

BILLS 1981 - 1982

CSHB 64 - HB 71

1437

1437

COMMITTEE REPORT
SENATE

FURTHER: Finance

3/10/81

Date: _____

Mr. President:

The Committee on RESOURCES has had CSHB 64 (SA)

Alaska Energy Center

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s) with individual Recs
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

1 Archie Stupard

1 Bob Mulcahy

MEMBERS HAVING
OTHER RECOMMENDATIONS:

2 Robinson " "

2 Don Solomon no Rec

1 Betty Johnson *Do Pass*
CHAIRMAN

SENATE AMENDMENT - TECHNICAL

By Senate Resources Committee

To: _____ SENATE BILL No. _____

To: _____ HOUSE BILL No. CSHB 64(SA)

PAGE: LINE:

TECHNICAL AMENDMENTS:

Page 1, line 23:

Delete "44" and insert "46" in its place

Page 2, line 3:

Delete "44" and insert "46" in its place

Page 2, line 4:

Delete "44" and insert "46" in its place

Page 2, line 7:

Delete "44" and insert "46" in its place

*Berrier
Gov*

Original Sponsor: Rules/Governor

Offered: 3/4/81
Referred: Rules

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 64 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Energy Center; and
7 providing for an effective date."

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

9 * Section 1. AS 46.12.030(b) is amended to read:

10 (b) The board consists of [NINE MEMBERS AS FOLLOWS:

11 (1)] seven members appointed by the governor [AND CONFIRMED
12 BY A MAJORITY OF THE MEMBERS OF THE LEGISLATURE IN JOINT SESSION;

13 (2) TWO MEMBERS OF THE LEGISLATURE JOINTLY APPOINTED BY THE
14 PRLSIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE AT THE BEGINNING
15 OF EACH LEGISLATURE].

16 * Sec. 2. AS 46.12 is amended by adding a new section to read:

17 Sec. 46.12.035. LIAISON. One member of the senate appointed by
18 the president of the senate and one member of the house of representa-
19 tives appointed by the speaker of the house serve as liaison between
20 the board and the respective house of the legislature. The legislators
21 appointed to serve as liaison may attend meetings of the board and may
22 participate in board discussion, but may not vote.

23 * Sec 3. AS 44.12.060 is amended to read:

24 Sec. 46.12.060. QUALIFICATIONS OF BOARD MEMBERS. (a) At least
25 four of the board members [APPOINTED UNDER AS 46.12.030(b)(1)] shall be
26 residents of the state.

27 (b) At least three of the board members [APPOINTED UNDER AS 46.-
28 12.030(b)(1)] shall have professional recognition, based on experience
29 and achievement in their profession and in the society, in energy

COMMITTEE COPY

-1-

CSHB 64(SA) *engrossed*

1 technology or development; business formation and management; or
2 development and marketing of resources or products.

3 * Sec. 4. AS 44.12.070 is amended to read:

4 Sec. 44.12.070. QUORUM. Four members of the board [APPOINTED
5 UNDER AS 46.12.030(b)(1)] constitute a quorum for the transaction of
6 business and the exercise of the powers and duties of the board.

7 * Sec. 5. AS 44.12.080(a) is amended to read:

8 (a) Board members [APPOINTED UNDER AS 46.12.030(b)(1)] receive
9 \$350 per day while in attendance at and traveling to and from meetings
10 of the board.

11 * Sec. 6. AS 46.12.040(a) and 46.12.050 are repealed.

12 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
13 070(c).

11/1/81
January 12, 1981

Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Energy Center.

Because of my support for the purposes of the Energy Center, I allowed the bill creating the center, CSHB 687 am S, to become law (ch. 148 SLA 1980) last year notwithstanding certain provisions of the bill which the attorney general advised were manifestly in violation of the constitution. They provide for the membership of legislators on the center's board of directors, for the legislative confirmation of appointments to the board, and for the legislative approval of removal of members of the board. The bill I am transmitting today amends the law creating the center to delete those unconstitutional provisions.

I know that you join me in my concern that the work of the center not be jeopardized by any constitutional infirmities, and I trust that this bill will receive prompt and favorable consideration.

Sincerely,

JSH

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 64
 Title An act relating to the Alaska Energy Center
 Requested by The Governor Date 12/31/80

II. FISCAL DETAIL

Agency Affected Office of the Governor
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Policy Development & Planning, Statewide Planning
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	Ø	Ø				

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	Ø	Ø				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	Ø	Ø				
PART TIME	Ø	Ø				
TEMPORARY	Ø	Ø				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill will have no fiscal impact on any existing program.

IV. DATE 12/31/80 PREPARED BY Rod Mourant
 AGENCY Office of the Governor
 PHONE 465-3500
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

ALASKA STATE LEGISLATURE

TWELFTH Legislature . . . FIRST Session

HOUSE . . . BILL . . . NO. 64 . . .
By THE RULES COMMITTEE BY . . .
REQUEST OF THE GOVERNOR

"An Act relating to the Alaska Energy Center; and providing for an effective date."

Alaska Energy Center

Introduced in the House . . . 2/4 . . . , 19. 81

HISTORY IN THE HOUSE

19 81	Feb. 4	Read first time and referred to Committee on State Affairs																				
Mar 4		Reported back with recommendation that <i>Date Affair report w/CS(SA) 30. pass 1 no rec. to Rules</i>																				
Mar 9		Read second time and <i>CS(SA) adopted order</i>																				
Mar 9		Read third time and																				
Mar 9		<table border="0"> <tr> <td>PASS 2d</td> <td>Effective Date</td> </tr> <tr> <td>Yeas 36</td> <td>Yeas</td> </tr> <tr> <td>Nays 1</td> <td>Nays <i>same</i></td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> <p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS 2d	Effective Date	Yeas 36	Yeas	Nays 1	Nays <i>same</i>	Absent	Absent	Excused	Excused	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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3 9		Reported correctly engrossed																				
3 9		Signed by Speaker																				
3 9		Sent to Senate																				
		<i>Gene Packman</i> CHIEF CLERK OF THE HOUSE																				

HISTORY IN THE SENATE

19 81	3 10	Read first time and referred to Committee on <i>Finance</i>																				
4 23		Reported back with <i>recommen</i> recommendation that <i>3 ds pass w/ am. inserted to fin</i>																				
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		SECRETARY OF THE SENATE																				

HISTORY IN THE HOUSE

19		Received from Senate
		Concurred in Senate amendment thus adopting: VOTE
		Failed to concur in Senate amendment; asked Senate to recede VOTE
		Senate receded from amendment at VOTE
		Senate failed to recede from amendment VOTE
		CC appointed by House
		CC appointed by Senate
		CC adopted by House VOTE
		CC adopted by Senate VOTE
		To enrolling Reported correctly enrolled Sent to Governor by Governor
		Filed with Lt. Governor
		Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

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Bill/Resolution No. HB 64
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 Requested by The Governor Date 12/31/80

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HB 64

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Pouch V
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Offered: 3/4/81
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13 070(c).

HB 67

See HB 68 Bill File for
Fiscal Note.

POSITION PAPER

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 67

"An Act providing for royalty oil premium payments to state residents; and providing for an effective date."

Federal laws and regulations would require the Department to consider any distribution of permanent fund cash payments when determining whether a family is eligible for Aid to Families with Dependent Children (AFDC), Foodstamps, Medicaid, Old Age Assistance, Aid to the Blind and Aid to the Disabled.

Based on a proposed payment of \$193 per person, the average Alaskan public assistance family of three persons would receive \$585 under HB-67, presumably as a lump sum payment. Most public assistance recipients may hold up to \$1500 in assets (cash, net value of real estate, etc.) and still remain eligible. Under current policy, any new assets received by a public assistance family, such as permanent fund payments, are not counted in the month they are received. Rather, any funds actually remaining as of the month following their receipt are counted.

EXAMPLE: AFDC recipient receives \$1000 on May 5 and spends all but \$300 by June 1. The remaining \$300 would be added to the household's other resources to see if it exceeds the \$1500 limit. If the \$1500 limit is exceeded, the AFDC payment is terminated effective July 1 until the recipient is back under the \$1500 limit. If on the other hand, \$300 would not place the AFDC recipient over the \$1500 limit, the AFDC payment would continue without change.

However, by July 1, 1981 the Aid to Families with Dependent Children (AFDC) Program will be changed in Alaska to a new system of budgeting, one designed to reduce errors. Under the new system, the proposed permanent fund payment would count as income in the month received. Most of Alaska's 6300 AFDC families would as a result suffer one month of ineligibility for AFDC benefits each year, for the permanent fund payment would place them over the qualifying income standards.

EXAMPLE: AFDC recipient with two children has an AFDC qualifying standard and maximum payment of \$514. Under HB-67 she receives a \$585 payment in August. Under the new system of budgeting, this \$585 would count as income, placing the family \$71 over the limit. The family would be eligible for AFDC for the months of August, September and November, but ineligible in the month of October.

Most other public assistance recipients hold total assets well under the \$1500 maximum. These families would not be impacted adversely by the passage of HB-67. However, there are undoubtedly some of these public assistance families who will become ineligible for continued benefits until they dispose of sufficient assets to fall back within the \$1500 resource limit.

Recommended by:

Rod Betit
Rod Betit, Director
Division of Public
Assistance

Date:

5/8/81

Approved by:

Helen D. Beirne
Helen D. Beirne
Commissioner

Date:

5-12-81

January 12, 1981

Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to distribute to residents of the state the premium earned from the sale of the state's royalty oil held December 19, 1980. The purposes of this distribution are twofold: one relates to the reasons for having held the royalty oil sale, and the other relates to the delays we have encountered in distributing permanent fund dividends as a result of the pending litigation over that program.

A primary motivation for disposing of the uncommitted royalty oil by cash bid was to insure that the benefits of selling the state's oil would go to the largest possible number of Alaska residents. Had this oil been sold under a negotiated contract, benefits would certainly have accrued to some state residents. However, all residents would not necessarily have been benefited, and certainly not in equal measure. By distributing the premium obtained over current in-value prices directly to the residents of the state, residents will gain an increased awareness that the state's natural resources do in fact belong to them as residents of the state. Although I do not as a rule favor distributing revenues received directly from oil production (as opposed to earnings from the Permanent Fund), in this limited instance I believe distribution is appropriate and in the public interest.

A second purpose of the distribution is to fulfill to some degree the expectations raised by the enactment of the permanent fund dividend program, implementation of which continues to be delayed by litigation. A per capita distribution does not, of course, achieve the important goals that are furthered by a distribution plan tied to length of residency. But because it is important to provide for some immediate distribution, the distribution method in this bill is intended to avoid raising the legal issues raised by the dividend plan.

The bill provides for a single payment of \$193 to each state resident, including those under 18 years of age. The amount of the payment is roughly equal to the \$77 million premium from the oil sale divided by the current estimated state population of 400,000. A residency requirement of 30 days has been included as this is the shortest period we have determined is necessary to assure that all applicants are bona fide residents. The other eligibility requirements, as well as the provision for forfeiture of the payment for fraudulent applications, are patterned after similar provisions in the permanent fund dividend statute.

Establishing an application deadline has been left flexible, to be determined and extended if necessary by the Department of Revenue, to insure that all residents have sufficient time to submit applications.

Sincerely,

SJSH

Jay S. Hammond
Governor

Original Sponsor: Rules/Governor

Offered: 4/20/81
Referred: Finance

BY THE SPECIAL GAS
PIPELINE COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 67 (Gas Pipeline)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act providing for royalty payments to state residents; and providing for an effective date."

7

8

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

9

* Section 1. LEGISLATIVE PURPOSE AND FINDINGS. The purposes of this Act are:

10

11

(1) to distribute to all state residents the premium earned from the sale of the state's royalty share of oil held on December 19, 1980; and

12

13

(2) to share directly with all state residents a portion of the state's income from oil production.

14

15

* Sec. 2. ROYALTY PAYMENT. (a) An individual who is eligible under (b) of this section is entitled to a royalty payment of \$193.

16

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(b) An individual is eligible to receive the royalty payment under (a) of this section if the individual

18

19

(1) applies to the department for the payment before a date established by the commissioner by regulation; and

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21

(2) is a state resident on the date of the application.

22

23

(c) A custodian of a minor or incapacitated individual may apply on behalf of the minor or incapacitated individual.

24

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(d) An individual or custodian who applies for a royalty payment shall make a statement of eligibility which must be signed by the individual or the custodian of the individual. The commissioner may require an individual or a custodian to provide additional proof of eligibility, including one or more affidavits from other persons having personal knowledge concerning the individual's eligibility.

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1 (e) The department shall prescribe and furnish an application form for
2 claiming the royalty payment. The application shall contain a statement of
3 eligibility and a notice to the applicant that a false statement made in the
4 application form is a criminal offense.

5 (f) In addition to any criminal penalties imposed, if an individual is
6 convicted of theft in connection with obtaining a royalty payment or of
7 unsworn falsification for a statement made in a statement of eligibility on
8 his own behalf or on behalf of a minor or incapacitated individual, and the
9 conviction is not reversed, the individual forfeits the royalty payment.

10 (g) If the commissioner determines that a royalty payment should not
11 have been claimed by or paid to an individual, he may use any collection
12 procedures or remedies available under AS 43 to recover a royalty payment
13 which was improperly made.

14 (h) The department may adopt regulations to implement this section.
15 The regulations shall include provisions for establishing application filing
16 deadlines. The regulations may be adopted as emergency regulations under
17 AS 44.62.250 and 44.62.260.

18 (i) In this section,

19 (1) "commissioner" means the commissioner of revenue;

20 (2) "custodian" means a parent or other relative who has custody
21 of a minor or incapacitated person, a guardian appointed by a court, or an
22 official in charge of a public or private agency which has custody of the
23 individual;

24 (3) "department" means the Department of Revenue;

25 (4) "individual" means a natural person;

26 (5) "state resident" means an individual who is physically present
27 in the state for at least 30 consecutive days with the intent to remain
28 permanently in the state, or an individual who

29 (A) is not physically present in the state;

- 1 (B) has been present in the state for at least 30 consecutive
2 days with the intent to remain permanently;
- 3 (C) intends to return to the state;
- 4 (D) has not established residence in another state; and
- 5 (E) is absent from the state for any of the following reasons:
- 6 (i) vocational professional or other special education
7 for which a comparable program was not reasonably available in the
8 state,
- 9 (ii) postsecondary education,
- 10 (iii) military service,
- 11 (iv) medical treatment,
- 12 (v) service in Congress, or
- 13 (vi) other reasons which the commissioner may establish
14 by regulation.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

CORRECTION

HOUSE BILL NO. 67

Committee referrals changed to:

Special Gas Pipeline Committee and Finance

Please discard all previous copies of this Bill.

Introduced: 2/4/81
Referred: Special Gas Pipeline
Committee and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 67

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for royalty oil premium payments to
7 state residents; and providing for an effective date."

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

9 * Section 1. LEGISLATIVE PURPOSE AND FINDINGS. (a) The purposes of
10 this Act are:

11 (1) to distribute to all state residents the premium earned from
12 the sale of the state's royalty share of oil held on December 19, 1980; and

13 (2) to share directly with all state residents a portion of the
14 state's income from oil production.

15 (b) The legislature finds that it is in the public interest to provide
16 all state residents with an immediate and direct benefit from the sale of
17 the state's royalty oil. The legislature further finds that state residents
18 anticipated the payment to them of permanent fund dividends under AS 43.23,
19 and many made commitments in accordance with their expectations. Because
20 payment of permanent fund dividends continues to be delayed by litigation,
21 the legislature has concluded that in order to make any distribution before
22 the litigation is resolved, the distribution must be in equal amounts to
23 each resident. Unlike the permanent fund dividend program, however, this
24 per capita distribution does not provide an incentive for long-term resi-
25 dence in the state; it does not help to assure that the state will benefit
26 in the future from a stable population; it does not encourage a long-term
27 interest in prudent management of the Alaska Permanent Fund and the state's
28 natural resources; and it does not recognize the many contributions, both
29 tangible and intangible, that individuals have made to the Alaska community

1 during their previous periods of residence in the state. Thus, the method
2 of distribution provided in this Act is not the method preferred by the
3 legislature. However, the legislature finds that the enactment of the
4 permanent fund dividend program has raised expectations on the part of state
5 residents to receive a direct benefit from the state's natural resource rev-
6 enues, and that many have been counting on receiving their dividend payments.
7 As a result, an obligation now exists to fulfill those expectations by
8 making an immediate distribution as an interim measure, pending resolution
9 of the permanent fund dividend litigation. This obligation can be satisfied
10 in part by the enactment of sec. 2 of this Act, which provides for a one-
11 time distribution to residents under the method that does not raise the
12 legal issues that have been raised in the pending permanent fund dividend
13 litigation.

14 * Sec. 2. ROYALTY OIL PREMIUM PAYMENT. (a) An individual who is eligi-
15 ble under (b) of this section is entitled to a royalty oil premium payment
16 of \$193.

17 (b) An individual is eligible to receive the royalty oil premium pay-
18 ment under (a) of this section if the individual

19 (1) applies to the department for the payment before a date es-
20 tablished by the commissioner by regulation; and

21 (2) is a state resident on the date of the application.

22 (c) A custodian of a minor or incapacitated individual may apply on
23 behalf of the minor or incapacitated individual.

24 (d) An individual or custodian who applies for a royalty oil premium
25 payment shall make a statement of eligibility which must be signed by the
26 individual or the custodian of the individual. The commissioner may require
27 an individual or a custodian to provide additional proof of eligibility
28 including one or more affidavits from other persons having personal knowledge
29 concerning the individual's eligibility.

1 (e) The department shall prescribe and furnish an application form for
2 claiming the royalty oil premium payment which contains a statement of eli-
3 gibility, which must include a notice to the applicant that a false state-
4 ment made in the application form is a criminal offense.

5 (f) In addition to any criminal penalties imposed, if an individual is
6 convicted of theft in connection with obtaining a royalty oil premium payment
7 or of unsworn falsification for a statement made in a statement of eligibi-
8 lity on his own behalf or on behalf of a minor or incapacitated individual,
9 and the conviction is not reversed, that individual forfeits the royalty oil
10 premium payment.

11 (g) If the commissioner determines that a royalty oil premium payment
12 should not have been claimed by or paid to an individual, he may use any
13 collection procedures or remedies available under AS 43 to recover a royalty
14 oil premium payment which was improperly made.

15 (h) The department may adopt regulations to implement this section,
16 including provisions for establishing application filing deadlines, and
17 those regulations may be adopted as emergency regulations under AS 44.62.-
18 250 and 44.62.260.

19 (i) In this section,

20 (1) "commissioner" means the commissioner of revenue;

21 (2) "custodian" means a parent or other relative who has custody
22 of a minor or incapacitated person, a guardian appointed by a court, or an
23 official in charge of a public or private agency which has custody of the
24 individual;

25 (3) "department" means the Department of Revenue;

26 (4) "individual" means a natural person;

27 (5) "state resident" means an individual who is physically present
28 in the state for at least 30 consecutive days with the intent to remain
29 permanently in the state, or an individual who (A) is not physically present

1 in the state, (B) has been present in the state for at least 30 consecutive
2 days with the intent to remain permanently, (C) intends to return to the
3 state, (D) has not established residence in another state, and (E) is absent
4 from the state for any of the following reasons:

5 (i) vocational professional or other special education
6 for which a comparable program was not reasonably available in the
7 state,

8 (ii) postsecondary education,

9 (iii) military service,

10 (iv) medical treatment,

11 (v) service in Congress, or

12 (vi) other reasons which the commissioner may establish
13 by regulation.

14 * Sec. 3. This Act takes effect on the effective date of a version of an
15 Act entitled "An Act making a special appropriation for royalty oil premium
16 payments; and providing for an effective date."
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COMMITTEE REPORT

HOUSE

4/20

2/9/81

FURTHER: FINANCE

(7)

Date: _____

Mr. Speaker:

The Committee on SPECIAL GAS PIPELINE has had HB 67

"An Act providing for royalty oil premium payments to state residents; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

[] do pass [] do not pass

[] do pass with attached amendments(s)

~~[]~~ replace with CS for HB 67 (CP) [] same title ~~[]~~ new title

and recommends it do pass

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Brian Rogers
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] no rec
[Signature] No Rec.

[Signature]
CHAIRMAN

Gov

Original Sponsor: Rules/Governor

Offered: 4/20/51
Referred: Finance

BY THE SPECIAL GAS
PIPELINE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 67 (Gas Pipeline)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for royalty payments to state
7 residents; and providing for an effective date."

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

9 * Section 1. LEGISLATIVE PURPOSE AND FINDINGS. The purposes of this Act
10 are:

11 (1) to distribute to all state residents the premium earned from
12 the sale of the state's royalty share of oil held on December 19, 1980; and

13 (2) to share directly with all state residents a portion of the
14 state's income from oil production.

15 * Sec. 2. ROYALTY PAYMENT. (a) An individual who is eligible under (b)
16 of this section is entitled to a royalty payment of \$192.

17 (b) An individual is eligible to receive the royalty payment under (a)
18 of this section if the individual

19 (1) applies to the department for the payment before a date es-
20 tablished by the commissioner by regulation; and

21 (2) is a state resident on the date of the application.

22 (c) A custodian of a minor or incapacitated individual may apply on
23 behalf of the minor or incapacitated individual.

24 (d) An individual or custodian who applies for a royalty payment shall
25 make a statement of eligibility which must be signed by the individual or
26 the custodian of the individual. The commissioner may require an individual
27 or a custodian to provide additional proof of eligibility, including one or
28 more affidavits from other persons having personal knowledge concerning the
29 individual's eligibility.

COMMITTEE COPY

1 (e) The department shall prescribe and furnish an application form for
2 claiming the royalty payment. The application shall contain a statement of
3 eligibility and a notice to the applicant that a false statement made in the
4 application form is a criminal offense.

5 (f) In addition to any criminal penalties imposed, if an individual is
6 convicted of theft in connection with obtaining a royalty payment or of
7 unsworn falsification for a statement made in a statement of eligibility on
8 his own behalf or on behalf of a minor or incapacitated individual, and the
9 conviction is not reversed, the individual forfeits the royalty payment.

10 (g) If the commissioner determines that a royalty payment should not
11 have been claimed by or paid to an individual, he may use any collection
12 procedures or remedies available under AS 43 to recover a royalty payment
13 which was improperly made.

14 (h) The department may adopt regulations to implement this section.
15 The regulations shall include provisions for establishing application filing
16 deadlines. The regulations may be adopted as emergency regulations under
17 AS 44.62.250 and 44.62.260.

18 (i) In this section,

19 (1) "commissioner" means the commissioner of revenue;

20 (2) "custodian" means a parent or other relative who has custody
21 of a minor or incapacitated person, a guardian appointed by a court, or an
22 official in charge of a public or private agency which has custody of the
23 individual;

24 (3) "department" means the Department of Revenue;

25 (4) "individual" means a natural person;

26 (5) "state resident" means an individual who is physically present
27 in the state for at least 30 consecutive days with the intent to remain
28 permanently in the state, or an individual who

29 (A) is not physically present in the state;

1 (B) has been present in the state for at least 30 consecutive
2 days with the intent to remain permanently;

3 (C) intends to return to the state;

4 (D) has not established residence in another state; and

5 (E) is absent from the state for any of the following reasons:

6 (i) vocational professional or other special education
7 for which a comparable program was not reasonably available in the
8 state,

9 (ii) postsecondary education,

10 (iii) military service,

11 (iv) medical treatment,

12 (v) service in Congress, or

13 (vi) other reasons which the commissioner may establish

14 by regulation.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

*Lectin
7/2*

Introduced: 2/4/81
Referred: Special Gas Pipeline
Committee and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 67

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for royalty oil premium payments to
7 state residents; and providing for an effective date."

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

9 * Section 1. LEGISLATIVE PURPOSE AND FINDINGS. (a) The purposes of
10 this Act are:

11 (1) to distribute to all state residents the premium earned from
12 the sale of the state's royalty share of oil held on December 19, 1980; and

13 (2) to share directly with all state residents a portion of the
14 state's income from oil production.

15 (b) The legislature finds that it is in the public interest to provide
16 all state residents with an immediate and direct benefit from the sale of
17 the state's royalty oil. The legislature further finds that state residents
18 anticipated the payment to them of permanent fund dividends under AS 43.23,
19 and many made commitments in accordance with their expectations. Because
20 payment of permanent fund dividends continues to be delayed by litigation,
21 the legislature has concluded that in order to make any distribution before
22 the litigation is resolved, the distribution must be in equal amounts to
23 each resident. Unlike the permanent fund dividend program, however, this
24 per capita distribution does not provide an incentive for long-term resi-
25 dence in the state; it does not help to assure that the state will benefit
26 in the future from a stable population; it does not encourage a long-term
27 interest in prudent management of the Alaska Permanent Fund and the state's
28 natural resources; and it does not recognize the many contributions, both
29 tangible and intangible, that individuals have made to the Alaska community

1 during their previous periods of residence in the state. Thus, the method
2 of distribution provided in this Act is not the method preferred by the
3 legislature. However, the legislature finds that the enactment of the
4 permanent fund dividend program has raised expectations on the part of state
5 residents to receive a direct benefit from the state's natural resource rev-
6 enues, and that many have been counting on receiving their dividend payments.
7 As a result, an obligation now exists to fulfill those expectations by
8 making an immediate distribution as an interim measure, pending resolution
9 of the permanent fund dividend litigation. This obligation can be satisfied
10 in part by the enactment of sec. 2 of this Act, which provides for a one-
11 time distribution to residents under the method that does not raise the
12 legal issues that have been raised in the pending permanent fund dividend
13 litigation.

14 * Sec. 2. ROYALTY OIL PREMIUM PAYMENT. (a) An individual who is eligi-
15 ble under (b) of this section is entitled to a royalty oil premium payment
16 of \$193.

17 (b) An individual is eligible to receive the royalty oil premium pay-
18 ment under (a) of this section if the individual

19 (1) applies to the department for the payment before a date es-
20 tablished by the commissioner by regulation; and

21 (2) is a state resident on the date of the application.

22 (c) A custodian of a minor or incapacitated individual may apply on
23 behalf of the minor or incapacitated individual.

24 (d) An individual or custodian who applies for a royalty oil premium
25 payment shall make a statement of eligibility which must be signed by the
26 individual or the custodian of the individual. The commissioner may require
27 an individual or a custodian to provide additional proof of eligibility
28 including one or more affidavits from other persons having personal knowledge
29 concerning the individual's eligibility.

1 (e) The department shall prescribe and furnish an application form for
2 claiming the royalty oil premium payment which contains a statement of eli-
3 gibility, which must include a notice to the applicant that a false state-
4 ment made in the application form is a criminal offense.

5 (f) In addition to any criminal penalties imposed, if an individual is
6 convicted of theft in connection with obtaining a royalty oil premium payment
7 or of unsworn falsification for a statement made in a statement of eligibi-
8 lity on his own behalf or on behalf of a minor or incapacitated individual,
9 and the conviction is not reversed, that individual forfeits the royalty oil
10 premium payment.

11 (g) If the commissioner determines that a royalty oil premium payment
12 should not have been claimed by or paid to an individual, he may use any
13 collection procedures or remedies available under AS 43 to recover a royalty
14 oil premium payment which was improperly made.

15 (h) The department may adopt regulations to implement this section,
16 including provisions for establishing application filing deadlines, and
17 those regulations may be adopted as emergency regulations under AS 44.62.-
18 250 and 44.62.260.

19 (i) In this section,

20 (1) "commissioner" means the commissioner of revenue;

21 (2) "custodian" means a parent or other relative who has custody
22 of a minor or incapacitated person, a guardian appointed by a court, or an
23 official in charge of a public or private agency which has custody of the
24 individual;

25 (3) "department" means the Department of Revenue;

26 (4) "individual" means a natural person;

27 (5) "state resident" means an individual who is physically present
28 in the state for at least 30 consecutive days with the intent to remain
29 permanently in the state, or an individual who (A) is not physically present

1 in the state, (B) has been present in the state for at least 30 consecutive
2 days with the intent to remain permanently, (C) intends to return to the
3 state, (D) has not established residence in another state, and (E) is absent
4 from the state for any of the following reasons:

5 (i) vocational professional or other special education
6 for which a comparable program was not reasonably available in the
7 state,

8 (ii) postsecondary education,

9 (iii) military service,

10 (iv) medical treatment,

11 (v) service in Congress, or

12 (vi) other reasons which the commissioner may establish
13 by regulation.

14 * Sec. 3. This Act takes effect on the effective date of a version of an
15 Act entitled "An Act making a special appropriation for royalty oil premium
16 payments; and providing for an effective date."
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ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 67

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act providing for royalty oil premium payments to state residents; and providing for an effective date."

Royalty oil premium payments

Introduced in the House 2/4/1981

HISTORY IN THE HOUSE

19 81	Feb 4	Read first time and referred to Committee on Special Gas Pipeline and Finance Reported back with recommendation that										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
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Excused	Excused											
		Reconsideration										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed Signed by Speaker Sent to Senate										
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19		Read first time and referred to Committee on										
		Reported back with recommendation that										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reconsideration										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed Signed by President Returned to House										
SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19		Received from Senate
		Concurred in Senate amendment thus adopting: VOTE
		Failed to concur in Senate amendment; asked Senate to recede VOTE
		Senate receded from amendment VOTE
		Senate failed to recede from amendment VOTE
		CC appointed by House
		CC appointed by Senate
		CC adopted by House VOTE
		CC adopted by Senate VOTE
		To enrolling Reported correctly enrolled Sent to Governor by Governor
		Filed with Lt. Governor
		Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

CSHB 68(GP)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR HOUSE BILL NO. 68 (GAS PIPELINE)
 Title Special appropriations for the distribution of revenues from state royalties
 Requested by House Finance Committee Date 4/20/81

II. FISCAL DETAIL

Agency Affected Dept. of Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Appropriates \$77,000,000 necessary to make royalty payments to residents as provided for by CSHB 67(GP); in the original bill HB 68.

This CS version also appropriates \$497,800 to study and report on the establishment of a trust for a portion of state royalty revenues for distribution to the people of the state similar to the Alaska royalty trust intended by HB 466.

Fiscal impact (administrative costs) of distribution of payments related to the \$77.0 million to be distributed is contained in four fiscal notes attached to original bills HB 67 & 68, dated 1/13/81. No further change. Copy of those fiscal notes are attached.

Anselm C. Staack

IV. DATE April 24, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller
 AGENCY Dept. of Revenue/Treasury Division
 PHONE 465-2351
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)


STATE
of ALASKA

MEMORANDUM

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

DATE: January 13, 1981

FILE NO: HOUSE BILL NO. 67 & 68

FROM: Fred P. Boetsch 
Director
Enforcement Division

TELEPHONE NO:

SUBJECT: Fiscal Note Regarding
Royalty Premium Payments

This bill provides for a one time payment to all residents of the state of \$193 which derives from the sale of the state's royalty share of oil held on December 19, 1980. The only requirement is that they have been a resident for a minimum of 30 days and intend to remain a resident of the state as of the date of filing and application. Aside from the difference in residency requirement and the fact that the distribution applies to all residents of the state including minors, the rest of this distribution parallels in many respects the Permanent Fund Dividend Act, AS 43.23. The list of allowable absences is identical.

We anticipate that some 400 thousand applications would be filed under this bill. Phil Wall is preparing a fiscal note on the impact of such a filing on the Administrative Services Division which includes all of the paperwork processing, the computer processing, program development, etc. The Enforcement Division would be charged with conducting investigations of eligibility for applicants under this program.

Based on our experience with the investigations of the Permanent Fund Dividend program, we believe that, for the most part, the eligibility of applicants under this program could be investigated in the same way. The exception would be with respect to residents who only claim 30 day residency. I anticipate that fewer than 3% of the entire number of applicants would fall into this category. We could have a substantial problem with respect to military applicants who may be presently in the state for a brief period of time who could meet the thirty day residency requirement and claim, for purposes of this act, an intention to remain in the state even though they might not subsequently do so upon completion of their tour of duty here. Again, that would be a relatively small percentage of the total number of applicants and we could address a specific program to those applicants should a preliminary investigation indicate a substantial problem.

Accordingly, we believe that the addition of four Tax Collection Specialists supervised by a Tax Examiner III for a period of about 12 months would be adequate to conduct any investigations necessary under this program. In addition to the personal service costs of those individuals, we would need \$20,000 in travel to assist people in rural areas. We would expect an increase in our phone bill due to both answering questions through the zenith phone number with regard to this program and using the telephone by the TCS's as a means of conducting the investigation. I estimate the additional telephone costs would be about \$25,000. We would also have an increase in postage and printing costs for letters to be sent to applicants of about \$2,500. Commodities would cost \$2,000. Additional desks, chairs, typewriters, calculators, etc. would come to about \$5,000. The total cost of the program would be \$201,621 which would be distributed between fiscal years 1981 and 1982 in the following manner assuming an April 1, 1981 start-up date.

Fiscal Year 1981	3 months	\$ 53,247
Fiscal Year 1982	9 months	148,374
	TOTAL	\$201,621

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HOUSE BILL NO. 67 & 68 (Page 1 of 4)
 Bill/Resolution No. _____
 Title Royalty Oil Premium Payment
 Requested by Governor Date January 13, 1981

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected Revenue Collections & Management
 BRU, Program, or Subprogram(s) Affected Enforcement Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	36.7	110.4	0	0	0	0
200 TRAVEL	5.0	15.0	0	0	0	0
300 CONTRACTUAL	6.0	21.5	0	0	0	0
400 COMMODITIES	0.5	1.5	0	0	0	0
500 EQUIPMENT	5.0	0	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	53.2	148.4	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	53.2	148.4	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	5	5	0	0	0	0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memo from Fred Boetsch, Director of Enforcement to Joseph K. Donohue, Deputy Commissioner for Taxation, dated January 13, 1981, attached.

IV. DATE January 13, 1981 PREPARED BY Fred Boetsch
 AGENCY Revenue
 PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 67 & 68 (Page 3 of 4)
 Title Providing for Royalty Oil Premium payments to State residents.
 Requested by Governor Jay S. Hammond Date 1/12/81

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administration and Support, Management Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	237.2	→	∅			
200 TRAVEL	3.6	→	∅			
300 CONTRACTUAL	332.4	→	∅			
400 COMMODITIES	9.0	→	∅			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	582.2	→	∅			

FUNDING (Thousands of Dollars)

GENERAL FUND	582.2	→	∅			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

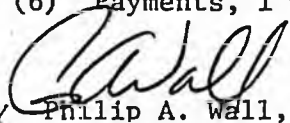
FULL TIME						
PART TIME	26/113mm					
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The providing of Royalty Oil Premium payments is considered a one-time project which will begin in FY81 and end in FY82. The fiscal detail described, above, should be authorized through 6/30/82. It is assumed that supervisory, space and related needs will be available from existing resources. This funding will allow the design and operations required to print, distribute and process Royalty Premium Payment application forms. 400,000 residents are assumed.

Positions:

Design & Program: (1) Data Capture, 1 1/2 mm; (2) Edit and Error Correction, 1 1/2 mm; (3) Files and Storage, 1 mm; (4) Reports, 1 mm; (5) Enforcement Requirements, 1 mm; (6) Payments, 1 mm; and (7) Attachment Procedures, 1 mm.

IV. DATE January 13, 1981 PREPARED BY  Phillip A. Wall, Director
 AGENCY Administrative Services, Dept. of Revenue
 PHONE (907) 465-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Positions: (cont.)

3 PPT @ 3, 2, & 2 mm = 8 mm @ 2640 (R18) plus 25%: 26.4

Data Capture: 400,000 applications. 10 PPT. 5 @ 5 mm and
5 @ 4 mm = 45 mm @ 1392 plus 25%: 78.4

Document Processing: (Mail Room, Pre-Edit, Batching and Warrant
Control) 11 PPT. 6 @ 5 mm and 5 @ 4 mm = 50 mm @ 1392 plus 25%: 87.1

Inquiry Response: 1 PPT, 5 mm @ 1393 plus 25%: 8.7

Attachment Processing: 1 PPT, 5 mm @ 1393 plus 25%: 8.7

Overtime: 18.9

Shift Differential: 9.0

Travel: 3.6

Contractual:

Forms: 1. 400,000 base distribution, 1 part @ \$45M 18.0
2. 250,000 supplemental distribution, 1 part @ \$45M 16.0
3. 400,000 warrants @ \$25M 10.0

Postage: 1. Forms distribution, 6500,000 @ .15 each 97.5
2. 400,000 warrant payments @ .15 each 60.0
3. If postage increase to .20 each,
.05 additional for 2,050,000 items 52.5
4. Inquiry response, 6,000 letters @ .15 each 1.0

DP Chargeback: Disk storage: 200 million bytes @ \$4/mo/million bytes X 12 4.6
Processing charge @ 4 mos. 40.0
Terminal processing and long line @ 391 X 15 X 4 mos. 23.5

Storage of Forms: @ \$170/Mo X 3 mos. 0.5

Machine Rental: 15 CRT @ 80/mo X 4 mos. 4.8
1 Controller @ 705/mo X 4 mos. 2.8
1 Printer @ 286/mo X 4 mos. 1.2

Commodities: 9.0

Original sponsor: Rules/Governor

Offered: 4/20/81
Referred: Finance

Funding Information

General Fund \$77,497,800
Other Funds -0-
\$77,497,800

1 IN THE HOUSE

BY THE SPECIAL GAS
PIPELINE COMMITTEE

2

CS FOR HOUSE BILL NO. 68 (Gas Pipeline)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making special appropriations for the distribution of revenue from state royalties; and providing for an effective date."

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

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* Section 1. The sum of \$77,000,000 is appropriated from the general fund to the Department of Revenue for the purpose of making royalty payments to state residents in accordance with an Act of the legislature setting out the substantive provisions governing those payments.

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* Sec. 2. The sum of \$497,800 is appropriated from the general fund to the Department of Revenue for a study and report concerning establishment of a trust for a portion of state royalty revenues for distribution to the people of the state.

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* Sec. 3. The unencumbered and unobligated portion of the appropriations made by this Act lapse into the general fund June 30, 1982.

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* Sec. 4. Section 1 of this Act takes effect on the effective date of an Act entitled "An Act providing for royalty payments to state residents; and providing for an effective date."

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* Sec. 5. Sections 2 and 3 of this Act take effect immediately in accordance with AS 01.10.070(c).

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CORRECTION

HOUSE BILL NO. 68

Committee referrals changed to:

Special Gas Pipeline Committee and Finance

Introduced: 2/4/81
Referred: Special Gas Pipeline
Committee and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 68

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for royalty oil
7 premium payments; and providing for an effective
8 date."

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

10 * Seccion 1. The sum of \$77,000,000 is appropriated from the general
11 fund to the Department of Revenue for the purpose of making royalty oil
12 premium payments to state residents, in accordance with an Act of the legis-
13 lature setting out the substantive provisions governing those payments.

