

HB

186

*Tax consequences
quarterly vs monthly
what is household of 4
single mother + child*

— Paul Dick

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24-LS0629\A

*Ernest
Lyons
Bardney
Gatto
Harris
Gatto*

HOUSE BILL NO. 186

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE RAMRAS

Introduced: 2/28/05
Referred: State Affairs, Health, Education and Social Services, Finance

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to quarterly payments of a permanent fund dividend, and to a
2 permanent fund dividend and eligibility for public assistance; and providing for an
3 effective date."

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

5 * Section 1. AS 43.23.055 is amended to read:

6 **Sec. 43.23.055. Duties of the department.** The department shall
7 (1) [ANNUALLY] pay permanent fund dividends from the dividend
8 fund;
9 (2) subject to AS 43.23.011 and [PARAGRAPH] (8) of this section,
10 adopt regulations under AS 44.62 (Administrative Procedure Act) that establish
11 procedures and time limits for claiming a permanent fund dividend; the department
12 shall determine the number of eligible applicants by October 1 of the year for which
13 the dividend is declared and, except as provided in AS 43.23.058, pay the dividends
14 by December 31 of that year;

1 (3) adopt regulations under AS 44.62 (Administrative Procedure Act)
2 that establish procedures and time limits for an individual upon emancipation or upon
3 reaching majority to apply for permanent fund dividends not received during minority
4 because the parent, guardian, or other authorized representative did not apply on
5 behalf of the individual;

6 (4) assist residents of the state, particularly in rural areas, who because
7 of language, disability, or inaccessibility to public transportation need assistance to
8 establish eligibility and to apply for permanent fund dividends;

9 (5) use a list of individuals ineligible for a dividend under
10 AS 43.23.005(d) provided annually by the Department of Corrections and the
11 Department of Public Safety to determine the number and identity of those
12 individuals;

13 (6) adopt regulations that are necessary to implement AS 43.23.005(d);

14 (7) adopt regulations that establish procedures for the parent, guardian,
15 or other authorized representative of a disabled individual to apply for prior year
16 permanent fund dividends not received by the disabled individual because no
17 application was submitted on behalf of the individual;

18 (8) adopt regulations that establish procedures for an individual to
19 apply to have a dividend warrant reissued if it is returned to the department as
20 undeliverable or it is not paid within two years of the date of its issuance; however, the
21 department may not establish a time limit within which an application to have a
22 warrant reissued must be filed;

23 (9) provide any information, upon request, contained in permanent
24 fund dividend records to the child support services agency created in AS 25.27.010, or
25 the child support enforcement agency of another state, for child support purposes
26 authorized under law; if the information is contained in an electronic data base, the
27 department shall provide the requesting agency with either

28 (A) access to the data base; or

29 (B) a copy of the information in the data base and a statement
30 certifying its contents.

31 * **Sec. 2.** AS 43.23 is amended by adding a new section to read:

1 **Sec. 43.23.058. Optional quarterly payments.** An individual who is
 2 applying for a current year dividend may elect on the permanent fund dividend
 3 application to receive the dividend in four substantially equal payments by direct
 4 deposit to an account of the individual. Quarterly payments under this section shall be
 5 made by the department in October of the current dividend year and in January, April,
 6 and July of the next dividend year.

7 * Sec. 3. AS 43.23.075 is amended to read:

8 **Sec. 43.23.075. Eligibility for public assistance.** (a) In determining the
 9 eligibility of an individual under a public assistance program administered by the
 10 Department of Health and Social Services in which eligibility for assistance is based
 11 on financial need, the Department of Health and Social Services may not consider a
 12 permanent fund dividend **or dividend payment** as income or resources received by
 13 the recipient of public assistance or by a member of the recipient's household unless
 14 required to do so by federal law or regulation. The Department of Health and Social
 15 Services shall notify all recipients of public assistance of the effects of receiving a
 16 permanent fund dividend **and of the effects of receiving the dividend in a single**
 17 **payment or in quarterly payments.**

18 (b) An individual who is denied medical assistance under 42 U.S.C. 1396 -
 19 1396p (Social Security Act, Title XIX) solely because of the receipt of a permanent
 20 fund dividend **or quarterly dividend payment** by the individual or by a member of
 21 the individual's household is eligible for state-funded medical assistance under
 22 AS 47.25.120 - 47.25.300 (general relief assistance program). The individual is
 23 entitled to receive, for a period not to exceed four months, the same level of medical
 24 assistance as the individual would have received under 42 U.S.C. 1396 - 1396p (Social
 25 Security Act, Title XIX) had there been no permanent fund dividend program.
 26 **During each fiscal year, the individual may receive benefits under this subsection**
 27 **for only one four-month period that begins during that fiscal year.**

28 (c) An individual who is denied assistance solely because permanent fund
 29 dividends **or quarterly dividend payments** received by the individual or by a
 30 member of the individual's household are counted as income or resources under
 31 federal law or regulation is eligible for cash assistance under AS 47.25.120 -

i 47.25.300 (general relief assistance program). Notwithstanding the limit in
2 AS 47.25.130, the individual is entitled to receive, for a period not to exceed four
3 months, the same amount as the individual would have received under other public
4 assistance programs had there been no permanent fund dividend program. During
5 each fiscal year, the individual may receive benefits under this subsection for
6 only one four-month period that begins during that fiscal year.

7 * Sec. 4. This Act takes effect January 1, 2006.

Interest

Representative Jay Ramras
Co-Chair, House Resources
V-Chair, Economic Develop.
Tourism & Trade
House State Affairs

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Alaska State Legislature



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House District 10

House of Representatives

Sectional Summary House Bili 186, PFD Quarterly Payments Work Order 24-LS0629

Section 1. Removes the word annually to account for the new quarterly payment program.

Section 2. Explains the Permanent Fund Dividend optional quarterly payment program.

Section 3. Warns a Federal Public Assistance recipient of the possible effects of receiving the Permanent Fund Dividend in quarterly payments.

Sec. 43.23.055. Duties of the department.

The department shall

- (1) annually pay permanent fund dividends from the dividend fund;
- (2) subject to AS 43.23.011 and paragraph (8) of this section, adopt regulations under AS 44.62 (Administrative Procedure Act) that establish procedures and time limits for claiming a permanent fund dividend; the department shall determine the number of eligible applicants by October 1 of the year for which the dividend is declared and pay the dividends by December 31 of that year;
- (3) adopt regulations under AS 44.62 (Administrative Procedure Act) that establish procedures and time limits for an individual upon emancipation or upon reaching majority to apply for permanent fund dividends not received during minority because the parent, guardian, or other authorized representative did not apply on behalf of the individual;
- (4) assist residents of the state, particularly in rural areas, who because of language, disability, or inaccessibility to public transportation need assistance to establish eligibility and to apply for permanent fund dividends;
- (5) use a list of individuals ineligible for a dividend under AS 43.23.005(d) provided annually by the Department of Corrections and the Department of Public Safety to determine the number and identity of those individuals;
- (6) adopt regulations that are necessary to implement AS 43.23.005(d);
- (7) adopt regulations that establish procedures for the parent, guardian, or other authorized representative of a disabled individual to apply for prior year permanent fund dividends not received by the disabled individual because no application was submitted on behalf of the individual;
- (8) adopt regulations that establish procedures for an individual to apply to have a dividend warrant reissued if it is returned to the department as undeliverable or it is not paid within two years of the date of its issuance; however, the department may not establish a time limit within which an application to have a warrant reissued must be filed;
- (9) provide any information, upon request, contained in permanent fund dividend records to the child support enforcement agency created in AS 25.27.010, or the child support enforcement agency of another state, for child support purposes authorized under law; if the information is contained in an electronic data base, the department shall provide the requesting agency with either
 - (A) access to the data base; or
 - (B) a copy of the information in the data base and a statement certifying its contents.

History

(§ 1 ch 102 SLA 1982; am § 2 ch 55 SLA 1983; am § 3 ch 43 SLA 1984; am § 3 ch 54 SLA 1988; am § 5 ch 68 SLA 1990; am § 14 ch 4 SLA 1992; am § 1 ch 64 SLA 1993; am § 5 ch 46 SLA 1996; am § 144 ch 87 SLA 1997)

Annotations

Administrative Code. - For hearing procedures, see 15 AAC 5, art. 1.
For permanent fund dividend program, see 15 AAC 23, art. 1.

Statutory Language

Editor's notes. The delayed repeal of paragraph (9) of this section by § 148(c), ch. 87, SLA 1997, as amended by § 53, ch. 132, SLA 1998, which was to take effect July 1, 2001, was repealed by § 15, ch. 54, SLA 2001.

Sec. 43.23.075. Eligibility for public assistance.

(a) In determining the eligibility of an individual under a public assistance program administered by the Department of Health and Social Services in which eligibility for assistance is based on financial need, the Department of Health and Social Services may not consider a permanent fund dividend as income or resources received by the recipient of public assistance or by a member of the recipient's household unless required to do so by federal law or regulation. The Department of Health and Social Services shall notify all recipients of public assistance of the effects of receiving a permanent fund dividend.

(b) An individual who is denied medical assistance under 42 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) solely because of the receipt of a permanent fund dividend by the individual or by a member of the individual's household is eligible for state-funded medical assistance under AS 47.25.120 - 47.25.300 (general relief assistance program). The individual is entitled to receive, for a period not to exceed four months, the same level of medical assistance as the individual would have received under 42 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) had there been no permanent fund dividend program.

(c) An individual who is denied assistance solely because permanent fund dividends received by the individual or by a member of the individual's household are counted as income or resources under federal law or regulation is eligible for cash assistance under AS 47.25.120 - 47.25.300 (general relief assistance program). Notwithstanding the limit in AS 47.25.130, the individual is entitled to receive, for a period not to exceed four months, the same amount as the individual would have received under other public assistance programs had there been no permanent fund dividend program.

History

(§ 1 ch 102 SLA 1982)

Annotations

Administrative Code. - For permanent fund dividend distribution, see 7 AAC 38.

Sec. 47.25.120. Eligibility for assistance.

Financial assistance may be given under AS 47.25.120 - 47.25.300, so far as practicable under the conditions in this state, to a needy person who is eligible under the regulations of the department.

History

(§ 2 ch 110 SLA 1953; am § 1 ch 38 SLA 1957)

Annotations

NOTES TO DECISIONS

A statutory prohibition of welfare benefits to residents of less than a year creates a classification, which constitutes an invidious discrimination denying such residents equal protection of the laws. *Shapiro v. Thompson*, 394 U.S. 618, 89 S. Ct. 1322, 22 L. Ed. 2d 600 (1969).

Collateral references. 79 Am. Jur. 2d, Welfare Laws, § 1 et seq.

81 C.J.S., Social Security and Public Welfare, § 94 et seq.

Admissibility of records or report of welfare department or agency relating to payment to or financial condition of particular person. 42 ALR2d 752.

Residence for purpose of old age assistance. 43 ALR2d 1427.

Alcoholic as entitled to public assistance under poor laws. 43 ALR3d 554.

Constitutionality of statutory provision requiring reimbursement of public by child for financial assistance to aged parents. 75 ALR3d 1159.

Personal injury recovery as affecting eligibility for, or duty to reimburse, public welfare assistance. 80 ALR3d 772.

Eligibility for welfare benefits, under maximum-asset limitations, as affected by expenditures or disposal of assets. 19 ALR4th 146.

Eligibility for welfare benefits as affected by claimant's status as trust beneficiary. 21 ALR4th 729.

Validity of statutes or regulations denying welfare benefits to claimants who transfer property for less than its full value. 24 ALR4th 215.

Sec. 47.25.130. Amount and type of assistance.

(a) The amount of assistance for a needy person shall be determined by the department with regard to the resources and needs of the person and the conditions existing in each case. Where possible, assistance shall be sufficient to provide the applicant with reasonable subsistence according to standards of assistance established by the department. However, the amount of assistance for subsistence needs may not exceed \$120 a person a calendar month.

(b) The department may enter into competitively awarded group service agreements with providers, and may require needy persons under AS 47.25.120 - 47.25.300 to obtain services from these designated providers.

History

(§ 3 ch 110 SLA 1953; am § 2 ch 38 SLA 1957; am § 1 ch 2 SLA 1985; am § 11 ch 105 SLA 1986)

Annotations

Administrative Code. - For hearings, see 7 AAC 49.

Sec. 47.25.140. Residents of public institutions.

Payment under AS 47.25.120 - 47.25.300 may not be made to or in behalf of an individual who is a resident of the Alaska Pioneers' Home or other public institution, except as a patient in a public medical institution, or an individual who is a patient in a public or private institution for tuberculosis or mental disease. A resident of the Alaska Pioneers' Home or other public institution who is otherwise eligible to receive an allowance under AS 47.25.120 - 47.25.300 may apply for the allowance instead of the support and maintenance provided in the home or public institution.

History

(§ 4 ch 110 SLA 1953)

Sec. 47.25.150. Application for assistance.

A person requesting assistance shall apply for it, either personally or through another person, upon forms furnished and under regulations adopted by the department.

History

(§ 5 ch 110 SLA 1953)

Sec. 47.25.160. Investigation of applicant.

The department shall promptly investigate each applicant to determine the applicant's eligibility.

History

(§ 6 ch 110 SLA 1953)

Sec. 47.25.170. Granting of assistance.

Upon the completion of its investigation, the department shall decide whether the applicant is eligible for and should receive assistance promptly under AS 47.25.120 - 47.25.300, the amount of assistance, the manner of paying or providing it, and the date on which the assistance shall begin. The department shall notify the applicant of its decision.

History

(§ 7 ch 110 SLA 1953)

Annotations

Administrative Code. - For hearings, see 7 AAC 49.

Sec. 47.25.180. Appeal.

An applicant whose application is not acted upon or is denied, discontinued, or modified by the department shall be granted an opportunity for fair hearing before a representative of the department appointed for that purpose. The hearing shall be held within a reasonable time after demand for it. A representative designated to conduct the hearing shall be governed by the regulations adopted for that purpose by the department.

History

(§ 8 ch 110 SLA 1953)

Annotations

Administrative Code. - For hearings, see 7 AAC 49.

Collateral references. Propriety of telephone testimony or hearings in public welfare proceedings. 88 ALR4th 1094.

Sec. 47.25.190. Payment to guardians.

When a guardian is appointed by the court for a person receiving assistance, the department may pay the assistance to the guardian.

History

(§ 9 ch 110 SLA 1953)

Sec. 47.25.195. Payment to health facilities for treatment of needy persons.

Statute text

- (a) The department may make payments to a health facility for the treatment of a needy person.
- (b) Except as provided in (e) of this section, a health facility receiving a payment under this chapter is subject to the requirements of AS 47.07.070 - 47.07.075.
- (c) Except as provided in (e) of this section, if insufficient money is appropriated to fund medical assistance under AS 47.25.120 - 47.25.300 when taking into consideration projected use and the health facility payment rates established in accordance with (b) of this section, the department may, by regulation, establish at any time in the fiscal year a prospective pro rata reduction of the facilities' established payment rates that will be paid by the department for services provided by facilities under AS 47.25.120 - 47.25.300.
- (d) Notwithstanding (a) - (c) of this section, the department may enter into agreements with a facility to provide services at a payment rate lower than the rate established in accordance with (b) of this section, except that the department may not enter into an agreement with an assisted living home to provide services at a daily reimbursement rate lower than \$70.
- (e) Notwithstanding other provisions of this section and the provisions of AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300 includes the initiation or continuation of placement of the person in an assisted living home at the state's expense, the department's minimum daily reimbursement rate to the assisted living home for the person is \$70. This minimum rate is not subject to reduction under (c) of this section. The department may, under its regulations and under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than \$70 if the care provided to the needy person in the assisted living home justifies the higher reimbursement. A daily rate higher than \$70 for assisted living homes may be reduced under (c) of this section, but not below \$70.

(f) For purposes of this section,

- (1) "assisted living home" means an assisted living home licensed under AS 47.33;
- (2) "health facility" includes a hospital, skilled nursing facility, intermediate care facility, intermediate care facility for the mentally retarded, rehabilitation facility, inpatient psychiatric facility, home health agency, rural health clinic, and outpatient surgical clinic.

History

(§ 7 ch 95 SLA 1983; am § 12 ch 105 SLA 1986; am §§ 7 - 13 ch 83 SLA 2000)

Annotations

Revisor's notes. The subsections of this section were relettered in 1990; in 2000 subsection (f) was relettered as (e) and former subsection (e) was relettered as (f) and internal references in (b) and (c) were conformed to the relettering.

Cross references. For applicability provisions relating to the 2000 addition of subsection (e) (enacted as (f)) by sec. 11, ch. 83, SLA 2000, and the 2001 and 2002

amendments of that subsection by secs. 12 and 13, ch. 83, SLA 2000, see sec. 14, ch. 83, SLA 2000 in the 2000 Temporary & Special Acts.

Administrative Code. - For prospective payment system; other payment, see 7 AAC 43, art. 14.

Effect of amendments. The 2000 amendment, effective September 1, 2000, added "Except as provided in (e) of this section" at the beginning of subsections (b) and (c); added the exception at the end of subsection (d); in subsection (f) added paragraph (1) and the paragraph (2) designation; and added subsection (e); effective July 1, 2001, increased the minimum reimbursement rate to \$60 in subsections (d) and (e); and effective July 1, 2002, rewrote subsections (d) and (e).

Sec. 47.25.200. Review of eligibility.

Assistance grants under AS 47.25.120 - 47.25.300 shall be reviewed by the department as frequently as it considers necessary, and the amount of assistance may be changed or entirely withdrawn if the review of the circumstances warrants this action.

History

(§ 10 ch 110 SLA 1953)

Sec. 47.25.205. Priority of general relief medical assistance.

If the department finds that the cost of medical assistance for all persons eligible under AS 47.25.120 - 47.25.300 will exceed the amount allocated in the state budget for that assistance for the fiscal year, the department shall eliminate coverage for medical services in the following order:

- (1) treatment of speech, hearing, and language disorders;
- (2) optometrists' services and eyeglasses;
- (3) occupational therapy;
- (4) emergency dental services for adults;
- (5) prosthetic devices not including dentures;
- (6) medical supplies and equipment;
- (7) physical therapy;
- (8) outpatient laboratory and outpatient x-ray services;
- (9) ambulatory surgical center services;
- (10) nonemergency medical transportation;
- (11) outpatient physician services;
- (12) outpatient hospital services;
- (13) intermediate care facility services;
- (14) skilled nursing facility services;
- (15) emergency medical transportation;
- (16) pharmaceuticals;
- (17) inpatient physician services;
- (18) inpatient hospital services.

History

(§ 13 ch 105 SLA 1986)

Sec. 47.25.210. Alienation and attachment.

Assistance granted under AS 47.25.120 - 47.25.300 is inalienable by assignment or transfer and is exempt from garnishment, levy, or execution as provided in AS 09.38 (exemptions).

History

(§ 11 ch 110 SLA 1953; am § 8 ch 62 SLA 1982)

Sec. 47.25.220. State's claim for assistance.

