

**ALASKA LEGISLATURE**

**2419**

**HOUSE and SENATE FINANCE COMMITTEE FILES,**

**2001 - 2002**

REPORTED OUT  
 MAR 22 2002  
 SENATE FINANCE  
 COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
 2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 338  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title: "An Act Making certain individuals convicted of crimes ineligible for PFD..." BRL: Legal and Advocacy Services  
 Sponsor: Senate Finance Component: Public Defender Agency  
 Requestor: (S) FIN Component No.: 1631

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	.	.	.	.	.	.
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	.	.	.	.	.	.

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	.	.	.	.	.	.
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	.	.	.	.	.	.

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
 See attached sheet.

Prepared by: Barbara Brink, Director Phone (907) 334-4416  
 Division: Public Defender Agency Date/Time 2/25/02 11:56 AM  
 Approved by: Jim Duncan, Commissioner Date 2/25/2002  
 Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. SB 338

ANALYSIS CONTINUATION

This legislation would make a large number of people ineligible for PFDs by amending the statute to significantly increase the list of circumstances under which a person would not be eligible for a dividend.

This bill may have a fiscal impact on the Public Defender Agency. For many indigent people, the PFD is one of their primary sources of income. When indigent people convicted of and or incarcerated for felonies and misdemeanors owe fines, restitution, surcharges, and fees, and are ineligible to receive a PFD for many years, they may not be able to pay these amounts and then are in violation of their probation or parole conditions and petitions to revoke would be filed. This could significantly increase the workload of the Agency, however, it is not possible to determine the extent of that impact. The Agency represents indigent persons in both parole and probation revocations, and both may very well increase substantially if this bill becomes law, but it is not possible to determine the extent of that impact. Therefore, an indeterminate fiscal note is submitted.

MAR 23 2002

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 338  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education  
Title An Act making certain individuals convicted of BRU ACPE  
crimes ineligible for permanent fund dividends and... Component Student Loan Operation  
Sponsor Rep. Con Bunde  
Requester Labor and Commerce Component No. 213

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>
-------------------------------	------------	------------	----------------	----------------	----------------	----------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
The Alaska Commission on Postsecondary Education is charged with administering Alaska's various education loan programs. It does so as an enterprise agency of the state, the operational costs for which are paid through recycled funds of the Alaska Student Loan Corporation.

A very few years after the inception of the Alaska Permanent Fund Dividend program, the Commission was authorized by statute to administratively garnish the dividends of defaulted borrowers who remained at least six months in arrears on their education loans. In 2001 alone the Commission asserted its claim to approximately 8,600 dividends and ultimately collected approximately \$10.5 million on defaulted loans. Since the first year garnishment activity, the Commission has collected well over \$100 million and considers this tool to be one of its most efficient and effective collection levers.

Prepared by: Diane Barrans, Executive Director Phone 465-6740  
Division Executive Office Date/Time 2/28/02 9:44 AM  
Approved by: Diane Barrans, Executive Director Date 2/28/2002  
Agency Alaska Commission on Postsecondary Education

Analysis: (continued)

Because program managers have no way of estimating what percentage of the population potentially is effected by Senate Bill 338 that would also be in this agency's defaulted borrower population, this fiscal note is provided as an indeterminate one. However, because there will likely be some impact of diminished access to the dividend collection, it seemed prudent to bring this issue to the legislature's attention.

REPORTED OUT  
 MAR 22 2002  
 SENATE FINANCE

# FISCAL NOTE

STATE OF ALASKA  
 2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 338  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DPS  
 Title An Act making certain individuals BRU Statewide Support  
convicted of crimes ineligible for PFDs Component APSIN  
 Sponsor Senate Finance  
 Requester Senate Finance Component No. 528

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	0.0	4.2	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>4.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	4.2	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>4.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

DPS Information Systems' contractor has written software to compile the annual list of persons who may be ineligible for a PFD based on criminal convictions in APSIN. DPS will pay the contractor (analyst programmer) to revise the software in order to compile the list based on the new criteria.

50 hours X \$84 per hour = \$4,200

Prepared by: Diane Schenker, Administrative Manager Phone 907-269-5092  
 Division: Administrative Services Date/Time 2/27/02 3:17 PM  
 Approved by: Commissioner Glenn Godfrey Date 2/27/2002  
 Agency: Department of Public Safety

# FISCAL NOTE

STATE OF ALASKA  
 2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 338  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Law  
 Title "An Act making certain individuals convicted of BRU Civil Division  
crimes ineligible for permanent fund dividends and ..." Component Collections and Support  
 Sponsor Senate Finance Committee  
 Requester Senate Finance Committee Component No. 2210

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (GF/Prog Rcpts)</b>	<b>0.0</b>	<b>0.0</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>
---	------------	------------	----------------	----------------	----------------	----------------

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 The collections unit of the Department of Law is responsible for collecting civil and criminal judgments owed to the State of Alaska, and beginning in January 2002, restitution on behalf of victims of crimes. Criminal judgments include criminal fines, costs of incarceration, costs of appointed counsel, forfeited bonds, minor offense fines, and costs related to those fines. Civil judgments include cost and attorney fees awarded to the state in civil litigation, and APOC and OSHA penalties.  
  
