

SB

154

**<TARGET><BILL>SB 154</BILL><SUBJECT>SB
154</SUBJECT><COMM></COMM></TARGET>**

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/24/18

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 1/31/18

State Affairs Committee considered SENATE BILL NO. 154

SB 154 PFD CONTRIBUTIONS TO GENERAL FUND

"An Act relating to contributions from permanent fund dividends to the general fund."

and recommends:

- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
ADM			✓	1
REV	✓			2

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	No REC	AMEND
	Wilson	✓			
	Giessel			✓	
	Egan	✓			
CHAIR:	Meyer	✓			

ALASKA STATE LEGISLATURE

Interim:
Senate District D
600 E. Railroad Avenue
Wasilla AK 99654
Phone: 907-376-4866
Sen.David.Wilson@akleg.gov



Session:
State Capitol, Room 115
Juneau AK 99801-1182
Phone: 907-465-3878
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Sen.David.Wilson@akleg.gov

Senator David Wilson

To: Senator Kevin Meyer, Chair
Senate State Affairs Committee

Date: January 25, 2018

From: Senator David Wilson

RE: SB 154 Bill Hearing Request

Please accept this request to schedule Senate Bill 154 – “PFD Contributions to General Fund” for consideration in the Senate State Affairs Committee.

The proposed legislation would allow Alaskans applying for a Permanent Fund Dividend to donate all or a portion of their PFD directly to the State General Fund. This proposed legislation would provide the mechanism and streamline the process of donating PFDs to the State General Fund.

Included with this request for Senate Bill 154 is our Sponsor Statement, Sectional Analysis, and the current version of the bill. If you would like any additional information or have any questions regarding this hearing request, please feel free to contact Gary Zepp at 465-4711.

Sincerely,

A handwritten signature in cursive script that reads "David Wilson".

Senator David Wilson

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Senator David Wilson

Sponsor Statement

SB 154 - "An Act relating to contributions from permanent fund dividends to the general fund."

If enacted, Senate Bill 154 would allow Alaskans applying for a Permanent Fund Dividend to donate all or a portion of their PFD directly to the State General Fund.

I have heard from Alaskans who say they would not mind giving up a portion of their income or PFD to the State of Alaska. This bill would create a process where Alaskans can donate their PFDs to the State General Fund using the "Click.Pick.Give." program. Alaskans would also be able to donate all or a portion of their PFDs using the paper application as well.

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Senator David Wilson

SB 154 (2018)

Sectional Analysis

“An Act relating to contributions from permanent fund dividends to the general fund.”

Section 1: Amends AS 43.23.62(a) by adding **“to the general fund”** and **“the general fund”** to allow a contribution from the electronic Alaska permanent fund dividend to the state general fund.

Section 2: Amends AS 43.23.062(b) to add **“the general fund”** to the list of organizations, community foundations, or charitable organizations eligible to be added to the contributions list.

Section 3: Amends AS 43.23.062(m) by adding **“general fund or to the”** to the list of organizations that do not have a coordination fee withheld.

If you would like any additional information or have any questions regarding this hearing request, please feel free to contact Gary Zepp at 465-4711.

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Senator David Wilson

Invited Testimony

SB 154 - "An Act relating to contributions from permanent fund dividends to the general fund."

The following individuals will be available, either in person or via telephonically, to answer questions regarding SB 154.

- Sara Race, Director, Permanent Fund Dividend Division, Department of Revenue;
- Pamela Leary, Director, Treasury Division, Department of Revenue

Senator David Wilson
Email: Senator.David.Wilson@akleg.gov
State Capitol Room 115
Juneau, AK 99801
(907) 465-3878

SB 154 PFD CONTRIBUTIONS TO GENERAL FUND

Senator Wilson

SSTA Hearing Request Received: 1/25/2018

Bill Introduced: 1/24/2018

SB 154 PFD Contributions to the General Fund

This bill would amend AS 43.23.062 to add the State of Alaska's General Fund to the list of places an individual could contribute part or all of their Permanent Fund Dividend by using the Pick.Click.Give. program

Potential Issues:

The bill places the state's general fund in front of all other groups—the peace officer and firefighter survivors' fund, or one of more of the educational organizations, community foundations or charitable organizations. Some people might take issue with contributions to a governmental entity and the state having to manage contributions from the PFD to the General Fund.