The total amount paid in assistance to a recipient constitutes a claim against the recipient and the recipient's estate. On the death of a person receiving assistance the total amount paid as assistance shall be allowed by the court having jurisdiction over the estate.

History

(§ 12 ch 110 SLA 1953)

Sec. 47.25.230. Persons liable for support and burial.

Every needy person shall be supported while living and upon dying, shall be given a decent burial by the spouse, children, parents, grandparents, grandchildren, or siblings of the needy person, if they, or any of them, have the ability to do so, in the order named. Every designated person who fails to support the needy person when directed by the department to do so, or fails to give the needy person a decent burial shall reimburse the state or a municipality for the funds expended by either the state or a municipality for the relief or burial of the needy person, and these sums with interest and costs may be recovered by the state or a municipality of the state in a civil action.

History

(§ 13 ch 110 SLA 1953; am § 68 ch 37 SLA 1986)

Annotations

Cross references. For duty of parent and child to maintain each other, see AS 25.20.030.

NOTES TO DECISIONS

Applicability of criminal nonsupport statute. - The criminal nonsupport statute, AS 11.51.120, does not extend beyond those individuals expressly made legally responsible for the support of a child by AS 25.20.030 and this section. *Olp v. State*, 738 P.2d 1117 (Alaska Ct. App. 1987).

Collateral references. Nature of care contemplated by statute imposing general duty to care for indigent relatives. 92 ALR2d 348.

Sec. 47.25.240. Action against person liable for care of recipient.

Statute text

If, during the continuance of an allowance, the department ascertains that a person liable for the support of the recipient of assistance is able to provide the necessary care and support of the recipient, and the person liable for the care and support of the recipient fails or refuses to support and care for the recipient, the state has a claim for the assistance against the person liable for it. This claim may be enforced by civil action brought in the name of the state by the attorney general against the person liable for the recovery of the amount of money, with interest, paid to the recipient, together with the costs and disbursements of the action.

History
(§ 14 ch 110 SLA 1953)
Annotations

NOTES TO DECISIONS

Stated in *Streb v. Streb*, 774 P.2d 798 (Alaska 1989).

Sec. 47.25.250. Temporary relief.

When a needy person is not entitled to assistance under AS 47.25.120 - 47.25.300 and has no relatives in the state liable for support under AS 47.25.230 and 47.25.240, the needy person may receive temporary assistance in the form and amount which the department considers necessary. Temporary assistance for needs other than transportation and medical care may not exceed \$120 per person per month.

History

(§ 15 ch 110 SLA 1953; am § 4 ch 221 SLA 1976; am § 2 ch 62 SLA 1985)

Sec. 47.25.252. Discretionary assistance.

Statute text

When a needy person is not entitled to assistance under AS 47.25.120 - 47.25.300, the needy person may receive assistance in the form and amount that the department considers necessary.

History

(§ 14 ch 138 SLA 1982)

Sec. 47.25.255. Catastrophic illness. [Repealed, § 2 ch 107 SLA 1978. For current law, see AS 47.08.]

Sec. 47.25.260. Recovery and disposition of allowances improperly granted.

If the department finds that a general relief allowance has been improperly granted, it shall investigate, and if it appears from the investigation that the assistance was improperly granted, the department may cancel the allowance and notify the recipient of the cancellation. The state then has a claim against the person who received the improper allowance. The claim may be enforced by civil action in the name of the state by the attorney general to recover the amount paid to the person, with interest, together with the necessary costs of the action.

History

(§ 16 ch 110 SLA 1953)

Sec. 47.25.265. Cancellation of warrants.

(a) Warrants issued to a general relief assistance recipient after the date of death of the recipient shall be returned to the Department of Administration and canceled.

(b) General relief assistance warrants issued before the death of the recipient but not negotiated at death shall be returned to the Department of Administration, and shall be canceled, unless claimed by the authorized representative of the estate of the recipient within 90 days of the date of death.

(c) The state is not liable to the estate, heirs, or creditors of the deceased general relief assistance recipient for payment on warrants canceled under (a) and (b) of this section.

History
(§ 1 ch 52 SLA 1964)

Sec. 47.25.270. Agreements with federal government.
The department may enter into agreements, arrangements, or contracts with any federal agency, department, or official under which funds made available to the federal agency, department, or official may be transferred to the department and spent in accordance with AS 47.25.120 - 47.25.300 for assistance to needy persons.

History
(§ 18 ch 110 SLA 1953)

Sec. 47.25.280. Obtaining assistance by fraud. [Repealed, § 42 ch 143 SLA 1982.]

Sec. 47.25.290. Penalty for violation.
A person who violates a provision of AS 47.25.120 - 47.25.300 is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year, or by both.

History
(§ 19 ch 110 SLA 1953; am § 2 ch 116 SLA 1975)

Sec. 47.25.300. Definitions.
In AS 47.25.120 - 47.25.300

- (1) "assistance" means financial assistance to or on behalf of a needy person, including subsistence (food, shelter, fuel, clothing, and utilities) and transportation, medical needs (including, but not limited to, hospitalization, nursing, and convalescent care), burial, and other determined needs;
- (2) "department" means the Department of Health and Social Services;
- (3) "needy person" means a needy resident of the state who is not eligible for aid from another public agency or department providing similar services in the state;
- (4) "public medical institution" means a public hospital or medical institution, except an institution for the treatment of tuberculosis or mental disease.

History
(§ 1 ch 110 SLA 1953; am § 2 ch 32 SLA 1971; am § 6 ch 104 SLA 1971)

Annotations

NOTES TO DECISIONS

A statutory prohibition of welfare benefits to residents of less than a year created a classification which constituted an invidious discrimination denying such residents equal protection of the laws. *Shapiro v. Thompson*, 394 U.S. 618, 89 S. Ct. 1322, 22 L. Ed. 2d 600 (1969) (decided prior to 1971 amendment which deleted durational residency requirement).

STATE OF ALASKA

DEPARTMENT OF REVENUE PERMANENT FUND DIVIDEND DIVISION

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FEB 11 2005

February 9, 2005

The Honorable Jay Ramras
Alaska State Legislature
State Capitol, Room 104
Juneau, AK 99801-1182

Dear Representative Ramros:

Regarding your follow-up questions about PFD quarterly payments:

- On-going operational costs (and I think this is conservative) based on current costs and rates would be approximately \$55.0 (based on 1% participation or about 5000):
 - Print and mail \$15.0
 - Administrative costs 22.0
 - Computer processing 18.0
- The second through fourth payments would remain in the Permanent Fund Dividend Fund and would earn interest. Interest earned is deposited in the General Fund not the Dividend Fund.
- As you know interest rates are very difficult to project. The Treasury Division cautiously advises that we might expect about 2.5% interest on short term investments this year. Your analysis of days of accrued interest for the four payments is generally correct. The exact number of days may vary but the concept is correct.
- At 2.5% interest, 5,000 participants who remain in the program all year, and a dividend of \$850, interest (approximately \$66.4) would cover the annual operating costs as projected above. Whether this would be true each year with its actual criteria is not knowable. As projected, interest for FY 2006 would not cover both operating costs and the re-write of the payment system.
- No, costs would not go down with additional participation. The cost would rise approximately \$15.6 for every 5,000 additional participants because print, mail and direct deposit costs are based on a per unit charge regardless of volume. The impact on our public information offices is difficult to project and no additional

PFD Division

Representative Jay Ramras
February 9, 2005
Page 2

cost is included in the \$15.6. Other costs remain about the same regardless of volume.

- The re-write of the payment system is actually not "in process". In our long range plans, we have tentatively planned to re-write the system in FY 07 or 08. This plan assumed re-writing the current system with a single payment, a relatively simple project. Quarterly payments would add considerable complexity to the project and would require additional resources to accomplish, including expert advice on design. So, in answer to your question, the incremental cost of adding quarterly payments at that time would be still be high...perhaps as much as \$150.0.

I regret that this idea is not cheaper or easier to implement...the devil is always in the details. I realize that some of this information begs further explanation, and I am happy to provide all the details you may want.

Sincerely,



Sharon Barton
Director

cc: Jerry Burnc!!
DOR Legislative Liaison

House Bill 186

What is the possible effect of quarterly Permanent Fund Dividend payments on an individual's or family's public assistance?

Due to the fact that receiving a Permanent Fund Dividend may put an individual's or family's income over the quarterly amount allowable by federal public assistance, Alaska has established a state general relief assistance program, under AS 47.25.120 – 47.25.300, to cover its citizens' public assistance benefits when they are ineligible for federal assistance. Benefits under this program may be received for only one four-month period during a fiscal year. Therefore, an individual or family receiving public assistance should not apply for the quarterly payment program since the quarterly payments may make them ineligible for any public assistance for three quarters of the year.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB186-DHSS-DPA-03-08-05

Revision Date/Time (Note if correction): _____

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

Title QUARTERLY PFD PAYMENTS AND PUBLIC ASSISTANCE ELIGIBILITY

RDU Public Assistance
 Component PFD Hold Harmless

Sponsor RAMRAS

Requester HOUSE (STA)

Component No. 225

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personnel 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						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1050 PFD Fund						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 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 for individuals who would otherwise be denied because federal rules require that their PFD be counted as income or resources. Currently, the PFD is disbursed once per year. Public assistance recipients are held harmless in the month it is received and up to three additional months, for a total of four months per distribution year.

This bill provides for an optional quarterly PFD payment. We assume that recipients of public assistance benefits will not choose the quarterly payment option. All public assistance recipients are low-income and historically use the PFD to cover emergent needs, to satisfy debts, or to purchase clothing or other items needed to support self-sufficiency. Moreover, DPA will offer recipients information and education advising against election of the quarterly PFD option as the bill limits access to benefit replacement with hold harmless funding to only one four-month period per fiscal year.

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

Phone 465-1630
 Date/Time 03/08/2005
 Date 03/08/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 186
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Permanent Fund: Quarterly Payments RDU Revenue Programs & Support
 Component Permanent Fund Dividend
 Sponsor Ramras
 Requester _____ Component No. 981

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	25.0	25.0	25.0	25.0	25.0	25.0
Travel						
Contractual	335.3	35.3	25.3	35.3	35.3	35.3
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	360.3	60.3	60.3	60.3	60.3	60.3

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	0.0	87.5	86.2	105.0	112.5	111.2
-------------------------------	------------	-------------	-------------	--------------	--------------	--------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1950 Permanent Fund Dividend Fund	360.3	60.3	60.3	60.3	60.3	60.3
TOTAL	360.3	60.3	60.3	60.3	60.3	60.3

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes optional quarterly payments beginning with the 2006 dividend for Permanent Fund Dividend recipients who also select direct deposit.

This fiscal note assumes that the department will have the authority to deny participation to any applicant whose dividend has been garnished before the first payment in October. Garnishors will file against each quarterly payment and anyone garnished subsequent to the October payment would be paid the total remainder of their dividend less the amount of the garnishment at the time of the next quarterly payment. Costs are summarized on page 2.

The major cost of quarterly payments is a one-time cost to design and write a new payment system that accommodates quarterly payments and synchronizes transactions with our mainframe database. This work will need to be done by contract. (Continued on page 2)

Prepared by: Sharon Barton Phone 907-465-4785
 Division Permanent Fund Dividend Date/Time 3/16/05 11:10 AM
 Approved by: _____ Date 3/16/2005
 Agency _____

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB 186

ANALYSIS CONTINUATION

The department estimates that it will take 17 person months to design and write a payment system for quarterly payments. An estimate of months and costs is difficult to calculate because PFD IT staff has no previous experience with the design and development of a somewhat complex payment system.

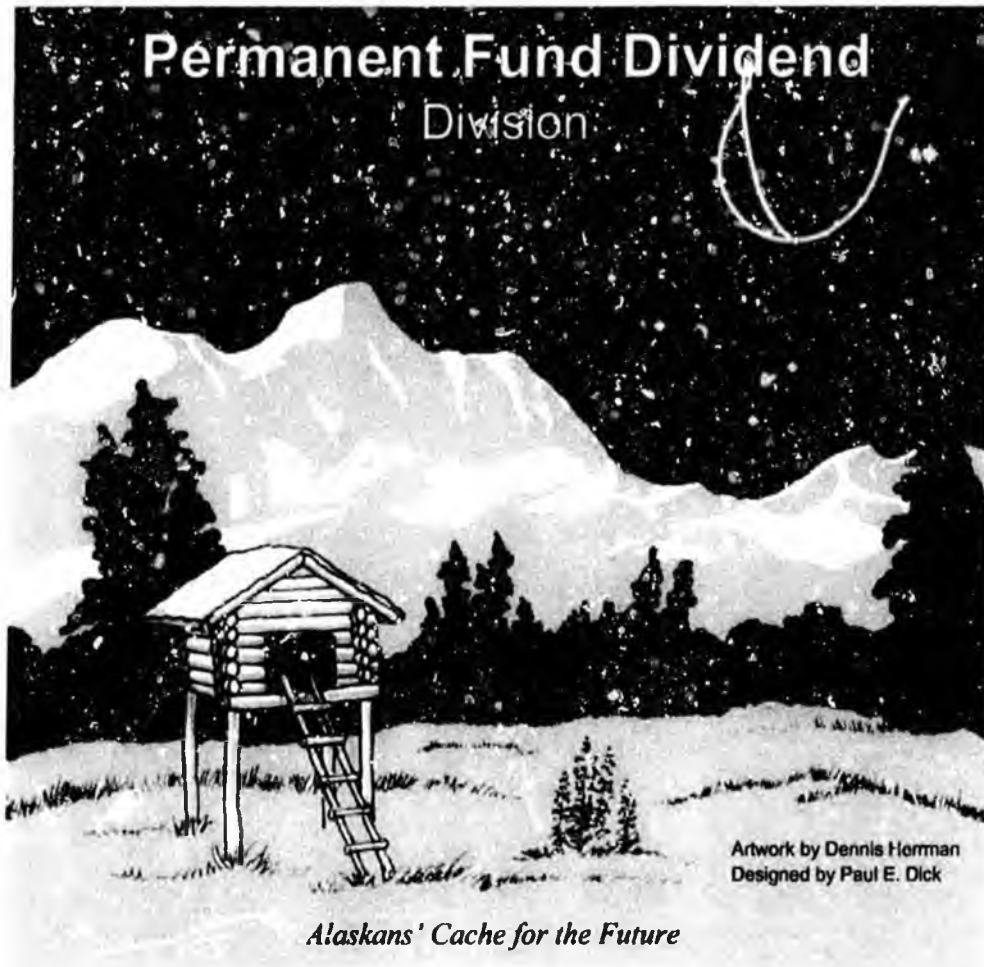
Ongoing operations costs assume approximately 5,000 participants and include direct deposit transaction costs, print and mail costs, and computer processing costs for three additional direct deposit payments; new forms development and printing; and staff months to handle the quarterly garnishments that will be filed, and increased public contacts for information and direct deposit changes. Additional participants would result in higher costs.

Costs include:

Expand and re-write PFD computer system to handle quarterly payments (by contract)	\$300.0
Print and mail costs for three additional payments	15.5
Computer processing costs for three additional payments	18.0
Direct Deposit transaction fees	1.8
6 month PPT position or six additional months for existing staff	25.0
Total	<u>\$360.3</u>

Revenue is based on a 2% rate of return of funds held until distribution for 5,000 applicants. Dividend amounts for each year are based estimates from the Alaska Permanent Fund Corporation.

**State of Alaska
Department of Revenue**



**2004
Annual Report**

Frank H. Murkowski, Governor
William Corbus, Commissioner
Sharon Barton, Director

This report is available on the Internet
www.pfd.state.ak.us

2004

This annual report provides information and data on the Permanent Fund Dividend program for calendar year 2004 and historical data.

The 2004 dividend application period was January 2 through March 31, 2004. Alaskans who were residents of the state for the entire calendar year 2003 and met other program eligibility criteria qualified for a 2004 dividend.

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



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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JUNEAU, ALASKA 99811-0001
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March 2005

Dear Alaskans:

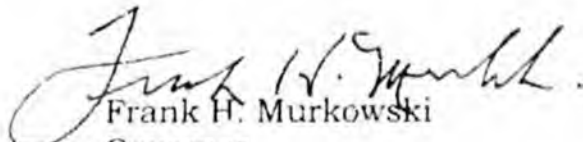
The Permanent Fund Dividend Division has wrapped up the 2004 dividend year in this report. I hope you find the information interesting and useful.

This is the 23rd year that the Permanent Fund has paid a dividend to the Alaskan citizens. The dividend has ranged from a low of \$331 in 1984 and a high of \$1964 in 2000. Whether the dividend is under \$1000 or approaching \$2000, families across Alaska, both rural and urban, spend significant amounts of their dividends supporting the Alaska economy. It has become an important factor in the support of our local businesses.

As you will see in this report, the Permanent Fund Dividend Division is striving to administer the dividend program in the most efficient and cost-effective manner. A larger percentage of Alaskans are filing electronically and having their dividends directly deposited. Each of these technological advances furthers the ease of applying and receiving your dividend.

Creation of the Permanent Fund was one of the most responsible decisions Alaskans have made during our 46 years of statehood. The dividend continues to be your direct link to that decision in 1976. It is my pleasure to present you this 2004 report.

Sincerely yours,


Frank H. Murkowski
Governor

Permanent Fund Dividend 2004 Annual Report

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Executive Summary Section

This section provides an overview of highlights and accomplishments of the dividend program and the PFD Division for 2004. It includes the dividend calculation and dividend activity for 2004 in comparison with prior year activity. This section also summarizes new Permanent Fund Dividend legislation enacted into law in 2004.

Detailed data and information specific to dividend activities are included in other sections of this report.

2004 in Retrospect

2004 was a year of many accomplishments and growth for the PFD Division. The division continued to utilize internet technologies toward its vision of a near paperless environment in which applicants are able to apply for a dividend and conduct PFD related business on-line. The division is seeing an ongoing trend where more and more applicants are using the on-line application, and has laid the foundation for applicants to change their address and direct deposit information on-line. The division took steps toward its priority to pay as many applicants as possible by the October payment season and give them incentive to receive their dividend by direct deposit, a more efficient means of paying dividends. In all aspects of business, the division strived to provide Alaskans with the highest quality of customer service.

Following are highlights and accomplishments of the division during 2004.

