

SB

393

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

First Committee of Referral

REPORTED OUT

DATE: 04/21/04

FURTHER:

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

APR 29 2004

DATE TURNED IN TO OFFICE: 29 April 2004

SENATE FINANCE
COMMITTEE

Finance Committee considered

SENATE BILL NO. 393

SB 393 TAKE PERM FUND DIVIDEND FOR UNIV FEES

"An Act relating to default on tuition, fees, and other charges of the University of Alaska and to claims on permanent fund dividends for tuition, fees, and other charges of the University of Alaska that are in default."

and recommends:

- be replaced with _____ CS SB 393 (FIN)
- adopt previous _____ CS as forthcoming (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:
 Same Title
 New Title

House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	Indet.	FN#
UA	4/28/04	100.0			
Revenue	4/25/04	15.0			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	Indet.	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>	X			
<i>[Signature]</i>				
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>	✓			

REPORTED OUT

APR 29 2004

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB0393A
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: UA
Title TAKE PERM FUND DIVIDEND FOR L BRU UA
Component _____
Sponsor FINANCE
Requester _____ 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	75.0	25.0	25.0	25.0	25.0	25.0
Travel	5.0					
Contractual	15.0					
Supplies	5.0	5.0	5.0	5.0	5.0	5.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	100.0	30.0	30.0	30.0	30.0	30.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1048)	400.0	350.0	300.0	250.0	180.0	130.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1048 University Receipts	100.0	30.0	30.0	30.0	30.0	30.0
TOTAL	100.0	30.0	30.0	30.0	30.0	30.0

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		1	1	1	1	1
Temporary	1					

ANALYSIS: (Attach a separate page if necessary)
Currently, UA has a very aggressive process to collect unpaid tuition, fees and other charges such as dorm fees, parking tickets, lost library books, etc. The process includes notices at 30, 60, 90, 120 and 180 days, administering deferred payment plans, and employing collection agencies. However, even with these collection efforts there is currently over \$1M owed to the university that is at least 180 days past due. Given the number of Alaska resident students, we estimate that \$800K of the \$1M, that is over 180 days old, is attributed to students receiving a PFD. For appropriate protection of each citizen, this legislation provides for extensive notification, warning and appeals processes in advance of being able to garnish a permanent fund dividend. Therefore, of the \$800K, we estimate about \$400K would be collectible via this mechanism in the first year. Thereafter, that amount will likely decline each year to a minimum of \$100K annually in 5 to 10 years.

Prepared by: Pat Pitney Phone 474-5889
Division: University of Alaska Date/Time 4/28/04 8:57 AM
Approved by: Pat Pitney Date 4/28/2004
Agency: University of Alaska

FISCAL NOTE

REPORTED OUT

APR 29 2004

SENATE FINANCE
COMMITTEE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 393
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Take Perm Fund Dividend for RDU Revenue Programs & Services
University Fees Component Permanent Fund Dividend
Sponsor Senate Finance Committee
Requester Senate Finance Committee 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						
Travel						
Contractual	15.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	15.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Permanent Fund Dividend Fund	15.0					
TOTAL	15.0	0.0	0.0	0.0	0.0	0.0

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						0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would authorize the university to claim up to 100% of an individual's Permanent Fund Dividend for payment of defaulted tuition, fees and other charges of the University of Alaska. The university estimates approximately 1,700 garnishments in the first year and something less in subsequent years.

This fiscal note covers the cost of programming the PFD garnishment system, warrant, and direct deposit programs as needed to accommodate a new agency with authority to claim up to 100% of an individual's dividend. Once the computer programs are in place, claims will be handled electronically and there should be no increase in cost to process the university garnishments from year to year.

Prepared by: Sharon Barton Phone 465-4785
Division: Permanent Fund Dividend Date/Time 4/25/04 11:45 PM
Approved by: Steve Porter, Deputy Commissioner Date 4/25/2004
Agency: Department of Revenue



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 29 April 2004 TIME: 3:30 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please

CS SB 393 (FIN) 23-LS1945\ D

Cook 4/28/04

no changes (yipee!)