Legislative History

This is the first committee of referral. It has a further referral to the Senate Finance Committee.

Fiscal Impact:

There are two fiscal notes.

Department of Administration has a zero fiscal note.

Department of Revenue has an increment of 20.3 UGF in 2019 and 10.0 in the out years.

QUESTIONS:

- Why is this fiscal note so high? Adding tribal governments is only \$9,000.
- What if people would like to see part of their PFD to go the General Fund but for specific things such as education, pioneer homes, the ferry system, mental health trust, corrections, public safety, or roads?
- As a point of comparison, what has the peace officer and firefighter survivors' fund received in the last few years?
- Would this contribution then be tax deductible like a charitable contribution even though it is to state government for services a contributor may or may not utilize?

► About Pick.Click.Give.

Pick.Click.Give. was created by the Alaska State Legislature in 2008 to allow Alaskans filing for their PFD online to donate a portion or all of their dividend to eligible charitable and educational organizations. After a three-year pilot project, Pick.Click.Give. became a permanent part of the PFD program. The program was originally managed by the Rasmuson Foundation (<http://www.rasmuson.org/>). The Alaska Community Foundation (<http://alaskacf.org/>) took over management of the Pick.Click.Give. program in 2015. In order to maintain sustainability, 7% of all donations collected will go to program marketing, nonprofit tools and resources, and minimal program administration.

This fee is directed to The Alaska Community Foundation, which allows nonprofit organizations to participate in the statewide marketing campaign while minimizing the administrative costs otherwise associated with fundraising.

What is the 7% Coordination Fee?

Starting in 2015, 7% of donations collected by nonprofit organizations were designated by the legislature to be used to fund the Pick.Click.Give. program. These fees contribute to the sustainability of the program while making it possible for smaller and more remote nonprofit organizations to benefit from the marketing campaign. The fee covers the cost for the statewide program marketing, nonprofit tools and resources, and minimal program marketing. See our Frequently Asked Questions for more information.

Frequently Asked Questions for Donors

Thank you for choosing Pick.Click.Give. Please see the frequently asked questions in the following areas: Donor Information, Program Administration.

Donor Information

What is the PFD Charitable Contributions Program (Pick.Click.Give.)?

Alaskans applying for their PFD online only may pledge all or part of their dividend to University of Alaska campuses, Community Foundations, and eligible nonprofits. Applicants may choose to contribute to one or more organizations using \$25 increments, up to the entire amount of the dividend.

Are donations tax deductible?

Yes, donations are tax deductible. All eligible organizations are registered with the IRS as a 501c3 nonprofit organization.

Can donors change the amount of their charitable contributions to a specific nonprofit organization, or add an organization after they have filed?

Yes. Go to <http://www.pfd.state.ak.us/> (<http://www.pfd.state.ak.us/>) and select the green "Add or Change Your Pick.Click.Give. Donation" button.

You will be prompted to enter your name, social security number and date of birth. Once you click "Enter," your PFD application details will show your PCG charitable contributions to date and provide a button to "change" your contributions. Follow the prompts to add new donations. As long as the applicant has applied for their PFD online by March 31, additions, withdrawals, or adjustments may be made until August 31.

What if my favorite organization is not listed?

You will need to make your donation directly to an organization that is not listed in the PFD online application.

Can my child contribute part of their Permanent Fund Dividend?

Yes, each person who files online has a choice of eligible nonprofits to which they can give.

Will my name and contact information be given to organizations I donate to?

