings</u>				
Month PFD Received (October)				
Native Family ineligible over income	(676.8)			
Months following Receipt (Nov-Jun 05)				
Native family ineligible over resource	(5,414.4)			
Months following Receipt (Jul-Sept 05)				
	-	(2,029.2)	-	
Total One-time Savings	(6,091.2)	(2,029.2)		(8,120.4)
 <u>Restore ATAP Payments</u>				
One year later no new PFD and most families have spent the PFD				
Months eligibility returns (Oct-June06)				
Restore one-time savings		6,091.2		
Months eligibility returns (Jul-Sep)				
Restore one-time savings	-	-	2,029.2	
Formula Tribal Assistance restored	-	6,091.2	2,029.2	8,120.4

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR31CS(W&M)-DHSS-DPA6-03-18-04

( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_

Dept. Affected: Health & Social Services

Title CONSTITUTIONAL AMENDMENT ON PERMANENT FUND

RDU Public Assistance

Component Work Services

Sponsor HOLM

Requester HOUSE (STA)

Component No. 2337

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	12,281.8	( 10,252.6)	( 2,029.2)			
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>12,281.8</b>	<b>( 10,252.6)</b>	<b>( 2,029.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (0)</b>						

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match	12,281.8	( 10,252.6)	( 2,029.2)			
1004 GF						
1037 GF/Mental Health						
Other (Specify Type-do not abbreviate)						
Other (Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>12,281.8</b>	<b>( 10,252.6)</b>	<b>( 2,029.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) 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)

Distribution of a \$20,000 PFD in FY 05 results in one-time savings in ATAP and Tribal Assistance that include reductions in GF MOE for TANF. These reductions in GF MOE are moved and spent in Work Services to support TANF employment-oriented services. This action is required to avoid falling out of compliance with federal "maintenance of effort" MOE requirements. Alaska is already at its "75% MOE floor" and a reduction in GF MOE expenditure would result in severe federal financing penalties. In FY2006 and FY2007 these MOE funds would again be used for benefit payments in the ATAP and Tribal Assistance components and deleted from this component.

See next page.

Prepared by: Angela Salerno

Phone 465-3200

Division: Public Assistance

Date/Time 03/18/2003

Approved by: Joel S. Gilbertson, Commissioner

Date 03/18/2004

Agency: Department of Health and Social Services

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HJR31CS(W&M)-DHSS-DPA6-03-18-04

ANALYSIS CONTINUATION

	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	Total
GF MOE ATAP	6,867.4			
GF MOE Tribal Assistance	5,414.4			
GF MOE Tribal Assistance	<u>-</u>	<u>2,029.2</u>	<u>-</u>	
TANF MOE by component	12,281.8	2,029.2		14,311.0
GF MOE ATAP		(6,867.4)		
GF MOE Tribal Assistance		(5,414.4)	(2,029.2)	
TANF MOE by component	<u>-</u>	<u>(12,281.8)</u>	<u>(2,029.2)</u>	<u>(14,311.0)</u>
Fiscal Note Net Total	12,281.8	(10,252.6)	(2,029.2)	-
Federal				
GFM	12,281.8	(10,252.6)	(2,029.2)	-
GF				

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: HJR31CS-LAW-C&S-3-1  
 Bill Version: CSHJR 31 W&M  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: LAW  
 Title "Proposing amendments to the Constitution of the RDU CIVIL  
State of Alaska relating to the Alaska permanent fund..." Component Collections and Support  
 Sponsor Representative Holm  
 Requester House Ways and Means Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 ( )</b>	<b>*****</b>	<b>(3,000.0)</b>	<b>(3,000.0)</b>	<b>(3,000.0)</b>	<b>(3,000.0)</b>	<b>(3,000.0)</b>
-------------------------------	--------------	------------------	------------------	------------------	------------------	------------------

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF		305.6	305.6	305.6	305.6	305.6
1005 GF/Program Receipts		(305.6)	(305.6)	(305.6)	(305.6)	(305.6)
1007 Interagency Receipts						
1141 RCA Receipts						
<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 (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

HJR31 proposes changes to the Constitution of the State of Alaska by adding new language to limit appropriations from the permanent fund under the percent of market value approach. The resolution would add new constitutional language to allow for a one time and final payment of \$20,000 above the calculated dividend amount to all eligible permanent fund dividend applicants in 2004. Thereafter, the permanent fund dividend program would end.

The collections unit of the Department of Law is responsible for collecting criminal and civil judgments owed to the state, including criminal fines, costs of incarceration and appointed counsel, and administrative penalties and attorneys fee awards. Since January 2001, the unit has also collected restitution on behalf of victims of crimes and delinquent acts. The unit's primary collection tool is the

Prepared by: Kathryn A. Daughhete, Director Phone 465-3673  
 Division Administrative Services Date/Time 3/22/04 2:25 PM  
 Approved by: Kathryn Daughhete for Gregg D. Renkes, Attorney General Date 3/22/2004  
 Agency Department of Law

## FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. HJR31

### ANALYSIS CONTINUATION

permanent fund dividend attachment. Historically, over 80% of the unit's collections each year were received through the attachment of defendants' permanent fund dividends. During FY 02, the unit collected \$3,574,907 of which \$2,960,210 was through the dividend attachment. Thus, in FY 02, the dividend attachment represented 83% of total collections.

In FY 03, the percentage of collections attributable to the dividend attachment dropped. During FY 03, the unit collected \$3,860,336 of which only \$2,571,710 was through the dividend attachment. Thus, in FY 03, the dividend attachment represented 67% of total collections overall. This reduction is due in \$3,860,336 of which only \$2,667,657 was through the dividend attachment. Thus, in FY 03, the dividend attachment represented 67% of total collections overall. This reduction is due in part to the smaller dividend paid in FY 03, but is primarily a result of restitution collections. For a variety of reasons, the unit receives a significantly higher number of voluntary payments of restitution than other types of judgments processed by the unit. However, even with restitution, attachment of permanent fund dividends remains central to the success of the program. Without the PFD, the section would be almost entirely dependent on voluntary payments at the existing staffing level. Of the \$1,192,679 that was paid into the collections unit as a result of voluntary payments, about half is restitution that is paid out to victims. Currently there is no legal mechanism for the Department of Law to use any part of restitution money collected to fund its own operations. The other half represents voluntary payments that can fund the activities of the collections unit.

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 in the equation. That is why this fiscal note does not include a ramping up of the collections unit in order to make use of other collection tools.

Because of the unit's reliance on the attachment of dividends, the elimination of an annual permanent fund dividend will adversely affect the unit's collections. These collections fund the unit's operations in the amount of \$306,500. In addition, as previously mentioned, an additional approximately \$1 million is appropriated to other state agencies to support cost of appointed counsel (Department of Administration - Public Defender and Office of Public Advocacy received a combined total of \$293,800 in FY 2004) and cost of incarceration (Department of Corrections has thus far been transferred all collected funds for cost of incarceration totaling between \$650,000 and \$700,000 in FY 03 and FY 04 year to date). In order to continue to provide some funds to other agencies, this fiscal note would fund the collections unit from general funds instead of general fund program receipts.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR31CS-DPS-CDVSA-3-17-04  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Public Safety  
 Title Const AM: Permanent Fund RDU CDVSA  
 Component CDVSA  
 Sponsor Representative Holm  
 Requester House State Affairs Component No. 521

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	(96.3)	(96.3)	(96.3)	(96.3)	(96.3)	(96.3)
Travel	(9.3)	(9.3)	(9.3)	(9.3)	(9.3)	(9.3)
Contractual	(37.7)	(37.7)	(37.7)	(37.7)	(37.7)	(37.7)
Supplies	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)
Equipment	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	(2,951.7)	(2,951.7)	(2,951.7)	(2,951.7)	(2,951.7)	(2,951.7)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>

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

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1007 I/A Rcpts						
1171 PFD Crim	(3,107.0)	(3,107.0)	(3,107.0)	(3,107.0)	(3,107.0)	(3,107.0)
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>	<b>(3,107.0)</b>

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time	(2)	(2)	(2)	(2)	(2)	(2)
Part-time	0.5	0.5	0.5	0.5	0.5	0.5
Temporary						

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

This resolution proposes a constitutional amendment that would authorize one final dividend payment of \$20,000 to eligible recipients in the year the payout occurs.

The Council on Domestic Violence and Sexual Assault (CDVSA) receives a significant amount of funding from the distribution of permanent fund dividends not distributed to persons convicted of certain crimes; see AS 43.23.028(4) & (5).

Most of this funding (95%) is distributed as grants to domestic violence shelter organizations around the state. Loss of these funds would likely have a significant impact on shelter operations.

The remaining amount is used for some of CDVSA's administrative costs. Loss of this funding would likely result in elimination of one Project Coordinator position and changing one other administrative support position from full-time to part-time.

Prepared by: Denise Henderson, Executive Director Phone 465-5504  
 Division: Council on Domestic Violence and Sexual Assault Date/Time 3/17/04 1:29 PM  
 Approved by: Commissioner William Tandeske Date 3/17/2004  
 Agency: Department of Public Safety

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSHJR 31(W&M)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Const AM: Permanent Fund RDU Revenue Programs and Services  
 Component Commissioner's Office  
 Sponsor Representative Holm  
 Requester House State Affairs Component No. 123

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services		391.6	366.6	183.3	25.0	25.0
Travel						
Contractual		186.8	180.3	90.2	2.5	2.5
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>578.4</b>	<b>546.9</b>	<b>273.5</b>	<b>27.5</b>	<b>27.5</b>

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

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

**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		578.4	546.9	273.5	27.5	27.5
<b>TOTAL</b>	<b>0.0</b>	<b>578.4</b>	<b>546.9</b>	<b>273.5</b>	<b>27.5</b>	<b>27.5</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time		5	4	2		
Part-time			1	1	1	1
Temporary						

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

CS HJR 31 proposes a constitutional amendment that would authorize one final dividend payment of \$20,000 to eligible recipients of the 2004 dividend. The Permanent Fund Dividend (PFD) Division would be phased out over the course of FY2005 as processing of the final dividend is completed (see PFD Division fiscal note). However, several functions will need to be staffed for a period of time beyond FY2005: formal appeals and court appeals of denied decisions, collections of dividends fraudulently received or paid in error, 18 year-old-filers, and fraud investigation.

Prepared by: Steve B. Porter, Deputy Commissioner Phone 465-2300  
 Division Commissioner's Office Date/Time 3/18/04 4:52 PM  
 Approved by: Steve B. Porter, Deputy Commissioner Date 3/18/2004  
 Agency Commissioner's Office

## FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. CSHJR 31(W&M)

### ANALYSIS CONTINUATION

#### Formal Appeals:

Formal appeals would increase resulting in a need for an additional Hearing Officer and support staff in the Department of Revenue, Commissioner's Office, Hearing Officer section. For at least two years after this legislation is enacted, the total number of appeals to formal hearing would increase significantly, appellants would be represented by attorneys in more cases, and many more formal hearing decisions would be appealed to the Superior Court. With so much at stake, more applicants will appeal the denial of this payout, and they will be willing to invest more in legal representation. A family of four, for example, could have \$80,000 at stake in an eligibility decision.

This legislation would require the Department of Revenue to hire one Range 22 Revenue Hearing Examiner I, and two more Range 11 Legal Office Assistant I employees, at a per position cost of \$84.4 and \$46.3, respectively. The additional (\$84.4 + \$46.3 + \$46.3) \$177.0 would be needed for two and a half years. The costs for existing staff who handle PFD hearings are budgeted in the Commissioner's Office and funded by the division through Interagency Receipts. These costs of \$104.6 will need to be included in the Commissioner's Office. In FY2008, the Department estimates that these costs can be reduced for half of the year.

Contractual costs for a full time Department of Law attorney to work on cases that progress to court are estimated at \$161.8 in FY2006 and \$155.3 in the latter year through 2008 because of the one-time set-up costs of adding a new attorney.

#### Fraud Investigations:

The Permanent Fund Dividend Division estimates an increase in fraudulently filed applications due to the value of the final payment and recommends keeping a fraud investigator on staff through FY2006 to follow through on outstanding cases at an estimated cost of \$60.0.

#### 18 year-old-filers:

Upon reaching majority or having been emancipated, an individual can file for any prior dividends not received because an application was never filed by an eligible sponsor. The state's obligation to process these filings will extend to 2023. We can expect approximately 50 to 100 filers each year.