14 * Sec. 2. The appropriation made in sec. 1 of this Act lapses June 30,
15 1982.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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COMMITTEE REPORT

HOUSE

4/20/81

FURTHER:

(11)

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 68

"An Act making a special appropriation for royalty oil premium payments; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

HOUSE

4/20

2/9/81

FURTHER: FINANCE

(7)

Date: _____

Mr. Speaker:

The Committee on SPECIAL GAS PIPELINE has had HB 68

"An Act making a special appropriation for royalty oil premium payments; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

[] do pass [] do not pass

[] do pass with attached amendments(s)

replace with CS for HB 68(GP) same title new title

and recommends it do pass

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Bruce Rye
John ...
Anna ...
Gene Gardner

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Tom ... no rec
Rich ... No rec

Gene Gardner
CHAIRMAN

gov

Original sponsor: Rules/Governor

Offered: 4/20/81
Referred: Finance

Funding Information

General Fund	\$77,497,800
Other Funds	-0-
	<u>\$77,497,800</u>

BY THE SPECIAL GAS
PIPELINE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 68 (Gas Pipeline)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for the distri-

7 bution of revenue from state royalties; and providing

8 for an effective date."

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

10 * Section 1. The sum of \$77,000,000 is appropriated from the general

11 fund to the Department of Revenue for the purpose of making royalty payments

12 to state residents in accordance with an Act of the legislature setting out

13 the substantive provisions governing those payments.

14 * Sec. 2. The sum of \$497,800 is appropriated from the general fund to

15 the Department of Revenue for a study and report concerning establishment of

16 a trust for a portion of state royalty revenues for distribution to the

17 people of the state.

18 * Sec. 3. The unencumbered and unobligated portion of the appropriations

19 made by this Act lapse into the general fund June 30, 1982.

20 * Sec. 4. Section 1 of this Act takes effect on the effective date of an

21 Act entitled "An Act providing for royalty payments to state residents; and

22 providing for an effective date."

23 * Sec. 5. Sections 2 and 3 of this Act take effect immediately in

24 accordance with AS 01.10.070(c).

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Introduced: 2/4/81
Referred: Special Gas Pipeline
Committee and Finance

*Lester
70*

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 68

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for royalty oil
7 premium payments; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$77,000,000 is appropriated from the general
11 fund to the Department of Revenue for the purpose of making royalty oil
12 premium payments to state residents, in accordance with an Act of the legis-
13 lature setting out the substantive provisions governing those payments.

14 * Sec. 2. The appropriation made in sec. 1 of this Act lapses June 30,
15 1982.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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COMMITTEE COPY

14867
14868

January 12, 1981

Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to distribute to residents of the state the premium earned from the sale of the state's royalty oil held December 19, 1980. The purposes of this distribution are twofold: one relates to the reasons for having held the royalty oil sale, and the other relates to the delays we have encountered in distributing permanent fund dividends as a result of the pending litigation over that program.

A primary motivation for disposing of the uncommitted royalty oil by cash bid was to insure that the benefits of selling the state's oil would go to the largest possible number of Alaska residents. Had this oil been sold under a negotiated contract, benefits would certainly have accrued to some state residents. However, all residents would not necessarily have been benefited, and certainly not in equal measure. By distributing the premium obtained over current in-value prices directly to the residents of the state, residents will gain an increased awareness that the state's natural resources do in fact belong to them as residents of the state. Although I do not as a rule favor distributing revenues received directly from oil production (as opposed to earnings from the Permanent Fund), in this limited instance I believe distribution is appropriate and in the public interest.

A second purpose of the distribution is to fulfill to some degree the expectations raised by the enactment of the permanent fund dividend program, implementation of which continues to be delayed by litigation. A per capita distribution does not, of course, achieve the important goals that are furthered by a distribution plan tied to length of residency. But because it is important to provide for some immediate distribution, the distribution method in this bill is intended to avoid raising the legal issues raised by the dividend plan.

The bill provides for a single payment of \$193 to each state resident, including those under 18 years of age. The amount of the payment is roughly equal to the \$77 million premium from the oil sale divided by the current estimated state population of 400,000. A residency requirement of 30 days has been included as this is the shortest period we have determined is necessary to assure that all applicants are bona fide residents. The other eligibility requirements, as well as the provision for forfeiture of the payment for fraudulent applications, are patterned after similar provisions in the permanent fund dividend statute.

Establishing an application deadline has been left flexible, to be determined and extended if necessary by the Department of Revenue, to insure that all residents have sufficient time to submit applications.

Sincerely,

SJS/H

Jay S. Hammond
Governor


JAN 13 1981

ALASKA DEPARTMENT OF REVENUE

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

DATE: January 13, 1981

FILE NO: HOUSE BILL NO. 67 & 68

FROM: Fred P. Boetsch 
Director
Enforcement Division

TELEPHONE NO:
SUBJECT: Fiscal Note Regarding
Royalty Premium Payments

This bill provides for a one time payment to all residents of the state of \$193 which derives from the sale of the state's royalty share of oil held on December 19, 1980. The only requirement is that they have been a resident for a minimum of 30 days and intend to remain a resident of the state as of the date of filing and application. Aside from the difference in residency requirement and the fact that the distribution applies to all residents of the state including minors, the rest of this distribution parallels in many respects the Permanent Fund Dividend Act, AS 43.23. The list of allowable absences is identical.

We anticipate that some 400 thousand applications would be filed under this bill. Phil Wall is preparing a fiscal note on the impact of such a filing on the Administrative Services Division which includes all of the paperwork processing, the computer processing, program development, etc. The Enforcement Division would be charged with conducting investigations of eligibility for applicants under this program.

Based on our experience with the investigations of the Permanent Fund Dividend program, we believe that, for the most part, the eligibility of applicants under this program could be investigated in the same way. The exception would be with respect to residents who only claim 30 day residency. I anticipate that fewer than 3% of the entire number of applicants would fall into this category. We could have a substantial problem with respect to military applicants who may be presently in the state for a brief period of time who could meet the thirty day residency requirement and claim, for purposes of this act, an intention to remain in the state even though they might not subsequently do so upon completion of their tour of duty here. Again, that would be a relatively small percentage of the total number of applicants and we could address a specific program to those applicants should a preliminary investigation indicate a substantial problem.

Accordingly, we believe that the addition of four Tax Collection Specialists supervised by a Tax Examiner III for a period of about 12 months would be adequate to conduct any investigations necessary under this program. In addition to the personal service costs of those individuals, we would need \$20,000 in travel to assist people in rural areas. We would expect an increase in our phone bill due to both answering questions through the zenith phone number with regard to this program and using the telephone by the TCS's as a means of conducting the investigation. I estimate the additional telephone costs would be about \$25,000. We would also have an increase in postage and printing costs for letters to be sent to applicants of about \$2,500. Commodities would cost \$2,000. Additional desks, chairs, typewriters, calculators, etc. would come to about \$5,000. The total cost of the program would be \$201,621 which would be distributed between fiscal years 1981 and 1982 in the following manner assuming an April 1, 1981 start-up date.

Fiscal Year 1981	3 months	\$ 53,247
Fiscal Year 1982	9 months	<u>148,374</u>
	TOTAL	<u>\$201,621</u>

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HOUSE BILL NO. 67 & 68 (Page 1 of 4)
 Bill/Resolution No. _____
 Title Royalty Oil Premium Payment
 Requested by Governor Date January 13, 1981

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected Revenue Collections and Management
 BRU, Program, or Subprogram(s) Affected Enforcement Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	36.7	110.4	Ø	Ø	Ø	Ø
200 TRAVEL	5.0	15.0	Ø	Ø	Ø	Ø
300 CONTRACTUAL	6.0	21.5	Ø	Ø	Ø	Ø
400 COMMODITIES	0.5	1.5	Ø	Ø	Ø	Ø
500 EQUIPMENT	5.0	Ø	Ø	Ø	Ø	Ø
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	53.2	148.4	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

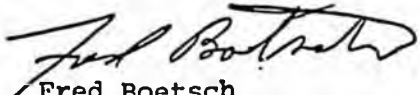
GENERAL FUND	53.2	148.4	Ø	Ø	Ø	Ø
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	5	5	Ø	Ø	Ø	Ø
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memo from Fred Boetsch, Director of Enforcement to Joseph K. Donohue, Deputy Commissioner for Taxation, dated January 13, 1981, attached.

IV. DATE January 13, 1981 PREPARED BY  Fred Boetsch
 AGENCY Revenue
 PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HOUSE BILL NO. 67 & 68 (Page 2 of 4)
Title An Act providing for royalty oil premium payments
Requested by Governor Date 01/13/81

II. FISCAL DETAIL
Agency Affected Revenue
Program Category Affected _____
BRU, Program, or Subprogram(s) Affected _____
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	77.0	→	φ			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
According to the Department of Natural Resources \$77 million is the premium earned by the state in taking its oil in kind and selling at public auction rather than taking in value. The premium was figured by multiplying the average premium -- \$2.57/barrel -- by the number of barrels available per day -- 84,375 b/d -- times 365 days. As the total amount of oil is not decontrolled until October 1981, a certain percentage is deducted to take that into account.

IV. DATE 01/13/81 PREPARED BY Joseph K. Donohue
AGENCY Revenue
PHONE 465-2302
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 67 & 68 (Page 3 of 4)
 Title Providing for Royalty Oil Premium payments to State residents.
 Requested by Governor Jay S. Hammond Date 1/12/81

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administration and Support, Management Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	237.2	→	∅			
200 TRAVEL	3.6	→	∅			
300 CONTRACTUAL	332.4	→	∅			
400 COMMODITIES	9.0	→	∅			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	582.2	→	∅			

FUNDING (Thousands of Dollars)

GENERAL FUND	582.2	→	∅			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME	26/113mm					
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The providing of Royalty Oil Premium payments is considered a one-time project which will begin in FY81 and end in FY82. The fiscal detail described, above, should be authorized through 6/30/82. It is assumed that supervisory, space and related needs will be available from existing resources. This funding will allow the design and operations required to print, distribute and process Royalty Premium Payment application forms. 400,000 residents are assumed.

Positions:

Design & Program: (1) Data Capture, 1 1/2 mm; (2) Edit and Error Correction, 1 1/2 mm; (3) Files and Storage, 1 mm; (4) Reports, 1 mm; (5) Enforcement Requirements, 1 mm; (6) Payments, 1 mm; and (7) Attachment Procedures, 1 mm.

IV. DATE January 13, 1981 PREPARED BY Philip A. Wall, Director
 AGENCY Administrative Services, Dept. of Revenue
 PHONE (907) 465-2313

Original: Legislative Finance
 cc: Budget and Management
 Primary Sponsor (First Legislator Named)

Positions: (cont.)

3 PPT @ 3, 2, & 2 mm = 8 mm @ 2640 (R18) plus 25%: 26.4

Data Capture: 400,000 applications. 10 PPT. 5 @ 5 mm and
5 @ 4 mm = 45 mm @ 1392 plus 25%: 78.4

Document Processing: (Mail Room, Pre-Edit, Batching and Warrant
Control) 11 PPT. 6 @ 5 mm and 5 @ 4 mm = 50 mm @ 1392 plus 25%: 87.1

Inquiry Response: 1 PPT, 5 mm @ 1393 plus 25%: 8.7

Attachment Processing: 1 PPT, 5 mm @ 1393 plus 25%: 8.7

Overtime: 18.9

Shift Differential: 9.0

Travel: 3.6

Contractual:

Forms: 1. 400,000 base distribution, 1 part @ \$45M 18.0
2. 250,000 supplemental distribution, 1 part @ \$45M 16.0
3. 400,000 warrants @ \$25M 10.0

Postage: 1. Forms distribution, 6500,000 @ .15 each 97.5
2. 400,000 warrant payments @ .15 each 60.0
3. If postage increase to .20 each,
.05 additional for 2,050,000 items 52.5
4. Inquiry response, 6,000 letters @ .15 each 1.0

DP Chargeback: Disk storage: 200 million bytes
@ \$4/mo/million bytes X 12 4.6
Processing charge @ 4 mos. 40.0
Terminal processing and long line
@ 391 X 15 X 4 mos. 23.5

Storage of Forms: @ \$170/Mo X 3 mos. 0.5

Machine Rental: 15 CRT @ 80/mo X 4 mos. 4.8
1 Controller @ 705/mo X 4 mos. 2.8
1 Printer @ 286/mo X 4 mos. 1.2

Commodities: 9.0

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST... Session

HOUSE BILL NO. 68

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making a special appropriation for royalty oil premium payments; and providing for an effective date."

Spec appro, royalty oil

Introduced in the House 2/4, 1981

HISTORY IN THE HOUSE

19 81

Feb 4

Read first time and referred to Committee on Spec Gas Pipeline Committee and Finance Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration	
PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused
Reported correctly engrossed	
Signed by Speaker	
Sent to Senate	

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration	
PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused
Reported correctly engrossed	
Signed by President	
Returned to House	

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting: VOTE

Failed to concur in Senate amendment; asked Senate to recede VOTE

Senate receded from amendment VOTE

Senate failed to recede from amendment VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House VOTE

CC adopted by Senate VOTE

To enrolling Reported correctly enrolled Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

DATE: March 2, 1981

TO: Honorable Dick Randolph
Alaska State House
of Representatives

FROM: Milt Barker, ^{MB} Fiscal Analyst
Legislative Finance Division

SUBJECT: Permanent Fund Earnings

Attached are three tables showing projected permanent fund balances and earnings under the following conditions:

	<u>Contributions</u>	<u>Bills</u>
Table I	25% of royalties	
Table II	25% of royalties, \$1.8 billion appropriation FY 82	HB 1, HB 69, SB 68
Table III	25% of royalties, \$1.5 billion appropriation FY 82	SB 21

MB:vsw

Table I

PROJECTED NOMINAL AND REAL PERMANENT FUND BALANCES AND EARNINGS
25% of Royalties
(\$ Millions)

<u>FY</u>	<u>Permanent Fund Balance End of Year¹</u>	<u>Real Permanent Fund Balance End of Year²</u>	<u>Permanent Fund Earnings³</u>	<u>Real Permanent Fund Earnings²</u>
80	344.8	344.8	32.4	32.4
81	1,600.5	1,455.0	97.3	88.4
82	2,142.5	1,770.7	187.1	154.6
83	2,806.7	2,108.7	247.5	186.0
84	3,589.0	2,451.3	319.8	218.4
85	4,475.3	2,778.8	403.2	250.4
86	5,511.5	3,111.1	499.3	281.8
87	6,668.8	3,422.1	609.0	312.5
88	7,957.2	3,712.1	731.3	341.1
89	9,372.9	3,975.0	866.5	367.5
90	10,862.2	4,187.8	1,011.8	390.1
91	12,384.6	4,340.7	1,162.3	407.4
92	13,854.5	4,414.4	1,312.0	418.0
93	15,278.2	4,425.6	1,456.6	421.9
94	16,612.3	4,374.5	1,594.5	419.9
95	17,867.3	4,277.3	1,724.0	412.7
96	19,052.2	4,146.3	1,846.0	401.7
97	20,180.4	3,992.6	1,961.6	388.1

Footnotes: ¹ Mandatory contribution of 25% of petroleum royalties based on February 23, 1981 petroleum revenue forecast of the Department of Revenue. This forecast assumed oil prices increase 12.5% annually between FY 82 and FY 97. No contributions from bonuses are included. FY 81 special appropriation of \$900 million included.

² Assumes 10% annual inflation.

³ Assumes 10% return on average balance for the year.

Prepared By:
Legislative Finance
March 2, 1981

Table II

PROJECTED NOMINAL AND REAL PERMANENT FUND BALANCES AND EARNINGS
 25% of Royalties plus \$1.8 Billion in FY 82
 (\$ Millions)

<u>FY</u>	<u>Permanent Fund Balance End of Year¹</u>	<u>Real Permanent Fund Balance End of Year²</u>	<u>Permanent Fund Earnings³</u>	<u>Real Permanent Fund Earnings²</u>
80	344.8	344.8	32.4	32.4
81	1,600.5	1,455.0	97.3	88.4
82	3,942.5	3,258.3	277.1	229.0
83	4,606.7	3,461.1	427.5	321.2
84	5,389.0	3,680.8	499.8	341.4
85	6,275.3	3,896.5	583.2	362.1
86	7,311.5	4,127.2	679.3	383.4
87	8,468.8	4,345.8	789.0	404.9
88	9,757.2	4,551.8	911.3	425.1
89	11,172.9	4,738.4	1,046.5	443.8
90	12,662.2	4,881.8	1,191.8	459.5
91	14,184.6	4,971.6	1,342.3	470.5
92	15,654.5	4,988.0	1,492.0	475.4
93	17,078.2	4,946.9	1,636.6	474.1
94	18,412.3	4,848.5	1,774.5	467.3
95	19,667.3	4,708.2	1,904.0	455.8
96	20,852.2	4,538.0	2,026.0	440.9
97	21,980.4	4,348.7	2,141.6	423.7

Footnotes:

¹ Mandatory contribution of 25% of petroleum royalties based on February 23, 1981 petroleum revenue forecast of the Department of Revenue. This forecast assumed oil prices increase 12.5% annually between FY 82 and FY 97. No contributions from bonuses are included. FY 81 special appropriation of \$900 million included.

² Assumes 10% annual inflation.

³ Assumes 10% return on average balance for the year.

Prepared By:
 Legislative Finance
 March 2, 1981

TABLE III

Projected Nominal and Real Permanent Fund Balances and Earnings
 25% of Royalties plus \$1.5 Billion in FY 82
 (\$ Millions)

<u>FY</u>	<u>Permanent Fund Balance¹ End of Year</u>	<u>Real Permanent Fund Balance² End of Year</u>	<u>Permanent Fund Earnings³</u>	<u>Real Permanent Fund Earnings²</u>
80	344.8	344.8	32.4	32.4
81	1600.5	1455.0	97.3	88.4
82	3642.5	3010.3	262.2	216.7
83	4306.7	3235.7	397.5	298.6
84	5089.0	3475.9	469.8	320.9
85	5975.3	3710.2	553.2	343.5
86	7011.5	3957.8	649.3	366.5
87	8168.8	4191.9	759.0	389.5
88	9457.2	4411.9	881.3	411.1
89	10872.9	4611.2	1016.5	431.1
90	12362.2	4766.2	1161.8	447.9
91	13884.6	4866.5	1312.3	460.0
92	15354.5	4892.4	1462.0	465.8
93	16778.2	4860.0	1606.6	465.4
94	18112.3	4769.5	1744.5	459.4
95	19367.3	4636.4	1874.0	448.6
96	20552.2	4472.8	1996.0	434.4
97	21680.4	4289.4	2111.6	417.8

Footnotes:

1. Mandatory contribution of 25% of petroleum royalties based on February 23, 1981 petroleum revenue forecast of the Department of Revenue. This forecast assumed oil prices increase 12.5% annually between FY 82 and FY 97. No contributions from bonuses are included. FY 81 special appropriation of \$900 million included.
2. Assumes 10% annual inflation.
3. Assumes 10% return on average balance for the year.

PREPARED BY:
 Legislative Finance
 March 2, 1981

Introduced: 2/4/81
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 69

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 Permanent Fund; and providing for an effective date."

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

9 * Section 1. The sum of \$1,800,000,000 is appropriated from the general
10 fund to the Alaska permanent fund (art. IX, sec. 15, Alaska Constitution).

11 * Sec. 2. The appropriation made by sec. 1 of this Act is not a one-year
12 appropriation and does not lapse under AS 37.25.010.

13 * Sec. 3. This Act takes effect July 1, 1981.
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1HB69

January 12, 1981

Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill appropriating \$1.8 billion to the permanent fund.