 The unit's primary collection tool is the permanent fund dividend attachment. Historically, over 90 percent of the unit's collections each year are received through the attachment of defendants' permanent fund dividends. During FY 02 through January 31, 2002, the unit has collected \$3,198,282 of which \$2,938,837 was through the dividend attachment. Although the unit may use other collection tools, such as wage withholding or attachment of funds in

Prepared by: Joan M. Kasson Phone (907) 465-5370  
 Division Attorney General's Office Date/Time 2/27/02 3:48 PM  
 Approved by: Kathryn Daughhetelee for Bruce M. Botelho, Attorney General Date 2/27/2002  
 Agency Department of Law

## FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. SB 338

### ANALYSIS CONTINUATION

bank accounts, most of the judgments that the unit collects are simply not large enough to justify the cost of such collection actions. The cost of collection would exceed the amount collected. To succeed, the unit must be able to collect a high volume of relatively small judgments. The only cost-effective way to do this is through the electronic attachment process used for the permanent fund dividend attachment. As a practical matter, if the permanent fund dividend cannot be attached, most of these judgments would be uncollectible when the cost of collection is factored into the equation.

Because of the unit's reliance on the attachment of dividends, a bill that removes persons from eligibility for the permanent fund dividend will adversely affect the unit's collections. Senate Bill 338 creates several new categories of criminal defendants who are permanently or temporarily ineligible for dividends. Because approximately 85 percent of the unit's collection actions are against criminal defendants who would fall within one or more of these new categories, this bill will have a serious and substantial impact on collections.

For example, Senate Bill 338 makes persons who have been convicted of an unclassified felony (the most serious violent crimes, such as murder, sexual assault, robbery, etc.) permanently ineligible for dividends. Although this is probably a relatively small percentage of the judgments received by the unit for collection, the fines and other judgments in these cases tend to be larger. Thus, the removal of the permanent fund dividends in these cases would likely have a larger fiscal impact on the unit's collection than would otherwise be expected given the small number of cases. Fines in most of these cases would be uncollectible if Senate Bill 338 passes.

For the remaining defendants, the bill delays collection for a number of years either after sentencing or after the defendant is released from jail or prison. In these cases, the impact on collections will be attributable to the delay. The unit has found that the earlier the collection proceedings begin the more likely the judgment will be collected. Over time, defendants leave Alaska, die, are incarcerated for new crimes, or incur debts with a higher priority under the dividend priority scheme. Thus, debts that the unit could have collected during the first year or two after the defendant is released from jail may be uncollectible after the four, nine, or nineteen-year delay imposed by the bill.

It is extremely difficult to estimate the impact of this bill on the unit's collections. The impact will be masked initially because during the first several years after the bill takes effect, the unit will be collecting judgments that pre-date the bill's effective date. These earlier judgments will be unaffected by the bill's restrictions because the bill applies only to defendants convicted of crimes committed after December 31, 2002. As collections continue on older judgments, the effect of the bill will be limited. In addition, the current law precludes defendants from receiving a dividend while incarcerated. In these cases, the unit would be unable to collect the judgment until the defendant was released from jail anyway. Thus, the unit will not begin to feel the effect of the bill until these new defendants begin to be released from incarceration. At that point, we should see a sharp drop in collections, as the old judgments are paid off and the new judgments are not collectible because the defendants are ineligible for the dividend.

The only exceptions to this are the provisions which make (1) misdemeanants who are not incarcerated ineligible for the dividend for the year in which they were sentenced, and (2) first and second time misdemeanants who are incarcerated ineligible while incarcerated and for four years thereafter. These are persons who are eligible for a dividend under the current law. The impact of these provisions will be felt immediately by the unit. These are persons from whom we are usually able to collect during the first year after we receive the judgments from the court.

As illustrated in the above discussion, there are many variables that will affect the actual loss in collections related to this bill over time. There can be no doubt that the provisions of Senate Bill 338 will reduce the collections of criminal fines, restitution for crime victims, and other judgments owed to the state. The actual amount of the reduction, however, cannot be determined at this time.

MAR 22 2002

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 338  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Law  
Title "An Act making certain individuals convicted of BRU Civil Division  
crimes ineligible for permanent fund dividends and ..." Component Collections and Support  
Sponsor Senate Finance Committee  
Requester Senate Finance Committee Component No. 2210

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structure						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (GF/Prog Rcpts)</b>	<b>0.0</b>	<b>0.0</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>	<b>(*****)</b>
---	------------	------------	----------------	----------------	----------------	----------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The collections unit of the Department of Law is responsible for collecting civil and criminal judgments owed to the State of Alaska, and beginning in January 2002, restitution on behalf of victims of crimes. Criminal judgments include criminal fines, costs of incarceration, costs of appointed counsel, forfeited bonds, minor offense fines, and costs related to those fines. Civil judgments include cost and attorney fees awarded to the state in civil litigation, and APOC and OSHA penalties.

