

LEG. FINANCE - BILLS 1981 - 1982 1728

SB 842 cont. - CSSB 842 1728

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CS for Senate Bill 842
 Title: An Act providing for permanent fund dividends.
 Requested by: Finance Committee Date: April 7, 1982

II. FISCAL DETAIL

Agency Affected:
 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Millions of Dollars)						
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS (See narrative below)						
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

The proposed backstop legislation encompasses three basic scenarios dependent partially on a favorable or unfavorable decision of the United States Supreme Court relative to currently existing law.

IV. DATE: April 7, 1982 PREPARED BY: Vincent D. Wright
 AGENCY: Revenue
 PHONE: 465-2174
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Case A

Existing Law Plus Children Accrue Payments
From Commencement of Program in 1979
(Continuous Residency Since 1959)

FY	Dividend Expenditures (millions of \$)
1981	\$142
1982	156
1983	172
1984	88
1985	107

Case B

Per Capita Payment Approach

FY	Dividend Expenditures (millions of \$)
1983	\$416
1984	151
1985	107

Case C

Prospective Accumulation of Shares
(Continuous Residency Since 1981)

FY	Dividend Expenditures (millions of \$)
1983	\$416
1984	151
1985	107



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 9, 1982

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill providing for contingent alternatives to the permanent fund dividend program still before the United States Supreme Court.

I had expected that we would by now have received the decision from the United States Supreme Court upholding the existing permanent fund dividend program, and I continue to be hopeful that we will get a favorable decision in the near future. However, we are now well into this legislative session, and the possibility exists that the decision might not be favorable and might not be issued until it is too late in the legislative session to take effective action. In light of this uncertainty and because I am absolutely committed to the continuation of an ongoing dividend program, I feel compelled to introduce legislation at this time to provide for the unhappy contingency of an unfavorable decision from the Court.

In presenting these contingent alternatives to you, I want to emphasize in the strongest possible terms that in no way have I retreated from my view that the program enacted in 1980 is far and away the best method of dividend distribution. The alternatives I offer will help to achieve the objectives of the existing program, though in my view not nearly so well.

The bill includes two alternatives to the existing dividend program. If the Supreme Court decides that it is unconstitutional to determine the amount of a dividend payment by accumulated years of state residency regardless of whether the years are counted from 1959 or from some later date, then sections 1 and 2 of the bill would go into effect. These sections repeal the existing statutes and provide for an ongoing dividend program under which one-half of distributable permanent fund income would be distributed to Alaskans on a per capita basis. Unlike the existing program, there would be no minimum dollar amount established for each dividend under this alternative. The per capita provisions are structured so that the entire program would run on a current calendar-year basis. All applications

5B 842

would be due on or before July 1 of each year. By the following August 1, the Department of Revenue would have completed the screening of applications to determine the number of eligible applicants. The department would then divide that number into one-half of the distributable earnings of the permanent fund for the fiscal year just ended to determine the amount of that year's dividend payment.

The per capita program provisions also include a six-month residency requirement. Many persons come to Alaska for relatively short periods of time for vacations or to participate in seasonal employment with no intention of remaining permanently or of giving up the benefits provided by their states of residence. For each nonresident who applies for and receives a dividend, the annual share of the dividend program for each Alaskan is proportionately reduced. Further, disproving a spurious claim of residency is not an easy task. A six-month residency requirement provides at least some evidence of a person's intent to remain, and strikes an appropriate balance between the state's interest in insuring that dividends are paid only to Alaska residents and the interests that new residents with less than six-months' residency have in receiving an immediate dividend. Many other features of the existing program's provisions have been included in the ongoing per capita program provisions, including exemption of 50 percent of the dividend from execution and an exemption of up to \$1,500 of the dividend amount from income determinations for state assistance programs.

The bill also includes a second alternative. If the Supreme Court should decide that the existing program would have been constitutional if the years of residency had begun to accumulate prospectively, then sections 3, 4 and 8 of the bill would take effect. Under these sections, the provisions of the existing program would continue in effect except that the number of an individual's total dividends would be based on years of residency beginning this year, with dividends accumulating each year in the future.

If the Court upholds the existing program, section 5 of the bill would take effect. This section adds a provision to the existing statutes to allow persons, when they turn 18 years of age, to claim dividends for their prior years of state residency during which they were minors. Dividends for children would also be handled in this manner under either of the alternative dividend distribution programs contained in the bill. I have considered other possibilities that have been suggested for including children in a dividend distribution program -- namely distributing children's dividends each year through their parents or guardians or putting their dividends each year in individual trust accounts administered by the state. Two concerns prompted me not to provide in this bill for actual payments

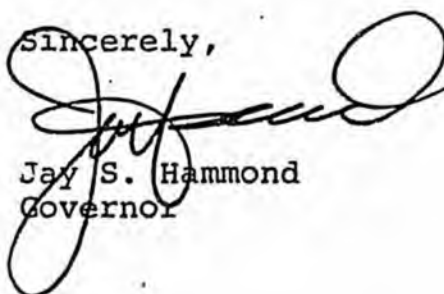
to children during their minority years. First, while most parents or guardians would see that the money went to the child's benefit, there unfortunately would be many children whose parents or guardians would not apply the money for the children's benefit. There is no practical way to keep this from happening if children were to receive dividends while they are minors.

Second, experience that has been gained from ANCSA distributions to minors teaches that, even after extensive litigation, there are no truly satisfactory solutions for distributing money to the many Alaskan children who do not live in a traditional nuclear family, particularly those in the state's custody and those with divorced parents. Under this bill, a person turning 18 can claim dividends for his or her minority years, with interest, but there is no right to receive the prior years' dividends before the child actually turns 18 and makes application. Thus, this method of including children in a dividend distribution program also avoids the serious problems that would attend a formal trusteeship arrangement between the state and every Alaskan child.

Finally, in the event of an unfavorable decision by the Court and under either of the alternative programs included in the bill, the distribution for 1982 only would be on a per-capita basis, with each eligible person receiving a dividend payment of \$1,000. This amount was determined by taking the total amount of money currently available for distribution of 1979 and 1980 dividends under the existing program (\$319,870,000) and dividing that amount by the number of eligible Alaskans who now have applications on file plus an estimate of the number of additional eligible Alaskans. Under the bill, Alaskans who filed timely applications during 1980 or 1981 for dividends under the existing program are automatically eligible for the 1982 distribution. Thus, if the existing program is invalidated, an immediate distribution can be made to the vast majority of eligible Alaskans without requiring a new application process for everyone. All other eligible Alaskans who do not have applications on file would, of course, have an opportunity to apply for and receive the 1982 dividend as soon as possible.

The bill is structured in such a way that if we do receive a ruling from the Supreme Court during your consideration of the bill, those provisions of the bill that are no longer necessary can be easily deleted from the bill.

Sincerely,



Jay S. Hammond
Governor

Introduced: 3/9/82
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 842

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for 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, 43.23.014, 43.23.020, 43.23.030, 43.23.040,
10 43.23.050, 43.23.060, 43.23.070, 43.23.080, 43.23.090, and 43.23.100 are re-
11 pealed.

12 * Sec. 2. AS 43.23 is amended by adding new sections to read:

13 Sec. 43.23.005. ELIGIBILITY. An individual is eligible to receive
14 one permanent fund dividend each year in an amount to be determined un-
15 der AS 43.23.025 if he makes application to the department, and on the
16 date of application the individual

17 (1) is at least 18 years of age;

18 (2) is a state resident; and

19 (3) has been a state resident for a period of at least six
20 months immediately preceding the date he applies.

21 Sec. 43.23.015. PAYMENTS FOR PRIOR YEARS. (a) Beginning with ap-
22 plication for the 1983 dividend and for each year after that, an indi-
23 vidual who becomes 18 years of age on or before the last day for filing
24 an application during a year may file a claim for and receive permanent
25 fund dividends for all prior years beginning on or after January 1,
26 1982, in which he would have been eligible under AS 43.23.005 if he had
27 then been 18 years of age.

28 (b) A claim for dividends for prior years under this section may
29 be filed even if the individual is not a state resident at the time he

1 makes the claim.

2 (c) In order to receive a dividend for a prior year, an individual
3 must file an application for all prior dividends within one year after
4 reaching the age of 18 and within the time limits established under
5 AS 43.23.065(2) for the current year's applications. Failure to file an
6 application for dividends for prior years within this period waives all
7 entitlement to those dividends. The department shall prescribe and make
8 available forms for applications for dividends for prior years, and may
9 require proof of eligibility in addition to that required for a current
10 year under AS 43.23.025(a).

11 (d) The value of a permanent fund dividend for a prior year is the
12 value published by the commissioner under AS 43.23.035 for that prior
13 year. Interest on permanent fund dividends paid for a prior year under
14 this section is computed and paid from January 1 of the year following
15 that year, using the average rate of return earned since that time by
16 the Alaska permanent fund.

17 (e) Nothing in this section prevents an individual from claiming
18 and receiving a permanent fund dividend under AS 43.23.005 for the cur-
19 rent year for which he is eligible.

20 S.c. 43.23.025. PROOF OF ELIGIBILITY. (a) The commissioner shall
21 adopt regulations under the Administrative Procedure Act (AS 44.62) for
22 determining the eligibility of individuals. The commissioner may re-
23 quire an individual to provide proof of eligibility, and he may use oth-
24 er information available to him from other state departments or agencies
25 to determine the eligibility of an individual.

26 (b) The department shall prescribe and furnish an application form
27 for claiming a permanent fund dividend. The application must contain a
28 statement of eligibility and a certification of residency in substan-
29 tially the following form:

1 I certify that I am a state resident on the date of this
2 application and that I have been a state resident for at
3 least six months immediately preceding the date of this
4 application. I also understand that a false claim of res-
5 idency to obtain a permanent fund dividend is a criminal
6 offense and that if convicted I will forfeit all perman-
7 ent fund dividends and that I must repay all permanent
8 fund dividends which have been paid to me. I understand
9 that this penalty is in addition to any criminal penalties
10 imposed.

11 _____
12 (signature of individual)

13 Sec. 43.23.035. AMOUNT OF DIVIDEND. By August 1 of each year the
14 commissioner shall give public notice of the value of each permanent
15 fund dividend for that year. The commissioner shall determine the value
16 of a permanent fund dividend by

17 (1) determining the amount of income of the Alaska permanent
18 fund transferred to the dividend fund under AS 43.23.055(b) during the
19 current year;

20 (2) determining the number of permanent fund dividends pay-
21 able to eligible individuals for the current year, including the number
22 of prior year dividends payable that year; and

23 (3) dividing the amount determined in (1) of this section by
24 the amount determined in (2) of this section.

25 Sec. 43.23.045. PENALTIES AND ENFORCEMENT. (a) In addition to
26 any criminal penalties imposed by state law, if an individual is con-
27 victed of a crime in connection with a false statement made in a certi-
28 fication required under AS 43.23.025, and the conviction is not re-
29 versed, that individual forfeits all permanent fund dividends paid to

1 him and may never again be eligible for a permanent fund dividend.

2 (b) If the commissioner determines that a permanent fund dividend
3 should not have been claimed by or paid to an individual, he may use all
4 collection procedures or remedies available under this title to recover
5 the payment of a permanent fund dividend which was improperly made. A
6 notice of an improperly paid dividend must be sent to the individual
7 within 10 years after the improper payment. If notice is not sent with-
8 in the 10-year period, proceedings may not be commenced in court for re-
9 covery of the improper payment.

10 Sec. 43.23.055. DIVIDEND FUND ESTABLISHED. (a) The dividend fund
11 is established as a separate fund in the state treasury. The dividend
12 fund shall be administered by the commissioner and may be invested by
13 the commissioner in the same manner as provided in AS 37.10.070. Money
14 in the dividend fund shall be used to pay permanent fund dividends annu-
15 ally.

16 (b) Each year the commissioner shall transfer to the dividend fund
17 50 percent of the income of the Alaska permanent fund which was earned
18 during the fiscal year ending on June 30 of the current year and which
19 is available for distribution under AS 37.13.130.

20 Sec. 43.23.065. DUTIES OF THE DEPARTMENT. The department shall

21 (1) annually pay permanent fund dividends from the dividend
22 fund;

23 (2) adopt regulations under the Administrative Procedure Act
24 (AS 44.62) which establish procedures and time limits for claiming a
25 permanent fund dividend; the department shall set the time limit for ap-
26 plications for permanent fund dividends so that the number of eligible
27 applicants is determined by August 1 and permanent fund dividends for a
28 year are paid before December 31 of that year; and

29 (3) assist residents of the state, particularly in rural

1 areas, who because of language, illness, old age, or inaccessibility to
2 public transportation need assistance to establish eligibility and to
3 apply for permanent fund dividends.