I believe that it is appropriate that Alaska set aside this portion of its oil wealth so that its earnings can provide an increased income stream for the benefit of all Alaskans. The Legislature determined that dividends should be worth a minimal \$50 each. This contribution will provide sufficient earnings to meet that commitment without having to borrow from the general fund. Should we not make such provision, our legal case may be weakened.

In addition to providing increased dividends for distribution to our citizens, these earnings can also help sustain the cost of government services after our oil reserves diminish. By retaining the value of this finite resource and spending only its earnings we can make certain that Alaskans can benefit from this resource in perpetuity.

Sincerely,

S/JSH

Jay S. Hammond
Governor

Leeler

Introduced: 2/4/81
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

HOUSE BILL NO. 69

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

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14869

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Alaska State Legislature
Pouch V
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Sincerely,

S/JS11

Jay S. Hammond
Governor

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 69

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making a special appropriation to the Alaska Permanent Fund; and providing for an effective date."

Spec appro, Alaska Permanent Fund

Introduced in the House ... 2/4 ... 19 81

HISTORY IN THE HOUSE

19 81

Feb 4

Read first time and referred to Committee on Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

Failed to concur in Senate amendment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 69

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 69

Title Making a special appropriation to the Alaska Permanent Fund

Requested by House Finance Committee Date 2/4/81

II. FISCAL DETAIL

Agency Affected Dept. of Revenue/Ak. Permanent Fund Corp.

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		27.5	30.3	33.3	36.6	40.3
200 TRAVEL						
300 CONTRACTUAL		50.0	55.0	60.5	66.6	73.3
400 COMMODITIES						
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	80.0	85.3	93.8	103.2	113.6

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	80.0	85.3	93.8	103.2	113.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	-0-	1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill appropriates \$1.8 billion to the Alaska Permanent Fund. This would be accomplished as quickly as possible starting July 1, 1981 in line with prudent cash management and cash flow requirements necessary to finance other state government operations. Payments would be made in several installments.

Above costs include a Loan Closer II to maintain related investment files and documentation because of increased activity in this area; contractual expenditures are for increased safekeeping fees related to marketable securities because of large fund balance increase; equipment is related to new position and additional working file storage.

Anselm C. Staack

IV. DATE February 17, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

Original: Legislative Finance

PHONE 465-2351

cc: Budget and Management

Prime Sponsor (First Legislator Named)

1	POSITION TITLE Loan Closer II			RANGE/STEP 12A	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISAPP.						
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. HB 69	PCN No.	PRIORITY	FORM 12	PAGE/LINE	L.H.G.							
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:									
	1	2	3												
4	PERSONAL SERVICES: SALARY 1,761 x 12		21,132	<p>To implement HB69 because Fund will be expanding its investments in loans and mortgages. Additional \$1.8 billion greatly expands the ability of Fund in this area.</p> <p>Responsible for making sure that all necessary and required documentation is included in each investment package in order to assure proper title for the Fund's investment. Assure that all subsequent documentation received after purchase is directed to the proper file, follow-up on late or non receipt of necessary legal documents.</p> <p>Equipment cost includes additional filing cabinets necessary to maintain proper control of increased amount of investment folders.</p>											
5	BENEFITS 21,132 x .1533		3,240												
6	FICA SBP @ .0613		1,295												
7	HEALTH INS. Mo. Fix. 12 x 150		1,800												
8	TOTAL PERSONAL SERVICES 01		27,467												
9	TRAVEL 02														
10	CONTRACTUAL 03														
11	COMMODITIES 04														
12	EQUIPMENT 05		2,500												
13	OTHER														
14	TOTAL COST		29,967												
15	CODE	FUNDING SOURCE													
16		FED RCPTS. 1002													
17		GF MATCH. 1003													
18		GEN. FUND 1004		29,967											
19		I-A RCPTS. 1005													
20		PGM RCPTS 1028													
21		OTHER													
21	CONTINUATION		FOR B&I USE ONLY												
22	ADDITION XX														
4A KEY NUMBER _____				COLUMN NO. _____											

AGENCY Department of Revenue PROGRAM Revenue Collection and Management

BRU Treasury Management

13 REQUEST FOR NEW POSITION.

COMPONENT _____

FY 82

Introduced: 2/4/81
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 69

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 Permanent Fund; and providing for an effective date."

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

9 * Section 1. The sum of \$1,800,000,000 is appropriated from the general
10 fund to the Alaska permanent fund (art. IX, sec. 15, Alaska Constitution).

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Introduced: 2/4/81
Referred: Finance

1 IN THE HOUSE

BY GARDINER

2 HOUSE BILL NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to permanent fund dividends; and
7 providing for an effective date."

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

9 * Section 1. AS 43.23.010(a) is amended to read:

10 (a) An individual who is eligible under (b) of this section is
11 entitled to one permanent fund dividend for each full year that the
12 individual is a state resident after January 1, 1959, to a maximum of
13 21 permanent fund dividends.

14 * Sec. 2. This Act is retroactive to January 1, 1979.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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12-0104

Introduced: 2/4/81
Referred: Finance

1 IN THE HOUSE

BY GARDINER

2 HOUSE BILL NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

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16 070(c).

ALASKA STATE LEGISLATURE

TWELFTH Legislature .. FIRST Session

HOUSE .. BILL .. NO. ... 70 ...

By .. GARDINER ..

"An Act relating to permanent fund dividends; and providing for an effective date."

Permanent fund dividends

Introduced in the House ... 2/4 ..., 19..81

HISTORY IN THE HOUSE

19 81	Read first time and referred to Committee on Finance												
Feb. 4	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
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Reconsideration													
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Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by Speaker												
	Sent to Senate												
CHIEF CLERK OF THE HOUSE													

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
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Absent	Absent												
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	Reported correctly engrossed												
	Signed by President												
	Returned to House												
SECRETARY OF THE SENATE													

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 70

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 70

Title Relating to permanent fund dividends

Requested by House Finance Committee

Date 2/4/81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected General Fund

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (~~Thousands~~ of Dollars)

MILLIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	(3.1)	(3.4)	(3.8)	(4.1)	(4.3)	(4.5)
TOTAL	(3.1)	(3.4)	(3.8)	(4.1)	(4.3)	(4.5)

FUNDING (Thousands of Dollars) IN TERMS OF THE REDUCTION IN AMOUNTS THAT WOULD HAVE TO BE APPROPRIATED TO PAY DIVIDENDS

MILLIONS

	(3.1)	(3.4)	(3.8)	(4.1)	(4.3)	(4.5)
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	-0-	-0-	-0-	-0-	-0-	-0-
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Bill limits permanent fund dividends to a maximum of 21 per person.

The above is in terms of a savings in the amount necessary to be appropriated to pay dividends because of maximum limit; \$50 per dividend value.

Anselm C. Staack

IV. DATE February 17, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/ Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE
ALTERNATIVE APPROACH

(ENFORCEMENT DIVISION
ADMINISTRATIVE COSTS ALTERNATE)

I. REQUEST

Bill/Resolution No. House Bill 71
Title Permanent Fund Dividends for Minors
Requested by Gardiner and Rogers Date 2/19/81

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, or Subprogram(s) Affected Enforcement Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		84.0	84.0	84.0	84.0	84.0
200 TRAVEL		5.0	5.0	5.0	5.0	5.0
300 CONTRACTUAL		16.1	13.1	13.1	13.1	13.1
400 COMMODITIES		1.2	1.2	1.2	1.2	1.2
500 EQUIPMENT		3.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		109.3	103.3	103.3	103.3	103.3

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
<u>Permanent Fund</u>						
<u>Dividend Trust Fund</u>		109.3	103.3	103.3	103.3	103.3

POSITIONS

FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memo from Fred Boetsch, Director, Enforcement Division to R.D. Stevenson Special Assistant to the Commissioner dated February 19, 1981.

IV. DATE February 19, 1981 PREPARED BY Fred Boetsch, Director, Enforcement Division
AGENCY Department of Revenue
Original: Legislative Finance PHONE 465-2366
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE (ENFORCEMENT DIVISION
ADMINISTRATIVE COSTS)

I. REQUEST
Bill/Resolution No. House Bill 71
Title Permanent Fund Dividends for Minors
Requested by Gardiner and Rogers Date 2/19/81

II. FISCAL DETAIL
Agency Affected Revenue
Program Category Affected Revenue Collection and Management
BRU, Program, or Subprogram(s) Affected Enforcement Division
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		173.8	124.6	124.6	124.6	124.6
200 TRAVEL		30.0	30.0	30.0	30.0	30.0
300 CONTRACTUAL		83.6	73.6	73.6	73.6	73.6
400 COMMODITIES		3.2	3.2	3.2	3.2	3.2
500 EQUIPMENT		8.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		298.6	231.4	231.4	231.4	231.4

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
<i>Permanent Fund Dividend</i>						
<i>Trust Fund</i>		298.6	231.4	231.4	231.4	231.4

POSITIONS

FULL TIME		6	6	6	6	6
PART TIME						
TEMPORARY		6				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memo from Fred Boetsch, Director, Enforcement Division to R.D. Stevenson, Special Assistant to the Commissioner dated February 19, 1981.

IV. DATE February 19, 1981 PREPARED BY Fred Boetsch, Director, Enforcement Division
AGENCY Department of Revenue
PHONE 465-2366
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

MEMORANDUM


State of Alaska

TO: R. D. Stevenson
Special Assistant
Commissioner's Office

DATE: February 19, 1981

FILE NO:

TELEPHONE NO:

FROM: Fred P. Boetsch 
Director
Enforcement Division

SUBJECT: House Bill 71

This bill provides that minors will be eligible for the Permanent Fund Dividend Program under AS 43.23. and further provides that dividends due minors will be accrued during their minority years. The Department of Revenue is required to establish separate trust funds for this program and to keep track of the dividends accruing for the benefit of each eligible minor. The Treasury Division has prepared a fiscal note on the amount of money that would be transferred into this fund and the costs of maintaining the records for each individual trust.