One full time equivalent (FTE) in FY2006 and .5 FTE thereafter will be able to cover both the 18 year-old-filers processing and collections and accounting activity. This employee would process between 475 and 500 repayment cases per year. This staff would also cover miscellaneous duties such as reissuing cancelled checks and accounting work associated with check runs at a cost of \$50.0 per FTE and \$25.0 per part time FTE.

The support costs for each position are estimated at \$5.0 per employee.

#### Summary

##### FY2006

- 1 Hearing Examiner I (Position eliminated in FY2008)
- 2 Legal Office Assistants (Positions eliminated in FY2008)
- 1 Investigator II (Position eliminated in FY2008)
- 1 Administrative Clerk III (Part time in FY2007 and thereafter)

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSHJR 31(W&M)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Const Am: Permanent Fund RDU AK Permanent Fund Corporation  
Component PFC Custody and Mgt Fees  
Sponsor Representative Holm  
Requester House State Affairs Component No. 2310

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	(8,100.0)	(2,700.0)	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(8,100.0)</b>	<b>(2,700.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</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 1105 PF Receipts	(8,100.0)	(2,700.0)	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>(8,100.0)</b>	<b>(2,700.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

If HJR 31 successfully passes the Legislature and a public vote, approximately 40 - 45% of the total value of the Permanent Fund would be paid out to eligible Alaskans. This payout is estimated to occur in January 2005. If the Permanent Fund is significantly smaller our Investment Manager fees would decrease. This reduction of fees for a smaller sized fund is based on a model that estimates assets under management utilizing existing: investment allocations, fee structures, and Callan's median growth estimates.

We do not anticipate any change in the Corporation's Operating budget.

Prepared by: Robert D. Storer Phone 465-2047  
Division Alaska Permanent Fund Corporation Date/Time 3/6/04 10:16 PM  
Approved by: William Corbus, Commissioner Date 3/6/2004  
Agency Department of Revenue

STATE OF ALASKA  
HOUSE OF REPRESENTATIVES  
Representative Jim Holm



119 N. Cushman  
Fairbanks, AK 99701  
TEL 456-7423, FAX 451-9293

State Capitol  
Juneau, AK 99801  
TEL 465-3466, FAX 465-2937

HJR 31  
"Constitutional Amendment, PFD"  
Sponsor Statement

1/20/04

We all know that Alaska has a fiscal problem. We must be able to balance our budget so that we provide the essential services to our people: police protection, public health, quality public education, and adequate transportation infrastructure. There seems to be no apparent or immediate fix-all solution. This year, based on \$27.70 for a barrel of oil, we will be approximately \$400 million short of our current obligations.

We cannot make enough cuts to fill that gap without seriously crippling the entire state, nor can the money continue to come from the Constitutional Budget Reserve forever. Alaska can either use various forms of taxation, the earnings of the Permanent Fund, or the principal of the Permanent Fund. I believe our best choice is to use some of the earnings, not the principal, of the Permanent Fund to help fund government. So I decided to resurrect an idea that surfaced a few years ago. If passed by the Legislature it will require a vote of the people, because it amends Alaska's constitution.

**SECTION 2, PAGE 2** of HJR 31 adds a NEW section to our constitution. It leaves \$15 billion in the principal of the permanent fund and distributes the rest equally to all qualified Alaskans. After that, no more dividends are paid out. To qualify, individuals must be eligible for the permanent fund dividend distributed

in 2004, i.e. they were legal Alaskan residents for the year 2003. At the fund's current value of over \$27 billion, more than \$12 billion would be distributed, amounting to approximately \$20,000 per person. At the current level this would be almost twenty years worth of dividends.

**SECTION 1, PAGE 1** specifies that, after the final pay-out in dividends, 75% of the INCOME from the fund each year will be available to the Legislature to fill the fiscal gap and fund necessary services and programs. The remaining 25% stays in the fund and continues to be "untouchable." (Many people don't realize that all the Permanent Fund earnings have always been available to the legislature for funding government but to date have never been used for anything but paying dividends and inflation-proofing the fund.)

I suggest the pre-payment method because all previous fiscal policy programs to balance the budget have failed. We have very little time left to decide what may or may not work, and there is not a type of taxation that can be agreed upon. Today I offer this choice to Alaskans as a solution to end this constant arguing over the fund.

With this pre-payment, the people of Alaska will no longer need to rely on a check from the state of Alaska every year. We will be able to invest in our own future, pay down debt, save for college, pay student loans, pay off child support, invest in the stock market, or buy a myriad of material items we have always wanted.

It is important to note that this will also help the older citizens with the loss of the longevity bonus.

I also suggest that we could form a corporation owned by the people of Alaska, with ownership of stock provided from the proceeds of this pre-payment.

I am not trying to take our dividend away. I see it as the people of Alaska taking the money out of the New York Stock Exchange and investing capital back in Alaska. We need to invest in our own future first for this state to thrive.

I'm introducing this legislation as a choice. The people of Alaska will make the ultimate decision. Think about it and feel free to comment. Let's build a brighter future for Alaska through dialogue. Good state policy comes from public discourse and civil debate in an exchange of ideas. Let us start that exchange now.

We as Alaskans have this golden opportunity to show courage. We can build a better Alaska for ourselves and, more importantly, for our future.

STATE OF ALASKA  
HOUSE OF REPRESENTATIVES  
Representative Jim Holm



119 N. Cushman  
Fairbanks, AK 99701  
TEL 456-7423, FAX 451-9293

State Capitol  
Juneau, AK 99801  
TEL 465-3466, FAX 465-2937

HJR 31  
"Constitutional Amendment, PFD"  
Sectional Analysis

2/10/4

**Section 1** amends Article IX, sec. 15 of Alaska's Constitution:

It maintains the clause requiring that at least 25% of Alaska's mineral leases, royalties, etc., be placed in the Permanent Fund. Then it adjusts appropriations in keeping with Section 2.

**Section 2** adds a *new subsection* (b) to Article IX sec. 15 of Alaska's Constitution regarding appropriations:

It states that appropriations from the Permanent Fund may not exceed 5% of the 5-year average market value of the fund. It also states that appropriations may not be used for dividends or other payments to all State residents.

**Section 3** amends Article XV of Alaska's Constitution by adding a *new* section 30:

- (a) All individuals eligible to receive a permanent fund dividend for the year 2004 shall receive, in addition to the 2004 dividend, a payment of \$20,000. (After that, no more dividends are paid.)

All provisions that apply to the 2004 dividend also apply to the \$20,000 payment, except those which apply to the date and amount of payment as well as the "hold harmless" clauses.

- (b) In making the \$20,000 payment, all sub-accounts of the permanent fund are expended first before using any of the principal.
- (c) These provisions take effect on the day after certification of the 2004 general election.

**Section 4** requires that this resolution be placed on the next general election ballot.

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CS HJR 031  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time: \_\_\_\_\_ Dept. Affected: Revenue  
Title: Const AM: Permanent Fund RDU: Revenue Programs & Services  
Component: Permanent Fund Dividend  
Sponsor: Representative Holm  
Requester: House Ways & Means Component No. 981

## Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	(820.0)	(3,035.3)	(3,035.3)	(3,035.3)	(3,035.3)	(3,035.3)
Travel	(5.0)	(26.4)	(26.4)	(26.4)	(26.4)	(26.4)
Contractual	(250.0)	(2,003.5)	(2,003.5)	(2,003.5)	(2,003.5)	(2,003.5)
Supplies	(20.0)	(110.7)	(110.7)	(110.7)	(110.7)	(110.7)
Equipment	(25.0)	(95.7)	(95.7)	(95.7)	(95.7)	(95.7)
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(1,120.0)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</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						
1007 Interagency Receipts		(36.0)	(36.0)	(36.0)	(36.0)	(36.0)
1050 Permanent Fund Dividend Fund	(1,120.0)	(5,235.6)	(5,235.6)	(5,235.6)	(5,235.6)	(5,235.6)
<b>TOTAL</b>	<b>(1,120.0)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>

\* Based on FY 2004 Operating Budget

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

## POSITIONS

Full-time	-39*	-62	-62	-62	-62	-62
Part-time	-19	-19	-19	-19	-19	-19
Temporary						

\* Phased out (see attached staffing analysis)

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

CS HJR 31 proposes a constitutional amendment that would authorize one final dividend payment of \$20,000 to eligible recipients of the 2004 dividend.

Work on the final payment would begin as soon after the initiative was passed by voters in the November 2004 election. The final payment would not occur until April 2005 because of time necessary prepare programs for the final payment, process applicant records, prepare for direct deposit, and process garnishment records. The PFD Division would phase out its staff to synchronize with the needs to make the final payment (see attached staffing analysis), resulting in a decrement of \$820.0 in personal services. Additional direct costs for the final payment is approximately \$13.9 (see attached addition costs analysis). Work that would continue after FY 05, such as collections and fraud investigations would need to be absorbed by other agencies.

Prepared by: Paul E. Dick Phone 465-4784  
Division: Permanent Fund Dividend Date/Time 2/15/04 1:59 AM  
Approved by: \_\_\_\_\_ Date 2/15/2004  
Agency: \_\_\_\_\_

**CS HJR 31  
Relating to the Permanent Fund  
FY 05 Staffing Analysis**

**Assumptions**

HJR 31 passes in the November 2004 election and becomes law in January 2005. The PFD Division would begin work in November 2004 to prepare for a final distribution in April 2005 (see below).

The PFD Division would prepare programs for a new file and copy applicant information from the 2004 dividend file into a new file by the end of December 2004.

During the months of January and February 2005, PFD Division staff will clear applications that are flagged by the computer after they are copied into the new file in December. All records would be subject to the computer systems logic as they are loaded onto the division's mainframe database.

Garnishors would be required to have all garnishment documents submitted to the PFD Division by the end of January 2005.

During the months of February and March 2005, PFD Division staff will data enter garnishment documents into the PFD system.

During the months leading up to April 2005, PFD staff will prepare programs to send final payments to eligible applicants in April.

**PFD Staffing Timeline**

Note: The PFD Division would be fully staffed through December 2004 to finish all work on the 2004 dividend file. Beginning January 1, 2005 staff would be phased out as follows:

	Director's Office	Data Processing	Data Entry	Document Processing	Information Office	Review	Appeals	Fraud Investigations	Total
Staff as of November Election	4	7	4	13	18	8	9	2	65
December 31	0	-4	0	7	-6	-7	-7	0	-24
January 31	0	0	0	0	0	0	0	0	0
February 28	0	0	0	0	0	-1	0	1	0
March 31	0	0	-2	-11	0	0	0	0	-13
April 30	-1	-1	0	0	0	0	0	0	-2
May 31	0	0	0	0	0	0	0	0	0
June 30	-3	-2	-2	-2	-12	0	-2	-3	-26

CS HJR 31  
Relating to the Permanent Fund

Additional Direct Costs Analysis for Final Distribution

The costs below represent additional direct costs for a final distribution and does not include staffing costs associated with a final distribution. Staff would remain on board until phased out (see FY 05 Staffing Analysis attached to this fiscal note)

Processing Fees for banks to process direct deposit transactions	\$17,000
Direct Deposit Advices stock	7,000
Warrant stock	2,500
Paper stock to print garnishment notices to applicants	1,000
Envelopes for mailing advices, checks and notices	7,000
Postage and mail handling costs	<u>105,000</u>
<b>Total Direct Costs</b>	<b><u><u>\$139,500</u></u></b>

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CS HJR 31  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Ccrist AM: Permanent Fund RDU Revenue Programs & Services  
Component Child Support Enforcement  
Sponsor Representative Holm  
Requester House Ways & Means Component No. 111

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 ( )</b>	<b>34,600.0</b>	<b>(1,700.0)</b>	<b>(1,700.0)</b>	<b>(1,700.0)</b>	<b>(1,700.0)</b>	<b>(1,700.0)</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 (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
CSED will increase collections in the year of the payout by \$240,000,000. The division will collect approximately \$180,000,000 in support for custodial parents and an additional \$60,000,000 for welfare reimbursements of which \$30,000,000 will be retained by Alaska. In addition, the increased collections will result in an increase of \$4,600,000 in federal incentives received by the state. In future years the division will have reduced collections of approximately \$9,300,000 per year. Custodial parents would receive \$7,000,000 less and welfare reimbursements would be \$2,300,000 less. Therefore, Alaska would lose \$1,150,000. Federal incentives would be reduced in these years by \$550,000.