- **Record Numbers** – The division experienced record numbers in the following areas:
- **Applications** - number of applications increased by about 1% - the division processed 625,072 applications in 2004; up from 619,220 in 2003. The growth tracks with the increase in the state's population over the past year which was about 1%.
 - **On-line Applications** - the number of on-line applications grew slightly over last year. The division received 158,353 on-line applications; up from 155,226 on-line applications in 2003. The division projected more growth during 2004, but problems with the new electronic signature program early in the application period seemed to dampen public enthusiasm for applying on-line. The division worked with Department of Administration during 2004 to re-design the electronic signature program and as a result, has already seen significant increases in numbers of on-line applications in 2005 compared to the respective dates for 2004.
 - **Electronically Signed Applications** – The 2004 application period was the first full year in which applicants could electronically sign their on-line application. The electronic signature was first made available March 20, 2003. For the last few days of the application period, only 2,151 e-signed applications were received. The division received 68,095 e-signed applications in 2004.
 - **Number of Applicants Paid** - the number of Alaskans who were eligible for and received dividends increased from 595,567 in 2003 to 598,378 applicants in 2004.
 - **Direct Deposits** - The number of applicants who requested direct deposit increased from 482,110 in 2003 (77.8% of all applicants) to 489,546 in 2004 (78.3%). Direct deposits were posted to applicant accounts on October 12, 2004. Of the 489,546 applicants who requested direct deposit, 448,642 (91.6%) qualified for and received direct deposit. The total amount of direct deposit was over \$395.6 million.
 - **Garnishment Records** – The number of garnishment records received and processed increased from 151,453 records in 2003 to 171,185 records in 2004. The increase was largely attributable to significantly more garnishment records submitted by the Municipality of Anchorage and process servers who served levies related to debts from judgments between private parties.

- **Receipt Letters Eliminated** – Given the widespread use of the Internet by Alaskans, the division re-evaluated its policy of mailing receipt letters to applicants that gave them notice the division had received their application. In lieu of the receipt notification, the division instructed applicants to use the division's on-line status inquiry program or contact the division. The on-line status inquiry program allows applicants to check their application status online at anytime during the year. Since its implementation in 1998, the on-line status inquiry has become immensely popular and the number of applicants who use it has grown each year. In 2004 alone, Alaskans accessed the on-line status inquiry over 588,000 times. The elimination of the receipt letters was met with minimal resistance which demonstrated Alaskans willingness to use the Internet for checking on the status of their application and generated a cost savings of approximately \$95,000.
- **On-line Application Expanded** – The division expanded its on-line application to allow all applicants to apply on-line. Prior to 2004, only those applicants who had received a dividend the year before were qualified to apply on-line. In 2004, the division expanded the program to allow first-time filers and applicants who had not previously received a dividend to apply on-line.
- **Direct Deposit Advice Re-designed** – as part of its continuing effort to identify cost savings, the division implemented a new direct deposit advice. The direct deposit advice is the division's notification to applicants that they will receive their dividend by direct deposit. The new advice was designed to print direct deposit information for family members on a single page. Previously, the direct deposit notice for each family member was printed on a separate page. The new direct deposit advice format, a tri-fold pressure-sealed form, contains information for up to six family members to be printed on a single advice.
- **Fraud Investigations Bolstered** – Building on the division's 2003 reorganization of its Fraud Investigations program, the division added two additional staff to work investigations and audit programs. The division has seen significant yields from its active focus on fraud as evidenced by increases in numbers of cases worked, dividends forfeited and amounts collected back from applicants who were wrongfully paid. A total of \$1.3 million was denied or assessed as a result of fraud investigations.

The highlight for the Fraud Investigations program in 2004 was the first federal conviction of an individual for PFD fraud. The individual received 15 months in prison and was ordered to pay \$13,562.04 in restitution. In other instances individuals prosecuted for crimes not related to PFD but PFD fraud was also involved, were given longer sentences and ordered to pay restitution to the Division. For more information and data about the fraud investigations program, see pages 50 through 52.

- **Increased Training Opportunities** – The division increased training in all areas of the dividend program. All employees participated in an "Excellence in Customer Service for PFD" training course and cross-trained in at least on other functional area of the division. A new employee training manual was implemented to assure that training for all new employees is consistent and comprehensive. The division held a series of regulations training sessions and discussion meetings with formal hearing officers to discuss formal hearing decisions.

New Legislation

The 2004 legislature passed four bills that directly relate to the dividend program. Following is a brief summary of each bill. The full text can be accessed through the Alaska Legislature's web site at www.legis.state.ak.us/basis/start.asp.

HB 536 (Ch 112 SLA 2004) – Extended filing period for certain military members. This bill extends the filing deadline for qualifying active duty military members. To qualify under this bill, the military member must have been eligible for imminent danger or hostile fire pay during the filing period. Military members who qualify under this bill have 90 days from the date that they were no longer eligible for imminent danger or hostile fire pay to file an application.

Because this bill was enacted after the filing deadline for the 2004 dividend, it authorized qualifying military members to file a 2004 PFD application within 90 days from the June 30, 2004 effective date of the bill. This bill also authorized qualifying members to file a 2003 PFD application within the same 90-day period.

This bill also authorizes qualifying military members to apply for prior year dividends as long as the individual can show reasonable cause for not timely filing for the dividend.

SB 284 (Ch 181 SLA 2004) – Disclosure of PFD Application Information. This bill restricts public disclosure of information on a PFD application to name only. Prior to this bill, mailing address in addition to name was open to public disclosure. This bill applies to applications for 2005 dividend and years thereafter. Governmental agencies still have access to confidential information under this legislation.

SB 376 (Ch 97 SLA 2004) – Subpoena Powers. This bill authorizes the commissioner of the Department of Revenue or director of the Permanent Fund Dividend Division to compel the production of books, papers, correspondence, memoranda, and other records in connection with an investigation by the Permanent Fund Dividend Division. This bill defines the consequences for failure to comply with the terms of a subpoena.

SB 393 (Ch 43 SLA 2004) – Administrative Garnishment Authority for the University of Alaska. This bill authorizes the University of Alaska to administratively garnishee dividends for tuition, fees and other charges owed to the university that are in default. This bill also defines the notification and appeals process that the university must utilize before they can garnishee a dividend.

2004 Dividend Calculation

Calculated September 17, 2004

Amount Available for Dividends

FY 05 PFD Fund Beginning Balance	\$ 3,785,081.49	
Expenditures to date	(218,756.54)	
Amount Collected from Assessments of Prior Year Dividends	<u>41,738.98</u>	
PFD Fund Balance as of September 19, 2003		\$ 3,608,113.93
Transfer from Permanent Fund Corporation		
Permanent Fund Earnings (5-year average)	581,245,966.80	
Less Appropriations (see below)	<u>(31,147,400.00)</u>	
Net Transfer from Permanent Fund Corporation		550,098,566.80
Reductions (see below)		<u>(1,101,300.29)</u>
Total Amount Available for Dividends		<u>\$552,605,380.44</u>

Total estimated number of eligible applicants: 600,760

The Department of Revenue uses an estimate because some applications are in review or incomplete as of the dividend calculation date. A number of these applications will be determined as payable after review or when applicants submit information needed to determine their eligibility. Also, some application types have extended filing due dates until March 31, 2005, such as estate and disabled applicants.

Dividend Calculation	<u>\$552,605,380.44</u>	=	\$919.84
	600,760		

Appropriations and Reductions Detail

Appropriations

Department of Health and Social Services (Hold Harmless)	\$15,949,900.00	
Department of Corrections	5,092,400.00	
Department of Revenue Administrative Cost		
Administrative Cost	5,521,900.00	
Imaging System Update Capital Project	220,000.00	
Office of Administrative Hearings	52,400.00	
Total Department of Revenue, PFD Division	5,794,300.00	
Department of Public Safety		
Council on Domestic Violence & Sexual Assault	3,107,000.00	
Department of Administration		
Violent Crimes Compensation Board	875,200.00	
Alaska State Legislature - Office of Victims' Rights	<u>328,600.00</u>	
Total Appropriations		<u>31,147,400.00</u>
Reductions		
Reserve for Prior-Year Dividend Liabilities	881,464.06	
Reserve for 18-Year-Old Filings for Prior Years	<u>219,836.23</u>	
Total Reductions		<u>1,101,300.29</u>
Total Appropriations and Reductions Detail		<u>\$32,248,700.29</u>

Five-Year History of Dividend Calculations

Dividend Calculation	2004	2003	2002	2001	2000
Dividend Fund Balance as of Calculation Date ¹	\$ 3,608,113.93	\$ 7,110,446.54	\$ 15,227,909.32	\$ 13,411,836.21	\$ 10,049,489.94
Add Permanent Fund Earnings	581,245,966.80	690,658,806.69	925,805,851.87	1,112,601,116.07	1,172,450,762.05
Less Appropriations and Reductions					
Appropriations (see below)	(31,147,400.00)	(33,594,400.00)	(28,353,200.00)	(30,301,000.00)	(30,303,800.00)
Reductions (see below)	(1,101,300.29)	(953,757.95)	(1,263,307.56)	(3,260,605.11)	(1,611,247.23)
Total Appropriations and Reductions	(32,248,700.29)	(34,548,157.95)	(29,616,507.56)	(33,561,605.11)	(31,915,047.23)
Total Amount Available for Dividends	<u>\$552,605,380.44</u>	<u>\$663,221,095.28</u>	<u>\$911,417,253.63</u>	<u>\$1,092,451,347.17</u>	<u>\$1,150,585,204.76</u>
Estimated Eligible Applicants	600,760	598,813	591,537	590,423	585,878
Dividend Amount ²	<u>\$919.84</u>	<u>\$1,107.56</u>	<u>\$1,540.76</u>	<u>\$1,850.28</u>	<u>\$1,963.86</u>

¹ Dividend amounts are calculated in mid-September to coincide with the Alaska Permanent Fund Corporation's annual meeting.

² Dividend amounts are rounded to an even amount to allow even division when computing the 50% University of Alaska College Savings Plan check-off option as provided under AS 14.40.807.

Appropriations and Reductions Detail

Appropriations

Department of Health and Social Services (hold-harmless provision for public assistance recipients)	\$15,949,900.00	\$15,405,500.00	\$13,007,900.00	\$16,147,300.00	\$17,518,100.00
Department of Corrections	5,092,400.00	6,895,400.00	4,257,900.00	3,615,100.00	2,929,000.00
Department of Revenue PFD Division	5,794,300.00	5,444,100.00	5,244,700.00	5,099,200.00	4,979,700.00
Department of Public Safety					
Council on Domestic Violence & Sexual Assault	3,107,000.00	4,008,800.00	4,004,800.00	4,004,800.00	3,504,800.00
Batterers Intervention Program	0.00	200,000.00	200,000.00	200,000.00	200,000.00
Total Department of Public Safety	<u>3,107,000.00</u>	<u>4,208,800.00</u>	<u>4,204,800.00</u>	<u>4,204,800.00</u>	<u>3,704,800.00</u>
Department of Administration					
Violent Crimes Compensation Board	875,200.00	1,178,400.00	1,175,700.00	1,170,700.00	1,172,200.00
Alaska State Legislature - Office of Victims' Rights	328,600.00	462,200.00	462,200.00	63,900.00	0.00
Total Appropriations	<u>\$31,147,400.00</u>	<u>\$33,594,400.00</u>	<u>\$28,353,200.00</u>	<u>\$30,301,000.00</u>	<u>\$30,303,800.00</u>

Reductions

Reserve for Prior-Year Dividend Liabilities	881,464.06	502,207.72	1,024,643.51	3,165,616.65	1,536,247.23
Reserve for 18-year-old Filers	219,836.23	451,550.23	238,664.05	94,988.46	75,000.00
Total Reductions	<u>\$1,101,300.29</u>	<u>\$953,757.95</u>	<u>\$1,263,307.56</u>	<u>\$3,260,605.11</u>	<u>\$1,611,247.23</u>

Comparison of Application and Payment Status

	2004		2003		2002	
	Quantity	% Total	Quantity	% Total	Quantity	% Total
<u>Applicants</u>						
Adult	441,959	70.71%	435,322	70.28%	428,213	69.94%
Child	183,113	29.29%	184,124	29.72%	184,039	30.06%
Total	625,072	100.00%	619,446	100.00%	612,258	100.00%
<u>Application Status</u>						
Eligible for Payment	598,378	95.73%	595,567	96.15%	589,378	96.26%
Denied	25,166	4.03%	23,541	3.80%	22,621	3.69%
In Review	351	0.05%	66	0.01%	24	0.00%
In Appeal	1,060	0.17%	23	0.00%	7	0.00%
Incomplete Application	89	0.01%	10	0.00%	1	0.00%
Assessed for Repayment	28	0.00%	239	0.04%	227	0.04%
Total	625,072	100.00%	619,446	100.00%	612,258	100.00%
<u>Payment Status</u>						
Paid by Direct Deposit						
Full Dividend	420,442	67.26%	418,433	67.56%	410,385	67.03%
Partial Dividend (Garnisheed)	19,127	3.06%	18,001	2.90%	14,091	2.30%
Paid by Warrant						
Full Dividend	123,141	19.70%	125,447	20.25%	133,855	21.86%
Partial Dividend (Garnisheed)	12,866	2.06%	13,076	2.11%	12,599	2.06%
Fully Garnisheed	22,802	3.65%	20,605	3.33%	18,448	3.01%
Not Paid	26,694	4.27%	23,879	3.85%	22,880	3.74%
Total	625,072	100.00%	619,446	100.00%	612,258	100.00%

Note: Some applications in appeal and review status were not complete as of the print date of this report. They will be processed and determined as acceptable for payment or denied in early 2005.

Applications in review and appeal status for prior years result from applications received by 18-year-olds who are filing for a dividend they did not receive as a child.

Number of applicants who have received all 23 dividends
since program inception (1982): **121,811**

Total amount of all 23 dividends: **\$23,969.69**

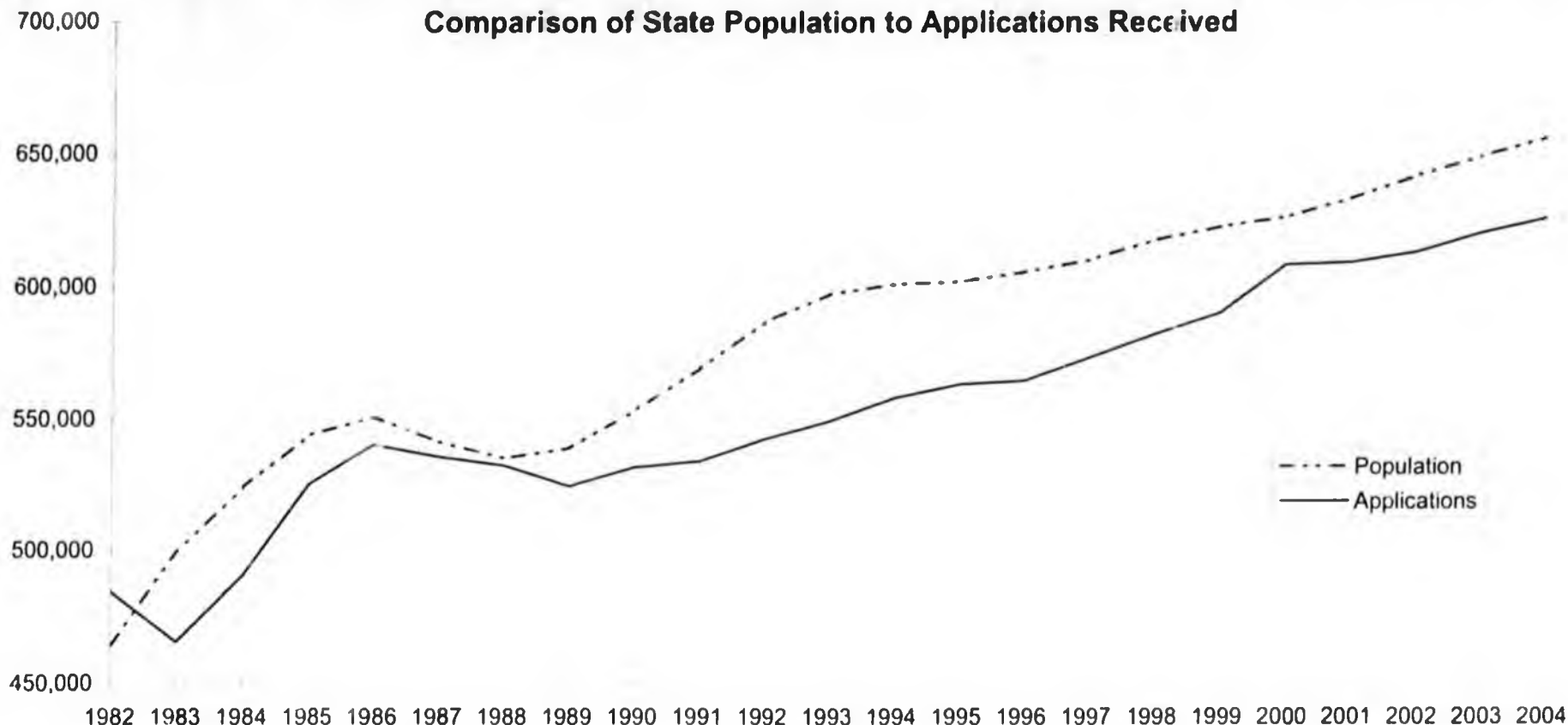
Historical Summary of Dividend Applications and Payments

Dividend Year	State Population	Dividend Applications		Dividend Amount	Amount Disbursed
		Received	Paid		
2004	655,435	625,072	598,378	\$919.84	\$550,412,019.52
2003	648,243	619,446	595,567	\$1,107.56	\$659,626,186.52
2002	640,841	612,258	589,378	\$1,540.76	\$908,090,047.28
2001	632,389	608,504	586,187	\$1,850.28	\$1,084,610,082.36
2000	625,504	607,823	583,040	\$1,963.86	\$1,145,008,934.40
1999	622,000	589,778	572,790	\$1,769.84	\$1,013,746,653.60
1998	617,082	581,837	565,256	\$1,540.88	\$870,991,665.28
1997	609,655	573,089	554,733	\$1,296.54	\$719,233,523.82
1996	605,212	564,411	546,040	\$1,130.68	\$617,396,507.20
1995	601,581	563,052	541,851	\$990.30	\$536,595,045.30
1994	600,622	557,874	534,608	\$983.90	\$526,000,811.20
1993	596,906	549,095	527,952	\$949.46	\$501,269,305.92
1992	586,722	542,285	522,639	\$915.84	\$478,653,701.76
1991	569,054	533,710	512,098	\$931.34	\$476,937,351.32
1990	553,171	531,515	497,608	\$952.63	\$474,036,309.04
1989	538,900	524,294	507,551	\$873.16	\$443,173,231.16
1988	535,000	532,241	518,152	\$826.93	\$428,475,433.36
1987	541,300	535,590	529,482	\$708.19	\$374,973,857.58
1986	550,700	540,216	532,299	\$556.26	\$296,096,641.74
1985	543,900	525,148	518,476	\$404.00	\$209,464,304.00
1984	524,000	490,414	481,346	\$331.29	\$159,465,116.34
1983	499,100	465,569	457,207	\$386.15	\$176,550,483.05
1982	464,300	484,344	469,740	\$1,000.00	\$469,740,000.00
Total		12,757,565	12,342,378	\$23,929.69	\$13,120,547,211.75

Source:

Dividend statistics were obtained from the Permanent Fund Dividend Division's Application and Payment Status report as of January 2005. Population statistics were obtained from the Alaska Department of Labor.