4 Sec. 43.23.075. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty per-
5 cent of the annual permanent fund dividend payable to an individual is
6 exempt from levy, execution, garnishment, attachment, or any other rem-
7 edy for the collection of debt. This exemption applies to an eligible
8 individual's dividend both before and after payment is made to the in-
9 dividual and applies even if the dividend payment is commingled with
10 other money of the individual.

11 Sec. 43.23.085. ELIGIBILITY FOR STATE PUBLIC ASSISTANCE PAYMENTS.
12 In determining the eligibility of an individual under a state social
13 service assistance program administered by the Department of Health and
14 Social Services and in which eligibility for assistance is based on fi-
15 nancial aid, the Department of Health and Social Services may include as
16 income of the individual only the amount of the permanent fund dividends
17 in excess of \$1,500 paid to the individual for a year.

18 Sec. 43.23.095. DEFINITIONS. In this chapter,

19 (1) "Alaska permanent fund" means the fund established by
20 art. IX, sec. 15 of the state constitution;

21 (2) "commissioner" means the commissioner of revenue;

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

23 (4) "dividend fund" means the fund established by AS 43.23.-
24 055;

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

26 (6) "permanent fund dividend" means a right to receive a pay-
27 ment from the dividend fund;

28 (7) "state resident" means an individual who is physically
29 present in the state with the intent to remain permanently in the state

1 or, if he is not physically present in the state, intends to return to
2 the state and is absent only for any of the following reasons:

3 (A) vocational, professional, or other specific educa-
4 tion for which a comparable program was not reasonably available in
5 the state;

6 (B) secondary or postsecondary education;

7 (C) military service;

8 (D) medical treatment;

9 (E) service in Congress; or

10 (F) other reasons which the commissioner may establish
11 by regulation;

12 (8) "year" means a calendar year.

13 * Sec. 3. AS 43.23.010(a) is amended to read:

14 (a) An individual who is eligible under (b) of this section is en-
15 titled to one permanent fund dividend for each full year that the indi-
16 vidual is a state resident after January 1, 1982 [1959].

17 * Sec. 4. AS 43.23.020(b)(1) is amended to read:

18 (1) a statement of eligibility and a certification of resi-
19 dency in substantially the following form:

20 I certify that I am a state resident on the date of this ap-
21 plication and I have been a state resident for ____ full
22 years and that I understand that my claim for a permanent
23 fund dividend is determined by the length of my residence in
24 the state after January 1, 1982 [1959]. I also understand
25 that a false claim of residency to obtain a permanent fund
26 dividend is a criminal offense and that if convicted I will
27 forfeit all permanent fund dividends and that I must repay
28 all permanent fund dividends which have been paid to me. I
29 understand that this penalty is in addition to any criminal

1 penalties imposed.

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(signature of individual)

and

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

Sec. 43.23.014. PAYMENTS FOR PRIOR YEARS. (a) Beginning with application for the 1983 dividend and for each year after that, an individual who becomes 18 years of age on or before the last day for filing an application during a year may file a claim for and receive permanent fund dividends for all prior years beginning on or after January 1, 1982, in which he would have been eligible under AS 43.23.010 if he had then been 18 years of age.

(b) A claim for dividends for prior years under this section may be filed even if the individual is not a state resident at the time he makes the claim.

(c) In order to receive a dividend for a prior year, an individual must file an application for all prior dividends within one year after reaching the age of 18 and within the time limits established under AS 43.23.060(2) for the current year's applications. Failure to file an application for dividends for prior years within this period waives all entitlement to those dividends. The department shall prescribe and make available forms for applications for dividends for prior years, and may require proof of eligibility in addition to that required for a current year under AS 43.23.020(a).

(d) The value of a permanent fund dividend for a prior year is the value published by the commissioner under AS 43.23.030 for that prior year. Interest on permanent fund dividends paid for a prior year under this section is computed and paid from January 1 of the year following

1 that year, using the average rate of return earned since that time by
2 the Alaska permanent fund.

3 (e) Nothing in this section prevents an individual from claiming
4 and receiving a permanent fund dividend under AS 43.23.010 during the
5 current year in which he is eligible.

6 * Sec. 6. 1982 PERMANENT FUND DISTRIBUTION. (a) Notwithstanding the
7 provisions of AS 43.23 enacted in this Act, the amount of each dividend for
8 1982 only is \$1,000. For 1982 only, an individual who filed an application
9 for permanent fund dividends during 1980 or 1981 under the provisions of
10 AS 43.23, and who was determined to be eligible by the department for a per-
11 manent fund dividend under those provisions, is eligible for a permanent fund
12 dividend under this section. As soon as possible after the effective date of
13 this section, the department shall issue warrants for permanent fund divi-
14 dends for 1982 to eligible individuals who filed applications for permanent
15 fund dividends during 1980 or 1981.

16 (b) As soon as possible after the effective date of this section, the
17 department shall make available application forms for permanent fund divi-
18 dends for 1982 for individuals who are eligible under AS 43.23, but who for
19 any reason did not file an application during 1980 or 1981.

20 (c) An individual is eligible for a permanent fund dividend under (b)
21 of this section if he makes application to the department, and on the date of
22 application the individual

23 (1) is at least 18 years of age;

24 (2) is a state resident; and

25 (3) has been a state resident for a period of at least six months
26 immediately preceding the date he applies.

27 (d) The department may adopt regulations to govern the 1982 dividend
28 distribution as emergency regulations under AS 44.62.250.

29 (e) The income of the Alaska permanent fund for fiscal year 1982 trans-

1 ferred to the dividend fund, may not be used for payment of dividends for
2 1982, but must remain in the dividend fund and be used for payment of perman-
3 ent fund dividends for 1983 along with the fiscal year 1983 earnings of the
4 Alaska permanent fund transferred to the dividend fund.

5 (f) In this section, "department" means the Department of Revenue.

6 * Sec. 7. Section 4, chapter 21, SLA 1980 is repealed.

7 * Sec. 8. If the United States Supreme Court decides that AS 43.23.010(a)
8 is invalid on the basis of the date specified in that subsection, then the
9 language specifying that date is severable, and all other provisions of
10 AS 43.23, as enacted in ch. 21, SLA 1980 remain effect.

11 * Sec. 9. Sections 3, 4, and 8 of this Act take effect 60 days after the
12 date that the United States Supreme Court decides that AS 43.23.010 is inval-
13 id but also decides that AS 43.23.010 would not violate the United States
14 Constitution if the amount of a permanent fund dividend were determined by
15 accumulated years of residency in the state beginning on or after January 1,
16 1979.

17 * Sec. 10. Sections 1 and 2 of this Act take effect 60 days after the
18 date that the United States Supreme Court decides that AS 43.23.010 is inval-
19 id because the amount of a permanent fund dividend is determined by accumu-
20 lated years of residency in the state whether those years are counted before
21 or after January 1, 1979.

22 * Sec. 11. Sections 5 and 7 of this Act take effect immediately in accor-
23 dance with AS 01.10.070(c).

24 * Sec. 12. Notwithstanding the provisions of AS 43.23.014(c), enacted in
25 sec. 5 of this Act, which require an individual to file an application for
26 prior dividends within one year after reaching 18 years of age, an individual
27 may file a claim during 1983 for dividends for all prior years for which he
28 is eligible if that individual has turned 18 years of age on or before the
29 last day for filing an application during 1983.

1 * Sec. 13. Section 6 of this Act takes effect on the date that the United
2 States Supreme Court decides that AS 43.23.010 is for any reason invalid.

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Senate Bill No. 842 (Finance)
Title "An Act providing for permanent fund dividends"
Requested by Finance Committee Date 5/13/82

II. FISCAL DETAIL

Agency Affected Health and Social Services
Program Category Affected see analysis below
BRU, Program, Or Subprogram(s) Affected see analysis
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		175.2				
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		12,691.3				
TOTAL		12,866.5				

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		12,798.2				
FEDERAL FUNDS						
OTHER (Specify Source)		68.3				

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME		8				
TEMPORARY						

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

(A) The costs of a four-month "hold harmless" for Public Assistance recipients are incurred by substituting state funds for the 100% federal funding of the Food Stamp and Supplemental Security Income programs and for the 50% federal funding in the AFDC and Medicaid programs.

Cost increases for cash assistance hold harmless (including Food Stamps) will be in the General Relief Assistance component of the Soc. and Econ. Assistance for the General Population BRU. Costs for full medical hold harmless will be in the GRM component of the Public Health BRU. Staff costs are born by the Eligibility Determination component of the Public Assistance Administration BRU.

(Continued on attached pages)

IV. DATE 5/13/82 PREPARED BY [Signature]
AGENCY Department of Health and Social Services
Original: Legislative Finance PHONE 465-3347
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

JCC

(B) Staff resources necessary to promptly process entire assistance caseload with no adverse effects on accuracy or timeliness of substitute benefits:

Overtime for existing field staff:	100.0
8 seasonal new field staff (4 months each):	75.2
Total	175.2
State Funds	106.2
Federal Funds	68.3

(C) The funding chart below presents the costs of a 4-month hold harmless with minors' dividends being distributed to parents. Costs are in state funds only.

<u>Food Stamps</u>	4,930.0
<u>Aid to Families with Dependent Children</u>	3,586.9
<u>Adult Public Assistance</u>	1,688.4
<u>Medicaid</u>	(2,486.0)
<u>General Relief Cash Assistance</u>	0
<u>General Relief-Medicaid</u>	4,972.0
<u>Eligibility Determination</u>	106.9
Total FY 83 State Funds	<u>12,798.2</u>

Assumptions:

- (1) Base is Governor's FY 83 budget.
- (2) Costs assume 100% ineligibility for the first month for all Federal programs with this additional continuing ineligibility:
 - Food Stamps: 35% of households will be ineligible for 3 additional months.
 - AFDC: 35% of families will be ineligible for 4 additional months.
 - Medicaid: \$100/mo. State funds savings per ineligible APA and AFDC recipient.
 - GRM: \$200/mo. increase per ineligible APA and AFDC recipient due to loss of 50% federal funds.
- (3) Hold harmless will continue to provide ineligibles with total medical protection, but under GR Medical rather than Medicaid.
- (4) Nursing home recipients would not be required to pay their PFD toward their cost of care, and 30% of them would remain ineligible for the full 4 months.
- (5) The costs assume all 4 months of the hold harmless will occur in FY 83. Because of other program changes, caseload changes, and some uncertainty over the size of the FY 84 dividend, there are too many uncertainties at this time to estimate an FY 84 hold harmless cost, for any hold harmless time period.

(D) If the Supreme Court rules so that minors' dividends are placed in a trust rather than distributed, the costs of a 4-month hold harmless are reduced. This estimate uses the same assumptions as (C), except that with no minors' distribution, we assume only 25% Food Stamp households ineligible for only two additional months and 20% AFDC households ineligible for only 3 additional months, with a corresponding effect on Medical costs.

<u>Food Stamps</u>	4,350.0
<u>Aid to Families with Dependent Children</u>	2,799.7
<u>Adult Public Assistance</u>	1,688.4
<u>Medicaid</u>	(2,400.9)
<u>General Relief Cash Assistance</u>	0
<u>General Relief-Medicaid</u>	4,801.8
<u>Eligibility Determination</u>	106.9
Total FY 83 State Funds	<u>11,345.9</u>

SECTIONAL ANALYSIS--CS SB842
PERMANENT FUND DIVIDENDS

Section 1. This section repeals the existing statutes that govern permanent fund dividend distribution. Included in the repeal are all amendments to the existing statutes that are part of this bill. This section is a companion to section 2 of the bill and would go into effect only if section 2 goes into effect.

Section 2. This section contains new provisions of AS 43.23, establishing an on-going annual per capita distribution of one-half the annual distributable earnings of the Permanent Fund. This alternative program would go into effect only if the U.S. Supreme Court holds that the existing dividend program is invalid, and does so on the ground that the amount of an individual's Permanent Fund Dividend is determined by accumulated years of residency -- regardless of whether those years are counted retrospectively back to statehood or are accumulated prospectively. The provisions of this alternative include the following:

Sec. 43.23.005. An individual would be eligible for a dividend if he or she makes timely application to the department and on the date of application the individual is at least 18 years of age, is a state resident, and has been a state resident for at least six consecutive months before the date of application. The reasons for requiring a six month minimum period of residency are outlined in the Governor's letter transmitting SB 842 to the legislature. Subsection (b) was added to this provision

as originally introduced because there had been some confusion expressed about whether the six months of residency must all occur between January 1 and July 1 of the current year of dividend distribution. This was not intended, and subsection (b) clarifies the intent. Subsection (c) was added to authorize the Department of Revenue to establish a plan for persons to defer federal income taxes on the receipt of dividends. There is similar authority in the existing statutes. That language was included in the original 1980 bill in the hope that some type of I.R.S. approved "deferred compensation" program could be developed to ease the federal tax bite attending receipt of dividends for many Alaskans. While it soon became clear that a deferred compensation program was not feasible, it now appears that an Individual Retirement Account program may well be feasible under the Economic Recovery Act of 1981. The language in the existing statute, like the language of AS 43.23.005(c) in this bill, is sufficiently general to permit the establishment of a voluntary IRA program for recipients of permanent fund dividends.

Sec. 43.23.015. This section allows persons to receive dividends, once they turn 18, for prior years during which they were minors but were in all other respects eligible for a dividend. There is substantial, if not unanimous, agreement among those who are knowledgeable about constitutional issues that a failure to include children in a dividend distribution program would lead to a serious constitutional challenge. Subsection (b) provides that a person may file a claim for prior years' dividends even if he or she is no longer a resident. This provision is also necessary to avoid a serious constitutional challenge. The reasons for choosing this approach to including children in the program over other approaches -- particularly immediate payments through parents and guardians -- are outlined in the Governor's transmittal letter.

Sec. 43.23.025. This section relates to proof of eligibility. Subsections (a) and (b) are substantially the same as the analogous proof of eligibility provisions in the existing statutes. Subsection (c) is new, and is intended to provide a means for the department to verify more easily and accurately a person's eligibility for prior year dividends.

Requiring parents and guardians to provide information about their minor children and wards will also provide the department with information concerning the amounts and timing of future liabilities for claims for prior years' dividends. The information could not be used for any other purpose.

Sec. 43.23.035. This section establishes the formula for determining the value of a dividend each year. Because this would be a per capita program, one-half of distributable permanent fund income would be divided each year by the number of eligible adult applicants plus an estimate of the number of children who will be eligible in the future to claim this year's dividend as a prior year dividend. Unlike the existing law, there is no provision for loans from the general fund or for a minimum dividend value.

Sec. 43.23.045. Under this section, penalties for falsely claiming a dividend and for recovery by the department of an improperly paid dividend are virtually identical to the existing penalties and enforcement provisions under the existing program. A 10-year statute of limitations has been added.

Sec. 43.23.055. This section establishes the dividend fund. It is similar to

the provisions of the existing program, except that the money for dividends that would otherwise be paid immediately to children is kept in the fund from year to year so that there will be sufficient money available in the future to pay prior year dividend claims as they are filed.

(Because children are included in the denominator of the formula for determining dividend value under AS 43.23.035, money for their dividends will be left over each year after adults receive their payments.)

The number of minor children in any one year who may later make a claim for that year's dividend must necessarily be an estimate. Thus, provision is made in subsection (d) for a periodic review of the sufficiency of the fund to pay future claims for prior year dividends. If the review discloses an excess in the fund, the amount of permanent fund income available for dividends that year would be increased by the amount of the excess for purposes of determining the value of that year's dividend. If there is a deficiency, the income amount used to determine the value

of that year's dividend would be reduced by the amount of the deficiency. In this way, periodic adjustments are made to correct any inaccuracies in estimating the number of resident children in any year.

Sec. 43.23.065. This section requires the department to pay dividends for each year, to adopt regulations governing time limits so that payments are made before December 31 of each year, and to assist residents, particularly in rural areas of the state, to establish eligibility and to apply for dividends. Similar provisions are in the existing statutes.

Sec. 43.23.075. This section provides for an exemption from execution or levy of one-half of an individual's permanent fund dividend. A similar provision is in existing law.

Sec. 43.23.085. This section provides a measure of protection for welfare recipients who also receive permanent fund dividends. The vast majority of social assistance programs are funded in part by federal money. Because the eligibility requirements for these programs are mandated by federal law, persons receiving benefits under those federally funded programs will lose their eligibility during the month they receive a

dividend, and state law cannot alter those federal eligibility requirements. The persons receiving assistance who are vulnerable to the most potentially catastrophic effect of receiving a dividend are those who will lose Medicaid benefits for a month and, who, during that month, have an illness or accident requiring substantial medical expenses. This section permits those persons to fall back on state funded general relief medical assistance, and their dividend would not be counted as income.

Sec. 43.23.095. This section contains definitions governing the on-going per capita program. The definitions are nearly identical to those in the existing statutes. The "allowable absences" from the state in the definition of "state resident" are the same as under present law.

Sections 3 and 4. These sections are intended to establish the second possible alternative program in the event the present program is struck down. Under these sections, the existing program, as amended in later sections of this bill, would remain in effect and govern this alternative, but with one difference. Instead of accruing one dividend for each year of residence after January 1, 1959, an individual would begin to accrue dividends for years of residency beginning after January 1, 1982. These sections would go into effect only if

if the United States Supreme Court clearly holds that the existing program would have been constitutional had the accumulation of dividends been prospective rather than "retrospective" back to statehood.

Section 5. This section amends the existing program by adding a provision to include children in the dividend distribution program. The method of including children is the same as that established under AS 43.23.015, in section 2 of the bill. The amendments in this section and in sections 6, 7 and 8, would apply to the existing program if the Court upholds it and also to the "prospective accumulation" alternative in sections 3 and 4 if those sections take effect.

Section 6. This section would amend existing law by adding a provision for maintaining current information about children for verifying prior year claims similar to AS 43.23.025(c) and (d) in section 2 of the bill.

Section 7. This section amends existing law to include in the formula for determining the value of each dividend for the year an estimate of the number of that year's dividends that children will later be able to claim as prior year dividends. Like AS 43.23.035, this provision allows the department to set aside in the current year the money that will be needed in later years to pay prior year dividend claims.

Section 8. These provisions also amend existing law and are similar to the provisions of AS 43.23.055(c) and (d) in Section 2 of the bill, relating to setting aside and maintaining sufficient money in the fund to pay prior year claims. Because

money was not set aside for children for the 1979, 1980 and 1981 dividend years, this section provides that the periodic adjustments to the fund will begin earlier -- in 1985 rather than 1987 as is the case in AS 43.23.055(d). In this way, necessary adjustments can begin early to insure that the fund will have "caught up" by the time all of the prior year liabilities for 1979; 1980 and 1981 dividends must eventually be paid.

Section 9. This section would go into effect and govern the 1982 distribution only if the U.S. Supreme Court holds the existing program invalid. It would apply to 1982 distribution only, and would govern the 1982 distribution regardless of which of the two alternative contingency programs ultimately went into effect. This 1982 distribution under this section provides for a per capita distribution. The value of each payment for 1982 would be \$1000. The eligibility requirements would be the same as those under the on-going per capita alternative in section 2 of the bill. (Although an individual must be an adult to receive payment during 1982, children would later be able to claim the \$1000 as a prior year dividend under either of the contingent alternative programs in the bill.) The section provides that the applications now being filed with the department this year under the existing program will be the applications under this section. Finally, because it is contemplated that we will receive a ruling from the Court before the amount of income from the permanent fund for FY 82 can be determined, this section provides that one-half of FY 82

income will not be distributed this year, but will be added to the FY 83 earnings and distributed during 1983.

Section 10. This section repeals the non-severability provision of the original act. Because the alternative provided in sections 3 and 4 of the bill contemplates that the existing provisions will remain in effect, it is important that those provisions be severable from the provision providing for dividend accumulation back to 1959.

Section 11. Section 11 repeals AS 43.23.050(c). This provision of existing law permits the legislature to make loans from the general fund to the dividend fund in order to insure that a dividend will be worth at least \$50. It also requires that those loans be paid back to the general fund. The effect of repealing this subsection is twofold. First, dividend distribution under the existing program would, in the future, be restricted to one-half of the earnings of the permanent fund. Second, any outstanding loans from the general fund previously made would be forgiven.

Section 12. This section clarifies the legislature's intent with respect to severability under the existing law. Under this section, the only provision of the existing law that would be struck down in the event of an unfavorable ruling would be the language specifying the 1959 date.

Section 13. This is an effective date provision for sections 3 and 4, establishing the prospective cumulative dividend program. Those sections would take effect 60 days

after the date of an unfavorable U.S. Supreme Court decision, but only if the Court held that the existing program would be constitutional if dividends were accumulated on a prospective basis.

Section 14. This is an effective date provision for sections 1 and 2, which would establish the per capita distribution program. Under this section, the per capita program would take effect 60 days after an unfavorable decision by the U.S. Supreme Court in which the Court held the program unconstitutional because dividends are accumulated on the basis of years of residency, regardless of whether those years are counted prospectively, or are counted retrospectively back to statehood.

Section 15. This is an effective date provision governing the sections of the bill that amend existing provisions of AS 43.23. Under this provision, those amendments would take effect immediately.

Section 16. Section 16 is intended to apply to claims for prior year dividends filed during 1983 under the existing program. Under AS 43.23.014(c), in Section 5 of the bill, individuals must file claims for prior years' dividends within one year after reaching 18 years of age. If this one year limitation were applied during 1983, persons who turned 18 more than one year before the 1983 application deadline would not be able to claim their prior dividends for 1979, 1980, or 1981. This section provides for an exception to the one year limitation, and extends the time for filing claims for prior year dividends for 1979, 1980, and 1981, until the end of the 1983 application period.

Section 17. Under this section the 1982 dividend distribution provided for in section 9 of the bill would take effect on the date that the U.S. Supreme Court decides that the existing program is invalid for any reason.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

JAY S. HAMMOND, GOVERNOR

*POUCH H-07
JUNEAU, ALASKA 99811*

PHONE: (907) 465-3355

DOCUMENT NO. 137-82

April 9, 1982

The Honorable Don Bennett
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

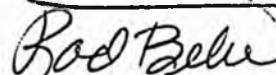
Dear Senator Bennett:

During a recent Senate Finance Hearing on CSSB842, you requested that I provide the Committee with a list of programs that low-income Alaskans might be eligible to receive subsidized assistance from. Please be aware that although "low-income" is defined differently by almost everyone of these programs, we are generally not talking about Alaskans who have income over the federal poverty level for Alaska.

Please find enclosed a table identifying twenty one such programs and the agency that administers each one. We have placed a maximum monthly dollar value on those services administered by this agency. Finally, I am not certain that this list is complete.

I hope this list is of some use to you and the Committee.

Sincerely,



Rod Betit
Director

Enclosure

BENEFIT	Parent/One Child	Single Adult	Couple/One Child	Agency
Food Stamps	\$197 maximum	\$108 maximum	\$283 maximum	DHSS/DPA
AFDC	508 maximum	not available	0	DHSS/DPA
General Relief Assistance	not available on AFDC	80 maximum	240	DHSS/DPA
General Relief Medical	limited coverage	full coverage	full coverage	DHSS/DPA
Unemployment Insurance Benefits	232 low 696 high	136 low 600 high	328 low 752 high	DOL
Subsidized Housing Benefits	available	available	available	ASHA
Public Defender/AK Legal Services	available	available	available	District Attorney
Energy Assistance	\$400-700 annually	\$400-700 annually	\$400-700 annually	DHSS/DPA
WIN Work/Training Programs	available	not available	not available	DHSS/F&Y
CETA Training Programs	periodically available	periodically available	periodically available	DOL
Vocational Rehabilitation Programs	if disabled	if disabled	if disabled	DHSS/F&Y
Medicaid	full coverage	available if aged, blind or disabled	not available unless one parent disabled	DHSS/DPA
Alaska Area Native Health Service	yes, if Native	yes, if Native	yes, if Native	Federal
Catastrophic Illness Program	available	available	available	DHSS/DPA
Adult Public Assistance	if aged, blind or disabled	same	same	DHSS/DPA
Subsidized Day Care Assistance	available	not applicable	available	CRA
Rural Cap Services - Variety of Services	available	available	available	CRA
WIC (Women, Infants, & Children)	available	not available	available	DHSS/F&Y
Veterans Administration	available	available	available	Federal
AWARE Shelters	available	available	available	Varied
25¢ Fishing license	available	available	available	F&G

EXAMPLE I

AFDC Family of 4
With No Income

	<u>Normal Program Without Permanent Fund</u>		<u>CSSB-842 Finance</u>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
AFDC	\$ 7608	\$ 634.00	\$ 6974	\$ 581.16
FS	3264	272.00	2992	249.33
Energy	425	35.42	425	35.42
Medicaid	4560	380.00	4560	380.00
Permanent Fund	<u>-0-</u>	<u>-0-</u>	<u>1000</u>	<u>83.33</u>
	\$15857	\$1321.42	\$15951	\$1329.24

EXAMPLE II

OAA Single Household
With \$250 ALB

	<u>Normal Program Without Permanent Fund</u>		<u>CSSB-842 Finance</u>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
OAA	\$ 6312	\$526.00	\$ 5786	\$482.17
FS	-0- Ineligible	-0-	-0- Ineligible	-0-
Energy	425	35.42	425	35.42
ALB	3000	250.00	3000	250.00
Medicaid	1140	95.00	1140	95.00
Permanent Fund	<u>-0-</u>	<u>-0-</u>	<u>1000</u>	<u>83.33</u>
	\$10877	\$906.42	\$11351	\$945.92

EXAMPLE III

Family of 3 (2 adults)
\$950 Gross Income
With Rent of \$400

	<u>Normal Program Without Permanent Fund</u>		<u>CSSB-842 Finance</u>	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
FS	\$ 1368	\$ 114.00	\$ 1254	\$ 104.50
Energy	425	35.42	425	35.42
Earnings	11400	950.00	11400	950.00
Permanent Fund	<u>-0-</u>	<u>-0-</u>	<u>2000</u>	<u>166.66</u>
	\$13193	\$1099.42	\$15079	\$1256.58

GROSS & BURKE

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

AVRUM M. GROSS
SUSAN A. BURKE

319 SEWARD ST., SUITE 203
JUNEAU, ALASKA 99801
(907) 586-2777

April 9, 1982

The Honorable Arliss Sturgulewski
Senate Finance Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

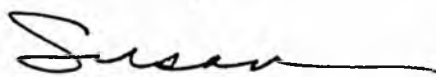
Re: CS SB⁸⁴²~~824~~ (Fin.) --
Permanent Fund Dividends

Dear Senator Sturgulewski:

Enclosed is a revised sectional analysis of CS SB842 (Fin.), an Act providing for permanent fund dividends. The revisions in the analysis reflect the drafting changes in the bill made by the Legal Services Division of Legislative Affairs as well as the additional language in AS 43.23.075 adopted by the Senate Finance Committee denying an exemption for dividends for child support obligations.

If I can be of any further assistance, please let me know.

Sincerely,



Susan A. Burke

SAB:yw
Encl.

SECTIONAL ANALYSIS--CS SB 842 (Fin)
PERMANENT FUND DIVIDENDS

Section 1. This section contains new provisions of AS 43.23, establishing an on-going annual per capita distribution of one-half the annual distributable earnings of the Permanent Fund. This alternative program would go into effect only if the U.S. Supreme Court holds that the existing dividend program is invalid, and does so on the ground that the amount of an individual's Permanent Fund Dividend is determined by accumulated years of residency -- regardless of whether those years are counted retrospectively back to statehood or are accumulated prospectively. The provisions of this alternative include the following:

Sec. 43.23.005. An individual would be eligible for a dividend if he or she makes timely application to the department and on the date of application the individual is at least 18 years of age, is a state resident, and has been a state resident for at least six consecutive months before the date of application. The reasons for requiring a six month minimum period of residency are outlined in the Governor's letter transmitting SB 842 to the legislature. Subsection (b) was added to this provision as originally introduced because there had been some confusion expressed about whether the six months of residency must all occur between January 1 and July 1 of the current year of dividend distribution. This was not intended, and subsection (b) clarifies the intent.

Sec. 43.23.015. This section allows persons to receive dividends, once they turn 18, for prior years during which they were minors but were in all other respects eligible for a dividend. There is substantial, if not unanimous, agreement among those who are knowledgeable about constitutional issues that a failure to include children in a dividend distribution program would lead to a serious constitutional challenge. Subsection (b) provides that a person may file a claim for prior years' dividends even if he or she is no longer a resident. This provision is also necessary to avoid a serious constitutional challenge. The reasons for choosing this approach to including children in the program over other approaches -- particularly immediate payments through parents and guardians -- are outlined in the Governor's transmittal letter.

Sec. 43.23.025. This section relates to proof of eligibility. Subsections (a) and (b) are substantially the same as the analagous proof of eligibility provisions in the existing statutes. Subsection (c) is new, and is intended to provide a means for the department to verify more easily and accurately a person's eligibility for prior year dividends.

Requiring parents and guardians to provide information about their minor children and wards will also provide the department with information concerning the amounts and timing of future liabilities for claims for prior years' dividends. The information could not be used for any other purpose.

Sec. 43.23.035. This section establishes the formula for determining the value of a dividend each year. Because this would be a per capita program, one-half of distributable permanent fund income would be divided each year by the number of eligible adult applicants plus an estimate of the number of children who will be eligible in the future to claim this year's dividend as a prior year dividend. Unlike the existing law, there is no provision for loans from the general fund or for a minimum dividend value.

Sec. 43.23.045. Under this section, penalties for falsely claiming a dividend and for recovery by the Department of an improperly paid dividend are virtually identical to the existing penalties and enforcement provisions under the existing program. A 10-year statute of limitations has been added.

Sec. 43.23.055. This section establishes the dividend fund. It is similar to

the provisions of the existing program, except that the money for dividends that would otherwise be paid immediately to children is kept in the fund from year to year so that there will be sufficient money available in the future to pay prior year dividend claims as they are filed. (Because children are included in the denominator of the formula for determining dividend value under AS 43.23.035, money for their dividends will be left over each year after adults receive their payments.) The number of minor children in any one year who may later make a claim for that year's dividend must necessarily be an estimate. Thus, provision is made in subsection (d) for a periodic review of the sufficiency of the fund to pay future claims for prior year dividends. If the review discloses an excess in the fund, the amount of permanent fund income available for dividends that year would be increased by the amount of the excess for purposes of determining the value of that year's dividend. If there is a deficiency, the income amount used to determine the value

of that year's dividend would be reduced by the amount of the deficiency. In this way, periodic adjustments are made to correct any inaccuracies in estimating the number of resident children in any year. Subsection (e) was added to authorize the Department of Revenue to establish a plan for persons to defer federal income taxes on the receipt of dividends. There is similar authority in the existing statutes. That language was included in the original 1980 bill in the hope that some type of I.R.S. approved "deferred compensation" program could be developed to ease the federal tax bite attending receipt of dividends for many Alaskans. While it soon became clear that a deferred compensation program was not feasible, it now appears that an Individual Retirement Account program may well be feasible under the Economic Recovery Act of 1981. The language in the existing statute, like the language of AS 43.23.055(e) in this bill, is sufficiently general to permit the establishment of a voluntary IRA program for recipients of permanent fund dividends.

dividend, and state law cannot alter those federal eligibility requirements. The persons receiving assistance who are vulnerable to the most potentially catastrophic effect of receiving a dividend are those who will lose Medicaid benefits for a month and, who, during that month, have an illness or accident requiring substantial medical expenses. This section permits those persons to fall back on state funded general relief medical assistance, and their dividend would not be counted as income.

Sec. 43.23.095. This section contains definitions governing the on-going per capita program. The definitions are nearly identical to those in the existing statutes. The "allowable absences" from the state in the definition of "state resident" are the same as under present law.

Sections 2 and 3. These sections are intended to establish the second possible alternative program in the event the present program is struck down. Under these sections, the existing program, as amended in later sections of this bill, would remain in effect and govern this alternative, but with one difference. Instead of accruing one dividend for each year of residence after January 1, 1959, an individual would begin to accrue dividends for years of residency beginning after January 1, 1982. These sections would go into effect only if

Sec. 43.23.065. This section requires the department to pay dividends for each year, to adopt regulations governing time limits so that payments are made before December 31 of each year, and to assist residents, particularly in rural areas of the state, to establish eligibility and to apply for dividends. Similar provisions are in the existing statutes.

Sec. 43.23.075. This section provides for an exemption from execution or levy of one-half of an individual's permanent fund dividend. A similar provision is in existing law. This section adds a sentence which provides that the exemption does not apply to child support obligations.

Sec. 43.23.085. This section provides a measure of protection for welfare recipients who also receive permanent fund dividends. The vast majority of social assistance programs are funded in part by federal money. Because the eligibility requirements for these programs are mandated by federal law, persons receiving benefits under those federally funded programs will lose their eligibility during the month they receive a

if the United States Supreme Court clearly holds that the existing program would have been constitutional had the accumulation of dividends been prospective rather than "retrospective" back to statehood.

Section 4. This section amends the existing program by adding a provision to include children in the dividend distribution program. The method of including children is the same as that established under AS 43.23.015, in section 1 of the bill. The amendments in this section and in sections 5, 6, 7 and 10, would apply to the existing program if the Court upholds it and also to the "prospective accumulation" alternative in sections 2 and 3 if those sections take effect.

Section 5. This section would amend existing law by adding a provision for maintaining current information about children for verifying prior year claims similar to AS 43.23.025(c) and (d) in section 1 of the bill.

Section 6. This section amends existing law to include in the formula for determining the value of each dividend for the year an estimate of the number of that year's dividends that children will later be able to claim as prior year dividends. Like AS 43.23.035, this provision allows the department to set aside in the current year the money that will be needed in later years to pay prior year dividend claims.

Section 7. These provisions also amend existing law and are similar to the provisions of AS 43.23.055(c) and (d) in section 1 of the bill, relating to setting aside and maintaining sufficient money in the fund to pay prior year claims. Because

money was not set aside for children for the 1979, 1980 and 1981 dividend years, this section provides that the periodic adjustments to the fund will begin earlier -- in 1985 rather than 1987 as is the case in AS 43.23.055(d). In this way, necessary adjustments can begin early to insure that the fund will have "caught up" by the time all of the prior year liabilities for 1979, 1980 and 1981 dividends must eventually be paid.

Section 8. This section would go into effect and govern the 1982 distribution only if the U.S. Supreme Court holds the existing program invalid. It would apply to 1982 distribution only, and would govern the 1982 distribution regardless of which of the two alternative contingency programs ultimately went into effect. The 1982 distribution under this section provides for a per capita distribution. The value of each payment for 1982 would be \$1000. The eligibility requirements would be the same as those under the on-going per capita alternative in section 1 of the bill. (Although an individual must be an adult to receive payment during 1982, children would later be able to claim the \$1000 as a prior year dividend under either of the contingent alternative programs in the bill.) The section provides that the applications now being filed with the department this year under the existing program will be the applications under this section. Finally, because it is contemplated that we will receive a ruling from the Court before the amount of income from the permanent fund for FY 82 can be determined, this section provides that one-half of FY 82

income will not be distributed this year, but will be added to FY 83 earnings and distributed during 1983.

Section 9. This section repeals the non-severability provision of the original act. Because the alternative provided in sections 2 and 3 of the bill contemplates that the existing provisions will remain in effect, it is important that those provisions be severable from the provision providing for dividend accumulation back to 1959.

Section 10. Section 10 repeals AS 43.23.050(c). This provision of existing law permits the legislature to make loans from the general fund to the dividend fund in order to insure that a dividend will be worth at least \$50. It also requires that those loans be paid back to the general fund. The effect of repealing this subsection is twofold. First, dividend distribution under the existing program and under the "prospective accumulation" alternative would, in the future, be restricted to one-half of the earnings of the permanent fund. Second, any outstanding loans from the general fund previously made would be forgiven.

Section 11. This section repeals the existing statutes that govern permanent fund dividend distribution. Included in the repeal are all amendments to the existing statutes that are part of this bill. This section is a companion to section 1 of the bill establishing a per capita distribution program, and would go into effect only if section 1 goes into effect.

Section 12. This section clarifies the legislature's intent with respect to severability under the existing law. Under this section, the only provision of the existing law that would be struck down in the event of an unfavorable ruling would be the language specifying the 1959 date.

Section 13. Section 13 is intended to apply to claims for prior year dividends filed during 1983 under the existing program. Under AS 43.23.014(c), in section 5 of the bill, individuals must file claims for prior years' dividends within one year after reaching 18 years of age. If this one year limitation were applied during 1983, persons who turned 18 more than one year before the 1983 application deadline would not be able to claim their prior dividends for 1979, 1980, or 1981. This section provides for an exception to the one year limitation, and extends the time for filing claims for prior year dividends for 1979, 1980, and 1981, until the end of the 1983 application period.

Section 14. This is an effective date provision for sections 2 and 3, establishing the prospective cumulative dividend program. Those sections would take effect 60 days after the date of an unfavorable U.S. Supreme Court decision, but only if the Court held that the existing program would be constitutional if dividends were accumulated on a prospective basis.

Section 15. This is an effective date provision for sections 1 and 11, which establish the per capita distribution program. Under this section, the per capita program,

and repeal of the existing program, would take effect 60 days after an unfavorable decision by the U.S. Supreme Court in which the Court held the program unconstitutional because dividends are accumulated on the basis of years of residency, regardless of whether those years are counted prospectively, or are counted retrospectively back to statehood.

Section 16. This is an effective date provision governing the sections of the bill that amend existing provisions of AS 43.23. Under this provision, those amendments would take effect immediately.

Section 17. Under this section the 1982 dividend distribution provided for in section 8 of the bill would take effect on the date that the U.S. Supreme Court decides that the existing program is invalid for any reason.

DRAFT
Law

Susan Burke
4/6/82

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 842

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for 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, 43.23.014, 43.23.020, 43.23.030, 43.23.040,
10 43.23.050, 43.23.060, 43.23.070, 43.23.080, 43.23.090, and 43.23.100 are re-
11 pealed.

12 * Sec. 2. AS 43.23 is amended by adding new sections to read:

13 Sec. 43.23.005. ELIGIBILITY. (a) An individual is eligible to
14 receive one permanent fund dividend each year in an amount to be de-
15 termined under AS 43.23.035 if he makes application to the department,
16 and on the date of application the individual

17 (1) is at least 18 years of age;

18 (2) is a state resident; and

19 (3) has been a state resident for a period of at least six
20 consecutive months immediately preceding the date he applies.

21 (b) In determining the minimum period of an individual's residency
22 required under (a)(3) of this section, the department may include months
23 of residency both in the current year and in the immediately preceding
24 year.

25 ~~Sec. 43.23.015. PAYMENTS FOR PRIOR YEARS. (a) Beginning with ap-~~
26 ~~plication for the 1983 dividend and for each year after that, an indi-~~
27 ~~vidual who becomes 18 years of age on or before the last day for filing~~
28 ~~an application during a year may file a claim for and receive permanent~~
29 ~~fund dividends for all prior years beginning on or after January 1,~~

1 1982, in which he would have been eligible under AS 43.23.005 if he had
2 then been 18 years of age.

3 (b) A claim for dividends for prior years under this section may
4 be filed even if the individual is not a state resident at the time he
5 makes the claim.

6 (c) In order to receive a dividend for a prior year, an individual
7 must file an application for all prior dividends within one year after
8 reaching the age of 18 and within the time limits established under
9 AS 43.23.065(2) for the current year's applications. Failure to file an
10 application for dividends for prior years within this period waives all
11 entitlement to those dividends. The department shall prescribe and make
12 available forms for applications for dividends for prior years, and may
13 require proof of eligibility in addition to that required for a current
14 year under AS 43.23.025(a).

15 (d) The value of a permanent fund dividend for a prior year is the
16 value published by the commissioner under AS 43.23.035 for that prior
17 year. Interest on permanent fund dividends paid for a prior year under
18 this section is computed and paid from January 1 of the year following
19 that year, using the average rate of return earned since that time by
20 the dividend fund established in AS 43.23.055.

21 (e) Nothing in this section prevents an individual from claiming
22 and receiving a permanent fund dividend under AS 43.23.005 for the cur-
23 rent year for which he is eligible.

24 Sec. 43.23.025. PROOF OF ELIGIBILITY. (a) The commissioner shall
25 adopt regulations under the Administrative Procedure Act (AS 44.62) for
26 determining the eligibility of individuals. The commissioner may re-
27 quire an individual to provide proof of eligibility, and he may use other
28 information available to him from other state departments or agencies
29 to determine the eligibility of an individual.

1 (b) The department shall prescribe and furnish an application form
2 for claiming a permanent fund dividend. The application must contain a
3 statement of eligibility and a certification of residency in substan-
4 tially the following form:

5 I certify that I am a state resident on the date of this
6 application and that I have been a state resident for at
7 least six months immediately preceding the date of this
8 application. I also understand that a false claim of res-
9 idency to obtain a permanent fund dividend is a criminal
10 offense and that if convicted I will forfeit all perman-
11 ent fund dividends and that I must repay all permanent
12 fund dividends which have been paid to me. I understand
13 that this penalty is in addition to any criminal penalties
14 imposed.

15 _____
16 (signature of individual)

17 (c) Beginning with application for the 1983 dividend and for each
18 year after that, an individual who is a parent or legal guardian of a
19 minor child who is a resident of the state shall provide to the depart-
20 ment the following information with respect to each of those minor
21 children:

22 (1) full name;
23 (2) date of birth;
24 (3) current address if different from the parent or guardian's
25 address; and

26 (4) other information required by the department relating to
27 the eligibility of the child to, in the future, claim a dividend for the
28 current year as a prior year dividend under AS 43.23.015.

29 (d) The department shall maintain a record of the information pro-

1 vided under (c) of this section for each minor child until the time for
2 that child to file a claim for prior year dividends has expired. The
3 information required in (c) of this section may be used only to estimate
4 the number of future claimers for prior year dividends and to verify the
5 eligibility of individuals who have filed claims for prior year dividends
6 This information may be used in place of other proof of eligibility per-
7 mitted under (a) of this section and under AS 43.23.015(c). The failure
8 of a parent or guardian to provide the information required by (c) of
9 this section does not affect the child's eligibility in the future to
0 receive payment for a prior year dividend.

1 Sec. 43.23.035. AMOUNT OF DIVIDEND. By September 1 of each year
2 the commissioner shall give public notice of the value of each permanent
3 fund dividend for that year. The commissioner shall determine the value
4 of a permanent fund dividend by

5 (1) determining the amount of income of the Alaska permanent
6 fund transferred to the dividend fund under AS 43.23.055(b) during the
7 current year;

8 (2) determining the number of individuals eligible to receive
9 a dividend payment for the current year plus an estimate of the number
10 of individuals under 18 years of age who will be eligible in the future
11 to claim a dividend for the current year as a prior year dividend under
12 AS 43.23.015; and

13 (3) dividing the amount determined in (1) of this section by
14 the amount determined in (2) of this section.

15 Sec. 43.23.045. PENALTIES AND ENFORCEMENT. (a) In addition to
16 any criminal penalties imposed by state law, if an individual is con-
17 victed of a crime in connection with a false statement made in a certi-
18 fication required under AS 43.23.025, and the conviction is not re-
19 versed, that individual forfeits all permanent fund dividends paid to
20

1 him and may never again be eligible for a permanent fund dividend.

2 (b) If the commissioner determines that a permanent fund dividend
3 should not have been claimed by or paid to an individual, he may use all
4 collection procedures or remedies available for collection of taxes
5 under this title to recover the payment of a permanent fund dividend
6 which was improperly made. A notice of an improperly paid dividend must
7 be sent to the individual within 10 years after the improper payment.
8 If notice is not sent within the 10-year period, proceedings may not be
9 commenced in court for recovery of the improper payment.

10 Sec. 43.23.055. DIVIDEND FUND. (a) The dividend fund is es-
11 tablished as a separate fund in the state treasury. The dividend fund
12 shall be administered by the commissioner and shall be invested by the
13 commissioner in the same manner as provided in AS 37.10.070.

14 (b) Each year the commissioner shall transfer to the dividend fund
15 50 percent of the income of the Alaska permanent fund which was earned
16 during the fiscal year ending on June 30 of the current year and which
17 is available for distribution under AS 37.13.130.

18 (c) Each year the department shall pay from the dividend fund all
19 permanent fund dividends payable to eligible individuals for the current
20 year and all permanent fund dividends for prior years, including inter-
21 est, payable that year to eligible individuals. The money remaining
22 each year after these payments are made, and any interest earned from
23 investment of money in the dividend fund, shall remain in the fund from
24 year to year so that there will be sufficient money in the fund to pay
25 future claims for prior years' dividends when those claims are filed.

26 ~~(d) The department shall review the status of the fund every four~~
27 ~~years beginning in 1987 to determine whether there is sufficient money~~
28 ~~in the fund to pay future claims for prior years' dividends. On August~~
29 ~~1 of the year of a review the commissioner shall certify the amount of~~

1 an excess or the amount of a deficiency, as the case may be. If there
2 is an excess, the amount of income described in AS 43.23.035(1) shall be
3 increased by the amount of the excess for purposes of determining the
4 value of a permanent fund dividend for that year under AS 43.23.035. If
5 there is a deficiency, the amount of income described in AS 43.23.035(1)
6 shall be reduced by the amount of the deficiency for purposes of deter-
7 mining the value of a permanent fund dividend for that year under AS
8 43.23.035.

9 (e) The department may adopt by regulation a plan which, to the
0 extent permitted by federal law, will allow an individual, who elects to
1 participate in the plan, to select an optional disbursement of the divi-
2 dend payment which would have the effect of deferring payment of all or a
3 portion of federal income taxes on the receipt of a permanent fund
4 dividend.

5 Sec. 43.23.065. DUTIES OF THE DEPARTMENT. The department shall

6 (1) annually pay permanent fund dividends from the dividend
7 fund;

8 (2) adopt regulations under the Administrative Procedure Act
9 (AS 44.62) which establish procedures and time limits for claiming a
0 permanent fund dividend; the department shall set the time limit for ap-
1 plications for permanent fund dividends so that the number of eligible
2 applicants is determined by September 1 and permanent fund dividends for
3 a year are paid before December 31 of that year; and

4 (3) assist residents of the state, particularly in rural
5 areas, who because of language, illness, old age, or inaccessibility to
6 public transportation need assistance to establish eligibility and to
7 apply for permanent fund dividends.

8 Sec. 43.23.075. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty per-
9 cent of the annual permanent fund dividend payable to an individual is

exempt from levy, execution, garnishment, attachment, or any other remedy for the collection of debt. This exemption applies to an eligible individual's dividend both before and after payment is made to the individual and applies even if the dividend payment is commingled with other money of the individual.

Sec. 43.23.085. ELIGIBILITY FOR STATE PUBLIC ASSISTANCE PAYMENTS. In determining the eligibility of an individual for general relief medical assistance under AS 47.25.120 -- 47.25.300, the Department of Health and Social Services may not consider a permanent fund dividend as income.

Sec. 43.23.095. DEFINITIONS. In this chapter,

(1) "Alaska permanent fund" means the fund established by art. IX, sec. 15 of the state constitution;

(2) "commissioner" means the commissioner of revenue;

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

(4) "dividend fund" means the fund established by AS 43.23.055;

(5) "individual" means a natural person;

(6) "permanent fund dividend" means a right to receive a payment from the dividend fund;

(7) "state resident" means an individual who is physically present in the state with the intent to remain permanently in the state or, if he is not physically present in the state, intends to return to the state and is absent only for any of the following reasons:

(A) vocational, professional, or other specific education for which a comparable program was not reasonably available in the state;

(B) secondary or postsecondary education;

(C) military service;

- (D) medical treatment;
- (E) service in Congress; or
- (F) other reasons which the commissioner may establish by regulation;

(8) "year" means a calendar year.

* Sec. 3. AS 43.23.010(a) is amended to read:

(a) An individual who is eligible under (b) of this section is entitled to one permanent fund dividend for each full year that the individual is a state resident after January 1, 1982 [1959].

* Sec. 4. AS 43.23.020(b)(1) is amended to read:

(1) a statement of eligibility and a certification of residency in substantially the following form:

I certify that I am a state resident on the date of this application and I have been a state resident for _____ full years and that I understand that my claim for a permanent fund dividend is determined by the length of my residence in the state after January 1, 1982 [1959]. I also understand that a false claim of residency to obtain a permanent fund dividend is a criminal offense and that if convicted I will forfeit all permanent fund dividends and that I must repay all permanent fund dividends which have been paid to me. I understand that this penalty is in addition to any criminal penalties imposed.

(signature of individual)

and

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

Sec. 43.23.014. PAYMENTS FOR PRIOR YEARS. (a) Beginning with ap-

1 plication for dividends filed during 1983 and for each year after that,
2 an individual who becomes 18 years of age on or before the last day for
3 filing an application during a year may file a claim for and receive
4 permanent fund dividends for all prior years in which he would have been
5 eligible under AS 43.23.010 if he had then been 18 years of age.

6 (b) A claim for dividends for prior years under this section may
7 be filed even if the individual is not a state resident at the time he
8 makes the claim.

9 (c) In order to receive a dividend for a prior year, an individual
0 must file an application for all prior dividends within one year after
1 reaching the age of 18 and within the time limits established under
2 AS 43.23.060(2) for the current year's applications. Failure to file an
3 application for dividends for prior years within this period waives all
4 entitlement to those dividends. The department shall prescribe and make
5 available forms for applications for dividends for prior years, and may
6 require proof of eligibility in addition to that required for a current
7 year under AS 43.23.020(a)..

8 (d) The value of a permanent fund dividend for a prior year is the
9 value published by the commissioner under AS 43.23.030 for that prior
0 year. Interest on permanent fund dividends paid for a prior year under
1 this section is computed and paid from January 1 of the year following
2 that year, using the average rate of return earned since that time by
3 the dividend fund established in AS 43.23.050.

4 (e) Nothing in this section prevents an individual from claiming
5 and receiving a permanent fund dividend under AS 43.23.010 during the
6 current year in which he is eligible.

7 * Sec. 6. AS 43.23.020 is amended by adding new subsections to read:

8 (c) Beginning with application for a permanent fund dividend filed
9 during 1983 and each year after that, an individual who is a parent or

1 legal guardian of a minor child who is a resident of the state, shall
2 provide to the department the following information with respect to each
3 of those minor children:

4 (1) full name;

5 (2) date of birth;

6 (3) current address if different from the parent or guardian's
7 address; and

8 (4) other information required by the department relating to
9 the eligibility of the child to, in the future, claim a dividend for the
0 immediately preceding year as a prior year dividend.

1 (d) The department shall maintain a record of the information pro-
2 vided under (c) of this section for each minor child until the time for
3 that child to file a claim for prior year dividends has expired. The
4 information required in (c) of this section may be used only to estimate
5 the number of future claims for prior year dividends and to verify the
6 eligibility of individuals who have filed claims for prior year dividends.
7 This information may be used in place of other proof of eligibility
8 permitted under (a) of this section and under AS 43.23.014(c). The
9 failure of a parent or guardian to provide the information required by
0 (c) of this section does not affect the child's eligibility in the
1 future to receive payment for a prior year dividend.

22 * Sec. 7. AS 43.23.030(2) is amended to read:

23 (2) determining the number of permanent fund dividends paid
24 during the current year plus an estimate of the number of dividends for
25 that year which individuals under 18 years of age will be eligible
26 in the future to claim as dividends for a prior year under AS 43.23.014;
27 and

28 * Sec. 8. AS 43.23.050 is amended by adding new subsections to read:

29 (c) Each year the department shall pay from the dividend fund all

1 permanent fund dividends payable to eligible individuals for the current
2 year and all permanent fund dividends for prior years, including inter-
3 est, payable that year to eligible individuals. The money remaining
4 each year after these payments are made, and any interest earned from
5 investment of money in the dividend fund, shall remain in the fund from
6 year to year so that there will be sufficient money in the fund to pay
7 claims for prior years' dividends when those claims are filed.

8 (d) The department shall review the status of the fund every four
9 years beginning in 1985 to determine whether there is sufficient money
10 in the fund to pay future claims for prior years' dividends. On August
11 1 of the year of a review the commissioner shall certify the amount of
12 an excess or the amount of a deficiency, as the case may be. If there
13 is an excess, the amount of income described in AS 43.23.030(1) shall be
14 increased by the amount of the excess for purposes of determining the
15 value of a permanent fund dividend under AS 43.23.030 to be paid in the
16 following year. If there is a deficiency, the amount of income describ-
17 ed in AS 43.23.030(1) shall be reduced by the amount of the deficiency
18 for purposes of determining the value of a permanent fund dividend under
19 AS 43.23.030 to be paid in the following year.

20 * Sec. 9. 1982 PERMANENT FUND DIVIDEND DISTRIBUTION. (a) This section
21 applies to the distribution of permanent fund dividends under AS 43.23 during
22 1982 only. The provisions of this section relating to the value of a per-
23 manent fund dividend, to eligibility requirements, and to application pro-
24 cedures, apply to the distribution of permanent fund dividends during 1982,
25 notwithstanding any contrary provisions of AS 43.23 that are in effect on the
26 effective date of this section or that take effect after the effective date of
27 this section. All other provisions of AS 43.23 in effect on the effective
28 date of this section apply to the distribution of dividends under this section

29 (b) An individual is eligible to receive one permanent fund dividend in

1982 if he makes application to the department, and on the date of application the individual

(1) is at least 18 years of age;

(2) is a state resident; and

(3) has been a state resident for a period of at least six consecutive months immediately preceding the date he applies.

(c) In determining the minimum period of an individual's residency required under (b)(3) of this section, the department may include months of residency both in 1982 and in 1981.

(d) The amount of each dividend for 1982 is \$1,000.

(e) An individual meets the requirement of making application to the department under (b) of this section if the individual

(1) before the effective date of this section and during 1982 filed an application with the department under AS 43.23.010; ~~and~~ ^{or}

(2) files an application with the department under this section within the time limits established by the department in regulations adopted under (g) of this section.

(f) As soon as possible after the effective date of this section, the department shall issue warrants for permanent fund dividends to eligible individuals. The department shall make application forms available and may continue to use the application forms prepared under AS 43.23.020(b) for applications under this section.

(g) The department may adopt regulations to govern the 1982 dividend distribution as emergency regulations under AS 44.62.250.

(h) The income of the Alaska permanent fund for fiscal year 1982 transferred to the dividend fund, may not be used for payment of dividends during 1982, but must remain in the dividend fund and be used for payment of permanent fund dividends during 1983 along with the fiscal year 1983 earnings of the Alaska permanent fund transferred to the dividend fund.

1 (i) In this section, "department" means the Department of Revenue.

2 * Sec. 10. Section 4, chapter 21, SLA 1980 is repealed.

3 * Sec. 11. AS 43.23.050(c) is repealed.

4 * Sec. 12. If the United States Supreme Court decides that AS 43.23-
5 .010(a) is invalid on the basis of the date specified in that subsection,
6 then the language specifying that date is severable, and all other provisions
7 of AS 43.23, as enacted in ch. 21, SLA 1980, remain in effect.

8 * Sec. 13. Sections 3 and 4 of this Act take effect 60 days after the
9 date that the United States Supreme Court decides that AS 43.23.010 is invalid
10 but also decides that AS 43.23.010 would not violate the United States
11 Constitution if the amount of a permanent fund dividend were determined by
12 accumulated years of residency in the state beginning on or after January 1,
13 1979.

14 * Sec. 14. Sections 1 and 2 of this Act take effect 60 days after the
15 date that the United States Supreme Court decides that AS 43.23.010 is inval-
16 id because the amount of a permanent fund dividend is determined by accumu-
17 lated years of residency in the state whether those years are counted before
18 or after January 1, 1979.

19 * Sec. 15. Sections 5, 6, 7, 8, 10, 11, 12 and 16 of this Act take effect
20 immediately in accordance with AS 01.10.070(c).

21 * Sec. 16. Notwithstanding the provisions of AS 43.23.014(c), enacted in
22 sec. 5 of this Act, which require an individual to file an application for
23 prior dividends within one year after reaching 18 years of age, an individual
24 may file a claim during 1983 for dividends for all prior years for which he
25 is eligible if that individual has turned 18 years of age on or before the
26 last day for filing an application during 1983.

27 * Sec. 17. Section 9 of this Act takes effect on the date that the United
28 States Supreme Court decides that AS 43.23.010 is for any reason invalid.

COMMITTEE REPORT

HOUSE

4/13/82

(11)

FURTHER:

(Engrossment waived.
Certified amendments
attached)

Date:

5/12/82

Mr. Speaker:

The Committee on FINANCE has had CSSB 842(Fin) am

"An Act providing for permanent fund dividends; eff 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 ^HCS for CSSB 842(FIN) same title new title
- and recommends without recommendation
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

CHAIRMAN

HOUSE FINANCE COMMITTEE

COMMITTEE LETTER OF INTENT

HCS CSSB 842

The Committee intends that the Department of Revenue engage in careful audit of Permanent Fund dividend applications and vigorously enforce the laws pertaining to fraud.

The Committee intends that the State's Attorney General carefully consider and review the United States Supreme Court's decision on the Permanent Fund dividend program created by the Legislature in 1980. The Committee intends that this consideration and review include consultation with interested attorneys and other citizens before the State's Attorney General issues an opinion as to whether the Supreme Court's decision allows Permanent Fund dividend payments to be based on accumulated years of residency if those years are counted after January 1, 1979.

Whatever the result of the State's Attorney General's opinion on the constitutionality of cumulative payments in 1983 and future years, the Committee intends that Permanent Fund dividends in the amount of \$1,000 per capita be paid in 1982 to eligible applicants if the United States Supreme Court either rules the Permanent Fund dividend program created by the Legislature in 1980 invalid for any reason by October 19, 1982, or if the Court has not made a determination by that date.

If the United States Supreme Court determines the Permanent Fund dividend program created by the Legislature in 1980 to be valid, the Committee intends that individuals who turn 18 years of age after January 1, 1979 have one year after attaining that age in which to claim all Permanent Fund dividends for which they have been eligible except for their age. This one-year "window of eligibility" at age 18 for claiming prior years' dividends does not apply until after the last day for filing an application for a Permanent Fund dividend in 1983, so that individuals who have turned 18 between January 1, 1979 and the last day of filing an application in 1983 may be able to collect dividends for 1979, 1980, and 1981. The Committee intends that individuals collecting for prior years' dividends upon reaching the age of 18 shall receive interest on their dividends; that interest shall be calculated at the average rate of return earned by the dividend fund.

If the United States Supreme Court determines the Permanent Fund dividend program created by the Legislature in 1980 to be for any reason invalid--or if the United States Supreme Court issues no decision on the program by October 19, 1982--the Committee intends that payment of Permanent Fund dividends be made to parents, guardians, or other authorized representatives for minors and incompetent individuals on behalf of those minors and incompetents. In cases in which there is no other appropriate guardian and the State is caring for a minor or incompetent, the State should ensure that the Permanent Fund dividends are protected and invested.

Under no circumstances should the State claim a Permanent Fund dividend for a minor who has a legal parent, guardian, or authorized representative other than the State. Under no circumstances should the State claim a dividend for an incompetent individual who has a legal guardian or authorized representative other than the State. A procedure should be established by regulation to avoid the necessity for a multitude of legal proceedings to establish guardianship for purposes of receiving Permanent Fund dividends.

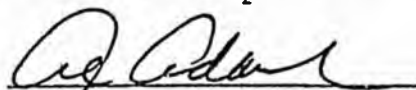
The Committee intends that the Department of Health and Social Services monitor the impacts of Permanent Fund dividends on public assistance programs and make a report to the Legislature within 90 days after the first payment of Permanent Fund dividends.

The Committee intends that the Department of Revenue issue warrants to eligible applicants as soon as possible under this legislation.

The Committee intends that the payment of dividends shall have first call on 50 percent of the income of the Permanent Fund available for distribution, regardless of what other uses the income is put to.

Economists appearing before the Legislature have predicted an economic slowdown in Alaska resulting from a decline in state spending and lending caused by recent drops in world oil prices. Economists appearing before the Legislature and other public forums in Alaska have argued that direct distribution of a portion of state revenues to all Alaskans--such as that embodied in the Permanent Fund dividend program--is the most efficient method of increasing Alaskans' incomes.

The Committee recognizes that virtually all the petroleum development in Alaska has occurred on publicly owned lands. This is in sharp contrast to other states, where vast accumulations of wealth have accrued to private landholders.


Al Adams, Chair
House Finance Committee

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Senate Bill No. 842 (Finance)
Title "An Act providing for permanent fund dividends"
Requested by Finance Committee Date 5/13/82

II. FISCAL DETAIL

Agency Affected Health and Social Services
Program Category Affected see analysis below
BRU, Program, Or Subprogram(s) Affected see analysis
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		175.2				
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		12,691.3				
TOTAL		12,866.5				

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		12,798.2				
FEDERAL FUNDS		68.3				
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME		8				
TEMPORARY						

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

- (A) The costs of a four-month "hold harmless" for Public Assistance recipients are incurred by substituting state funds for the 100% federal funding of the Food Stamp and Supplemental Security Income programs and for the 50% federal funding in the AFDC and Medicaid programs.

Cost increases for cash assistance hold harmless (including Food Stamps) will be in the General Relief Assistance component of the Soc. and Econ. Assistance for the General Population BRU. Costs for full medical hold harmless will be in the GRM component of the Public Health BRU. Staff costs are born by the Eligibility Determination component of the Public Assistance Administration BRU.

(Continued on attached pages)

IV. DATE 5/13/82 PREPARED BY [Signature]
AGENCY Department of Health and Social Services PHONE 465-3347
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Name)

JCC

- (B) Staff resources necessary to promptly process entire assistance caseload with no adverse effects on accuracy or timeliness of substitute benefits:

Overtime for existing field staff:	100.0
8 seasonal new field staff (4 months each):	75.2
Total	175.2
State Funds	106.2
Federal Funds	68.3

- (C) The funding chart below presents the costs of a 4-month hold harmless with minors' dividends being distributed to parents. Costs are in state funds only.