The impact on the Enforcement Division would be in the Permanent Fund Eligibility and Village assistance programs.

Treasury estimates that approximately 130,000 minors would be impacted by the program. Each minor or his parent or guardian would be required to file an application annually indicating the residency status for the dividend year. Initially, of course, we would have to play catch up by enrolling all minors who were eligible for 1979 as well as for 1980.

A tremendous initial effort would be required to enroll minors currently living in the state. After that an annual effort would be required to meet our dual responsibilities of investigating applicants in order to determine their eligibility and ensure that people in rural areas and those who otherwise may have difficulty filling out an application have every opportunity to participate in the program.

Therefore, for fiscal year 1982, we would need six temporary Tax Collection Specialist II's for about a four month period in order to assist with the catch up effort of enrolling all the minors for 1979 and prior years and for picking up the additional 1980 applications. Beyond that, we would need a Revenue Enforcement Officer III, a Revenue Enforcement Officer I, 2 Tax Collection Specialist II's, and 2 Tax Collection Specialist I's to handle the additional volume of approximately 130,000 or more applications on an annual basis and to extend the rural assistance program effort to minors. Additional travel involved in the effort to reach minors in the rural areas would be approximately \$30,000. There would be additional printing and mailing costs of the forms of \$40,000, additional phone costs of \$10,000, and an enhancement of the existing computer programs in order to bring in the additional information of \$15,000. Additional office space could be rented for \$15,000. Commodity costs and equipment are also indicated on the attached fiscal note detail.

The bill provides that the administrative costs will be born by the trust fund maintained for the minors and accordingly we have indicated that funding source on the fiscal note.

We do have an alternative suggestion which would reduce our administrative

costs considerably and I imagine would also reduce Treasury's costs of maintaining the separate trust fund. We suggest that the bill be modified so that, upon reaching 18, a person could file a claim for a dividend based on years of residency. However, that person would not only get a dividend for the base year calculated on the basis of prior years of residency, but would get the cumulative dividend for those years in which he had met the residency requirements, including interest, just as calculated under a separate trust fund concept. For example, if an individual turned 18 in 1985 and had lived here for 3 years, assuming the dividend was \$50 for each year, he would be entitled to a total dividend of \$300 plus accumulated interest calculated as follows:

\$50 for the first year of residency
\$100 (2 x 50) for the second year of residency
\$150 (3 x 50) for the third year of residency
\$300 plus interest, paid at age 18

By building an interest calculation into this formula, the objective sought in 43.23.01.5(c) and (d) are met since, upon reaching 18, an individual would get a payment including all of his cumulative dividends for each year of residency with interest. From an Administrative standpoint, this would be far simpler since the algorithm for calculating that dividend could be built into the computer and we would be only dealing with applications of 18 year olds with prior years of residency on an annual basis. The necessity to maintain separate trust funds and process annual applications from all minors in the state would be eliminated.

This approach would create a technical problem with respect to the establishment of the actual dividend since AS 43.23 requires that dividends be declared annually on the basis of dividends paid during the prior year. However, an estimate could be developed of the accrued liability for those 18 and younger and that could be plugged into the dividend calculus as though it were in fact a dividend paid rather than accumulated. As a practical matter, since it is likely the dividend will remain at \$50 for several years, by the time we get to the point where that amount will in fact increase, the statistics concerning those persons reaching 18 years of age each year will have been historically validated.

If this suggestion is adopted, then our Administrative costs would be reduced to cover an additional Revenue Enforcement Officer I and two additional Tax Collection Specialist I's in order to handle the additional eligibility investigations and assistances for the applications of those turning 18 each year. Those applications would require an additional investigative effort due to their historical aspect. There would be a modest increase in telephone, printing, and mail costs. I have prepared an additional fiscal note on the basis of this suggestion and have so indicated it by the heading "Alternative Approach" which is typed in under "Fiscal Note".

FPB/nmw

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE (ADMINISTRATIVE SERVICES DIVISION
ADMINISTRATIVE COSTS)

I. REQUEST

Bill/Resolution No. HB 71

Title Providing for the Payment of Permanent Fund Dividends to Eligible Minors

Requested by _____ Date 2-19-81

II. FISCAL DETAIL

Agency Affected _____ Revenue _____

Program Category Affected _____ General Government _____

BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	135.0	83.3	90.0	97.2	105.0	113.4
200 TRAVEL						
300 CONTRACTUAL	122.4	121.1	130.8	141.3	152.6	164.8
400 COMMODITIES	1.0	1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	258.4	205.4	221.9	239.7	258.9	279.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
TRUST FUND	258.4	205.4	221.9	239.7	258.9	279.6

POSITIONS

FULL TIME						
PART TIME	17/56mm	14/37mm	14/37mm	14/37mm	14/37mm	14/37mm
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumption:

1. The inception-to-date information will come in on a single form.
2. 130,000 minors will apply for 1979.
3. 15 percent growth for subsequent years.
4. FY 81 funding to be requested by supplemental with residuals carrying into FY 82 to complete initial processing.

(continued on next page)

IV. DATE 2-20-81

PREPARED BY Philip A. Wall

AGENCY Revenue

PHONE 465-2313

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Positions - FY 81:

1. Two PPT Systems Analysts, four months each to design and program dividends = 26.4
2. 12 PPT clerical, three months each to process applications and payments and three PPT clerical, four months each to answer inquiries and phones = 83.6
3. Overtime and shift differential = 25.0

Contractual:

Data Processing Chargeback = 58.4

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE (TREASURY DIVISION TRUST FUND
ADMINISTRATIVE COSTS)

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 71

Title Providing for the payment of permanent fund dividends to eligible minors

Requested by House Finance Committee

Date 2/4/71

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	4.6	27.5	30.3	33.3	36.6	40.3
200 TRAVEL						
300 CONTRACTUAL	5.0	25.0	27.5	30.3	33.3	36.6
400 COMMODITIES						
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	9.6	55.0	57.8	63.6	69.9	76.9

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
DIVIDEND TRUST FUND	9.6	55.0	57.8	63.6	69.9	76.9

POSITIONS

FULL TIME	.2	1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

A permanent fund dividend accrues annually to the benefit of each person under 18. Treasury must maintain a separate trust fund into which these dividend amounts are deposited until drawn.

Bill would be effective immediately; above assumes effective date of May 1, 1981. Associated costs are for the two months. Personal services are for an Accounting Tech. I, range 12 to handle necessary accounting duties. Contractual costs are for safekeeping fees related to fund segregation. Equipment is for new position.

Anselm C. Staack

IV. DATE February 18, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 71

FISCAL NOTE

(DIVIDEND AMOUNTS TO BE PAID
OR SET ASIDE IN TRUST)

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 71

Title Providing for the payment of permanent fund dividends to eligible minors

Requested by House Finance Committee Date 2/4/71

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected General Fund

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (~~Thousands~~ of Dollars)

→ MILLIONS ←

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	93.4	19.4	26.1	33.1	40.1	47.5
TOTAL	93.4	19.4	26.1	33.1	40.1	47.5

FUNDING (~~Thousands~~ of Dollars)

→ MILLIONS ←

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
<u>GENERAL FUND</u>	93.4	19.4	26.1	33.1	40.1	47.5
<u>FEDERAL FUNDS</u>						
<u>OTHER (Specify Fund Source)</u>						

POSITIONS

	(INCLUDED TO ADMINISTRATIVE COST FISCAL NOTES)					
<u>FULL TIME</u>						
<u>PART TIME</u>						
<u>TEMPORARY</u>						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

A permanent fund dividend accrues annually to the benefit of each person under 18. Above is based on Ak. Dept. of Labor population statistics for 1979 and 1980 updated to 1/1/81. \$50 per dividend value used for all years. 3% population growth factor assumed from 1980 baseline data for affected population.

FY 81 includes accrual for all dividends that are estimated to be payable/accrued for 1/1/79 retroactive effective date; and 1980 dividend year amounts.

FY 82 thru FY 86 are the amounts necessary to be accrued applicable to each year for additional dividends for 1981 thru 1985. Therefore, FY 81 amount establishes the fund for all past dividend amounts that would be claimable on the same basis as AS 43.23.010.

IV. DATE February 18, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller
AGENCY Dept. of Revenue/Treasury Division
PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 2/4/81
Referred: Finance

1 IN THE HOUSE

BY GARDINER AND ROGERS

2 HOUSE BILL NO. 71

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the payment of permanent fund
7 dividends to eligible minors; and providing for an
8 effective date."

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

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

11 Sec. 43.23.015. ACCRUAL OF DIVIDENDS FOR MINORS. (a) A perma-
12 nent fund dividend shall annually accrue to the benefit of an eligible
13 minor in the same manner as provided in AS 43.23.010.

14 (b) The department shall maintain records showing the permanent
15 fund dividends to which each eligible minor is entitled.

16 (c) The department shall establish a separate trust fund in which
17 shall be deposited the amount of permanent fund dividends accruing to
18 the benefit of each eligible minor. The trust fund shall be adminis-
19 tered by the commissioner and may be invested by the commissioner in
20 the same manner provided for the investment of the Alaska permanent
21 fund under AS 37.13.120. The costs of administering the trust fund
22 shall be paid from the earnings of the trust fund.

23 (d) Upon reaching the age of 18 an individual shall receive all
24 permanent fund dividends, plus interest, which accrued to his benefit
25 while he was an eligible minor. Payment of the accrued dividends and
26 interest shall be made as authorized under AS 43.23.010(d) and (e).

27 (e) If an eligible minor dies before reaching the age of 18, his
28 accrued permanent fund dividends shall be paid to his estate.

29 * Sec. 2. AS 43.23.100 is amended by adding a new paragraph to read:

1 (9) "eligible minor" means an individual under 18 years of
2 age who is otherwise eligible to receive a permanent fund dividend
3 under AS 43.23.010.

4 * Sec. 3. This Act is retroactive to January 1, 1979.

5 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
6 070(c).

