

HB

146

<TARGET><BILL>HB 146</BILL><SUBJECT>HB
146</SUBJECT><COMM>HEDC30</COMM></TARGET>

30-LS0509\D
Nauman
2/17/17

HOUSE BILL NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE CLAMAN

Introduced:
Referred:

A BILL
FOR AN ACT ENTITLED

1 **"An Act imposing a school tax on net earnings from self-employment and wages;**
2 **relating to a payment against the school tax from the permanent fund dividend**
3 **disbursement; and providing for an effective date."**

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

5 * **Section 1.** AS 43.23 is amended by adding a new section to read:

6 **Sec. 43.23.092. Permanent fund dividend school tax payment.** In
7 accordance with AS 43.45.011(d), the department shall prepare the Alaska permanent
8 fund dividend application to allow an applicant to direct the department to hold all or
9 part of the amount of the individual's permanent fund dividend for application against
10 the school tax imposed under AS 43.45.011.

11 * **Sec. 2.** AS 43.45 is amended by adding a new section to read:

12 **Chapter 45. School Tax.**

13 **Sec. 43.45.011. School tax imposed; payment by dividend.** (a) A tax is
14 imposed on the adjusted gross income of every

1 (1) resident individual; and

2 (2) nonresident and part-year resident individual with income from a
3 source in the state.

4 (b) For a taxpayer whose adjusted gross income is

5 (1) less than \$20,000, the tax is \$100 a year;

6 (2) \$20,000 or more, but less than \$40,000, the tax is \$250 a year;

7 (3) \$40,000 or more, but less than \$50,000, the tax is \$500 a year;

8 (4) \$50,000 or more, but less than \$75,000, the tax is \$750 a year;

9 (5) \$75,000 or more, but less than \$100,000, the tax is \$1,000 a year;

10 (6) \$100,000 or more, but less than \$150,000, the tax is \$2,500 a year;

11 (7) \$150,000 or more, but less than \$200,000, the tax is \$5,000 a year;

12 (8) \$200,000 or more, but less than \$250,000, the tax is \$6,500 a year;

13 (9) \$250,000 or more, the tax is \$8,500 a year.

14 (c) For purposes of (b) of this section,

15 (1) the adjusted gross income of a

16 (A) resident is the total adjusted gross income of the resident;

17 (B) nonresident or part-year resident is the adjusted gross
18 income of the nonresident or part-year resident that is attributable to a source
19 in the state;

20 (2) the department shall assess the tax due on the adjusted gross
21 income of

22 (A) an individual, if the individual files a federal income tax
23 return only on the individual's own behalf;

24 (B) two or more individuals, including dependents, if those
25 individuals file one federal income tax return together;

26 (C) an individual, if the individual does not file a federal
27 income tax return.

28 (d) The department shall adopt regulations establishing procedures for an
29 individual eligible for a dividend under AS 43.23.005 to direct the department to hold
30 all or a part of the amount of the dividend to pay the tax due under this section. The
31 amount held under this section may not exceed the dividend amount after

1 contributions, garnishments, levies, fees, attachments, assignments, or other reductions
2 or donations allowed under AS 43.23. The department shall apply the amount held
3 under this section to the tax period in which the taxpayer applies for the dividend. The
4 department shall refund the amount of the dividend not applied against taxes under
5 this section to the individual who appears on the application for the dividend.

6 (e) An individual subject to tax under this section shall, upon request by the
7 department, furnish to the department a true and correct copy of the tax return which
8 the taxpayer has filed with the Internal Revenue Service. Every taxpayer shall notify
9 the department in writing of any alteration in, or modification of, the taxpayer's federal
10 income tax return and of a recomputation of tax or determination of deficiency,
11 whether with or without assessment. A full statement of the facts must accompany this
12 notice. The notice shall be filed within 60 days after the final determination of the
13 modification, recomputation, or deficiency, and the taxpayer shall pay the additional
14 tax or penalty under this chapter. In this subsection, "final determination" means the
15 time that an amended federal return is filed or a notice of deficiency or an assessment
16 is mailed to the taxpayer by the Internal Revenue Service; there is no final
17 determination for purposes of this subsection until the taxpayer has exhausted rights of
18 appeal under federal law.

