

**SB**

**40**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 1/16/07

FURTHER: State Affairs  
Finance

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

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Health, Education and Social Services Committee considered

SENATE BILL NO. 40

### SB 40 LONGEVITY BONUS REAPPLICATIONS

"An Act relating to reapplications for the Alaska longevity bonus program; and providing for an effective date."

and recommends:

be replaced with  SCS or  CS SB 40 (HES)

adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)

attached amendment(s)

adopt \_\_\_\_\_ Letter of Intent

further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
<b>HOUSE BILL:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

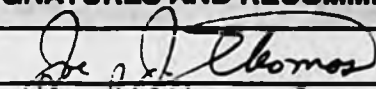
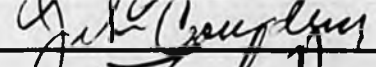
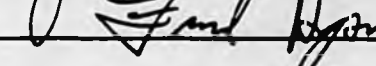

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	2/6/07			✓	
HSS (Held Harris)	2/6/07	✓			
HSS grants	2/6/07	✓			

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	THOMAS	✓			
	CAMPBELL	✓			
	DYSON			✓	
CHAIR: 	DAVIS	✓			

25-LS0354E

Cook

2/19/07

**CS FOR SENATE BILL NO. 40( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY****Offered:****Referred:****Sponsor(s): SENATOR WIELECHOWSKI****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to reapplications for the Alaska longevity bonus program; and  
2 providing for an effective date."

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

4 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 **REAPPLICATION FOR LONGEVITY BONUS.** (a) Notwithstanding AS 47.45.020  
7 and the requirement under AS 47.45.010(a) that applications for longevity bonus payments  
8 must be filed not later than December 31, 1996, a person who qualified to receive a monthly  
9 longevity bonus payment under AS 47.45.010(a) before January 1, 1997, and was eligible for  
10 a longevity bonus payment for June of 2003 or did not receive that bonus payment solely as a  
11 result of complying with AS 47.45.030(a) may reapply to the commissioner of health and  
12 social services for monthly longevity bonus payments if the person is a resident under  
13 AS 01.10.055 on the day the reapplication form is signed and dated by the applicant.

14 (b) A reapplication under this section must be filed before January 1, 2008. The

1 Department of Health and Social Services shall prepare a reapplication form for use under this  
2 section and may require evidence of eligibility for a longevity payment bonus payment as part  
3 of the reapplication process.

4 (c) If the Department of Health and Social Services determines that a person who  
5 reapplies meets the requirements of (a) of this section and is otherwise eligible under  
6 AS 47.45.030(c) and 47.45.070, the amount of the person's monthly bonus payment shall be  
7 the amount the person was eligible to receive under AS 47.45.010(a)(1) - (4).

8 \* **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER  
FINANCE AND MANAGEMENT SERVICES

SARAH PALIN, GOVERNOR

P. O. Box 110650  
Juneau, AK 99811-0650  
Phone: (907) 465-3082  
Fax: (907) 465-2499

February 20, 2007

The Honorable Kim Elton  
State Senate  
State Capitol, Room 506  
Juneau, AK 99801-1182

Dear Senator Elton:

In regards to your question on February 15, 2007, please see the response below:

➤ *How much would it cost to pay the bonus retroactively from January 1, 2007?*

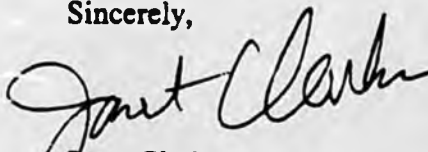
The proposal to begin Alaska Longevity Bonus payments with the month of January 2007 for all potentially eligible applicants would cost an estimated \$45,883, 216.

This calculation assumes the provision in AS 47.45.080 that limits the number of past months of ALB payments an applicant can receive would be waived. We estimate that 11,999 applicants will apply by January 1, 2008 and will be found eligible. They will receive 18 months of payments beginning January 2007 through June 2008.

This cost is estimated to be \$16,393,426 higher than the information included in the fiscal note for SB 40. The SB 40 fiscal note included an assumption that an ALB applicant will not receive a payment for more than two months before the date of application.

If you have additional questions regarding this issue, please contact me at 465-1630.