Prepared by: John Mallonee Phone (907) 269-6802  
Division Child Support Enforcement Division Date/Time 2/15/04 2:27 AM  
Approved by: Steve Porter, Deputy Commissioner Date 2/15/2004  
Agency Department of Revenue

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HJR031-DOLWD-CO-02-17-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Const Am: Permanent Fund RDU: Office of the Commissioner  
Sponsor: Representative Holm Component: Commissioner's Office  
Requester: House W&M Component Number: 340

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

POSITIONS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Full-time						
Part-time						
Temporary						

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

Adoption of this resolution will have no fiscal impact on the department's operating budget. However, it will affect eligibility for various programs operated by the department. See the attached analysis.

Prepared by: Guy Bell, Director Phone 465-2720  
Division: Administrative Services Division Date/Time 2/17/04 3:13 PM  
Approved by: Greg O'Claray, Commissioner Date 2/17/2004  
Agency: Department of Labor and Workforce Development

FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL VERSION: HJR031-DOLWD-CO-02-17-04

ANALYSIS: (continued)

Division of Vocational Rehabilitation

The Division of Vocational Rehabilitation has an economic needs test for specific types of vocational rehabilitation services—such as vocational training. The division never envisioned this scenario and has not built data elements to easily retrieve this information. This is our best estimate available on short notice. Higher accuracy could be obtained with a statistically valid review of individual records if desired.

Currently 2,016 individuals with disabilities received a type of service that requires an economic needs test. The average annual expenditure per individual served in this category is \$2,500. 80 of those receiving services were single with means of support at application, thus a \$25,000 payment would raise their income above \$27,000, the division's income threshold (250% of the federal poverty level). It is estimated the 80 individuals would need to contribute \$2,500 of their \$25,000 Permanent Fund Dividend to purchase their vocational rehabilitation services, a total cost impact to those individuals of \$200,000 (80 x \$2,500).

Division of Employment Security

A one-time payment would negatively affect Alaskans' income level for eligibility under the federal Workforce Investment Act and Trade Act training programs and supportive services payments.

It would negatively affect the number of older workers we could serve under the Senior Community Service Employment Program (the income threshold is 125% of the poverty level). These programs help low-income persons and this one-time payment would put many of them over the top for eligibility. Potential loss of federal funds of up to \$1.7 million for one year.

For the federal employment and training programs under the Workforce Investment Act PL 105-220, (WIA) income guidelines are applied in several different ways with respect to program eligibility, participation, and in determining overall funding allocation to the state. There is significant variance by program in income guidelines. State or Local boards (in Alaska this is the Alaska Workforce Investment Board, or AWIB) are given broad discretion in determining a "priority of service" for individuals entering the Adult program. The state and the AWIB do not have any discretion under the youth program. Low income is a requirement under WIA, Sec. 101 13 (B).

The total dollar impact? (Estimated)

Statewide Adult program federal Allocation:..... Loss of up to; \$1,028,575  
Statewide Youth federal Program Allocation:.....Loss of up to; \$3,222,244  
Dislocated Worker Program Allocation:..... No impact \$ 0

Total loss of federal funds:.....Loss of up to; \$ 4,250,819

Total impact to clients to be served: (estimated)

Adult clients:.....Loss of services for up to 228 Alaskan Adults  
Youth clients:.....Loss of services for up to 784 Alaskan Youth (ages 14 through 21)  
Dislocated Worker:.....No impact on Dislocated Worker clients

Total loss of services to individuals.....Loss of service to 1,012 Alaskans

Under Section 132 (a) (1) (B) (ii) (III) Formula; 33 1/3 percent of the State's allotment shall be determined by the relative number of disadvantaged adults in each state, compared to the total number of disadvantaged adults in all states.

If every eligible Alaskan Adult were to receive \$25,000, then Alaska's relative number of disadvantaged Adults would potentially be the lowest of all the states and reduce Alaska's Adult funding by as much as 33 1/3%. (Alaska's FY 04 allocation of \$3,088,814 would potentially be reduced by one third, or \$1,028,575 under the federal allocation formula.) In 2003 Alaska served 686 Adult clients. If Alaska's adult funding were reduced by 33 1/3%, then we would serve potentially one third or 228 fewer Alaskans.

Alaska could still serve the adult population if the AWIB were to adopt a liberal policy that disregards the \$25,000 dividend payment in determining "priority of service."

Only Alaskan youth who are not eligible for the PFD and meet the low-income criteria could potentially qualify for the youth program. Alaska could face the loss of the entire Youth program allocation of \$3,222,284, if sufficient eligible clients cannot be identified and served.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR031-EED-ACPE-2-17-04  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education  
 Title Proposing amendments to the Constitution of the RDU ACPE  
State of Alaska relating to the Alaska permanent fund and to... Component Student Loan Program  
 Sponsor Rep. Holm  
 Requester (H)Ways & Means Component No. 213

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 ( )</b>	<b>50,000.0</b>	<b>(121.0)</b>	<b>(242.0)</b>	<b>(363.0)</b>	<b>(484.0)</b>	<b>(605.0)</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 (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 Based upon the Department of Revenue's estimate of the per person payout amount resulting from the proposal contained in HJR31, ACPE will realize PFD garnishment collection on defaulted education loans totaling \$50 million in the year the payout occurs (\$45 million more than average annual PFD collection). In subsequent years, ACPE will forgo annual recoveries on defaulted loans estimated as in the amounts shown above. This projection assumes: annual defaults of 5%; annual dividends of \$1,100; and average defaulted loan balance of \$13,000.

Prepared by: Sheila King, Finance Officer Phone 465-6757  
 Division: Finance Date/Time 2/17/04 4:43 PM  
 Approved by: Diane Barrans, Executive Director *Diane Barrans* Date 2/17/2004  
 Agency: Alaska Commission on Postsecondary Education

## MEMORANDUM

## ALASKA COURT SYSTEM

Telephone: (907) 264-8265

Facsimile: (907) 264-8291

**TO:** Representative Mike Hawker, Chairman  
House Ways and Means Committee

**FROM:** Doug Wooliver  
Administrative Attorney  
Alaska Court System

**DATE:** February 17, 2004

**RE:** Impact of HJR 31 on the Alaska Court System

This memo is in response to your request for an estimate of the impact that passage and subsequent voter approval of HJR 31 would have on the court system. Although we anticipate several initial impacts, the specifics of those impacts are too speculative to support any fiscal estimates.

If the citizens of Alaska were to receive a large one-time payment from the permanent fund then the court system would likely see an initial increase in the number of debt collection actions filed with the court. This increase would reflect the fact that debts owed by people who had been insolvent prior to the payout would become debts worth pursuing. Although a significant increase may result in the need for additional staff, such a need is too speculative to support a fiscal note.

We would also anticipate an increase in the percentage of the various costs, fines, forfeitures, fees and surcharges that are collected from defendants. This past year the court system, together with the Collections and Support Division within the Department of Law, collected and deposited into the general fund over 10 million dollars from these sources. We would anticipate that that figure would rise significantly for some period of time. Similarly, the collection of restitution owed the state and private citizens would also increase.

However, the initial increases in the number of suits filed and the amount of money collected from defendants would likely be temporary. Both would decline as the money received by individuals under HJR 31 is depleted and thus no longer available for those purposes. After that depletion of the initial disbursement, the loss of future dividends as a continuing revenue source will likely result in lower collection rates than we currently enjoy.

The loss of the dividend will also change the way that people are selected for jury duty. Under current law jurors are selected from the list of applicants for the dividend. We would move to a system similar to that used by other states, which would be a compilation of those who are registered vote, or who hold licenses to drive, hunt, fish, participate in a profession etc. We would likely lose our position as the state with the most accurate and up-to-date list of potential jurors.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR 31  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: OOG  
 Title Constitutional amendment relating to the RDU Elections  
to the Alaska permanent fund. Component Elections  
 Sponsor Representative Holm  
 Requester House Ways & Means Component No. 21

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1.5</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 ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>1.5</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 (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Leonard G. Jones Phone 465-3051  
 Division: Division of Elections Date/Time 1/16/04 10:42 AM  
 Approved by: Laura A. Glaiser, Director Date 1/16/2004  
 Agency: Office of the Lt. Governor, Division of Elections

# 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

February 11, 2004

**SUBJECT:** Proposal for treatment of the permanent fund  
(Work Order No. 23-LS1718)

**TO:** Senator Con Bunde

**FROM:** Tamara Brandt Cook  
Director

In view of Bess v. Ulmer, 985 P.2d 979 (Alaska 1999), you have asked me to consider a proposed constitutional amendment under which all of the money available for appropriation from the Alaska permanent fund would be required to be used for a permanent fund dividend program. The proposal includes enactment of a graduated state income tax on individuals, with the maximum level of the tax not to exceed in each year the amount of the dividend for that year. Although I am not clear on this point, for purposes of this response, I am presuming that the tax would be statutorily rather than constitutionally imposed.

### BACKGROUND

In the Bess case, the Alaska Supreme Court considered separate proposed amendments to the state constitution passed by the legislature. The decision is based on Art. XIII of the state constitution which provides that the state constitution may be changed by amendment or by revision. A constitutional amendment may be proposed by vote of two-thirds of the legislature (Art. XIII, sec. 1) or through a constitutional convention (Art. XIII, sec. 4). The court concluded that an amendment that amounts to a constitutional revision may only be proposed through a constitutional convention, and not by the legislature.

In considering whether the proposed constitutional amendment relating to prisoners' rights was an amendment or a revision, the court took note of both the qualitative and quantitative nature of the change proposed by the amendment. In the court's view, the proposed amendment would potentially alter 11 sections of the Alaska Constitution and would "substantially alter the substance and integrity of the state Constitution as a document of independent force and effect." (Bess, at 987) Thus the court concluded that, both quantitatively and qualitatively, the amendment was an impermissible constitutional revision. (Bess, at 988)

In reviewing a proposed constitutional amendment relating to marriage, the Supreme Court found that the proposed change, *as rewritten by the court*, was validly within the

amendatory power of the legislature. The change was "sufficiently limited in both quantity and effect of change as to be a proper subject for a constitutional amendment. Few sections of the Constitution are directly affected, and nothing in the proposal will 'necessarily or inevitably alter the basic governmental framework' of the Constitution." (Bess, at 988; quoting Brosnahan v. Brown, 651 P.2d 274, 289 (Cal. 1982); footnotes omitted)

The Supreme Court also reviewed a proposed constitutional amendment that changed the procedure for redistricting of the Alaska Legislature. Even though the proposed amendment made substantive changes to nine sections of article VI of the Alaska Constitution, the court found the quantitative effect of the change to be minimal. (Bess, at 988) The court likewise found the qualitative effect of the amendment to be unremarkable. The court concluded that the amendment did not involve the transfer of executive power to another branch of government or otherwise fundamentally change the constitutional role of any branch of the government. Though the proposed change was substantial it was not so significant as to comprise a revision.

#### DISCUSSION

The Bess decision casts a shadow over the power of the legislature to propose certain constitutional amendments. The Alaska Supreme Court was not able to precisely identify the difference between a constitutional amendment and a constitutional revision except to say that changes that are "few, simple, independent, and of comparatively small importance" can be considered amendments. (Bess, at 987) On the other hand, "an enactment which is so extensive in its provisions as to change directly the 'substantial entirety' of the constitution by the deletion or alteration of numerous existing provisions may well constitute a revision thereof [while] even a relatively simple enactment may accomplish such far reaching changes in the nature of our basic governmental plan as to amount to a revision also." (Bess, at 987; quoting Amador Valley Joint Union High School District v. State Board of Equalization, 583 P.2d 1281, 1286 (Cal. 1978)) In the view of the court, the distinction between amendments and revisions hinges on "whether the changes are so significant as to create a need to consider the constitution as an organic whole." (Bess, at 987) The Bess court adopted, but did not describe, what it called a hybrid test to determine which proposed constitutional changes were amendments and which were revisions. The hybrid test was derived from a series of decisions by the California Supreme Court and considered both quantitative and qualitative factors.

It appears to me that the proposal under which all appropriations from the permanent fund would be used for a program of dividend payments might meet at least the four factors identified by the court: (1) the proposal is simple to express and understand; (2) it is complete within itself; (3) it relates to only one subject; and (4) it substantially affects only one section of the constitution. Note, however, that it can be reasonably argued that the proposal is not so simple as it seems and, potentially, implicates several sections of the constitution in addition to Art. IX, sec. 15; examples being Art. II, sec. 1, and Art. IX, secs 6, 7, and 8.

<  
Appropriation power?

