

LEG. FINANCE - BILLS 1985 - 1986 2167

SB 56 cont. - CSSB 56

2167

1 in AS 08.70.180; however, if that person, at the time of commicment or
2 commencement of residence, provided the principal support of a spouse,
3 the commissioner of administration may determine to pay the confined
4 person's bonus to the person's spouse until the spouse is qualified
5 for a bonus;

6 (3) is otherwise qualified but confined in a penal or
7 correctional institution or facility; upon completion of sentence or
8 upon the conferral of a pardon, parole or probation, the person may
9 make application; confinement outside the state shall be considered as
10 residence in the state if a person was convicted and sentenced from a
11 court in Alaska; revocation of parole or probation shall be cause for
12 immediate disqualification until release from confinement is again
13 effected;

14 (4) voluntarily leaves the state and remains absent from
15 the state for a continuous period of more than 180 days.

16 * Sec. 20. Section 11, ch. 38, SLA 1984 is amended to read:

17 Sec. 11. Sections 7 and 9 of this [THIS] Act [AND AS 47.45] are
18 repealed June 30, 1985.

19 * Sec. 21. AS 43.23.045(c) is repealed.

20 * Sec. 22. This Act applies only to permanent fund dividends for years
21 beginning after December 31, 1985. Notwithstanding the amendments to
22 AS 43.23 made by this Act, permanent fund dividends for 1985 and prior
23 years shall be made under the law as it existed before the effective date
24 of this Act.

25 * Sec. 23. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/30/85

Date 3-8-85

Mr. President

The Committee on JUDICIARY considered SB 56

amending the longevity bonus program and the permanent fund dividend program, establishing an annuity program; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SBS6 (Jud)
new title
- same title and recommends DO PASS + ADOPT STATE AFFAIRS
LETTER OF INTENT
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING

DO PASS

Robert Ziegler
Gene Fink
Rich Halford

MEMBERS HAVING

OTHER RECOMMENDATIONS

1

Rich Ziegler
Chairman

DO PASS
Chairman recommendation

COMMITTEE REPORT
SENATE

Judith Addley
FINANCE

FURTHER:

1/15/85

Date January 29, 1985

Mr. President

The Committee on STATE AFFAIRS considered SB 56

amending the longevity bonus program and the permanent fund dividend program, establishing an annuity program; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 56 (SA)
new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTES
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Tom Kelly
Bill Ray
V. Fischer
Edo DeVie

MEMBERS HAVING
OTHER RECOMMENDATIONS

Quentin McPherson
 Chairman
Do Pass
 Chairman recommendation

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

3/22/85

Date: 3-27-85

The Committee on FINANCE has had CS 88 56 (Fin)
"An Act relating to a longevity bonus, and providing for an effective
date."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for CS 88 56 (Fin) same title
 new title
- and recommends dispose
- AND attaches a "Letter of Intent" New Fiscal Note
 Zero Fiscal Note Attached
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

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MEMBERS HAVING
OTHER RECOMMENDATIONS:

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 CHAIRMAN

SECTIONAL ANALYSIS OF HCS CS SB 56 (FIN)

Section 1. This is the findings and purpose section. It articulates why the legislature is phasing out the program.

Section 2. This section phases out the program. Only those individuals who turn 65 by July of 1986 will be eligible for a monthly bonus for the rest of their lives.

Section 3. Under current law, a bonus recipient can be Outside for 6 months without losing eligibility for the bonus for the next year. This section would only allow the recipient to be Outside for 3 months without losing eligibility.

Section 4. This section disqualifies those who reside in nursing homes, nursing wings of Pioneer homes, and mental health facilities from receiving a longevity bonus. This is because they will lose their medicaid eligibility if they continue to receive a bonus and the amount that medicaid pays for their care far exceeds the \$3,000 in annual bonus income. (Please refer to letter of intent for further details.)

Section 5. This section "holds harmless" those bonus recipients who would otherwise lose their medicaid, SSI, and OAA benefits because the federal government now considers the bonus as a prior resource when determining eligibility for these programs. (Please refer to letter of intent for further details.)

Section 6. This section repeals the July 1, 1985 termination date of the current longevity bonus program.

Sections 7 and 8. These sections make all of the bill go into effect on July 1, 1985 except for section 6 which goes into effect immediately.

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR
H CS CS SB 56 (FINANCE)

HCS CS SB 56 (FIN) phases out the longevity bonus program in a fair and just manner by insuring that today's seniors in their sixties will receive a monthly longevity bonus for the rest of their lives regardless of need. The bill does, however, address the income of these seniors who are eligible for public assistance.

Because the federal government has indicated that the longevity bonus will be considered a prior resource when determining eligibility for medicaid and supplemental security income (SSI), many of Alaska's poorest seniors who qualify for the bonus will lose their medicaid and SSI benefits. Also, because the state funded Old Age Assistance (OAA) program must follow the federal ruling, these same seniors will lose their OAA benefits as well. This bill will hold the affected seniors harmless from this federal ruling by authorizing the state to pay those medicaid, SSI and OAA benefits that the federal government no longer allows, with one exception. Instead of paying the federal portion of medicaid for eligible nursing home residents, these individuals are prohibited from receiving a bonus. This is because the federal portion of their medicaid benefits far outweigh the \$3,000 in annual bonus income and because the cost to the state of paying both the bonus and the federal medicaid portion of their nursing home care is prohibitive. Nursing home care in Alaska averages \$140 per day.

The legislature recognizes that the federal government may consider the bonus as a prior resource for other programs for which eligibility requirements are controlled at the federal level. Therefore, it is the intent of the legislature that the House and Senate Health, Education & Social Services Committees conduct a joint review of the relationship between eligibility for a longevity bonus and eligibility for federal assistance programs and report back to the legislature next session. The review should consider, but is not limited to, the following items: (1) an inventory of programs for which receipt of the bonus will change eligibility for the federal program, (2) the cost of holding bonus recipients harmless for each program, (3) how best to administer hold harmless programs; (4) how an individual would fare under each program if the individual were made ineligible for a bonus, (5) proposals for legislative action, and (6) the federal reaction to any proposed legislative actions. In conducting the review, the Committees should work closely with the House and Senate Finance Committees and the affected state agencies.



Al Adams, Chairman
House Finance Committee

Original sponsors: Ray, Halford,
Bennett, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 56 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a longevity bonus; and providing
7 for an effective date."

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

9 * Section 1. FINDINGS AND PURPOSE. The legislature finds and declares
10 that

11 (1) the state is committed to the elderly and has been since
12 territorial days, as evidenced by the many programs benefiting the elderly,
13 including the Alaska longevity bonus program; the Alaska Supreme Court in
14 Schafer v. Vest, however, struck down the original longevity bonus program,
15 thus requiring action by the legislature; as a result, the program is now
16 open to an ever-increasing number of recipients, placing an ever-expanding
17 burden on the general fund;

18 (2) projections of declining oil revenue, combined with an
19 increasing senior citizen population, make it clear that the longevity
20 bonus program will be increasingly difficult to fund and it must be
21 amended;

22 (3) the state still desires to recognize the achievements of
23 Alaska's elderly, who served Alaska prior to statehood; thus, the legisla-
24 ture is committed to the principle that those currently receiving the
25 longevity bonus will continue to receive it in the future;

26 (4) this legislation provides for the eventual phasing out of
27 the current program in as fair and cost effective a manner as possible,
28 leaving it to subsequent legislatures to decide if another program is
29 needed to assist future Alaskan elders at some later point in time.

1 * Sec. 2. AS 47.45.010(a) is amended to read:

2 (a) A person who is 65 years of age or over on or before July 1,
3 1986, who resides in the state for at least one year immediately
4 preceding application for a longevity bonus under this chapter may
5 apply to the commissioner of administration for qualification to
6 receive a monthly bonus of \$250 upon reaching age 65.

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

8 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification, a
9 recipient shall notify the commissioner of administration when the
10 recipient expects to be absent from the state if the absence is for a
11 continuous period that exceeds 30 days. After that notification, the
12 recipient may no longer receive bonuses from the Department of
13 Administration after the last regularly approved monthly application.
14 Upon returning to the state, the recipient may again make application
15 for a bonus. Whenever the absence is for a continuous period that
16 exceeds 90 [180] days the recipient shall be disqualified from
17 receiving bonuses for the next 12 calendar months after returning to
18 the state. However, when the commissioner of administration determines
19 a period of absence is beyond the control of the recipient, the
20 recipient may not be disqualified if the recipient still otherwise
21 qualifies upon returning to the state. Continual absences from the
22 state, even though reported, and failure to notify the commissioner of
23 an expected absence may be grounds for disqualification.

24 * Sec. 4. AS 47.45.070 is amended to read:

25 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is
26 one who

27 (1) does not meet the age or residence requirements as
28 provided for under this chapter;

29 (2) meets the age and residence requirements of this chap-

1 ter but either is confined in a state or federal mental health insti-
2 tution or facility and is certified by the state as unable to manage
3 personal affairs, or resides in a nursing home as that term is defined
4 in AS 08.70.130; however, if that person, at the time of commitment or
5 commencement of residence, provided the principal support of a spouse,
6 the commissioner of administration may determine to pay the confined
7 person's bonus to the person's spouse until the spouse is qualified
8 for a bonus;

9 (3) is otherwise qualified but confined in a penal or
10 correctional institution or facility; upon completion of sentence or
11 upon the conferral of a pardon, parole or probation, the person may
12 make application; confinement outside the state shall be considered as
13 residence in the state if a person was convicted and sentenced from a
14 court in Alaska; revocation of parole or probation shall be cause for
15 immediate disqualification until release from confinement is again
16 effected;

17 (4) voluntarily leaves the state and remains absent from
18 the state for a continuous period of more than 90 [130] days.

19 * Sec. 5. AS 47.45 is amended by adding a new section to read:

20 Sec. 47.45.122. ELIGIBILITY FOR PUBLIC ASSISTANCE. (A) An
21 individual whose public assistance is denied or reduced solely because
22 of the receipt of a bonus under this chapter by the individual or by a
23 member of the individual's household is eligible for assistance under
24 the general relief assistance program in AS 47.25.120 - 47.25.300.
25 Notwithstanding the limit in AS 47.25.130, the individual is entitled
26 to receive the same amount as the individual would have received under
27 other public assistance programs had the individual not received a
28 longevity bonus.

29 (b) In this section "other public assistance" means

- (1) Supplemental Security Income (42 U.S.C. 1381 - 1385);
- (2) Medicaid (42 U.S.C. 1396 - 1396p); and
- (3) Adult Public Assistance (AS 47.25.430 - 47.25.615).

* Sec. 6. Section 11, ch. 33, SLA 1984 is repealed.

* Sec. 7. Sections 1 - 5 of this Act take effect July 1, 1985.

* Sec. 8. Section 6 of this Act takes effect immediately in accordance with AS 01.10.070(c).

SUMMARY OF FISCAL NOTES FOR HCS CS SB 56 (FIN)

Fiscal Note #1:	\$413.8	Non-nursing home Medicaid
Fiscal Note #2:	\$2160.0	OAA/SSI
Fiscal Note #3:	\$ 399.0	Loss of nursing wing ALB income to Pioneers' Homes
Sub-Total	\$2972.8	
Fiscal Note #3:	(\$1712.4)	Savings from not paying ALB's to nursing home residents.
<hr/>		
TOTAL	\$1260.4	Net additional general funds required.

NOTE: No funds are provided in these fiscal notes for the payment of bonuses.
These funds are provided in FY 86 budget.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

(Pin FISCAL DETAIL

Bill/Resolution No.: HCS CSSB 56
Title: Longevity Bonus

Agency Affected: Dept. Health & Social Serv.
Program Category Affected: Social
and Economic Assistance

Sponsor: Senator Ray, et al.

BRU, Program or Subprogram(s) Affected:

Requestor: House Finance Committee

Medical Assistance

Date of Request: 3/27/85

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		0				
CAPITAL						
REVENUE		(413.8)				

FUNDING: (Thousands of Dollars)

GENERAL FUND	413.8				
FEDERAL FUNDS	(413.8)				
OTHER					
TOTAL					

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: Attach a separate page if necessary

The bill authorizes state funds to replace lost federal funds for medicaid benefits for non-nursing home medicaid recipients. There is no increase in operating expenditures, only a change in funding source.