Sincerely,



Janet Clarke  
Assistant Commissioner

cc: Karleen Jackson, Commissioner  
Anthony Lombardo, Deputy Commissioner  
Bill Hogan, Deputy Commissioner  
Sherry Hill, Special Assistant  
Laura Baker, Budget Chief, Finance and Management Services

Log 64/2007

**DHSS Alaska Longevity Bonus Program Recommendations**  
**DRAFT - February 13, 2007**

**Define continuous residency, congruent with AS 01.10.055, and require that the applicant be physically present in the state at the time of re-application with the intention of remaining a resident of the state, and accept the applicant's declaration regarding Alaska state residency. Only require proof of state residency if the Department considers the declaration to be questionable.**

These recommendations will simplify the process for individuals to again receive the Longevity Bonus. A large proportion of former recipients are still residents of the state. A data match between 2006 permanent fund dividend recipients and June 2003 longevity bonus recipients shows that about 80 percent of the 16,364 bonus recipients received the 2006 PFD. The department believes that the remaining 20 percent did not receive the 2006 permanent fund dividend because they chose not to apply, left the state, entered a nursing home, or expired.

**Waive the monthly reapplication requirement under AS 47.45.020 for the period during which longevity bonus payments were suspended due to lack of funding (i.e, from June 2003 to the present).**

The proposed legislation allows former longevity bonus recipients to reapply for the bonus until January 1, 2008 and receive the same level of benefit as they had previously. This recommendation will prevent individuals from being disqualified due to not providing monthly applications while the program was not in operation.

**George Ascott**

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**From:** Hill, Sherry [Sherry\_Hill@health.state.ak.us]  
**Sent:** Wednesday, February 14, 2007 1:39 PM  
**To:** George Ascott; Michael Sica  
**Cc:** Christopher Clark; John Bitney; Lindstrom, Elmer A.; Fitzjarrald, Ellie; Clarke, Janet E.; 'Kraly, Stacy (Kraly, Stacy)'  
**Subject:** DHSS recommendations for ALB legislative questions  
**Attachments:** ALB Recommendations 21307.doc

Here are the DHSS policy recommendations in response to the "continuous residency" and "reapplication" questions that came up last week in the hearings on the ALB proposals.

If you have any questions please let me know. Ellie is really the one that has been working on this, but she is out of the office in Anchorage until Friday, so I can field questions and we'll work with you on it.

Thanks,  
-Sherry

*Sherry L. Hill, M.Sc.P.R.  
Communications Officer/Legislative Liaison  
Department of Health and Social Services  
Juneau Office 907-465-1618  
Cell 907-321-2838  
Anchorage Office 907-269-7800*

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB040-DHSS-DPA2-02  
 Bill Version: SB 40  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU: Alaska Longevity Bonus Programs  
 Component: Alaska Longevity Programs Management

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: LONGEVITY BONUS REAPPLICATIONS

Sponsor: WIELECHOWSKI  
 Requester: SENATE (HES)

Component No. 2672

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

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2007) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This proposed legislation reinstates Alaska Longevity Bonus (ALB) payments for individuals who were qualified to receive them before January 1, 1997, and who received a payment in June 2003 when funding for the program ended. This legislation also provides for reapplication to be filed before January 1, 2008.

The Administrative costs for operating the Alaska Longevity Bonus program are included in the Governor's FY08 Budget.

Prepared by: Ellie Fitzjarrald, Acting Director  
 Division: Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone: 465-1754  
 Date/Time: 02/06/2007  
 Date: 02/06/2007

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB040-DHSS-DPA3-02a  
 Bill Version: SB 40  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU Alaska Longevity Bonus Programs  
 Component Longevity Bonus Hold Harmless

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title LONGEVITY BONUS REAPPLICATIONS

Sponsor WIELECHOWSKI  
 Requester SENATE (HES) Component No. 2858

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

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	350.4	480.2	316.2	161.3	151.0	( 6.2)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>350.4</b>	<b>480.2</b>	<b>316.2</b>	<b>161.3</b>	<b>151.0</b>	<b>( 6.2)</b>

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	350.4	480.2	316.2	161.3	151.0	( 6.2)
1037 GF/Mental Health						
Longevity Bonus Hold Harmless						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>350.4</b>	<b>480.2</b>	<b>316.2</b>	<b>161.3</b>	<b>151.0</b>	<b>( 6.2)</b>

Estimate of any current year (FY2007) cost: \_\_\_\_\_  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This proposed legislation reinstates Alaska Longevity Bonus (ALB) payments for individuals who were qualified to receive them before January 1, 1997, and who received a payment in June 2003 when funding for the program ended. This legislation also provides for reapplication to be filed before January 1, 2008.