The unit's primary collection tool is the permanent fund dividend attachment. Historically, over 90 percent of the unit's collections each year are received through the attachment of defendants' permanent fund dividends. During FY 02 through January 31, 2002, the unit has collected \$3,198,282 of which \$2,938,837 was through the dividend attachment. Although the unit may use other collection tools, such as wage withholding or attachment of funds in

Prepared by: Joan M. Kasson Phone (907) 465-5370  
Division: Attorney General's Office Date/Time 2/27/02 3:48 PM  
Approved by: Kathryn Daughettee for Bruce M. Botelho, Attorney General Date 2/27/2002  
Agency: Department of Law

## FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. SB 338

### ANALYSIS CONTINUATION

bank accounts, most of the judgments that the unit collects are simply not large enough to justify the cost of such collection actions. The cost of collection would exceed the amount collected. To succeed, the unit must be able to collect a high volume of relatively small judgments. The only cost-effective way to do this is through the electronic attachment process used for the permanent fund dividend attachment. As a practical matter, if the permanent fund dividend cannot be attached, most of these judgments would be uncollectible when the cost of collection is factored into the equation.

Because of the unit's reliance on the attachment of dividends, a bill that removes persons from eligibility for the permanent fund dividend will adversely affect the unit's collections. Senate Bill 338 creates several new categories of criminal defendants who are permanently or temporarily ineligible for dividends. Because approximately 85 percent of the unit's collection actions are against criminal defendants who would fall within one or more of these new categories, this bill will have a serious and substantial impact on collections.

For example, Senate Bill 338 makes persons who have been convicted of an unclassified felony (the most serious violent crimes, such as murder, sexual assault, robbery, etc.) permanently ineligible for dividends. Although this is probably a relatively small percentage of the judgments received by the unit for collection, the fines and other judgments in these cases tend to be larger. Thus, the removal of the permanent fund dividends in these cases would likely have a larger fiscal impact on the unit's collection than would otherwise be expected given the small number of cases. Fines in most of these cases would be uncollectible if Senate Bill 338 passes.

For the remaining defendants, the bill delays collection for a number of years either after sentencing or after the defendant is released from jail or prison. In these cases, the impact on collections will be attributable to the delay. The unit has found that the earlier the collection proceedings begin the more likely the judgment will be collected. Over time, defendants leave Alaska, die, are incarcerated for new crimes, or incur debts with a higher priority under the dividend priority scheme. Thus, debts that the unit could have collected during the first year or two after the defendant is released from jail may be uncollectible after the four, nine, or nineteen-year delay imposed by the bill.

It is extremely difficult to estimate the impact of this bill on the unit's collections. The impact will be masked initially because during the first several years after the bill takes effect, the unit will be collecting judgments that pre-date the bill's effective date. These earlier judgments will be unaffected by the bill's restrictions because the bill applies only to defendants convicted of crimes committed after December 31, 2002. As collections continue on older judgments, the effect of the bill will be limited. In addition, the current law precludes defendants from receiving a dividend while incarcerated. In these cases, the unit would be unable to collect the judgment until the defendant was released from jail anyway. Thus, the unit will not begin to feel the effect of the bill until these new defendants begin to be released from incarceration. At that point, we should see a sharp drop in collections, as the old judgments are paid off and the new judgments are not collectible because the defendants are ineligible for the dividend.

The only exceptions to this are the provisions which make (1) misdemeanants who are not incarcerated ineligible for the dividend for the year in which they were sentenced, and (2) first and second time misdemeanants who are incarcerated ineligible while incarcerated and for four years thereafter. These are persons who are eligible for a dividend under the current law. The impact of these provisions will be felt immediately by the unit. These are persons from whom we are usually able to collect during the first year after we receive the judgments from the court.

As illustrated in the above discussion, there are many variables that will affect the actual loss in collections related to this bill over time. There can be no doubt that the provisions of Senate Bill 338 will reduce the collections of criminal fines, restitution for crime victims, and other judgments owed to the state. The actual amount of the reduction, however, cannot be determined at this time.

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS1190\S  
Cook  
3/12/02

**CS FOR SENATE BILL NO. 338( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATE FINANCE COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act making certain individuals convicted of crimes ineligible for permanent fund**  
2 **dividends; relating to appropriations from the dividend fund; to certain payments of**  
3 **compensation from the crime victim compensation fund; to state aid for certain obligees**  
4 **with child support arrearages; and providing for an effective date."**

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

6 **\* Section 1. AS 18.67.080 is amended by adding a new subsection to read:**

7 (e) The amount appropriated during a year to the crime victim compensation  
8 fund from the dividend fund that is not subject to the public notice requirements of  
9 AS 43.23.028(a) shall be used first for the payment of compensation for victims of  
10 individuals who appear on the list of individuals ineligible for a dividend that is  
11 prepared for that year under AS 43.23.055(5). Notwithstanding AS 18.67.070, in  
12 determining the amount of compensation for a victim of an individual who appears on  
13 the list prepared under AS 43.23.055(5), the board shall consider the amount of any  
14 civil judgment or order of restitution that requires the individual to pay for damages to

1 the victim. Compensation paid to a victim under this subsection may not be  
2 considered for purposes of applying AS 18.67.130(c).

3 \* **Sec. 2.** AS 25.27.120(a) is amended to read:

4 (a) An obligor is liable to the state in the amount of assistance granted under  
5 AS 25.27.400, AS 47.07, and AS 47.27 to a child to whom the obligor owes a duty of  
6 support except that, if a support order has been entered, the liability of the obligor for  
7 assistance granted under AS 47.27 may not exceed the amount of support provided for  
8 in the support order, and, if a medical order of support has been entered, the liability of  
9 the obligor for assistance granted under AS 47.07 may not exceed the amount of  
10 support provided for in the medical order of support.