APA

Prepared By: Representative Al Adams -Chair
Division: House Finance Committee

Phone: 465-3706
Date: 3/27/85

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

(Fin) FISCAL DETAIL

Bill/Resolution No.: HCS CSSB 56 Agency Affected: Dept. Health & Social Serv.
Title: Longevity Bonus Program Category Affected: Social &

Economic Assistance

Sponsor: Senator Ray, et al. BRU, Program or Subprogram(s) Affected:

Requestor: House Finance Committee General Relief Assistance

Date of Request: 3/27/85

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		2160.0				
800 MISCELLANEOUS						
TOTAL OPERATING		2160.0				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		2160.0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached analysis

APA

Prepared By: Representative Adams Chairman Phone: 465-3706

Division: House Finance Committee Date: 3/27/85

Approved by Commissioner: _____ Date: _____

Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

7/1/84

Fiscal Note Analysis

HCS CS SB 56 (Fin)

1. Costs reflect replacing lost supplemental security income monthly payments with General Relief Assistance:

			<u>FY cost</u>
FY 86:	750 persons/month	=	1,400.0
FY 87:	794 persons/month	=	1,530.5
FY 88:	838 persons/month	=	1,669.8
FY 89:	884 persons/month	=	1,821.6
FY 90:	933 persons/month	=	1,987.4

2. Costs also reflect replacing lost Old Age Assistance monthly payments with General Relief Assistance:

			<u>FY cost</u>
FY 86:	750 persons/month	=	760.0
FY 87:	794 persons/month	=	830.7
FY 88:	838 persons/month	=	906.3
FY 89:	884 persons/month	=	988.8
FY 90:	933 persons/month	=	1017.9

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST (Fin) FISCAL DETAIL
 Bill/Resolution No.: HCS CSSB 56 Agency Affected: Administration
 Title: Longevity Bonus Program Category Affected: Social and Economic assistance for the aged.
 Sponsor: Senator Ray, et al BRU, Program or Subprogram(s) Affected:
 Requestor: House Finance Committee Longevity Bonus and Pioneers' Home
 Date of Request: 3/27/85

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS		(1712.4)				
800 MISCELLANEOUS						
TOTAL OPERATING		(1712.4)				

CAPITAL						
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REVENUE		(399.0)				
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FUNDING: (Thousands of Dollars)

GENERAL FUND		(1313.4)				
FEDERAL FUNDS						
OTHER						
TOTAL		(1313.4)				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See Attached Analysis.

Prepared By: ^{BPA} Representative Adams - Chairman Phone: 465-3706
 Division: House Finance Committee Date: 3/27/85

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

HCS CS SB 56 (Fin)

Fiscal note analysis:

This bill makes persons who reside in nursing homes and government operated mental health facilities ineligible for the Longevity Bonus.

ASSUMPTIONS

1. Those persons who would be affected in mental health facilities, Pioneers' Homes and nursing homes was approximately 608 as of February 1985. For the purpose of this fiscal note, it is assumed this number will remain unchanged.
($608 \times 12 \times \$250 = \$1,824,000$ savings.)
2. There are approximately 133 nursing care residents of the Pioneers' Homes who use the Longevity Bonus to pay their monthly charges for care. Loss of the Longevity Bonus to these people would result in loss of revenue as program receipts for the Pioneers' Homes.
($133 \times 12 \times \$250 = \$399,000$ est. loss of program receipts)
3. Of the approximate 133 nursing care residents of the Pioneers' Homes who would be affected, approximately 93 would have incomes reduced to the point they would become eligible for the monthly stipend payable under AS 47.25.020 (b) and (c). ($93 \times 12 \times \$100 = \$111,600$.)

In Millions of Dollars

Fiscal Year	HCCSSB 56	CSSB 56 (Annuity)
86	50.2	50.2
87	48.0	53.1
88	45.8	55.7
89	43.6	58.2
90	41.4	60.3
91	39.2	61.7
92	37.1	62.4
93	34.9	62.5
94	32.8	61.7
95	30.6	60.0
96	28.5	56.9
97	26.4	52.1
98	24.4	45.9
99	22.4	37.6
00	20.4	27.0
01	18.6	15.7
02	16.7	14.0
03	15.0	12.5
04	13.4	11.0
05	11.8	9.6
06	10.4	8.4
07	9.0	7.2
08	7.8	6.2
09	6.7	5.3
10	5.7	4.3
11	4.9	3.6

TOTALS	645.7	903.1
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TOTALS as of 2034	665.0	916.5
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cedd 5/9/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 3

REQUEST
Bill/Resolution No.: HCSCSB56 (Fin)
Title: Longevity Bonus

FISCAL DETAIL
Agency Affected: Administration
Program Category Affected: Social and
Economic Assistance for the Aged
BRU, Program or Subprogram(s) Affected:
Longevity Bonus Program and Pioneers' Homes

Sponsor: Ray et al
Requestor: _____
Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	(1,712.4)	(1,712.4)	(6,677.4)	(11,819.4)	(17,033.4)
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(1,712.4)	(1,712.4)	(6,677.4)	(11,819.4)	(17,033.4)

CAPITAL	0	0	0	0	0	0
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REVENUE	0	(399.0)	(399.0)	(399.0)	(399.0)	(399.0)
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	(1,313.4)	(1,313.4)	(6,278.4)	(11,420.4)	(16,634.4)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	(1,313.4)	(1,313.4)	(6,278.4)	(11,420.4)	(16,634.4)

POSITIONS:	0	0	0	0	0	0
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Joyce Munson, Director Phone: 465-4400
Division: Pioneers' Benefits Date: May 2, 1985

Approved by Commissioner: Lisa Rudd Date: 5/8/85
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
8/7D1/0502-07

HCS CSSB 56 (Finance)
 Fiscal Note Analysis
 Prepared by Division of Pioneers' Benefits
 Department of Administration
 May 2, 1985

This House Finance Committee version of the bill eliminates all reference to the annuity program and phases out the Longevity Bonus Program by requiring eligible applicants to be age 65 or over on or before July 1, 1986. It also would make persons who reside in nursing homes ineligible for the Longevity Bonus. This would have the effect of holding harmless those who would lose their SSI, Adult Public Assistance and Medicaid benefits by receipt of the Longevity Bonus. This bill also deems unqualified those who voluntarily leave the state and remain absent for a continuous period of more than 90 days.

ASSUMPTIONS

This fiscal note addresses the impact on the Longevity Bonus Program, as well as the Pioneers' Homes.

1. Limiting eligibility to those who are age 65 on or before July 1, 1986, (the beginning of FY 87), would have the effect of reducing the number of participants beginning in FY 88, because the number of eligible persons who leave Alaska or die is expected to exceed the number of persons who would move to Alaska, achieve one year of residence and apply for the Longevity Bonus.
2. The number of persons who would be affected in Pioneers' Homes and nursing homes was approximately 608 as of February 1985. For the purpose of this fiscal note, it is assumed this number would remain unchanged. (608 x 12 x \$250 = \$1,824,000 saving)
3.
 - a. There are approximately 133 nursing care residents of the Pioneers' Homes who use the Longevity Bonus to pay their monthly charges for care. Loss of the Longevity Bonus to these people would result in loss of revenue as program receipts for the Pioneers' Homes. (133 x 12 x \$250 = \$399,000 est. loss of program receipts)
 - b. Of the approximately 133 residents in Pioneers' Homes who would be affected, approximately 93 would have incomes reduced to the point they would become eligible for the monthly stipend payable under AS 47.25.020 (b) and (c). (93 x 12 x \$100 = \$111,600)

(No consideration has been given to persons who may occupy the Juneau Pioneers' Home beginning in FY 88 because information is not available about them at this time.)
4. It is assumed that changing the allowable absence from Alaska from 180 to 90 continuous days will result in some persons returning early so as not to lose the Bonus for an additional 12 months. This number is unknown, and therefore no fiscal impact is shown.

HCS CSSB 56 (Finance)
 Fiscal Note Analysis
 Prepared by Division of Pioneers' Benefits
 Department of Administration
 May 2, 1985

Summary

<u>Element</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
Savings/Nursing Homes (Longevity Bonus)	(\$1,824.0)	(\$1,824.0)	(\$1,824.0)	(\$1,824.0)	(\$1,824.0)
Lost Revenues (Pioneers' Homes)	399.0	399.0	399.0	399.0	399.0
Stipends Paid (Pioneers' Homes)	111.6	111.6	111.6	111.6	111.6
Grants Difference (Longevity Bonus)	0	0	(4,965.0)	(10,107.0)	(15,321.0)
Net Change	(\$1,313.4)	(\$1,313.4)	(\$6,278.4)	(\$11,420.4)	(\$16,634.4)

POSITION PAPER
HCSCSSB56 (Fin)

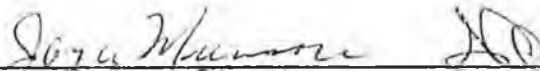
This is a companion bill to CSHB239 (Fin), with exactly the same wording and effect.

This House Finance Committee version of the bill phases out the Longevity Bonus Program by requiring eligible applicants to be age 65 or over on or before July 1, 1986. It also would make persons who reside in nursing homes ineligible for the Longevity Bonus. This would have the effect of holding harmless those who would lose their SSI, Adult Public Assistance and Medicaid benefits by receipt of the Longevity Bonus. This bill also deems unqualified those who voluntarily leave the state and remain absent for a continuous period of more than ninety days.

The legislature is presently divided over the method of providing future financial security for Alaska's elderly. Unless some action is taken, the Longevity Bonus program will cease on June 30, 1985.

The uncertainty of the program's future has had an unsettling effect on those who now receive the bonus and those who have planned their future with income from the Longevity Bonus in mind. For this reason, the Department of Administration favors a permanent solution to the State's dilemma over the Longevity Bonus, rather than a stopgap measure.

The Department of Administration is taking a neutral position on this bill.



Joyce Munson, Director
Division of Pioneers' Benefits
Department of Administration

5/3/85

Date



Commissioner Lisa Rudd
Department of Administration

5/8/85

Date

Levy
3/28/85 ✓

Original sponsors: Ray, Halford,
Bennett, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 56 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a longevity bonus; and providing
7 for an effective date."

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

9 * Section 1. FINDINGS AND PURPOSE. The legislature finds and declares
10 that

11 (1) the state is committed to the elderly and has been since
12 territorial days, as evidenced by the many programs benefiting the elderly,
13 including the Alaska longevity bonus program; the Alaska Supreme Court in
14 Schafer v. Vest, however, struck down the original longevity bonus program,
15 thus requiring action by the legislature; as a result, the program is now
16 open to an ever-increasing number of recipients, placing an ever-expanding
17 burden on the general fund;

18 (2) projections of declining oil revenue, combined with an
19 increasing senior citizen population, make it clear that the longevity
20 bonus program will be increasingly difficult to fund and it must be
21 amended;

22 (3) the state still desires to recognize the achievements of
23 Alaska's elderly, who served Alaska prior to statehood; thus, the legisla-
24 ture is committed to the principle that those currently receiving the
25 longevity bonus will continue to receive it in the future;

26 (4) the state also desires to ensure that those older Alaskans,
27 not yet 65 but approaching retirement, now counting on the bonus as part of
28 their retirement income and without sufficient time to add to their retire-
29 ment, are also protected;

1
2 (5) this legislation provides for the eventual phasing out of
3 the current program in as fair and cost effective a manner as possible,
4 leaving it to subsequent legislatures to decide if another program is
5 needed to assist future Alaskan elders at some later point in time.

6 * Sec. 2. AS 47.45.010(a) is amended to read:

7 (a) A person who is 65 years of age or over on or before July 1,
8 ¹⁹⁹⁰ 1991, who resides in the state for at least one year immediately
9 preceding application for a longevity bonus under this chapter may
10 apply to the commissioner of administration for qualification to
11 receive a monthly bonus of \$250 upon reaching age 65.

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

13 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification, a
14 recipient shall notify the commissioner of administration when the
15 recipient expects to be absent from the state if the absence is for a
16 continuous period that exceeds 30 days. After that notification, the
17 recipient may no longer receive bonuses from the Department of
18 Administration after the last regularly approved monthly application.
19 Upon returning to the state, the recipient may again make application
20 for a bonus. Whenever the absence is for a continuous period that
21 exceeds 90 [180] days the recipient shall be disqualified from
22 receiving bonuses for the next 12 calendar months after returning to
23 the state. However, when the commissioner of administration determines
24 a period of absence is beyond the control of the recipient, the
25 recipient may not be disqualified if the recipient still otherwise
26 qualifies upon returning to the state. Continual absences from the
27 state, even though reported, and failure to notify the commissioner of
28 an expected absence may be grounds for disqualification.

29 * Sec. 4. AS 47.45.070 is amended to read:

Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is

1 one who

2 (1) does not meet the age or residence requirements as
3 provided for under this chapter;

4 (2) meets the age and residence requirements of this chap-
5 ter but either is confined in a state or federal mental health insti-
6 tution or facility and is certified by the state as unable to manage
7 personal affairs, or resides in a nursing home as that term is defined
8 in AS 08.70.180; however, if that person, at the time of commitment or
9 commencement of residence, provided the principal support of a spouse,
10 the commissioner of administration may determine to pay the confined
11 person's bonus to the person's spouse until the spouse is qualified
12 for a bonus;

13 (3) is otherwise qualified but confined in a penal or
14 correctional institution or facility; upon completion of sentence or
15 upon the conferral of a pardon, parole or probation, the person may
16 make application; confinement outside the state shall be considered as
17 residence in the state if a person was convicted and sentenced from a
18 court in Alaska; revocation of parole or probation shall be cause for
19 immediate disqualification until release from confinement is again
20 effected;

21 (4) voluntarily leaves the state and remains absent from
22 the state for a continuous period of more than 90 [180] days.