Federal law governing the administration of the Supplemental Security Income (SSI) program requires the Alaska Longevity Bonus be counted as income when determining federal SSI benefits. Under AS 47.45.122, the ALB Hold Harmless replaces the SSI benefits that are denied.

As the number of recipients decreases, the benefits paid will decrease, as does the Hold Harmless.

Prepared by: Ellie Fitzjarrald, Acting Director Phone 465-5847  
 Division: Public Assistance Date/Time 02/06/2007  
 Approved by: Karleen Jackson, Commissioner Date 02/06/2007  
 Agency: Department of Health and Social Services

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB040-DHSS-DPA1-021  
 Bill Version: SB 40  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU Alaska Longevity Bonus Programs  
 Component Longevity Bonus Grants

Revision Date/Time (Note if correction):  
 Title LONGEVITY BONUS REAPPLICATIONS

Sponsor WIELECHOWSKI  
 Requester SENATE (HES)

Component No. 26

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

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 2,769.7)	( 4,633.2)	( 7,543.6)	( 10,138.4)	( 12,636.6)	( 15,043.3)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 2,769.7)</b>	<b>( 4,633.2)</b>	<b>( 7,543.6)</b>	<b>( 10,138.4)</b>	<b>( 12,636.6)</b>	<b>( 15,043.3)</b>

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

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	( 2,769.7)	( 4,633.2)	( 7,543.6)	( 10,138.4)	( 12,636.6)	( 15,043.3)
1037 GF/Mental Health						
Longevity Bonus Hold Harmless						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 2,769.7)</b>	<b>( 4,633.2)</b>	<b>( 7,543.6)</b>	<b>( 10,138.4)</b>	<b>( 12,636.6)</b>	<b>( 15,043.3)</b>

Estimate of any current year (FY2007) cost:

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This proposed legislation reinstates Alaska Longevity Bonus (ALB) payments for individuals who were qualified to receive them before January 1, 1997, and who received a payment in June 2003 when funding for the program ended. This legislation also provides for reapplication to be filed before January 1, 2008.

Calculated savings on this fiscal note is because the comparison is to the FY08 Governors budget where ALB payments are fully funded for all recipients 12 full months.

Analysis continued on Page 2.

Prepared by: Ellie Fitzjarrald, Acting Director  
 Division Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-5847  
 Date/Time 02/06/2007  
 Date 02/06/2007

**FISCAL NOTE**  
**FN # SB040-D**

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

**BILL NO. SB 40**

**ANALYSIS CONTINUATION**

Analysis Continued:

**Analysis Assumptions**

- Legislation will be effective and ALB payments will begin with the benefit month July 2007.
- ALB applications will only be accepted if received before January 1, 2008.
- 12,631 former ALB recipients may be eligible to qualify for the ALB in FY08.
- 95% or approximately 11,999 will be eligible and 5% or 632 potential ALB recipients will not qualify for the ALB because they do not meet the program's residency requirements or will not apply.
- Average ALB payment is \$212/month.
- The amount of the benefit ranged from \$100 to \$250 depending on time of entry in to the program.
- An ALB recipient may not accrue an ALB payment for more than two months before the date of application in accordance with AS47.45.080.
- The number of months a person may receive ALB payments in FY08 will vary depending on date of application, as shown in the chart below.
- Program expenditures for FY09 through FY13 will decline each year as eligible seniors move away, enter nursing homes, or expire.