Thanks

Mindy

ADOP TED

WORK DRAFT

WORK DRAFT

WORK DRAFT

23-LS1945D

Cook

4/28/04

CS FOR SENATE BILL NO. 393(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to default on tuition, fees, and other charges of the University of
2 Alaska and to claims on permanent fund dividends for tuition, fees, and other charges of
3 the University of Alaska that are in default."

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

5 * Section 1. AS 14.40 is amended by adding a new section to read:

6 **Sec. 14.40.251. Default on tuition, fees, and charges.** (a) For the purposes
7 of this chapter, tuition, a fee, or another charge to an individual by the University of
8 Alaska is in default after payment has become 180 or more days past due. Upon
9 default, the university may take the individual's permanent fund dividend under
10 AS 43.23.073.

11 (b) The University of Alaska shall notify the individual of the default and the
12 consequences of default imposed under (a) of this section by mailing a notice to the
13 individual's most recent address provided to the university by the individual or
14 obtained by the university.

1 (c) An individual may appeal a notice of default by filing a statement with the
2 chief finance officer of the University of Alaska within 30 days after the date of the
3 notice, requesting that the default status be reviewed. AS 44.62 (Administrative
4 Procedure Act) does not apply to the review of default under this section. Within 40
5 days after receiving a written request for review, the chief finance officer shall inform
6 the individual in writing of the decision. The decision of the chief finance officer is a
7 final decision that may be appealed to the superior court under the Alaska Rules of
8 Appellate Procedure.

9 * Sec. 2. AS 43.23.065(b) is amended to read:

10 (b) An exemption is not available under this section for permanent fund
11 dividends taken to satisfy

12 (1) child support obligations required by court order or decision of the
13 child support enforcement agency under AS 25.27.140 - 25.27.220;

14 (2) court ordered restitution under AS 12.55.045 - 12.55.051,
15 12.55.100, or AS 47.12.120(b)(4);

16 (3) claims on defaulted education loans under AS 43.23.067;

17 (4) court ordered fines;

18 (5) writs of execution under AS 09.35 of a judgment that is entered

19 (A) against a minor in a civil action to recover damages and
20 court costs;

21 (B) under AS 34.50.020 against the parent, parents, or legal
22 guardian of an unemancipated minor;

23 (6) a debt owed by an eligible individual to an agency of the state,
24 including the University of Alaska, unless the debt is contested and an appeal is
25 pending, or the time limit for filing an appeal has not expired;

26 (7) a debt owed to a person for a program for the rehabilitation of
27 perpetrators of domestic violence required under AS 12.55.101, AS 18.66.100(c)(15),
28 AS 25.20.061(3), or AS 33.16.150(f)(2).

29 * Sec. 3. AS 43.23 is amended by adding a new section to read:

30 **Sec. 43.23.073. Claims of the University of Alaska.** (a) AS 09.38 does not
31 apply to a permanent fund dividend taken under AS 14.40.251. Notwithstanding

1 AS 09.35, the University of Alaska may take a permanent fund dividend under
2 AS 14.40.251 by delivering a claim to the department certifying the following
3 information:

4 (1) the name and social security number of the individual whose
5 dividend is being claimed;

6 (2) the amount the individual owes the university; and

7 (3) a statement that

8 (A) the amount claimed is in default under AS 14.40.251;

9 (B) the university has notified the individual that future
10 permanent fund dividends will be taken to satisfy the claim;

11 (C) the individual was notified of the right to request a hearing
12 and allowed 30 days after the date of the notice described in (B) of this
13 paragraph to request the university to hold a hearing on the claim;

14 (D) the claim has not been contested or, if contested, the issue
15 has been resolved in favor of the university; and

16 (E) if the claim has been contested and resolved in favor of the
17 university, no appeal is pending, the time limit for filing an appeal has expired,
18 or the appeal has been resolved in favor of the university.

