

HB

205

Alaska State Legislature

Session:
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Representative Lesil McGuire
Chair, Judiciary Committee

MEMORANDUM

To: Members of the Senate Judiciary Committee
From: Rep. Lesil McGuire, Chair – Judiciary
Date: May 15, 2003
Re: Waiver request for HB 205 “PFD eligibility for Peace Corps Volunteers”

I have spoken with the Chair, Sen. Seekins, and requested HB 205 be waived from the Senate Judiciary Committee. He has agreed to do so with the consent of all committee members.

I respectfully request that you, the members of the Senate Judiciary Committee, waive HB 205 from your committee.

I appreciate your time and consideration.

AGREEMENT TO WAIVE HB 205 FROM THE SENATE JUDICIARY COMMITTEE

Sen. Ralph Seekins (Chair) *Ralph Seekins*

Sen. Scott Ogan (Vice-Chair) _____

Sen. Gene Therriault _____

Sen. Johnny Ellis _____

Sen. Hollis French *Hollis French*

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Representative Lesil McGuire
Chair, Judiciary Committee

MEMORANDUM

To: Sen. Ralph Seekins – Chair, Senate Judiciary Committee
From: Rep. Lesil McGuire – Chair, House Judiciary Committee
Date: May 15, 2003
Re: Request for waiver for House Bill 205 “PFD eligibility for Peace Corps Volunteers”

Due to the lateness of the Session, the increasing length of our respective floor sessions, and the workload of our respective committees, I am respectfully requesting that the Senate Judiciary Committee consider waiving HB 205 “PFD eligibility for Peace Corps Volunteers”.

I should note that this bill enjoys wide support within the general public and also from the Permanent Fund Division. Beyond simply re-instituting the in-state residency exemption eligibility for Peace Corps Volunteers, this bill also offers the Department of Revenue an administrative remedy for pursuing fraudulent PFD applicants. Currently, the Department of Revenue must pursue fraudulent applications through the court system, and the cost to do so is too prohibitive. This bill would offer DOR a more immediate and cost efficient option for punishing instances of fraud.

I have attached the most current version of the bill, a sponsor statement, and other support materials for your committee member’s review. I appreciate your time and consideration.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 205
 (H) Publish Date: 5/8/02

Revision Date/Time (Note if correction): April 11, 2003 Dept. Affected: Revenue
 Title PFD: Peace Corps Volunteers BRU Revenue Operations
and miscellaneous Component Permanent Fund Dividend
 Sponsor Representative McGuire
 Requester House Finance Committee Component No. 981

Expenditures/Revenues (Thousands of Dollars)

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

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

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1050 Permanent Fund Dividend Fund						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached page for discussion of bill.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469
 Division Department of Revenue Date/Time 4/11/03 1:32 PM
 Approved by: Larry Persily, Deputy Commissioner Date 4/11/2003
 Agency Department of Revenue

House Bill 205 - FN#2
Department of Revenue

Page 2 of 2

BILL SUMMARY

This legislation would:

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



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Bill nails fraudulent PFD filers

Measure also lets volunteers for Peace Corps collect dividend

Monday, May 12, 2003

**By MASHA HERBST
JUNEAU EMPIRE © 2003**

People who file fraudulent permanent fund applications would stand a greater chance of being punished if a new bill passes the Legislature.

House Bill 205, which the House approved Friday, would allow the Department of Revenue to impose a \$3,000 fine on people it determines have submitted fraudulent applications. Under current law, if the state takes a person to court for permanent-fund fraud, the court may assess a fine of up to \$5,000, but the department itself cannot impose a fine.

"Unless it has been really egregious fraud, it hasn't been cost-effective for the state to pursue those (cases) in court," said Sharon Barton, director of the Department of Revenue's Division of Permanent Fund Dividend.

The permanent fund division has just begun compiling statistics on how many fraud cases it gets each year. In 2000, the most recent year for which the division has numbers, the state received 1,232 fraud tips.

Barton said 433 of the tips were reviewed, but she did not know how many cases were found to be fraudulent.

When the division determines an application is fraudulent or that someone received a dividend check illegitimately in the past, it can refuse to pay the dividend, or attempt to collect the amount of the prior payment, Barton said.

The only other option is court, she said.

Assistant Attorney General Dan Branch said he did not know how many times the state has prosecuted people for permanent-fund fraud.

There have been at least two cases, according to Barton.

In 1997, Carolyn Plum, 59, of Salcha pleaded no contest to theft in the

second degree for filing for and receiving a 1994 dividend in the name of her daughter, who had died the previous year. Plum was sentenced to a year in jail, with all but two months suspended, restitution of \$3,780, and five years of probation. She also is barred from the permanent-fund program forever.

In the second case, Anchorage resident Carolyn Moeller, 53, was indicted on charges of receiving dividends from 1988 to 1994 in the names of her nonresident mother and a deceased sister. Barton did not know whether Moeller was convicted.

House Bill 205 also would allow Peace Corps volunteers to collect dividend checks. The volunteers were added in 1983 to the list of exemptions for people residing out of state, and that exemption was made retroactive to 1982, the year the permanent-fund-dividend program began, said Heath Hilyard, a staffer to Anchorage Republican Rep. Lesil McGuire.

The Legislature removed the Peace Corps exemption in 1998, Hilyard said.

About 35 Alaskans are serving in the Peace Corps, said Peace Corps spokesman Jim Aguirre. He said 855 Alaskans have served since 1961.

Tony Gasbarro, a 30-year Alaska resident and president of the Northern Alaska Peace Corps Friends, was serving with the Peace Corps in El Salvador when the exemption was removed.

"I lost one of my dividend years because of that," said Gasbarro, 64.

Gasbarro, who now lives in Fairbanks, also went to the Dominican Republic with the Peace Corps from 1962 to 1964. He said volunteers deserve the dividend because they are serving their country.

"I would put us on par in many cases with military people who don't ever see combat yet undergo many of the risks," he said. "It's not some vacation."

Eight legislators voted against the bill Friday, saying Peace Corps volunteers forfeit their dividend checks when they choose to go out of state.

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