**Benefit Amount Calculations:**

**FY08**

Percent of Appli-cants	Approx # of Appli-cants	Must apply by	May be paid retro-active to	Number months benefits FY08	Average Monthly Benefit Amount	Total FY08 Benefit Payments	
70%	8,842	9/1/2007	7/1/2007	12	\$ 212	\$ 22,494.0	
15%	1,895	10/1/2007	8/1/2007	11	\$ 212	\$ 4,419.0	
5%	632	11/1/2007	9/1/2007	10	\$ 212	\$ 1,339.8	
4%	505	12/1/2007	10/1/2007	9	\$ 212	\$ 963.5	
1%	126	1/1/2008	11/1/2007	8	\$ 212	\$ 213.7	
5%	-632	(will not meet residency criteria or will not apply)				\$	0
Average Benefit Amount= \$212.44							
Rounded to \$212							
<b>Total</b>	<b>11,999</b>					<b>\$ 29,430.3</b>	

**FY09 through FY13**

	Approx Number of Recipients	Total Benefit Payments
FY09	10,836	\$27,566.8
FY10	9,692	\$24,656.5
FY11	8,672	\$22,061.6
FY12	7,690	\$19,563.4
FY13	6,744	\$17,156.7

**Senate Bill 40**

***Longevity Bonus Reapplications***

***Sponsor***

***Senator Bill Wielechowski***

# ***Sponsor Statement***



## **Senator Bill Wielechowski Sponsor Statement**

### **Senate Bill 40: "Longevity Bonus Reapplications"**

**"An Act relating to reapplications for the Alaska longevity bonus program; and providing for an effective date."**

In 2003, Governor Frank Murkowski eliminated funding for the Alaska Longevity Bonus, leaving thousands of elderly Alaskans without a crucial source of income.

Senate Bill 40 would correct this injustice by allowing those Alaskans who originally qualified to reapply for the program and collect the bonus for as long as they remain alive and in the state. The program would continue to be phased out as those seniors pass away.

Upon signing the phase-out of the program into law in 1993, Governor Wally Hickel wrote in his letter of transmittal, "I am proposing this phased elimination because many Alaskans who will be reaching 65 in the next four years have counted on the bonus in planning for their retirement, and an abrupt termination of the program would not be fair to them."

Governor Hickel was mindful of the fiscal challenges facing both the State and Alaska's pioneers in 1993. He structured his reform to reduce the State's financial burden while also to uphold the policy set by his predecessors.

It has been said that promises only count when they're hard to keep, and keeping a promise is an important measure of character. We made a promise to those remaining recipients in 1993, and in 2003 we broke that promise. We lost many Alaskan seniors' faith in fair government, and we need to work to get it back.

With the monumental rise in natural gas and heating oil costs, Alaska's settlers could use the resources promised to them now more than ever. I respectfully ask for your support.

***Proposed  
CS***

25-LS0354C  
Cook  
2/5/07

**CS FOR SENATE BILL NO. 40( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATOR WIELECHOWSKI**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to reapplications for the Alaska longevity bonus program; and**  
2 **providing for an effective date."**

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

4 **\* Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 **REAPPLICATION FOR LONGEVITY BONUS.** (a) Notwithstanding AS 47.45.020,  
7 AS 47.45.030(a), and the requirement under AS 47.45.010(a) that applications for longevity  
8 bonus payments must be filed not later than December 31, 1996, a person who qualified to  
9 receive a monthly longevity bonus payment under AS 47.45.010(a) before January 1, 1997,  
10 and was eligible for a longevity bonus for April, May, or June of 2003 may reapply to the  
11 commissioner of health and social services for monthly longevity bonus payments if the  
12 person is a resident and has maintained continuous state residency during the period between  
13 June 30, 2003, and the date the reapplication is filed.

14 (b) A reapplication under this section must be filed before January 1, 2008. The

1 Department of Health and Social Services shall prepare a reapplication form for use under this  
2 section and may require evidence of eligibility for a longevity bonus as part of the  
3 reapplication process.

4 (c) If the Department of Health and Social Services determines that a person who  
5 reapplies meets the requirements of (a) of this section and is otherwise eligible under  
6 AS 47.45.030(c) and 47.45.070, the amount of the person's monthly bonus shall be the  
7 amount the person was eligible to receive under AS 47.45.010(a)(1) - (4).