11 \* **Sec. 3.** AS 25.27.130(c) is amended to read:

12 (c) The recovery of any amount for which the obligor is liable that exceeds the  
13 total assistance granted under AS 25.27.400, AS 47.07, and AS 47.27 shall be paid to  
14 the obligee.

15 \* **Sec. 4.** AS 25.27.130(e) is amended to read:

16 (e) After payment to the obligee under (d) of this section, the state may retain  
17 an amount not to exceed the total unreimbursed assistance paid on behalf of the  
18 obligee under AS 25.27.400, AS 47.07, or AS 47.27.

19 \* **Sec. 5.** AS 25.27.130(f) is amended to read:

20 (f) Notwithstanding (d) of this section, the state shall, if required under federal  
21 law or regulations, distribute amounts recovered through offset of the obligor's federal  
22 tax refund as past due support with first distribution to the state for unpaid support  
23 assigned to the state under AS 47.07.025 and AS 47.27.040, and for reimbursement  
24 of payments under AS 25.27.400.

25 \* **Sec. 6.** AS 25.27 is amended by adding a new section to read:

26 **Sec. 25.27.400. State aid for child support arrearages.** (a) The amount  
27 appropriated during a fiscal year to the agency from the dividend fund that is not  
28 subject to the public notice requirements of AS 43.23.028(a) shall be paid by the  
29 agency as aid to obligees for whom the agency is enforcing a duty of child support. A  
30 payment under this section may be made only to an obligee to whom an arrearage is  
31 owed who, during the previous fiscal year, has not received from the agency a child

1 support payment or payment under this section.

2 (b) The agency shall adopt regulations to implement the program of state aid  
3 under this section. The regulations may establish additional eligibility requirements  
4 and terms for payments.

5 \* Sec. 7. AS 43.23.005(d) is amended to read:

6 (d) Notwithstanding the provisions of (a) - (c) of this section, an individual is  
7 not eligible for a permanent fund dividend for a dividend year when

8 (1) during the qualifying year, the individual was sentenced as a result  
9 of conviction in this state of a felony or misdemeanor and the judgment has not  
10 been reversed or vacated;

11 (2) during all or part of the qualifying year, the individual was  
12 incarcerated as a result of the conviction in this state of a

13 [(A)] felony and the judgment has not been reversed or  
14 vacated [;] or

15 [(B)] misdemeanor and the judgment has not been reversed  
16 or vacated;

17 (3) before or during the qualifying year, the individual was  
18 sentenced as a result of conviction in this state of an unclassified felony described  
19 in AS 11 and the judgment has not been reversed or vacated;

20 (4) during the 19 years immediately before the qualifying year, the  
21 individual was incarcerated as a result of the conviction in this state of a felony  
22 under AS 11.41 or of a felony under AS 11.46.480(a)(3) and the judgment has not  
23 been reversed or vacated;

24 (5) except as provided in (3) and (4) of this subsection, during the  
25 nine years immediately before the qualifying year, the individual was  
26 incarcerated as a result of the conviction in this state of a felony and the  
27 judgment has not been reversed or vacated; or

28 (6) during the four years immediately before the qualifying year,  
29 the individual was incarcerated as a result of the conviction in this state of a  
30 misdemeanor under AS 11.41 and the judgment has not been reversed or vacated

31 [IF THE INDIVIDUAL HAS BEEN CONVICTED OF

1 (i) A PRIOR FELONY AS DEFINED IN  
2 AS 11.81.900; OR

3 (ii) TWO OR MORE PRIOR MISDEMEANORS AS  
4 DEFINED IN AS 11.81.900].

5 \* Sec. 8. AS 43.23.005(g) is amended to read:

6 (g) For purposes of applying (d) [(d)(1)] of this section, the date the court  
7 imposes a sentence or suspends the imposition of sentence shall be treated as the date  
8 of conviction. [FOR PURPOSES OF APPLYING (d)(2)(B) OF THIS SECTION,  
9 MULTIPLE CONVICTIONS ARISING OUT OF A SINGLE CRIMINAL EPISODE  
10 SHALL BE TREATED AS A SINGLE CONVICTION.]

11 \* Sec. 9. AS 43.23.028 is amended to read:

12 **Sec. 43.23.028. Public notice.** (a) By October 1 of each year, the  
13 commissioner shall give public notice of the value of each permanent fund dividend  
14 for that year and notice of the information required to be disclosed under (3) of this  
15 subsection. In addition, the stub attached to each individual dividend check and direct  
16 deposit advice must

17 (1) disclose the amount of each dividend attributable to income earned  
18 by the permanent fund from deposits to that fund required under art. IX, sec. 15,  
19 Constitution of the State of Alaska;

20 (2) disclose the amount of each dividend attributable to income earned  
21 by the permanent fund from appropriations to that fund and from amounts added to  
22 that fund to offset the effects of inflation;

23 (3) disclose the amount by which each dividend has been reduced due  
24 to each appropriation from the dividend fund, including amounts to pay the costs of  
25 administering the dividend program and the hold harmless provisions of  
26 AS 43.23.075;

27 (4) include a statement listing the circumstances under which  
28 [THAT] an individual is not eligible for a dividend under AS 43.23.005(d) [WHEN