23 * Sec. 5. AS 47.45 is amended by adding a new section to read:

24 Sec. 47.45.122. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) An
25 individual whose public assistance is denied or reduced solely because
26 of the receipt of a bonus under this chapter by the individual or by a
27 member of the individual's household is eligible for assistance under
28 the general relief assistance program in AS 47.25.120 - 47.25.300.
29 Notwithstanding the limit in AS 47.25.130, the individual is entitled

1 to receive the same amount as the individual would have received under
2 other public assistance programs had the individual not received a
3 longevity bonus.

4 (b) In this section "other public assistance" means

- 5 (1) Supplemental Security Income (42 U.S.C. 1381 - 1385);
- 6 (2) Medicaid (42 U.S.C. 1396 - 1396p); and
- 7 (3) Adult Public Assistance (AS 47.25.430 - 47.25.615).

8 * Sec. 6. Section 11, ch. 38, SLA 1984 is repealed.

9 * Sec. 7. Sections 1 - 5 of this Act take effect July 1, 1985.

10 * Sec. 8. Section 6 of this Act takes effect immediately in accordance
11 with AS 01.10.070(c).

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SECTIONAL ANALYSIS OF HCS CS SB 56 (FIN)

Section 1. This is the findings and purpose section. It articulates why the legislature is phasing out the program.

Section 2. This section phases out the program. Only those individuals who turn 65 by July of 1986 will be eligible for a monthly bonus for the rest of their lives.

Section 3. Under current law, a bonus recipient can be Outside for 6 months without losing eligibility for the bonus for the next year. This section would only allow the recipient to be Outside for 3 months without losing eligibility.

Section 4. This section disqualifies those who reside in nursing homes, nursing wings of Pioneer homes, and mental health facilities from receiving a longevity bonus. This is because they will lose their medicaid eligibility if they continue to receive a bonus and the amount that medicaid pays for their care far exceeds the \$3,000 in annual bonus income. (Please refer to letter of intent for further details.)

Section 5. This section "holds harmless" those bonus recipients who would otherwise lose their medicaid, SSI, and OAA benefits because the federal government now considers the bonus as a prior resource when determining eligibility for these programs. (Please refer to letter of intent for further details.)

Section 6. This section repeals the July 1, 1985 termination date of the current longevity bonus program.

Sections 7 and 8. These sections make all of the bill go into effect on July 1, 1985 except for section 6 which goes into effect immediately.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 2

REQUEST
Bill/Resolution No.: CSSB 56 (Fin)
Title: An Act amending the
longevity bonus program
Sponsor: Finance
Requestor: _____
Date of Request: _____

FISCAL DETAIL
Agency Affected: Department of Administration
Program Category Affected: _____
Labor services
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 Personal Svcs		109.1	132.5	139.1	146.1	153.4
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual		20.0	28.1	29.5	31.0	32.6
400 Supplies		8.0	8.4	8.8	9.3	9.7
500 Equipment		12.0				
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	149.1	169.0	177.4	186.4	195.7
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		149.1				
FEDERAL FUNDS						
OTHER			169.0	177.4	186.4	195.7
TOTAL	-0-	149.1	169.0	177.4	186.4	195.7

POSITIONS: -0-

FULL-TIME		3	3	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 3/26/85

Approved by Commissioner: Lisa Rudd Date: 3/27/85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CS Senate Bill 56 (Finance)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

March 26, 1985

IV: Analysis: This Fiscal Note addresses costs in the Labor Services Program Category. Except for FY 86, the cost of the annuity program is anticipated to be borne entirely by the participants. We estimate that three full-time employees will be needed to administer this program on a continuing basis. We estimate that the program supervisor and chief accountant will be needed for the entire first year to assist in the development and analysis of the computer system needs with the other staff member being needed for only half of FY 86 to assist with the implementation and testing.

We are basing this Fiscal Note on the assumption that the Department of Revenue will supply information as to age, beneficiary elections, and address for those who elect to participate in the annuity program. This is critical.

We estimated an inflation rate of 5% in all categories. We assumed that General Funds would be needed for FY 86 and "other funds" would be available for FY 87 and later years.

We estimate that three positions are needed to administer this program.

Supervisor: Retirement & Benefits Specialist III
Accountant: Accountant II
Technician: Retirement & Benefits Technician I/II
(6 months FY86, full-time thereafter)

We propose that a notification would be developed in consultation with the Department of Revenue and would be sent to all Alaska boxholders to inform them of the provisions of the bill and to advise them of the contact persons or agencies. We estimate an annual cost of \$20.0 for independent audits. We also propose that there will be annual statements of account that will be sent to approximately 25,000 participants. This cost is estimated to be \$7.1 beginning in FY 87.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

Page 1 of 4

REQUEST

Bill/Resolution No.: CSSB 56 (Fin)
 Title: An Act amending the longevity
 bonus program
 Sponsor: Finance
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Department of Administration
 Program Category Affected: _____
Centralized Administrative Services
 BRU, Program or Subprogram(s) Affected:
Data Processing Services/Annuity Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
Operating						
100 Personal Svcs		60.0	63.0	66.2	69.5	72.9
100 Pmnt & Bnfts						
200 Travel						
300 Contractual		20.0	21.0	22.0	23.2	24.3
400 Supplies		.5	.5	.6	.6	.6
500 Equipment		4.0	4.2	4.4	4.6	4.9
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	84.5	88.7	93.2	97.9	102.7
CAPITAL		600.0				
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		684.5				
FEDERAL FUNDS						
OTHER			88.7	93.2	97.9	102.7
TOTAL	-0-	684.5	88.7	93.2	97.9	102.7

POSITIONS:

-0-

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 3/26/85

Approved by Commissioner: Lisa Rudd Date: 3/27/85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CS Senate Bill 56 (Finance)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

March 26, 1985

IV Analysis: This Fiscal Note addresses costs in the Data Processing Services BRU. We estimate that the annuity program will be fully automated to reduce the need for staff. We estimate that system analysis, development and construction costs would be \$600,000 and would be a capital appropriation from General Funds. A breakdown of the \$600,000 estimate for capital costs is attached (see pp. 3 & 4).

We anticipate the need for one full-time programmer/analyst IV to provide guidance in the development of the annuity systems with the contractors and, after implementation, to provide ongoing maintenance. We also estimate a cost of \$20.0 for computer records storage and operation costs.

We estimated an inflation rate of 5%. Further, we have assumed that General Funds would be needed to fund FY 86 and that "other funds" would be available for FY 87 and later years.

State Of Alaska	Bill: SB-56
SMALL PROJECT - General Purpose Form	-----
Project Name: Longevity Bonus/PFD - Estimation Assumptions & Summary	
Prepared By: Gene Chittenden	Date: 03/19/85

Estimation Assumptions:

1. System will not be front loaded with any monetary data.
2. System will need to interface with the Permanent Fund Data Bases.
3. System will need online access to all fields.
4. System will need to track beneficiaries as well as participants.
5. System will need to spread interest on some regularly established basis.
6. System will need to create annual account balance statements.
7. System will need to keep track of deposits.
8. System will need to keep track of withdrawals.
9. System will need to keep track of annuity options.
10. System will need to keep track of totals for federal income tax reporting.
11. System will need to create and log transfer vouchers for reserve transfers.
12. System will need to create and log transfer vouchers for annuitants.
13. System will need to keep accurate data for the following fields at a minimum:
 - a. Name (first, middle initial, last)
 - b. Mailing address (street, city, state, and zip)
 - c. Marital status (Single or Married only)
 - d. Dates of birth and death
 - e. Beneficiary, survivor and permanent contact information
 - f. Account number
 - g. Front loaded deposits/withdrawals, reason and date
 - h. PFD deposits/withdrawals, reason and date
 - i. Date annuity started and option chosen
 - j. Interest deposits/withdrawals, reason and date
 - k. YTD and ITD netted figures for all monetary fields
14. System will need to have an acceptable level of security built in.
15. System will have to use standard accounting practices of double entry bookkeeping.
16. System will not require any additional hardware or software packages, either for JDC or the Division of Retirement and Benefits.

Estimation Summary:

Based on the detailed estimate following, this system will take approximately 5.15 man-years to build at a cost of \$600,000.

Additionally, this system would be estimated to have 25,000 executable lines of code which would require approximately 1.25 maintenance people per year for data processing. Costs vary depending on grade level and seniority of persons assigned to maintain this system.

State Of Alaska	Bill: SB-56
SMALL PROJECT - Project Estimation	-----
Project Name: Longevity Bonus/PFD	
Prepared By: Gene Chittenden	Date: 03/19/85

TASK	DESCRIPTION	EST HOURS	EST RATE	EST COST
1.00	General design phase			
.1	System definition	300	65	19,500
.2	System plan	300	65	19,500
.3	User requirements	320	65	20,800
.4	Hardware Requirements	120	65	7,800
.5	Software selection	215	65	13,975
.6	System narrative	205	65	13,325
.7	System flow	220	65	14,300
.8	Data Dictionary	400	55	22,000
.9	Approvals, miscellaneous meetings, etc.	200	65	13,000
I.	Estimated Phase Totals	2280	n/a	144,200
2.00	Detail design phase			
.1	Systems design	400	65	26,000
.2	Subsystems design	450	65	29,250
.3	Subsystem flows	280	65	18,200
.4	Input/output design	410	65	26,650
.5	Data Base design	420	65	27,300
.6	Program design and specification	850	65	55,250
.7	General design update	220	65	14,300
.8	Data Dictionary update	500	55	27,500
.9	Approvals, walk-thrus, meetings, etc.	170	65	11,050
II.	Estimated Phase Totals	3700	n/a	235,500
3.00	Programming and Implementation phase			
.1	Programming	1420	50	71,000
.2	Unit testing	1100	50	55,000
.3	Integrated test plan	220	65	14,300
.4	System testing	200	50	10,000
.5	User manuals	200	65	13,000
.6	User training	160	65	10,400
.7	Project turnover	100	65	6,500
.8	General and detail design update	180	65	11,700
.9	Data Dictionary update	280	55	15,400
.10	Approvals, walk-thrus, meetings, etc.	200	65	13,000
III.	Estimated Phase Totals	4060	n/a	220,300
	Estimated Project Total	10040	n/a	600,000

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: March 21, 1985
Page 1 of 2

REQUEST
Bill/Resolution No.: CSSB 56 (Finance)
Title: Longevity Bonus/Annuity Program
Sponsor: Ray
Requestor: _____
Date of Request: _____

FISCAL DETAIL
Agency Affected: Administration
Program Category Affected: Social and
Economic Assistance for the Aged
BRU, Program or Subprogram(s) Affected:
Longevity Bonus Program and Pioneers' Homes

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	10.0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(1,702.4)	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)
CAPITAL	0	0	0	0	0	0
REVENUE	0	(399.0)	(399.0)	(399.0)	(399.0)	(399.0)

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	(1,303.4)	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	(1,303.4)	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)

POSITIONS:	0	0	0	0	0	0
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Joyce Mupson, Director *Joyce Mupson* Phone: 465-4400
Division: Pioneers' Benefits *AM* Date: March 21, 1985

Approved by Commissioner: Lisa Rudd *Lisa Rudd* Date: 3/27/85
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CSSB 56 (Finance)
Fiscal Note Analysis
Prepared by Division of Pioneers' Benefits
Department of Administration
March 21, 1985

ASSUMPTIONS

This version of the bill would make persons who reside in nursing homes and government operated mental health facilities ineligible for the Longevity Bonus. This would have the effect of holding harmless those who would lose governmental benefits such as SSI, Adult Public Assistance and Medicare by receipt of the Longevity Bonus in other than Pioneers' Homes.

This fiscal note addresses administrative costs for the Longevity Bonus Program, as well as the impact on the Pioneers' Homes.

Two payment systems will be run in the Longevity Bonus Program. The first would pay a monthly target amount for those eligibles age 65 before January 1, 1986. The second would pay monthly payments, varying each year, for those age 65 after January 1, 1986. The second system would be impacted by information from the Annuity program. Since information from the Annuity program is not available, the impact cannot be calculated for this fiscal note.

FY 86 Longevity Bonus Administrative Costs (Start-up)

Contractual Services	\$10,000
Computer System Modification by Contractor	
The Longevity Bonus program would need additional resources for modifications to data processing files.	