8 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

***Original  
Bill***

**SENATE BILL NO. 40**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY SENATOR WIELECHOWSKI**

**Introduced: 1/16/07**

**Referred: Health, Education and Social Services, State Affairs, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to reapplications for the Alaska longevity bonus program; and**  
2 **providing for an effective date."**

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7 and the requirement under AS 47.45.010(a) that applications for longevity bonus payments  
8 must be filed not later than December 31, 1996, a person who qualified to receive a monthly  
9 longevity bonus payment under AS 47.45.010(a) before January 1, 1997, and was eligible for  
10 a longevity bonus for June 2003 may reapply to the commissioner of administration for  
11 monthly longevity bonus payments if the person is a resident and has maintained continuous  
12 state residency during the period between June 30, 2003, and the date the reapplication is  
13 filed.

14 (b) A reapplication under this section must be filed before January 1, 2008. The

1 Department of Administration shall prepare a reapplication form for use under this section  
2 and may require evidence of eligibility for a longevity bonus as part of the reapplication  
3 process.

4 (c) If the Department of Administration determines that a person who reapplies meets  
5 the requirements of (a) of this section and is otherwise eligible under AS 47.45.030 and  
6 47.45.070, the amount of the person's monthly bonus shall be the amount the person was  
7 eligible to receive under AS 47.45.010(a)(1) - (4) for June 2003.

8 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

# ***Sectional Analysis***

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

January 29, 2007

**SUBJECT:** Reapplication for the Alaska longevity bonus program;  
sectional summary (SB 40; Work Order No. 25-LS0354\A)

**TO:** Senator Bill Wielechowski  
Attn: George Ascott

**FROM:** Tamara Brandt Cook  
Director 

**Sec. 1.** Permits a person to reapply for longevity bonus payments if the person was qualified to receive a longevity bonus payment before January 1, 1997, and was eligible for the bonus payment for June 2003 (the end of the last fiscal year for which appropriations were made to fund the program). To qualify the person must have maintained continuous state residency between June 2003 and the date the reapplication is filed. The reapplication must be filed before January 1, 2008. The Department of Administration is directed to prepare a reapplication form and may require evidence of eligibility as part of the reapplication process. If a person is found to be eligible for the bonus, the amount the person gets each month will equal the amount the person was eligible to receive for June 2003.

**Sec. 2.** The bill has an immediate effective date.

TBC:med  
07-048.med

***White Paper***  
***On***  
***Longevity Bonus***

***(AARP)***

White Paper on the Alaska Longevity Bonus Program  
March 14, 2003

History and Legislative Action

The Alaska Longevity Bonus Program was created in 1972. The intent of the program was to provide incentive for older Alaskans to continue uninterrupted residency in Alaska, acknowledge the economic hardships of living out retirement years in the state, and acknowledge the contributions these people made while Alaska was a territory.

The original statutory eligibility requirements were:

*Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS. (a) A person who is 65 years of age or over, who was domiciled in the territory on or before January 3, 1959 and who has maintained a continuous residence domicile in the territory or state for 25 years may apply to the commissioner of administration for qualification to receive a monthly bonus of \$100.*

By legislative action, the bonus amount was raised to \$125 in 1977, \$150 in 1979, \$200 in 1981 and \$250 in 1982.

The age and 25 year residency eligibility continued until a 1984 Superior Court opinion in the case of Schafer v. Vest (680 P.2d 1169 Alaska 1984) found the residency provision to be unconstitutional. As a result, the Legislature amended the statutes governing the program so that any person who was age 65 or older and an Alaskan resident for one year was eligible for the program.

In 1990, a hold-harmless ruling allowed bonus recipients to receive monthly checks without affecting public assistance eligibility. Also that year, legislation was enacted doubling the residency requirement to two years.

In June of 1991 the Superior Court ruled against the two-year residency requirement and eligibility reverts to one-year residency. The bonus amount continued to be \$250 per person, per month.

At the end of 1992 there were 21,645 recipients in the bonus program at a cost to the state of \$63 million.

In 1993 legislation was passed "phasing out" the longevity bonus program over the next three years. New applicants in 1994 received \$200 per month; 1995

White Paper on the Alaska Longevity Bonus Program  
March 14, 2003

applicants received \$150/mo; and 1996 applicants received \$100/mo. No new applicants were accepted into the program after December 31, 1996.

In July, 2002, legislation was enacted to allow recipients to be absent from the state for 60 days without loss of a bonus payment. Prior to this, the allowed absence without loss of a bonus payment was 30 days.

Monthly Operations

The longevity bonus check document is a three-part sheet. The top section is the check itself. The second section is an information area and lists Alaska Longevity Program numbers to call for answers concerning the check. Each February, the second section becomes the recipient's Federal 1099 form for income tax purposes. The lower portion of the page is an eligibility "validation stub" that must be completed, signed and mailed or faxed to the longevity bonus program office for the recipient to be eligible for the next month's check. Eligibility validation stubs are received and processed in the office throughout the month. At month end, a computer system compiles all the validation information and generates an interface with the state accounting system to print the checks.

Longevity bonus checks are issued on a two month "lag" period; that is, a check is issued based on a person's eligibility two months earlier. For example, the check a recipient receives in December is actually payment for October.

***Letter  
Of  
Support***



February 3, 2007

The Honorable Bettye Davis, Chair  
Senate Health, Education and Social Services Committee  
Alaska State Capitol, Room 30  
Juneau, AK 99801-1182

RE: SB 40 (Wielechowski)--Support

Dear Chair Davis:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Health, Education and Social Services Committee to support SB 40, authored by Senator Bill Wielechowski.

SB 40 will be the first step in setting application deadlines and continuous residency requirements for older Alaskans who wish to reapply for the Longevity Bonus.

AARP recommends an "AYE" vote on SB 40.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Marie Darlin".

Marie Darlin, Coordinator  
AARP Capital City Task Force  
415 Willoughby Avenue, Apt. 506  
Juneau, AK 99801  
586-3637 (voice)  
463-3580 (fax)

CC: Senator Joe Thomas  
Senator John Cowdery  
Senator Kim Elton  
Senator Fred Dyson  
Senator Bill Wielechowski

***Fiscal  
Note***

# ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services  
Committee

•  
Resources Committee

•  
Judiciary Committee

•  
Transportation Committee



State Capitol, Rm. 115  
Juneau, AK 99801  
(907) 465-2435  
Fax: (907) 465-6615

716 W. 4<sup>th</sup> Ave, Ste. 440  
Anchorage, AK 99501  
(907) 269-0102  
Fax: (907) 269-6122

## SENATOR BILL WIELECHOWSKI

February 1, 2007

Senator Bettye Davis, Chair  
Senate Health, Education & Social Services Committee  
State Capitol, Room 30  
Juneau, Alaska 99801

Dear Senator Davis:

I am writing to request a hearing on SB 40, "An Act relating to reapplications for the Alaska longevity bonus program; and providing for an effective date."

As you know, since funding for the Longevity Bonus was cut in 2003, thousands of elderly Alaskans have been deprived of a crucial source of income. For many of them, the situation has grown increasingly desperate as the price for fuel, medical care, and other necessities continues to increase every year. This bill would reinstate the process by which those seniors may apply for the bonus, allowing Alaskans who originally qualified to reapply for the program and collect the bonus for as long as they remain alive and in the state.

I intend to request that representatives from the appropriate departments and from legislative legal services be present to answer any questions that may arise. Further, I would like to allow public testimony to be taken statewide by electronic means.

Included with this letter you will find the latest version of this bill, a Sponsor Statement, Sectional Analysis, and other background materials.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Wielechowski", written over a horizontal line.

Senator Bill Wielechowski

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

**CONFIDENTIAL**

## MEMORANDUM

December 28, 2006

**SUBJECT:** Longevity Bonus Program (Work Order 25-LS0354\A)

**TO:** Senator-elect Bill Wielechowski  
Attn: George Ascott

**FROM:** Tamara Brandt Cook  
Director

You are interested in reinstating the Longevity Bonus Program. Although the program has never been repealed, I expect that simply appropriating money to fund the program will not be sufficient. Attached is a draft that attempts to provide a solution to the administrative problem of reinstating the original program. It has a potential legal weakness you should be aware of.

