

SB

43

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/16/07

FURTHER: Finance

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

DATE TURNED
IN TO OFFICE: _____

State Affairs Committee considered SENATE BILL NO. 43

SB 43 CONTRIBUTIONS FROM PERM. FUND DIVIDENDS

"An Act relating to contributions from permanent fund dividends to community foundations, to certain educational organizations, and to certain other charitable organizations that provide a positive youth development program, workforce development, aid to the arts, or aid and services to the elderly, low-income individuals, individuals in emergency situations, disabled individuals, or individuals with mental illness; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 43 (STA)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

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


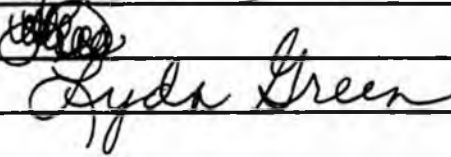

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	02/16	✓			

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
	French			✓	
	Lyda Green			✓	
CHAIR: 	Measure	✓			



Alaska State Legislature

Senate Republican Minority

Web: www.aksenateminority.com

Sponsor: Senator Gene Therriault
Contact: 465-4797
Bill Version: SB 43

Fact Sheet for: Senate Bill 43

Short Title: CONTRIBUTIONS FROM PERMANENT FUND DIVIDENDS

Summary:

- Allows an applicant for the permanent fund dividend to subtract money from the dividend and contribute it to one or more community foundations, educational organizations or charitable organizations that appear on a contribution list on the application.
- Allows contributions of \$25, \$50, \$75 or \$100; or may be 10 percent, 25 percent, 50 percent or 100 percent of the total dividend amount.
- Lists each campus of the University of Alaska and each qualified educational or charitable organization in random order.
- Stipulates that educational organizations must provide vocational training or postsecondary education.
- Stipulates that the primary purpose of the charitable organization is to provide a positive youth development program, workforce development, aid to the arts, or aid and services to individuals who are: elderly, low-income, in emergency situations, disabled or mentally ill.
- Eligible organizations must:
 - Apply for inclusion on the contribution list for the current dividend year before June 15 of the qualifying year.
 - Have been exempt from taxation under 26 U.S.C. 501(c)(3) for the two calendar years preceding the year the application is filed.
 - Be directed by a voluntary board or local advisory board whose members are residents of the state.
 - Provide a qualifying service.
 - Receive the lesser of \$100,000 or 5 percent of its total annual receipts from contributions.
 - Provide a financial audit for the preceding fiscal year if its annual budget exceeds \$250,000.
 - Not make grants or contributions to an organization that is exempt from taxation under 16 U.S.C. 501(c)(4) or (6).

Benefits:

- Encourages contributions to worthy causes and helps strengthen Alaska's non-profit charities.

Background:

- The Rasmuson Foundation has offered to implement the program and underwrite the administrative costs for the first few years.

RASMUSON FOUNDATION

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PRESS CENTER

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For Immediate Release

Contact: Jeff Clarke

PFD Check-off bill passes House, pending in Senate

Anchorage, Alaska - Legislation to allow Permanent Fund Dividend (PFD) applicants to make a donation through their PFD dividend to certain qualified educational or charitable organizations or community foundations passed the State House 34-3 on Saturday 29 April and is now pending in the State Senate.

If this legislation passes, there will be a very quick application period to get qualified organizations listed in the next PFD application packet. This letter is to help you get ready in case your organization wants to apply once the legislation passes.

Which organizations are potentially eligible?

The legislation has not yet passed the State Legislature so the eligibility criteria are not final. The current pending language can help you preliminarily determine your organization's eligibility and advise you on the documentation you may need to collect for the application process.

Potentially eligible organizations are:

- Educational organizations with a primary purpose of providing vocational training or post secondary education.
- Charitable organizations with a primary purpose of:
 - Positive youth development
 - Workforce development
 - Aid to the arts
 - Aid and Services to the:
 - Elderly
 - Low-income individuals
 - Individuals in emergency situations
 - Disabled individuals, or
 - Individuals with mental illness
- Community foundations

Which organizations are not eligible?

You will not be eligible if your organization makes grants or contributions to an organization that is exempt from federal income tax under 26 U.S.C. 501(c)(4) or (6).

What will an eligible organization have to demonstrate?