Printing Costs already in 86 Budget

FY 87 Longevity Bonus Administrative Costs (Operations)

No Additional Costs

ASSUMPTIONS

1. The number of persons who would be affected in mental health facilities, Pioneers' Homes and nursing homes was approximately 608 as of February 1985. For the purpose of this fiscal note, it is assumed this number would remain unchanged. $(608 \times 12 \times \$250 = \$1,824,000 \text{ saving})$
2. There are approximately 133 nursing care residents of the Pioneers' Homes who use the Longevity Bonus to pay their monthly charges for care. Loss of the Longevity Bonus to these people would result in loss of revenue as program receipts for the Pioneers' Homes. $(133 \times 12 \times \$250 = \$399,000 \text{ est. loss of program receipts})$
3. Of the approximately 133 residents in Pioneers' Homes who would be affected, approximately 93 would have incomes reduced to the point they would become eligible for the monthly stipend payable under AS 47.25.020 (b) and (c). $(93 \times 12 \times \$100 = \$111,600)$

No consideration has been given to persons who may occupy the Juneau Pioneers' Home beginning in FY 88 because information is not available at this time about their income or needs.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. CSSB 56 (Fin)
Title: Longevity Bonus

Sponsor: _____
Requestor: Senate Finance
Date of Request: 3/19/85

FISCAL DETAIL

Agency Affected: Dept. of Revenue
Program Category Affected: _____
Revenue Collections & Management
BRU, Program or Subprogram(s) Affected: _____
Public Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
500 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: *Jan Faiks* Phone: 465-4523
Division: Jan Faiks, Co-Chairman Date: 3/19/85
Senate Finance Committee
Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Public Service
Rev. Coll.
7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. CSSB 56 (Fin)
Title: Longevity Bonus

Sponsor: _____
Requestor: Senate Finance
Date of Request: 3/19/85

FISCAL DETAIL

Agency Affected: Dept. of Revenue
Program Category Affected: _____
General Government
BRU, Program or Subprogram(s) Affected: _____
PFD - Admin. Services, Enforcement, Public Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
----------------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
----------------	---	---	---	---	---	---

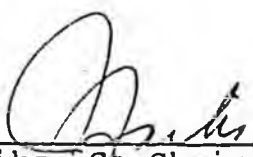
FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By:  Phone: 465-4523
Division: Jan Faiks, Co-Chairman Date: 3/19/85
Senate Finance Committee
Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

General Govt

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. CSSB 56 (Fin)
Title: Longevity Bonus

Sponsor: _____
Requestor: Senate Finance
Date of Request: 3/19/85

FISCAL DETAIL

Agency Affected: Health & Social Services
Program Category Affected: Social & Econ.
Assistance for general population
BRU, Program or Subprogram(s) Affected: Adult Public Assistance, Old Age
Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: *Jack* Phone: 465-4523
Division: Jan Faiks, Co-Chairman Date: 3/19/85
Senate Finance Committee
Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

*Adult Pub. Asst
Old Age Asst.*

7/1/86

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. CSSB 56 (Fin)
Title: Longevity Bonus

Sponsor: _____
Requestor: Senate Finance
Date of Request: 3/19/85

FISCAL DETAIL

Agency Affected: Health & Social Services
Program Category Affected: Social & Econ. Assistance for the General Population
BRU, Program or Subprogram(s) Affected: Medical Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: *Jan Faiks* Phone: 465-4523
Division: Jan Faiks, Co-Chairman Date: 3/19/85
Senate Finance Committee
Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Medical Asst.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. CSSB 56 (Fin)
Title: Longevity Bonus

Sponsor: _____
Requestor: Senate Finance
Date of Request: 3/19/85

FISCAL DETAIL

Agency Affected: Dept. of Administration
Program Category Affected: _____
Centralized Administrative Services
BRU, Program or Subprogram(s) Affected: _____
Data Processing Services/Annuity
Management _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
500 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
900 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

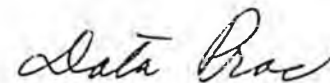
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

Prepared By:  Phone: 465-4523
Division: Jan Faiks, Co-Chairman Date: 3/19/85
Senate Finance Committee
Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)


7/1/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolusion No. CSSB 56 (Fin)
Title: Longevity Bonus

Sponsor: _____
Requestor: Senate Finance
Date of Request: 3/19/85

FISCAL DETAIL

Agency Affected: Department of Administration
Program Category Affected: _____
Labor Services
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: *Jan Faiks* Phone: 465-4523
Division: Jan Faiks, Co-Chairman Date: 3/19/85
Senate Finance Committee
Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Labor Serv.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. CSSB 56 (Fin)
Title: Longevity Bonus

FISCAL DETAIL

Agency Affected: Dept. of Revenue
Program Category Affected: _____

Sponsor: _____
Requestor: Senate Finance
Date of Request: 3/19/85

BRU, Program or Subprogram(s) Affected:
Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: *Jan Faiks*
Division: Jan Faiks, Co-Chairman
Senate Finance Committee
Approved by Commissioner: _____
Agency: _____

Phone: 465-4523
Date: 3/19/85

Distribution (by Agency preparing fiscal note):

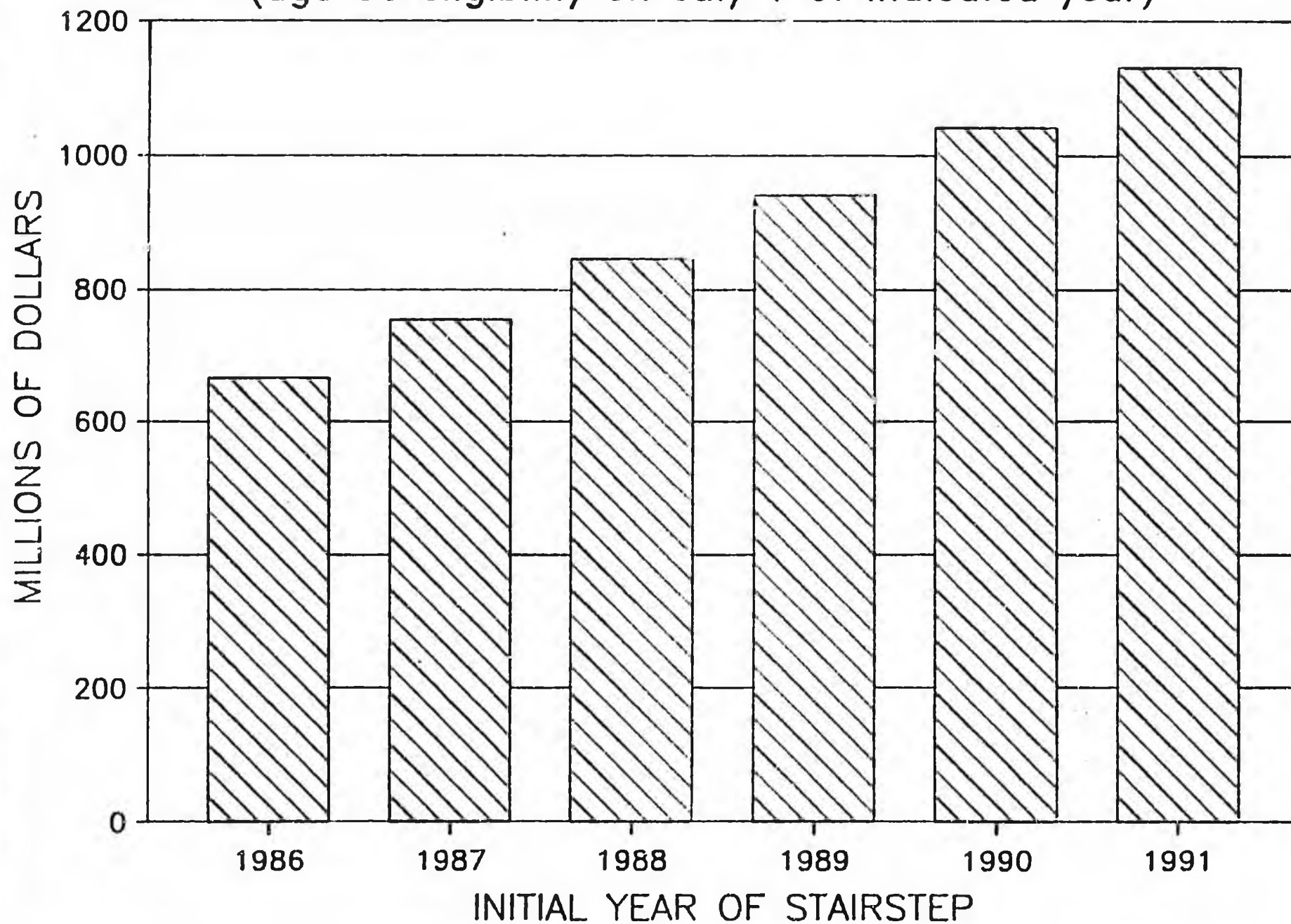
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Treasury
7/1/85

④

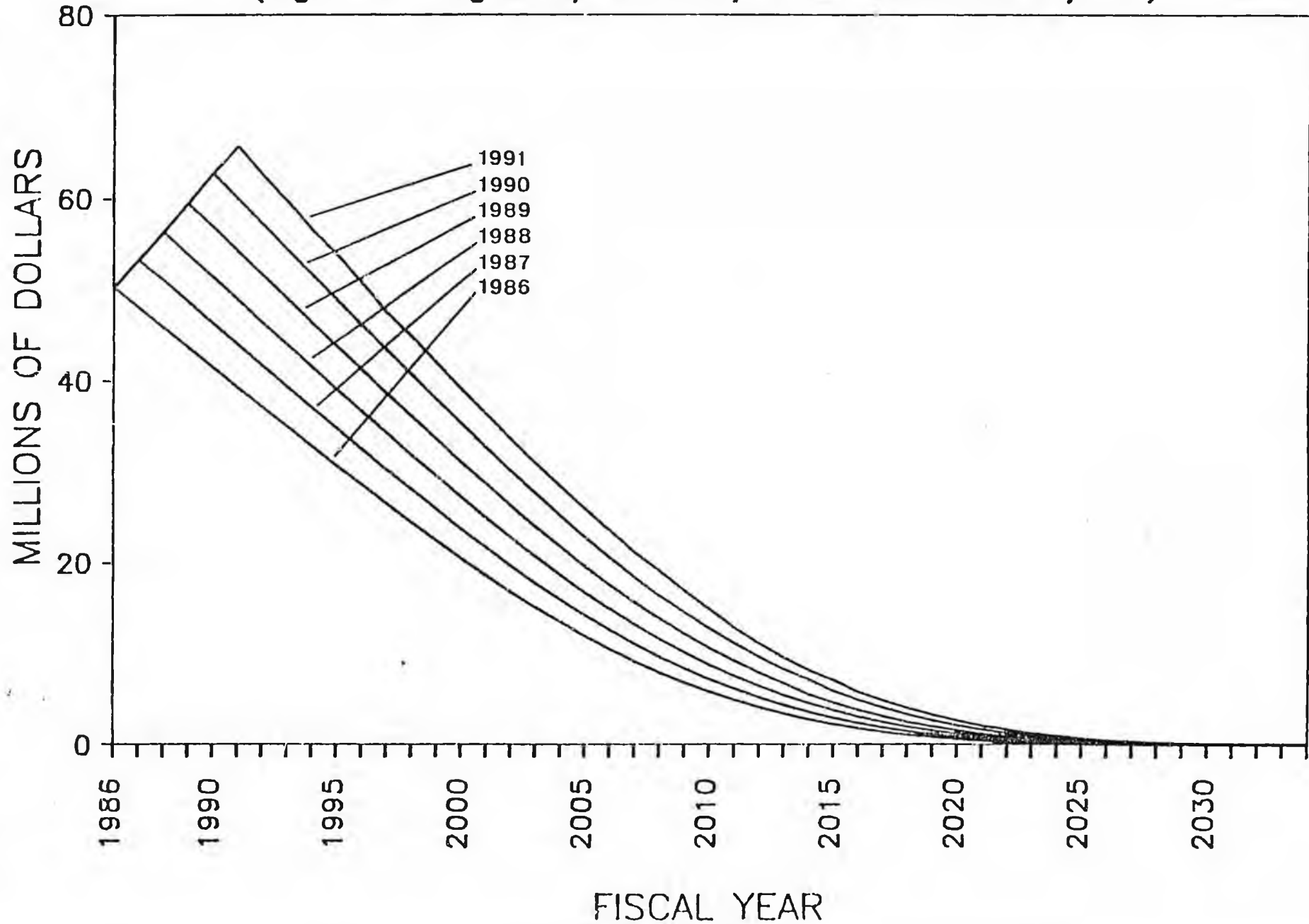
STAIRSTEP PROGRAM COSTS, FY 1986-2034

(age 66 eligibility on July 1 of indicated year)



ANNUAL STAIRSTEP PROGRAM COSTS

(age 66 eligibility on July 1 of indicated year)