19 (b) The University of Alaska shall notify the individual of a claim under (a) of
20 this section. The notice shall be sent to the address provided in the individual's
21 permanent fund dividend application and must provide the following information:

22 (1) the amount of the claim;

23 (2) notice that the amount of the permanent fund dividend up to the
24 amount of the claim shall be paid to the university to be credited against the
25 individual's default balance; and

26 (3) notice of the individual's right to a hearing under (c) of this section.

27 (c) Within 30 days after the date of the notice under (b) of this section, the
28 individual may request a hearing. AS 44.62.330 - 44.62.630 apply to a hearing under
29 this subsection. At the hearing, the individual has the burden to show that

30 (1) the university has not sent a notice of default in compliance with
31 AS 14.40.251(b);

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(2) the notice of default has been rescinded after review under AS 14.40.251(c); or

(3) the amount owed by the individual is less than the amount claimed from the permanent fund dividend.

(d) If the amount owed is determined under (c) of this section to be some amount greater than \$0, but less than the amount claimed, the University of Alaska may amend its claim to the amount determined to be owing.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB0393A
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: UA
 Title TAKE PERM FUND DIVIDEND FOR U BRU UA
 Component _____
 Sponsor FINANCE
 Requester _____ Component No. _____

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Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	300.0	320.0	270.0	220.0	150.0	100.0
TOTAL OPERATING	400.0	350.0	300.0	250.0	180.0	130.0

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

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TOTAL	400.0	350.0	300.0	250.0	180.0	130.0

Estimate of any current year (FY2004) cost: 0 0
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POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)
 Currently, UA has a very aggressive process to collect unpaid tuition, fees and other charges such as dorm fees, parking tickets, lost library books, etc. The process includes notices at 30, 60, 90, 120 and 180 days, administering deferred payment plans, and employing collection agencies. However, even with these collection efforts there is currently over \$1M owed to the university that is at least 180 days past due. Given the number of Alaska resident students, we estimate that \$800K of the \$1M, that is over 180 days old, is attributed to students receiving a PFD. For appropriate protection of each citizen, this legislation provides for extensive notification, warning and appeals processes in advance of being able to garnish a permanent fund dividend. Therefore, of the \$800K, we estimate about \$400K would be collectible via this mechanism in the first year. Thereafter, that amount will likely decline each year to a minimum of \$100K annually in 5 to 10 years.

Prepared by: Pat Pitney Phone 474-5689
 Division: University of Alaska Date/Time 4/23/04 4 58 PM
 Approved by: Pat Pitney Date 4/23/2004
 Agency: University of Alaska



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement

SB 393

Take Permanent Fund Dividend for University Fees

This legislation provides the University of Alaska the ability to collect outstanding debt through garnishing a person's permanent fund check in a manner similar to the collection process used by the Alaska Student Loan Corporation on defaulted loans.

Currently, UA has a very aggressive process to collect unpaid tuition, fees and other charges such as dorm fees, parking tickets, lost library books, etc. The process includes notices at 30, 60, 90, 120 and 180 days, administering deferred payment plans, and employing collection agencies.

However, even with these collection efforts there is currently over \$1M owed to the university that is at least 180 days past due. Given the number of Alaska resident students, UA estimates that \$800K of the \$1M, that is over 180 days old, is attributed to students receiving a PFD. For appropriate protection of each citizen, this legislation provides for extensive notification, warning and appeals processes in advance of being able to garnish a permanent fund dividend. Therefore, of the \$800K, UA estimates about \$400K would be collectible via this mechanism in the first year. Thereafter, that amount will likely decline each year to a minimum of \$100K annually in 5 to 10 years.

This legislation provides UA one additional avenue to collect revenue, that in the past has been un-collectible and written off as bad debt.

A handwritten signature in cursive script, appearing to read "Tony Weiler".

SENATE FINANCE COMMITTEE

SIGN-IN

SB 393-TAKE PERM FUND DIVIDEND FOR UNIV FEES

✓ NAME: Pat Pitney Subject/Bill No: _____

Co./Dept./Title: Patrol Officer UN Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

✓ NAME: SHARON BURTON Subject/Bill No: _____

Co./Dept./Title: REVENUE - PERM FUND Div Div Phone: 465-4785

Address: 11th floor SOB Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions