

LEG. FINANCE - BILLS 1983 - 1984 . 2055

CSSB 215 cont. - SB 215 2055

1 the income of the Alaska permanent fund earned during the fiscal year
2 ending on June 30 of the current year and available for distribution.

3 * Sec. 3. AS 47.45.010 is amended to read:

4 Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

5 (a) A person who is 65 years of age or over, who has been a resident
6 of the state for at least one year immediately preceding the applica-
7 tion for a longevity bonus under this chapter [WAS DOMICILED IN THE
8 TERRITORY ON OR BEFORE JANUARY 3, 1959 AND WHO HAS MAINTAINED A CON-
9 TINUOUS DOMICILE IN THE TERRITORY OR STATE FOR 25 YEARS] may apply to
10 the commissioner of administration for qualification to receive a
11 monthly bonus [OF \$250].

12 (b) When the commissioner of administration determines that an
13 applicant qualifies under AS 47.45.010 - 47.45.170 the commissioner
14 [HE] shall immediately begin payment of the bonus.

15 (c) A person who otherwise qualifies to receive a bonus provided
16 for in AS 47.45.010 - 47.45.170 may continue to do so only as long as
17 that person continues to be a resident of [HE CONTINUOUSLY RETAINS A
18 DOMICILE IN] the state.

19 * Sec. 4. AS 47.45.010 is amended by adding a new subsection to read:

20 (d) The amount of the monthly bonus is (1) \$250, increased by
21 three percent each year beginning in the state fiscal year 1985; or
22 (2) an amount equal to eight and one-third percent of the amount
23 credited to the longevity bonus account for the previous fiscal year
24 under AS 37.13.147, exclusive of earnings, divided by the number of
25 qualified applicants under this section; whichever amount is less.

26 * Sec. 5. AS 47.45.030 is amended to read:

27 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification a
28 [A] recipient shall notify the commissioner of administration when the
29 recipient [HE] expects to be absent from the state if the absence is

1 for a continuous period that exceeds 30 days. After that notifica-
2 tion, the recipient shall no longer receive bonuses from the Depart-
3 ment of Administration after the [HIS] last regularly approved monthly
4 application. Upon returning [HIS RETURN] to the state the recipient
5 [HE] may again make application for a bonus. Whenever the absence is
6 for a continuous period that exceeds 180 days the recipient shall be
7 disqualified from receiving bonuses for the next 12 calendar months
8 after returning [HIS RETURN] to the state. However, when the commis-
9 sioner of administration determines a period of absence is beyond the
10 control of the recipient, the recipient [HE] may not be disqualified,
11 if the recipient [HE] still otherwise qualifies upon returning [HIS
12 RETURN] to the state. Continual absences from the state, even though
13 reported, and failure to notify the commissioner of an expected ab-
14 sence may be grounds for disqualification.

15 * Sec. 6. AS 47.45.090 is repealed and reenacted to read:

16 Sec. 47.45.090. ALASKA LONGEVITY BONUS FUND. The Alaska longev-
17 ity bonus fund is established for the purpose of paying the monthly
18 bonuses provided for in this chapter. The fund consists of money
19 appropriated to the fund by the state legislature from the longevity
20 bonus account established under AS 37.13.147.

21 * Sec. 7. AS 47.45 is amended by adding a new section to read:

22 Sec. 47.45.145. ACCESS TO RECORDS. Notwithstanding any contrary
23 provision of state or municipal law the commissioner of administration
24 may examine records or documents in the possession of state agencies
25 or municipal governments that contain information relating to the
26 length of state residence of an applicant for a monthly bonus under
27 this chapter.

28 * Sec. 8. AS 47.45.150 is amended by adding a new paragraph to read:

29 (3) "resident" or "resident of the state" means an

1 individual who is physically present in the state with the intent to
2 remain in the state indefinitely and to make a home in the state. A
3 person demonstrates the requisite intent only by maintaining a princi-
4 pal place of abode in the state for the one year required by AS 47.-
5 45.010(a) and by providing other proof of intent the commissioner may
6 require by regulation, including proof that the person is not claiming
7 residency outside the state or obtaining benefits under a claim of
8 residency outside the state.

9 * Sec. 9. AS 47.45.170 is repealed and reenacted to read:

10 Sec. 47.45.170. FINDINGS AND PURPOSE. The legislature finds and
11 declares that

12 (1) the high cost of goods and services in Alaska and the
13 state's remoteness and harsh environment, make it difficult for many
14 elderly Alaskans to remain in the state after retirement;

15 (2) when a person is forced to live out retirement years
16 away from home, family and friends, that person suffers an irreparable
17 loss;

18 (3) Alaska's elderly are a precious human resource, and it
19 is in the public interest to provide a financial incentive for them to
20 remain in the state after retirement;

21 (4) as oil revenues decrease, it will become increasingly
22 difficult for the legislature to fund the longevity bonus program
23 through annual appropriations and the income of the Alaska permanent
24 fund is an appropriate source of funding for the longevity bonus
25 program; and

26 (5) it is in the public interest to continue the longevity
27 bonus program for all elderly Alaskans irrespective of need. The
28 longevity bonus program is not a form of welfare, and is not a substi-
29 tute for or supplement to public assistance. Other programs are

1 available to provide the basic necessities of life. The longevity
2 bonus program is intended only to encourage elderly Alaskans to spend
3 their retirement years in the comfort of their homes.

4 * Sec. 10. AS 47.45.150(2) is repealed.

5 * Sec. 11. This Act takes effect July 1, 1983.

Offered: 5/17/83

Original sponsors: Ray and Kerttula

1 IN THE SENATE BY THE RULES COMMITTEE
2 CS FOR SENATE BILL NO. 215 (2d Rules)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the use of Alaska permanent fund
7 income to pay longevity bonuses; amending the longev-
8 ity bonus program and the permanent fund dividend
9 distribution program; and providing for an effective
10 date."

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

12 * Section 1. AS 37.13 is amended by adding a new section to read:

13 Sec. 37.13.147. LONGEVITY BONUS ACCOUNT. (a) The longevity
14 bonus account is established as a separate account in the Alaska per-
15 manent fund. Notwithstanding the provisions of AS 37.13.145, 12.5
16 percent of the income of the permanent fund earned during the fiscal
17 year ending on June 30 of the current year that is available for dis-
18 tribution under AS 37.13.140 shall be credited to the longevity bonus
19 account.

20 (b) Money in the longevity bonus account shall be invested in
21 investments authorized under AS 37.13.120. The longevity bonus ac-
22 count shall be credited with earnings at an interest rate equal to the
23 average rate of interest earned on the Alaska permanent fund.

24 (c) The legislature may annually appropriate an amount suffi-
25 cient to pay monthly longevity bonuses for the subsequent fiscal year
26 under AS 47.45.010(d) from the longevity bonus account to the Alaska
27 longevity bonus fund established under AS 47.45.090.

28 * Sec. 2. AS 43.23.045(b) is amended to read:

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

1 commissioner shall transfer to the dividend fund 37.5 [50] percent of
2 the income of the Alaska permanent fund earned during the fiscal year
3 ending on June 30 of the current year and available for distribution.

4 * Sec. 3. AS 47.45.010 is amended to read:

5 Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

6 (a) A person who is 65 years of age or over, who has been a resident
7 of the state for at least one year immediately preceding the applica-
8 tion for a longevity bonus under this chapter [WAS DOMICILED IN THE
9 TERRITORY ON OR BEFORE JANUARY 3, 1959 AND WHO HAS MAINTAINED A CON-
10 TINUCUS DOMICILE IN THE TERRITORY OR STATE FOR 25 YEARS] may apply to
11 the commissioner of administration for qualification to receive a
12 monthly bonus [OF \$250].

13 (b) When the commissioner of administration determines that an
14 applicant qualifies under AS 47.45.010 - 47.45.170 the commissioner
15 [HE] shall immediately begin payment of the bonus.

16 (c) A person who otherwise qualifies to receive a bonus provided
17 for in AS 47.45.010 - 47.45.170 may continue to do so only as long as
18 that person continues to be a resident of [HE CONTINUOUSLY RETAINS A
19 DOMICILE IN] the state.

20 * Sec. 4. AS 47.45.010 is amended by adding a new subsection to read:

21 (d) The amount of the monthly bonus is (1) \$250, increased by
22 three percent each year beginning in the state fiscal year 1985; or
23 (2) an amount equal to eight and one-third percent of the amount
24 credited to the longevity bonus account for the previous fiscal year
25 under AS 37.13.147, exclusive of earnings, divided by the number of
26 qualified applicants under this section; whichever amount is less.

27 * Sec. 5. AS 47.45.030 is amended to read:

28 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification a
29 [A] recipient shall notify the commissioner of administration when the

1 recipient [HE] expects to be absent from the state if the absence is
2 for a continuous period that exceeds 30 days. After that notifica-
3 tion, the recipient shall no longer receive bonuses from the Depart-
4 ment of Administration after the [HIS] last regularly approved monthly
5 application. Upon returning [HIS RETURN] to the state the recipient
6 [HE] may again make application for a bonus. Whenever the absence is
7 for a continuous period that exceeds 180 days the recipient shall be
8 disqualified from receiving bonuses for the next 12 calendar months
9 after returning [HIS RETURN] to the state. However, when the commis-
10 sioner of administration determines a period of absence is beyond the
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13 RETURN] to the state. Continual absences from the state, even though
14 reported, and failure to notify the commissioner of an expected ab-
15 sence may be grounds for disqualification.

16 * Sec. 6. AS 47.45.090 is repealed and reenacted to read:

17 Sec. 47.45.090. ALASKA LONGEVITY BONUS FUND. The Alaska longev-
18 ity bonus fund is established for the purpose of paying the monthly
19 bonuses provided for in this chapter. The fund consists of money
20 appropriated to the fund by the state legislature from the longevity
21 bonus account established under AS 37.13.147.

22 * Sec. 7. AS 47.45 is amended by adding a new section to read:

23 Sec. 47.45.145. ACCESS TO RECORDS. (a) Notwithstanding any
24 contrary provision of state law or state agency regulation, the com-
25 missioner of administration may have access to and examine records,
26 documents, or other information in the possession of a state agency,
27 other than personal income tax returns filed under AS 43.20, if the
28 records, documents, or information relate to the length of state
29 residence of an applicant for, or a recipient of, a monthly bonus

1 under this chapter.

2 (b) If the commissioner of administration receives confidential
3 information under (a) of this section, that information may be used
4 only to confirm or rebut an applicant's declaration of length of state
5 residence. If a person discloses information obtained under this
6 section for a purpose other than to rebut an applicant's declaration
7 of length of state residence in an appropriate administrative or
8 judicial proceeding, that person is subject to the penalty that
9 applies to unauthorized disclosure of that information by the agency
10 or person that has primary custody and control of the information.

11 * Sec. 8. AS 47.45.150 is amended by adding a new paragraph to read:

12 (3) "resident" or "resident of the state" means an indi-
13 vidual who is physically present in the state with the intent to
14 remain in the state indefinitely and to make a home in the state. A
15 person demonstrates the requisite intent only by maintaining a princi-
16 pal place of abode in the state for the one year required by AS 47.-
17 45.010(a) and by providing other proof of intent the commissioner may
18 require by regulation, including proof that the person is not claiming
19 residency outside the state or obtaining benefits under a claim of
20 residency outside the state.

21 * Sec. 9. AS 47.45.170 is repealed and reenacted to read:

22 Sec. 47.45.170. FINDINGS AND PURPOSE. The legislature finds and
23 declares that

24 (1) the high cost of goods and services in Alaska and the
25 state's remoteness and harsh environment, make it difficult for many
26 elderly Alaskans to remain in the state after retirement;

27 (2) when a person is forced to live out retirement years
28 away from home, family and friends, that person suffers an irreparable
29 loss;

1 (3) Alaska's elderly are a precious human resource, and it
2 is in the public interest to provide a financial incentive for them to
3 remain in the state after retirement;

4 (4) as oil revenues decrease, it will become increasingly
5 difficult for the legislature to fund the longevity bonus program
6 through annual appropriations and the income of the Alaska permanent
7 fund is an appropriate source of funding for the longevity bonus
8 program; and

9 (5) it is in the public interest to continue the longevity
10 bonus program for all elderly Alaskans irrespective of need. The
11 longevity bonus program is not a form of welfare, and is not a substi-
12 tute for or supplement to public assistance. Other programs are
13 available to provide the basic necessities of life. The longevity
14 bonus program is intended only to encourage elderly Alaskans to spend
15 their retirement years in the comfort of their homes.

16 * Sec. 10. Notwithstanding sec. 19(g), ch. 102, SLA 1982, in addition
17 to the amount credited to the longevity bonus account under sec. 1 of this
18 Act money in the dividend fund (AS 43.23.045) up to a maximum of
19 \$17,500,000 may be used, as appropriated by the legislature, for payment of
20 monthly longevity bonuses from the Alaska longevity bonus fund (AS 47.45.-
21 090) in the state fiscal year beginning July 1, 1983.

22 * Sec. 11. AS 47.45.150(2) is repealed.

23 * Sec. 12. This Act takes effect July 1, 1983.

Offered: 5/27/83
Referred: Finance

Original sponsors: Ray and Kerttula

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 215 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL
6 For an Act entitled: "An Act authorizing the use of Alaska permanent fund
7 income to pay longevity bonuses; amending the longev-
8 ity bonus program and the permanent fund dividend
9 distribution program; and providing for an effective
10 date."

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

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16 percent of the income of the permanent fund earned during the fiscal
17 year ending on June 30 of the current year that is available for dis-
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19 account.

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23 average rate of interest earned on the Alaska permanent fund.

24 (c) The legislature may annually appropriate an amount suffi-
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28 records, documents, or information relate to the length of state
29 residence of an applicant for, or a recipient of, a monthly bonus

1 under this chapter.

2 (b) If the commissioner of administration receives confidential
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4 only to confirm or rebut an applicant's declaration of length of state
5 residence. If a person discloses information obtained under this
6 section for a purpose other than to rebut an applicant's declaration
7 of length of state residence in an appropriate administrative or
8 judicial proceeding, that person is subject to the penalty that
9 applies to unauthorized disclosure of that information by the agency
10 or person that has primary custody and control of the information.

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13 vidual who is physically present in the state with the intent to
14 remain in the state indefinitely and to make a home in the state. A
15 person demonstrates the requisite intent only by maintaining a princi-
16 pal place of abode in the state for the one year required by AS 47.-
17 45.010(a) and by providing other proof of intent the commissioner may
18 require by regulation, including proof that the person is not claiming
19 residency outside the state or obtaining benefits under a claim of
20 residency outside the state.

21 * Sec. 9. AS 47.45.170 is repealed and reenacted to read:

22 Sec. 47.45.170. FINDINGS AND PURPOSE. The legislature finds and
23 declares that

24 (1) the high cost of goods and services in Alaska and the
25 state's remoteness and harsh environment, make it difficult for many
26 elderly Alaskans to remain in the state after retirement;

27 (2) when a person is forced to live out retirement years
28 away from home, family and friends, that person suffers an irreparable
29 loss;

1 (3) Alaska's elderly are a precious human resource, and it
2 is in the public interest to provide a financial incentive for them to
3 remain in the state after retirement;

4 (4) as oil revenues decrease, it will become increasingly
5 difficult for the legislature to fund the longevity bonus program
6 through annual appropriations and the income of the Alaska permanent
7 fund is an appropriate source of funding for the longevity bonus
8 program; and

9 (5) it is in the public interest to continue the longevity
10 bonus program for all elderly Alaskans irrespective of need. The
11 longevity bonus program is not a form of welfare, and is not a substi-
12 tute for or supplement to public assistance. Other programs are
13 available to provide the basic necessities of life. The longevity
14 bonus program is intended only to encourage elderly Alaskans to spend
15 their retirement years in the comfort of their homes.

16 * Sec. 10. Notwithstanding sec. 19(3), ch. 102, SLA 1982, in addition
17 to the amount credited to the longevity bonus account under sec. 1 of this
18 Act money in the dividend fund (AS 43.23.045) up to a maximum of
19 \$17,500,000 may be used, as appropriated by the legislature, for payment of
20 monthly longevity bonuses from the Alaska longevity bonus fund (AS 47.45.-
21 090) in the state fiscal year beginning July 1, 1983.

22 * Sec. 11. AS 47.45.150(2) is repealed.

23 * Sec. 12. Sections 3 and 8 of this Act are retroactive to July 1,
24 1982.

25 * Sec. 13. This Act takes effect July 1, 1983.

1/23/84

Hold in Reported out
file for review by
Conference Committee
when appointed.

STATE OF ALASKA
FISCAL NOTE

Revision Date: July 22, 1983

I. REQUEST
 Bill/Resolution No.: HCS CS SB 215 (Finance)
 Title: Longevity Bonus/Permanent Fund
 Sponsor: Ray
 Requestor: M.M. Miller (Juneau)

II. FISCAL DETAIL
 Agency Affected: Administration
 Program Category Affected: Social Svcs.
 BRU, Program of Subprogram(s) Affected: Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		85.1	53.5	53.5	53.5	53.5
200 TRAVEL						
300 CONTRACTUAL		87.0	88.0	89.0	90.0	91.0
400 COMMODITIES		2.0	1.5	1.6	1.7	1.8
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		37,182.0	15,894.0	6,630.5	6,606.0	1,962.0
TOTAL OPERATING		37,356.1	16,037.0	6,774.6	6,751.2	2,108.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		37,356.1	16,037.0	(37,547.9)	(40,750.8)	(43,953.7)
FEDERAL FUNDS						
OTHER (Specify Source)						
PERMANENT FUND				44,322.5	47,502.0	46,062.0

POSITIONS:

FULL-TIME		2.0	2.0	2.0	2.0	2.0
PART-TIME		1.5	-0-	-0-	-0-	-0-
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund and Permanent Fund Income

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: George T. Michael
 Division: Pioneers' Benefits

Approved by Commissioner: Lisa Rudd
 Department: ADMINISTRATION

Phone: 465-4401
 Date: July 22, 1983

Date: SEPT 9, 1983

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

STATE OF ALASKA
FISCAL NOTE

Revision Date: July 22, 1983

I. REQUEST

Bill/Resolution No.: HCS CS SB 215 (Finance)
Title: Longevity Bonus/Permanent Fund
Sponsor: Ray
Requestor: M.M. Miller (Juneau)

II. FISCAL DETAIL

Agency Affected: Administration
Program Category Affected: Social Svcs.
BRU, Program of Subprogram(s) Affected:
Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
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200 TRAVEL						
300 CONTRACTUAL		87.0	88.0	89.0	90.0	91.0
400 COMMODITIES		2.0	1.5	1.6	1.7	1.8
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		37,182.0	15,894.0	6,630.5	6,606.0	1,962.0
TOTAL OPERATING		37,356.1	16,037.0	6,774.6	6,751.2	2,108.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		37,356.1	16,037.0	(37,547.9)	(40,750.8)	(43,953.7)
FEDERAL FUNDS						
OTHER (Specify Source)						
PERMANENT FUND				44,322.5	47,502.0	46,062.0

POSITIONS:

FULL-TIME		2.0	2.0	2.0	2.0	2.0
PART-TIME		1.5	-0-	-0-	-0-	-0-
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund and Permanent Fund Income

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: George T. Michael
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Date: July 22, 1983

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3/8/83

ASSUMPTIONS

- a) Residence requirements for eligibility for the Longevity Bonus Program change from 25 years to one year, but the requirement for domicile in Alaska on or before January 3, 1959, is retained.
- b) An estimated 6,072 additional persons will become eligible under the new regulations. Based on the number of people over age 65 who qualified for permanent fund dividends in 1982, we estimate payment of the longevity bonus to 16,500 people in FY84.
- c) Retroactive benefits to July 1982 will be payable to the additional 6,072 persons plus 250 present recipients over age 65 who qualified for the Bonus in FY83 by completing 25 years of continuous Alaska domicile. Total cost of these retro payments is expected to be \$18,966,000.
- d) An increase in the Longevity Bonus staff will be needed to process the initial flood of applications, and continuing increased staff will be necessary to process the greater workload of the expanded program.
- e) Growth of the program, up to January 3, 1984, will be approximately 89 per month after the initial surge of applications. This figure is based on the number of applications received in addition to new inquiries in the past year. The current growth rate is 60 applicants per month.

Entrance of new applicants to the program will be curtailed as of January 3, 1984, and the number of persons on the program would be thereafter reduced by deaths at the rate of approximately 40 per month.

- f) The Act takes effect immediately.
- g) All expenses for FY84 and 85, retroactive payments, and administrative costs (program operating expenses, exclusive of bonus payments) are funded from the General Fund. Bonus payments for FY86-88 will be funded from earnings of the Permanent Fund.
- h) The amount of the Bonus will be \$250 per month in FY84 and 85. After July 1, 1985, the amount of the Bonus is \$250 per month or an amount equal to 8-1/3% of the amount credited to the Bonus account, exclusive of earnings, divided by the number of qualified recipients. Permanent fund earnings will supplant General Fund dollars for grants in FY86-88 as shown in the funding source section of this fiscal note.

IV. ANALYSIS: (continued)

HCS CS SB 215 (Finance)

Monthly Longevity Bonus payments are estimated to be:

FY84 - \$250
 FY85 - \$250
 FY86 - \$226
 FY87 - \$250
 FY88 - \$250

Additional funds needed for FY84 are computed as follows:

	Annual Cost
Personal Services	\$85,140
Clerk V, PFT (two positions) \$53,460	
Clerk II, PPT (three positions, 6 mo.) \$31,680	
Contractual Services	87,000
Added postage, bonus warrants, printing of new regulations and application forms, data processing charges, increased telephone tolls.	
Commodities	2,000
Office supplies and file cabinets for application and recipient files.	
Grants	
Additional funds needed for Bonus payments to estimated 6,072 additional persons who will be eligible due to one-year residence requirement. (6,072 x 12 x \$250)	18,216,000
Retroactive payments for those who would have been eligible on July 1, 1982 (est. 6,322 x 12 x \$250) (General funds)	<u>18,966,000</u>
Additional FY84 funds required	\$37,356,140

For years beyond FY84, two additional PFT staff positions need to be retained, along with appropriate contractual and commodities costs, plus grants based on assumptions listed on page 2.

~~6/21/83~~
7/21/83

Longevity Bonus Grants
HCS CS SB 215 (Finance)

$$\text{FY84} = 16,500 \times 12 \times \$250 = \$49,500,000$$

$$\text{Retro } 6,322 \times 12 \times \$250 = \underline{\$18,966,000}$$

$$\text{FY84 Total Grants } \$68,466,000$$

$$\text{FY85} = 16,794 \times 12 \times \$250 = \$50,382,000$$

$$\text{FY86} = \$340,980,000 \times 12\frac{1}{2}\% = \$42,622,500$$

$$\text{Interest earned on above} = \underline{1,700,000}$$

$$\text{Total FY86 L.B. Account } \$44,322,500$$

$$\$44,322,500 \times 8\frac{1}{3}\% = \$3,693,542 \text{ (mo. dist.)}$$

$$\$3,693,542 \div 16,314 = \$226.40/\text{mo.}$$

$$\text{FY87} = \$436,090,000 \times 12\frac{1}{2}\% = \$54,511,250$$

$$\text{Interest earned on above} = \underline{2,200,000}$$

$$\text{Total FY87 L.B. Account } \$56,711,250$$

$$\$56,711,250 \times 8\frac{1}{3}\% = \$4,725,937 \text{ (mo. dist.)}$$

$$\$4,725,937 \div 15,834 = \$298.47/\text{mo.}$$

$$\text{FY88} - \$498,320,000 \times 12\frac{1}{2}\% = \$62,290,000$$

Interest earned on above = 2,500,000

Total FY88 L.B. Account \$64,790,000

$$\$64,790,000 \times 8\frac{1}{2}\% = \$5,399,166 \text{ (inc. dist.)}$$

$$\$5,399,166 \div 15,354 = \$351.65/\text{mo.}$$

SB215 (Finance)
Total L.B. Costs

FY84	Grants	\$ 68,466,000	}	All G.F.
	Admin.	280,000		
	Addl. Admin.	<u>174,100</u>		
	Total	\$ 68,920,100		
FY85	G.	\$ 50,382,000		
	A.	280,000		
	A.A.	<u>143,000</u>		
	Total	\$ 50,805,000		
FY86	G.	\$ 44,322,500	}	G.F. & P.F.
	A.	280,000		
	A.A.	<u>144,100</u>		
	Total	\$ 44,746,600		
FY87	G.	\$ 47,502,000		
	A.	280,000		
	A.A.	<u>145,200</u>		
	Total	\$ 47,927,200	G.F. & P.F.	
FY88	G.	\$ 46,062,000	(15,354 x 12 x \$250)	
	A.	280,000		
	A.A.	<u>146,300</u>		
	Total	\$ 46,488,300	G.F. & P.F.	

FY 89	Grants	\$ 44,622,000	(14,874 x 12 x \$250)
	Administration	280,000	
	Add. Admin.	<u>147,400</u>	
	Total	\$ 45,049,400	

FY 90	G.	\$ 43,182,000	(14,394 x 12 x \$250)
	A.	280,000	
	A.A.	<u>148,500</u>	
	Total	\$ 43,610,500	

FY 91	G.	\$ 41,742,000	(13,914 x 12 x \$250)
	A.	280,000	
	A.A.	<u>149,600</u>	
	Total	\$ 42,171,600	

FY 92	G.	\$ 40,302,000	(13,434 x 12 x \$250)
	A.	280,000	
	A.A.	<u>150,700</u>	
	Total	\$ 40,732,700	

FY 93	G.	\$ 38,862,000	(12,954 x 12 x \$250)
	A.	280,000	
	A.A.	<u>151,800</u>	
	Total	\$ 39,293,800	

STATE OF ALASKA
FISCAL NOTE

Revision Date: November 22, 1983

I. REQUEST

Bill/Resolution No.: HCSCS SB 215 (Finance)
 Title: Longevity Bonus/Permanent Fund
 Sponsor: Ray
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: Social Services
 BRU, Program of Subprogram(s) Affected: Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		34.0	0	0	0	0
200 TRAVEL						
300 CONTRACTUAL		17.3	4.0	1.2	(1.5)	(4.1)
400 COMMODITIES		1.5	0	(.2)	(.4)	(.6)
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		3,000.0	(600.0)	(4,200.0)	(7,800.0)	(11,400.0)
TOTAL OPERATING		3,052.8	(596.0)	(4,199.0)	(7,801.9)	(11,404.7)
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	3,052.8	(33,341.0)	(35,504.0)	(37,666.9)	(39,829.7)
FEDERAL FUNDS					
OTHER (Permanent Fund)		32,745.0	31,305.0	29,865.0	28,425.0
TOTAL	3,052.8	(596.0)	(4,199.0)	(7,801.9)	(11,404.7)

POSITIONS:

FULL-TIME					
PART-TIME		3.0	0	0	0
TEMPORARY					
TOTAL		3.0	0	0	0

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Fund and Permanent Fund

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: George T. Michael *Michael*
 Division: Pioneers' Benefit

Phone: 464-4401
 Date: November 22, 1983

Approved by Commissioner: Lisa Rudd *Lisa Rudd* Date: 12/21/83
 Department: ADMINISTRATION

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

ASSUMPTIONS

- a. Eligibility requirements for the Longevity Bonus are age 65 or over and completion of one year of Alaska residence on or before January 3, 1959.
- b. It is not known how many persons who meet the age requirement resided in Alaska at least one year before statehood. However, for the purpose of this fiscal note it is assumed that an additional 1,000 persons will qualify for the bonus, including those who do not qualify under the original requirements due to broken Alaska residence and those who were residents prior to statehood and may return to Alaska.
- c. The bill, in its present form, curtails entrance of new applicants to the program as of January 3, 1984. However, the Legislature failed to pass the bill, and it is assumed for the purpose of this fiscal note that the Act will become effective on July 1, 1984, and applicants meeting the new criteria as of that date will be enrolled in the program.
- d. After the new applicants have been enrolled, the program will begin to phase-out and the number of recipients will be reduced by death at the rate of approximately 40 each month.
- e. An increase in the Longevity Bonus staff will be needed for six months to process the flood of applications.
- f. All expenses for FY 85, and administrative costs (program operating expenses exclusive of bonus payments) for FY 86-89 are funded from the General Fund. Bonus payments for FY 86-89 will be funded from earnings of the Permanent Fund.
- g. Longevity Bonus payments will be \$250 per month for each year FY 85-89 under the above assumptions.

IV. ANALYSIS: (continued)

HCS CSSB 215 (FINANCE)

Additional funds needed for FY 85 are computed as follows:

	ANNUAL COST
Personal Services: Clerk II, PPT (three positions, 6 mos.)	\$ 33,975
Contractual Services: Added postage, bonus warrants, printing of new regulations and application forms, and increased telephone tolls.	\$ 17,328
Commodities: Office supplies and file cabinets for application and recipient files.	\$ 1,500
Grants: Additional funds needed for Bonus payments to additional persons who will be eligible (1,000 x 12 x \$250).	\$ <u>3,000,000</u>
Total Additional funds required for FY 85	\$ 3,052,803

Offered: 6/24/83
Referred: Rules

Original sponsors: Ray and Kerttula

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 215 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act authorizing the use of Alaska permanent fund
7 income to pay longevity bonuses; amending the longev-
8 ity bonus program and the permanent fund dividend
9 distribution program; and providing for an effective
10 date."

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

12 * Section 1. AS 37.13 is amended by adding a new section to read:

13 Sec. 37.13.147. LONGEVITY BONUS ACCOUNT. (a) After July 1,
14 1985, the longevity bonus account is established as a separate account
15 in the Alaska permanent fund. Notwithstanding the provisions of
16 AS 37.13.145, 12.5 percent of the income of the permanent fund earned
17 during the fiscal year ending on June 30 of the current year that is
18 available for distribution under AS 37.13.140 shall be credited to the
19 longevity bonus account.

20 (b) Money in the longevity bonus account shall be invested in
21 investments authorized under AS 37.13.120. The longevity bonus ac-
22 count shall be credited with earnings at an interest rate equal to the
23 average rate of interest earned on the Alaska permanent fund.

24 (c) The legislature may annually appropriate an amount suffi-
25 cient to pay monthly longevity bonuses for the subsequent fiscal year
26 under AS 47.45.010(d) from the longevity bonus account to the Alaska
27 longevity bonus fund established under AS 47.45.090.

28 * Sec. 2. AS 43.23.045(c) is repealed and reenacted to read:

29 (c) Notwithstanding any contrary provision of law, after July 1,

1 1985 each year the commissioner shall transfer to the dividend fund
2 37.5 percent of the income of the Alaska permanent fund earned during
3 the fiscal year ending on June 30 of the current year and available
4 for distribution.

5 * Sec. 3. AS 43.23.045 is amended by adding a new subsection to read:

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

12 * Sec. 4. AS 47.45.010 is amended to read:

13 Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

14 (a) A person who is 65 years of age or over, who was a resident of
15 [DOMICILED IN] the territory on or before January 3, 1959 [AND WHO HAS
16 MAINTAINED A CONTINUOUS DOMICILE IN THE TERRITORY OR STATE FOR 25
17 YEARS] may apply to the commissioner of administration for qualifica-
18 tion to receive a monthly bonus [OF \$250].

19 (b) When the commissioner of administration determines that an
20 applicant qualifies under AS 47.45.010 - 47.45.170 the commissioner
21 [HE] shall immediately begin payment of the bonus.

22 (c) A person who otherwise qualifies to receive a bonus provided
23 for in AS 47.45.010 - 47.45.170 may continue to do so only as long as
24 that person continues to be a resident of [HE CONTINUOUSLY RETAINS A
25 DOMICILE IN] the state.

26 * Sec. 5. AS 47.45.010 is amended by adding a new subsection to read:

27 (d) After July 1, 1985, the amount of the monthly bonus is the
28 lesser of (1) \$250; or (2) an amount equal to eight and one-third
29 percent of the amount credited to the longevity bonus account for the

1 previous fiscal year under AS 37.13.147, exclusive of earnings,
2 divided by the number of qualified applicants under this section.

3 * Sec. 6. AS 47.45.030 is amended to read:

4 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification a
5 [A] recipient shall notify the commissioner of administration when the
6 recipient [HE] expects to be absent from the state if the absence is
7 for a continuous period that exceeds 30 days. After that notifica-
8 tion, the recipient shall no longer receive bonuses from the Depart-
9 ment of Administration after the [HIS] last regularly approved monthly
10 application. Upon returning [HIS RETURN] to the state the recipient
11 [HE] may again make application for a bonus. Whenever the absence is
12 for a continuous period that exceeds 180 days the recipient shall be
13 disqualified from receiving bonuses for the next 12 calendar months
14 after returning [HIS RETURN] to the state. However, when the commis-
15 sioner of administration determines a period of absence is beyond the
16 control of the recipient, the recipient [HE] may not be disqualified,
17 if the recipient [HE] still otherwise qualifies upon returning [HIS
18 RETURN] to the state. Continual absences from the state, even though
19 reported, and failure to notify the commissioner of an expected ab-
20 sence may be grounds for disqualification.

21 * Sec. 7. AS 47.45.090 is repealed and reenacted to read:

22 Sec. 47.45.090. ALASKA LONGEVITY BONUS FUND. (a) The Alaska
23 longevity bonus fund is created for the purpose of paying the monthly
24 bonuses provided for in this chapter. The fund consists of all money
25 made available by appropriations of the state legislature, and from
26 other appropriated funds, all contributions from whatever source, and
27 income and interest derived from the investment of money.

28 (b) After July 1, 1935, the Alaska longevity bonus fund consists
29 of money appropriated to the fund by the state legislature from the

1 longevity bonus account established under AS 37.13.147.

2 (c) The commissioner of administration is the administrator of
3 the fund.

4 * Sec. 8. AS 47.45 is amended by adding a new section to read:

5 Sec. 47.45.145. ACCESS TO RECORDS. (a) Notwithstanding any
6 contrary provision of state law or state agency regulation, the com-
7 missioner of administration may have access to and examine records,
8 documents, or other information in the possession of a state agency,
9 other than personal income tax returns filed under AS 43.20, if the
10 records, documents, or information relate to the length of state
11 residence of an applicant for, or a recipient of, a monthly bonus
12 under this chapter.

13 (b) If the commissioner of administration receives confidential
14 information under (a) of this section, that information may be used
15 only to confirm or rebut an applicant's declaration of length of state
16 residence. If a person discloses information obtained under this
17 section for a purpose other than to rebut an applicant's declaration
18 of length of state residence in an appropriate administrative or
19 judicial proceeding, that person is subject to the penalty that
20 applies to unauthorized disclosure of that information by the agency
21 or person that has primary custody and control of the information.

22 * Sec. 9. AS 47.45.150 is amended by adding a new paragraph to read:

23 (3) "resident" or "resident of the state" means an indi-
24 vidual who is physically present in the state with the intent to
25 remain in the state indefinitely and to make a home in the state. A
26 person demonstrates the requisite intent by maintaining a principal
27 place of abode in the state for one year and by providing other proof
28 of intent the commissioner may require by regulation, including proof
29 that the person is not claiming residency outside the state or

1 obtaining benefits under a claim of residency outside the state.

2 * Sec. 10. AS 47.45.170 is repealed and reenacted to read:

3 Sec. 47.45.170. FINDINGS AND PURPOSE. The legislature finds and
4 declares that

5 (1) the high cost of goods and services in Alaska and the
6 state's remoteness and harsh environment, make it difficult for many
7 elderly Alaskans to remain in the state after retirement;

8 (2) when a person is forced to live out retirement years
9 away from home, family and friends, that person suffers an irreparable
10 loss;

11 (3) Alaska's elderly are a precious human resource, and it
12 is in the public interest to provide a financial incentive for them to
13 remain in the state after retirement; and

14 (4) it is in the public interest to continue the longevity
15 bonus program for all elderly Alaskans irrespective of need. The
16 longevity bonus program is not a form of welfare, and is not a substi-
17 tute for or supplement to public assistance. Other programs are
18 available to provide the basic necessities of life. The longevity
19 bonus program is intended only to encourage elderly Alaskans to spend
20 their retirement years in the comfort of their homes.

21 * Sec. 11. SOURCE OF FUNDS. It is the intent of the legislature that
22 money needed to pay longevity bonuses during the 1984 and 1985 state fiscal
23 years be appropriated from the general fund.

24 * Sec. 12. AMOUNT OF BONUS. The amount of the monthly bonus under
25 AS 47.45.010 is \$250 from July 1, 1983, to June 30, 1985.

26 * Sec. 13. SEVERABILITY. If any section of this Act is declared uncon-
27 stitutional or otherwise invalid by a court of competent jurisdiction, the
28 Department of Administration shall adopt regulations to impose the most
29 stringent residency requirement allowable under the Constitution of the

1 State of Alaska and the United States Constitution for eligibility for
2 longevity bonus payments.

3 * Sec. 14. After January 3, 1984 a person may not receive a monthly
4 longevity bonus under AS 47.45 unless that person was eligible to receive a
5 longevity bonus before that date.

6 * Sec. 15. Section 2, ch. 205, SLA 1972 and AS 47.45.150(2) are
7 repealed.

8 * Sec. 16. This Act takes effect immediately in accordance with AS 01.-
9 10.070(c).

11/4/83

Contractual Services
HCS CS 5B 215 (Finance)

	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Postage	5,040	2,621	0	(2,500)	(5,000)
Warrants	288	150	0	(150)	(300)
Printing (regs, apps, etc.)	10,000 10,000	1,000	1,000	1,000	1,000
Telephone	2,000	200	200	200	200
Totals	17,328 17,328	3,971	1,200	(1,450)	(4,100)

Funds Available for
Longevity Bonus Grants
HCS CS SB215 (Finance)
(including interest)

$$FY85 - 11,395 \times 12 \times \$250 = \underline{\hspace{10em}} \$34,185,000$$

$$FY86 - \$443,890,000 \times 12\frac{1}{2}\% = \$55,486,000$$

$$\text{Interest earned on above } \underline{2,219,440}$$

$$\text{Total FY86 L.B. Account } \$57,705,440$$

$$\$57,705,440 \times 8\frac{1}{3}\% = \$4,808,787 \text{ (mo. distribution)}$$

$$\$4,808,787 \div 10,915 = \$441/\text{mo. (available)}$$

$$FY87 - \$565,750,000 \times 12\frac{1}{2}\% = \$70,718,750$$

$$\text{Interest earned on above } \underline{2,828,750}$$

$$\text{Total FY87 L.B. Account } \$73,547,500$$

$$\$73,547,500 \times 8\frac{1}{3}\% = \$6,128,958$$

$$\$6,128,958 \div 10,435 = \$587/\text{mo. (available)}$$

$$FY88 - \$665,080,000 \times 12\frac{1}{2}\% = \$83,135,000$$

$$\text{Interest earned on above } \underline{3,325,400}$$

$$\text{Total FY88 L.B. Account } \$86,460,400$$

$$\$86,460,400 \times 8\frac{1}{3}\% = \$7,205,033$$

$$\$7,205,033 \div 9,955 = \$724/\text{mo. (available)}$$

FY89 — \$766,970,000 × 12½% = \$95,871,250
 Interest earned on above 3,834,850
 Total FY89 L.B. Account \$99,706,100

\$99,706,100 × 8⅓% = \$8,308,842
 \$8,308,842 ÷ 9,475 = \$877/mo. (available)

FY90 — \$875,180,000 × 12½% = \$109,397,500
 Interest earned on above 4,375,900
 Total FY90 L.B. Account \$113,773,400

\$113,773,400 × 8⅓% = \$9,481,117
 \$9,481,117 ÷ 8,995 = \$1,054/mo. (available)

FY91 — \$991,530,000 × 12½% = \$123,941,250
 Interest earned on above 4,957,650
 Total FY91 L.B. Account \$128,898,900

\$128,898,900 × 8⅓% = \$10,741,575
 \$10,741,575 ÷ 8,515 = \$1,261/mo. (available)

FY92 — \$1,117,720,000 × 12½% = \$139,715,000
 Interest earned on above 5,588,600
 Total FY92 L.B. Account \$145,303,600

\$145,303,600 × 8⅓% = \$12,108,633
 \$12,108,633 ÷ 8,035 = \$1,507/mo. (available)

$$\begin{aligned}
 \text{FY93} - \$1,253,110,000 \times 12\frac{1}{2}\% &= \$156,638,750 \\
 \text{Interest earned on above} &\quad \underline{6,265,550} \\
 \text{Total FY93 L.B. Account} &\quad \$162,904,300
 \end{aligned}$$

$$\begin{aligned}
 \$162,904,300 \times 8\frac{1}{3}\% &= \$13,575,358 \\
 \$13,575,358 \div 7,555 &= \$1,797/\text{mo. (available)}
 \end{aligned}$$

$$\begin{aligned}
 \text{FY94} - \$1,397,630,000 \times 12\frac{1}{2}\% &= \$174,703,750 \\
 \text{Interest earned on above} &\quad \underline{6,988,150} \\
 \text{Total FY94 L.B. Account} &\quad \$181,691,900
 \end{aligned}$$

$$\begin{aligned}
 \$181,691,900 \times 8\frac{1}{3}\% &= \$15,140,992 \\
 \$15,140,992 \div 7,075 &= \$2,140/\text{mo. (available)}
 \end{aligned}$$

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

November 7, 1983

George Michael
Administrative Officer
Department of Administration
Pouch C
Juneau, AK 99811

Dear Mr. Michael:

You have asked me what the updated numbers (September 83) would be if 12.5% of distributable income (AS 37.13.140) plus interest is set aside for a longevity payment program.

The numbers are as indicated below and based on our September Long Run Revenue forecast. Please keep in mind that these numbers are updated on a quarterly basis and thus subject to change. I have assumed the same annualized 8% rate of return that was adopted in the June 2, 1983 memorandum from Commissioner Heath to Commissioner Rudd relative to Senate Bill 215. You should also be aware that the nominal 8% rate of return works out to an effective rate of approximated half the nominal rate due to the fact that these distributable income monies accrue on a month by month basis. The 8% nominal interest rate, at this time, could be judged at conservative.

I do not know what the latest thinking is relative to a longevity program and have thus taken a general approach to the numbers realizing, of course, that there may be exceptions or peculiarities that may be advocated should such a program be in fact initiated.

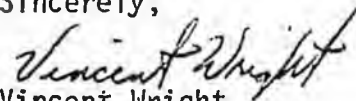
George Michael
Administrative Officer
Department of Administration
November 7, 1983
Page Two

Expenditure Year
(millions of current dollars)

	FY85	FY86	FY87	FY88	FY89	FY90
Transfer (12.5% of prior FY's distributable income)	39.7	55.49	70.72	83.14	95.87	109.40
Interest (at 8%)	1.59	2.22	2.83	3.33	3.83	4.38
Total	<u>41.29</u>	<u>57.71</u>	<u>73.55</u>	<u>86.47</u>	<u>99.70</u>	<u>113.78</u>

If you have any questions feel free to contact me.

Sincerely,


Vincent Wright
Chief of Research

VW:m11

REPORT 3: PF INTEREST & DIVIDEND CALCULATIONS

	PFCO	PFOC	PFBAl	PFR TIP	PFBAN	PFIE	PFIDIS	PFBIE	PFDPM T	CYR	PFBA	PFBAR	PFBANR
81	334.60	900.00	1767.80	0.00	1767.80	149.87	91.01	122.40	0.00	80	1873.14	1873.14	1767.80
82	401.12	800.00	2968.92	0.00	2968.92	368.43	183.49	297.93	0.00	81	3299.47	3124.50	2811.48
83	417.22	400.00	3786.15	231.19	4017.34	471.13	255.40	332.15	480.85	82	4370.40	3904.38	3588.96
84	323.50	100.00	4440.34	266.45	4707.29	566.35	317.59	363.92	175.94	83	5201.46	4383.80	3967.31
85	335.85	0.00	5043.14	302.59	5345.73	663.66	443.89	330.63	198.42	84	5957.95	4737.14	4250.36
86	343.60	0.00	5714.33	342.86	6057.19	759.18	565.75	400.64	228.47	85	6802.86	5102.76	4543.44
87	392.76	0.00	6449.95	327.00	6836.95	865.10	665.08	440.40	290.48	86	7728.18	5468.71	4838.05
88	410.05	0.00	7246.99	434.82	7681.31	930.54	766.97	486.90	342.32	87	8735.28	5831.49	5128.22
89	448.84	0.00	8130.65	487.34	8618.49	1107.42	875.13	539.62	395.16	88	9853.95	6205.95	5427.86
90	444.09	0.00	9052.53	543.75	9606.33	1245.39	991.53	596.93	451.23	89	11047.66	6563.91	5707.55
91	399.29	0.00	10005.62	600.34	10605.95	1390.17	1117.72	653.16	511.55	90	12278.26	6882.14	5944.79
92	395.80	0.00	11001.77	660.11	11661.87	1542.05	1253.11	708.80	576.99	91	13589.56	7185.98	6166.64
93	379.64	0.00	12041.52	722.49	12764.00	1703.73	1397.63	766.05	647.28	92	14973.52	7469.63	6367.40
94	374.97	0.00	13138.97	783.34	13927.31	1873.90	1550.93	825.34	722.38	93	16446.92	7740.24	6554.46
95	355.38	0.00	14232.69	854.96	15139.65	2054.80	1712.81	886.97	802.13	94	18000.70	7991.96	6721.71
96	333.65	0.00	15478.30	928.70	16407.00	2245.81	1883.94	950.22	886.43	95	19643.19	8227.55	6872.07
97	343.97	0.00	16750.97	1005.06	17756.02	2449.15	2065.36	1016.48	975.63	96	21403.63	8457.47	7016.15
98	361.55	0.00	18117.53	1087.05	19204.63	2667.83	2258.30	1087.84	1070.27	97	23303.87	8687.11	7159.02
99	362.01	0.00	19566.64	1174.00	20740.64	2902.73	2464.06	1164.03	1171.00	98	25336.57	8910.25	7293.97

REPORT 3: PF INTEREST & DIVIDEND CALCULATIONS

FY	CYR	PBASE	PNTINC	PNMIGR	MLIDEP	POFCIV	PERMLT	TMILT	POPTOT	CHILD	ADULT	POPG	PFAPPT	PFAPPA	PFCHLA
81	80	339.50	4.03	8.53	32.44	330.52	22.10	54.54	402.62	131.01	271.61	3.20	394.57	266.17	128.39
82	81	352.26	4.18	14.86	32.44	399.55	22.10	54.54	421.65	132.99	238.66	4.73	413.22	282.89	130.33
83	82	371.52	4.41	19.28	32.44	423.23	22.10	54.54	445.33	136.00	309.33	5.62	476.43	330.93	145.50
84	83	395.48	4.69	8.91	32.44	436.83	22.10	54.54	458.93	140.16	318.77	3.05	455.61	316.47	139.14
85	84	409.24	4.85	9.13	32.44	450.86	22.10	54.54	472.96	144.44	328.52	3.06	463.50	321.95	141.55
86	85	423.44	5.02	9.46	32.44	465.34	22.10	54.54	487.44	148.86	338.58	3.06	477.69	331.80	145.89
87	86	438.09	5.19	9.75	32.44	480.23	22.10	54.54	502.38	153.43	348.96	3.07	492.33	341.98	150.36
88	87	453.22	5.37	10.05	32.44	495.70	22.10	54.54	517.80	158.14	359.67	3.07	507.45	352.47	154.97
89	88	468.82	5.56	10.36	32.44	511.62	22.10	54.54	533.72	163.00	370.72	3.07	523.04	363.31	159.74
90	89	484.93	5.75	10.67	32.44	528.04	22.10	54.54	550.14	168.01	382.13	3.08	539.14	374.49	164.65
91	90	501.55	5.95	11.00	32.44	544.99	22.10	54.54	567.09	173.19	393.90	3.08	555.75	386.02	169.73
92	91	518.70	6.15	11.34	32.44	562.48	22.10	54.54	584.58	178.53	406.05	3.08	572.89	397.93	174.96
93	92	536.40	6.36	11.69	32.44	580.54	22.10	54.54	602.64	184.04	418.59	3.09	590.58	410.22	180.36
94	93	554.67	6.58	12.05	32.44	599.17	22.10	54.54	621.27	189.73	431.53	3.09	608.84	422.90	185.94
95	94	573.53	6.80	12.43	32.44	618.39	22.10	54.54	640.49	195.61	444.89	3.09	627.68	435.99	191.69
96	95	592.98	7.03	12.81	32.44	638.23	22.10	54.54	660.33	201.67	458.67	3.10	647.13	449.49	197.63
97	96	613.06	7.27	13.21	32.44	658.71	22.10	54.54	680.81	207.92	472.89	3.10	667.19	463.43	203.76
98	97	633.78	7.52	13.62	32.44	679.84	22.10	54.54	701.94	214.37	487.57	3.10	687.90	477.82	210.03
99	98	655.17	7.77	14.04	32.44	701.65	22.10	54.54	723.75	221.03	502.71	3.11	709.27	492.66	216.61

REPORT 3: PF INTEREST & DIVIDEND CALCULATIONS

FY	PFR TIP	PFBIE	PFOIA	UIAIE	UIAED	CPFUII	CUIAIE	CPFUIA	PFRDF	GFAPDF	DFINT	PFDBAL	PFDPP	PFDPPR
81	0.00	122.40	122.40	0.00	27.47	105.34	0.00	105.34	27.47	0.00	1.12	40.43	0.00	0.00
82	0.00	297.93	297.93	0.00	72.72	330.55	0.00	330.55	70.50	0.00	3.29	114.22	0.00	0.00
83	231.19	332.15	100.96	31.10	109.54	321.97	31.10	353.07	107.88	437.13	10.36	183.74	1009.28	901.66
84	266.45	363.92	97.47	43.64	0.00	419.44	74.74	494.18	153.79	0.00	5.75	177.34	386.16	325.46
85	302.59	380.63	78.04	61.08	21.03	477.66	134.56	612.22	221.94	0.00	6.52	228.47	428.09	340.37
86	342.86	400.64	57.73	75.67	0.00	535.44	210.23	745.67	282.87	0.00	7.60	290.48	478.27	358.75
87	387.00	440.40	53.40	92.16	0.00	588.84	302.39	891.23	332.54	0.00	9.78	42.32	590.00	417.50
88	434.82	486.90	52.08	110.16	0.00	640.92	412.55	1053.47	383.48	0.00	11.67	95.16	674.60	450.35
89	437.84	539.62	51.78	130.21	0.00	692.70	542.76	1235.46	437.59	0.00	13.64	451.23	755.49	475.80
90	543.75	596.93	53.17	152.70	0.00	745.87	695.46	1441.34	495.76	0.00	15.78	511.55	836.95	497.27
91	600.34	653.16	52.82	178.15	0.00	798.69	873.61	1672.30	558.86	0.00	18.13	576.99	920.46	515.93

Total L.B. Costs (Actual)
HCS CS SB215 (Finance)

FY85	Grants (11,395 x 12 x \$250)	\$ 34,185,000	} All G.F.
	Admin.	269,400	
	Addl. Admin.	<u>52,803</u>	
		<u>50,100</u>	
	Total	\$ 34,504,500 34,507,203	
FY86	Grants (10,915 x 12 x \$250)	\$ 32,745,000	P.F.
	Admin.	<u>269,400</u>	G.F.
	Total	\$ 33,014,400	
FY87	Grants (10,435 x 12 x \$250)	\$ 31,305,000	P.F.
	Admin.	<u>269,400</u>	G.F.
	Total	\$ 31,574,400	
FY88	Grants (9,955 x 12 x \$250)	\$ 29,865,000	P.F.
	Admin.	<u>269,400</u>	G.F.
	Total	\$ 30,134,400	
FY89	Grants (9,475 x 12 x \$250)	\$ 28,425,000	P.F.
	Admin.	<u>269,400</u>	G.F.
	Total	\$ 28,694,400	

Total L.B. Costs (Actual)
HCS CS SB215 (Finance)

FY90	Grants (8,995 x 12 x \$250)	\$ 26,985,000	PF
	Admin.	<u>269,400</u>	GF
	Total	\$ 27,254,400	

FY91	Grants (8,515 x 12 x \$250)	\$ 25,545,000	PF
	Admin.	<u>269,400</u>	GF
	Total	\$ 25,814,400	

FY92	Grants (8,035 x 12 x \$250)	\$ 24,105,000	PF
	Admin.	<u>269,400</u>	GF
	Total	\$ 24,374,400	

FY93	Grants (7,555 x 12 x \$250)	\$ 22,665,000	PF
	Admin.	<u>269,400</u>	GF
	Total	\$ 22,934,400	

FY94	Grants (7,075 x 12 x \$250)	\$ 21,225,000	PF
	Admin.	<u>269,400</u>	GF
	Total	\$ 21,494,400	

Grants Budget
if L.B. program is unchanged

FY85		(based on growth of 60 per month over present enrollment)		10,395 persons @ \$250/mo.	=	\$31,185.0
FY86		(growth of 60/mo.)		11,115 persons @ \$250/mo.	=	33,345.0
FY87	"	"	"	11,835 @ \$250/mo.	=	35,505.0
FY88	"	"	"	12,555	=	37,665.0
FY89	"	"	"	13,275	=	39,825.0
FY90	"	"	"	13,995	=	41,985.0
FY91	"	"	"	14,715	=	44,145.0
FY92	"	"	"	15,435	=	46,305.0
FY93	"	"	"	16,155	=	48,465.0
FY94	"	"	"	16,875	=	50,625.0

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

*accompany bill furnished
H. Fin. 6/10/83*

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 215

Title An Act amending the Alaska Longevity Bonus Program

Requested by _____ Date 6/9/83

II. FISCAL DETAIL

Agency Affected Department of Administration

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected Alaska Longevity Bonus Program

(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 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	26.7	26.7	26.7	26.7	26.7
200 TRAVEL					
300 CONTRACTUAL	26.0	26.5	27.0	27.5	28.0
400 COMMODITIES	1.0	1.0	1.0	1.0	1.0
500 EQUIPMENT					
600 LAND & STRUCTURES					
700 GRANTS, CLAIMS, ETC.	43300.0	32000.0	44000.0	56700.0	64800.0
TOTAL	43353.7	32054.2	44054.7	56755.2	64855.7

FUNDING (Thousands of Dollars)

GENERAL FUND	53.7	54.2	54.7	55.2	55.7
FEDERAL FUNDS					
OTHER (Specify Fund Source)					
Permanent Fund Earnings	43300.0	32000.0	44000.0	56700.0	64800.0

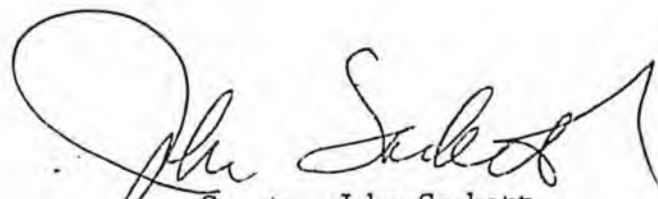
POSITIONS

FULL TIME	1.0	1.0	1.0	1.0	1.0
PART TIME					
TEMPORARY					

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

Clerk V PFT (1 position)

\$ 26,730



IV. DATE 6/9/83

PREPARED BY Senator John Sackett

AGENCY Senate Finance

Original: Legislative Finance

PHONE _____

cc: Budget and Management

Prime Sponsor (First Legislator Named)

MEMORANDUM

State of Alaska

TO: Lisa Rudd, Commissioner
Department of Administration

DATE: June 2, 1983

FILE NO:

TELEPHONE NO: 465-2300

FROM: Robert D. Heath
Commissioner
Department of Revenue

SUBJECT: Senate Bill 215

There have been several versions of Senate Bill 215 addressing the question of a longevity bonus account. The latest I have before me is House CS for CS Senate Bill 215 (State Affairs).

Hopefully I can eliminate some of the confusion that seems to have developed concerning the fiscal impact of this measure.

The first point I want to address is the methodology for computing longevity bonuses for a "regular year." The bill states in Sec. 1, as it has in past versions, that bonuses are derived at simply by multiplying 12.5 percent times the income available for distribution (AS 37.13.140). Once the 12.5 percent is calculated at the end of the fiscal year and put aside in a longevity bonus account, it will start to accrue interest. So the interest must be added in and paid out with the longevity bonuses as the Department of Revenue testified last week before Chairman Abood's State Affairs Committee. The actual amount of interest, however, has little significant impact relative to the total picture.

Secondly, the exception to the addition of interest, however, is in the first year. Part of that payment is a flat appropriation of \$17.5 million from the FY 82 figure of \$142.3 million available for distribution and no interest is included. The remainder of the first year's payment is 12.5 percent of the FY 83 figure of \$198.06 available for distribution plus interest on the 12.5 percent that is set aside. Interest is not figured on the \$142.3 million but on the 12.5 percent of the \$198.06 million. The total amount then during the first year amounts to \$43.3 million. I want to stress that this \$43.3 million will be paid in the following year (FY 84).

The attached table presents the payments over a period of future years. The assumptions underlying these numbers are based on our March 83 forecast and, as you are well aware, will change quarterly when we reassess the state's oil revenue situation. Please note we do not address Sec. 12 of this bill.

If you have any further questions, please feel free to contact us.

RDH:VDW:jas

Attachment

Expenditure Year
(millions of current \$)

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>
Appropriation (deducted from FY 82 \$142.3)	17.5	0.0	0.0	0.0	0.0
Transfer (12.5% of prior FY's distribu- table income)*	24.8	30.3	42.6	54.5	62.3
Interest (at 8%)	<u>1.0**</u>	<u>1.2</u>	<u>1.7</u>	<u>2.2</u>	<u>2.5</u>
Available for Payments	43.3	32.0	44.3	56.7	64.8

* This money is not available for transfer until the final day of the fiscal year and therefore is available for expenditure the fiscal year following.

** On \$24.8m only. Assumes the \$17.5 million is payed out almost immediately.

COMMITTEE REPORT
SENATE

FURTHER:

4/30/83

Date: 5/4/83

Mr. President:

The Committee on FINANCE has had SB 215

Authorizing the use of Alaska permanent fund income to pay longevity benefits, including the longevity benefit program and the (a) benefit and dividend distribution program; - 4 - 8 - 83.

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 215 (Fin.) same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for SB 215 (Finance)
Title An Act amending the Alaska Longevity Bonus Program
Requested by _____ Date 5/3/83

II. FISCAL DETAIL

Agency Affected Department of Administration

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected Alaska Longevity Bonus Program

(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		26.7	26.7	26.7	26.7	26.7
200 TRAVEL						
300 CONTRACTUAL		26.0	26.5	27.0	27.5	28.0
400 COMMODITIES		1.0	1.0	1.0	1.0	1.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		42250.0	30400.0	42130.0	58830.0	61430.0
TOTAL		42303.7	30454.2	42184.7	58885.2	61485.7

FUNDING (Thousands of Dollars)

GENERAL FUND		53.7	54.2	54.7	55.2	55.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Permanent Fund Earnings		42250.0	30400.0	42130.0	58830.0	61430.0

POSITIONS

FULL TIME		1.0	1.0	1.0	1.0	1.0
PART TIME						
TEMPORARY						

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

IV. DATE 5/3/83

PREPARED BY John Sackell

AGENCY _____

PHONE _____

JOHN SACKELL, CO-CHAIRMAN

Senate Finance Committee

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 215

Title An Act amending the Alaska Longevity Bonus Program

Requested by _____ Date 5/3/83

II. FISCAL DETAIL

Agency Affected Department of Administration

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected Alaska Longevity Bonus Program

(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 '84	FY '85	FY '86	FY '87	FY '88	FY '89
100 PERSONAL SERVICES	26758.4	26.7	26.7	26.7	26.7	
200 TRAVEL						
300 CONTRACTUAL	26043.5	26.5	27.0	27.5	28.0	
400 COMMODITIES	1.0	1.0	1.0	1.0	1.0	
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	42250.0	30400.0	42130.0	58830.0	61430.0	
TOTAL	42250.0	30454.2	42184.7	58885.2	61495.7	

FUNDING (Thousands of Dollars)

GENERAL FUND	103.5	54.2	54.7	55.2	55.7	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Permanent Fund Earnings	42250.0	30400.0	42130.0	58830.0	61430.0	

POSITIONS

FULL TIME	1.0	1.0	1.0	1.0	1.0	
PART TIME	1.5					
TEMPORARY						

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

Clerk V PFT (1 position)	\$ 26,730
Clerk III PPT (3 positions) (6 months)	31,680
Personal Services TOTAL	\$ 58,410

IV. DATE 5/3/83

PREPARED BY Senator John Sackett

AGENCY Senate Finance Committee

PHONE

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Offered: 4/30/83
Referred: Finance

Original sponsors: Ray and Kerttula

1 IN THE SENATE

BY THE RULES COMMITTEE

2

CS FOR SENATE BILL NO. 215 (Finance Rules)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act authorizing the use of Alaska permanent fund income to pay longevity bonuses; amending the longevity bonus program and the permanent fund dividend distribution program; and providing for an effective date."

7

8

9

10

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

12

* Section 1. AS 37.13 is amended by adding a new section to read:

13

Sec. 37.13.147. LONGEVITY BONUS ACCOUNT. The longevity bonus account is established as a separate account in the Alaska permanent fund. Notwithstanding the provisions of AS 37.13.145, 12.5 percent of the income of the permanent fund earned during the fiscal year ending on June 30 of the current year that is available for distribution under AS 37.13.140 shall be credited to the longevity bonus account.

14

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16

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19

(b) Money in the longevity bonus account shall be invested in investments authorized under AS 37.13.120. The longevity bonus account shall be credited with earnings at an interest rate equal to the average rate of interest earned on the Alaska permanent fund.

20

21

22

23

(c) The legislature may annually appropriate an amount sufficient to pay monthly longevity bonuses for the subsequent fiscal year under AS 47.45.010(d) from the longevity bonus account to the Alaska longevity bonus fund established under AS 47.45.090.

24

25

26

27

* Sec. 2. AS 43.23.045(b) is amended to read:

28

(b) Notwithstanding any contrary provision of law, each year the commissioner shall transfer to the dividend fund 37.5 [50] percent of

29

1 the income of the Alaska permanent fund earned during the fiscal year
2 ending on June 30 of the current year and available for distribution.

3 * Sec. 3. AS 47.45.010 is amended to read:

4 Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

5 (a) A person who is 65 years of age or over, who has been a resident
6 of the state for at least one year immediately preceding the applica-
7 tion for a longevity bonus under this chapter [WAS DOMICILED IN THE
8 TERRITORY ON OR BEFORE JANUARY 3, 1959 AND WHO HAS MAINTAINED A CON-
9 TINUOUS DOMICILE IN THE TERRITORY OR STATE FOR 25 YEARS] may apply to
10 the commissioner of administration for qualification to receive a
11 monthly bonus [OF \$250].

12 (b) When the commissioner of administration determines that an
13 applicant qualifies under AS 47.45.010 - 47.45.170 the commissioner
14 [HE] shall immediately begin payment of the bonus.

15 (c) A person who otherwise qualifies to receive a bonus provided
16 for in AS 47.45.010 - 47.45.170 may continue to do so only as long as
17 that person continues to be a resident of [HE CONTINUOUSLY RETAINS A
18 DOMICILE IN] the state.

19 * Sec. 4. AS 47.45.010 is amended by adding a new subsection to read:

20 (d) The amount of the monthly bonus is (1) \$250, increased by
21 three percent each year beginning in the state fiscal year 1985; or
22 (2) an amount equal to eight and one-third percent of the amount
23 credited to the longevity bonus account for the previous fiscal year
24 under AS 37.13.147, exclusive of earnings, divided by the number of
25 qualified applicants under this section; whichever amount is less.

26 * Sec. 5. AS 47.45.030 is amended to read:

27 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification a
28 [A] recipient shall notify the commissioner of administration when the
29 recipient [HE] expects to be absent from the state if the absence is

1 for a continuous period that exceeds 30 days. After that notifica-
2 tion, the recipient shall no longer receive bonuses from the Depart-
3 ment of Administration after the [HIS] last regularly approved monthly
4 application. Upon returning [HIS RETURN] to the state the recipient
5 [HE] may again make application for a bonus. Whenever the absence is
6 for a continuous period that exceeds 180 days the recipient shall be
7 disqualified from receiving bonuses for the next 12 calendar months
8 after returning [HIS RETURN] to the state. However, when the commis-
9 sioner of administration determines a period of absence is beyond the
10 control of the recipient, the recipient [HE] may not be disqualified,
11 if the recipient [HE] still otherwise qualifies upon returning [HIS
12 RETURN] to the state. Continual absences from the state, even though
13 reported, and failure to notify the commissioner of an expected ab-
14 sence may be grounds for disqualification.

15 * Sec. 6. AS 47.45.090 is repealed and reenacted to read:

16 Sec. 47.45.090. ALASKA LONGEVITY BONUS FUND. The Alaska longev-
17 ity bonus fund is established for the purpose of paying the monthly
18 bonuses provided for in this chapter. The fund consists of money
19 appropriated to the fund by the state legislature from the longevity
20 bonus account established under AS 37.13.147.

Insert new Sec 7.

21 * Sec. 7. AS 47.45.150 is amended by adding a new paragraph to read:

22 (3) "resident" or "resident of the state" means an indi-
23 vidual who is physically present in the state with the intent to
24 remain in the state indefinitely and to make a home in the state. A
25 person demonstrates the requisite intent only by maintaining a princi-
26 pal place of abode in the state for the one year required by AS 47.-
27 45.010(a) and by providing other proof of intent the commissioner may
28 require by regulation, including proof that the person is not claiming
29 residency outside the state or obtaining benefits under a claim of

1 residency outside the state.

2 * Sec. ⁹ 8. AS 47.45.170 is repealed and reenacted to read:

3 Sec. 47.45.170. FINDINGS AND PURPOSE. The legislature finds and
4 declares that

5 (1) the high cost of goods and services in Alaska and the
6 state's remoteness and harsh environment, make it difficult for many
7 elderly Alaskans to remain in the state after retirement;

8 (2) when a person is forced to live out retirement years
9 away from home, family and friends, that person suffers an irreparable
10 loss;

11 (3) Alaska's elderly are a precious human resource, and it
12 is in the public interest to provide a financial incentive for them to
13 remain in the state after retirement;

14 (4) as oil revenues decrease, it will become increasingly
15 difficult for the legislature to fund the longevity bonus program
16 through annual appropriations and the income of the Alaska permanent
17 fund is an appropriate source of funding for the longevity bonus
18 program; and

19 (5) it is in the public interest to continue the longevity
20 bonus program for all elderly Alaskans irrespective of need. The
21 longevity bonus program is not a form of welfare, and is not a substi-
22 tute for or supplement to public assistance. Other programs are
23 available to provide the basic necessities of life. The longevity
24 bonus program is intended only to encourage elderly Alaskans to spend
25 their retirement years in the comfort of their homes.

26 * Sec. ¹⁰ 9. AS 47.45.150(2) is repealed.

27 * ~~Sec. 10.~~ It is the intent of the legislature that any money appropri-
28 ated from the general fund for the purpose of paying monthly longevity
29 bonuses, after the state fiscal year ending June 30, 1982, be

1 ~~reappropriated and transferred to the general fund from the longevity bonus~~
2 ~~account established under sec. 1 of this Act as soon as possible after the~~
3 ~~effective date of this Act.~~

4 * ~~Sec. 11.~~ ~~Sections 3 and 7~~ of this Act are retroactive to July 1,
5 1982.

6 * ~~Sec. 12.~~¹¹ This Act takes effect July 1, 1983.

See 7-10-1965

*3/4/65
3*

Sec 7. AS 47.25.43. Notwithstanding any other state or municipal statute, regulation, or ordinance to the contrary, officials of the longevity bonus program may have access to and use the records or other information, or portions thereof, held by other agencies of the state and municipal governments which bear on the length of Alaska residence of a bonus applicant or recipient.

I. REQUEST
 Bill/Resolution No.: CSSB 215 (2d Rules)
 Title: Longevity Bonus/Permanent Fund
 Sponsor: Ray
 Requestor: _____

II. FISCAL DETAIL
 Agency Affected: Administration
 Program Category Affected: Social Services
 BRU, Program of Subprogram(s) Affected: Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		85.1	53.5	53.5	53.5	53.5
200 TRAVEL						
300 CONTRACTUAL		87.0	88.0	89.0	90.0	91.0
400 COMMODITIES		2.0	1.5	1.6	1.7	1.8
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		28,629.5	(19,112.4)	(16,380.7)	(13,640.4)	(12,955.0)
TOTAL OPERATING		28,803.6	(18,969.4)	(16,236.6)	(13,495.2)	(12,808.7)
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	(11,071.4)	(34,345.0)	(37,547.9)	(40,750.8)	(43,953.7)
FEDERAL FUNDS					
OTHER (Specify Source)					
Permanent Fund	39,875.0	15,375.5	21,311.3	27,255.6	31,145.0

POSITIONS:

FULL-TIME	2.0	2.0	2.0	2.0	2.0
PART-TIME	3.0	-0-	-0-	-0-	-0-
TEMPORARY					

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Alaska Permanent Fund Income

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: George T. Michael
 Division: Pioneers' Benefits

Phone: 465-4401
 Date: 5/20/83

Approved by Commissioner: Lisa Rudd
 Department: ADMINISTRATION

Date: 5/24/83

Distribution:

- Original to Legislative Finance
 - Copy to Office of Management and Budget (for Legislature introduced bills)
 - Copy to Department (for Governor introduced bills)
 - Copy to Sponsor
 - Copy to Requestor (if different from Sponsor)
- 3/8/83

IV. ANALYSIS:

C.S.S.B. 215 (2d Rules)

This is a revision of fiscal notes submitted on May 4 and 5, 1983. The current version of C.S.S.B. 215 (2d Rules) has allowed for the appropriation of \$17,500,000 from the dividend fund for payment of longevity bonuses in FY84.

ASSUMPTIONS

- a) Residence requirements for eligibility for the Longevity Bonus Program would change from 25 years to one year, and the requirement for domicile in Alaska on or before January 3, 1959, would be eliminated.
- b) An estimated 6,072 additional persons would become eligible under the new regulations. Based on the number of people over age 65 who qualified for permanent fund dividends in 1982, we estimate payment of the longevity bonus to 16,500 people in FY84.
- c) Retroactive benefits to July 1982 will be payable to the additional 6,072 persons plus 250 present recipients over age 65 who qualified for the Bonus in FY83 by completing 25 years of continuous Alaska domicile. Total cost of these retro payments is expected to be \$18,966,000.
- d) An increase in the Longevity Bonus staff will be needed to process the initial flood of applications, and continuing increased staff will be necessary to process the greater workload of the expanded program.
- e) Annual growth of the program will be approximately 89 per month after the initial surge of applications. This figure is based on the number of applications received in addition to new inquiries in the past year. The current growth rate is 65 applicants per month.
- f) The Act takes effect on July 1, 1983.
- g) Operating expenses (exclusive of the amount of the monthly Bonus payment) and retroactive benefits will be funded from the General Fund.

Monthly Longevity Bonus payments are estimated to be:

FY84	-	\$201
FY85	-	\$ 73
FY86	-	\$ 95
FY87	-	\$115
FY88	-	\$125

Additional funds needed for FY84 are computed as follows:

	Annual Cost
Personal Services	\$85,140
Clerk V, PFT (two positions)	\$53,460
Clerk II, PPT (three positions, 6 mo.)	\$31,680

IV. ANALYSIS: (continued)

Contractual Services 87,000

Added postage, bonus warrants, printing of new regulations and application forms, data processing charges, increased telephone tolls.

Commodities 2,000

Office supplies and file cabinets for application and recipient files.

Grants

Additional funds needed for Bonus payments to estimated 6,072 additional persons who will be eligible due to one-year residence requirement. 9,663,500

Retroactive payments for those who would have been eligible on July 1, 1982 (est. 6,322 x 12 x \$250) 18,966,000

Additional FY84 funds required \$28,803,640

For years beyond FY84, two additional PFT staff positions need to be retained, along with appropriate contractual and commodities costs, plus grants based on an estimated increase of 89 recipients per month.

The amount of grants funds available for payments from the dividend fund in FY84 will be \$39,875,000, plus retroactive payments of \$18,966,000.

This fiscal note assumes that all grants, except retroactive payments, which would normally have been funded from the State General Fund, will now be funded from the dividend fund for a net reduction of \$11,071,400 in expense to the General Fund in FY84. Our assumption is that the Vest lawsuit requires retroactive payments. Department of Administration is using known Department of Revenue figures that show qualified people over 65 years of age who have applied for permanent fund dividends.



Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

SENATE FINANCE COMMITTEE

Subject: CSSB-215, Longevity Bonus

Date: May 4, 1983
1:30 PM
Finance Committee Room

Attached are:

- CSSB-215 (RIs) 4/30/83
- CSSB-215 (Residency) 4/7/83
- Memorandum (Senator Ray) 4/30/83
- Fiscal Note & Analysis (Commission Rudd, DOA) 4/29/83
- Fiscal Note (Senator Sackett) 5/3/83

*Kathy - SFC
This is what
we've passed
out. Max*

Offered: 4/30/83
Referred: Finance

Original sponsors: Ray and Kerttula

1 IN THE SENATE BY THE RULES COMMITTEE
2 CS FOR SENATE BILL NO. 215 (Rules)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act authorizing the use of Alaska permanent fund
7 income to pay longevity bonuses; amending the longev-
8 ity bonus program and the permanent fund dividend
9 distribution program; and providing for an effective
10 date."

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

12 * Section 1. AS 37.13 is amended by adding a new section to read:

13 Sec. 37.13.147. LONGEVITY BONUS ACCOUNT. The longevity bonus
14 account is established as a separate account in the Alaska permanent
15 fund. Notwithstanding the provisions of AS 37.13.145, 12.5 percent of
16 the income of the permanent fund earned during the fiscal year ending
17 on June 30 of the current year that is available for distribution
18 under AS 37.13.140 shall be credited to the longevity bonus account.

19 (b) Money in the longevity bonus account shall be invested in
20 investments authorized under AS 37.13.120. The longevity bonus ac-
21 count shall be credited with earnings at an interest rate equal to the
22 average rate of interest earned on the Alaska permanent fund.

23 (c) The legislature may annually appropriate an amount suffi-
24 cient to pay monthly longevity bonuses for the subsequent fiscal year
25 under AS 47.45.010(d) from the longevity bonus account to the Alaska
26 longevity bonus fund established under AS 47.45.090.

27 * Sec. 2. AS 43.23.045(b) is amended to read:

28 (b) Notwithstanding any contrary provision of law, each year the
29 commissioner shall transfer to the dividend fund 37.5 [50] percent of

1 the income of the Alaska permanent fund earned during the fiscal year
2 ending on June 30 of the current year and available for distribution.

3 * Sec. 3. AS 47.45.010 is amended to read:

4 Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

5 (a) A person who is 65 years of age or over, who has been a resident
6 of the state for at least one year immediately preceding the applica-
7 tion for a longevity bonus under this chapter [WAS DOMICILED IN THE
8 TERRITORY ON OR BEFORE JANUARY 3, 1959 AND WHO HAS MAINTAINED A CON-
9 TINUOUS DOMICILE IN THE TERRITORY OR STATE FOR 25 YEARS] may apply to
10 the commissioner of administration for qualification to receive a
11 monthly bonus [OF \$250].

12 (b) When the commissioner of administration determines that an
13 applicant qualifies under AS 47.45.010 - 47.45.170 the commissioner
14 [HE] shall immediately begin payment of the bonus.

15 (c) A person who otherwise qualifies to receive a bonus provided
16 for in AS 47.45.010 - 47.45.170 may continue to do so only as long as
17 that person continues to be a resident of [HE CONTINUOUSLY RETAINS A
18 DOMICILE IN] the state.

19 * Sec. 4. AS 47.45.010 is amended by adding a new subsection to read:

20 (d) The amount of the monthly bonus is (1) \$250, increased by
21 three percent each year beginning in the state fiscal year 1985; or
22 (2) an amount equal to eight and one-third percent of the amount
23 credited to the longevity bonus account for the previous fiscal year
24 under AS 37.13.147, exclusive of earnings, divided by the number of
25 qualified applicants under this section; whichever amount is less.

26 * Sec. 5. AS 47.45.030 is amended to read:

27 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification a
28 [A] recipient shall notify the commissioner of administration when the
29 recipient [HE] expects to be absent from the state if the absence is

1 for a continuous period that exceeds 30 days. After that notifica-
2 tion, the recipient shall no longer receive bonuses from the Depart-
3 ment of Administration after the [HIS] last regularly approved monthly
4 application. Upon returning [HIS RETURN] to the state the recipient
5 [HE] may again make application for a bonus. Whenever the absence is
6 for a continuous period that exceeds 180 days the recipient shall be
7 disqualified from receiving bonuses for the next 12 calendar months
8 after returning [HIS RETURN] to the state. However, when the commis-
9 sioner of administration determines a period of absence is beyond the
10 control of the recipient, the recipient [HE] may not be disqualified,
11 if the recipient [HE] still otherwise qualifies upon returning [HIS
12 RETURN] to the state. Continual absences from the state, even though
13 reported, and failure to notify the commissioner of an expected ab-
14 sence may be grounds for disqualification.

15 * Sec. 6. AS 47.45.090 is repealed and reenacted to read:

16 Sec. 47.45.090. ALASKA LONGEVITY BONUS FUND. The Alaska longev-
17 ity bonus fund is established for the purpose of paying the monthly
18 bonuses provided for in this chapter. The fund consists of money
19 appropriated to the fund by the state legislature from the longevity
20 bonus account established under AS 37.13.147.

21 * Sec. 7. AS 47.45.150 is amended by adding a new paragraph to read:

22 (3) "resident" or "resident of the state" means an indi-
23 vidual who is physically present in the state with the intent to
24 remain in the state indefinitely and to make a home in the state. A
25 person demonstrates the requisite intent only by maintaining a princi-
26 pal place of abode in the state for the one year required by AS 47.-
27 45.010(a) and by providing other proof of intent the commissioner may
28 require by regulation, including proof that the person is not claiming
29 residency outside the state or obtaining benefits under a claim of

1 residency outside the state.

2 * Sec. 8. AS 47.45.170 is repealed and reenacted to read:

3 Sec. 47.45.170. FINDINGS AND PURPOSE. The legislature finds and
4 declares that

5 (1) the high cost of goods and services in Alaska and the
6 state's remoteness and harsh environment, make it difficult for many
7 elderly Alaskans to remain in the state after retirement;

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9 away from home, family and friends, that person suffers an irreparable
10 loss;

11 (3) Alaska's elderly are a precious human resource, and it
12 is in the public interest to provide a financial incentive for them to
13 remain in the state after retirement;

14 (4) as oil revenues decrease, it will become increasingly
15 difficult for the legislature to fund the longevity bonus program
16 through annual appropriations and the income of the Alaska permanent
17 fund is an appropriate source of funding for the longevity bonus
18 program; and

19 (5) it is in the public interest to continue the longevity
20 bonus program for all elderly Alaskans irrespective of need. The
21 longevity bonus program is not a form of welfare, and is not a substi-
22 tute for or supplement to public assistance. Other programs are
23 available to provide the basic necessities of life. The longevity
24 bonus program is intended only to encourage elderly Alaskans to spend
25 their retirement years in the comfort of their homes.

26 * Sec. 9. AS 47.45.150(2) is repealed.

27 * Sec. 10. It is the intent of the legislature that any money appropri-
28 ated from the general fund for the purpose of paying monthly longevity
29 bonuses, after the state fiscal year ending June 30, 1982, be

1 reappropriated and transferred to the general fund from the longevity bonus
2 account established under sec. 1 of this Act as soon as possible after the
3 effective date of this Act.

4 * Sec. 11. Sections 3 and 7 of this Act are retroactive to July 1,
5 1982.

6 * Sec. 12. This Act takes effect July 1, 1983.

Offered: 4/7/83
Referred: Finance

Original sponsors: Ray and Kerttula

1 IN THE SENATE
2 CS FOR SENATE BILL NO. 215 (Residency)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act authorizing the use of Alaska permanent fund
7 income to pay longevity bonuses; amending the longev-
8 ity bonus program and the permanent fund dividend
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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
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17 that person continues to be a resident of [HE CONTINUOUSLY RETAINS A
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19 * Sec. 4. AS 47.45.010 is amended by adding a new subsection to read:

20 (d) The amount of the monthly bonus is (1) \$250, increased by
21 three percent each year beginning in the state fiscal year 1985; or
22 (2) an amount equal to eight and one-third percent of the amount
23 credited to the longevity bonus account for the previous fiscal year
24 under AS 37.13.147, exclusive of earnings, divided by the number of
25 qualified applicants under this section; whichever amount is less.

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18 bonuses provided for in this chapter. The fund consists of money
19 appropriated to the fund by the state legislature from the longevity
20 bonus account established under AS 37.13.147.

21 * Sec. 7. AS 47.45.150 is amended by adding a new paragraph to read:

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23 available to provide the basic necessities of life. The longevity
24 bonus program is intended only to encourage elderly Alaskans to spend
25 their retirement years in the comfort of their homes.

26 * Sec. 9. AS 47.45.150(2) is repealed.

27 * Sec. 10. Sections 3 and 7 of this Act are retroactive to July 1,
28 1982.

29 * Sec. 11. This Act takes effect July 1, 1983.

MEMORANDUM

TO : Senators Sackett and Bennett, co-chairmen, and all other members of the Senate Finance Committee

FROM : Senator Ray
RE : CSSB 215--Longevity bonus
DATE : April 30, 1983

As you know, the Department of Administration ("DOA") has submitted a revised fiscal note dated April 29, 1983 with an attached "analysis."

According to the DOA's analysis, since submitting a fiscal note on April 6, 1983, "new information has come to light which drastically changes the estimate of the number of persons who would qualify for the Longevity Bonus under C.S.S.B. 215."

This so called "new information" consists of a finding by the Department of Revenue that out of "356,000 Permanent Fund applications, 19,725 applications were from persons who were age 65 or older."

Based solely on the above "new information," the DOA then concluded that "it seems almost certain that there are at least 19,725 persons who will qualify for the Bonus under C.S.S.B. 215, rather than 13,228 which was estimated in the fiscal note dated April 6, 1983."

For the reasons that follow, we feel that the DOA's "new information" and the conclusions and projections based thereon, may be very inaccurate and grossly misleading:

1. The so called "new information" isn't new at all. It was readily available or obtainable long before the DOA's prior fiscal note of April 6, 1983, yet it was never used in arriving at the previous estimate of 13,228 longevity bonus recipients.

The DOA offers no explanation of why this information wasn't obtained or used before, or why it suddenly "came to light." Two reasonable inferences can be drawn from this omission: (1) the DOA is so inept and incompetent that no one ever thought of it before; or (2) they thought of it before, but decided that the data was so raw and so inconsistent with other, more reliable data that it was not worth using.

For some of the reasons discussed below, we believe that the second inference is the more reasonable.

2. The so called "new information" is merely raw data that completely fails to consider various factors that might fully account for the difference between the number of 65 or over permanent fund applicants and the previously estimated number of longevity bonus recipients under CSSB 215.

The DOA "analysis" itself recognizes or admits that the 19,725 figure "does not take into consideration those who have since died or left the State."

However, that is not all that it fails to take into consideration. There

are a number of other factors which have been omitted and which may be far more important.

For example, no effort was made to estimate how many of the 19,725 applications were duplicates; or how many of them were fraudulent.

And, perhaps far more importantly, no consideration was given to how many of those 19,725 elderly applicants are absent from the state for more than 180 consecutive days a year and thus ineligible to receive a longevity bonus.

3. The so called "new information" is completely inconsistent with the carefully accumulated and recorded data and projections on which the prior estimate of 13,228 longevity bonus recipients was based.

In August, 1982, the Department of Law filed an Agreement and Settlement Order in the Vest case which, on page 4, estimated that if the original longevity bonus program residency requirement was dropped, approximately 13,124 persons would be eligible.

That figure was consistent with a DOA draft fiscal note done in January, 1983 (see Jon Tillinghast's report dated March 8, 1983, at page 24).

Starting in February, 1983, the DOA and other agencies provided us with the data supporting the 13,228 figure, including a 1981 Department of Labor ("DOL") population study and overview that estimated that in 1983 there would be 13,672 elderly in Alaska and that the percentage of elderly would remain fairly static through the year 2000 (see Tillinghast's report, at page 44).

In February and March of this year the DOL also provided us with data supporting their estimate that approximately 2.9% of the Alaska population was 65 or over. The 2.9% figure was then presented to and approved by actuarial experts of both the Aetna and Travelers insurance companies, who believed it was consistent with national figures and projections.

Even more recently, an actuarial expert retained by the DOA (a member of Mercer & Associates) estimated that in FY 84 3.1% of the Alaska population will be 65 or over.

The DOA's "new information," however, indicates that approximately 5% of the current Alaska population is 65 or over. Obviously, this is highly inconsistent with all previous, well documented, supported and relied upon data and projections and, at the very least, it provides ample reason to seriously question the accuracy of the DOA's "new information" and the validity of the conclusions and projections based thereon.

4. The DOA's revised fiscal note, in its "grants, claims, etc." projections for FY 84-88, fails to take into account that under CSSB 215 there is a built-in ceiling of 12.5% of the permanent fund earnings during a given fiscal year. Therefore, the DOA's projections appear to be completely arbitrary and meaningless.

5. Even if the DOA's "new information" proves to be accurate and dependable, the problem it creates is one that has to be dealt with by any of the options for revising the existing longevity bonus program, especially the Administration's own proposal where the problem would even be worse because the residency requirement will have to be limited to 30 days rather than one year.

I. REQUEST
 Bill/Resolution No.: C.S.S.B. 215
 Title: Longevity Bonus/Permanent Fund
 Sponsor: Ray
 Requestor: _____

II. FISCAL DETAIL
 Agency Affected: Administration
 Program Category Affected: Social Services
 BRU, Program of Subprogram(s) Affected: Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	0	95.7	53.5	53.5	53.5	53.5
200 TRAVEL						
300 CONTRACTUAL	0	105.0	106.0	107.0	108.0	109.0
400 COMMODITIES	0	3.0	1.5	1.6	1.7	1.8
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC	0	51,800.0	32,861.6	35,078.6	37,559.8	40,317.0
TOTAL OPERATING	0	62,003.7	33,022.6	35,240.7	37,723.0	40,481.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS	-					
OTHER (Specify Source)						
Permanent Fund	0	62,003.7	33,022.6	35,240.7	37,723.0	40,481.3

POSITIONS:

FULL-TIME	0	2.0	2.0	2.0	2.0	2.0
PART-TIME	0	2.0	0	0	0	0
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Alaska Permanent Fund Income

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: George J. Michael, Administrative Officer
 Division: Pioneers' Benefits

Phone: 465-4401

Date: April 29, 1983

Approved by Commissioner: Lisa Rudd
 Department: ADMINISTRATION

Date: 4/29/83

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

3/8/83

I. REQUEST

Bill/Resolution No.: C.S.S.B. 215
 Title: Longevity Bonus/Permanent Fund
 Sponsor: Ray
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: Social Services
 BRU, Program of Subprogram(s) Affected:
Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	0	95.7	53.5	53.5	53.5	53.5
200 TRAVEL						
300 CONTRACTUAL	0	105.0	106.0	107.0	108.0	109.0
400 COMMODITIES	0	3.0	1.5	1.6	1.7	1.8
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC	0	61,800.0	32,861.6	35,078.6	37,559.8	40,317.0
TOTAL OPERATING	0	62,003.7	33,022.6	35,240.7	37,723.0	40,481.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Permanent Fund	0	62,003.7	33,022.6	35,240.7	37,723.0	40,481.3

POSITIONS:

FULL-TIME	0	2.0	2.0	2.0	2.0	2.0
PART-TIME	0	2.0	0	0	0	0
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Alaska Permanent Fund Income

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: George J. Michael, Administrative Officer
 Division: Pioneers' Benefits

Phone: 465-4401
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3/8/83

IV. ANALYSIS:

C.S.S.B. 215
April 29, 1983

This is a revision of the fiscal note which was submitted on April 6, 1983. Since that time new information has come to light which drastically changes the estimate of the number of persons who would qualify for the Longevity Bonus under C.S.S.B. 215.

The Department of Revenue has found that of 356,000 Permanent Fund applications, 19,725 applications were from persons who were age 65 or older. Since these applications were for 1981-82, and those persons had been in Alaska for at least six months at that time, all of those persons, if still in Alaska, would qualify under the one-year residence requirement of C.S.S.B. 215. This does not take into consideration those who have since died or left the State. However, from the impact which is being felt on senior programs it can be deduced that the over-65 population is increasing in Alaska, rather than declining.

Therefore, it seems almost certain that there are at least 19,725 persons who will qualify for the Bonus under C.S.S.B. 215, rather than 13,228 which was estimated in the fiscal note dated April 6, 1983.

This means that an additional 10,300 persons must be provided for, rather than 3,803 estimated in the original fiscal note.

ASSUMPTIONS

(a) Residence requirements for eligibility for the Longevity Bonus Program would change from 25 years to one year, and the requirement for domicile in Alaska on or before January 3, 1959, would be eliminated. (b) An estimated 10,300 additional persons would immediately become eligible under the new regulations. (c) Retroactive payments will be paid in FY84 in a total amount of \$30,900,000 to the approximately 10,300 persons who would have been eligible on July 1, 1982. (d) An increase in the Longevity Bonus staff will be needed to process the initial flood of applications, and continuing increased staff will be necessary to process the greater workload of the expanded program. (e) Annual growth of the program will be approximately 89 per month after the initial surge of applications. (f) the Act takes effect on July 1, 1983. (g) Grants for FY85-88 are increased by 3% each year. Section 4(d) (2) of the bill, which provides for an alternate monthly bonus amount, is not considered in this fiscal note because there is no way to know what the amount will be in the "Longevity Bonus account" each year.