You will have the ability, when making your pledge, to check a box that authorizes the state to send your name, contact information and the amount you give to the organization. You can remain anonymous by choosing not to disclose your information. Organizations prefer to know who has contributed so that they can share information with you about how the donations have been used and to recognize you for your generous support.

When will the organization receive my donation?

Your donation will be paid to the organization at the same time dividends are distributed, around mid-October.

Program Administration

Who implements and administers Pick.Click.Give.?

While The Alaska Community Foundation (<http://www.alaskacf.org>) manages and directs the Pick.Click.Give. program, several other partner organizations are vital to its ongoing success:

- The Alaska State Department of Revenue administers the program on behalf of the Department of Revenue and makes PFD online giving possible.
- United Way of Anchorage ([liveunitedanchorage.org](http://www.liveunitedanchorage.org) (<http://www.liveunitedanchorage.org/>)) qualifies eligible organizations and disburses the donations to the organizations chosen by the donor.

- The Foraker Group ([forakergroup.org](http://www.forakergroup.org) (<http://www.forakergroup.org/>)) manages outreach to the Alaska nonprofit community, including support via phone, internet, mail, email and training sessions.
- Rasmuson Foundation ([rasmuson.org](http://www.rasmuson.org) (<http://www.rasmuson.org/>)), along with other private and institutional funders, promotes a statewide media and communications campaign that encourages Alaskans to give through Pick.Click.Give.

What is the 7% Coordination Fee?

Starting in 2015, 7% of donations collected by nonprofit organizations were designated by the legislature to be used to fund the Pick.Click.Give. program. The fee covers nearly 50% of the cost for the statewide program marketing, nonprofit tools and resources, and minimal program administration. These fees contribute to the sustainability of the program while making it possible for smaller and more remote nonprofit organizations to benefit from the marketing campaign.

During the summer of 2013, participating nonprofit organizations were surveyed and the overwhelming majority of nonprofit organizations stated that statewide coordination was essential to their own PCG success, and assessing a fee to organizations as a percentage of funds raised was the most fair and equitable method. In 2014, the Alaska State Legislature ratified this concept and it became a permanent part of the program. These fees are collected by the PFD Division and transferred to The Alaska Community Foundation to help support the statewide campaign, provide support to the participating nonprofit organizations, and administer the program.

Donors will be credited for 100% of their tax-deductible contribution, and the 7% fee is assessed at the aggregate level, allowing nonprofit organizations to participate in the statewide marketing campaign while minimizing the administrative costs otherwise associated with fundraising. For an example, if a nonprofit organization receives contributions from hundreds of donors, they only need to process a single transaction instead of managing each check individually.

How do nonprofits qualify for Pick.Click.Give.?

All qualifying organizations must:

- Identify as a charitable organization, educational organization, or community foundation
- Officially apply for program inclusion no later than March 31 before the qualifying year
- Have qualified for tax exempt status under 26 U.S. Code 501(c)3 (Internal Revenue Code) as a charitable or educational organization during the two calendar years that immediately precede the year the application is filed (*this means you must have achieved 501(c)3 status on or before December 31, 2016 to qualify for entrance into the 2019 program.*)
- Unless federally exempt, have a current Internal Revenue Service Form 990 on file with the IRS, or, if the IRS has granted a filing extension for the current year, have on file that form for the immediately preceding year
- Be directed by a voluntary board of directors or local advisory board whose majority of members are residents of the state of Alaska
- Have provided in-state aid or services during the two calendar years that immediately precede the year the application is filed
- Have received at least \$100,000 or 5% of its total annual receipts (whichever is less) from charitable contributions. Please note: federal or state grants do not count towards charitable contributions
- Have completed and provided a financial audit with an unqualified opinion conducted by an independent certified public accountant for the fiscal year to which the IRS Form 990 requires This requirement applies only

to organizations whose total annual budget exceeds \$500,000 during the fiscal year to which the IRS Form 990 applies.

- Not make grants or contributions to an organization that is exempt from taxation under 26 U.S. Code 501(c)4 or 501(c)6



Pick.Click.Give. - The Permanent Fund Dividend Charitable Contributions Program

3201 C Street, Suite 110 Anchorage, AK 99503 Tel: (907) 249-6616

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▶ How To Pick.Click.Give.

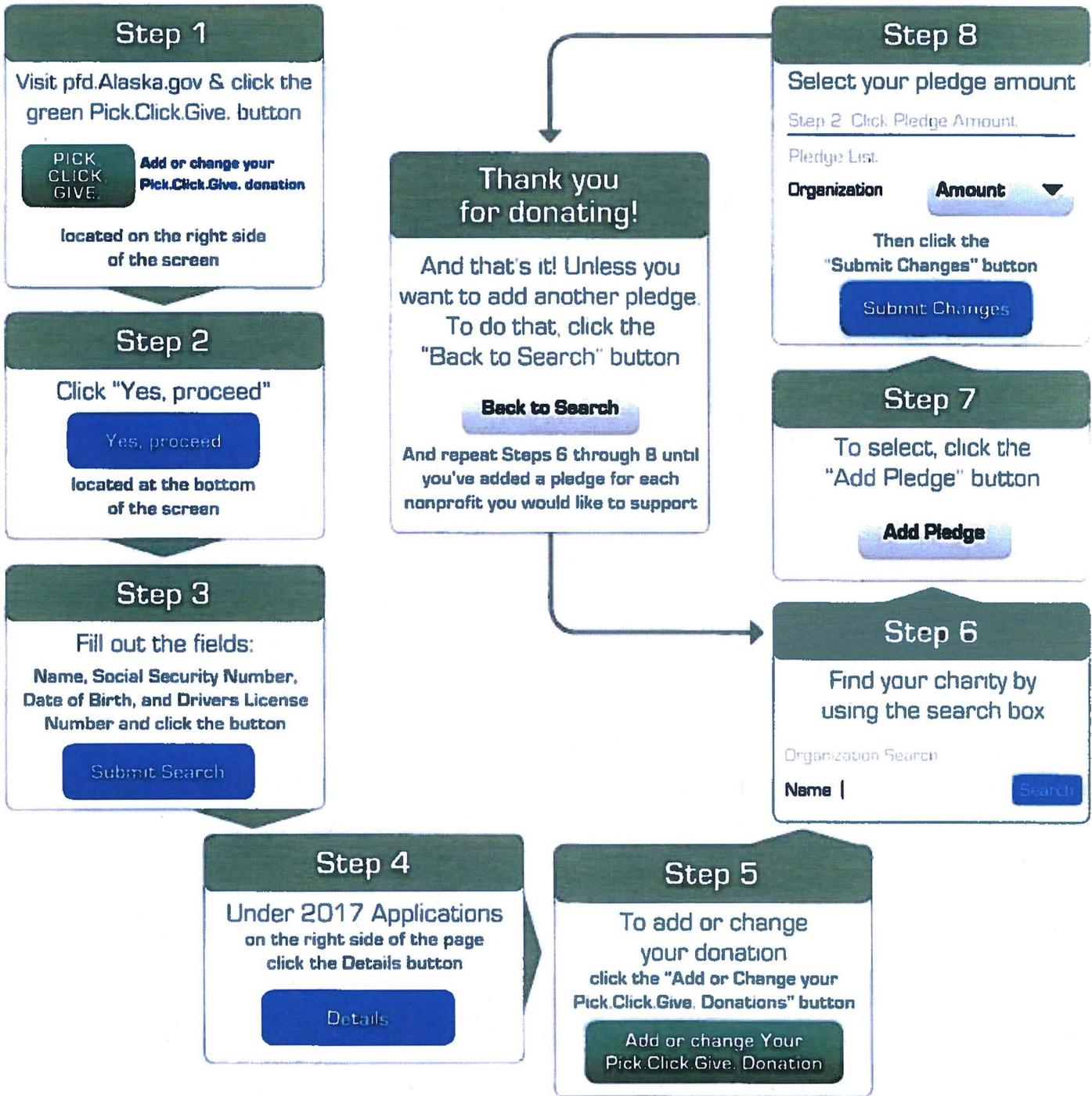
Pick.Click.Give. is available to Alaskans who file for their Permanent Fund Dividend (PFD) online. Applicants may choose to contribute to one or more organizations in \$25 increments, up to the entire amount of the dividend.

You may apply for your PFD using the below link. If you have already submitted your PFD application you can still add or change a pledge by following the below link, and selecting the green 'Add or change your Pick.Click.Give. donation' button.

Alaska PFD Page (<https://pfd.alaska.gov/>)

You can make a difference if you Pick.Click.Give.

Here's how you do that:



Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 154
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB154-DOA-DOF-01-27-18
Title: PFD CONTRIBUTIONS TO GENERAL FUND
Sponsor: WILSON
Requester: Senate State Affairs

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Finance
OMB Component Number: 59

Expenditures/Revenues

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

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	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 (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) 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/comments:

Not applicable, initial version

Prepared By: Kelly O'Sullivan, Director
Division: Division of Finance
Approved By: Leslie Ridle, Commissioner
Agency: Department of Administration

Phone: (907)465-3435
Date: 01/27/2018
Date: 01/27/18

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2018 LEGISLATIVE SESSION**

BILL NO. SB 154

Analysis

This bill would allow permanent fund applicants who file electronically to contribute to the general fund. The general fund is an existing fund and the deposits should require minimal work with no significant fiscal impact to the Division of Finance. Therefore, the Division of Finance submit a zero fiscal note.

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 154
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB154-DOR-PFD-1-25-2018
Title: PFD CONTRIBUTIONS TO GENERAL FUND
Sponsor: WILSON
Requester: Governor

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)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services	20.3		10.0	10.0	10.0	10.0	10.0
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	20.3	0.0	10.0	10.0	10.0	10.0	10.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	20.3		10.0	10.0	10.0	10.0	10.0
Total	20.3	0.0	10.0	10.0	10.0	10.0	10.0

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

Estimated CAPITAL (FY2019) 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/comments:

Prepared By:	Sara Race	Phone:	(907)957-2881
Division:	Permanent Fund Dividend	Date:	01/25/2018
Approved By:	Mike Barnhill	Date:	01/26/18
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. 30-LS0081\D

Analysis

The proposed legislation expands the list of Pick.Click.Give. (PCG) contribution options from educational organizations, community foundations, or charitable organizations to include the State of Alaska's General Fund. This fund will not be subject to the 7% coordination fee, or the \$250.00 fee required to apply.

Currently, funds collected through the coordination fee and the application fee are used for administrative costs. AS 43.23.062(e) states that "the department may not use money from the dividend fund for administrative costs incurred in implementing this section, even if it has been appropriated for costs of administering the dividend program." For that reason, financial costs will be associated with this bill because no fees will be collected to cover the administrative costs.

Programming will be required on the PFD application in order to ensure that the general fund is added in a way that accounts for the differences in this fund and the majority of the PCG participants. From the point that an applicant chooses the "General Fund" in PCG, we will need to find a way to separate government giving from the other organizations and create a separate calculation that does not include the 7% that other PCG organizations will include. Modifications will need to be made to payment reports that are generated through the division's dividend database (DAIS), and financial transactions will increase as a result of this proposed legislation. Because it would not be appropriate for PCG or Alaska Community Foundation, whose missions center around philanthropy, to answer questions on the State's funding, all inquiries on this giving option will be routed to the division.

In the first year, associated programming time will include 10% of one programmer position position (Analyst Programmer V), which is equivalent to \$13,300, and 5% of the PFD Operational Manager's position, which is equivalent to \$7,000. In the following years we expect programming time to be limited to roughly 2% of one position, or \$3,000. We expect personal services costs to remain the same for the PFD Operations Manager.