Comparison of State Population to Applications Received



Year	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Population	464,300	499,100	524,000	543,900	550,700	541,300	535,000	538,900	553,171	569,054	586,722	596,906	600,622	601,581	605,212	609,655	617,082	622,000
Applications	484,344	465,569	490,414	525,148	540,216	535,590	532,241	524,294	531,515	533,710	542,285	549,095	557,674	563,052	564,411	573,089	581,837	589,778

Year	2000	2001	2002	2003	2004
Population	625,504	632,389	640,841	648,243	655,435
Applications	607,823	608,504	612,258	619,410	625,072

Notes

- 1) Population generally exceeds number of applications because applicants must be a resident for at least an entire year before they may qualify for a dividend.
- 2) The number 1982 applications represents accumulated data from 1979 through 1982, the first year that dividends were paid. Dividends were not paid prior to 1982 because of litigation challenging residency requirements of the dividend statutes in effect at the time.

Population statistics were obtained from the Alaska Department of Labor.

History of Dividend Amounts

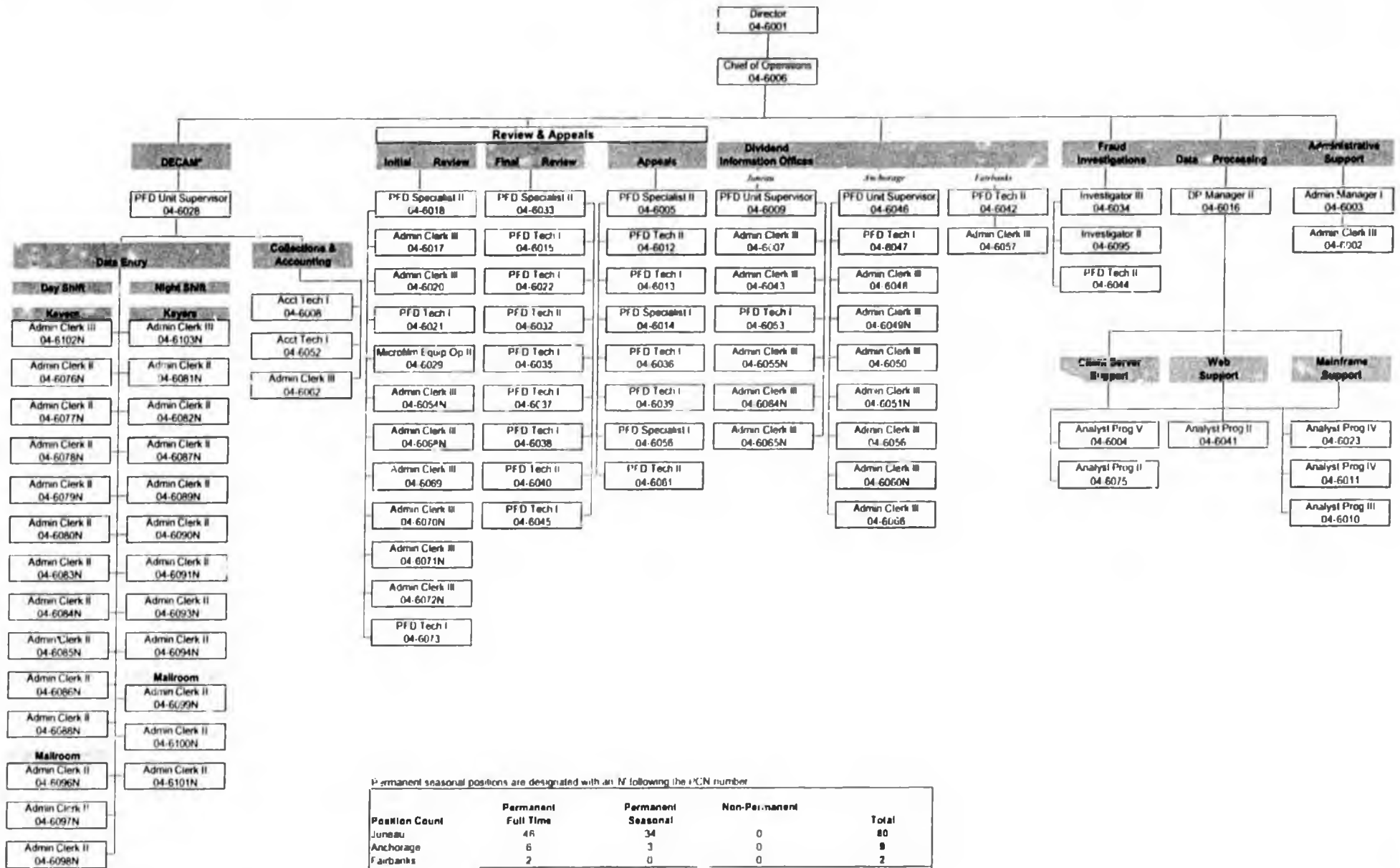
Year	Dividend Amount	Increase (Decrease)
1982	\$1,000.00	
1983	386.15	
1984	331.29	-14.21%
1985	404.00	21.95%
1986	556.26	37.69%
1987	708.19	27.31%
1988	826.93	16.77%
1989	873.16	5.59%
1990	952.63	9.10%
1991	931.34	-2.23%
1992	915.84	-1.66%
1993	949.46	3.67%
1994	983.90	3.63%
1995	990.30	0.65%
1996	1,130.68	14.18%
1997	1,296.54	14.67%
1998	1,540.88	18.85%
1999	1,769.84	14.86%
2000	1,963.86	10.96%
2001	1,850.28	-5.78%
2002	1,540.76	-16.73%
2003	1,107.56	-28.12%
2004	<u>919.84</u>	-16.95%
Total	<u><u>\$23,929.69</u></u>	

Note: 1983 dividend was the first annual dividend. The 1982 dividend was for combined years 1980 through 1982.

Organization

The Permanent Fund Dividend (PFD) Division is organized as a division within the Alaska Department of Revenue and is headquartered in Juneau. The PFD Division has dividend information offices in Anchorage, Fairbanks and Juneau. This section includes information about the division's organization and describes functions performed by the different sections within the division.

Organization Chart
As of December 31, 2004



* Permanent seasonal positions are designated with an N following the PCN number

Position Count	Permanent Full Time	Permanent Seasonal	Non-Permanent	Total
Juneau	48	34	0	80
Anchorage	6	3	0	9
Fairbanks	2	0	0	2
Total	54	37	0	91

* Data Entry, Collections, Accounting and Mailroom

Key Contacts

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Permanent Fund Dividend Division
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Anchorage, AK 99501-3528

Fairbanks Office

Alaska Department of Revenue
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Fairbanks, AK 99701

Juneau Office

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Permanent Fund Dividend Division
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Juneau, AK 99811-0461

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Fax (907) 451-5142
TTY (Hearing Impaired) 451-5095

Tel (907) 465-2326
Fax (907) 465-3470
TTY (Hearing Impaired) 465-2868

Toll free number (800) 733-8813

Available year-round in Alaska

Dividend Fraud Hotline (907) 465-2654 or 269-0385 Email - pfdfrud@revenue.state.ak.us

Organization and Responsibilities

During 2004, the Permanent Fund Dividend Division was staffed by 84 positions comprised of 54 full-time and 30 seasonal positions (primarily employed for data entry). The division is headquartered in Juneau and has information offices in Anchorage and Fairbanks. The division was organized into seven sections: Document Processing and Image Control, Data Entry and Collections, Dividend Information Offices, Data Processing, Review, Appeals, and Fraud Investigations. The division's fiscal year 2005 operating budget is \$5.5 million.

In November 2004, the division made some organizational changes to restructure duties and transfer the mailroom function to the Data Entry and Collections Section. The information below reflects each section's titles and functions as they existed for the majority of 2004.

Document Processing and Image Control (DPIC) is responsible for (1) receiving, preparing and imaging dividend applications for data entry, (2) examining applications that are incomplete or flagged by the division's computer system as requiring further attention, (3) examining and processing responses to division requests for additional information, and (4) reviewing applications with complex eligibility issues. DPIC is also responsible for imaging all documentation received from applicants subsequent to when they submit their PFD application. Employees throughout the division have access to the images.

DPIC processes thousands of documents in addition to applications. Throughout the year, applicants submit documentation requested by the division to complete their application for processing.

Data Entry and Collections (DECA) is responsible for entering application data and garnishments into the computer system. The section is also responsible for accounting for dividend payments and related transactions, processing garnishments, and collecting dividends from persons who were deemed ineligible after having been paid a dividend.

Data Entry and Collections was allocated 30 seasonal employees to data enter dividend applications that were received during the 2004 filing season.

Dividend Information Offices are responsible for assisting applicants who need help with completing their applications or need information about the dividend program. Information offices are located in Anchorage, Fairbanks and Juneau.

Information office staff assist applicants in person, by telephone, and through correspondence by letter or e-mail. Each year, information office employees assist thousands of walk-ins and answer thousands of telephone calls and emails from applicants seeking assistance or requesting application forms.

Data Processing is responsible for the full life cycles of the division's data processing needs. Data Processing is also responsible for supporting the division's mainframe, client server, imaging and web applications.

Data processing is responsible for preparing dividend payments each October. The section works with financial institutions to coordinate direct deposits to applicant accounts. The section also works with other state agencies to coordinate printing and mailing of dividend checks.

Review is responsible for reviewing applications that have been flagged by the computer system for having a potential problem in one or more of the following areas:

- Establishing residency
- Breaking Alaska residency
- Absences not allowed by law
- Intent to remain in Alaska

Employees work with applicants to gather information needed to determine their eligibility under the dividend program. Some cases are resolved without contacting the applicant if the applicant submits sufficient information with the application.

For each applicant deemed ineligible, staff issue a denial letter outlining the reasons for the denial and informing the applicant of his or her appeal rights.

Appeals is responsible for conducting informal conferences for applicants who disagree with their dividend denial. Appeals staff review each appeal and develop facts and information relating to matters in dispute by the applicant. They issue written decisions to applicants upon conclusion of an informal conference, which are usually conducted by written correspondence. If the applicant disagrees with the informal conference decision, the applicant may request a formal hearing before a hearing examiner from the commissioner's office. A designated employee from Appeals represents the division at formal hearings.

Fraud Investigations is responsible for following up on fraud tips received from the public throughout the year, and conducting focused audits and criminal investigations. Applicants who willfully misrepresent, exercise gross negligence or recklessly disregard a material fact pertaining to eligibility are required to pay back what they were paid and/or forfeit the dividend they applied for and the subsequent five dividends.

Permanent Fund Dividend Division History

- 1976** Voters pass a constitutional amendment to establish the Permanent Fund (Alaska Constitution, Article IX, Section 15).
- 1980** First Permanent Fund dividend legislation enacted. The legislation established a program giving every adult Alaska resident \$50 for every year of residency since statehood in 1959 and also established a Dividend Fund. Payment of dividends were stayed under litigation (Zobel v Williams) challenging the constitutionality of the program.
- 1982** U.S Supreme Court ruled the 1980 legislation unconstitutional. In response to the litigation, the legislature passed legislation authorizing equal dividend payments to all six-month residents. The first dividend amount was \$1,000. The first dividend checks were distributed June 14, 1982.
- 1983** Residency period defined as 6 months ending March 31. Filing due date established as June 30.
- 1985** Hold-harmless program funding for public assistance recipients changed from General Fund to Permanent Fund Dividend Fund.
- 1986** Olympics check-off program begins. Persons allowed to donate \$5 to Alaska Winter Olympics account in General Fund.
- 1988** January 1988 - Permanent Fund Dividend Division established. Positions with PFD responsibilities in Administrative Services (20), Enforcement (23), and Public Services (14) transferred to the new division. Enforcement and Public Services divisions eliminated.
57 full-time positions after transfer.
32 non-permanent positions.
- 1989** Legislature changed residency period from 6 to 24 months. Individuals banned from assigning dividends (except to government) by regulation. Felons not eligible for dividends. Physical presence requirement established. Last year for Olympics check-off.
57 full-time positions.
54 non-permanent positions.
- 1990** Superior Court ruled 24-month residency requirement unconstitutional and changed the residency requirement to 12 months (Lindly v Malone). Disclosure requirements established to print program costs on dividend checks.
59 full-time positions.
56 non-permanent positions.
- 1991** Check-off program for Advance College Tuition started. Percent of dividend subject to levy for private judgments increased from 50% to 55%. Fairbanks office closed in September 1991 (2 positions). One position each transferred to Anchorage and Juneau office. First receipt cards mailed.
58 full-time positions.
54 non-permanent positions.
- 1992** Individuals banned from assigning dividends (except to government agencies) by statute. Review Unit moved from Anchorage to Juneau.
58 full-time positions.
58 non-permanent positions.
- 1993** Direct-deposit program for full dividends established. Residency period changed to calendar year. Voter registration forms included with dividend application.
62 full-time positions.
62 non-permanent positions.
- 1994** Filing due date changed to March 31. Longevity Bonus Annuity check-off program began. Legislature authorizes the division to charge fee for processing claims and assignments on dividends
61 full-time positions.
58 non-permanent positions.
- 1995** Longevity Bonus Annuity check-off program repealed.
61 full-time positions.
63 non-permanent positions.
- 1996** Misdemeanants with two prior crimes not eligible for dividends.
59 full-time positions.
62 non-permanent positions.

Permanent Fund Dividend Division History

1997 Fairbanks office re-opened February 1997 (2 positions).
59 full-time positions.
62 non-permanent positions.

1998 Internet program implemented to allow applicants to check their status online. All allowable absences defined in statutes (statutory provision for commissioner to define absences by regulation repealed). Spouses accompanying eligible residents authorized as allowable absence. Authority to file for estates (persons who die during filing period) established. Physical presence changed to 72 hours every two years (effective for 2000 dividend). Percent of dividend subject to levy for private judgment increased from 55% to 80%.
60 full-time positions.
62 non-permanent positions.

1999 On-line application implemented, but applicants required to print and sign full application. Direct-deposit program expanded to include partial dividends. Document Processing Unit night shift (17 positions) eliminated. Emergency regulations detailing alien eligibility adopted.
57 full-time positions.
43 non-permanent positions.

2000 Imaging system and new data entry system implemented January 2000. First year that applications imaged. Improved on-line Internet application implemented March 2000 (applicants required to sign signature page only). Fairbanks office moved to Cushman Street location September 1.
57 full-time positions.
43 non-permanent positions.

2001 Review and Appeals units consolidated into the Dividend Enforcement, Review and Appeals Unit. Alaska Supreme Court rules that immigrant aliens who form intent to remain in Alaska qualify for dividends.
63 full-time positions.
30 non-permanent positions.

2002 Receipt letter replaces application receipt card. Department of Health and Social Services files applications electronically. Final year securities companies participated in the direct-deposit program. Misdemeanants with one prior felony or two prior misdemeanors not eligible for dividend.
63 full-time positions.
30 non-permanent positions.

2003 Electronic signature for on-line applications implemented March 20, 2003. All review cases worked by year-end. Fraud Investigations moved from Anchorage to Juneau.
53 full-time positions.
30 seasonal part-time positions.

2004 Receipt letters eliminated. On-line application expanded to cover full application and supplemental schedule. Tri-fold direct deposit advice implemented. Selective Service registration part of the application.
54 full-time positions.
30 seasonal part-time positions.

Dividend Application Information

The dividend application filing season begins on January 2 at 12:01 a.m. when the division's on-line application is made available to the public. Paper applications are delivered to every household in the state on January 2. Within a couple of days, thousands of applications pour into the division by mail, hand delivery and on-line. Within the first week of the application period, the division typically receives around 90,000 applications. The weeks that follow are hectic and busy as the division processes the thousands of applications that are received throughout the season. After the end of the 2004 filing season, the division received 630,000 applications.

In order to complete the tasks that come with the application season, the division hires seasonal employees to help open mail and key information from paper applications. These employees start during the first part of January and continue their work through mid-May, when the last of the applications are data captured and processed.

This section includes data and information relating to applications received during the filing season and the remainder of the year (mostly late applications). Applicant demographics included in this section are compiled from 2004 PFD application data.

2004 Dividend Application Detail

Adult Applications	
Adult	440,405
Office of Public Advocacy	825
Application on Behalf of Another Adult	445
Estate of Adult who Died During Filing Season	125
Disabled Individual	110
18-Year-Old Filers ¹	49
Total Adult Applications	441,959
Child Applications	
Child	180,857
Child in Custody of Health and Social Services	2,251
Estate of Child who Died During Filing Season	5
Total Child Applications	183,113
Total Applications	625,072

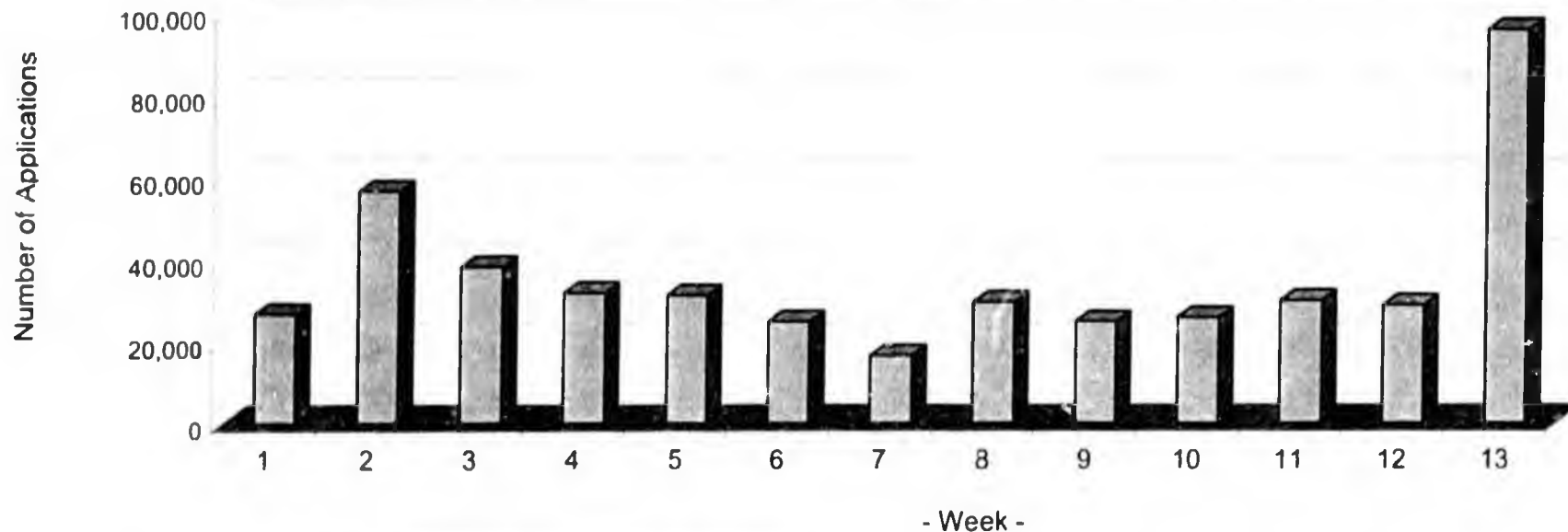
Other Facts:

- ❖ On-line applications filed: **158,353**
- ❖ On-line Application with Electronic Signature: **68,095**
- ❖ Percentage of On-line Applications E-Signed: **43%**
- ❖ First-time Filers: **33,113**
- ❖ Late Applications Denied: **1,857**
- ❖ Sponsor Eligibility Forms² Filed: **103**

¹ Under regulation 15 AAC 23.133, 18-year-olds may apply for a prior year dividend that was not issued to them as a child. The 18-year-old must meet all eligibility requirements for the respective prior year and must file the application prior to his or her 19th birthday.