Additional funds needed for FY84 are computed as follows:

	Annual Cost
Personal Services	\$ 95,700
Clerk V, PFT (two positions)	\$53,460
Clerk II, PPT (four positions, 6 mo.)	\$42,240
Contractual Services	105,000
Added postage, bonus warrants, printing of new regulations and application forms, data processing charges, increased telephone tolls.	

IV. ANALYSIS:

C.S.S.B. 215
April 29, 1983

Commodities 3,000

Office supplies and file cabinets for application and recipient files.

Grants

(additional estimated 10,300 persons who will be eligible for the Bonus due to one-year residence requirement x 12 x \$250) 30,900,000

Retroactive payments for those who would have been eligible on July 1, 1982 (est. 10,300 x 12 x \$250) 30,900,000

Additional FY84 funds required \$62,003,700

For years beyond FY84, two additional PFT staff positions needs to be retained, along with appropriate contractual and commodities costs, plus grants based on an estimated increase of 89 recipients per month, escalated at the rate of 3% per year.

Sec ____ AS _____. Notwithstanding any other state or municipal statute, regulation, or ordinance to the contrary, officials of the longevity bonus program may have access to and use the records or other information, or portions thereof, held by other agencies of the state and municipal governments which bear on the length of Alaska residence of a bonus applicant or recipient.

COMMITTEE REPORT

SENATE

3
4/7/83

FURTHER:

Date: 4/28/83

Mr. President:

The Committee on FINANCE has had SB 215

Authorizing the use of Alaska permanent fund income to pay longevity bonuses; amending the longevity bonus program and the permanent fund dividend distribution program; 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 CS for SB 215 (Residency) same title
DO PASS new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Offered: 4/7/83
Referred: Finance

Original sponsors: Ray and Kerttula

1 IN THE SENATE
2 CS FOR SENATE BILL NO. 215 (Residency)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act authorizing the use of Alaska permanent fund
7 income to pay longevity bonuses; amending the longev-
8 ity bonus program and the permanent fund dividend
9 distribution program; and providing for an effective
10 date."
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
12 * Section 1. AS 37.13 is amended by adding a new section to read:
13 Sec. 37.13.147. LONGEVITY BONUS ACCOUNT. The longevity bonus
14 account is established as a separate account in the Alaska permanent
15 fund. Notwithstanding the provisions of AS 37.13.145, 12.5 percent of
16 the income of the permanent fund earned during the fiscal year ending
17 on June 30 of the current year that is available for distribution
18 under AS 37.13.140 shall be credited to the longevity bonus account.
19 (b) Money in the longevity bonus account shall be invested in
20 investments authorized under AS 37.13.120. The longevity bonus ac-
21 count shall be credited with earnings at an interest rate equal to the
22 average rate of interest earned on the Alaska permanent fund.
23 (c) The legislature may annually appropriate an amount suffi-
24 cient to pay monthly longevity bonuses for the subsequent fiscal year
25 under AS 47.45.010(d) from the longevity bonus account to the Alaska
26 longevity bonus fund established under AS 47.45.090.
27 * Sec. 2. AS 43.23.045(b) is amended to read:
28 (b) Notwithstanding any contrary provision of law, each year the
29 commissioner shall transfer to the dividend fund 37.5 [50] percent of

1 the income of the Alaska permanent fund earned during the fiscal year
2 ending on June 30 of the current year and available for distribution.

3 * Sec. 3. AS 47.45.010 is amended to read:

4 Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

5 (a) A person who is 65 years of age or over, who has been a resident
6 of the state for at least one year immediately preceding the applica-
7 tion for a longevity bonus under this chapter [WAS DOMICILED IN THE
8 TERRITORY ON OR BEFORE JANUARY 3, 1959 AND WHO HAS MAINTAINED A CON-
9 TINUOUS DOMICILE IN THE TERRITORY OR STATE FOR 25 YEARS] may apply to
10 the commissioner of administration for qualification to receive a
11 monthly bonus [OF \$250].

12 (b) When the commissioner of administration determines that an
13 applicant qualifies under AS 47.45.010 - 47.45.170 the commissioner
14 [HE] shall immediately begin payment of the bonus.

15 (c) A person who otherwise qualifies to receive a bonus provided
16 for in AS 47.45.010 - 47.45.170 may continue to do so only as long as
17 that person continues to be a resident of [HE CONTINUOUSLY RETAINS A
18 DOMICILE IN] the state.

19 * Sec. 4. AS 47.45.010 is amended by adding a new subsection to read:

20 (d) The amount of the monthly bonus is (1) \$250, increased by
21 three percent each year beginning in the state fiscal year 1985; or
22 (2) an amount equal to eight and one-third percent of the amount
23 credited to the longevity bonus account for the previous fiscal year
24 under AS 37.13.147, exclusive of earnings, divided by the number of
25 qualified applicants under this section; whichever amount is less.

26 * Sec. 5. AS 47.45.030 is amended to read:

27 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification a
28 [A] recipient shall notify the commissioner of administration when the
29 recipient [HE] expects to be absent from the state if the absence is

1 for a continuous period that exceeds 30 days. After that notifica-
2 tion, the recipient shall no longer receive bonuses from the Depart-
3 ment of Administration after the [HIS] last regularly approved monthly
4 application. Upon returning [HIS RETURN] to the state the recipient
5 [HE] may again make application for a bonus. Whenever the absence is
6 for a continuous period that exceeds 180 days the recipient shall be
7 disqualified from receiving bonuses for the next 12 calendar months
8 after returning [HIS RETURN] to the state. However, when the commis-
9 sioner of administration determines a period of absence is beyond the
10 control of the recipient, the recipient [HE] may not be disqualified,
11 if the recipient [HE] still otherwise qualifies upon returning [HIS
12 RETURN] to the state. Continual absences from the state, even though
13 reported, and failure to notify the commissioner of an expected ab-
14 sence may be grounds for disqualification.

15 * Sec. 6. AS 47.45.090 is repealed and reenacted to read:

16 Sec. 47.45.090. ALASKA LONGEVITY BONUS FUND. The Alaska longev-
17 ity bonus fund is established for the purpose of paying the monthly
18 bonuses provided for in this chapter. The fund consists of money
19 appropriated to the fund by the state legislature from the longevity
20 bonus account established under AS 37.13.147.

21 * Sec. 7. AS 47.45.150 is amended by adding a new paragraph to read:

22 (3) "resident" or "resident of the state" means an indi-
23 vidual who is physically present in the state with the intent to
24 remain in the state indefinitely and to make a home in the state. A
25 person demonstrates the requisite intent only by maintaining a princi-
26 pal place of abode in the state for the one year required by AS 47.-
27 45.010(a) and by providing other proof of intent the commissioner may
28 require by regulation, including proof that the person is not claiming
29 residency outside the state or obtaining benefits under a claim of

1 residency outside the state.

2 * Sec. 8. AS 47.45.170 is repealed and reenacted to read:

3 Sec. 47.45.170. FINDINGS AND PURPOSE. The legislature finds and
4 declares that

5 (1) the high cost of goods and services in Alaska and the
6 state's remoteness and harsh environment, make it difficult for many
7 elderly Alaskans to remain in the state after retirement;

8 (2) when a person is forced to live out retirement years
9 away from home, family and friends, that person suffers an irreparable
10 loss;

11 (3) Alaska's elderly are a precious human resource, and it
12 is in the public interest to provide a financial incentive for them to
13 remain in the state after retirement;

14 (4) as oil revenues decrease, it will become increasingly
15 difficult for the legislature to fund the longevity bonus program
16 through annual appropriations and the income of the Alaska permanent
17 fund is an appropriate source of funding for the longevity bonus
18 program; and

19 (5) it is in the public interest to continue the longevity
20 bonus program for all elderly Alaskans irrespective of need. The
21 longevity bonus program is not a form of welfare, and is not a substi-
22 tute for or supplement to public assistance. Other programs are
23 available to provide the basic necessities of life. The longevity
24 bonus program is intended only to encourage elderly Alaskans to spend
25 their retirement years in the comfort of their homes.

26 * Sec. 9. AS 47.45.150(2) is repealed.

27 * Sec. 10. Sections 3 and 7 of this Act are retroactive to July 1,
28 1982.

29 * Sec. 11. This Act takes effect July 1, 1983.

MAY 5 1983

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 5, 1983

SUBJECT: Longevity bonus program
(CSSB 215 (Finance))

TO: Senator John C. Sackett
Chairman, Senate Finance Committee

FROM: *LHA* Linn H. Asper
Legislative Counsel

I have prepared the finance committee substitute to SB 215 that I understand was passed out of your committee yesterday (May 4th). I made several non-substantive changes to the new Sec. 7 that you may wish to review. In addition, you should be aware that giving the commissioner of administration the right to examine state and municipal documents to assist in making eligibility determinations for the longevity bonus program raises questions concerning the right to privacy under the state constitution (Article I, section 22). Time does not permit a more extensive analysis of the problem to determine if the new section would be declared unconstitutional in the courts.

A final point is that in removing the section that would have made the new residency requirement retroactive, the committee has taken out provisions that were intended to settle the Vest v. State case that gave rise to SB 215 in the first place. I assume that you are aware of the effect of your action, but thought that it should be called to your attention.

LHA:ljb
17/032

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 5, 1983

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(CSSB 215 (Finance))

TO: Senator John C. Sackett
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LHA:ljb
17/032

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4 application. Upon returning [HIS RETURN] to the state the recipient
5 [HE] may again make application for a bonus. Whenever the absence is
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17 ity bonus fund is established for the purpose of paying the monthly
18 bonuses provided for in this chapter. The fund consists of money
19 appropriated to the fund by the state legislature from the longevity
20 bonus account established under AS 37.13.147.

21 * Sec. 7. AS 47.45 is amended by adding a new section to read:

22 Sec. 47.45.145. ACCESS TO RECORDS. Notwithstanding any contrary
23 provision of state or municipal law the commissioner of administration
24 may examine records or documents in the possession of state agencies
25 or municipal governments that contain information relating to the
26 length of state residence of an applicant for a monthly bonus under
27 this chapter.

28 * Sec. 8. AS 47.45.150 is amended by adding a new paragraph to read:

29 (3) "resident" or "resident of the state" means an

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for SB 215 (Finance)
 Title An Act amending the Alaska Longevity Bonus Program
 Requested by _____ Date 5/3/83

II. FISCAL DETAIL

Agency Affected Department of Administration
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected Alaska Longevity Bonus Program
 (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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		26.7	26.7	26.7	26.7	26.7
200 TRAVEL						
300 CONTRACTUAL		26.0	26.5	27.0	27.5	28.0
400 COMMODITIES		1.0	1.0	1.0	1.0	1.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS ETC		42250.0	30400.0	42130.0	58830.0	61430.0
TOTAL		42303.7	30454.2	42184.7	58885.2	61485.7

FUNDING (Thousands of Dollars)

GENERAL FUND		53.7	54.2	54.7	55.2	55.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Permanent Fund Earnings		42250.0	30400.0	42130.0	58830.0	61430.0

POSITIONS

FULL TIME		1.0	1.0	1.0	1.0	1.0
PART TIME						
TEMPORARY						

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

IV. DATE 5/3/83

PREPARED BY
 AGENCY
 PHONE

John Sackett
 JOHN SACKETT, CO-CHAIRMAN
 Senate Finance Committee

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

STATE OF ALASKA
FISCAL NOTE

Revision Date: April 29, 1983

I. REQUEST

Bill/Resolution No.: C.S.S.B. 215
Title: Longevity Bonus/Permanent Fund
Sponsor: Ray
Requestor: _____

II. FISCAL DETAIL

Agency Affected: Administration
Program Category Affected: Social Services
BRU, Program of Subprogram(s) Affected: Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	0	95.7	53.5	53.5	53.5	53.5
200 TRAVEL						
300 CONTRACTUAL	0	105.0	106.0	107.0	108.0	109.0
400 COMMODITIES	0	3.0	1.5	1.6	1.7	1.8
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC	0	61,800.0	32,861.6	35,078.6	37,559.8	40,317.0
TOTAL OPERATING	0	62,003.7	33,022.6	35,240.7	37,723.0	40,481.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Permanent Fund	0	62,003.7	33,022.6	35,240.7	37,723.0	40,481.3

POSITIONS:

FULL-TIME	0	2.0	2.0	2.0	2.0	2.0
PART-TIME	0	2.0	0	0	0	0
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Alaska Permanent Fund Income

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: George J. Michael, Administrative Officer
Division: Pioneers' Benefits

Phone: 465-4401
Date: April 29, 1983

Approved by Commissioner: Lisa Rudd
Department: ADMINISTRATION

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