STAIRSTEP POPULATIONS AND COSTS, FY 1986-2034

Fiscal Year:	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
\$												
STAIR86	16744	16012	15276	14540	13809	13082	12360	11641	10927	10216	9512	8817
STAIR87	16744	17768	16989	16205	15421	14642	13869	13100	12336	11576	10821	10072
STAIR88	16744	17768	18769	17941	17109	16277	15451	14631	13815	13005	12200	11400
STAIR89	16744	17768	18769	19828	18949	18066	17184	16308	15437	14573	13714	12861
STAIR90	16744	17768	18769	19828	20913	19982	19046	18111	17183	16261	15346	14437
STAIR91	16744	17768	18769	19828	20913	21908	20839	19890	18823	17940	16873	15819
SPTS (millions)												
COST86	\$50.2	\$48.0	\$45.8	\$43.6	\$41.4	\$39.2	\$37.1	\$34.9	\$32.8	\$30.6	\$28.5	\$26.4
COST87	\$50.2	\$53.3	\$51.0	\$48.6	\$46.3	\$43.9	\$41.6	\$39.3	\$37.0	\$34.7	\$32.5	\$30.2
COST88	\$50.2	\$53.3	\$56.3	\$53.8	\$51.3	\$48.8	\$46.4	\$43.9	\$41.4	\$39.0	\$36.6	\$34.2
COST89	\$50.2	\$53.3	\$56.3	\$59.5	\$56.8	\$54.2	\$51.6	\$48.9	\$46.3	\$43.7	\$41.1	\$38.6
COST90	\$50.2	\$53.3	\$56.3	\$59.5	\$62.7	\$59.9	\$57.1	\$54.3	\$51.5	\$48.8	\$46.0	\$43.3
COST91	\$50.2	\$53.3	\$56.3	\$59.5	\$62.7	\$65.7	\$62.5	\$59.7	\$56.5	\$53.8	\$50.6	\$47.5
COST SUMMARY												
ing on July 1:	1986	1987	1988	1989	1990	1991						
\$	\$665	\$755	\$846	\$941	\$1,042	\$1,131						
985 DOLLARS	\$379	\$429	\$477	\$525	\$572	\$612						
LUE	\$314	\$354	\$391	\$428	\$462	\$491						

y the Division of Strategic Planning: 3/26/85

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3	7465	6814	6185	5579	5000	4452	3938	3458	3016	2611	2244	1914	1618
3	8608	7899	7209	6542	5900	5287	4706	4162	3655	3187	2758	2370	2021
7	9825	9058	8309	7580	6876	6199	5553	4941	4368	3834	3342	2892	2484
4	11175	10348	9537	8746	7977	7233	6520	5838	5194	4590	4028	3510	3036
5	12639	11753	10880	10025	9190	8379	7596	6845	6127	5450	4814	4224	3680
4	13969	13031	12098	11193	10306	9438	8639	7850	7043	6359	5640	4950	4243
4	\$22.4	\$20.4	\$18.6	\$16.7	\$15.0	\$13.4	\$11.8	\$10.4	\$9.0	\$7.8	\$6.7	\$5.7	\$4.9
0	\$25.8	\$23.7	\$21.6	\$19.6	\$17.7	\$15.9	\$14.1	\$12.5	\$11.0	\$9.6	\$8.3	\$7.1	\$6.1
8	\$29.5	\$27.2	\$24.9	\$22.7	\$20.6	\$18.6	\$16.7	\$14.8	\$13.1	\$11.5	\$10.0	\$8.7	\$7.5
0	\$33.5	\$31.0	\$28.6	\$26.2	\$23.9	\$21.7	\$19.6	\$17.5	\$15.6	\$13.8	\$12.1	\$10.5	\$9.1
6	\$37.9	\$35.3	\$32.6	\$30.1	\$27.6	\$25.1	\$22.8	\$20.5	\$18.4	\$16.3	\$14.4	\$12.7	\$11.0
8	\$41.9	\$39.1	\$36.3	\$33.6	\$30.9	\$28.3	\$25.9	\$23.6	\$21.1	\$19.1	\$16.9	\$14.9	\$12.7

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1121	916	736	583	453	346	258	189	127	85	54	35	20
1431	1183	966	776	615	478	365	273	199	134	90	56	37
1789	1497	1238	1011	813	644	500	382	285	208	141	94	59
2222	1811	1515	1253	1024	822	651	506	386	289	211	142	95
2732	2370	1931	1616	1337	1092	877	695	540	412	308	225	152
3161	2698	2340	1907	1596	1320	1078	866	686	533	407	304	222
\$3.4	\$2.7	\$2.2	\$1.7	\$1.4	\$1.0	\$.8	\$.6	\$.4	\$.3	\$.2	\$.1	\$.1
\$4.3	\$3.6	\$2.9	\$2.3	\$1.8	\$1.4	\$1.1	\$.8	\$.6	\$.4	\$.3	\$.2	\$.1
\$5.4	\$4.5	\$3.7	\$3.0	\$2.4	\$1.9	\$1.5	\$1.1	\$.9	\$.6	\$.4	\$.3	\$.2
\$6.7	\$5.4	\$4.5	\$3.8	\$3.1	\$2.5	\$2.0	\$1.5	\$1.2	\$.9	\$.6	\$.4	\$.3
\$8.2	\$7.1	\$5.8	\$4.8	\$4.0	\$3.3	\$2.6	\$2.1	\$1.6	\$1.2	\$.9	\$.7	\$.5
\$9.5	\$8.1	\$7.0	\$5.7	\$4.8	\$4.0	\$3.2	\$2.6	\$2.1	\$1.6	\$1.2	\$.9	\$.7

2026	2027	2028	2029	2030	2031	2032	2033	2034
11	6	3	1	0	0	0	0	0
22	12	6	4	1	0	0	0	0
38	23	12	7	4	1	0	0	0
60	39	23	12	7	4	1	0	0
101	64	42	24	13	7	4	1	0
150	100	63	41	24	13	7	4	1
\$.0	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0
\$.1	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0
\$.1	\$.1	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0
\$.2	\$.1	\$.1	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0
\$.3	\$.2	\$.1	\$.1	\$.0	\$.0	\$.0	\$.0	\$.0
\$.5	\$.3	\$.2	\$.1	\$.1	\$.0	\$.0	\$.0	\$.0

Offered: 3/19/85
Referred: Rules

Original sponsors: Ray, Halford,
Bennett, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 56 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to a longevity bonus; and providing
7 for an effective date."

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

9 * Section 1. FINDINGS AND PURPOSE. The legislature finds and declares
10 that

11 (1) it is in the public interest to continue the longevity bonus
12 program; however, as oil reserves decline over the years, it will become
13 increasingly difficult to provide the benefits of the longevity bonus
14 program through the general fund; as a result, that program must be phased
15 out over the years;

16 (2) it is appropriate that individuals save for their own re-
17 tirement, and it is also appropriate that the state establish both means
18 and incentives for Alaska residents to set aside retirement funds; accord-
19 ingly, it is a purpose of this legislation to create an annuity program;

20 (3) many retired Alaskans have made their retirement plans in
21 reliance on the availability of both the existing longevity bonus and the
22 permanent fund dividend; accordingly, the legislature finds that it is
23 appropriate to continue both those programs for these individuals;

24 (4) the most suitable source of funds for the annuity program
25 created by this Act are those permanent fund earnings currently distributed
26 as dividends; therefore this Act provides that the annual permanent fund
27 dividend of younger Alaskans may be applied to annuity accounts unless the
28 individual alternatively elects to receive cash; in so doing, this Act will
29 promote wise stewardship of the permanent fund by giving each participant a

1 direct financial stake in its long-term profitability; and

2 (5) neither the longevity bonus program, nor the annuity pro-
3 gram, should be viewed as a form of welfare; other state and federal pro-
4 grams are available to meet the basic necessities of life, and amounts
5 received by an individual under this Act are not calculated on the basis of
6 need.

7 * Sec. 2. AS 43.23.005(c) is amended to read:

8 (c) A parent, guardian, or other authorized representative may
9 claim a permanent fund dividend on behalf of an unemancipated minor or
10 on behalf of an incompetent individual who is eligible to receive a
11 dividend [PAYMENT] under this section.

12 * Sec. 3. AS 43.23.005 is amended by adding a new subsection to read:

13 (d) A person who is eligible to receive a permanent fund divi-
14 dend under this section, or who is authorized to claim a dividend on
15 behalf of another under (c) of this section, may elect to receive the
16 dividend either in cash or as an annuity credit. Alternatively, a
17 person may elect to receive 25 percent, 50 percent, or 75 percent of
18 the dividend in cash and the remainder as an annuity credit. A person
19 who is 65 years of age before January 1, 1986, may only receive cash
20 and may not elect to receive an annuity credit.

21 * Sec. 4. AS 43.23.015(a) is amended to read:

22 (a) The commissioner shall adopt regulations under the Adminis-
23 trative Procedure Act (AS 44.62) establishing the process for de-
24 termining the eligibility of individuals for permanent fund dividends.
25 The commissioner may require an individual to provide proof of eli-
26 gibility, and the commissioner may use other information available
27 from other state departments or agencies to determine the eligibility
28 of an individual.

29 * Sec. 5. AS 43.23.015(b) is amended to read:

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

5 I certify that

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

9 () (name), the individual on whose behalf I am applying,
10 is a state resident and has been a state resident for at least six
11 months immediately preceding the date of this application.

12 I understand that a false claim of residency to obtain a perma-
13 nent fund dividend for myself or for another is a criminal offense and
14 that if convicted I will forfeit future permanent fund dividends and
15 that I will lose or must repay all permanent fund dividends that have
16 been credited or paid to me. I understand that this penalty is in
17 addition to any criminal penalties imposed.

18 _____
19 (signature of individual, parent,
20 guardian, or other authorized
21 representative)

22 * Sec. 6. AS 43.23.015(e) is amended to read:

23 (e) If a public agency claims a [PERMANENT FUND] dividend on
24 behalf of an individual under this section, the public agency shall
25 elect 100 percent cash under AS 43.23.005(d) and hold the dividend in
26 trust for the individual. Money held in trust under this subsection
27 shall be invested by the commissioner in accordance with AS 37.10.070.

28 * Sec. 7. AS 43.23.015(f) is amended to read:

29 (f) A minor or an incompetent individual may not maintain a

1 claim against the state or an officer or employee of the state based
2 either on the manner in which the parent, guardian, or authorized
3 representative other than a public agency of the state managed or
4 disposed of permanent fund dividends received on behalf of the minor
5 or incompetent, or an election made or not made on that individual's
6 behalf under AS 43.23.005(d) [INDIVIDUAL].

7 * Sec. 8. AS 43.23.015 is amended by adding a new subsection to read:

8 (i) The permanent fund dividend application form shall be pre-
9 pared to allow an applicant, other than a person who is exempt under
10 AS 47.45.015(b), to elect to receive the dividend either in cash or as
11 an annuity credit.

12 * Sec. 9. AS 43.23.035 is amended to read:

13 Sec. 43.23.035. PENALTIES AND ENFORCEMENT. (a) In addition to
14 any criminal penalties imposed by state law, if an individual is
15 convicted of a crime in connection with a false statement made in a
16 certification required under AS 43.23.015, and the conviction is not
17 reversed, that individual forfeits all permanent fund dividends cred-
18 ited or paid, together with any interest credited to that individual's
19 annuity account and is not eligible for a future permanent fund divi-
20 dend.

21 (b) If the commissioner determines that a cash [PERMANENT FUND]
22 dividend should not have been claimed by or paid to an individual, the
23 commissioner may use all collection procedures or remedies available
24 for collection of taxes under this title to recover the payment of a
25 permanent fund dividend that was improperly made. A notice of an
26 improperly paid dividend must be sent to the individual within 10
27 years after the improper payment. If notice is not sent within the
28 10-year period, proceedings may not be commenced in court for recovery
29 of the improper payment.

1 * Sec. 10. AS 43.23.035 is amended by adding a new subsection to read:

2 (c) If the commissioner determines that a permanent fund divi-
3 dend should not have been credited to an individual's annuity account,
4 the commissioner may, after notice and opportunity for hearing, direct
5 the commissioner of administration to debit the individual's annuity
6 account for the amount wrongly credited. If the credit is the fault
7 of the individual, the debit must be made within 10 years. If the
8 credit is the fault of the state, the debit must be made within three
9 years.