The Longevity Bonus Program was not funded during fiscal year 2004, fiscal year 2005, fiscal year 2006, nor was it included in the budget for fiscal year 2007. Under AS 47.45.010(a) no person qualifies for a bonus unless the person applied before January 1, 1997. AS 47.45.020 sets up a system for continuous eligibility once the person applies and becomes eligible for the program. Continuous eligibility is based on monthly applications, or, in certain isolated rural areas, applications mailed every six months. Obviously, it is unlikely that eligible recipients have continued to mail the applications during the period that the Longevity Bonus Program was not funded for purposes of ensuring continuous eligibility or that those applications have been consistently processed. Consequently, it appears that it will be necessary to require a new application in order to insure that formerly eligible recipients have maintained residency status and continue to be eligible for the program. (AS 47.45.010(c); AS 47.45.070) This will require a statute change.

Also, be aware that reinstatement of the Longevity Bonus Program in a way that includes only the original recipients potentially muddies the legal status of the program. In 1993, the legislature decided to terminate the program by gradually phasing it out and "grandfathering in" current recipients, and, at a reduced level, future recipients who would first become eligible and apply for the bonus by the end of 1996. This legislation was challenged, but upheld by the Superior Court. (Maggard v. Side, Superior Court, Third Judicial District, Case No. 3AN-94-08935 CI, order dated June 6, 1996) Basically, the Superior Court held that because the Longevity Bonus Program provides merely an economic interest, it is entitled only to minimum scrutiny under an equal protection challenge, so that all the state needed to show was that its objectives in enacting the 1993

Senator-elect Bill Wielechowski

December 28, 2006

Page 2

legislation were legitimate. The court found that the main objective was to terminate the program and save money, a legitimate state purpose. The court further found that the purpose of gradually phasing out the program while grandfathering in recipients and those who soon would be recipients was to protect the interests of people who might have reasonably been relying on receiving the bonus. This also, the court found to be a legitimate state purpose. What saved the "grandfather" provision in the 1993 legislation from being held to unconstitutionally discriminate between newcomer seniors to the state and long time resident seniors was the fact that the state was protecting the reliance interest of people who, to some degree, were depending upon the bonus. The case was never appealed to the Supreme Court. Obviously, if the reinstated Longevity Bonus Program is challenged again on equal protection grounds, it will be harder to successfully argue that the state is validly protecting a reliance interest when the people who are eligible for the payments have, in fact, not received them for four years and, arguably, can no longer be reasonably relying on future receipt of those payments. This potential constitutional issue can be avoided if the Longevity Bonus Program is reopened for all seniors, but this would make the program much more expensive.

TBC:ljw

06-406.ljw

**Sec. 01.10.055. Residency.**

(a) A person establishes residency in the state by being physically present in the state with the intent to remain in the state indefinitely and to make a home in the state.

(b) A person demonstrates the intent required under (a) of this section

(1) by maintaining a principal place of abode in the state for at least 30 days or for a longer period if a longer period is required by law or regulation; and

(2) by providing other proof of intent as may be required by law or regulation, which may include proof that the person is not claiming residency outside the state or obtaining benefits under a claim of residency outside the state.

(c) A person who establishes residency in the state remains a resident during an absence from the state unless during the absence the person establishes or claims residency in another state, territory, or country, or performs other acts or is absent under circumstances that are inconsistent with the intent required under (a) of this section to remain a resident of this state.

**Sec. ~~47.45.020~~. Continuous eligibility procedures.**

After qualification, monthly applications for bonuses may be made in person to any office of the Department of Health and Social Services. Mailed monthly applications shall also be considered by the department. In-person or mailed applications shall be made on forms provided by the department and shall conform to the conditions as provided by regulation. The commissioner of health and social services may make exceptions for those residents who are isolated in rural areas and cannot mail a monthly application; however, they shall mail an application at least once every six months.

**Sec. 47.45.030. Absence from the state.**

(a) After qualification, a recipient shall notify the commissioner of health and social services when the recipient expects to be absent from the state if the absence is for a continuous period that exceeds 60 days. After that notification, the recipient may no longer receive bonuses from the Department of Health and Social Services after the last regularly approved monthly application. Upon returning to the state, the recipient may again make application for a bonus. Failure to notify the commissioner of an expected absence may be grounds for disqualification.

(b) *[Repealed, Sec. 4 ch 78 SLA 2002].*

(c) A recipient who has been absent from the state for a continuous period that exceeds three years is permanently disqualified from receiving bonuses.