19 (f) The department shall adopt regulations to implement this section, including
20 regulations that

21 (1) notwithstanding AS 43.05.225, set the annual interest rate of a
22 delinquent tax under this section at 18 percent;

23 (2) in addition to fees assessed under AS 43.05.245, establish a fee of
24 not more than \$2,500 for the cost of collecting a tax delinquent under this chapter; and

25 (3) at the discretion of the department, allow a taxpayer a 90-day
26 extension from the date the tax is due for the filing and payment of the tax and the
27 accrual of interest and fees.

28 (g) The tax and penalties collected by the department under this section shall
29 be deposited into the general fund and accounted for separately. The legislature may
30 appropriate the estimated amounts to be collected and separately accounted for under
31 this subsection into the public education fund established in AS 14.17.300. Nothing in

1 this subsection creates a dedicated fund.

2 (h) In this section, "adjusted gross income" has the meaning given in 26
3 U.S.C. 62.

4 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 REGULATIONS. The Department of Revenue may adopt regulations to implement
7 sec. 2 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act),
8 but not before the effective date of sec. 2 of this Act.

9 * **Sec. 4.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

10 * **Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect January 1, 2018.



Alaska State Legislature

Representative Matt Claman

HB 146 School Tax Bill

Sectional Analysis

<u>Section</u>	<u>Statute</u>	<u>Change</u>	<u>Purpose or Effect</u>
1	AS 43.23.092 PFD school tax payment	Amends	Adds the option for a PFD applicant to hold all or some of PFD to pay the proposed school tax
2	AS 43.45.011 School tax imposed; payment by dividend	Adds new chapter	Chapter 45. School Tax.
		Adds new section AS 43.45.011	<ul style="list-style-type: none"> a) Tax imposed on adjusted gross income (AGI) of: (1) residents and (2) non-residents with income from in-state source b) Lists tax liability for individuals based on tiered AGI levels c) Stipulates that <ul style="list-style-type: none"> (1) the AGI of <ul style="list-style-type: none"> (A) a resident is the total AGI of the resident (B) a nonresident or part-year resident is the amount attributable to a source in the state (2) the DOR shall assess the tax due on the AGI of <ul style="list-style-type: none"> (A) individuals, for individual returns (B) 2+ individuals for joint filing (including dependents) (C) individual, if return is not filed d) Tasks the DOR with adopting procedures to allow use of PFD to pay the school tax, including refunding amounts exceeding the tax e) Defines regulations for the tax payer

			<p>f) The department shall adopt regulations:</p> <p>(1) Delinquent payment annual interest rate is 18%</p> <p>(2) Establish fee of up to \$2,500 for the cost of collecting delinquent tax</p> <p>(3) Allow for a 90-day extension past due date (at the DOR's discretion)</p> <p>(4) Determine AGI subject to tax for joint filers if one of the filers is not a resident of the state</p> <p>g) Tax penalties shall be deposited into the general fund</p> <p>h) "adjusted gross income" has the meaning given in 26 U.S.C. 62</p>
3	Uncodified Law	Amended	REGULATIONS. DOR may adopt regulations to implement section 2
4	Effective Date		
5	Effective Date		



Alaska State Legislature

Representative Matt Claman

Session: State Capitol, Rm 118 Juneau, AK 99801 Phone: 465-4919
Interim: 1500 W. Benson Blvd., Anch, AK 99503 Phone: 269-0130

House Bill 146 Sponsor Statement

An act imposing a school tax on certain income of residents, part-year residents, and nonresidents and allowing payment from the permanent fund dividend disbursement.

This session, we need to make tough choices and formulate a responsible action plan for Alaska's financial challenges. Article VII, Section 1 of the Alaska Constitution requires the Alaska Legislature to "establish and maintain a system of public schools" in Alaska. Additionally, funding for education during in the midst of a deficit continues to be a major public concern. House Bill 146, a school tax bill, helps address Alaska's financial challenges and supports our public schools.

House Bill 146 taxes adjusted gross income on federal tax returns for every person who earns income in Alaska. Through this bill, all Alaskans and out-of-state residents who work in Alaska would help solve our financial challenges. This bill provides clarity to the public about their school tax liability depending on their income. The minimum tax would be \$100 a year. The tax increases on a graduated scale based on income, with a cap of \$8,500. Those making between \$50,000 and \$75,000 a year would pay a school tax of \$750. The revenue collected from the school tax would be designated to support public education in Alaska. Taxpayers who itemize their federal tax return could deduct the school tax from federal income taxes. Rather than collect the revenue through a payroll deduction, HB 164 requires a single annual payment of the school tax with penalties and interest for those who fail to pay the tax. The bill includes a provision allowing use of future Permanent Fund Dividends to pay the school tax. The school tax proposal is an alternative to a statewide income tax.

At full implementation, the school tax bill is projected to raise \$540 million—approximately one third of the state funding for education. We believe that if the public has a more direct investment in the cost of education, they will become more involved in the education that we deliver.

The school tax is not a proposal to increase education funding. The intent is to raise revenue to help close the budget deficit, designate those funds to support education, and reduce the undesignated general fund appropriation for education on a dollar-for-dollar basis.

Thank you Rep. Claman,
I just saw the news clip on HB 146. I support it.

Marilyn Russell

From: Rich & Sue Hanas

To: Rep. Matt Claman

Subject: School Tax

All for it.

In Anchorage, we pay \$6500 a year in property tax on a slightly-above median value home that was built in 1964, has had only minor renovations over the years, and is less than 2000 square feet in West Anchorage. This home is appraised for \$400,000. Of that \$6500 in property tax that we pay (which is as high as the property tax that my brother pays on a home in Seattle worth twice what ours is worth), over \$3200 of it goes directly to the school district. We are ALREADY paying A LOT for our schools. There is no way you should be assessing another huge fee on top of that, especially one that targets people who are middle to upper middle class and have worked like dogs to get there. While your proposed taxes are reasonable up to 150,000 of gross income, above that level they are frankly obscene.

If you want to impose this kind of tax, you should have a flat percentage of 1% rather than the obscene jumps that you are proposing for families who make over 150,000. Most families who make over 150,000 of combined gross income have two working parents and take big risks to make that income, possibly working many slow fishing seasons before having one that allows them to bump over 150,000. These incomes often are unstable from year to year so that the families need to SAVE some of what they earn in a good year in order to weather the bad years. They cannot do that if you are taking everything away in tax dollars in a good year.

I am a liberal democrat with a current Alaska teaching certificate and I **DO NOT** support this bill. Please try to raise taxes in ways that do not inordinately burden hard working families in Alaska who make their living by weathering bad years to get to a good one.

Holly

You are crazy if you think people will stay in Alaska after you implement a state income tax like the one you proposed. Why not a sales tax? We are calling a real estate agent next week to place our house on the market. We will pull the equity out of our home and leave. Between federal taxes, social security, Medicare, property taxes and a new Alaska state income tax, we will be paying over 53% of my yearly income in taxes. Add on top of it the high cost of housing, food and utilities here in Alaska and limited resources for medical we have decided to move. Once again the working people will pay while others collect benefits. It's not right to make less than half the population pay for everything. I am beyond disgusted.

Lesa Andrews

Senator Claman,

With all due respect your recent bill really just smoke and mirrors. You are looking to gain support under the "guise" of education when the bill clearly states the funds can be used for other government expenses. The Alaskan people are not seeing the cuts that need to be made in order to support income or sales tax. Senator, there are not enough income earners in Alaska to fund the deficit issue. Governor Walker said that himself. The professionals are tired and running out of money too.

We live in the Mat-Su Valley and pay over \$4,500.00 per year in property taxes that in large goes to education. I am a teacher and my husband works as a Tech at Providence. We work 100+ hours a week together with commuting times. Because we make over \$149,000.00 (barely) per year you are looking at adding \$412.00 per month out of our budget (wow, you took a huge leap **doubling the tax** from \$2,500.00 to \$5,000.00 based on \$149,999 to \$150,000). We are still raising 4 children and pay 100% of **everything** we get. You cannot keep taxing the wage earners and try to level everyone out. My husband served 4 years in the military AND we took student loans (still paying them off) to earn the incomes we have now. We have worked hard and paid our own way. You can't assume that people above \$149,999 should be penalized unequally and can even afford your "doubling" tax at that level. The American Dream was never income distribution.

Our family is fully expected to pay 100% of our children's college. Next year, I will have 2 kids in college so if you keep taking money from us how are we expected to help them?

Think about it. If you deduct federal income taxes, social security, medicare, retirement, health care insurance, property taxes plus your tax there will be nothing left for us. Alaska has a high cost of living. We inherited property from my grandfather who was a homesteader and built a conservative home. Last year we had to purchase 3 sets of studded tires in our family (there go the dividends). We are grateful to have jobs in this economy but when the Alaskan government starts taxing the wage earners we are going to leave. Food cost is high, healthcare costs are one of the highest in the nation, heating is high, electric is high.

Maybe we can trim Alaska's programs such as the \$1 cell phone? Maybe Alaskans should earn their cell phone or live without one? Having a cell phone is not a God given right. People led productive and full lives before the 90's came and cell phones came out. There is a budget cut for the state to consider.

Please, cut the budget, trim spending in education (I'm a teacher and I see there is room for improvement). We have more natural resources than the rest of the country put together. Develop them responsibly. If anything, start talking about a **sales tax**. The families that have made good choices and work hard are tired of seeing the 40% of Alaskans that don't work spend their money on big screen televisions.

Your tax proposal is not equal and have you even considered the burden you are putting on elderly that don't even have children in school? They pay the federal government and property taxes too.

I would support a sales tax but everyone needs to stop thinking of creative ways to tax the income earners ONLY. How about an income tax on those that **don't live** in this great state. The 50%+ that are on the slope and only support Starbucks at the airport on their way out. Why not a big penalty for them and leave the rest of us out that are invested in Alaska out of the income tax. We are the parents, volunteers and community members that make this a great state to live in.

I interact with people at our church, friends and family and people in our circle are clearly more receptive to a sales tax, major budget cuts (including the per diem) and developing resources. We all know if a few years when the economy recovers you will certainly not propose taking the income tax away. You and I are going to be stuck with it.

Sincerely,
Lisa Short
Valley Resident

This bill is not constitutional to Alaska. This money would not be legally designated to schools. With this information this money would be a general tax that would go to the general fund. Since there is no legal way this money would only go to the school this tax should not go through. This bill is a money grab hidden under the smoke screen of school funding. This bill is a lie for what the money would be used for.

On top of that the schools do not need any more money. Alaska has the highest cost per child with almost the lowest academic scores throwing money at the issue will not solve the problem. We need to keep the good teachers and cut the bad teachers and excessive administration staff. Also, stop building fancy buildings. The children need to learn. Teachers need to teach. Fancy architectural buildings, excessive administration staff, and bad teachers do not help the children, families, or our community.

Cuts need to happen not an increase to the money wasting.

Thank you for your time,

Emery Schramm

Wasilla, Alaska

Subject: State income tax for schools?

No way! Bad idea.

The State needs to move away from funding local schools.

Also slash UAA and increase tuition and fees.

Wes Nason

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 146
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB146-DOR-TAX-03-17-17
Title: SCHOOL TAX; PFD PAYMENT FOR SCHOOL TAX
Sponsor: CLAMAN
Requester: House Education

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services	1,400.0		2,500.0	4,400.0	4,400.0	4,400.0	4,400.0	4,400.0
Travel								
Services	600.0		400.0	600.0	600.0	600.0	600.0	600.0
Commodities			50.0	50.0	50.0	50.0	50.0	50.0
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	2,000.0	0.0	2,950.0	5,050.0	5,050.0	5,050.0	5,050.0	5,050.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	2,000.0		2,950.0	5,050.0	5,050.0	5,050.0	5,050.0
Total	2,000.0	0.0	2,950.0	5,050.0	5,050.0	5,050.0	5,050.0

Positions

Full-time	10.0		23.0	40.0	40.0	40.0	40.0
Part-time							
Temporary							

Change in Revenues

1250 UGF Rev (UGF)	270,000.0		540,000.0	540,000.0	540,000.0	540,000.0	540,000.0
Total	270,000.0	0.0	540,000.0	540,000.0	540,000.0	540,000.0	540,000.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 10,000.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/18

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By: Ken Alper, Director Phone: (907)465-8221
Division: Tax Division Date: 03/15/2017 11:00 PM
Approved By: Jerry Burnett, Deputy Commissioner Date: 03/17/17
Agency: Department of Revenue

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 146

Analysis

Bill Analysis

The bill establishes a tax on adjusted gross income. The tax is payable by both residents and nonresidents. The amount of tax is a flat amount tied to an annual income scale, and ranges from a minimum of \$100 to a maximum of \$8,500 per individual or joint taxpayer. The legislature may appropriate revenue from this tax to the Public Education Fund. Taxpayers may direct the Department of Revenue to apply some or all of their Permanent Fund Dividend towards their school tax liability.

At full implementation, revenue will be about \$540 million / year. Any impact on taxpayers would be partially mitigated because this will likely qualify as a state income tax meaning it would be deductible from federal taxes. Therefore, Alaskans who itemize would be able to reduce their federal taxable income by the amount of their state tax.