29 (A) DURING THE QUALIFYING YEAR, THE  
30 INDIVIDUAL WAS CONVICTED OF A FELONY;

31 (B) DURING ALL OR PART OF THE QUALIFYING YEAR,

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

THE INDIVIDUAL WAS INCARCERATED AS A RESULT OF THE  
CONVICTION OF A

(i) FELONY; OR

(ii) MISDEMEANOR IF THE INDIVIDUAL HAS  
BEEN CONVICTED OF A PRIOR FELONY OR TWO OR MORE  
PRIOR MISDEMEANORS];

(5) include a statement that the legislative purpose for making  
individuals listed under (4) of this subsection ineligible is to

(A) obtain reimbursement for some of the costs imposed on the  
state criminal justice system related to incarceration or probation of those  
individuals;

(B) provide funds for services for and payments to crime  
victims and for grants for the operation of domestic violence and sexual assault  
programs;

(6) disclose the total amount that would have been paid during the  
previous fiscal year to individuals who were ineligible to receive dividends under  
AS 43.23.005(d) if they had been eligible;

(7) disclose the total amount appropriated for the current fiscal year  
under (b) of this section for each of the funds and agencies listed in (b) of this section.

(b) To the extent that the amounts appropriated for a fiscal year, when added  
to amounts appropriated under (c) of this section, do not exceed the total amount  
that would have been paid during the previous fiscal year to individuals who were  
ineligible to receive dividends under AS 43.23.005(d) if they had been eligible, the  
notice requirements of (a)(3) of this section do not apply to appropriations from the  
dividend fund to

(1) the crime victim compensation fund established under  
AS 18.67.162 for payments to crime victims;

(2) the council on domestic violence and sexual assault established  
under AS 18.66.010 for grants for the operation of domestic violence and sexual  
assault programs;

(3) the Department of Corrections for incarceration and probation

1 programs;

2 (4) the office of victims' rights; or

3 (5) nonprofit victims' rights organizations for grants for services to  
4 crime victims.

5 \* **Sec. 10.** AS 43.23.028 is amended by adding a new subsection to read:

6 (c) To the extent that the amounts appropriated for a fiscal year do not exceed  
7 the total amount that would have been paid during the previous fiscal year to  
8 individuals in arrears on child support payments who were ineligible to receive  
9 dividends under AS 43.23.005(d) if they had been eligible, the notice requirements of  
10 (a)(3) of this section do not apply to appropriations from the dividend fund to the child  
11 support enforcement agency for payments under AS 25.27.400.

12 \* **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14 **APPLICABILITY.** The amendments to AS 43.23.005(d) and (g) in secs. 7 and 8 of  
15 this Act apply only to individuals convicted of crimes committed after December 31, 2002.  
16 AS 43.23.005(d) and (g) as they read on the day before the effective date of the amendments  
17 in secs. 7 and 8 of this Act apply to individuals convicted of crimes committed before  
18 December 31, 2002.

19 \* **Sec. 12.** This Act takes effect January 1, 2003.



Official Business


# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### MEMORANDUM

To: Senator Pete Kelly, Co-Chair  
Senate Finance Committee

Fr: Senator Dave Donley, Co-Chair   
Senate Finance Committee

Re: Committee Substitute for Senate Bill 338

Date: March 16, 2002

Attached is a copy of a proposed Committee Substitute to Senate Bill 338 and a memo from Legislative Legal explaining the changes.

If your schedule permits, I would like to bring this bill back up Wednesday, Thursday or Friday of this week.

DD/mjw

Attachment

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 12, 2002

**SUBJECT:** Making individuals convicted of crimes ineligible for permanent fund dividends (CSSB 338 ( ); 22-LS1190\S)

**TO:** Senator Dave Donley, Co-Chair  
Senate Finance Committee

**FROM:** Tamara Brandt Cook  
Director *TBC*

Here is a summary of the changes that have been incorporated into the enclosed draft committee substitute.

**Secs. 2 - 6:** These are new bill sections. In bill section 6, adding AS 25.27.400, a new program of state aid for child support arrearages is created in the Child Support Enforcement Agency. Money appropriated to the agency from the dividend program that represents amounts certain persons convicted of crimes would have received as dividends is to be distributed by the agency to obligees for whom the agency is enforcing a duty of child support. The other bill sections amend provisions to permit recovery from the obligor for amounts paid under this new aid program.

**Sec. 9:** Amends the public notice provision of the permanent fund dividend program in subsection (b) to acknowledge that some amounts attributable to dividends of certain ineligible persons convicted of crimes may be appropriated under subsection (c), added in this bill.

**Sec. 10:** This is a new bill section. It permits the legislature to appropriate money from the dividend fund without triggering the notice requirements that generally apply to appropriations from the dividend fund. The appropriations may not exceed the amount that would have been paid as dividends to ineligible persons with convictions who also are in arrears on child support payments and must be used for payments under the new program set up in Sec. 6 of the bill.

TBC:med  
02-267.med



# SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

## MEMORANDUM

---

To: Senator Gary Wilken, Member  
Senate Finance Committee

Fr: Marilyn Wilson, Legislative Assistant  
to Senator Dave Donley *MW*

Re: Response to Request – Senate Bill 338

Date: 03/07/02

At your request, the attached is a list of Class A and Class B misdemeanors compiled from AS 11.41. If this is not satisfactory, please contact me at 6541.