10 * Sec. 11. AS 43.23.055 is amended to read:

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

12 (1) annually make payments to individuals who are 65 years
13 of age before January 1, 1986, and to individuals who elect to receive
14 cash under AS 43.23.005(d) [PAY PERMANENT FUND DIVIDENDS FROM THE
15 DIVIDEND FUND];

16 (2) adopt regulations under the Administrative Procedure
17 Act (AS 44.62) that establish procedures and time limits for claiming
18 a permanent fund dividend or for electing an annuity credit; the de-
19 partment shall set the time limit for applications for permanent fund
20 dividends so that the number of eligible applicants is determined by
21 October 1 of the year for which the dividend is declared and permanent
22 fund dividends for a year are paid before April 30 of the year follow-
23 ing that year;

24 (3) adopt regulations under the Administrative Procedure
25 Act (AS 44.62) that establish procedures and time limits for an indi-
26 vidual upon emancipation or upon reaching majority to apply for perma-
27 nent fund dividends not credited or received during minority because
28 the parent, guardian, or other authorized representative did not apply
29 on behalf of the individual; [AND]

1 (4) assist residents of the state, particularly in rural
2 areas, who because of language, disability, or inaccessibility to
3 public transportation need assistance to establish eligibility and to
4 apply for permanent fund dividends; and

5 (5) provide the commissioner of administration with infor-
6 mation necessary to maintain individual annuity account records and
7 administer the annuity program.

8 * Sec. 12. AS 43.23.065 is amended to read:

9 Sec. 43.23.065. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty
10 percent of a cash [THE ANNUAL] permanent fund dividend payment [PAY-
11 ABLE TO AN INDIVIDUAL] is exempt from levy, execution, garnishment,
12 attachment, or any other remedy for the collection of debt. This
13 exemption applies to an eligible individual's permanent fund dividend
14 both before and after payment is made to the individual. An exemption
15 is not available under this section for cash permanent fund dividend
16 payments [DIVIDENDS] taken to satisfy (1) child support obligations
17 required by court order or decision of the child support enforcement
18 agency under AS 47.23.140 - 47.23.220; (2) a debt owed by an eligible
19 individual to an agency of the state, unless the debt is contested and
20 an appeal is pending, or the time limit for filing an appeal has not
21 expired; or (3) court ordered restitution under AS 12.55.045 - 12.55.-
22 051 or 12.55.100. A child support obligation under (1) of this sec-
23 tion has priority over a debt owed to an agency of the state, and a
24 permanent fund dividend may not be taken to satisfy a debt under (2)
25 of this section until any portion of the dividend necessary to satisfy
26 a child support obligation has been taken.

27 * Sec. 13. AS 43.23.065 is amended by adding new subsections to read:

28 (b) The department shall require an individual to take 100
29 percent of the permanent fund dividend in cash if the department

1 receives a levy, execution, garnishment, attachment or other legal
2 remedy for the collection of a past due debt described in (a)(1) or
3 (2) of this section.

4 (c) The courts of this state may, as a condition of any civil
5 judgment or restitution order under AS 12.55.045 - 12.55.051 or 12.-
6 55.100, require the defendant to take the defendant's permanent fund
7 dividend in cash.

8 * Sec. 14. AS 43.23.075 is amended to read:

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

20 (b) An individual who is denied medical assistance under 42
21 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) solely because of
22 the credit or receipt of a permanent fund dividend by the individual
23 or by a member of the individual's household is eligible for state-
24 funded medical assistance under the general relief assistance program
25 (AS 47.25.120 - 47.25.300). The individual is entitled to receive,
26 for a period not to exceed four months, the same level of medical
27 assistance as the individual would have received under 42 U.S.C.
28 1396 - 1396p (Social Security Act, Title XIX) had there been no perma-
29 nent fund dividend program.

1 (c) An individual who is denied assistance solely because perma-
2 nent fund dividends credited to or received by the individual or by a
3 member of the individual's household are counted as income or re-
4 sources under federal law or regulation is eligible for cash assis-
5 tance under the general relief assistance program (AS 47.25.120 -
6 47.25.300). Notwithstanding the limit in AS 47.25.130, the individual
7 is entitled to receive, for a period not to exceed four months, the
8 same amount as the individual would have received under other public
9 assistance programs had there been no permanent fund dividend program.

10 * Sec. 15. AS 43.23.095(6) is repealed and reenacted to read:

11 (6) "permanent fund dividend" means a credit to an annuity
12 account or a cash payment under this chapter;

13 * Sec. 16. AS 43.23 is amended by adding new sections to read:

14 ARTICLE 2. ANNUITY PROGRAM.

15 Sec. 43.23.110. ANNUITY INVESTMENT FUND. (a) The annuity
16 investment fund is established as a separate fund in the state trea-
17 sury. The annuity investment fund consists of money transferred from
18 the dividend fund and income earned by the annuity investment fund.
19 Notwithstanding AS 37.13.145, an amount equal to the permanent fund
20 dividends taken as annuity credits under this chapter shall be
21 annually transferred from the dividend fund to the annuity investment
22 fund.

23 (b) Money in the annuity investment fund shall be invested by
24 the commissioner of revenue in investments authorized under AS 39.-
25 35.110. The commissioner of administration shall credit the net
26 income of the annuity investment fund to the individual annuity ac-
27 counts.

28 (c) The legislature may annually appropriate to the Department
29 of Administration an amount sufficient to pay monthly annuity payments

1 for the subsequent fiscal year under AS 43.23.130 from the annuity
2 investment fund. Funds appropriated under this subsection shall be
3 transferred from the annuity investment fund to the Department of
4 Administration in order to meet the current demands of the annuity
5 program.

6 (d) The legislature may annually appropriate from the annuity
7 investment fund an amount sufficient to administer the annuity pro-
8 gram. Any costs of administration funded under this subsection shall
9 be allocated equitably among all individual annuity accounts.

10 (e) Notwithstanding AS 39.35.110 or (b) of this section, the
11 commissioner of revenue may invest all or part of the annuity invest-
12 ment fund in commercial insurance contracts purchased from insurance
13 companies that have a Best's policyholders' rating of A or better and
14 belong to Best's financial size Group XV at the time of purchase.

15 Sec. 43.23.120. ANNUITY PROGRAM. (a) The annuity program is
16 administered by the commissioner of administration. The commissioner
17 of administration shall adopt regulations necessary to implement the
18 annuity program.

19 (b) The commissioner of administration shall maintain records of
20 individual annuity accounts and make annuity payments under AS 43.23.-
21 130.

22 Sec. 43.23.130. PAYMENT OF ANNUITIES. (a) An individual with
23 one or more annuity credits may receive an annuity upon reaching the
24 age of 65.

25 (b) An annuity under this section is a monthly payment based
26 upon the principal and accrued interest in the person's annuity ac-
27 count. An annuity shall be paid as a straight life annuity or other
28 payment plan authorized by the commissioner of the Department of
29 Administration. The size of the annuity may not vary on account of

1 the individual's sex.

2 (c) An individual need not be a resident of the state to be
3 eligible to received an annuity payment from the individual's account.

4 (d) Except as provided in (b) and (e) of this section, an annu-
5 ity account may not be assigned, sold, or otherwise transferred from
6 one individual to another.

7 (e) If a person elects to credit a permanent fund dividend to an
8 annuity account in a particular year, that person may make an irrevoc-
9 cable choice regarding death benefits with respect to that credit. If
10 a person dies before age 65 and that person has selected death bene-
11 fits in at least one year, a lump sum payment shall, subject to appro-
12 priation, be paid to the surviving spouse by right of survivorship
13 unless a different beneficiary was designated. When no spouse sur-
14 vives and no beneficiary is designated, the lump sum shall be paid to
15 the decedent's estate. The lump sum payment includes all dividends
16 credited to the person's annuity account in years in which death
17 benefits were selected and interest on those dividends. Dividends
18 credited to a person's annuity account in years for which death bene-
19 fits were not selected and interest on those dividends shall, if the
20 person dies before age 65, be distributed equitably among the annuity
21 accounts of all individuals for which death benefits were not select-
22 ed.

23 (f) An individual does not receive a vested property right in an
24 annuity payment until that payment is made. Notwithstanding this
25 section, the state is not obligated to provide annuity payments for
26 annuity credits granted under AS 43.23.005.

27 * Sec. 17. AS 47.45.010(a) is amended to read:

28 (a) A person who is 65 years of age or over, who resides in the
29 state for at least one year immediately preceding application for a

1 longevity bonus under this chapter may apply to the commissioner of
2 administration for qualification to receive a monthly bonus [OF \$250].

3 * Sec. 18. AS 47.45 is amended by adding a new section to read:

4 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b)
5 of this section, the monthly longevity bonus is equal to \$250, minus
6 the maximum possible straight life annuity for a person 65 years of
7 age under the annuity program (AS 43.23.110 - 43.23.130), as deter-
8 mined by the commissioner of administration.

9 (b) A person who is 65 years of age before January 1, 1986, is
10 entitled to the full longevity bonus payment without reduction for the
11 annuity program.

12 * Sec. 19. AS 47.45.070 is amended to read:

13 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is
14 one who

15 (1) does not meet the age or residence requirements as
16 provided for under this chapter;

17 (2) meets the age and residence requirements of this chap-
18 ter but either is confined in a state or federal mental health insti-
19 tution or facility and is certified by the state as unable to manage
20 personal affairs, or resides in a nursing home as that term is defined
21 in AS 08.70.180; however, if that person, at the time of commitment or
22 commencement of residence, provided the principal support of a spouse,
23 the commissioner of administration may determine to pay the confined
24 person's bonus to the person's spouse until the spouse is qualified
25 for a bonus;

26 (3) is otherwise qualified but confined in a penal or
27 correctional institution or facility; upon completion of sentence or
28 upon the conferral of a pardon, parole or probation, the person may
29 make application; confinement outside the state shall be considered as

1 residence in the state if a person was convicted and sentenced from a
2 court in Alaska; revocation of parole or probation shall be cause for
3 immediate disqualification until release from confinement is again
4 effected;

5 (4) voluntarily leaves the state and remains absent from
6 the state for a continuous period of more than 180 days.

7 * Sec. 20. Section 11, ch. 38, SLA 1984 is amended to read:

8 Sec. 11. Sections 7 and 9 of this [THIS] Act [AND AS 47.45] are
9 repealed June 30, 1985.

10 * Sec. 21. AS 43.23.045(c) is repealed.

11 * Sec. 22. This Act applies only to permanent fund dividends for years
12 beginning after December 31, 1985. Notwithstanding the amendments to
13 AS 43.23 made by this Act, permanent fund dividends for 1985 and prior
14 years shall be made under the law as it existed before the effective date
15 of this Act.

16 * Sec. 23. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).

Offered: 3/11/85
Referred: Finance

Original sponsors: Ray, Halford,
Bennett, et al

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2

CS FOR SENATE BILL NO. 56 (Judiciary)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act amending the longevity bonus program and the permanent fund dividend program, establishing an annuity program; and providing for an effective date."

7

8

9

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

11

* Section 1. FINDINGS AND PURPOSE. The legislature finds and declares that

12

13

(1) it is in the public interest to continue the longevity bonus program; however, as oil reserves decline over the years, it will become increasingly difficult to provide the benefits of the longevity bonus program through the general fund; as a result, that program must be phased out over the years;

18

(2) it is appropriate that individuals save for their own retirement, and it is also appropriate that the state establish both means and incentives for Alaska residents to set aside retirement funds; accordingly, it is a purpose of this legislation to create an annuity program;

22

(3) many retired Alaskans have made their retirement plans in reliance on the availability of both the existing longevity bonus and the permanent fund dividend; accordingly, the legislature finds that it is appropriate to continue both those programs for these individuals;

26

(4) the most suitable source of funds for the annuity program created by this Act are those permanent fund earnings currently distributed as dividends; therefore this Act applies the annual permanent fund dividend of younger Alaskans to annuity accounts unless the individual alternatively

1 elects to receive cash; in so doing, this Act will promote wise stewardship
2 of the permanent fund by giving each participant a direct financial stake
3 in its long-term profitability; and

4 (5) neither the longevity bonus program, nor the annuity pro-
5 gram, should be viewed as a form of welfare; other state and federal pro-
6 grams are available to meet the basic necessities of life, and amounts
7 received by an individual under this Act are not calculated on the basis of
8 need.

9 * Sec. 2. AS 43.23.005(c) is amended to read:

10 (c) A parent, guardian, or other authorized representative may
11 claim a permanent fund dividend on behalf of an unemancipated minor or
12 on behalf of an incompetent individual who is eligible to receive a
13 dividend [PAYMENT] under this section and may elect to take the divi-
14 dend as an annuity share for the future benefit of the minor.

15 * Sec. 3. AS 43.23.005 is amended by adding a new subsection to read:

16 (d) A person who is eligible to receive a permanent fund divi-
17 dend under this section, or who is authorized to claim a dividend on
18 behalf of another under (c) of this section, may elect to receive cash
19 in lieu of an annuity share. Alternatively, a person may elect to
20 receive 25 percent, 50 percent, or 75 percent of the dividend in cash
21 and the remainder as an annuity share. A person who is 65 years of
22 age before January 1, 1986, may only receive cash and may not elect to
23 receive an annuity share.