\*

Senator Con Bunde  
February 11, 2004  
Page 3

Assuming, optimistically, that the proposal does meet the four factors, recall that the court also suggested in Bess that if a fundamental power of one of the branches of state government is significantly altered, this could result in the type of "sweeping change" that is not permitted to be accomplished in an amendment to the state constitution. Surely, placing all of the wealth of the permanent fund effectively beyond the reach of the legislative power of appropriation would be viewed as a significant alteration of a fundamental power of one of the branches of state government. The complicating factor here, of course, is that the original amendment to the state constitution under which the permanent fund was established was, itself, a significant restriction on the legislative power of appropriation. I cannot presume to guess how the court will view the proposal in light of this factor, but it is, I think, safe to say that the proposal will face a difficult test if challenged under the reasoning in Bess.

#### LIMITING DIVIDEND PROGRAM TO CURRENT RECIPIENTS

Although you did not specifically ask about this aspect, there is another part to the proposal that bears considering. I understand that the proposal includes a suggestion to limit the permanent fund dividend program to current recipients, using as a model the phase-out of the statutory longevity bonus program. Please be aware that it is not clear that this approach would withstand constitutional attack. The phase-out of the longevity bonus program was challenged on the grounds that it violated the equal protection clause of the U.S. Constitution and the equal rights clause of the state constitution. (Maggard v. Sipe, Case No. 3AN-94-03905 CI, Third Judicial District, Superior Court) The Superior Court judgment granted summary judgment for the state.

In the Maggard case the court found that classifying persons based on the date they applied for the longevity bonus program does not amount to a durational residency requirement because under the phase-out a life-long Alaskan who is not 65 by the end of 1996 will not get payments, but a person who turned 65 and moved to the state in 1992 will get the payments. Factually, the court concluded, the longevity bonus phase-out did not result in distinguishing between long-term residents and newcomers because the element of age also restricts eligibility under that program. This is not true of the permanent fund dividend program. So, even if the reasoning in the Maggard case is correct as to the longevity bonus program, it is not clear that the same result would be arrived at if applied to the permanent fund dividend program. Furthermore, while it can be persuasively urged that the state has a legitimate interest in protecting the "expectation rights" of older residents who may have made significant choices based on the belief that they would receive longevity bonus payments indefinitely, a similar argument is much less compelling when applied to the permanent fund dividend program, available as it is to all residents, even tiny children who could not have formed an expectation of receiving dividends indefinitely. Recall, also, that the Maggard decision, being a lower court ruling, has no precedential value.

TBC:med  
04-165.med

**Excerpt from the 1976 Official Election Pamphlet**  
**The official statement made supporting Proposition No. 2**  
**Should a Constitutional Amendment be approved creating the Permanent Fund?**

**Statement in Favor of Proposition No. 2**  
**Alaskans Should Strongly Support the Establishment of a Permanent Fund**

Just as a wise and prudent family sets aside money in a savings account for the future, so should Alaska's state government set aside a rainy day fund to benefit this and future generations of Alaskans. In a "Permanent Fund" you—the voter—can prevent a major source of income from being doled out for day-to-day needs or desires of state government by placing up to 25% of all revenue generated from non-renewable resources such as mineral leases, rentals, royalties and federal mineral revenue sharing payments and bonuses into such a fund.

In recent years the state legislature has been spending \$2.00 for every \$1.00 taken in. Authorities estimate that if the present rate of spending continues, Alaska will require a budget in excess of one billion dollars by or before 1980. Establishment of this "Permanent Fund" will provide for the use of the principal for the *income-producing investments only* and provide a businesslike approach of permitting the State to meet countless community needs.

Today, as the result of anticipated oil and gas revenues, Alaska stands on the brink of unprecedented propriety. No one, but no one, argues that these non-renewable resources will last but for a few decades. Similarly, no one should fail to recognize that in those years ahead the cost state government will continue to spiral upwards. Now is the time to ask ourselves the question: "When the oil and gas is depleted, where will the funds to feed our giant government come from?" The answer is: "The Permanent Fund".

While it is to be hoped that such a fund may contribute to cutting cost or, at least, holding the line on state spending, its major value would be that it would require our elected officials to pause, reflect and research, any proposal before blindly authorizing expenditure of taxpayers monies. This would provide needed time for the press and the public to also be aware of the pending project and its merit, instead of being out of public view and hidden in the spending pattern of normal day-to-day operations. Projects invested in with sources from the "Permanent Fund" could help broaden Alaska's narrow based economy and bring more stability to our State.

We would caution the public that while a "Permanent Fund" could provide a tool for accomplishing real needs for community improvements, it will, in the final analysis, not replace our collective responsibility to elect state administrators and legislators who will use the same reason and restraint in spending the public money as they would their own funds.

Establishment of a "Permanent Fund" is an exciting concept and when approved and properly used can serve long and well the best public interest of Alaskans.

**VOTE "FOR"**  
**THE ESTABLISHMENT OF A "PERMANENT FUND"**

**Alaska State Chamber of Commerce**

## Tax Brackets—2003 Taxable Income

Joint return	Single taxpayer	Rate
\$0-\$14,000	\$0-\$7,000	10.0%
14,000-56,800	7,000-28,400	15.0
56,800-114,650	28,400-68,800	25.0
114,650-174,750	68,800-143,500	28.0
174,750-311,950	143,500-311,950	33.0
311,950 and up	311,950 and up	35.0

Source: Tax Foundation.

**Subject:** hjr31

**Date:** Sat, 7 Feb 2004 12:20:15 -0900

**From:** "Dale Diviney" <ddiviney@wildak.net>

**To:** <Representative\_Jim\_Holm@legis.state.ak.us>

Hello Jim:

I think your PFD bill should include a provision to protect the kid's money. I would not vote for this if the parents were able to spend anyone's money but their own. This way this would be a big boost to the economy for years to come, and a way for kids who want to go to college a way to pay for it. It would also show our youth how money grows when it is saved.

Also I tried to use the POM System on line but it would not recognize me, a voter in the state for since about 1969.

Thank you  
William Diviney

**Subject: PFD**

**Date: Fri, 6 Feb 2004 23:10:45 -0900 (AKST)**

**From: annapanin@webtv.net (Ann Thompson)**

**To: Representative\_Jim\_Holm@legis.state.ak.us**

I just read the Nome Nugget (jan. 29) about your suggestion. I no longer live there but occasionally read it on line. I don't recall the ADN publishing anything pertaining to this suggestion. I think your idea is great. We have too many migrants in and out of her benefiting from the PFD and get it illegally after their departure. Aliens also that bring there families here that get it. I was shocked when I applied for mine this year and saw at the bottom ALIENS. I guess After all these years it was the first time I noticed it. Let's do it your way and watch the exodus. Better yet stop all new applications after this year even new births in Alaska. They could tax everything except food and medicine. I don't know of any other state taxing food except in restaurants. I don't know where Murkowski got the idea to tax food...

Stop all the travel from Juneau that isn't necessary. Move the capitol up here build housing for rep. that commute. nothing fancy let them live moderate while they do their job. Build a modest house for the gov. He and others have their permanent residence. Taking the longevity bonus from our seniors has hurt them. I could complain forever but you go wth your idea Rep. Holm You'll get my vote.  
Ann Thompson

**Subject: PFD Payout**

**Date: Thu, 5 Feb 2004 12:05:21 -0800**

**From: tomkat@alaska.com**

**To: Representative\_Jim\_Holm@legis.state.ak.us**

Email For: Representative Jim Holm

From: tomkat@alaska.com

Name: Kate Hamilton

Street: 6406 Carlos Court

City: Anchorage

Zip Code: 99504

Subject: PFD Payout

Dear Rep. Holm,

I really like your plan for ballancing the state budget by offering a one time payout of the PFD. How can I get involved to get this bill passed?

Sincerely,  
Kate Hamilton

Please Add My Email Address to your distribution list. Thank You.

**Subject: Support for Proposed Permanent Fund Buyout**

**Date:** Thu, 5 Feb 2004 09:41:51 -0900

**From:** "Hunt, Carol L." <HuntCL@alyeska-pipeline.com>

**To:** "Representative\_Jim\_Holm@legis.state.ak.us" <Representative\_Jim\_Holm@legis.state.ak.us>

Dear Sir,

I heard that you are backing the bill proposing the buy out of the PFD, and using the funds for government. I have been trying to push support for this idea forward, and am so very excited to hear that someone in government is also thinking that way. Working for Alyeska and living in Fairbanks, I've talked with quite a few people (ages 40 and up) that are also in support of this proposal. I feel that this is not only the best for State government, but also this will assist our seniors in planning and completion of final arrangements, plus assist in supplementing social security.

Thank you again, and please let me know how I can be of assistance.

Carol Hunt  
2751 Silver St.  
North Pole, AK 99705  
dumiss@alaska.net

Carol Hunt  
Environment Department  
Records & Documentation Coord.  
MS 814  
Phone: (907) 450-7848  
Fax: (907) 450-5579  
Email: HuntCL@alyeska-pipeline.com

**Subject: Support for PF Plan**

**Date: Wed, 04 Feb 2004 18:53:12 -0900**

**From: Terry and Marie <braves@gci.net>**

**To: Representative\_Jim\_Holm@legis.state.ak.us**

We just wanted to send a note voicing our support for your permanent fund plan. One payout to those eligible then use it to support our state in the future. We think you could receive a lot of votes from the people for this plan if it went to vote. Most people would prefer one payout instead of increasingly smaller annual payouts. It appears to be a win-win for individuals and state services. Thanks and Good luck -  
Terry and Marie Osborne

Great job!!!

**Subject: Great job!!!**

**Date:** Mon, 02 Feb 2004 11:26:43 -0900

**From:** Richard Zelinsky <zelinsky@gci.net>

**To:** Representative\_Jim\_Holm@legis.state.ak.us

Dear Representative Holm:

Thank you for all of your hard work. You probably feel like your job isn't worth all the stress and negative criticism that you receive. However, you *are* doing a great job.

I really am happy that you are working towards using a portion of the Dividend to pay for our government services. Please continue to do what's right and make a difference in this area!! Don't give up!! We can cut the dividend to \$500 a year/person and the rest should go for government.

Please, please do whatever you can to add \$26 million in funding to the Anchorage City School budget for next year. Carol Comeau and the Anchorage School District have been working hard at making their school district an excellent place for students. I speak for a family of five, and we feel the education quality is the top sign of what kind of place Alaska is. Don't let them dismantle their district when they need your help. Funding must increase!!

You can set a great example by doing what is right in these areas.

Good luck, and thank you again for your many, many efforts.

Sincerely,

Richard Zelinsky  
Anchorage, Alaska

**Subject: PFD**

**Date: Mon, 02 Feb 2004 09:56:47 -0900**

**From: Michael C Martin <mmartin1@gci.net>**

**To: Representative\_Jim\_Holm@legis.state.ak.us**

Mr. Holm

My name is Michael Martin and I have lived in Fairbanks 50 of my 51 years. I am interested in more information on your proposal on the permanent fund payout. I do not believe that in five years we will still be getting a PFD check from the state so I am all for the payout.

Where can I get more info or how can I track the progress of this proposal?