Attachment

Co-Chair: Senate Finance Committee  
Vice-Chair: Senate Judiciary Committee  
Member: Legislative Budget and Audit Committee • Legislative Council

**Senate Bill 338**

**“An Act making certain individuals convicted of crimes ineligible for permanent fund dividend and relating to certain payments of compensation from the crime victim compensation fund; and providing for an effective date.”**

**Class A and Class B Misdemeanors**

Class A misdemeanors characteristically involves less violent sever violence against a person, less serious offense against property interests, less serious offenses against public administration or order, less serious offenses against public health and decency than felonies.

**Examples of Class A Misdemeanors**

Assault in the fourth degree if a person recklessly causes physical harm or injury to another person; or by using words causes another person to fear imminent physical danger.

Reckless Endangerment if a person recklessly engages in conduct, which creates a substantial risk of serious physical injury to another person.

Stalking in the second degree if the person knowingly engages in conduct that places another person in fear of death or physical injury to himself or family member.

Custodial Interference in the second degree if a person knowingly takes, entices or keeps a child under the age of 18, or a person who is incompetent, from a lawful custodian.

Sexual Abuse of a minor in the fourth degree if the person is 16 years of age or younger and engages in sexual conduct with a person 13 years of age or at least three years younger than the offender, or if the person is 18 years of age or older and engages in sexual conduct with a person 16 years or at least three years younger.

Class B misdemeanors characteristically involve a minor risk of physical injury to a person, minor offenses against property interests, minor offenses against public administration or order, or minor offenses against public health and decency.

**Examples of Class B Misdemeanors**

Indecent Exposure in the second degree if done before a person 16 years of age or older.

Unlawful Exploitation of a Minor if the person is 18 years of age or younger.

Extortion if the person obtains the property of another by threatening that person.

Criminal Mischief in the fourth degree if a person having no right to do so, tampers with the property of another, damages the property of another, and the property is \$50 or less.

Arson in the second degree if the person intentionally damages a building by fire or causing an explosion.

Prepared by: Marilyn Wilson, Legislative Assistant  
to Senator Dave Donley  
March 5, 2002




# SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

## MEMORANDUM

---

To: Senator Pete Kelly, Co-chair  
Senate Finance Committee

Fr: Marilyn Wilson, Legislative Assistant   
to Senator Dave Donley, Co-chair, Senate Finance Committee

Re: Senate Bill 338

Date: 03/07/02

Attached is a response from Tam Cook, Legislative Legal, to your question asked during the Senate Finance Committee meeting on February 28, regarding youths and youths in youth facilities.

Attachment

**Co-Chair: Senate Finance Committee**

**Vice-Chair: Senate Judiciary Committee**

**Member: Legislative Budget and Audit Committee • Legislative Council**

---

January-May: STATE CAPITOL • JUNEAU, AK • 99801 • (907) 465-3892 • FAX: (907) 465-6595  
June-December: 716 West Fourth Avenue • Suite 400 • ANCHORAGE, AK • 99501 • (907) 260-0331 • FAX: (907) 260-0330

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 6, 2002

**SUBJECT:** Adjudication of delinquent minors (SB 338)

**TO:** Senator Dave Donley, Co-Chair  
Senate Finance Committee  
Attn: Marilyn Wilson

**FROM:** Tamara Brandt Cook  
Director *TBC*

SB 338 adds to the categories of individuals convicted of crimes who are ineligible for permanent fund dividends. You ask how this bill would effect a youth in a youth court. Normally a juvenile who may have committed a criminal act is not prosecuted or convicted of a crime. Instead a petition is filed with the court alleging that the juvenile is a delinquent minor. After a hearing the court enters a judgement that the juvenile is or is not delinquent. If the juvenile is found to be delinquent, the juvenile is committed to the Department of Health and Social Services for supervision. (AS 47.12.120) A youth court is an alternative to the normal delinquency procedures that can be used for dealing with juveniles accused of committing delinquent acts. (AS.47.12.400)

SB 338 does not apply to delinquency adjudications or to youth courts because neither procedure results in a conviction of a crime. Bear in mind, however, that a juvenile may be subject to sentencing and conviction as an adult, in which case SB 338 would apply to make the juvenile ineligible for dividends. For example, AS 47.12.100 permits the court to close a case involving the adjudication of delinquency if the court finds that the minor is not amenable to treatment and the juvenile may then be prosecuted as an adult. Under AS 47.12.065 dual sentencing of a minor is possible, and this can result in a sentence and term of imprisonment.

TBC:med  
02-260.med



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### SPONSOR STATEMENT

#### Senate Bill No. 338

**"An Act making certain individuals convicted of crimes ineligible for permanent fund dividends and relating to certain payments of compensation from the crime victim compensation fund; and providing for an effective date."**

Under current law, as soon as two years after violent criminals are released, they may again start collecting Permanent Fund Dividends.

Existing law says individuals do not qualify for a Permanent Fund Dividend if during the qualifying year they are convicted of a felony, or if during all or part of the qualifying year, they are incarcerated as a result of a felony or misdemeanor, and they had a prior felony or two or more misdemeanors.