² Sponsor Eligibility Forms are applicable to adults who are sponsoring a child but who themselves did not apply for a dividend or were not eligible for a dividend because they were convicted of a crime or incarcerated as a result of a crime.

**Application Filing Activity
2004 Dividend**



Week	Week Ending	Applications			% of Total
		Paper	On-line	Total	
1	January 8, 2004	26,987	20,384	47,371	7.58%
2	January 15	56,883	12,910	69,793	11.17%
3	January 22	38,499	12,648	51,147	8.18%
4	January 29	32,165	10,152	42,317	6.77%
5	February 5	31,505	9,569	41,074	6.57%
6	February 12	24,985	9,052	34,037	5.45%
7	February 19	16,639	8,903	25,542	4.09%
8	February 26	29,766	8,776	38,542	6.17%
9	March 4	24,973	9,649	34,622	5.54%
10	March 11	25,969	10,739	36,708	5.87%
11	March 18	30,127	11,086	41,213	6.59%
12	March 25	29,030	12,171	41,201	6.59%
13	March 31	95,805	22,314	118,119	18.90%
April 1 - December 31		3,386	0	3,386	0.54%
Total Applications		466,719	158,353	625,072	100.00%

Number of e-signed on-line applications: **68,095**
 % e-signed to total on-line applications: **43%**

Top 3 days paper applications received:
 March 31 (Wednesday): **78,054**
 January 20 (Tuesday): **14,902**
 March 1 (Monday): **14,213**

Top 3 days on-line applications received:
 March 31 (Wednesday): **5,962**
 March 30 (Tuesday): **5,650**
 March 29 (Monday): **4,996**

How Applicants Answered Application Questions

	Number Answered			% Total		
	Yes	No	Not Answered	Yes	No	Not Answered
Adult Applications (441,959 applications)						
Did you receive a 2003 dividend?	404,466	37,493	0	91.52%	8.48%	0.00%
Are you in Alaska today?	422,944	18,844	171	95.70%	4.26%	0.04%
During 2003, were you absent for more than 90 days?	28,142	413,690	127	6.37%	93.60%	0.03%
During 2003, were you absent for more than 180 days?	15,308	426,512	139	3.46%	96.51%	0.03%
Are you a United States citizen?	428,863	13,062	34	97.03%	2.96%	0.01%
During 2003, were you on active duty in the U.S. Armed Forces?	13,802	427,798	359	3.12%	96.80%	0.08%
Do you want 50% of your dividend into the UA College Savings Plan?	1,533	440,426	0	0.35%	99.65%	0.00%
Do you want direct deposit into an Alaska bank account?	342,502	99,457	0	77.50%	22.50%	0.00%
Child Applications (183,133 applications)						
Are you the child's natural or adoptive parent?	182,681	403	29	99.76%	0.22%	0.02%
Did this child live with you for a majority of 2003?	181,737	1,324	52	99.25%	0.72%	0.03%
Did the child receive a 2003 dividend?	161,629	21,484	0	88.27%	11.73%	0.00%
During 2003, was the child absent for more than 90 days?	8,879	174,180	54	4.85%	95.12%	0.03%
During 2003, was the child absent for more than 180 days?	6,114	176,942	57	3.34%	96.63%	0.03%
Is the child a United States citizen?	181,349	1,759	5	99.04%	0.96%	0.00%
Do you want 50% of child's dividend into the UA College Savings Plan?	5,656	177,457	0	3.09%	96.91%	0.00%
Do you want child's dividend directly deposited?	143,413	39,700	0	78.32%	21.68%	0.00%

Dividend Application Information

**Why Applicants Were Absent From the State
For Absences During 2003 (Qualifying Year for 2004 Dividend)**

Dividend application forms ask applicants if they were absent from the state for more than 90 days and 180 days. Reasons why applicants were absent from the state are listed below.

Absence reason	Between 91 and 180 days			More than 180 days		
	Adult	Child	Total	Adult	Child	Total
❖ Accompanied an Alaska resident who was eligible for a PFD	784	1,508	2,292	2,428	5,089	7,517
❖ Enrolled as a full-time student (Postsecondary Education)	3,580	59	3,639	5,308	30	5,338
❖ Served on active duty in the U.S. Armed Forces	1,442	N/A	1,442	4,763	N/A	4,763
❖ Received continuous medical treatment	256	118	374	155	186	341
❖ Enrolled as a full-time student (Grades 7 - 12)	129	316	445	79	170	249
❖ Cared for a terminally ill family member	207	26	233	111	13	124
❖ Cared for a direct relative with a critical life-threatening illness	182	28	210	66	8	74
❖ Served as a member of Alaska's congressional delegation or staff	7	N/A	7	29	N/A	29
❖ Settled the estate of a deceased direct relative	71	N/A	71	24	N/A	24
❖ Employed aboard a vessel of the U.S. Merchant Marine	44	N/A	44	22	N/A	22
❖ Employed by the State of Alaska	29	N/A	29	8	N/A	8
Other reasons	1,053	286	1,339	492	294	786
Vacation	4,607	342	4,949	339	74	413
Sought employment out of the state	713	N/A	713	277	N/A	277
Part of a legal custody agreement	N/A	112	112	N/A	77	77

❖ Allowable absence for determining dividend eligibility.

N/A - Not applicable to application type.

Note: Applicants may claim more than one type of absence on their application.

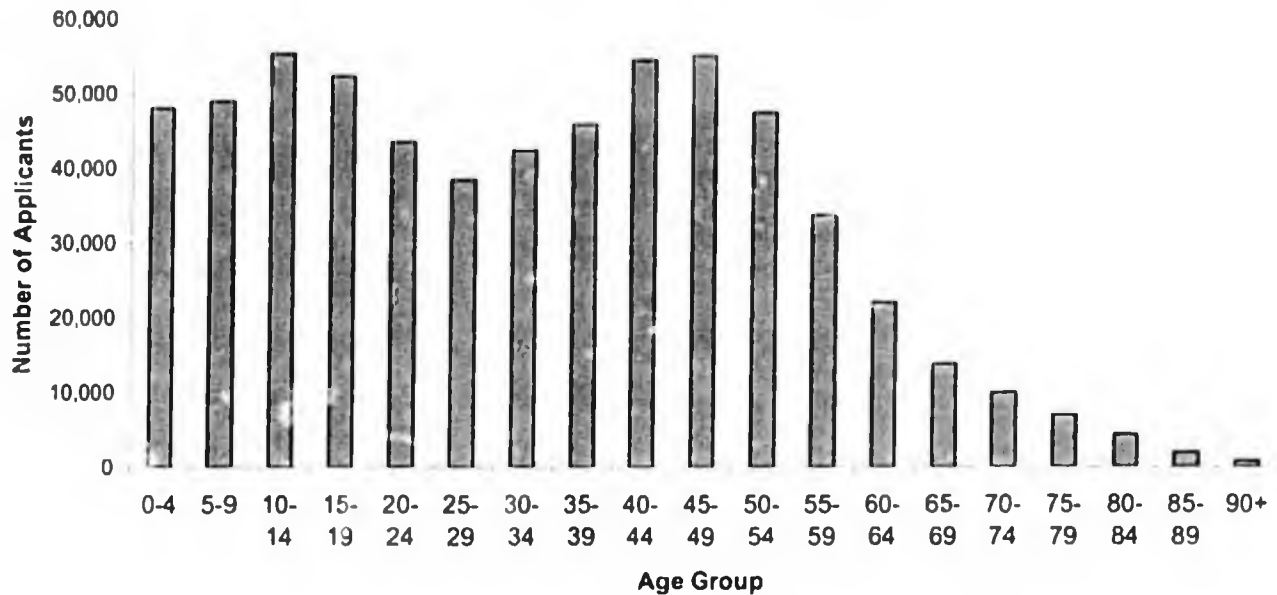
Applicant Birth State Data

<i>State</i>	<i>Applicants</i>	<i>% Total</i>	<i>State</i>	<i>Applicants</i>	<i>% Total</i>
Alabama	2,852	0.46%	Nebraska	3,426	0.55%
Alaska	254,298	40.68%	Nevada	2,000	0.32%
Arizona	5,430	0.87%	New Hampshire	1,300	0.21%
Arkansas	3,346	0.54%	New Jersey	3,973	0.64%
California	42,940	6.87%	New Mexico	3,361	0.54%
Colorado	9,088	1.45%	New York	12,411	1.99%
Connecticut	2,041	0.33%	North Carolina	4,293	0.69%
Delaware	514	0.08%	North Dakota	3,529	0.56%
District of Columbia	1,208	0.19%	Ohio	8,377	1.34%
Florida	6,960	1.11%	Oklahoma	5,378	0.86%
Georgia	4,288	0.69%	Oregon	18,705	2.99%
Guam/U.S. Territories	592	0.09%	Pennsylvania	8,812	1.41%
Hawaii	3,782	0.61%	Puerto Rico	580	0.09%
Idaho	7,311	1.17%	Rhode Island	751	0.12%
Illinois	9,558	1.53%	South Carolina	2,116	0.34%
Indiana	4,210	0.67%	South Dakota	3,214	0.51%
Iowa	4,760	0.76%	Tennessee	2,714	0.43%
Kansas	4,236	0.68%	Texas	15,583	2.49%
Kentucky	2,259	0.36%	Utah	5,030	0.80%
Louisiana	4,010	0.64%	Vermont	879	0.14%
Maine	2,193	0.35%	Virginia	3,952	0.63%
Maryland	2,539	0.41%	Washington	32,902	5.26%
Massachusetts	4,844	0.77%	West Virginia	1,453	0.23%
Michigan	12,022	1.92%	Wisconsin	8,110	1.30%
Minnesota	12,664	2.03%	Wyoming	2,764	0.44%
Mississippi	2,150	0.34%	Total United States	578,868	92.65%
Missouri	5,104	0.82%	Foreign Countries	46,204	7.35%
Montana	8,056	1.29%	Total All Applicants	625,072	100.00%

Top Ten Birth States

Alaska	254,298	40.68%	Minnesota	12,664	2.03%
California	42,940	6.87%	New York	12,411	1.99%
Washington	32,902	5.26%	Michigan	12,022	1.92%
Oregon	18,705	2.99%	Illinois	9,558	1.53%
Texas	15,583	2.49%	Colorado	9,088	1.45%
			Total Top Ten	420,171	67.21%

Applicant Demographics 2004 Dividend



Age	Applicants	Gender	Applicants	Percent
0-4	48,006	Male	319,963	51.19%
5-9	48,915	Female	305,109	48.81%
10-14	55,296	Total	625,072	100.00%
15-19	52,331			
20-24	43,486			
25-29	38,430			
30-34	42,375			
35-39	45,873			
40-44	54,451			
45-49	55,036			
50-54	47,396			
55-59	33,647			
60-64	21,964			
65-69	13,788			
70-74	9,995			
75-79	7,071			
80-84	4,338			
85-89	1,902			
90-99	758			
100+	14			
Total	625,072			

Adult applicants: 441,959
Child applicants (< 18 years old): 183,113

Median Age: 32.2 years old

Alaska Newborns: 10,360
(Born in 2003 Qualifying Year)

Oldest applicant on file: 104 years old

Most Common Names on File

Male
Michael
John
Robert
James
David

Female
Mary
Jennifer
Linda
Elizabeth
Patricia

Last Name
Smith
Johnson
Williams
Brown
Jones

Age demographics are based on applicants' age at the end of the qualifying year (2003) for the 2004 dividend.

Applicant Mailing Address by City

Zip Code	Municipality	Application Type		Total	% of Total Applications
		Adult	Child		
Anchorage					
99501	Anchorage	9,034	2,315	11,349	1.82%
99502	Anchorage	13,823	5,381	19,204	3.07%
99503	Anchorage	9,324	2,714	12,038	1.93%
99504	Anchorage	23,005	9,265	32,270	5.16%
99505	Fort Richardson	1,159	957	2,116	0.34%
99506	Elmendorf Air Force Base	1,893	1,697	3,590	0.57%
99507	Anchorage	20,772	8,754	29,526	4.72%
99508	Anchorage	19,242	7,930	27,172	4.35%
99509	Anchorage	2,513	647	3,160	0.51%
99510	Anchorage	1,677	316	1,993	0.32%
99511	Anchorage	2,751	734	3,485	0.56%
99513	Anchorage	11	5	16	0.00%
99514	Anchorage	1,999	969	2,968	0.47%
99515	Anchorage	13,081	5,541	18,622	2.98%
99516	Anchorage	11,631	4,722	16,353	2.62%
99517	Anchorage	10,231	3,199	13,430	2.15%
99518	Anchorage	6,038	2,005	8,043	1.29%
99519	Anchorage	667	179	846	0.14%
99520	Anchorage	1,778	775	2,553	0.41%
99521	Anchorage	1,492	540	2,032	0.33%
99522	Anchorage	1,553	497	2,050	0.33%
99523	Anchorage	2,122	745	2,867	0.46%
99524	Anchorage	2,367	560	2,927	0.47%
Total Anchorage		158,163	60,447	218,610	34.97%
Fairbanks North Star Borough					
99701	Fairbanks	9,557	3,520	13,077	2.09%
99702	Eielson Air Force Base	1,692	1,360	3,052	0.49%
99703	Fort Wainwright	1,755	1,394	3,149	0.50%
99704	Clear	76	20	96	0.02%
99705	North Pole	10,061	4,386	14,447	2.31%
99706	Fairbanks	1,249	359	1,608	0.26%
99707	Fairbanks	4,477	1,404	5,881	0.94%
99708	Fairbanks	5,412	1,633	7,045	1.13%
99709	Fairbanks	11,323	4,039	15,362	2.46%
99710	Fairbanks	1,106	392	1,498	0.24%
99711	Fairbanks	1,114	358	1,472	0.24%
99712	Fairbanks	4,992	1,908	6,900	1.10%
99714	Salcha	630	220	850	0.14%
99716	Two Rivers	288	104	392	0.06%
99775	Fairbanks	703	145	848	0.14%
Total Fairbanks North Star Borough		54,435	21,242	75,677	12.11%
Juneau					
99801	Juneau	13,822	5,228	19,050	3.05%
99802	Juneau	2,281	538	2,819	0.45%
99803	Juneau	3,200	1,020	4,220	0.68%
99821	Juneau (Auke Bay)	1,117	224	1,341	0.21%
99824	Juneau (Douglas)	1,464	434	1,898	0.30%
Total Juneau		21,884	7,444	29,328	4.69%

Applicant Mailing Address by City

Zip Code	Municipality	Application Type		Total	% of Total Applications
		Adult	Child		
Other Municipalities					
99546	Adak	49	11	60	0.01%
99615	Akhiok	37	28	65	0.01%
99551	Akiachak	346	267	613	0.10%
99552	Akiak	216	155	371	0.06%
99553	Akutan	106	20	126	0.02%
99554	Alakanuk	351	337	688	0.11%
99555	Aleknagik	93	50	143	0.02%
99595	Alexander Creek	16	7	23	0.00%
99720	Allakaket	136	55	191	0.03%
99786	Ambler	164	106	270	0.04%
99721	Anaktuvuk Pass	197	107	304	0.05%
99556	Anchor Point/Nikolaevsk	1,567	541	2,108	0.34%
99744	Anderson	202	67	269	0.04%
99820	Angoon	340	129	469	0.08%
99557	Aniak/Chuathbaluk/Stony River	470	236	706	0.11%
99558	Anvik	61	46	107	0.02%
99722	Arctic Village	98	48	146	0.02%
99547	Atka	56	20	76	0.01%
99791	Atkasuk	130	102	232	0.04%
99723	Barrow	2,635	1,432	4,067	0.65%
99724	Beaver	55	22	77	0.01%
99559	Bethel/Napaskiak	4,254	2,637	6,891	1.10%
99726	Bettles Field	38	5	43	0.01%
99652	Big Lake	2,107	761	2,868	0.46%
99785	Brevig Mission	160	151	311	0.05%
99727	Buckland	218	213	431	0.07%
99729	Cantwell	208	43	251	0.04%
99730	Central	106	17	123	0.02%
99788	Chalkyitsik	59	28	87	0.01%
99561	Chefornak	229	209	438	0.07%
99574	Chenega Bay	36	16	52	0.01%
99563	Chevak	461	452	913	0.15%
99732	Chicken	14	5	19	0.00%
99564	Chignik	68	18	86	0.01%
99565	Chignik Lagoon	63	24	87	0.01%
99548	Chignik Lake	77	41	118	0.02%
99615	Chiniak	83	20	103	0.02%
99566	Chitina	123	43	166	0.03%
99567	Chugiak	5,839	2,233	8,072	1.29%
99733	Circle	73	31	104	0.02%
99568	Clam Gulch	238	63	301	0.05%
99569	Clarks Point	40	25	65	0.01%
99918	Coffman Cove	135	34	169	0.03%
99571	Cold Bay/Nelson Lagoon	103	39	142	0.02%
99572	Cooper Landing	292	51	343	0.05%
99573	Copper Center	866	322	1,188	0.19%
99574	Cordova	1,637	608	2,245	0.36%
99521	Craig	1,136	471	1,607	0.26%

Applicant Mailing Address by City

Zip Code	Municipality	Application Type		Total	% of Total Applications
		Adult	Child		
99575	Crooked Creek	72	64	136	0.02%
99736	Deering	87	67	154	0.02%
99737	Delta Junction/Dot Lake/Paxson	2,619	1,207	3,826	0.61%
99755	Denali National Park	187	30	217	0.03%
99576	Dillingham/Koliganek/Twin Hills	1,769	907	2,676	0.43%
99738	Eagle	169	54	223	0.04%
99577	Eagle River	15,641	6,462	22,103	3.54%
99917	Edna Bay	20	0	20	0.00%
99578	Eek	172	128	300	0.05%
99579	Egegik	65	20	85	0.01%
99580	Ekwok	73	52	125	0.02%
99825	Elfin Cove	42	5	47	0.01%
99739	Elim	180	124	304	0.05%
99581	Emmonak	449	327	776	0.12%
99725	Ester	648	173	821	0.13%
99583	False Pass	40	16	56	0.01%
99740	Fort Yukon	452	214	666	0.11%
99586	Gakona/Slana	422	117	539	0.09%
99741	Galena	421	186	607	0.10%
99742	Gambell	369	245	614	0.10%
99587	Girdwood	1,494	320	1,814	0.29%
99588	Glennallen	977	371	1,348	0.22%
99589	Goodnews Bay	162	77	239	0.04%
99590	Grayling	115	71	186	0.03%
99826	Gustavus	343	107	450	0.07%
99827	Haines	1,822	488	2,310	0.37%
99743	Healy	687	239	926	0.15%
99602	Holy Cross	128	87	215	0.03%
99603	Homer	6,748	2,544	9,292	1.49%
99829	Hoonah	667	217	884	0.14%
99604	Hooper Bay	569	568	1,137	0.18%
99605	Hope	150	33	183	0.03%
99694	Houston	358	120	478	0.08%
99745	Hughes	49	20	69	0.01%
99746	Huslia	168	105	273	0.04%
99922	Hydaburg	232	94	326	0.05%
99923	Hyder	68	12	80	0.01%
99606	Iliamna	185	96	281	0.04%
99540	Indian/Dird Creek	155	43	198	0.03%
99830	Kake	466	197	663	0.11%
99747	Kaktovik	150	84	234	0.04%
99607	Kalskag	134	107	241	0.04%
99748	Kalltag	147	73	220	0.04%
99608	Karluk	22	15	37	0.01%
99609	Kasigluk	305	213	518	0.08%
99610	Kasilof	1,562	524	2,086	0.33%
99611	Kenai	8,226	3,333	11,559	1.85%
99901	Ketchikan	8,091	2,828	10,919	1.75%
99950	Ketchikan Rural Area	243	65	308	0.05%
99749	Kiana	234	148	382	0.06%