Thank you for your time

Mike Martin

**Subject:** PFD

**Date:** Fri, 30 Jan 2004 15:52:19 EST

**From:** Jimyd55@aol.com

**To:** Representative\_Jim\_Holm@legis.state.ak.us

I saw an article on your idea to make one large payout to each Alaskan instead of yearly payment, this is an idea that I and most of my friends would support. My name is Jim Davis and have lived in Alaska for 30 plus years and I believe that this would solve many of the states problems let alone the boom it could bring to Alaskan themselves, Thank you for your time and your forward thinking

**Subject: More Money For Education**

**Date:** Thu, 29 Jan 2004 21:23:29 -0900

**From:** "Kimberley Garner" <garner@ptialaska.net>

**To:** <Senator\_Johnny\_Ellis@legis.state.ak.us>, <Senator\_Bettye\_Davis@legis.state.ak.us>, <Senator\_Fred\_Dyson@legis.state.ak.us>, <Senator\_Con\_Bunde@legis.state.ak.us>, <Senator\_Kim\_Elton@legis.state.ak.us>, <Senator\_Hollis\_French@legis.state.ak.us>, <Senator\_Lyda\_Green@legis.state.ak.us>, <Senator\_John\_Cowdery@legis.state.ak.us>, <Senator\_Gretchen\_Guess@legis.state.ak.us>, <Senator\_Lyman\_Hoffman@legis.state.ak.us>, <Senator\_Georgianna\_Lincoln@legis.state.ak.us>, <Senator\_Scott\_Ogan@legis.state.ak.us>, <Senator\_Donny\_Olson@legis.state.ak.us>, <Senator\_Ralph\_Seekins@legis.state.ak.us>, <Senator\_Bert\_Stedman@legis.state.ak.us>, <Senator\_Ben\_Stevens@legis.state.ak.us>, <Senator\_Gary\_Stevens@legis.state.ak.us>, <Senator\_Gene\_Therriault@legis.state.ak.us>, <Senator\_Thomas\_Wagoner@legis.state.ak.us>, <Senator\_Gary\_Wilken@legis.state.ak.us>, <Representative\_Tom\_Anderson@legis.state.ak.us>, <Representative\_Ethan\_Berkowitz@legis.state.ak.us>, <Representative\_Mike\_Chenault@legis.state.ak.us>, <Representative\_Sharon\_Cissna@legis.state.ak.us>, <Representative\_John\_Coghill@legis.state.ak.us>, <Representative\_Harry\_Crawford@legis.state.ak.us>, <Representative\_Eric\_Croft@legis.state.ak.us>, <Representative\_Nancy\_Dahlstrom@legis.state.ak.us>, <Representative\_Hugh\_Fate@legis.state.ak.us>, <Representative\_Richard\_Foster@legis.state.ak.us>, <Representative\_Les\_Gara@legis.state.ak.us>, <Representative\_Carl\_Gatto@legis.state.ak.us>, <Representative\_Max\_Gruenberg@legis.state.ak.us>, <Representative\_David\_Guttenberg@legis.state.ak.us>, <Representative\_John\_Harris@legis.state.ak.us>, <Representative\_Mike\_Hawker@legis.state.ak.us>, <Representative\_Cheryll\_Heinze@legis.state.ak.us>, <Representative\_Jim\_Holm@legis.state.ak.us>, <Representative\_Reggie\_Joule@legis.state.ak.us>, <Representative\_Mary\_Kapsner@legis.state.ak.us>, <Rep\_Beth\_Kerttula@legis.state.ak.us>, <Representative\_Vic\_Kohring@legis.state.ak.us>, <Representative\_Pete\_Kott@legis.state.ak.us>, <Representative\_Bob\_Lynn@legis.state.ak.us>, <Representative\_Beverly\_Masek@legis.state.ak.us>, <Representative\_Lesil\_McGuire@legis.state.ak.us>, <Representative\_Kevin\_Meyer@legis.state.ak.us>, <Representative\_Carl\_Morgan@legis.state.ak.us>, <Representative\_Carl\_Moses@legis.state.ak.us>, <Representative\_Dan\_Ogg@legis.state.ak.us>, <Representative\_Norman\_Rokeberg@legis.state.ak.us>, <Representative\_Ralph\_Samuels@legis.state.ak.us>, <Representative\_Paul\_Seaton@legis.state.ak.us>, <Representative\_Nick\_Stepovich@legis.state.ak.us>, <Representative\_Bruce\_Weyhrauch@legis.state.ak.us>, <Representative\_Bill\_Williams@legis.state.ak.us>, <Representative\_Peggy\_Wilson@legis.state.ak.us>, <Representative\_Kelly\_Wolf@legis.state.ak.us>

<Representative\_Bill\_Stoltze@legis.state.ak.us>

Honorable members of the Senate and Legislature,

The amount of money that has recently been slashed from Alaska's education budget is unacceptable. I and many of my associates would vote in favor of allowing the state to use a portion of the pfd in order to help fund such essential services as police, fire and education. Thank you for your consideration.

V/R  
Kimberley Garner

**Subject: Dividend usage**

**Date:** Wed, 28 Jan 2004 10:57:03 -0900

**From:** Keven Mader <kevin\_mader@dot.state.ak.us>

**To:** Jim Holm <representative\_jim\_holm@legis.state.ak.us>

Rep Jim Holm.

I have lived in this state for almost 14 years now. The state is in need of money to help pay for state services and maintenance. I wish the state would open ANWR and get the gas pipeline going, but until then we are still hurting because this would take years to get into place. I have read info your in favor of cashing out the dividend, 50 % to the state and 50 % to the individual. I'm in favor of this not to get my hands on money but for many reasons. One to improve the states budget gap. Next to help ones in need of money from dead beat fathers or mothers. Also the state can collect on criminal warrants or traffic warrants owed to them. New developments the state could put into place for economic growth. Also, collage money I could put away for my children who might stay in state and lead the next generation for our great State of Alaska

Thank You

Kevin Mader.

**Subject: Dividend****Date: Wed, 28 Jan 2004 10:53:52 -0900****From: "Julie Jo Johnson" <moo4me@hotmail.com>****To: Representative\_Jim\_Holm@legis.state.ak.us**

Representative Holm;

Having been reading the News Miner (not the most accurate source of news around, granted) and talking with my family and peers, (again, accuracy notwithstanding) I have become rather confused about this "one big dividend" plan that you have been credited with coming up with. Am I correct in understanding that with your plan, everyone eligible for the 2004 dividend will receive a large payout, around 20,000 dollars, and then the dividend program as we know it will cease to exist? In theory, I can see wonderful things happening as a result were that to happen. My issues arise from current abuses already being perpetrated against the Permanent Fund. I do not know ONE SINGLE PERSON in Alaska who does not know at least one person who improperly receives a dividend. I include the criminal element, the deadbeat parents, the truly fraudulent "part-time" Alaskans who haven't even SEEN snow in the past 10 years except on television. And lest I forget...the military. I, sir, am a fifth generation Alaskan, very grateful to the military for their presence here in the Fairbanks area and the contributions to our local economy. I myself work for a military contractor, on Eielson. In the scope of my job, I run across people EVERY DAY who buy all of their groceries on base, buy and register their cars out of state, mail order anything they cannot purchase on the base or get a military discount for in town. These people vocally disparage the isolation of our great state, they count the days until they are sent to greener pastures, and they feel they have EARNED that dividend. They feel like their time here is like jail, they care nothing for our community or the people in it. One gentleman stationed here had the nerve to tell me at dividend time this past year that it was the 3rd year in a row that his dividend and those of his entire family (wife and 4 kids) were going towards the purchase of property in another state, that he couldn't WAIT to leave here in 2005, and that the dividend would be the only thing he missed. THESE 6 PEOPLE ARE GOING TO EACH GET 20 GRAND? Oh, no no no! Do I believe the military as a whole should be excluded from this payout? You bet. The cost of living for a military family in Alaska is considerably less than that of a civilian, regardless of where the "home of record" is. Another thing about this plan that disturbs me is the federal government getting a big chunk of everybody's cash. That, coupled with the fear of a mass exodus (all of those people who have been wanting to leave Alaska but could never afford to) and the resultant economic "boom-bust" make me very hesitant, and I must say that having known you personally for many years and respecting you as I do, it's difficult for me to not agree with you wholly on something. I trust your judgement to a fault, and I KNOW there must be something I am not understanding here. I would ask you "Why one large payout rather than 4 medium sized ones over the next few years?" or "Why mess with the dividend at all?" I realize that you are very busy and the LAST thing you have time for is explaining yourself to some ignorant blonde chick in North Pole, but I really want to understand this plan and the benefits that it will provide myself and my loved ones with, now and in the future. I look forward to a response from your office soon.

Sincerely,  
Julie Jo Johnson,  
North Pole

---

Find high-speed 'net deals - comparison-shop your local providers here.  
<https://broadband.msn.com>

**Subject:** Alaska Permanent Fund

**Date:** Tue, 27 Jan 2004 21:57:58 -0900

**From:** carla kusmider <kusy@mtaonline.net>

**To:** Representative\_Jim\_Holm@legis.state.ak.us

Hi,

I TOTALLY agree with you on the Alaska Permanent Fund. I have been raised/lived in Alaska since 1965.

I really hope to see the day the Alaska Permanent Fund will be handed out in big checks to everyone and use the remains for the State of Alaska. PLEASE...don't give up on this idea. I believe it is mostly the newer Alaskans that want to make sure they are in on the money and they think they will get more if it stays the same. I can vouch that since the first payout, which I did receive and every year after that; totals up around 20,000. Again that is 20 years worth. These people are (bluntly) stupid if they think the Dividend is going to last forever and that they will get rich off it. I really have my doubts on that. I would LOVE to see a Final big check in my hands. IF I could, I would sign off my share. I FAVOR the pay out. Not only because of the money, but I would like to see how many Alaskans really do love Alaska and would remain if the Dividend was gone. No more talk about it and the State could use the money. Especially for the Schools!!!

I have heard from the Alaskans that don't like this idea, but...if it was \$50,000.00 per Alaskan they told me they would really consider it. Me, personally, I would like to see any final payout to get it done and over with. My parents raised their kids here with NO monies and they did fine. I personally believe THEY were here in the 60's and 70's and 80's but the time the Dividend started, they already raised us. They had no extra help with raising their family. Soooo WHY should the new comers have the Glory of it all when they wasn't here during the hardships and slope working days like my family was ...who never had it easy like the new people have. Don't make sense to me.

I thought the Zobels wrecked the Alaskan ways with the Dividend. Gov. Jay Hammond was correct. He was thinking of the future with the older Alaskans. Payouts depending on years of residency. It is definately MORE fair than the way it turned out. Now the unfairness is to the older Alaskans who didn't have the Glories of the Dividend to help support their families.

But...in my heart...the people working and making it happen back then...regardless if they didn't receive monies to help thier familys in the days it was all forming and happening..are the REAL ALASKANS.

Thanks for bringing up the payout. I will vote for it if it comes to it.

Sincerely,

Carla Kusmider  
kusy@mtaonline.net

One-time dividend

**Subject: One-time dividend**

**Date:** Tue, 27 Jan 2004 21:43:59 -0900

**From:** "Mike & Jody Starkey" <starkey@mosquionet.com>

**To:** <Representative\_Jim\_Holm@legis.state.ak.us>

I urge you to reconsider your proposed one time dividend payout. While \$15,000 (after taxes) may be nice for those of us who receive it, I believe it flies in the face of the original intent of the dividend program. Future generations have a right to continue to share in the profits from the state's natural resources. I believe those who support the one time payout are selfish and greedy. I further believe that once the citizens of Alaska no longer have a vested interest in the permanent fund they will stop paying attention to what is being done with their money and the government will soon squander it all. Of course, we all know that is exactly what politicians want. That's why every year there is a new scheme to raid the fund.

Sincerely,  
Mike Starkey  
North Pole

**Subject: PF Bill**

**Date:** Tue, 27 Jan 2004 16:49:22 -0900

**From:** "KM Cozby" <dustin@gustavus.ak.us>

**To:** <Representative\_Jim\_Holm@legis.state.ak.us>

Representative Holm-

I heard a blip on the radio news last week, I live in bush Alaska and do not hear or read a lot of media. It talked about a bill you are sponsoring promoting a one time payout and then turning the fund over to the state? It sounds like it is before the ways and means for framing. My questions are is this true, do you think it has any teeth, and where can I find more information on it? Also would this ultimately have to be put before the people for a vote? What are the chances of framing it where you would have a choice, either a one time payout or continue yearly checks. Any information on this would be appreciated.

Sincerely, Keith Cozby

e-mail [dustin@gustavus.ak.us](mailto:dustin@gustavus.ak.us)

**Subject: One time pay out**

**Date: Tue, 27 Jan 2004 12:39:11 -0900**

**From: John Libertini <John\_Libertini@dot.state.ak.us>**

**To: Jim Holm <representative\_jim\_holm@legis.state.ak.us>**

Jim:

I think you have a great idea... It's time to get rid of the fund as we now know it and start supplementing the State's budget. Alaska is turning into a welfare state, people are immigrating at an alarming rate, just for the dividendo check. If you did some research you would find many families with up to 15 individuals living in one house. Not only are they coming from the lower 48 but many are coming from outside our borders. As you stated in your article, Child support would have a great day. As a father of two I know what it would mean for all those single mom's out there, who are fighting their dead beat counterpart for support of their children. It would be nice to see them pay up. As for me and many others, we could start our own fund and by the time my two are ready for a higher education, the money would be there. Thanks again for your aggressive thinking.