24 * Sec. 4. AS 43.23.015(a) is amended to read:

25 (a) The commissioner shall adopt regulations under the Adminis-
26 trative Procedure Act (AS 44.62) establishing the process for de-
27 termining the eligibility of individuals for permanent fund dividends.
28 The commissioner may require an individual to provide proof of eli-
29 gibility, and the commissioner may use other information available

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

3 * Sec. 5. AS 43.23.015(b) is amended to read:

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

8 I certify that

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

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

15 I understand that a false claim of residency to obtain a perma-
16 nent fund dividend for myself or for another is a criminal offense and
17 that if convicted I will forfeit future permanent fund dividends and
18 that I will lose or must repay all permanent fund dividends that have
19 been credited or paid to me, appropriations allocated to my annuity
20 account in accordance with AS 43.23.110(b), and any accrued interest
21 in my annuity account. I understand that this penalty is in addition
22 to any criminal penalties imposed.

23

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

28 * Sec. 6. AS 43.23.015(e) is amended to read:

29 (e) If a public agency claims a [PERMANENT FUND] dividend on
behalf of an individual under this section, the public agency shall

1 elect 100 percent cash under AS 43.23.005(d) and hold the dividend in
2 trust for the individual. Money held in trust under this subsection
3 shall be invested by the commissioner in accordance with AS 37.10.070.

4 * Sec. 7. AS 43.23.015(f) is amended to read:

5 (f) A minor or an incompetent individual may not maintain a
6 claim against the state or an officer or employee of the state based
7 either on the manner in which the parent, guardian, or authorized
8 representative other than a public agency of the state managed or
9 disposed of permanent fund dividends received on behalf of the minor
10 or incompetent, or an election made or not made on that individual's
11 behalf under AS 43.23.005(d) [INDIVIDUAL].

12 * Sec. 8. AS 43.23.015 is amended by adding a new subsection to read:

13 (i) The permanent fund dividend application form shall be pre-
14 pared to allow an applicant, other than a person who is exempt under
15 AS 47.45.015(b), to elect to receive cash in lieu of a permanent fund
16 dividend.

17 * Sec. 9. AS 43.23.035 is amended to read:

18 Sec. 43.23.035. PENALTIES AND ENFORCEMENT. (a) In addition to
19 any criminal penalties imposed by state law, if an individual is
20 convicted of a crime in connection with a false statement made in a
21 certification required under AS 43.23.015, and the conviction is not
22 reversed, that individual forfeits all permanent fund dividends cred-
23 ited or paid, together with any additional credits to that individu-
24 al's annuity account and is not eligible for a future permanent fund
25 dividend.

26 (b) If the commissioner determines that a cash [PERMANENT FUND]
27 dividend should not have been claimed by or paid to an individual, the
28 commissioner may use all collection procedures or remedies available
29 for collection of taxes under this title to recover the payment of a

1 permanent fund dividend that was improperly made. A notice of an
2 improperly paid dividend must be sent to the individual within 10
3 years after the improper payment. If notice is not sent within the
4 10-year period, proceedings may not be commenced in court for recovery
5 of the improper payment.

6 * Sec. 10. AS 43.23.035 is amended by adding a new subsection to read:

7 (c) If the commissioner determines that a permanent fund divi-
8 dend should not have been credited to an individual's annuity account,
9 the commissioner may, after notice and opportunity for hearing, direct
10 the commissioner of administration to debit the individual's annuity
11 account for the amount wrongly credited. If the credit is the fault
12 of the individual, the debit must be made within 10 years. If the
13 credit is the fault of the state, the debit must be made within three
14 years.

15 * Sec. 11. AS 43.23.055 is amended to read:

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

17 (1) annually make payments to individuals who are 65 years
18 of age before January 1, 1986, and to individuals who elect to receive
19 cash under AS 43.23.005(d) [PAY PERMANENT FUND DIVIDENDS FROM THE
20 DIVIDEND FUND];

21 (2) adopt regulations under the Administrative Procedure
22 Act (AS 44.62) that establish procedures and time limits for claiming
23 a permanent fund dividend or for electing an annuity share; the de-
24 partment shall set the time limit for applications for permanent fund
25 dividends so that the number of eligible applicants is determined by
26 October 1 of the year for which the dividend is declared and permanent
27 fund dividends for a year are paid before April 30 of the year follow-
28 ing that year;

29 (3) adopt regulations under the Administrative Procedure

1 Act (AS 44.62) that establish procedures and time limits for an indi-
2 vidual upon emancipation or upon reaching majority to apply for perma-
3 nent fund dividends not credited or received during minority because
4 the parent, guardian, or other authorized representative did not apply
5 on behalf of the individual; [AND]

6 (4) assist residents of the state, particularly in rural
7 areas, who because of language, disability, or inaccessibility to
8 public transportation need assistance to establish eligibility and to
9 apply for permanent fund dividends; and

10 (5) provide the commissioner of administration with infor-
11 mation necessary to maintain individual annuity account records and
12 administer the annuity program.

13 * Sec. 12. AS 43.23.065 is amended to read:

14 Sec. 43.23.065. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty
15 percent of a cash [THE ANNUAL] permanent fund dividend payment [PAY-
16 ABLE TO AN INDIVIDUAL] is exempt from levy, execution, garnishment,
17 attachment, or any other remedy for the collection of debt. This
18 exemption applies to an eligible individual's permanent fund dividend
19 both before and after payment is made to the individual. An exemption
20 is not available under this section for cash permanent fund dividend
21 payments [DIVIDENDS] taken to satisfy (1) child support obligations
22 required by court order or decision of the child support enforcement
23 agency under AS 47.23.140 - 47.23.220; (2) a debt owed by an eligible
24 individual to an agency of the state, unless the debt is contested and
25 an appeal is pending, or the time limit for filing an appeal has not
26 expired; or (3) co rt ordered restitution under AS 12.55.045 - 12.55.-
27 051 or 12.55.100. A child support obligation under (1) of this sec-
28 tion has priority over a debt owed to an agency of the state, and a
29 permanent fund dividend may not be taken to satisfy a debt under (2)

1 of this section until any portion of the dividend necessary to satisfy
2 a child support obligation has been taken.

3 * Sec. 13. AS 43.23.065 is amended by adding new subsections to read:

4 (b) The department shall require an individual to take 100
5 percent of the permanent fund dividend in cash if the department
6 receives a levy, execution, garnishment, attachment or other legal
7 remedy for the collection of a past due debt described in (a)(1) or
8 (2) of this section.

9 (c) The courts of this state may, as a condition of any civil
10 judgment or restitution order under AS 12.55.045 - 12.55.051 or 12.-
11 55.100, require the defendant to take the defendant's permanent fund
12 dividend in cash.

13 * Sec. 14. AS 43.23.075 is amended to read:

14 Sec. 43.23.075. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) In
15 determining the eligibility of an individual under a public assistance
16 program administered by the Department of Health and Social Services
17 in which eligibility for assistance is based on financial need, the
18 Department of Health and Social Services may not consider a permanent
19 fund dividend as income or resources received by the recipient of
20 public assistance or by a member of the recipient's household unless
21 required to do so by federal law or regulation. The Department of
22 Health and Social Services shall notify all recipients of public
23 assistance of the effects of [RECEIVING] a permanent fund dividend
24 credit or cash payment.

25 (b) An individual who is denied medical assistance under 42
26 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) solely because of
27 the credit or receipt of a permanent fund dividend by the individual
28 or by a member of the individual's household is eligible for state-
29 funded medical assistance under the general relief assistance program

1 (AS 47.25.120 - 47.25.300). The individual is entitled to receive,
2 for a period not to exceed four months, the same level of medical
3 assistance as the individual would have received under 42 U.S.C.
4 1396 - 1396p (Social Security Act, Title XIX) had there been no perma-
5 nent fund dividend program.

6 (c) An individual who is denied assistance solely because perma-
7 nent fund dividends credited to or received by the individual or by a
8 member of the individual's household are counted as income or re-
9 sources under federal law or regulation is eligible for cash assis-
10 tance under the general relief assistance program (AS 47.25.120 -
11 47.25.300). Notwithstanding the limit in AS 47.25.130, the individual
12 is entitled to receive, for a period not to exceed four months, the
13 same amount as the individual would have received under other public
14 assistance programs had there been no permanent fund dividend program.

15 * Sec. 15. AS 43.23.095(6) is repealed and reenacted to read:

16 (6) "permanent fund dividend" means a credit to an annuity
17 account under this chapter except that, as applied to an individual
18 who may receive only cash under AS 43.23.005(d) or 43.23.065, it means
19 a cash payment under this chapter;

20 * Sec. 16. AS 43.23 is amended by adding new sections to read:

21 ARTICLE 2. ANNUITY PROGRAM.

22 Sec. 43.23.110. ANNUITY INVESTMENT FUND. (a) The annuity
23 investment fund is established as a separate fund in the state trea-
24 sury. The annuity investment fund consists of money transferred from
25 the dividend fund, money appropriated to the annuity investment fund,
26 and income earned by the annuity investment fund. Notwithstanding
27 AS 37.13.145, an amount equal to the permanent fund dividends taken as
28 annuity credits under this chapter shall be annually transferred from
29 the dividend fund to the annuity investment fund.

1 (b) The legislature may appropriate either general funds, or
2 earnings of the undistributed income account in the Alaska permanent
3 fund, to the annuity investment fund. Funds appropriated under this
4 subsection shall be allocated to the individual annuity accounts of
5 those who are eligible to receive a dividend for that year and do not
6 elect cash under AS 43.23.005(d). The allocation shall be made in the
7 following manner:

8 (1) a credit will be made to the account of each individual
9 who is at least 18 years old;

10 (2) the credit for each person from the age of 18 through
11 age 35 is the base amount; the size of the base amount is determined
12 according to the amount of the appropriation;

13 (3) the credit for persons over the age of 35 is the base
14 amount, increased for each year of age over 35 up to and including the
15 age of 65; the incremental increase for each year of age is a percent-
16 age over the credit for the prior year of age; that percentage shall
17 be established with due regard for historical and projected permanent
18 fund returns on investment;

19 (4) if a person elects to receive a portion of the dividend
20 in cash under AS 43.23.005(d), the allocation to which that person is
21 otherwise entitled will be reduced proportionately.

22 (c) Money in the annuity investment fund shall be invested by
23 the commissioner of revenue in investments authorized under AS 39.-
24 35.110. The commissioner of administration shall credit the net
25 income of the annuity investment fund to the individual annuity ac-
26 counts.

27 (d) The legislature may annually appropriate to the Department
28 of Administration an amount sufficient to pay monthly annuity payments
29 for the subsequent fiscal year under AS 43.23.130 from the annuity

1 investment fund. Funds appropriated under this subsection shall be
2 transferred from the annuity investment fund to the Department of
3 Administration in order to meet the current demands of the annuity
4 program.

5 (e) The legislature may annually appropriate from the annuity
6 investment fund an amount sufficient to administer the annuity pro-
7 gram. Any costs of administration funded under this subsection shall
8 be allocated equitably among all individual annuity accounts.

9 (f) Notwithstanding AS 39.35.110 or (c) of this section, the
10 commissioner of revenue may invest all or part of the annuity invest-
11 ment fund in commercial insurance contracts purchased from insurance
12 companies that have a Best's policyholders' rating of A or better and
13 belong to Best's financial size Group XV at the time of purchase.

14 Sec. 43.23.120. ANNUITY PROGRAM. (a) The annuity program is
15 administered by the commissioner of administration. The commissioner
16 of administration shall adopt regulations necessary to implement the
17 annuity program.

18 (b) The commissioner of administration shall maintain records of
19 individual annuity accounts and make annuity payments under AS 43.23.-
20 130.

21 Sec. 43.23.130. PAYMENT OF ANNUITIES. (a) An individual with
22 one or more annuity credits may receive an annuity upon reaching the
23 age of 65.

24 (b) An annuity under this section is a monthly payment based
25 upon the principal and accrued interest in the person's annuity ac-
26 count. An annuity shall be paid as a straight life annuity or other
27 payment plan authorized by the commissioner of the Department of
28 Administration. The size of the annuity may not vary on account of
29 the individual's sex.

1 (c) An individual need not be a resident of the state to be
2 eligible to received an annuity payment from the individual's account.

3 (d) Except as provided in (b) and (e) of this section, an annu-
4 ity account may not be assigned, sold, or otherwise transferred from
5 one individual to another.

6 (e) If a person dies before age 65, a lump sum payment shall,
7 subject to appropriation, be paid to the surviving spouse by right of
8 survivorship unless a different beneficiary was designated. When no
9 spouse survives and no beneficiary was designated, the lump sum shall
10 be paid to the decedent's estate. The lump sum payment shall include
11 all permanent fund dividend contributions made by the individual,
12 together with interest, but shall not include any credits to the
13 individual's account made pursuant to AS 43.23.110(b), or interest on
14 those credits.

15 (f) An individual does not receive a vested property right in an
16 annuity payment until that payment is made. Notwithstanding this
17 section, the state is not obligated to provide annuity payments for
18 annuity credits granted under AS 43.23.005.