Senate Bill 338 would change this so individuals convicted of a felony or misdemeanor will lose their Permanent Fund Dividend for at least two years, regardless of whether they have a prior conviction or not.

Senate Bill 338 also creates variable additional amounts of time violent criminals lose their dividend eligibility, depending on the seriousness of the crime:

- Individuals incarcerated for an unclassified felony, including murder, attempted murder, solicitation to commit murder, conspiracy to commit murder, kidnapping, rape, sexual abuse of a minor or misconduct involving a controlled substance, would lose their dividend forever;
- Individuals incarcerated for a violent classified felony (Class A, B or C) would lose their dividend for 20 years;
- Individuals convicted of criminal mischief in the first degree under AS 11.46.480(a)(3), which is intentionally damaging an oil or gas facility, would lose their dividend for 20 years;
- Individuals incarcerated for a nonviolent felony (Class A, B or C) would lose their dividend for 10 years;

- Individuals incarcerated for a violent misdemeanor (Class A or B) would lose their dividend for five (5) years; and
- Individuals convicted of a violent or nonviolent crime but not incarcerated would lose their dividend for two (2) years;

Senate Bill 338 adds to the categories of criminals who are ineligible for a dividend: Individuals would lose their dividend for 20 years if convicted of criminal mischief where the damage is to an oil or gas facility. This addition is intended to discourage such acts as the recent vandalism to the Alyeska Pipeline. The Permanent Fund Dividend originates from oil production revenues. A criminal who commits vandalism should not be allowed to benefit from proceeds from the property they criminally damaged.

Under present law, money collected from the criminals' Permanent Fund Dividends may be appropriated for four purposes:

- Violent Crime Victim Compensation Fund
- Grants to Nonprofit Victims Groups
- Council on Domestic Violence and Sexual Assault
- Department of Corrections

Senate Bill 338 directs the Violent Crimes Compensation Board to first use money from these confiscated Permanent Fund Dividends for payments of compensation to the victims of the criminal who committed the violent crime. If a victim has a judgment or order of restitution for payment, the board is to pay that first, up to the amount of the criminal's confiscated Permanent Fund Dividend, and in addition to other compensations.

Since the budget currently uses both general funds and prisoners' Permanent Fund Dividends to fund these programs, an increase of prisoners' Permanent Fund Dividend funds will help reduce the fiscal gap.

To avoid violating the constitutional prohibition against ex post facto laws, this legislation applies only to individuals convicted of crimes committed after December 31, 2002.

DD/mjw

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 9, 2002

**SUBJECT:** Individuals convicted of crimes ineligible for permanent fund dividends, sectional summary (Work Order No. 22-LS1190\L)

**TO:** Senator Dave Donley

**FROM:** Tamara Brandt Cook  
Director *TBC*

**Sec. 1.** Requires the Violent Crimes Compensation Board to first use money appropriated from the dividend fund for the payment of compensation for victims of individuals who are ineligible for permanent fund dividends because of criminal convictions. In determining the amount of compensation of a victim of an individual who is ineligible for a dividend the board is required to consider the amount of any civil judgment or order of restitution that requires the individual to pay for damages to the victim. Amounts paid are not subject to the existing limit on compensation under AS 18.67.130(c), however, other existing statutes dealing with eligibility for compensation and the nature of the compensation, are not changed.

**Sec. 2.** Under existing law an individual does not qualify for a permanent fund dividend if the individual was, during the qualifying year, sentenced as a result of conviction in this state of a felony or, during all or part of the qualifying year, incarcerated as a result of the conviction in this state of a felony or a misdemeanor when the individual has previous convictions. This section adds to the categories of individuals who are not eligible for a dividend and sets various periods of ineligibility as follows:

- (1) an individual was sentenced or incarcerated during the qualifying year for conviction of a misdemeanor without regard to prior convictions;
- (2) an individual was sentenced during or at any time before the qualifying year for conviction of an unclassified felony;
- (3) an individual was incarcerated during the 19 years before the qualifying year for a felony against the person or for criminal mischief in the first degree when the person damages an oil or gas facility;
- (4) an individual was incarcerated during the nine years before the qualifying year for any other felony;
- (5) an individual was incarcerated during the four years before the qualifying year for a misdemeanor against the person.

**Sec. 3.** Technical amendment to accommodate the change made in sec. 2.

Senator Dave Donley

February 9, 2002

Page 2

Sec. 4. Technical amendment to accommodate the change made in sec. 2.

Sec. 5. Makes the changes in secs. 2 and 3 apply only to individuals convicted of crimes committed after December 31, 2002, to avoid violating the constitutional prohibition against ex post facto laws.

Sec. 6. Makes the bill effective January 1, 2003, the beginning of a dividend year.