John Libertini

One time payout

**Subject: One time payout**

**Date: Mon, 26 Jan 2004 23:03:08 -0900**

**From: Will & Dione <mulva@gci.net>**

**To: Representative\_Jim\_Holm@legis.state.ak.us**

Dear Mr. Holm,

I know you are a busy man, so I will not waste any more of your time than necessary. I'm not sure how many of these types of emails you receive, but I just wanted to put in my two cents worth about what you brought up late last week concerning the one time giant dividend payouts. This was brought up once before a few years ago and most everyone I talked back then, and right now would not only support it, but LOVE IT!!! So many people could get out of debt, maybe move to a better neighborhood, buy a better car, or get the Internal Revenue Service off there back. Not to mention all the back child support or student loans collected through garnashes. I would bet my life on the fact that if this was put to a statewide vote, it would pass easily. PLEASE do not give up on this. Thanks so much for your time

Sincerely,

Will Stuart  
Anchorage

**Subject: Permanent Fund Payout**

**Date:** Mon, 26 Jan 2004 12:32:09 -0900

**From:** "Finley, Warren" <WFinley@borough.kenai.ak.us>

**To:** "Representative\_Jim\_Holm@legis.state.ak.us" <Representative\_Jim\_Holm@legis.state.ak.us>

Dear Representative Holm:

Thanks for a little common sense in this whole mess. To turn over the permanent fund to the legislature is ludicrous. We both know that once the fund is tapped it will be used until gone. Granted we do have a budget crisis and we need to decide if further generations need a token yearly payout. However, your plan will insure that those who getting a dividend will continue to get one if they invest and it will continue to grow. Something will have to give or we will lose our dividend completely. Not to mention the money windfall for the State and the far reaching effects that your payout would have. Please keep fighting for it.....Thanks Warren Finley

**Subject: PFD**

**Date:** Mon, 26 Jan 2004 09:12:02 -0900

**From:** sam and kellie <canoeadv@alaska.com>

**To:** Representative\_Jim\_Holm@legis.state.ak.us

My husband and I read the proposal in Sundays newspaper. We would be happy if the PFD was settled once and for all. We are tired of hearing how badly the states needs our PFD's and would love to take the pay off and be done with it once and for all.

We realize there was some good points brought up about those on assistance ect. However, I am sure there are solutions to work around these problems. It would be a good thing for many.

It was brought up that people would leave Alaska. It is not the PFD's that causes people to stay here in AK. The small amount of income the fund has provided is not much of incentive make people stay here. We live here because we love this state. For those who plan to leave--let them go!! They would eventually go either way. This topic has come up often in our circle of family and friends. We've all agreed that we would purchase land, homes, pay off debts and open retirement funds. If we had a lump sum that is exactly what ALL of us said we would do. It would provide security for us to stay here in Alaska.

We are all for it.

Sam and Kellie Munk Kenai AK

We vote--LET'S DO IT ONCE AND FOR ALL !!!

Sam and Kellie Munk Kenai AK

**Subject: PFD****Date:** Sun, 25 Jan 2004 21:11:04 -0900**From:** "Freeman Family" <freeman@mtaonline.net>**To:** <Representative\_Jim\_Holm@legis.state.ak.us>

I am interested in the recent proposal to "buy out" the dividend. I agree. Since the late 80's (and I admit that's not long after we started getting checks), I have thought this might be good for everyone. If people could have invested back then in homes, stock, bonds, etc, they might be better off right now. My husband and I ended up leaving in the oil crash of the mid-80's just so we could find jobs to feed our kids. if we had the money before then, we would have stayed. As it was, we didn't get back to our home state for 3 years.

I also think if you were to raise the amount by five or ten thousand per person, you would have an easier time getting the constituents to ok this "buy-out." People want to be able to do more with it than pay a few bills. Once the bills are paid, the money is gone, and a small sum doesn't bring much income when invested. Larger sums would be more likely to be sunk back into this economy be people paying off their homes or buying their first homes.

Thank you for your time.

Karen Freeman  
[freeman@mtaonline.net](mailto:freeman@mtaonline.net)

**Subject: PFD Buy Out**

**Date: Sun, 25 Jan 2004 21:12:57 -0800**

**From: freeman@mtaonline.net**

**To: Representative\_Jim\_Holm@legis.state.ak.us**

Email For: Representative Jim Holm

From: freeman@mtaonline.net

Name: Bryan K. Freeman

Street: 4625 S. Navigators Circle

City: Wasilla

Zip Code: 99654

Subject: PFD Buy Out

Sir, your recent proposal to \"buy out\" the dividend is perfect. The only problem is all the people that I am in contact with and there are literally hundreds a day, prefer 30-50 thousand buy outs. I think if you were to boost the buy out by 5-10 thousand per dividend then you would have no problem selling your proposal to the public. 20 thousand is not a large sum now days. 25 is much better and anywhere between 30 and 50 thousand \"take home.\" You would be assured to have my vote. But 20 thousand would barely dent my debt and as an investment is not going to present a resonable return.

Please consider a higher number. Because the pay out will be one time, but your income for the government will be forever, as long as there is oil.

Bryan K. Freeman

freeman@mtaonline.net

Please Add My Email Address to your distribution list. Thank You.

**Subject: Alaska Permanent Fund idea**

**Date: Sun, 25 Jan 2004 18:52:06 -0900**

**From: Gigi Pilcher <warriorwoman@kpunet.net>**

**To: Representative\_Jim\_Holm@legis.state.ak.us**

Dear Rep. Holm,

I read with interest about your proposal on the Alaska Permanent Fund. It has merit.

My son was born and raised in Alaska. He graduated from the Alaska National Guard Youth Challenge Corps (now called Alaska Military Academy) in 1996.

On April 30, 1996, my son's 17th birthday, we signed permission for him to enlist in the U.S. Marine Corps. He left for boot camp on June 3, 1996 from Anchorage, Alaska.

Since that time, my son has proudly served our country. He retained his Alaska residency and comes home every chance he gets.

This year, he served our country at war in Iraq. Before he left for Iraq and the war in March, he came home to Alaska for ten days.

He came home from Iraq in September and spent two weeks home in Alaska over the holidays.

Each year he has received his permanent fund check although each year he has to jump through many hoops to get it.

However, because he remains in the U.S. Marine Corps, in 2006 he will no longer be able to get his permanent fund check.

According to the law.....after ten years out of Alaska you loose it.....no matter your reason for being gone or how many times you come home and even if you plan on retiring here after your service is done. My son hopes to return to Alaska when he is 37 (he will have 20 years of service ) and join the Alaska State Troopers.

If your plan regarding the permanent fund comes through, my son would still be able to get his share and use it to buy land to build his home on.

Good luck to you,

Gigi Pilcher

Ketchikan

**Subject: "Permenent Fund"**

**Date:** Sat, 24 Jan 2004 14:17:40 -0800

**From:** clarkmf <clarkmf@plu.edu>

**To:** Representative\_Jim\_Holm@legis.state.ak.us

TO Mr. Jim Holm,

You should run for the Senate! I can't tell you how happy I am with your proposal concerning the permanent fund. I am a college student attending Pacific Lutheran University... I need an insentive to come back to my home state. I plan on going into education ... and my feeling is that our state is not able to fund the rural schools very efficiently here in the last decade. The incentive for me to come back.. would be the assurance that the state would have more money to work with concerning education... perhaps that higher salaries, nicer schools, and happier people. There are plenty of down sides to a lump sum payment... but I'll take it. If there is anything I can do to push this thing through.., please let me know. Sincerely, Michael Clark

**Subject: PFD Buyout**

**Date:** Sat, 24 Jan 2004 12:45:24 -0900

**From:** Jerry J <muldoon1@gci.net>

**To:** Representative\_Jim\_Holm@legis.state.ak.us

I support this idea. Let's make it a reality.

Gerald Johnston  
262 Melody Place  
Anchorage, AK 99504

**Subject:** pdf

**Date:** Sat, 24 Jan 2004 13:14:27 -0800

**From:** kwilsonalaska@hotmail.com

**To:** Representative\_Jim\_Holm@legis.state.ak.us

Email For: Representative Jim Holm

From: kwilsonalaska@hotmail.com

Name: Kathy Wilson

Street: 2019 Capitol Ave

City: Fairbanks

Zip Code: 99709

Subject: pdf

I support your proposal. I feel that one way or the other the government of Alaska will use the money eventually anyway. My husband has been ill and has not been able to work for over 4 years. He is young and appears well, however, no one believes us. We have applied for social security disability to no avail. I for one do not believe the system is there to help us, although it is supposed to. All we have come up against anywhere is brick walls.

We are sinking here and it would certainly help us. We love Alaska and have been here over 20 years.

Another aspect that might attract attention is to offer the onetime payout to those of us that want to opt out of the yearly dividend and let us take the onetime payment. It would be easy.

We have contacted senators, previous government employees, and state offices. No one can help us, they say. I believe no one is interested in really pursuing the issues of my husband's illnesses. It won't benefit them.

By the way, my son Matthew is friends with Austin and we LOVE your greenhouse. Marcia was my son William's kindergarten teacher and he still talks about her. Have a great year.

Please Add My Email Address to your distribution list. Thank You.

10/2/2003

wilderness. Izembek Lagoon hosts virtually all the Pacific Coast population of Brant geese part of the year because it has the Pacific coast's largest eel grass beds. Large numbers of threatened Steller's eiders, emperor geese and many other waterfowl and shorebirds also use this vital area.

A road connecting Cold Bay and King Cove should not be considered. Road proponents spuriously claim it is a medical necessity to be able to drive from King Cove to Cold Bay, which is served by larger aircraft to Anchorage. However, blizzards and flooding sometimes would make this proposed road impassible.

The most logical and economical approach to handling medical evacuations from King Cove is construction of a 5.6-mile road to a landing facility at Lenard Harbor and the use of a helicopter, hovercraft or ferry to Cold Bay. This alternative would cost much less than to build and maintain a 33.5-mile road to Cold Bay, and it would not violate Izembek National Wildlife Refuge.

If King Cove residents want a road for additional access for hunting, fishing and other recreational or economic reasons, they should build and maintain it on their own lands at their expense.

-- Edgar Bailey

Homer

**State should do one-time payout and then use fund for government**

I have been reading about sales taxes, income taxes, slashing vital programs, lower oil revenues, raiding the Permanent Fund and budget deficits.

A few years ago, former Sen. Jerry Mackie introduced what was called "The Mackie Plan." At that time, some people thought his idea was crazy! We now know that he was about four years ahead of his time on this one and that he was right! From all indications, the dividend will soon be gone. His plan was simple and easy to understand. It should receive a vote of the people.

The Mackie plan would pay a final, one-time Permanent Fund dividend of \$25,000 to each eligible Alaska resident. At this year's dividend amount, this would equal about 22 years' worth of dividends in advance. The Permanent Fund would then end. The Constitutional Budget Reserve would then be added to the remaining balance of the fund and it would continue to be managed by the Permanent Fund Corp. The principal of the fund would never be spent. Continued deposits of oil revenues and inflation proofing would ensure that the fund would grow every year. Using just the earnings of the fund would be more than enough to balance the budget on an annual basis. Forget about taxing everyone out of existence or stealing the dividend. Put it on the ballot, and the let the people vote!

-- Patricia Lewis

907-373-4020

Wasilla

possible testimony to plan

**Jerry Mackie, I laughed at your plan too early. Can we get it back?**

Dear Jerry Mackie Plan: I'm sorry I laughed at you. I want you back.

-- Curtis Smith

Anchorage

*No Curtis Smith listed  
million C. Smith's*

[Contact ADN](#) | [Forms](#) | [Subscriptions](#) | [Advertising](#) | [Sister Sites](#)  
[Daily News Jobs](#) | [ADN History](#) | [ADN Store](#) | [Newspapers in Education](#)



McClatchy Company Privacy Policy

For Alaska travel information and services, visit [ALASKA.com](http://ALASKA.com)

Copyright © 2003 The Anchorage Daily News

**Subject: Opinion on PFD Plan**

**Date:** Wed, 12 Nov 2003 14:55:33 -0900

**From:** "Jim Dube" <dube\_jim@hotmail.com>

**To:** Representative\_Jim\_Holm@legis.state.ak.us

Sir-

I read in the paper that you are proposing a PFD payout similar to the one that was proposed a few years ago. I wanted to let you know that as an Alaskan resident I am in favor of your plan, although I'm curious how the \$16,000 was arrived at. I'm assuming it's the downturn in the stock market and the lower value of the stocks today than a few years ago. If I understand correctly, the state general fund would receive it's own sort of "dividend" in the form of interest on what's left of the principal. I think this would be a great way to help solve the deficit, while giving the alaskan economy a shot in the arm. This would give the average citizen a chance to start a business, buy a house, or invest in their childrens' education.