<u>Food Stamps</u>	4,930.0
<u>Aid to Families with Dependent Children</u>	3,586.9
<u>Adult Public Assistance</u>	1,688.4
<u>Medicaid</u>	(2,486.0)
<u>General Relief Cash Assistance</u>	0
<u>General Relief-Medicaid</u>	4,972.0
<u>Eligibility Determination</u>	106.9
Total FY 83 State Funds	<u>12,798.2</u>

Assumptions:

- (1) Base is Governor's FY 83 budget.
- (2) Costs assume 100% ineligibility for the first month for all Federal programs with this additional continuing ineligibility:
 - Food Stamps: 35% of households will be ineligible for 3 additional months.
 - AFDC: 35% of families will be ineligible for 4 additional months.
 - Medicaid: \$100/mo. State funds savings per ineligible APA and AFDC recipient.
 - GRM: \$200/mo. increase per ineligible APA and AFDC recipient due to loss of 50% federal funds.
- (3) Hold harmless will continue to provide ineligibles with total medical protection, but under GR Medical rather than Medicaid.
- (4) Nursing home recipients would not be required to pay their PFD toward their cost of care, and 30% of them would remain ineligible for the full 4 months.
- (5) The costs assume all 4 months of the hold harmless will occur in FY 83. Because of other program changes, caseload changes, and some uncertainty over the size of the FY 84 dividend, there are too many uncertainties at this time to estimate an FY 84 hold harmless cost, for any hold harmless time period.

(D) If the Supreme Court rules so that minors' dividends are placed in a trust rather than distributed, the costs of a 4-month hold harmless are reduced. This estimate uses the same assumptions as (C), except that with no minors' distribution, we assume only 25% Food Stamp households ineligible for only two additional months and 20% AFDC households ineligible for only 3 additional months, with a corresponding effect on Medical costs.

<u>Food Stamps</u>	4,350.0
<u>Aid to Families with Dependent Children</u>	2,799.7
<u>Adult Public Assistance</u>	1,688.4
<u>Medicaid</u>	(2,400.9)
<u>General Relief Cash Assistance</u>	0
<u>General Relief-Medicaid</u>	4,801.8
<u>Eligibility Determination</u>	106.9
Total FY 83 State Funds	<u>11,345.9</u>

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CSSB842(Fin)am

Title: Providing for Permanent Fund Dividends.

Requested by: House Finance Committee Date: May 13, 1982

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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	57.8	-	-	-	-
200 TRAVEL	-	4.0	-	-	-	-
300 CONTRACTUAL	-	90.0	-	-	-	-
400 COMMODITIES	-	3.0	-	-	-	-
500 EQUIPMENT	-	5.0	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	159.8	-	-	-	-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
FY 83 PFD appropriation of \$150,400,000	-	159.8	-	-	-	-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	1	-	-	-	-
PART TIME	-	1	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

The Governor's Budget request for FY 83 contains administrative costs and payments funding for 1981 Permanent Fund Dividends. However, SB 842 adds alternatives not contained in the Governor's Budget. These additional administrative costs are requested to be funded from the \$150,400,00 permanent fund dividend amount requested in the Governor's Budget for FY 83. Administrative costs can be applied to the \$150,400,000 because the total payments to be made under SB 842 are less than those originally planned by the Governor. The appropriation for permanent fund dividends authorized in FY 81 was comprised of administrative costs and funding for dividend payments. The source of funding for the Fiscal Note continues that same procedure.

Dividend Fund established as separate fund in Treasury. Used to pay permanent fund dividends annually.

Personal Services is for half-time Investment Officer II (R22,X) and full-time Accounting Tech. II (R14,G) for associated accounting and reporting. Contractual Services: Comm. \$5.0; Print & Adv. \$10.0; Safekeeping and related reporting/accounting \$50.0; Audit \$20.0; Misc. \$5.0. Equipment is for new positions.

IV. DATE: May 13, 1982

PREPARED BY: Anselm C. Staack

A. Staack
Treasury Comptroller

AGENCY: Dept. of Revenue, Treasury Div.

PHONE: 465-2350

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CSSB 842 (Fin)amTitle: An act providing for permanent fund dividendsRequested by: House FinanceDate: May 13, 1982

II. FISCAL DETAIL

Agency Affected: Department of RevenueProgram Category Affected: General GovernmentBRU, 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	648.5	-	-	-	-
200 TRAVEL	-	41.0	-	-	-	-
300 CONTRACTUAL	-	68.5	-	-	-	-
400 COMMODITIES	-	4.8	-	-	-	-
500 EQUIPMENT	-	14.4	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	777.2	-	-	-	-

Funding for FY 84 thru FY 87 will continue at 7 percent inflation factor.

FUNDING (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
FY 83 PFD approp. of \$150,400,000	-	777.2	-	-	-	-

POSITIONS

FULL TIME	-	22/264mm	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

The Governor's Budget request for FY 83 contains administrative costs and payment funding for 1981 permanent fund dividends. However, SB 842 adds alternatives not contained in the Governor's Budget. These additional administrative costs are requested to be funded from the \$150,400,000 permanent fund dividend amount requested in the Governor's Budget for FY 83. Administrative costs can be applied to the \$150,400,000 because the total payments to be made under SB 842 are less than those originally planned by the Governor. The appropriation for permanent fund dividends authorized in FY 81 was comprised of administrative costs and funding for dividend payments. The source of funding for this fiscal note continues that same procedure.

Analysis and expenditure detail is attached.



IV. DATE: May 13, 1982

PREPARED BY: Mariella L. Gemmer, DirectorAGENCY: Department of RevenuePHONE: (907) 465-2366

Original: Legislative Finance

cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

CSSB 842(Fin)am
Analysis & Expenditure Detail for
Enforcement Division

Under this bill the impact on the Enforcement Division will be Sec. 43.23.015 (or .020) which will require the determination of an individual's proof of eligibility; Sec. 43.23.035 (or .040) which allows for the collection of permanent fund dividends that are improperly made and Sec. 43.23.065 (or .070) which allows for the levy, execution, garnishment or attachment of 50% of an individual's Permanent Fund Dividend payment.

For the base year which is 1982, the filing period will be re-opened to allow all those individuals to file who qualified for 1979 and 1980 dividends but for any reason did not. With the reduction in the eligibility requirements it will also allow a greater number of residents to apply who did not qualify in 1980 or 1981. With this in mind, we estimate 276,971 applications for the 1982 base year.

The addition of minors will result in approximately 147,000 more applications and payments. Determining the eligibility of minors who are not in school, who have not received a social security number, who are involved in name changes, or those children whose divorced parents have joint custody will be most difficult.

To fulfill the requirements of Sec. 43.23.015 (or .020), we will need 3 Eligibility Technicians.

To fulfill the requirements of Sec. 43.23.035 (or .040), we will need one Revenue Enforcement Officer position.

To fulfill the requirements of Sec. 43.23.065 (or .090) we will need one Accounting Technician I.

The Clerk Typist III position will provide clerical support for the Enforcement Officer and 2 of the Eligibility Technicians who will be stationed in Anchorage.

To fulfill the requirements of AS 43.23.005 (or .010 or .020) we will need 1 Revenue Enforcement Officer, 2 Eligibility Technicians and 1 Clerk Typist III for clerical support.

Expenditure detail:

Personal Services		
Current staff - 12 positions	\$377.9	
New positions - 10 positions	<u>270.6</u>	\$648.5
Travel . .	<u>41.0</u>	41.0
Contractual		
Five CRT's - Anchorage	23.2	
Two CRT's - Juneau	9.3	
Space	18.4	
Telephone, postage, misc.	<u>17.6</u>	68.5
Commodities	<u>4.8</u>	4.8
Equipment for 10 new positions	14.4	<u>14.4</u>
		<u>\$777.2</u>

MLG:1w

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CSSB842(Fin)am

Title: Providing for Permanent Fund dividends.

Requested by: House Finance Committee

Date: May 13, 1982

II. FISCAL DETAIL

Agency Affected: Department of Revenue

Program Category Affected: General Government

BRU, Program, or Subprogram(s) Affected: Administrative & Public 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	701.8	-	-	-	-
200 TRAVEL	-	65.0	-	-	-	-
300 CONTRACTUAL	-	762.5	-	-	-	-
400 COMMODITIES	-	5.0	-	-	-	-
500 EQUIPMENT	-	125.0	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	1,659.3	-	-	-	-

FUNDING (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
FY 83 PFD appropriation of \$150,400,000	-	1,659.3	-	-	-	-

POSITIONS

FULL TIME	-	9/108mm	-	-	-	-
PART TIME	-	30/188mm	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

The Governor's Budget request for FY 83 contains administrative costs and payments funding for 1981 Permanent Fund Dividends. However, SB 842 adds alternatives not contained in the Governor's Budget. These additional administrative costs are requested to be funded from the \$150,400,00 permanent fund dividend amount requested in the Governor's Budget for FY 83. Administrative costs can be applied to the \$150,400,000 because the total payments to be made under SB 842 are less than those originally planned by the Governor. The appropriation for permanent fund dividends authorized in FY 81 was comprised of administrative costs and funding for dividend payments. The source of funding for the Fiscal Note continues that same procedure.

See the attached detail.

IV. DATE: May 13, 1982

PREPARED BY: P.A. Wall

AGENCY: Revenue

PHONE: 465-2313

Original: Legislative Finance

Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

SB 842

FY84 will reflect actual cost of alternative finally implemented. The above costs assume a worse case situation of per capita distribution late in calendar year 1982 which includes another form and assistance for minors followed later by invalidation of the present law and implementation of a new PFD program for 1983.

Any expenditure made under the operating budget for FY83 will not be made under this allocation.

There is adequate funding in the appropriation for both administrative costs and payment of the Permanent Fund Dividends.

Positions -

9 positions - to continue positions presently authorized in support of AS 43.23 which provide:

- a. Recruitment, hiring, EEO and contract administration, lease accounting and related personnel/payroll services.
- b. Design and/or modification of computerized distribution system for eligible individuals. Maintain existing system which provides for the immediate distribution of dividend payments to eligible individuals who applied in 1980 and 1981.
- c. Forms procurement and distribution, accounts payable including voucher preparation. Supply services. Trust accounting for Treasury.
- d. Assistance to the public through response to phone, mail and in-person inquiries at service counters and in rural communities.

Administrative Services -

PFT PCN 1100, R 12D @ \$2,073 mo plus
32% costs = 32.8

PFT PCN 1124, R 18F @ \$3,371 mo plus
32% costs = 53.4

PFT PCN 1104, R 8A @ \$1,513 mo plus
32% costs = 22.1

9 PPT Tax Scanners R 8 @ \$1,487 mo plus
32% costs for 9 mos = 159.0

Batch control, correction dividend payment
release, stop payments on garnishments and
other attachments, data capture of applications,

address changes and amendments, mail opening and distribution, document control, numbering, batching.

3 PPT Tax Scanners R8 @ \$1,487 mo
plus 32% costs for 3 months = 17.7

Provide for 147,000 minor and incompetent applications, batch control, correction, dividend payment release, data capture, mail opening and distribution, document control, numbering and batching. Trust accounting necessary for Treasury.

Total Administrative Services positions for FY83 = 285.0

Public Services -

PFT PCN 2018, R 12 C @ \$2,010 mo plus
32% costs = 31.8

PFT FCN 2019, R 20F @ \$3,851 mo plus
32% costs = 61.0

PFT PCN 2027, R 7A @ \$1.408 mo plus
32% costs = 22.3

PFT PCN 2030, R 15F @ \$2,379 mo plus
32% costs = 43.4

PFT PCN 2033, R 18B @ \$2,640 mo plus
32% costs = 41.8

PFT PCN 2099, R 8B @ \$1,530 mo plus
32% costs = 24.2

11 PPT Tax Scanners R 8 @ \$ 1,487 mo
plus 32% costs for 7 mos =151.1

Phone, letter and counter response to inquiries at Juneau, Anchorage and Fairbanks. Application assistance in urban and rural communities. Receipt, filing and re-issue of returned undeliverable and unclaimed dividend payments. Furnish copies of applications upon authorized request.