Applicant Mailing Address by City

Zip Code	Municipality	Application Type			% of Total Applications
		Adult	Child	Total	
99612	King Cove	322	141	463	0.07%
99613	King Salmon	400	144	544	0.09%
99614	Kipnuk	359	292	651	0.10%
99750	Kivalina	207	169	376	0.06%
99925	Klawock	585	227	812	0.13%
99751	Kobuk	72	63	135	0.02%
99615	Kodiak	7,817	3,431	11,248	1.80%
99617	Kodiak	26	9	35	0.01%
99619	Kodiak (USCG Base)	11	2	13	0.00%
99606	Kokhanok	113	50	163	0.03%
99620	Kotlik	295	262	557	0.09%
99752	Kotzebue	1,907	1,116	3,023	0.48%
99753	Koyuk	179	150	329	0.05%
99754	Koyukuk	75	40	115	0.02%
99621	Kwethluk	379	321	700	0.11%
99622	Kwigillingok	201	151	352	0.06%
99757	Lake Minchumina	17	2	19	0.00%
99624	Larsen Bay	70	27	97	0.02%
99625	Levelock	40	23	63	0.01%
99626	Lower Kalskag	173	104	277	0.04%
99756	Manley Hot Springs	82	12	94	0.02%
99628	Manokotak	249	173	422	0.07%
99585	Marshall	200	161	361	0.06%
99627	McGrath	291	121	412	0.07%
99630	Mekoryuk	147	50	197	0.03%
99926	Metlakatla	972	395	1,367	0.22%
99903	Meyers Chuck	21	0	21	0.00%
99758	Minto	155	74	229	0.04%
99631	Moose Pass	201	74	275	0.04%
99632	Mountain Village	441	365	806	0.13%
99633	Naknek	365	136	501	0.08%
99634	Napakiak	206	148	354	0.06%
99760	Nenana	620	228	848	0.14%
99636	New Stuyahok	273	204	477	0.08%
99690	Nightmute	123	111	234	0.04%
99635	Nikiski	1,519	587	2,106	0.34%
99691	Nikolai	85	30	115	0.02%
99638	Nikolski	23	11	34	0.01%
99639	Ninilchik	860	215	1,075	0.17%
99761	Noatak	261	198	459	0.07%
99762	Nome/Golovin	2,459	1,219	3,678	0.59%
99640	Nondalton	142	72	214	0.03%
99763	Noorvik	352	289	641	0.10%
99764	Northway	187	94	281	0.04%
99789	Nuiqsut	255	169	424	0.07%
99765	Nulato	217	123	340	0.05%
99606	Nunam Iqua	106	97	203	0.03%
99641	Nunapitchuk	284	227	511	0.08%
99643	Old Harbor	156	71	227	0.04%
99644	Ouzinkie	148	68	216	0.03%

Applicant Mailing Address by City

Zip Code	Municipality	Application Type		Total	% of Total Applications
		Adult	Child		
99645	Palmer	14,383	6,111	20,494	3.28%
99647	Pedro Bay	33	17	50	0.01%
99832	Felican	108	15	123	0.02%
99648	Perryville	74	43	117	0.02%
99833	Petersburg	2,344	864	3,208	0.51%
99649	Pilot Point	51	23	74	0.01%
99650	Pilot Station	309	262	571	0.09%
99651	Platinum	30	9	39	0.01%
99927	Point Baker	44	19	63	0.01%
99766	Point Hope	444	309	753	0.12%
99759	Point Lay	119	101	220	0.04%
99836	Port Alexander	50	16	66	0.01%
99653	Port Alsworth	82	42	124	0.02%
99549	Port Heiden	63	31	94	0.02%
99550	Port Lions	178	63	241	0.04%
99734	Prudhoe Bay	24	0	24	0.00%
99655	Quinhagak	370	259	629	0.10%
99767	Rampart	27	3	30	0.00%
99656	Red Devil	23	9	32	0.01%
99768	Ruby	135	71	206	0.03%
99657	Russian Mission	193	151	344	0.06%
99591	Saint George Island	89	36	125	0.02%
99658	Saint Marys	374	276	650	0.10%
99659	Saint Michael	209	197	406	0.06%
99660	Saint Paul Island	321	135	456	0.07%
99661	Sand Point	377	152	529	0.08%
99769	Savoonga	390	305	695	0.11%
99662	Scammon Bay	228	278	500	0.08%
99770	Selawik	437	361	798	0.13%
99663	Seldovia	349	94	443	0.07%
99664	Seward	2,933	889	3,822	0.61%
99665	Shageluk	76	52	128	0.02%
99771	Snakttoolik	129	74	203	0.03%
99772	Shishmaref	329	237	566	0.09%
99773	Shungnak	142	115	257	0.04%
99835	Sitka	5,955	2,008	7,963	1.27%
99840	Skagway	705	144	849	0.14%
99667	Skwentna	61	13	74	0.01%
99668	Sleetmute	66	21	87	0.01%
99669	Soldotna	9,609	3,529	13,138	2.10%
99670	South Naknek	74	19	93	0.01%
99671	Stebbins	294	272	566	0.09%
99672	Sterling	2,130	764	2,894	0.46%
99774	Stevens Village	58	30	88	0.01%
99674	Sutton/Chickaloon	774	273	1,047	0.17%
99675	Takotna	31	15	46	0.01%
99676	Talkeetna	1,086	267	1,353	0.22%
99776	Tanacross	66	28	94	0.02%
99777	Tanana	224	92	316	0.05%
99677	Tatitlek	64	32	96	0.02%

Applicant Mailing Address by City

Zip Code	Municipality	Application Type		Total	% of Total Applications
		Adult	Child		
99778	Teller	145	89	234	0.04%
99841	Tenakee Springs	95	14	109	0.02%
99779	Tellin	72	26	98	0.02%
99919	Thorne Bay	392	132	524	0.08%
99678	Togiak	459	332	801	0.13%
99780	Tok/Mentasta Lake	1,154	419	1,573	0.25%
99637	Toksook Bay	312	272	584	0.09%
99683	Trapper Creek	409	86	495	0.08%
99679	Tuluksak	253	199	452	0.07%
99680	Tuntutuliak	204	182	386	0.06%
99681	Tununak	184	147	331	0.05%
99682	Tyonek	129	65	194	0.03%
99684	Unalakeet	496	248	744	0.12%
99685	Unalaska	655	256	911	0.15%
99692	Unalaska (Dutch Harbor)	986	290	1,276	0.20%
99686	Valdez	2,722	1,067	3,789	0.61%
99781	Venetie	147	65	212	0.03%
99782	Wainwright	316	193	509	0.08%
99783	Wales	93	49	142	0.02%
99928	Ward Cove	1,042	347	1,389	0.22%
99629	Wasilla	1,136	477	1,613	0.26%
99654	Wasilla	14,929	6,953	21,882	3.50%
99687	Wasilla	10,264	4,304	14,568	2.33%
99784	White Mountain	127	79	206	0.03%
99633	Whittier	190	43	233	0.04%
99688	Willow	1,823	570	2,393	0.38%
99929	Wrangell	1,644	529	2,173	0.35%
99689	Yakutat	462	166	628	0.10%
Total Other Municipalities		196,704	85,114	281,818	45.09%
Office of Public Advocacy¹		825	0	825	0.13%
Health and Social Services¹		0	2,251	2,251	0.36%
Total All Alaska Municipalities		432,011	176,498	608,509	97.35%
West Coast states					
Washington		899	478	1,377	0.22%
Oregon		353	121	474	0.08%
California		713	434	1,147	0.18%
Total West Coast States		1,965	1,033	2,998	0.48%
Other States		7,983	5,582	13,565	2.17%
Total All Applicants		441,959	183,113	625,072	100.00%

¹Applicants reside throughout the state, however applications are submitted by the respective agency with the agency's address (Health and Social Services are filed with a Juneau address and Office of Public Advocacy are filed with an Anchorage address).

Documents Processed

Document Type	Number	Document Type	Number
Application/Supplemental Schedule	669,396	Alien Registration Card	1,727
Supporting Documentation	135,593	Child Information Letter	1,599
Signature Page	82,591	Stop Payment Request	1,479
Missing Information Letter	56,021	Rental or Lease Agreement	1,439
Denial Letter	45,313	5-Year Eligibility Questionnaire	1,349
Garnishments and Attachments	38,137	Direct Deposit Withdrawal (Adult)	1,170
Legal Document	29,591	Child Certification	1,047
PFD Forms	25,856	Formal Appeals Decision	1,027
Vital Statistics Document	21,300	Power of Attorney	826
Returned Envelope	17,859	Employment Eligibility Question	814
Other	17,117	Social Security Card	791
Incoming Correspondence	16,295	Medical Treatment Verification	741
PFD Request for Information	15,648	Appeals Overturn Letter	644
Direct Deposit (Adult)	11,571	Hearing Position Statements	641
Education Verification	11,224	Formal Appeals form	459
PFD Outcards/Printouts	11,173	Jury Questionnaire	441
Informal Appeals Decision	9,975	Naturalization Papers	424
Change of Address	9,705	Direct Deposit Withdrawal (Child)	414
Personal Identification	7,538	Court Order	413
Income Tax Forms	7,295	Competing Sponsor Withdrawal	391
Birth Certificate	6,690	Notice of Hearing	270
Supplemental Schedule as Info Letter	6,358	Blank Document	239
Adult Information Letter	5,996	Driver License	234
Direct Deposit (Child)	5,966	Appeals Remand Letter	233
Leave and Earnings Statement	5,633	Moving Receipt	184
Prior Year Non-filer Information Form	5,161	Formal Hearing Motion	172
Request for Informal Appeal	4,766	Applicant Request for Information	150
Outgoing Correspondence	3,986	Eligibility Verification Signature	141
PFD Returned Warrant	3,329	Sworn Statement to Reapply	116
Airline Ticket	2,997	Applicant Withdrawal Letter	114
Adult Supplemental Schedule	2,809	Voter Registration Card	109
Appeal Fee Payment	2,614	Superior Court Decision	50
Tuition Verification	2,554	Motion Decision	38
Envelope (late or out-of-state postmark)	2,535	Sponsor Eligibility Form	29
Adult Certification	2,464	Supreme Court Decision	15
Employment Record	2,302	Reconsideration Decision	9
Passport	1,837	Reconsideration	7
		Total Documents Processed	<u>1,327,141</u>

Dividend Payment Information

The dividend payment season begins well before the first dividend payments are paid to applicants in October. The payment season actually begins in August, when the division starts to coordinate direct deposit transactions with banks and financial institutions participating in the direct deposit program.

In September, the division begins the task of calculating the dividend amount to be announced by the commissioner of Revenue later in the month. Because there are still applications pending review or appeal, the division estimates the total number of applicants who will ultimately qualify for a dividend and takes other factors, such as applications and payments for prior year dividends, into consideration when calculating the dividend. The dividend calculation is included in the executive summary section of this report.

Immediately following the dividend announcement by the commissioner, the division compiles payment data that is transmitted to banks and federal credit unions for direct deposit and the state Department of Administration for direct-deposit notices and dividend checks. Processing begins before the first payment date in October to allow ample time for printing and mailing the large volume of direct deposit advices and checks. Direct-deposit advices are printed first so that all direct deposit recipients receive notification before they are paid. Direct deposit occurs in early October, a week prior to the first mailing of checks. Checks are mailed to eligible applicants in mid-October.

This section includes data and information related to the payment of dividends in 2004. In addition to payment of 2004 dividends, the division paid prior-year dividends during the year as 2003 pending applications were resolved through review and appeals. Some prior-year dividends were also paid from applications filed by individuals who turned 18 years old and did not receive a dividend during a prior year.

2004 Dividend Payment Activity

	Applicants	% Total
2004 Dividends Paid		
Direct Deposit		
Full Direct Deposit	420,442	
Partial Direct Deposit ¹		
<i>UA College Savings Plan</i>	4,932	
<i>Garnisheed</i>	14,185	
Fully Garnisheed or Assigned	<u>9,083</u>	
Total Paid by Direct Deposit	448,642	74.98%
Check Runs		
Full Payment	123,141	
Partial Payment ¹		
<i>UA College Savings Plan</i>	1,669	
<i>Garnisheed</i>	11,197	
Fully Garnisheed or Assigned	<u>13,729</u>	
Total Paid by Check	<u>149,736</u>	<u>25.02%</u>
Total 2004 Dividends Paid	<u><u>598,378</u></u>	<u><u>100.00%</u></u>

¹ Applicants receive a partial direct deposit or payment when their dividend is garnisheed or assigned and the total amount garnisheed or assigned is less than the dividend amount. Applicants may assign up to 100% of their dividend, but only to federal, state or municipal agencies.

Direct deposit date: **October 12, 2004**
 First batch of checks issued: **October 19, 2004**

Number of checks issued in the first batch of checks:
125,292 (92.1% of all checks)

Number of checks returned undeliverable and cancelled: **2,016**
(checks are reissued after applicant contacts the division)

Number of checks for which stop payment requested: **667**
(checks are reissued after stop payment request processed)

Prior-Year Dividend Payment Activity
(Prior-Year Dividends Issued in Calendar Year 2004)

Dividend Year	# of Checks	Dividend Amount	Total
2003	2,355	\$1,107.56	2,608,303.80
2002	134	1,540.76	206,461.84
2001	56	1,850.28	103,615.68
2000	35	1,963.86	68,735.10
1999	31	1,769.84	54,865.04
1998	21	1,540.88	32,358.48
1997	18	1,296.54	23,337.72
1996	22	1,130.68	24,874.96
1995	18	990.30	17,825.40
1994	18	983.90	17,710.20
1993	11	949.46	10,444.06
1992	10	915.84	9,158.40
1991	7	931.34	6,519.38
1990	8	952.63	7,621.04
1989	10	873.16	8,731.60
1988	5	826.93	4,134.65
1987	5	708.19	3,540.95
1986	11	556.26	6,118.86
1985	2	404.00	808.00
1984	1	331.29	331.29
Total	2,778	\$ 3,215,496.45	

Number of 18-Year-Old Prior-Year Dividend Applications Received in 2004: 571

Prior year dividends are issued for the following reasons:

- ❖ 2003 dividend applications were still in review or appeal at the close of 2003.
- ❖ Prior year 18-year-old filers. Alaska Statute 43.23.055 authorizes individuals who hadn't received a dividend when they were a child to apply for that dividend when they turn 18 or become emancipated. These applicants must meet eligibility requirements and apply for the prior-year dividend within one year of their 18th birthday.
- ❖ Disabled adults and estates have an extended filing date of one year later than the original applicator deadline.

Direct Deposit Summary

<u>Institution</u>	<u># Deposits</u>	<u>Amount of Deposits</u>	<u>% Total Amount</u>
1 Alaska USA FCU	153,244	\$137,635,615.06	34.80%
2 Wells Fargo	99,003	89,336,891.03	22.58%
3 First National Bank Alaska	46,185	41,611,686.73	10.52%
4 Credit Union i	31,723	28,501,265.76	7.21%
5 Denali Alaskan FCU	23,139	20,744,776.59	5.24%
6 Matanuska Valley FCU	18,074	16,293,783.31	4.12%
7 Key Bank of Alaska	11,396	10,315,437.66	2.61%
8 Northrim Bank	9,292	8,354,177.04	2.11%
9 True North FCU	7,062	6,320,007.49	1.60%
10 Northern Schools FCU	6,920	6,228,129.62	1.57%
11 First Bank	6,525	5,866,879.49	1.48%
12 Alaska Pacific Bank	4,878	4,375,763.71	1.11%
13 Mt. McKinley Bank	4,419	3,983,163.64	1.01%
14 Denali State Bank	4,205	3,782,786.11	0.96%
15 MAC FCU	4,102	3,727,712.50	0.94%
16 Tongass FCU	2,177	1,966,137.14	0.50%
17 Advancial FCU	1,883	1,716,973.71	0.43%
18 Northern Skies FCU	1,481	1,324,110.67	0.33%
19 Alaska First Bank & Trust	1,225	1,109,464.77	0.28%
20 ALPS FCU	1,139	1,024,724.91	0.26%
21 Alaska Airlines Employees FCU	762	688,897.55	0.17%
22 Alaska District Engineers FCU	589	530,910.39	0.13%
23 City of Fairbanks FCU	136	121,230.39	0.03%
Total All Institutions	439,559	\$395,560,525.27	100.00%
Qualified but fully garnisheed	9,083	\$0.00	
Total Qualified for Direct Deposit	448,642	\$395,560,525.27	

FCU - Federal Credit Union

Direct Deposit Historical Data

Year	Number of Applicants		Dividend Amount	Amount of Direct Deposit	Participating Institutions	Percentage	
	Total	Requested Deposit				Qualified for Deposit ²	Requested
1993	549,066	205,895	\$949.46	\$159,146,586.28	23	37.50%	30.53%
1994	557,836	285,132	\$983.90	\$241,951,832.90	26	51.11%	44.08%
1995	563,020	332,224	\$990.30	\$281,706,679.80	28	59.01%	50.53%
1996	564,362	345,929	\$1,130.68	\$334,458,536.04	43	61.30%	52.41%
1997	573,057	367,693	\$1,296.54	\$412,507,166.40	38	64.16%	55.52%
1998	581,803	389,310	\$1,540.88	\$527,799,167.28	34	66.91%	58.87%
1999 ¹	589,738	407,508	\$1,769.84	\$649,647,524.81	34	69.10%	62.95%
2000	607,784	443,713	\$1,963.86	\$755,128,494.87	33	73.01%	64.22%
2001	608,458	458,848	\$1,850.28	\$735,554,215.65	33	75.41%	66.44%
2002	612,188	470,007	\$1,540.76	\$642,457,942.63	28	76.77%	70.39%
2003	619,220	482,110	\$1,107.56	\$473,617,814.63	24	77.86%	71.75%
2004	625,072	489,546	\$919.84	\$395,606,262.86	23	78.32%	71.77%
Total	7,051,604	4,677,915	\$16,043.90	\$5,609,582,224.15		66.34%	58.77%

Note 1: Beginning 1999, Permanent Fund Dividend Division implemented partial direct deposit. For 1993 through 1998, applicants qualified for direct deposit only if they received the full dividend amount.