19 * Sec. 17. AS 47.45.010(a) is amended to read:

20 (a) A person who is 65 years of age or over, who resides in the
21 state for at least one year immediately preceding application for a
22 longevity bonus under this chapter may apply to the commissioner of
23 administration for qualification to receive a monthly bonus [OF \$250].

24 * Sec. 18. AS 47.45 is amended by adding a new section to read:

25 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b)
26 of this section, the monthly longevity bonus is equal to \$250, in-
27 creased by three percent each year beginning in fiscal year 1987,
28 minus the maximum possible straight life annuity for a person 65 years
29 of age under the annuity program (AS 43.23.110 - 43.23.130), as

1 determined by the commissioner of administration.

2 (b) A person who is 65 years of age before January 1, 1986, is
3 entitled to the full longevity bonus payment without reduction for the
4 annuity program.

5 * Sec. 19. AS 47.45.070 is amended to read:

6 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is
7 one who

8 (1) does not meet the age or residence requirements as
9 provided for under this chapter;

10 (2) meets the age and residence requirements of this chap-
11 ter but either is confined in a state or federal mental health insti-
12 tution or facility and is certified by the state as unable to manage
13 personal affairs, or resides in a nursing home as that term is defined
14 in AS 08.70.180; however, if that person, at the time of commitment or
15 commencement of residence, provided the principal support of a spouse,
16 the commissioner of administration may determine to pay the confined
17 person's bonus to the person's spouse until the spouse is qualified
18 for a bonus;

19 (3) is otherwise qualified but confined in a penal or
20 correctional institution or facility; upon completion of sentence or
21 upon the conferral of a pardon, parole or probation, the person may
22 make application; confinement outside the state shall be considered as
23 residence in the state if a person was convicted and sentenced from a
24 court in Alaska; revocation of parole or probation shall be cause for
25 immediate disqualification until release from confinement is again
26 effected;

27 (4) voluntarily leaves the state and remains absent from
28 the state for a continuous period of more than 180 days.

29 * Sec. 20. Section 11, ch. 38, SLA 1984 is amended to read:

1 Sec. 11. Sections 7 and 9 of this [THIS] Act [AND AS 47.45] are
2 repealed June 30, 1985.

3 * Sec. 21. AS 43.23.045(c) is repealed.

4 * Sec. 22. This Act applies only to permanent fund dividends for years
5 beginning after December 31, 1985. Notwithstanding the amendments to
6 AS 43.23 made by this Act, permanent fund dividends for 1985 and prior
7 years shall be made under the law as it existed before the effective date
8 of this Act.

9 * Sec. 23. This Act takes effect immediately in accordance with AS 01.-
10 10.070(c).

Offered: 1/30/85
Referred: Judiciary

Original sponsors: Ray, Halford,
Bennett, et al

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 56 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL
6 For an Act entitled: "An Act amending the longevity bonus program and the
7 permanent fund dividend program, establishing an
8 annuity program; and providing for an effective
9 date."

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

11 * Section 1. FINDINGS AND PURPOSE. The legislature finds and declares
12 that

13 (1) it is in the public interest to continue the longevity bonus
14 program; however, as oil reserves decline over the years, it will become
15 increasingly difficult to provide the benefits of the longevity bonus
16 program through the general fund; as a result, that program must be phased
17 out over the years;

18 (2) it is appropriate that individuals save for their own re-
19 tirement, and it is also appropriate that the state establish both means
20 and incentives for Alaska residents to set aside retirement funds; accord-
21 ingly, it is a purpose of this legislation to create an annuity program,
22 and to encourage Alaskans to participate in that program by authorizing
23 general fund supplements that would result in annuity payments that are
24 larger than an individual could earn through private investment of the
25 permanent fund dividend;

26 (3) many retired Alaskans have made their retirement plans in
27 reliance on the availability of both the existing longevity bonus and the
28 permanent fund dividend; accordingly, the legislature finds that it is
29 appropriate to continue both those programs for these individuals;

1 (4) the most suitable source of funds for the annuity program
2 created by this Act are those permanent fund earnings currently distributed
3 as dividends; therefore this Act applies the annual permanent fund dividend
4 of younger Alaskans to annuity accounts unless the individual alternatively
5 elects to receive cash; in so doing, this Act will promote wise stewardship
6 of the permanent fund by giving each participant a direct financial stake
7 in its long-term profitability; and

8 (5) neither the longevity bonus program, nor the annuity pro-
9 gram, should be viewed as a form of welfare; other state and federal pro-
10 grams are available to meet the basic necessities of life, and amounts
11 received by an individual under this Act are not calculated on the basis of
12 need.

13 * Sec. 2. AS 43.23.005(c) is amended to read:

14 (c) A parent, guardian, or other authorized representative may
15 claim a permanent fund dividend on behalf of an unemancipated minor or
16 on behalf of an incompetent individual who is eligible to receive a
17 dividend [PAYMENT] under this section.

18 * Sec. 3. AS 43.23.005 is amended by adding a new subsection to read:

19 (d) A person who is eligible to receive a permanent fund divi-
20 dend under this section, or who is authorized to claim a dividend on
21 behalf of another under (c) of this section, may elect to receive cash
22 in lieu of an annuity share. Alternatively, a person may elect to
23 receive not less than 25 percent of the dividend in cash and the
24 remainder as an annuity credit. A person who is 65 years of age
25 before January 1, 1986, may only receive cash.

26 * Sec. 4. AS 43.23.015(a) is amended to read:

27 (a) The commissioner shall adopt regulations under the Adminis-
28 trative Procedure Act (AS 44.62) establishing the process for de-
29 termining the eligibility of individuals for permanent fund dividends.

1 The commissioner may require an individual to provide proof of eli-
2 gibility, and the commissioner may use other information available
3 from other state departments or agencies to determine the eligibility
4 of an individual.

5 * Sec. 5. AS 43.23.015(b) is amended to read:

6 (b) The department shall prescribe and furnish an application
7 form for claiming a permanent fund dividend. The application must
8 contain a statement of eligibility and a certification of residency in
9 substantially the following form:

10 I certify that

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

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

17 I understand that a false claim of residency to obtain a perma-
18 nent fund dividend for myself or for another is a criminal offense and
19 that if convicted I will forfeit future permanent fund dividends and
20 that I will lose or must repay all permanent fund dividends that have
21 been credited or paid to me, including any accrued interest in my
22 annuity account. I understand that this penalty is in addition to any
23 criminal penalties imposed.

24

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

29 * Sec. 6. AS 43.23.015(e) is amended to read:

(e) If a public agency claims a cash [PERMANENT FUND] dividend

1 on behalf of an individual under this section, the public agency shall
2 hold the dividend in trust for the individual. Money held in trust
3 under this subsection shall be invested by the commissioner in accor-
4 dance with AS 37.10.070.

5 * Sec. 7. AS 43.23.015(f) is amended to read:

6 (f) A minor or an incompetent individual may not maintain a
7 claim against the state or an officer or employee of the state based
8 either on the manner in which the parent, guardian, or authorized
9 representative other than a public agency of the state managed or
10 disposed of permanent fund dividends received on behalf of the minor
11 or incompetent, or an election made or not made on that individual's
12 behalf under AS 43.23.005(d) [INDIVIDUAL].

13 * Sec. 8. AS 43.23.015 is amended by adding a new subsection to read:

14 (i) The permanent fund dividend application form shall be pre-
15 pared to allow an applicant, other than a person who is exempt under
16 AS 47.45.015(b), to elect to receive cash in lieu of a permanent fund
17 dividend.

18 * Sec. 9. AS 43.23.035 is amended to read:

19 Sec. 43.23.035. PENALTIES AND ENFORCEMENT. (a) In addition to
20 any criminal penalties imposed by state law, if an individual is
21 convicted of a crime in connection with a false statement made in a
22 certification required under AS 43.23.015, and the conviction is not
23 reversed, that individual forfeits all permanent fund dividends cred-
24 ited or paid, together with any additional credits to that indi-
25 vidual's annuity account and is not eligible for a future permanent
26 fund dividend.

27 (b) If the commissioner determines that a cash [PERMANENT FUND]
28 dividend should not have been claimed by or paid to an individual, the
29 commissioner may use all collection procedures or remedies available

1 for collection of taxes under this title to recover the payment of a
2 permanent fund dividend that was improperly made. A notice of an
3 improperly paid dividend must be sent to the individual within 10
4 years after the improper payment. If notice is not sent within the
5 10-year period, proceedings may not be commenced in court for recovery
6 of the improper payment.

7 * Sec. 10. AS 43.23.035 is amended by adding a new subsection to read:

8 (c) If the commissioner determines that a permanent fund divi-
9 dend should not have been credited to an individual's annuity account,
10 the commissioner may, after notice and opportunity for hearing, direct
11 the commissioner of administration to debit the individual's annuity
12 account for the amount wrongly credited. If the credit is the fault
13 of the individual, the debit must be made within 10 years. If the
14 credit is the fault of the state, the debit must be made within three
15 years.

16 * Sec. 11. AS 43.23.055 is amended to read:

17 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall
18 (1) annually make payments to individuals who are 65 years
19 of age before January 1, 1986, and to individuals who elect to receive
20 cash under AS 43.23.005(d) [PAY PERMANENT FUND DIVIDENDS FROM THE
21 DIVIDEND FUND];

22 (2) adopt regulations under the Administrative Procedure
23 Act (AS 44.62) that establish procedures and time limits for claiming
24 a permanent fund dividend or for electing an annuity share; the de-
25 partment shall set the time limit for applications for permanent fund
26 dividends so that the number of eligible applicants is determined by
27 October 1 of the year for which the dividend is declared and permanent
28 fund dividends for a year are paid before April 30 of the year follow-
29 ing that year;

1 (3) adopt regulations under the Administrative Procedure
2 Act (AS 44.62) that establish procedures and time limits for an indi-
3 vidual upon emancipation or upon reaching majority to apply for perma-
4 nent fund dividends not credited or received during minority because
5 the parent, guardian, or other authorized representative did not apply
6 on behalf of the individual; [AND]

7 (4) assist residents of the state, particularly in rural
8 areas, who because of language, disability, or inaccessibility to
9 public transportation need assistance to establish eligibility and to
10 apply for permanent fund dividends; and

11 (5) provide the commissioner of administration with infor-
12 mation necessary to maintain individual annuity account records and
13 administer the annuity program.

14 * Sec. 12. AS 43.23.065 is amended to read:

15 Sec. 43.23.065. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty
16 percent of a cash [THE ANNUAL] permanent fund dividend payment [PAY-
17 ABLE TO AN INDIVIDUAL] is exempt from levy, execution, garnishment,
18 attachment, or any other remedy for the collection of debt. This
19 exemption applies to an eligible individual's permanent fund dividend
20 both before and after payment is made to the individual. An exemption
21 is not available under this section for cash permanent fund dividend
22 payments [DIVIDENDS] taken to satisfy (1) child support obligations
23 required by court order or decision of the child support enforcement
24 agency under AS 47.23.140 - 47.23.220; (2) a debt owed by an eligible
25 individual to an agency of the state, unless the debt is contested and
26 an appeal is pending, or the time limit for filing an appeal has not
27 expired; or (3) court ordered restitution under AS 12.55.045 -
28 12.55.051 or 12.55.100. A child support obligation under (1) of this
29 section has priority over a debt owed to an agency of the state, and a

1 permanent fund dividend may not be taken to satisfy a debt under (2)
2 of this section until any portion of the dividend necessary to satisfy
3 a child support obligation has been taken.

4 * Sec. 13. AS 43.23.065 is amended by adding new subsections to read:

5 (b) When an individual owes a past-due debt described in (a)(1)
6 of this section, the department shall require that the individual take
7 the individual's permanent fund dividend in cash.

8 (c) The courts of this state may, as a condition of any civil
9 judgment or restitution order under AS 12.55.045 - 12.55.051 or
10 12.55.100, require the defendant to take the defendant's permanent
11 fund dividend in cash.

12 * Sec. 14. AS 43.23.075 is amended to read:

13 Sec. 43.23.075. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) In
14 determining the eligibility of an individual under a public assistance
15 program administered by the Department of Health and Social Services
16 in which eligibility for assistance is based on financial need, the
17 Department of Health and Social Services may not consider a permanent
18 fund dividend as income or resources received by the recipient of
19 public assistance or by a member of the recipient's household unless
20 required to do so by federal law or regulation. The Department of
21 Health and Social Services shall notify all recipients of public
22 assistance of the effects of [RECEIVING] a permanent fund dividend
23 credit or cash payment.

24 (b) An individual who is denied medical assistance under 42
25 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) solely because of
26 the credit or receipt of a permanent fund dividend by the individual
27 or by a member of the individual's household is eligible for state-
28 funded medical assistance under the general relief assistance program
29 (AS 47.25.120 - 47.25.300). The individual is entitled to receive,