Revenue Impact

The Tax Division has modified their existing income tax revenue model to estimate the approximate number of taxpayers in each income category. The bill would take effect on January 1, 2018, meaning that FY18 revenue would be for only the second half of the fiscal year.

Implementation Cost

Adding a broad based tax would be a significant challenge to the Tax Division. We have recently completed implementation of Tax Revenue Management System (TRMS), which is creating an integrated online tax application used by both taxpayers and administrators for the 25 tax types currently administered by the Division. We expect to engage FAST Enterprises, the TRMS contractor, to build a new module for this tax into TRMS.

Among the funds requested for FY2018, the Department intends to use about \$300.0 to begin the implementation process. With this, we will engage a contractor with experience building a statewide tax structure impacting individual workers. An essential deliverable of the outside contract will be an implementation plan that includes staffing, infrastructure, and additional outreach needs. Any revised cost of implementing this tax will be brought to the legislature during the 2018 regular session.

We will also begin the outreach to Alaska's business community to prepare for wage withholding. The bill also delegates substantial regulation writing authority to the Department of Revenue to establish rules to determine the Alaska portion of adjusted gross income.

The \$10,000.0 capital request reflects an estimate for our contract with FAST to add the new tax module as well as the Department's other short-term implementation costs. This is a multi-year process and much of the actual spending will not occur until after we begin collecting revenues. The initial fast-track need will be to build and implement a tax withholding system, which will need to be in operation by January 1, 2018. In addition to the software development, this will require a rapid and robust outreach to the business community throughout Alaska, as well as integration with national accounting and tax software vendors in order to update programs such as TurboTax and QuickBooks to incorporate Alaska.

FISCAL NOTE ANALYSIS

Analysis

Once the withholding system is in place, the contractor and staff will begin building the tax return filing and examination modules, with their associated databases, communications, and integration with our existing imaging, accounting, and collections systems. Although the legislation does not specify, the department would likely create a monthly filing requirement for employers, meaning that the first substantial receipts will be received in February 2018 and the first annual tax returns will be filed in early 2019.

Currently, the Department of Labor administers the Employment Security Tax, which establishes a relationship for data and tax collection with most employers in Alaska. It is possible that some efficiencies could be achieved by linking these taxes. However, the Department of Revenue will be required to add a major function that does not exist with the Employment Security Tax. This is the process for receiving individual tax returns with either taxes due net of withholding or refunds in the event of overpayment.

The department envisions a gradual ramping up of the staff needed to collect and administer the tax. At full implementation, we will have about 40 additional staff. We expect the new staff to be roughly split between our Juneau and Anchorage offices.

Throughout the six-year period covered by this fiscal note, we anticipate total implementation costs, operating plus capital, to be less than 1.5 percent of additional state revenue.

An initial analysis of the staff needs within the Tax Division to implement a personal income tax is as follows:

Title	FY18	FY19	FY20+
Audit Supervisor	1	1	1
Tax Auditor	4	6	10
Tax Technician	2	5	8
Tax Specialist	2	1	2
Appeals Officer	0	1	2
Accounting Technician	0	2	4
Admin Assistant	1	1	2
Analyst / Programmer	0	1	1
Imaging Operators & Office Assistants	0	5	10
Total FT	10	23	40

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 146
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB146-DOR-PFD-03-17-17
Title: SCHOOL TAX; PFD PAYMENT FOR SCHOOL TAX
Sponsor: CLAMAN
Requester: House Education

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Permanent Fund Dividend Division
OMB Component Number: 981

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services	8.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	8.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	8.0						
Total	8.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By:	Sara Race, Director	Phone:	(907)465-4785
Division:	Permanent Fund Dividend	Date:	03/17/2017 01:00 PM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	03/17/17
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 146

Analysis

This legislation modifies the online dividend application and the disbursement of dividend funds upon payment.

The bill also creates a dividend tax payment option. Similar to the UA College Savings plan or charitable contributions, a voluntary option will be made available on the electronic dividend application, so an individual may apply all or a portion of their dividend to their school taxes due. Although this option will be made available on all electronic applications, it will only apply to those that are determined eligible and paid. At the time of payment, all other involuntary and voluntary deductions will be paid first. After one's school taxes are paid, based on their adjusted gross income, any amount in excess will be paid to the individual named on the permanent fund dividend application.

Tax funds will be reported and transferred to the Tax Division on a monthly basis as part of the standard dividend payment disbursement process.

This added option will require programming changes to be made to the division's database and online dividend application. It will take approximately 50 hours at \$160.00 per hour for a total of \$8,000.