Sincerely,  
Jim Dube  
Anderson, AK

---

MSN Shopping upgraded for the holidays! Snappier product search...  
<http://shopping.msn.com>

**Subject: Jim Holm Budget Proposal**

**Date: Sun, 9 Nov 2003 10:38:21 -0800 (PST)**

**From: "C. Vincent Shortt" <inntv@yahoo.com>**

**To: barbara\_cotting@legis.state.ak.us**

Bravo! Please pass along my personal appreciation for Jim's work on the pending one time PDF payout....and my support for his efforts. It is the right idea at the right time...and you can count on the support of this Fairbanks household...100%. Best Wishes, C. Vincent Shortt, inntv@yahoo.com

**C. Vincent Shortt, Author, Columnist, Keynoter-NATPE, IFW/TWA, NATJA, IFA. President, Shortt Stories TV, Senior Editor, Shortt Trips, LLC, Executive Producer, Alaska Magazine TV, Historic Hotels of America, Great Country Inns, Inn Country USA, The 1840 Carolina Village. T: 907-452-3232, F: 907-452-3229 E: inntv@yahoo.com  
P.O. Box 84628, Fairbanks, Alaska 99708..1391 Ridgpointe Drive, Fairbanks, Alaska 99709.  
**GOOGLE.COM enter C. Vincent Shortt****

Matt:  
For your file.

**Subject: Permanent Fund Dividend**

**Date:** Thu, 20 Nov 2003 20:13:16 -0900

**From:** Bill & Jeannette Joosse <bjoosse@gci.net>

**To:** Representative\_Jim\_Holm@legis.state.ak.us

>From what I have read I would support your imitative for a \$16,000 permanent fund dividend one time payment for all Alaskans. However, I strongly believe that for all citizens under the age of 18, the payment should be kept in escrow by the State until the individual reaches the age of 18. The State could offset the administrative fee for handling these escrows from the interest they would earn. I think it is unfair to the children of Alaska that many of the parents squander the child's dividend earnings. In fact, if we continue on with the current dividend payout program, an initiative to establish an escrow account for children under 18 would be a very noble action to take.

Thank you for letting me voice my opinion.

Sincerely - a registered voter

Jeannette Joosse  
125 Charles St  
Fairbanks AK 99701

*file*

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

file [ other perm fund ideas ]

**Jim Holm**

**From:** "Tomsha" <musicmrt@mosquionet.com>  
**To:** <holmtownnursery@gci.net>  
**Sent:** Wednesday, November 12, 2003 1:37 PM  
**Attach:** header.htm  
**Subject:** Letter to JIM

Jim Holm  
PO Box 71565  
Fairbanks Ak. 99701

November 9, 2003

Hi Jim,

This correspondence is in regards to the conversation we had this afternoon. appreciate your return call and hope you succeed in finding ways to close and/or fill the state financial gap.

In regards to a budget alternative, these are a few ideas that should be considered. These ideas could solve this grave problem by utilizing our permanent fund. Alaskan voters must answer this question.

Is this plan the most beneficial to the citizens of Alaska?

Here are the main points of my assertion:

- 1) Payout 1/2 of the permanent fund to all Alaskans.
- 2) Keep the PFD program in place.
- 3) Access to the fund by the state would be granted only as a loan/bond.

My reasoning in regards to the three main points of this are as follows:

- 1) For Alaskans to vote for a payout, which then enables the state to borrow from the fund, a dividend of this amount is certainly enough to get the vote passed, I believe with a high majority.
- 2) By keeping the PFD programs in place we all will see future benefits, as I believe the fund will continue to grow.
- 3) By issuing a bond between the state and the PFD program, we are then only financing our government with payback scheduled. I believe we have no way to lose because of the fact that our natural resources will be tapped in the very future.

In closing, I will spare you most rhetoric. However, I think there are representatives, such as yourself, who understand the direction the state should take to relieve it of its fiscal responsibilities. I sincerely hope you grasp what Alaskans think!!

I sincerely thank you for considering all avenues which may lead to the security of knowing that not only us, but our children may enjoy our substantial freedoms

Sincerely,

**Subject:** pdf proposal

**Date:** Sat, 8 Nov 2003 10:45:14 -0900

**From:** "Margaret Prater" <margaret@acsalaska.net>

**To:** <Representative\_Jim\_Holm@legis.state.ak.us>

Mr. Holm,

I read about your proposed change to the permanent fund. I don't know all of the details or the federal tax ramifications of this, but initially it sounds like a good idea to me. It makes no sense to me to have billions of dollars in reserve and not be able to fund our universities without creating a state income tax or sales tax. I don't want taxes and I don't want to see the schools and universities continue to beg for money every year. They need to be improving the system and the programs, not spending endless man hours asking for funds and then trying to get by on what they receive. If I don't get a dividend anymore, so be it. My children both graduated from AK post-secondary schools and are employed in Alaska. They don't stay because of the dividend, but because of the low tax base, and the quality of life they enjoy here. They both also love their jobs. Jobs they were able to get because of the great education they received.

I am sure that the huge number of other programs that are funded by the state would love to be able to have a more stable budget, so that the great services they provide can continue. Again, I'll take the lump sum and no more dividends. In the long run, I think everyone will be money ahead. Just don't take the dividend and ask for more tax dollars and hire fees.

Thank you for looking at the fiscal problem and fighting for a realistic, long term solution.

Margaret Prater  
Fairbanks, AK

Representative Jim Holms  
119 North Cushman St, Suite 205  
Fairbanks, AK 99701

*Save this letter  
PPD file*

Mr. Holms

Just wanted to drop you a note about my ideas on the current budget gap.

Cut government overspending and the problem will take care of itself. I am sure an over view of the current budget would reveal areas that could be cut, and should be cut.

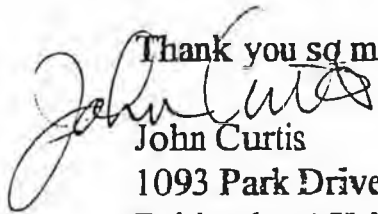
No! On a State income or sales tax.

Cash us out of the PFD. Have everyone who qualifies for a dividend, lets say for 2004, receive \$20,000.00 one time payout and the state would not give out another PFD check. The state would have that money in the future to use as they wish. (Hopefully to lower our taxes).

I hope our State does not take the same coarse as the others have done. Our taxes should not keep going up and up for what I consider over spending on government pet projects. However, we the people should pay for roads, defense, law enforcement and emergency services. The government should not be in business for anything.

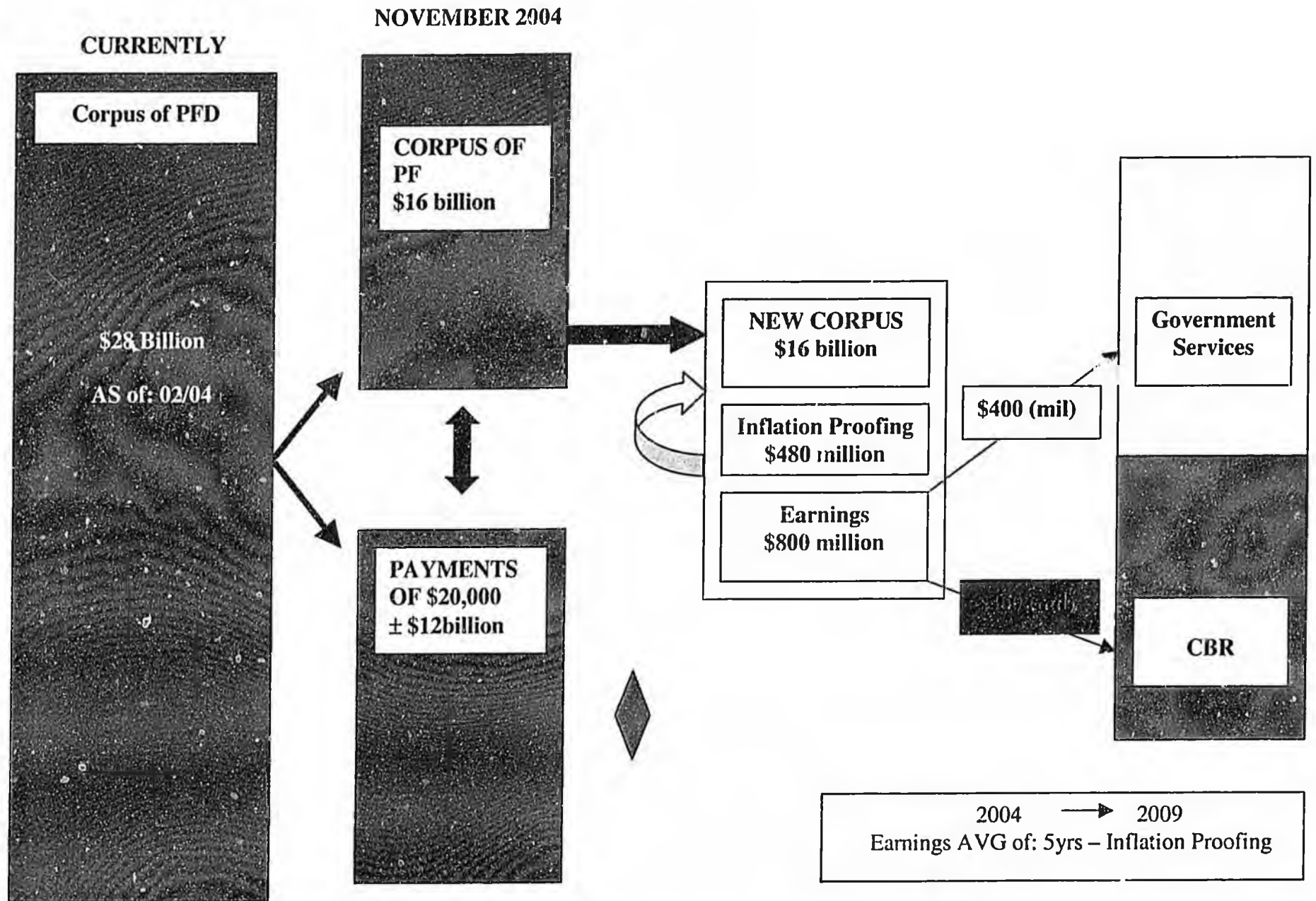
It is my hope our State will take the lead in reversing its thinking about over spending and start cutting our government budgets, programs and pet projects.

Thank you so much for your time.

  
John Curtis  
1093 Park Drive  
Fairbanks, AK 99709

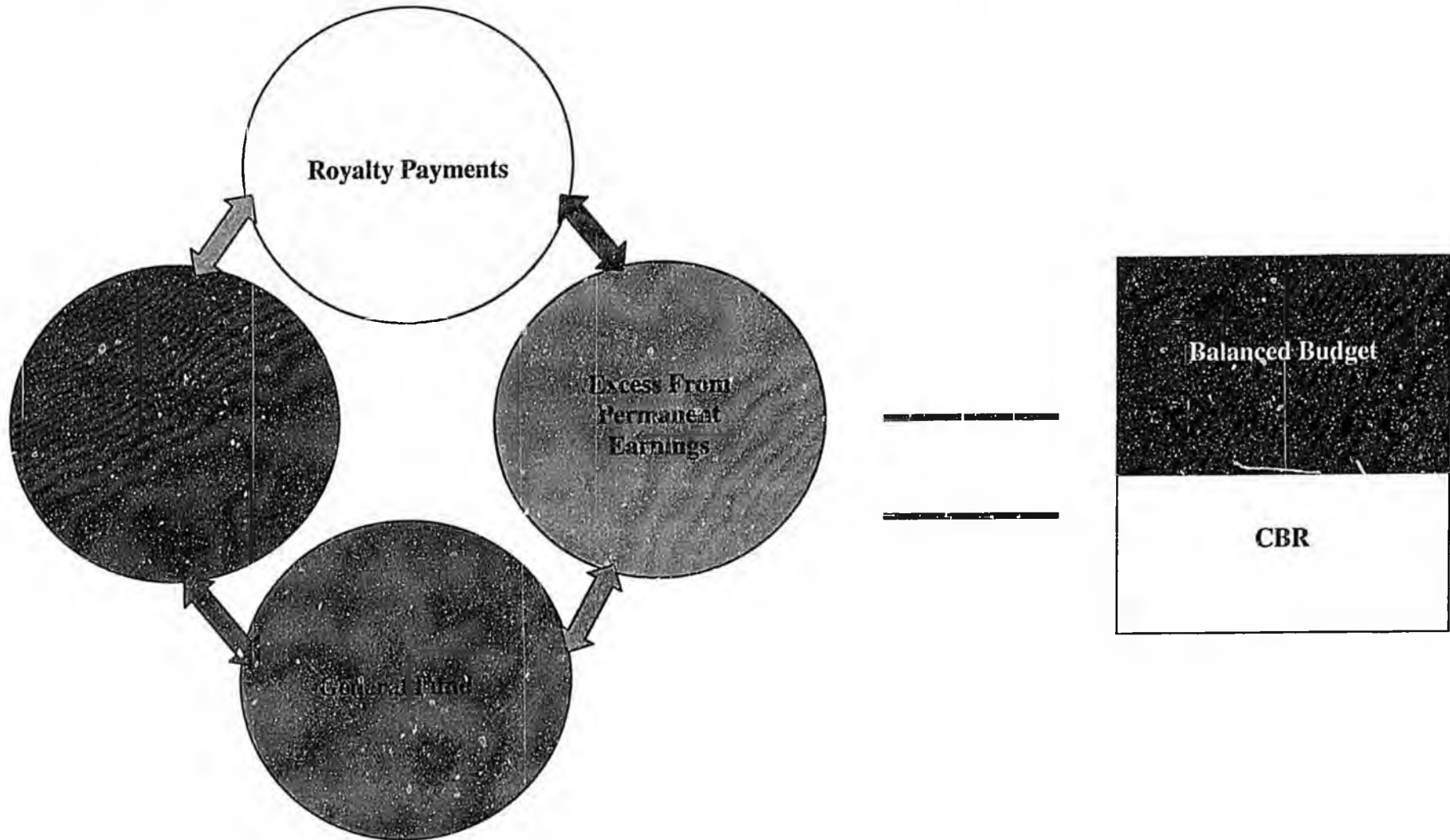
# HJR 31's RESTRUCTURING OF THE PERMANENT FUND