7 PPT Tax Scanners R8 @ \$1,487 mo.
plus 32% costs for 3 months = 41.2

Total Public Services Positions for FY83 = 416.8

Total Positions for FY83 = 701.8

Other Expenditures -

Contractual:

Forms and Instructions:

250,000 pre-addressed @ \$78 mm. = 22.1

150,000 for handout and response to requests
@ \$13 mm = 2.0

Postage:

Correspondence - 10,000 @ .25 = 5.5

Forms and instructions -

250,000 @ .22 = 75.0

50,000 @ .25 = 32.5

Dividend payment warrants - 434,000 @ .25 = 101.2
and mailing returned warrants-

Data Processing (includes development, data
capture and production:

Computer Resource Units: 90,000 @ 1.25
per unit = 162.0

Common output units: 275 @ 31 (reports,
warrants, com) = 12.5

Storage Units: Master and distribution
file: 3,700 @ \$14 = 74.2

Miscellaneous including garnishments:
500 @ \$14 = 14.8

Backup - Tape: = .1

Warrant stock: 287,000 @ \$35 mm = 15.1

Warrant Envelopes: 287,000 @ \$12.43 mm = 5.4

Terminals:

Data Capture CRT's: @\$3,900 each	=	15.6
Data Management CRT's @ 4,600 each	=	18.4
Printer - 1 @ \$7,026	=	7.0
Controller - 1 @ \$4,679	=	4.7

Toll calls including Zenith:

Administrative Services	=	6.0
Public Services	=	22.0

Public Services advertising, radio, TV, newspapers	=	35.0
--	---	------

Public Services contracting for applicant assistance	=	140.0
--	---	-------

Miscellaneous contractual:

Administrative Services	=	4.0
Public Services	=	6.0

Total Contractual for FY83	=	<u>762.5</u>
----------------------------	---	--------------

Travel:

Public Services travel to provide application assistance	=	65.0
--	---	------

Total travel	=	<u>65.0</u>
--------------	---	-------------

Commodities: Administrative Services	=	2.0
--------------------------------------	---	-----

Public Services	=	3.0
-----------------	---	-----

Total Commodities	=	<u>5.0</u>
-------------------	---	------------

Equipment - Microfilm System	=	125.0
------------------------------	---	-------

Total Equipment	=	<u>125.0</u>
-----------------	---	--------------

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 842 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for 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 is amended by adding new sections to read:

10 Sec. 43.23.005. ELIGIBILITY. (a) An individual is eligible to
11 receive one permanent fund dividend each year in an amount to be deter-
12 mined under AS 43.23.025 if the individual applies to the department,
13 and if on the date of application the individual

14 (1) is a state resident; and

15 (2) has been a state resident for a period of at least six
16 consecutive months immediately preceding the date of application.

17 (b) In determining the minimum period of an individual's residency
18 required under (a)(2) of this section, the department may include months
19 of residency both in the current year and in the immediately preceding
20 year.

21 (c) A parent, guardian, or other authorized representative may
22 claim a permanent fund dividend on behalf of an unemancipated minor or on
23 behalf of an incompetent individual who is eligible to receive a payment
24 under this section.

25 Sec. 43.23.015. APPLICATION AND PROOF OF ELIGIBILITY. (a) The
26 commissioner shall adopt regulations under the Administrative Procedure
27 Act (AS 44.62) for determining the eligibility of individuals for per-
28 manent fund dividends. The commissioner may require an individual to
29 provide proof of eligibility, and the commissioner may use other infor-

1 mation available from other state departments or agencies to determine
2 the eligibility of an individual.

3 (b) The department shall prescribe and furnish an application form
4 for claiming a permanent fund dividend. The application must contain a
5 statement of eligibility and a certification of residency in substan-
6 tially the following form:

7 I certify that

8 () I am a state resident on the date of this
9 application and I have been a state resident for
10 at least six months immediately preceding the date
11 of this application; or

12 () (name), the individual on whose behalf I am apply-
13 ing is a state resident and has been a state resident
14 for at least six months immediately preceding the date
15 of this application.

16 I understand that a false claim of residency
17 to obtain a permanent fund dividend for myself or
18 for another is a criminal offense and that if con-
19 victed I will forfeit future permanent fund divi-
20 dends and that I must repay all permanent fund
21 dividends that have been paid to me. I understand
22 that this penalty is in addition to any criminal
23 penalties imposed.

24
25 _____
26 (signature of individual, parent,
27 guardian, or other authorized
28 representative)

29 (c) Except as provided in (d) of this section or as may be provided
by regulations adopted by the department, an individual must personally

1 sign the application for permanent fund dividends, including the certi-
2 fication of residency required under (b) of this section.

3 (d) The application and certification of residency of an unemanci-
4 pated individual under 18 years of age or of an incompetent individual
5 must be signed by the individual's parent, legal guardian, or other
6 authorized representative.

7 (e) If a public agency claims a permanent fund dividend on behalf
8 of an individual, the public agency shall hold the dividend in trust for
9 the individual. Money held in trust under this subsection shall be
10 invested by the commissioner in accordance with AS 37.10.070.

11 (f) A minor or an incompetent individual may not maintain a claim
12 against the state or an officer or employee of the state based on the
13 manner in which the parent, guardian, or authorized representative other
14 than a public agency of the state managed or disposed of permanent fund
15 dividends received on behalf of the minor or incompetent individual.

16 (g) If an individual is aggrieved by a decision of the department
17 determining the individual's eligibility for a permanent fund dividend
18 or the individual's authority to claim a permanent fund dividend on
19 behalf of another, the individual may appeal that decision to the super-
20 ior court in accordance with AS 44.62.560. An appeal under this section
21 does not entitle the aggrieved individual to a trial de novo. The
22 appeal shall be based on the record of the administrative proceeding
23 from which appeal is taken and the scope of appeal is limited to matters
24 contained in the record of the administrative proceeding.

25 (h) The penalty and enforcement provisions of AS 43.23.035 apply
26 to an individual who claims a permanent fund dividend on behalf of
27 another.

28 Sec. 43.23.025. AMOUNT OF DIVIDENDS. By September 1 of each year
29 the commissioner shall give public notice of the value of each permanent

1 fund dividend for that year. The commissioner shall determine the value
2 of a permanent fund dividend by

3 (1) determining the amount of income of the Alaska permanent
4 fund transferred to the dividend fund under AS 43.23.045(b) during the
5 current year;

6 (2) determining the number of individuals eligible to receive
7 a dividend payment for the current year; and

8 (3) dividing the amount determined in (1) of this section by
9 the amount determined in (2) of this section.

10 Sec. 43.23.035. PENALTIES AND ENFORCEMENT. (a) In addition to
11 any criminal penalties imposed by state law, if an individual is con-
12 victed of a crime in connection with a false statement made in a certi-
13 fication required under AS 43.23.015, and the conviction is not reversed,
14 that individual forfeits all permanent fund dividends paid and is not
15 eligible for a future permanent fund dividend.

16 (b) If the commissioner determines that a permanent fund dividend
17 should not have been claimed by or paid to an individual, the commis-
18 sioner may use all collection procedures or remedies available for
19 collection of taxes under this title to recover the payment of a per-
20 manent fund dividend that was improperly made. A notice of an improperly
21 paid dividend must be sent to the individual within 10 years after the
22 improper payment. If notice is not sent within the 10-year period,
23 proceedings may not be commenced in court for recovery of the improper
24 payment.

25 Sec. 43.23.045. DIVIDEND FUND. (a) The dividend fund is estab-
26 lished as a separate fund in the state treasury. The dividend fund
27 shall be administered by the commissioner and shall be invested by the
28 commissioner in the same manner as provided in AS 37.10.070.

29 (b) Notwithstanding any contrary provision of law, each year the

1 commissioner shall transfer to the dividend fund 50 percent of the
2 income of the Alaska permanent fund earned during the fiscal year ending
3 on June 30 of the current year and available for distribution.

4 (c) The department may adopt by regulation a plan that, to the
5 extent permitted by federal law, will allow an individual who elects to
6 participate in the plan to select an optional disbursement of the divi-
7 dend payment that would have the effect of deferring payment of all or a
8 portion of federal income taxes on the receipt of a permanent fund
9 dividend.

10 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

11 (1) annually pay permanent fund dividends from the dividend
12 fund;

13 (2) adopt regulations under the Administrative Procedure Act
14 (AS 44.62) that establish procedures and time limits for claiming a
15 permanent fund dividend; the department shall set the time limit for
16 applications for permanent fund dividends so that the number of eligible
17 applicants is determined by September 1 and permanent fund dividends for
18 a year are paid before December 31 of that year;

19 (3) adopt regulations under the Administrative Procedure Act
20 (AS 44.62) that establish procedures and time limits for an individual
21 upon emancipation or upon reaching majority to apply for permanent fund
22 dividends not received during minority because the parent, guardian, or
23 other authorized representative did not apply on behalf of the indi-
24 vidual; and

25 (4) assist residents of the state, particularly in rural
26 areas, who because of language, disability, or inaccessibility to public
27 transportation need assistance to establish eligibility and to apply for
28 permanent fund dividends.

29 Sec. 43.23.065. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty

1 percent of the annual permanent fund dividend payable to an individual
2 is exempt from levy, execution, garnishment, attachment, or any other
3 remedy for the collection of debt. This exemption applies to an elig-
4 ible individual's permanent fund dividend both before and after payment
5 is made to the individual. No exemption is available under this section
6 for permanent fund dividends taken to satisfy child support obligations
7 required by court order or decision of the child support enforcement
8 agency under AS 47.23.140 - 47.23.220.

9 Sec. 43.23.075. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) In deter-
10 mining the eligibility of an individual under a public assistance
11 program administered by the Department of Health and Social Services in
12 which eligibility for assistance is based on financial need, the Depart-
13 ment of Health and Social Services may not consider a permanent fund
14 dividend as income or resources received by the recipient of public
15 assistance or by a member of the recipient's household unless required
16 to do so by federal law or regulation. The Department of Health and
17 Social Services shall notify all recipients of public assistance of the
18 effects of receiving a permanent fund dividend.

19 (b) An individual who is denied medical assistance under Title XIX
20 of the federal Social Security Act (42 U.S.C. 1396 et seq.) solely
21 because of the receipt of a permanent fund dividend by the individual or
22 by a member of the individual's household is eligible for state-funded
23 medical assistance under the general relief assistance program (AS 47.-
24 25.120 - 47.25.300). The individual is entitled to receive, for a
25 period not to exceed four months, the same level of medical assistance
26 as the individual would have received under Title XIX of the federal
27 Social Security Act had there been no permanent fund dividend program.

28 (c) An individual who is denied assistance solely because permanent
29 fund dividends received by the individual or by a member of the indivi-

1 dual's household are counted as income or resources under federal law or
2 regulation is eligible for cash assistance under the general relief
3 assistance program (AS 47.25.120 - 47.25.300). Notwithstanding the
4 limit in AS 47.25.130, the individual is entitled to receive, for a
5 period not to exceed four months, the same amount as the individual
6 would have received under other public assistance programs had there
7 been no permanent fund dividend program.

8 Sec. 43.23.085. ELIGIBILITY FOR STATE PROGRAMS. No program admin-
9 istered by the state or any of its instrumentalities or municipalities,
10 the eligibility for which is based on financial need, shall consider a
11 permanent fund dividend as income or resources unless required to do so
12 by federal law or regulation.

13 Sec. 43.23.095. DEFINITIONS. In this chapter,

14 (1) "Alaska permanent fund" means the fund established by
15 art. IX, sec. 15 of the state constitution;

16 (2) "commissioner" means the commissioner of revenue;

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

18 (4) "dividend fund" means the fund established by AS 43.-
19 23.045;

20 (5) "individual" means a natural person;

21 (6) "permanent fund dividend" means a right to receive a
22 payment from the dividend fund;

23 (7) "state resident" means an individual who is physically
24 present in the state with the intent to remain permanently in the state
25 or, if the individual is not physically present in the state, intends to
26 return to the state and is absent only for any of the following reasons:

27 (A) vocational, professional, or other specific educa-
28 tion for which a comparable program was not reasonably available in
29 the state;

- 1 (B) secondary or postsecondary education;
2 (C) military service;
3 (D) medical treatment;
4 (E) service in Congress; or
5 (F) other reasons which the commissioner may establish
6 by regulation;

7 (8) "year" means a calendar year.

8 * Sec. 2. AS 43.23.010(a) is amended to read:

9 (a) An individual who is eligible under (b) of this section is
10 entitled to one permanent fund dividend for each full year that the
11 individual is a state resident after January 1, 1932 [1959].

12 * Sec. 3. AS 43.23.010(b) is amended to read:

13 (b) For each year, an individual is eligible to receive payment of
14 the permanent fund dividends for which the individual [HE] is entitled
15 under this section if the individual [HE]

16 (1) IS AT LEAST 18 YEARS OF AGE; AND

17 (2) is a state resident during all or part of the year for
18 which the permanent fund dividend is paid.

19 * Sec. 4. AS 43.23.010 is amended by adding a new subsection to read:

20 (g) A parent, guardian, or other authorized representative may
21 claim a permanent fund dividend on behalf of an unemancipated minor or
22 on behalf of an incompetent individual who is eligible to receive a
23 payment under this section.

24 * Sec. 5. AS 43.23.020 is repealed and reenacted to read:

25 Sec. 43.23.020. APPLICATION AND PROOF OF ELIGIBILITY. (a) The
26 commissioner shall adopt regulations under the Administrative Procedure
27 Act (AS 44.62) for determining the eligibility of individuals for per-
28 manent fund dividends. The commissioner may require an individual to
29 provide proof of eligibility, and the commissioner may use other informa-