Again, once the legislation passes, you will be notified of the requirements. To help you get ready, the following is a list of operational qualifications that you will have to attest to and/or submit supporting documentation for:

- The eligible services were provided for at least two calendar years prior to the application.
- Current Articles of Incorporation and By-Laws.
- Current exemption from federal taxation under 26 U.S.C 501(c)(3).
- Current IRS Form 990 on file with the United States Department of the Treasury, Internal Revenue Service (2003, 2004, or 2005).
- The organization is directed by a voluntary board of directors or local advisory board, all of whom are Alaska residents.
- At least \$100,000 or five percent (5%) of the organization's annual receipts are from contributions, whichever is less.
- For organizations with a total, annual budget exceeding \$250,000, an "unqualified" audit by an independent, certified public accountant (CPA).

What will happen next?

As soon as the State Legislature has passed the legislation, you will be mailed an application. You will only have a few weeks to prepare the application package to meet the statutory deadlines for the next PFD application cycle.

If you are interested in tracking the legislation yourself, you can do so at the legislature's BASIS website at <http://www.legis.state.ak.us/BASIS>. Type SB297 in the box labeled "Bill Root."

If you think you will apply, we strongly advise you to collect the supporting documents and be prepared to quickly turn around the application package. If you have questions regarding the legislation, possible eligibility criteria, or the possible supporting documentation that may be needed, please call Terry Horton at (907)743-1207 or email thorton@forakergroup.org or call Len Lambert at (907) 263-3810 or email llambert@ak.org.

Sincerely,

Dennis McMillian
President
Foraker Group

Michele Brown
President
United Way of Anchorage

-30-

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

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February 22, 2007

Senator Lesil McGuire, Chair
Senate State Affairs Committee
State Capitol
Juneau, Alaska 99801

RE: Senate Bill 43

Senator McGuire

Senate Bill 43 sets up a mechanism for PFD recipients to assign a portion of their PFD to one or more charitable organizations.

The Department of Revenue has concerns about the successful implementation of this or any PFD check-off bill given the current state of the PFD payment system technology.

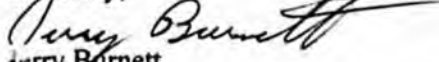
- PFD's current payment system was built in 1982 (pre AKSAS and AKPAY development)
- The current payment system's rigidity makes any change to the payment process a complicated and laborious process.
- PFD is unable to guarantee that it can implement more than one charitable assignment choice per application

This means one charity for everyone and a set donation amount (either a % or \$ amount, not both), (similar to the Alaska College Tuition choice).

- PFD's first priority in its mission is to distribute the dividend to eligible Alaskans in a timely manner. Altering the *current* payment system to incorporate charitable giving could have a negative effect on that mission.
- Development of a new payment system would allow PFD to incorporate payment changes such as charitable giving. If development was started this summer (and funds received to do that) a new flexible payment system could take effect with the 2009 dividend.

The Department will continue to work with the sponsor as SB 43 moves through the legislative process to address these concerns.

Sincerely,



Jerry Barnett

Administrative Services Director

Alaska State Legislature

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Senator Lesil McGuire
Chair, Senate State Committee

Fax

To: Leg Legal, Tam Cook **From:** Shalon Szymanski, SSTA Committee Aide

Fax: 2029 **Pages:**

Phone: **Date:** February 20, 2007

Re: Final CS Request (SB 43) **CC:**

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

● **Comments:**

ALASKA STATE LEGISLATURE

Sen. Lesil McGuire, Chair
Sen. Gary Stevens, Vice-Chair
Sen. Lyda Green
Sen. Hollis French
Sen. Con Bunde



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SENATOR LESIL McGUIRE
CHAIR, STATE AFFAIRS

Memorandum

To: Leg. Legal
From: Shalon Szymanski, Committee Aide
Senate State Affairs Committee
Date: February 22, 2007
Re: Final CS Request (SB 43)

Please create a Final Committee Substitute (STA) for work order # 25-LS0365\A, mirroring # 25-LS0365\A but also including:

-1 attached amendment

Thank you!

AMENDMENT # 1

OFFERED IN THE SENATE

BY SENATOR THERRIAULT

TO: SB 43

1 Page 2, line 8, following "contribution.":

2 Insert "The electronic dividend application form must include notice that no money
3 contributed will be used for administrative costs incurred in implementing this section and
4 that money from the dividend fund will not be used for that purpose."
5

6 Page 3, lines 21 - 24:

7 Delete all material and insert:

8 "(d) Unless an appropriation specifically directs that the money be used for
9 costs incurred in implementing this section, the department may not use money from
10 the dividend fund for administrative costs incurred in implementing this section even
11 if it has been appropriated for costs of administering the dividend program. The
12 department may not use money contributed under (a) of this section for administrative
13 costs incurred in implementing this section. Contributions shall be distributed to each
14 organization as soon as practicable."