Based upon predicted value 12/31/04



# HJR 31's RESTRUCTURING OF THE PERMANENT FUND

Based upon predicted value 12/31/04



{Fwd: HJR31}

**Subject:** [Fwd: HJR31]

**Date:** Thu, 04 Mar 2004 17:04:08 -0900

**From:** Bruce Weyhrauch <Representative\_Bruce\_Weyhrauch@Legis.state.ak.us>

**Organization:** Alaska State Legislature

**To:** Ginny Austerman <Ginny\_Austerman@legis.state.ak.us>

bill file

---

**Subject:** HJR31

**Date:** Thu, 4 Mar 2004 08:46:56 -0900

**From:** "Ben & Kate Ballenger" <b.k.ballenger@worldnet.att.net>

**To:** <Rep\_Bruce\_Weyhrauch@legis.state.ak.us>

**CC:** "Dan Ogg" <Representative.Dan.Ogg@legis.state.ak.us>, "Gary Stevens" <Senator.Gary.Stevens@legis.state.ak.us>, "Kodiak Lio" <Kodiak\_LIO@legis.state.ak.us>

I am sitting here watching your committee discuss the subject Constitutional Amendment regarding the ending of the Permanent Fund as we know it and using it for a payout of x amount of dollars to each Alaskan citizen and the remainder to be set up to run the State of Alaska and I am more and more convinced that this should in fact be put to a vote. We certainly need to do something and I for one would like an opportunity to vote on what we will do. I can send emails galore and they don't seem to have the impact that a simple yea or nay vote would have. I am now listening to Rep. Berkowitz who naturally is against this and he is concerned with things like the mechanics of how it would be handled.

Please ask your committee to seriously consider passing this out so we citizens of Alaska can vote on it.

Kathleen (Kate) Ballenger  
P. O. Box 126  
Kodiak 99615  
b.k.ballenger@att.net

**Subject:** [Fwd: HJR 31]  
**Date:** Thu, 04 Mar 2004 17:01:51 -0900  
**From:** Bruce Weyhrauch <Representative\_Bruce\_Weyhrauch@Legis.state.ak.us>  
**Organization:** Alaska State Legislature  
**To:** Ginny Austerman <Ginny\_Austerman@legis.state.ak.us>

bill file for hjr 31

---

**Subject:** HJR 31  
**Date:** 04 Mar 2004 08:36:51 -0900  
**From:** Don Anderson <don.anderson@softwarenorth.com>  
**To:** Bruce Weyhrauch <Representative\_Bruce\_Weyhrauch@legis.state.ak.us>  
**CC:** Jim Holm <Representative\_Jim\_Holm@legis.state.ak.us>,  
John Coghill <Representative\_John\_Coghill@legis.state.ak.us>,  
Bob Lynn <Representative\_Bob\_Lynn@legis.state.ak.us>,  
Paul Seaton <Representative\_Paul\_Seaton@legis.state.ak.us>,  
Ethan Berkowitz <Representative\_Ethan\_Berkowitz@legis.state.ak.us>,  
Max Gruenberg <Representative\_Max\_Gruenberg@legis.state.ak.us>

Representatives Weyhrauch, Holm, Coghill, Lynn, Seaton, Berkowitz, Gruenberg,  
Members of the House State Affairs Committee

After I read Jim Holm's letter, I was too late to sign up yesterday to teleconference into your hearing at 8 am this morning. I am including my testimony below in the hope you can include it in the record.

thanks,  
Don

--  
Donald N. Anderson, Ph.D.  
don.anderson@SoftwareNorth.com  
(907) 561-4412 / (800) 228-3846

=====

HJR 31.  
My testimony:

My name is Donald Anderson and I wish to comment on the federal income tax effects of the PFD and the proposed 20k dollar distribution.

Although my PhD is not in Computer Science, I have been a computer programmer for 39 years, and have run the software construction firm - Software North for the past 26 years. My specialty for a few of those years was the development of computer models to simulate real world events.

My intent today is to comment on the effect of the federal income tax on the PFD, and it's effect on extraordinary distributions such as the 20k proposed in HJR 31. These simulations are rather easy, if tedious, involving only an Excel spreadsheet and a tax program such as TurboTax for the correct year. There is a wide band of uncertainty in this type of simulation as the IRS only releases tax income statistics as an overall state average and in 12 categories of income. This uncertainty is not large enough however, to change the general effect of what I will report today.

I believe everyone who prepares federal tax returns for a PFD recipient is familiar with line 21 of Form 1040. This is "other income" and it feeds without modification into each taxpayers Adjusted Gross Income. Thus for anyone above the standard or itemized deductions it directly affects the tax paid.

The most recent tax year for which IRS summary sheets are available for Alaskan taxpayers is 2001. I have therefore calculated for that year's recipients, the effects of the \$1850 PFD paid in that year and simulated the effect of a \$22,000 payout. Since HJR 31 has settled on a 20,000 dollar payout, I will use that number in future calculations. The percentages should remain relatively unaffected.

Alaskans paid in 2001 about 200 million dollars in federal taxes on their PFD's. This amounted to 18% of the amount distributed.

Had a 22k dollar payout been in effect that year Alaskans would have paid about 3.2 billion dollars in extra federal taxes. Approximately 25% of the amount paid out.

Why is this important?

Well, if we are considering enacting a state sales or income tax to provide a portion of the funding for state government it matters very much.

If the state on one hand, distributes money on which our citizens pay a hefty federal income tax and then charges those citizens a equivalent tax to support state government the big winner is the federal government. The state and it's citizens are impoverished to the tune of as much as 200 million a year for the PFD and would have to endure the departure of 3 billion more if this extraordinary payout were to occur.

Attempting to bribe our citizens into relinquishing the PFD is a very poor strategy.

Using the minimum PF earnings necessary to fund state government is the only viable long term strategy producing minimum damage to the state.

Recommendations:

- 1) Retitle HJR 31 the "IRS enrichment resolution of 2004".
- 2) Give this bill a "do not pass" recommendation.

I hope to have my spreadsheets completed this weekend. If anyone wishes to have a copy just e-mail me at don.anderson@softwarerorth.com and put "IRS spreadsheet in the title. No message is necessary. I will reply with an enclosed Excel spreadsheet when it is complete.

Thank You.

**Subject:** [Fwd: HJR 31 in STA]  
**Date:** Thu, 04 Mar 2004 16:53:16 -0900  
**From:** Bruce Weyhrauch <Representative\_Bruce\_Weyhrauch@Legis.state.ak.us>  
**Organization:** Alaska State Legislature  
**To:** Ginny Austerman <Ginny\_Austerman@legis.state.ak.us>

bill file

---

**Subject:** HJR 31 in STA  
**Date:** Wed, 03 Mar 2004 09:38:38 -0900  
**From:** Mary Griswold <mgrt@xyz.net>  
**To:** Representative\_Bruce\_Weyhrauch@legis.state.ak.us

HJR 31 March 3, 2004

Thank you for this opportunity to object to HJR 31. While I appreciate its intent to get the dividend off the table so we can move forward toward resolving our fiscal difficulties and agree that massive cuts to services are not desirable, I strongly favor another approach. We can adequately fund education, safety, public health, and our infrastructure with a combination of revenue from a state income tax, permanent fund earnings under 5 POMV, and revised taxes on oil development.

Most disappointing, I think it is very greedy to assume that we who happen to qualify today should absorb all the benefit of a program designed to benefit present and future Alaskans. Whether or not the people can make better investment decisions for their capital needs is not really relevant. At the very least, we must recognize that future Alaskans will include more than just our children. The dividend program offers a good balance between individual and societal benefits from the earnings of the permanent fund.

One often-recognized benefit of the dividend is that it provides a steady economic infusion. A bloated one-time payout will only exacerbate the boom and bust cycle we are trying hard to tame. The annual dividend is of a reasonable amount that can contribute to the family budget or savings account without creating extravagant expectations or skewing family priorities.

Please support 5 POMV payout as a better management tool for the permanent fund and support dedicating 80% of the annual payout to continue a comparable dividend program. This will leave 20% to provide a predictable revenue stream for essential government services. A constitutional amendment to this effect will guarantee the people's dividend program and get us well on our way to responsibly funding important government services that improve our quality of life.

Thank you for generating a stimulating discussion. Please support a more reasonable solution.

Mary Griswold  
P.O. Box 1417  
Homer, AK 99603  
235-3725

**Subject: HJR 31**

**Date:** Thu, 4 Mar 2004 09:01:49 -0900

**From:** "Joe and Julie Ford" <joeandjulieford@acsalaska.net>

**To:** <hsta@legis.state.ak.us>

Dear State Affairs Committee Chair and Committee members:

I fully support this bill and believe that if it were left to a vote of the people it would overwhelmingly be approved. In addition I agree entirely with Representative Lyn - I can figure out what to do with my money all by myself. That said this plan also gives Government the much needed funds it needs to run - looks like a win win situation to me!

Joseph J. Ford



**Get 1000's of Smiling Faces for your Emails!**

**Click Here Now!**

**Subject:** [Fwd: HJR 31 in STA]  
**Date:** Sun, 07 Mar 2004 16:39:21 -0900  
**From:** Bruce Weyhrauch <Representative\_Bruce\_Weyhrauch@Legis.state.ak.us>  
**Organization:** Alaska State Legislature  
**To:** Ginny Austerman <Ginny\_Austerman@legis.state.ak.us>

my bill file

---

**Subject:** HJR 31 in STA  
**Date:** Wed, 03 Mar 2004 09:38:38 -0900  
**From:** Mary Griswold <mgrt@xyz.net>  
**To:** Representative\_Bruce\_Weyhrauch@legis.state.ak.us

HJR 31 March 3, 2004

Thank you for this opportunity to object to HJR 31. While I appreciate its intent to get the dividend off the table so we can move forward toward resolving our fiscal difficulties and agree that massive cuts to services are not desirable, I strongly favor another approach. We can adequately fund education, safety, public health, and our infrastructure with a combination of revenue from a state income tax, permanent fund earnings under 5 POMV, and revised taxes on oil development.

Most disappointing, I think it is very greedy to assume that we who happen to qualify today should absorb all the benefit of a program designed to benefit present and future Alaskans. Whether or not the people can make better investment decisions for their capital needs is not really relevant. At the very least, we must recognize that future Alaskans will include more than just our children. The dividend program offers a good balance between individual and societal benefits from the earnings of the permanent fund.

One often-recognized benefit of the dividend is that it provides a steady economic infusion. A bloated one-time payout will only exacerbate the boom and bust cycle we are trying hard to tame. The annual dividend is of a reasonable amount that can contribute to the family budget or savings account without creating extravagant expectations or skewing family priorities.

Please support 5 POMV payout as a better management tool for the permanent fund and support dedicating 80% of the annual payout to continue a comparable dividend program. This will leave 20% to provide a predictable revenue stream for essential government services. A constitutional amendment to this effect will guarantee the people's dividend program and get us well on our way to responsibly funding important government services that improve our quality of life.

Thank you for generating a stimulating discussion. Please support a more reasonable solution.

Mary Griswold  
P.O. Box 1417  
Homer, AK 99603  
235-3725