Note 2: Applicants may not qualify for direct deposit because their bank account was closed or their direct deposit information was incomplete.

Dividend Garnishments Summary

Under state statutes, up to 80% of a dividend may be garnished except that a governmental agency may garnish up to 100% of a dividend. Any amount in excess of the total amount garnished is paid to the applicant.

<i>(Sorted by Amount Paid)</i> Top Ten Garnishors	Submitted		Paid		Average	Primary reason
	# Records	Amount	# Records	Amount		
Child Support Enforcement Division	11,305	\$12,958,778.89	11,188	\$8,943,717.04	\$799.40	Delinquent child support payments
Alaska Clerk of the Court (Private Writs)	21,150	149,585,585.71	10,210	6,407,590.63	627.58	Small claims, debts and restitution
Postsecondary Education	5,337	56,137,328.10	4,003	3,439,136.95	859.14	Delinquent state student loan payments
Internal Revenue Service	7,435	138,319,747.46	5,180	3,585,791.77	692.24	Delinquent federal income tax liabilities
Department of Law	40,852	20,166,268.89	13,009	3,097,176.96	238.08	Fines, attorney fees, prison costs
Municipality of Anchorage	61,216	10,740,443.13	25,254	2,711,886.32	107.38	Fines, delinquent taxes, attorney fees
Alaska Department of Labor	3,643	5,719,957.71	2,036	1,160,453.03	569.97	Delinquent employment tax liabilities
U.S. Bankruptcy Court	301	276,269.84	283	259,281.16	916.19	Bankruptcy estate liabilities
Department of Health and Social Services	620	1,175,767.24	314	178,201.09	567.52	Public assistance fraud repayments
City and Borough of Juneau	1,212	982,599.27	413	115,720.23	280.19	Fines, delinquent taxes, attorney fees
Total of Top Ten Garnishors	156,071	\$396,062,746.24	71,890	\$29,898,955.18	\$415.90	
Total of Other Garnishors	15,114	\$144,819,682.58	1,647	\$244,501.88	\$148.45	
Total of All Garnishors	171,185	\$540,882,428.82	73,537	\$30,143,457.06	\$409.91	

Dividend Assignments Summary

State statutes permit applicants to assign their dividend to a government agency or regional housing authority created under Alaska Statute 18.55.996. Any amount in excess of liability due the assigned agency is paid to the applicant.

Assignment Requests

Top Ten Assignees	Submitted		Paid		Average	Primary reason
	# Records	Amount	# Records	Amount		
AVCP ¹ Housing Authority	468	\$420,040.72	418	\$352,845.22	\$844.13	Mortgage payments
Tlingit-Haida Regional Housing	304	258,529.78	272	226,042.78	831.04	Mortgage payments
State Division of Investments	237	218,109.68	203	181,069.07	891.97	Bristol Bay disaster loan payments
Clerk of the Court	402	254,871.53	278	146,673.76	527.60	Restitution and fines
Bering Straits Regional Housing Authority	200	179,357.66	178	146,507.49	823.08	Mortgage payments
Office of Alcoholism and Drug Abuse	656	563,691.17	239	128,654.86	538.30	Cost of rehabilitation
Aleutian Housing Authority	94	86,545.92	87	76,859.70	883.44	Mortgage payments
Department of Health and Social Services	120	108,590.21	83	69,230.38	834.10	Restitution to crime victims and fines
Municipality of Anchorage	195	92,482.62	156	65,885.13	422.34	Fines, delinquent taxes and fees
Department of Labor	138	125,442.06	79	64,782.88	820.04	Unemployment insurance repayments
Total of Top Ten Assignees	2,814	\$2,307,661.35	1,993	\$1,458,551.27	\$731.84	
Total of Other Assignees	1,506	\$1,304,725.97	1,187	\$938,959.25	\$791.04	
Total of All Assignees	4,320	\$3,612,387.32	3,180	\$2,397,510.52	\$753.93	

¹ Association of Village Council Presidents

**University of Alaska
College Savings Plan Contributions**

Year	Applicants	Total Contributions
1991	5,018	\$ 2,329,943.62
1992	5,490	2,507,537.40
1993	5,925	2,806,199.41
1994	5,905	2,897,904.88
1995	5,405	2,670,684.24
1996	4,945	2,790,779.51
1997	4,426	2,861,877.87
1998	3,468	2,655,048.28
1999	3,663	3,225,384.06
2000	3,766	3,681,902.17
2001	4,464	4,107,056.79
2002	5,094	3,901,412.29
2003	5,667	3,121,888.81
2004	<u>6,601</u>	<u>3,020,373.59</u>
Total	<u>69,837</u>	<u>\$42,577,992.92</u>

Legislation establishing the Alaska Education Trust Fund (AS 14.40.807) and authorizing an allowance for applicants to contribute 50% of their dividend to the fund was passed in 1990. The name of the fund was changed in 1991 to the Advance College Tuition (ACT) Payment Fund. The ACT checkoff first appeared on 1991 dividend applications.

In fall 2001, the University of Alaska developed the UA College Savings Plan program as the main program under which persons make contributions toward advanced college tuition costs. The UA College Savings Plan provides various investment strategies to individuals making contributions.

Collections Activity

The division collects dividends from applicants who were paid and subsequently determined to be ineligible to receive the dividend. Applicants are assessed 10.5% interest until the dividend is paid back.

	2004					2003				
	Beginning Inventory	New Cases	Closed Cases	Ending Inventory	Amount Collected	Beginning Inventory	New Cases	Closed Cases	Ending Inventory	Amount Collected
January	397	15	22	390	\$18,527	439	19	16	442	\$35,146
February	390	58	7	441	10,160	442	24	8	458	31,728
March	441	28	21	448	18,327	458	14	21	451	33,539
April	448	8	9	447	24,567	451	11	13	449	22,594
May	447	21	9	459	11,432	449	21	8	462	24,391
June	459	20	14	465	26,401	462	37	48	451	11,872
July	465	16	15	466	12,398	451	9	9	451	21,017
August	466	17	10	473	16,764	451	13	16	448	14,739
September	473	7	5	475	24,834	448	19	18	449	28,009
October	475	8	12	471	94,991	449	11	34	426	131,027
November	471	10	9	472	12,060	426	10	18	418	15,772
December	472	3	6	469	4,644	418	26	47	397	5,075
Total		211	139		\$275,105		214	256		\$374,909

Dividend Information Offices

The division's dividend information offices perform crucial services for applicants who need assistance with their applications, both on-line and paper, or have questions regarding the dividend program. Information offices are located in Anchorage, Fairbanks and Juneau. Staff in the three offices assists tens of thousands of Alaskans each year.

Peak seasons for the information offices are the filing season that begins January 2nd and ends March 31st and the dividend payment season that occurs primarily during September through October.

In January through March, the three offices receive thousands of applications from walk-ins. Employees assist applicants with questions about completing applications and provide information about the dividend program. Almost half of all applications are received during the first two weeks of January and last two weeks of March combined.

In September and October, employees field inquiries from applicants who want to make sure they are on file and accepted for dividend payment, and those who have questions regarding their dividend, particularly those who were garnished and had not received all or part of their dividend.

Although activities peak during these times of year, employees still receive thousands of contacts in the off-season. Contacts during the off-season are primarily from applicants who are completing their application because they submitted an incomplete application; either they didn't answer questions, failed to include requested information, or did not include sufficient documentation with their original application.

Dividend Information Office Activity Summary

	Information Office			Total
	Anchorage	Juneau	Fairbanks	
Telephone Calls	65,920	28,631	3,894	98,445
Counter Contacts	31,491	6,715	17,789	55,995
Documents Processed				
Applications received	39,270	7,507	12,226	59,003
Changes of address	9,865	3,805	1,898	15,568
Missing Information letters	14,910	6,084	3,774	24,768
Direct-Deposit changes/withdrawals	3,211	3,210	666	7,087
Initial Review Cases Closed	29,424	4,780	1,565	35,769
Requests to stop payment of check	0	667	0	667
Total Documents Processed	<u>96,680</u>	<u>26,053</u>	<u>20,129</u>	<u>142,862</u>
Correspondence				
E-mail responses ¹	4,082	4,005	3,631	11,718
Written responses to applicant letters	479	1,322	631	2,432
Dividend income verifications ²	4	1,325	0	1,329
Telephone responses to applicant letters	273	522	350	945
Total Correspondence	<u>4,838</u>	<u>6,974</u>	<u>4,612</u>	<u>16,424</u>
Data Entry				
Applications Keyed/Documents Linked	118,936	29,403	305	148,644

Number of toll free (1-800) calls received: **58,668**
(includes calls made outside of business hours to message service)

¹Fairbanks Dividend Information Office is assigned primary responsibility for answering the division's e-mails from applicants.

²Dividend income verifications are requests from agencies, i.e. Alaska Housing Finance Corporation (low-income housing), for confirmation that the applicant received a dividend. The verifications are used by agencies to determine eligibility for their programs.

Summary of Questions Answered by Telephone

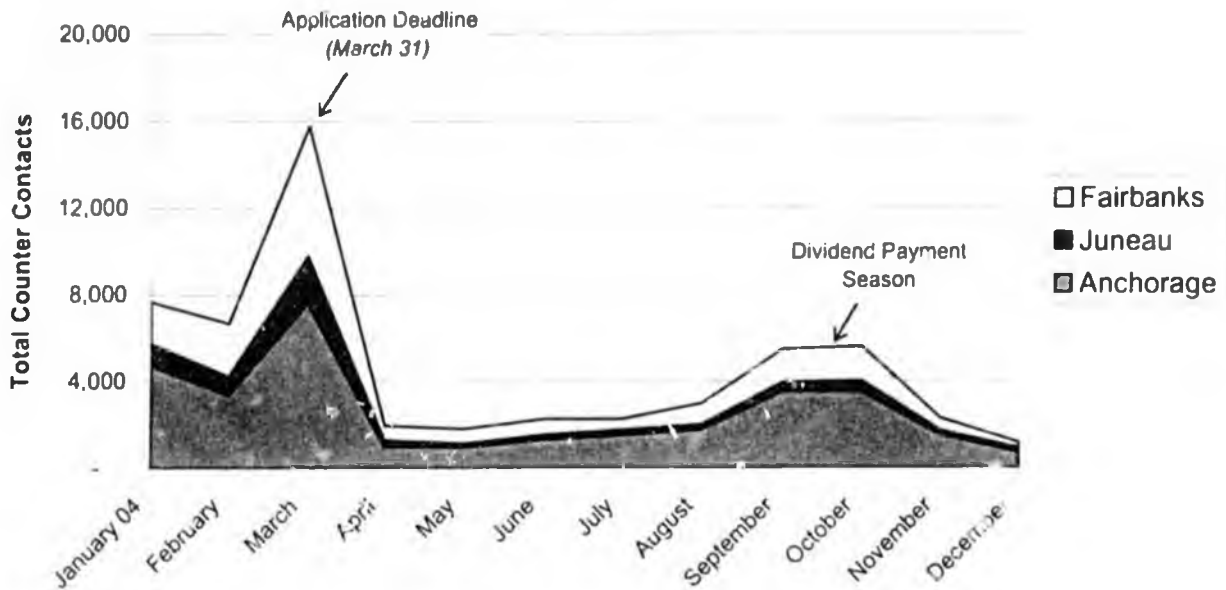
Questions regarding	Total	Dividend Information Office		
		Anchorage	Juneau	Fairbanks
Status of application	32,568	21,149	9,830	1,589
Address verification or change	11,453	10,431	747	275
Direct deposit	9,121	6,027	2,688	407
Eligibility	8,019	6,476	1,437	106
How to complete an application or form	7,673	4,751	2,621	302
Receipt of documentation submitted	6,709	5,223	1,391	95
Garnishments or attachments	5,566	3,386	1,956	225
Internet On-line Application	5,216	3,403	1,683	130
When will the applicant get their check	4,492	2,682	1,598	212
Status of an application in review	2,195	1,446	608	140
Status of an application in appeal	1,851	1,215	567	69
Request for forms	1,667	1,113	398	91
Birth certificate	1,537	1,218	289	30
Why an application was denied	1,437	836	480	120
Amount of the dividend for current or prior year	1,419	1,030	358	32
Other	963	445	509	8
How to complete a supplemental schedule	768	658	106	4
Why a person is not on file	757	293	455	9
Social Security Number problem	696	522	157	17
Absences and whether they are allowable for eligibility	473	431	34	7
UA College Savings program	458	365	73	21
Requirements for being in Alaska (when applicant is absent)	434	396	32	6
Deceased applicant	422	263	140	19
Stop payment on a check	388	242	138	8
IRS requirements	378	183	183	12
Child's application when two or more people filed for the child	224	134	81	8
Receipt Letter	160	41	117	1
Fraud tips	96	48	43	5
Eligibility for persons who are not U.S. citizens	68	46	17	4
Total	107,207	74,519	28,735	3,953
Number of Individual Calls¹	98,445	65,920	28,631	3,894

¹More than one activity code may be entered on a individual telephone call when the call pertains to multiple questions

Dividend Information Office Monthly Activity (Detail by Information Office)

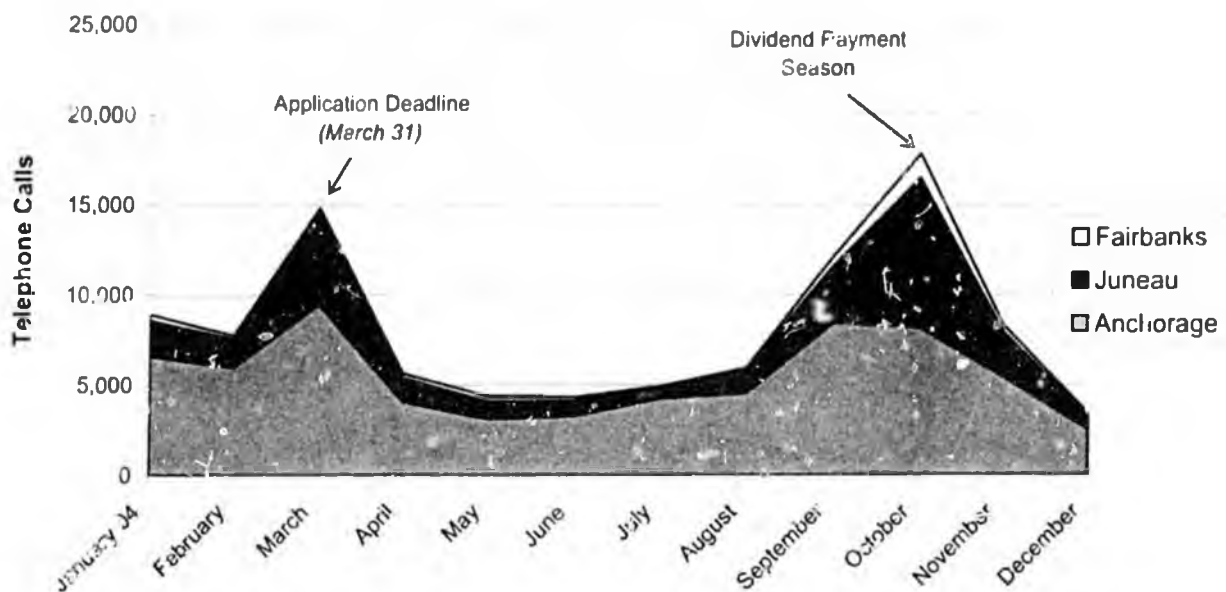
Counter Contacts

Information office employees assist thousands of applicants who walk into the local offices. During 2004, employees assisted 55,995 applicants.



Telephone Calls

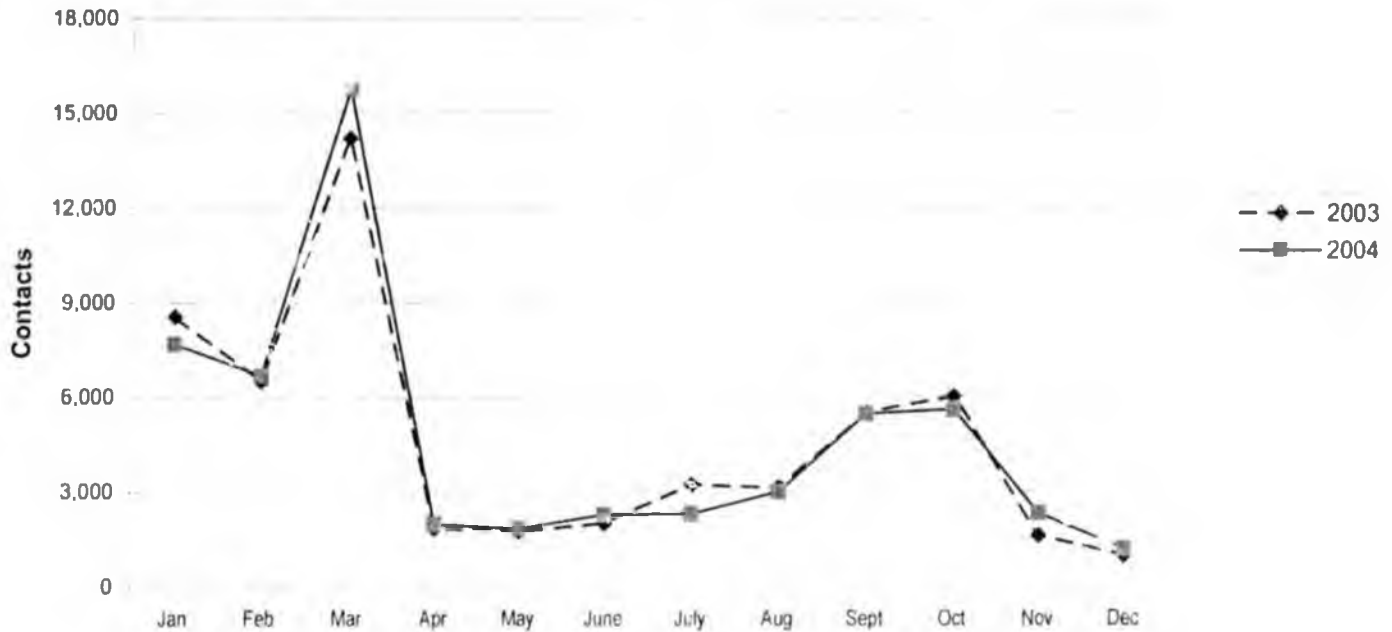
Information office employees respond to thousands of telephone calls each year from applicants requesting assistance. During 2004, employees answered 98,445 calls.



Two-Year Comparison of Information Office Activity

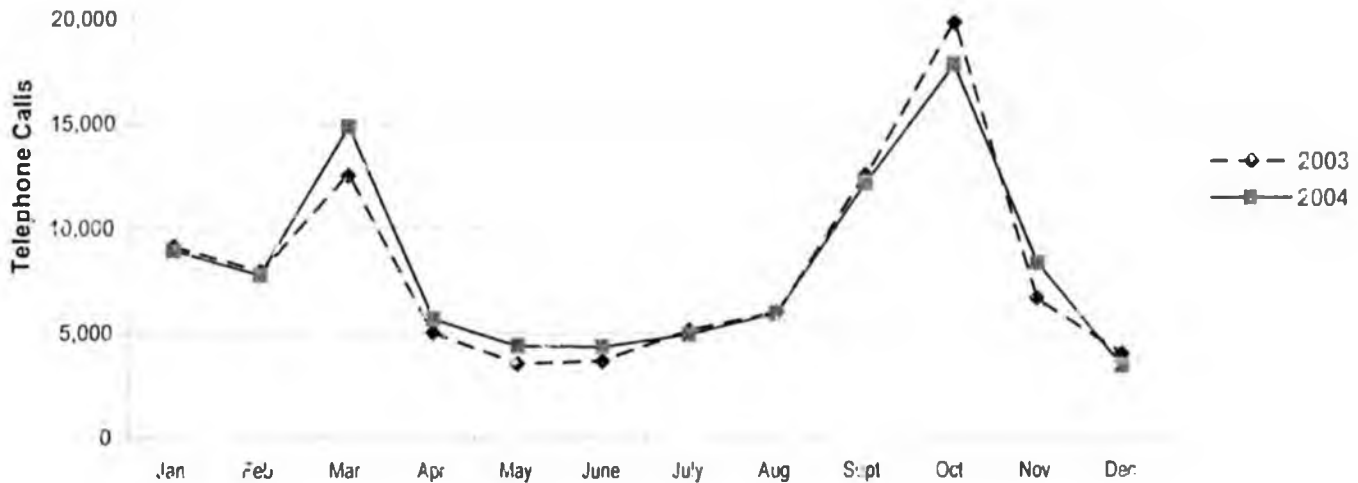
Counter Contacts

Total counter contacts in 2003 and 2004 were 55,216 and 55,995, respectively. Counter contacts are greatest during March prior to the filing due date. Counter contacts relate to persons seeking assistance for completing their application and inquiring about eligibility.



Telephone Calls

Total telephone calls answered in 2003 and 2004 were 95,905 and 98,445, respectively. Telephone call activity is greatest in October when dividend payments are made. Calls during this time relate to the status of payments or garnishments.



Review

As applications are loaded onto the division's database, some are flagged for closer review because of more complex eligibility issues.

The Review Section manually review all applications flagged. Review staff make eligibility determinations from information submitted with the application and correspondence received from applicants. Staff consider the applicant's residency, intent to remain an Alaska resident, absences and physical presence in the state when making determinations. If staff determine that an individual is not eligible for a dividend, they issue a letter notifying the applicant that his or her dividend application is denied. The letter also notifies the applicant of his or her right to appeal the decision.

Review Caseload Activity

2004 Applications

2004	Paid	Denied	Total
Jan	2	0	2
Feb	155	6	161
Mar	42	3	45
Apr	1,067	91	1,158
May	1,126	232	1,358
Jun	1,271	402	1,673
Jul	420	213	633
Aug	1,271	710	1,981
Sep	1,673	635	2,308
Oct	1,904	618	2,522
Nov	1,353	699	2,052
Dec	600	1,039	1,639

Prior Year Applications

2004	Paid	Denied	Total
Jan	91	133	224
Feb	24	95	119
Mar	10	30	40
Apr	12	27	39
May	72	24	96
Jun	6	26	32
Jul	5	11	16
Aug	28	33	61
Sep	17	29	46
Oct	10	105	115
Nov	9	9	18
Dec	102	67	169

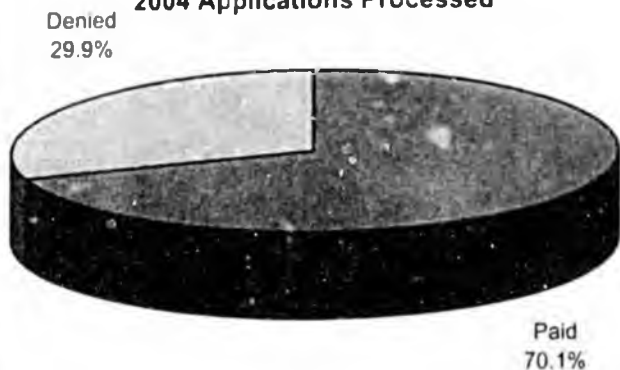
Processed in 2004	10,884	4,648	15,532
% Paid/Denied	70.1%	29.9%	

Processed in 2004	386	589	975
% Paid/Denied	39.6%	60.4%	

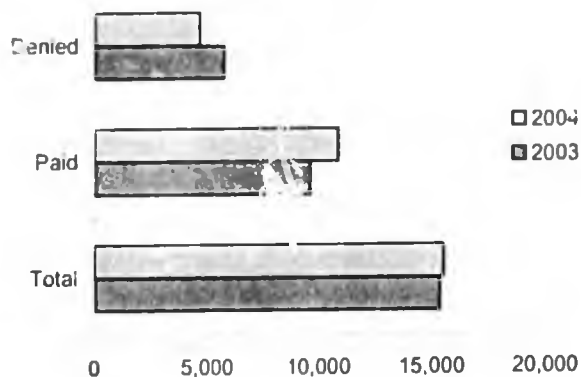
Ending Inventory at 12/31/2004	812
Total 2004 Review Cases	16,344

Total Cases (All Years) Worked in 2004: **16,507**
 Total Cases (All Years) Worked in 2003: **18,506**

2004 Applications Processed



Comparison of Cases Worked



Appeals

A person whose application is denied for payment may appeal to the PFD Division if they disagree with their denial. If an application is denied, the applicant receives a letter from the division notifying him or her of the division's reason for denying the application. Along with the denial letter, the applicant receives a form that the applicant can complete to request an appeal.

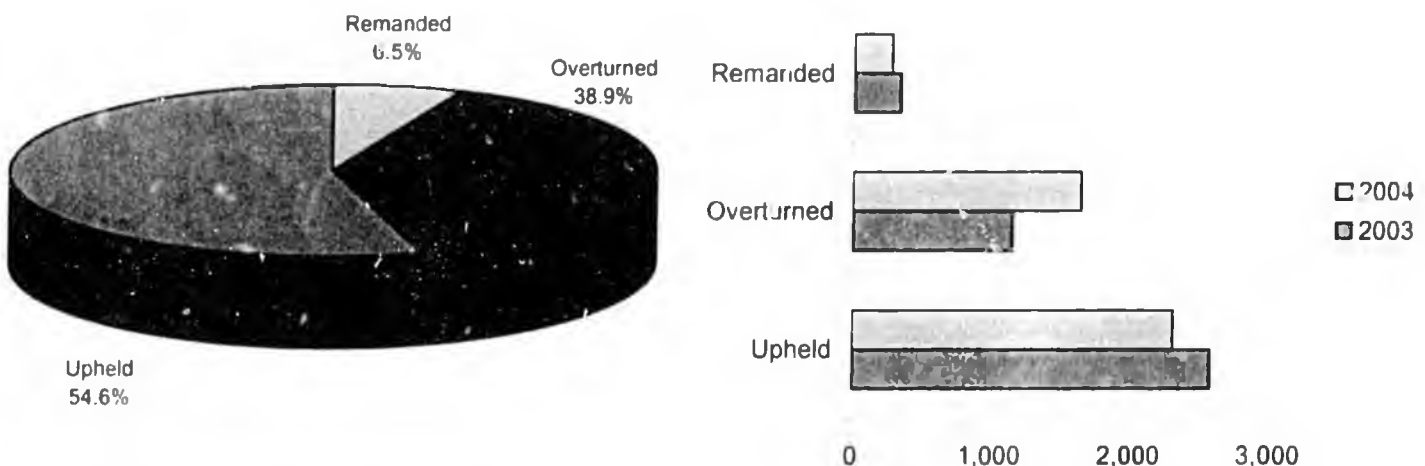
The Appeals Section conducts informal appeal conferences with applicants to make a determination to uphold or overturn the denial decision. Appeals staff review each appeal and develop facts and information relating to matters in dispute by the applicant and issue a written decision. If the applicant disagrees with the informal conference decision, a formal hearing may be requested before a departmental hearing officer. A PFD Appeals officer represents the division at formal hearings.

Informal Appeals Caseload Activity

Resolution of Cases Worked in 2003 and 2004 - Includes Current and Prior Dividend Years

	Remanded to Review		Overturned and Paid		Upheld and Denied		Total	
	2003	2004	2003	2004	2003	2004	2003	2004
Jan	29	42	131	219	398	291	558	552
Feb	26	56	72	319	276	398	374	773
Mar	36	28	121	150	234	226	391	404
Apr	18	32	73	101	311	264	402	397
May	92	7	125	72	217	92	434	171
Jun	41	15	123	37	241	54	405	106
Jul	10	22	77	43	102	59	189	124
Aug	20	22	82	136	137	90	239	248
Sep	21	15	85	136	299	212	405	363
Oct	20	13	106	106	214	114	340	233
Nov	14	4	28	87	39	274	81	365
Dec	12	20	126	242	111	237	249	499
Total	339	276	1,149	1,648	2,579	2,311	4,067	4,235
	8.3%	6.5%	28.3%	37.9%	63.4%	54.6%	100%	100%

	2003	2004		2003	2004
Number of Cases to Formal Appeal	456	359	% Appealed of All Applications	0.7%	0.7%
% of Cases to Formal Appeal	17.7%	15.5%	% Appealed of Denied Applications	16.3%	15.6%



Inventory of cases at end of 2004: **1,060**
 Oldest case at end of 2004: **3 months**

Fraud Investigations

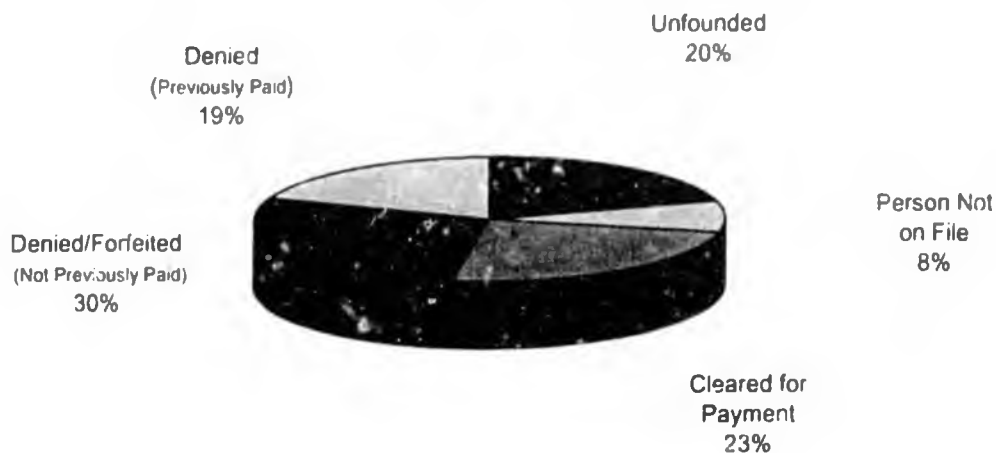
The PFD Division investigates hundreds of applications each year based on information received from the public or other governmental agencies. Fraud tips are received from the public through direct contact, e-mail or the division's fraud tip telephone hotline. The division keeps the informant's name and identity confidential.

Additionally, the division conducts focused audits and investigates information that is obtained through the division's internal review process and anomalies noted in processing applications.

Summary of Fraud Tip Investigations

	Source of Tip			2003 Total
	Public	Government Agency	Total	
Caseload				
Under Investigation	201	52	253	98
Resolved	1,105	214	1,319	854
Total Caseload	1,306	266	1,572	952
Dividend Year				
2004	780	142	922	N/A
2003	340	40	380	625
2002	79	17	96	147
2001	43	13	56	67
2000	27	15	42	38
Prior Years	37	39	76	75
Total	1,306	266	1,572	952
Resolution Status				
Unfounded	261	7	268	167
Person Not on File	101	4	105	67
Resolved/Cleared for Payment	253	54	307	200
Denied (Not Previously Paid)	313	56	369	260
Denied (Previously Paid)	165	84	249	160
Statement of Admissions	0	1	1	0
Denied and Forfeited	12	8	20	0
Total Resolution Status	1,105	214	1,319	854
Assessment and Payments Denied				
Denied (Previously Paid)	165	84	249	160
Amount Assessed to be Paid Back	\$227,234.19	\$113,677.78	\$340,911.97	\$264,321.72
Denied (Not Previously Paid)	313	56	369	260
Amount of Payments Denied	\$326,267.93	\$59,922.46	\$386,190.39	\$326,349.44
Forfeited/Statement of Admissions	12	9	21	0
Amount of Forfeited/Statement of Admissions	\$59,824.23	\$40,802.66	\$100,626.89	\$0.00
Total	490	149	639	420
Total Amount	\$613,326.35	\$214,402.90	\$827,729.25	\$590,671.16

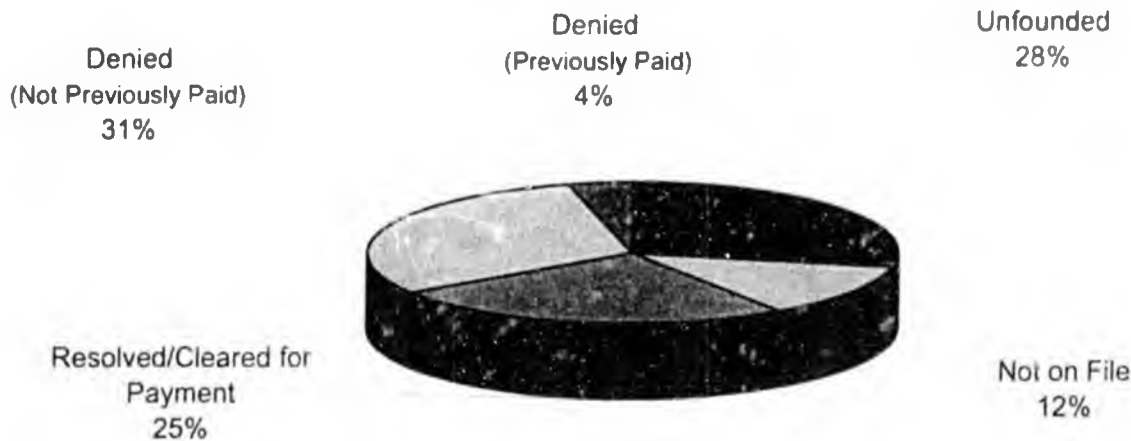
Resolved Case Status of 2004 Investigations Cases



Summary of Audit Investigations

	Audit Project				Total
	Out-of-State Postmark	DMV	Jury	PMB	
Caseload					
Under Investigation	0	12	4	0	16
Resolved	614	471	380	267	1,732
Total Caseload	614	483	384	267	1,748
Year					
2004	614	343	208	264	1,429
2003	0	138	118	3	259
2002	0	1	46	0	47
Prior Years	0	1	12	0	13
Total	614	483	384	267	1,748
Resolved Case Status					
Unfounded	1	265	56	171	493
Not on File	0	144	0	66	210
Resolved/Cleared for Payment	284	32	103	13	432
Denied (Not Previously Paid)	329	28	157	16	530
Denied (Previously Paid)	0	2	64	1	67
Total	614	471	380	267	1,732
Assessments and Payments Denied					
Denied (Not Previously Paid)	329	28	157	16	530
Amount of Payments Denied	\$302,627.36	\$27,069.56	\$150,797.36	\$15,092.88	\$495,587.16
Denied (Previously Paid)	0	2	64	1	67
Amount Assessed	\$0.00	\$2,215.12	\$81,757.74	\$1,107.56	\$85,080.42

Resolved Case Status



Out-of-state Postmark - Applications mailed from out of state on which the applicant answered 'Yes' to the question 'Are you in Alaska today?'

DMV (Division of Motor Vehicles) - Information relating to persons who get an out-of-state driver's license or license plate.

Jury - Jury questionnaires of persons who decline jury duty because they claim they are not an Alaska resident.

PMB (Private Mailboxes) - The division audited persons with private mailboxes in Alaska who were having mail forwarded out of state.

STATE OF ALASKA

FRANK MURKOWSKI, GOVERNOR

DEPARTMENT OF REVENUE

PERMANENT FUND DIVIDEND DIVISION

State Office Building
PO Box 110460
Juneau, AK 99811-0460
Telephone : 907-465-2323
Fax : 907-465-2096

March 23, 2005

The Honorable Paul Seaton
Chairman, House State Affairs Committee
Alaska House of Representatives
State Capitol, Room 102
Juneau, AK 99801

Dear Representative Seaton,

I am following up on our testimony on HB 186 (Quarterly Dividend Payments) at Saturday's House State Affairs meeting in which you requested an analysis of the effects of changing dividend payments from a quarterly to monthly basis. The effects of this change on our operations and costs are outlined below.

As in our fiscal note, our analysis assumes that the department will have the authority to deny participation to any applicant whose dividend has been garnisheed when the dividend is in paid in October or at the time of a subsequent periodic payment if the applicant had not previously been garnisheed. We assume that 5,000 applicants will opt for periodic dividend payments. We also assume that applicants would not be allowed to change their bank account information once the initial direct deposit is made.

We do not anticipate any additional costs for designing and re-writing the dividend payment program. We believe that the change from quarterly to monthly payments would require adding a full-time permanent clerical position because garnishments would be received and require processing throughout the year, and there would be an increased impact on our dividend information offices. Other costs identified in our fiscal note would increase proportionately to reflect the change from quarterly to monthly payments.

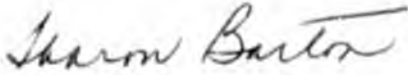
Following are costs for a monthly payment in contrast to costs identified in our fiscal note.

	Quarterly	Monthly
Expand and re-write PFD computer system to handle periodic payments	\$300.0	\$300.0
Print and mail costs for additional payments	15.5	56.8
Computer processing costs for additional payments	18.0	66.0
Direct Deposit transaction fees	1.8	6.6
Clerical position to process garnishments and answer questions from public		
Six additional months for existing staff	25.0	25.0
One PFT position to process garnishments and associated costs	<u>N/A</u>	<u>50.0</u>
Total	<u>\$360.3</u>	<u>\$504.4</u>

Representative Paul Seaton
Monthly Dividend Payment Analysis
March 23, 2005

The expansion and re-write costs are a one-time cost item in FY 06. Annual operation costs are projected to be \$60.3 under quarterly payments and \$204.4 under monthly payments. If you have any questions or need further information, please feel free to contact me at 465-4785.

Sincerely,



Sharon Barton
Director

cc: Representative Jay Hamras, Sponsor HB 186
Paul Dick, PFD Chief of Operations
Tom Boutin, Revenue Deputy Commissioner
Jerry Burnett, Revenue Legislative Liaison