TBC:lmb

02-015.lmb

**Projected Amount of Permanent Fund Dividend Checks**

	CY01 Actual	CY02	CY03	CY04	CY05	CY06	CY07
Top Quartile		\$1,670	\$1,550	\$1,560	\$1,550	\$1,740	\$2,050
Median	\$1,850	\$1,640	\$1,420	\$1,280	\$1,190	\$1,310	\$1,510
Bottom Quartile		\$1,610	\$1,300	\$1,020	\$850	\$920	\$970

(amts are from Alaska Permanent Fund Corp's presentation to Hse Fin 2/12/02)

**Revenue Available for Appropriation Under Current Law**

PFD Eligible Inmates under current law:	5459	5568	5680	5793	5909	6027	6148
Prisoners PFD funds available for appropriation under current law:	FY03 actual	FY04	FY05	FY06	FY07	FY08	FY09
Top Quartile		\$9,298,861	\$8,803,293	\$9,037,290	\$9,158,946	\$10,487,288	\$12,602,827
Median	\$10,100,679	\$9,131,815	\$8,064,952	\$7,415,212	\$7,031,707	\$7,895,602	\$9,283,058
Bottom Quartile		\$8,964,770	\$7,383,407	\$5,908,997	\$5,022,648	\$5,545,003	\$5,963,289

**Revenue Available for Appropriation if SB338 Becomes Law**

PFD Eligible Inmates if bill becomes law:			8379	8547	8718	8892	9070
Prisoners PFD funds available for appropriation under SB 338:			FY05	FY06	FY07	FY08	FY09
Top Quartile			\$12,988,041	\$13,333,272	\$13,512,758	\$15,472,544	\$18,593,730
Median			\$11,898,722	\$10,940,121	\$10,374,311	\$11,648,869	\$13,695,869
Bottom Quartile			\$10,893,196	\$8,717,909	\$7,410,222	\$8,180,885	\$8,798,009

**Increased Revenue if SB338 Becomes Law**

Increase in funds available for appropriation:			FY05	FY06	FY07	FY08	FY09
Top Quartile			\$4,184,749	\$4,295,982	\$4,353,813	\$4,985,256	\$5,990,903
Median			\$3,833,770	\$3,524,908	\$3,342,605	\$3,753,267	\$4,412,811
Bottom Quartile			\$3,509,789	\$2,808,911	\$2,387,575	\$2,635,883	\$2,834,720

The above sections are provided to show the effects should SB 338 become law. The current law makes anyone ineligible who, during the dividend qualifying year, was sentenced for a felony conviction or was incarcerated either as the result of a felony conviction, or a misdemeanor conviction if the individual had two prior convictions. These dividends are appropriated to various agencies to compensate the victims and partially reimburse the state for the care of the criminals.

The first section shows the actual dividend amount for 2001 and has projected future PFD amounts broken down by Top, Median, and Bottom Quartiles. These numbers are supplied by the Permanent Fund Dividend Corporation and are their best case to worst case scenarios as projected by the Corporation.

The second section shows the actual amount available for appropriation from ineligible felons and misdemeanants under current law. The \$10.1 million will be appropriated in the FY03 budget and is the actual amount that would have been distributed in 2001 had these felons and misdemeanants received their dividends.

The third section is a projection of the amount available to the legislature to appropriate if SB 338 becomes law. The most significant change involves misdemeanants. Under current law a person doesn't forfeit their PFD until he/she is convicted of a third misdemeanor. Under SB 338 a first time misdemeanor conviction would result in forfeiture of their PFD.

The "PFD Eligible Inmates" projections were provided by the Department of Corrections and are based on 2% growth.

Distributed by  
Senator Donley

## LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

### MEMORANDUM

February 5, 2002

**SUBJECT:** Unclassified Felonies in AS 11  
(Work Order No. 22-LS1190\L)

**TO:** Senator Dave Donley

**FROM:** Gerald P. Luckhaupt   
Legal Counsel

You have asked for a list of the unclassified felonies in AS 11.

AS 11.41.100 - Murder in the First Degree.

AS 11.41.110 - Murder in the Second Degree.

Inchoate Forms of Murder in the First Degree:

AS 11.31.100 and AS 11.41.100 - Attempted Murder in the First Degree.

AS 11.31.110 and AS 11.41.100 - Solicitation to Commit Murder in the First Degree.

AS 11.31.120 and AS 11.41.100 - Conspiracy to Commit Murder in the First Degree.

AS 11.41.300 - Kidnapping.

AS 11.41.410 - Sexual Assault in the First Degree.

AS 11.41.434 - Sexual Abuse of a Minor in the First Degree.

AS 11.71.010 - Misconduct Involving a Controlled Substance in the First Degree.

GPL:med  
02-107.med

Distributed by  
Senator Donley

Chapter 46

AN ACT

1 Relating to permanent fund dividend program notice requirements, to the ineligibility for  
2 dividends of individuals convicted of felonies or incarcerated for misdemeanors, and to the  
3 determination of the number and identity of certain ineligible individuals.

4

5 \* Section 1. PURPOSES. The purposes of the amendments made to AS 43.23.005(d) and  
6 43.23.028 in this Act are to

7 (1) obtain reimbursement for some of the costs imposed on the state criminal  
8 justice system related to incarceration or probation of individuals convicted of a felony and  
9 individuals who are chronic offenders as demonstrated by their being incarcerated as a result of  
10 a misdemeanor conviction after having been convicted of two or more prior crimes;

11 (2) ensure the public is advised about the ineligibility for dividends under  
12 AS 43.23.005(d), the reasons for making individuals ineligible under that subsection, and the  
13 purposes for which the state has appropriated the money that would otherwise have been paid  
14 to those ineligible individuals;

Chapter 46

1 (3) clarify what the funds appropriated to certain agencies listed under  
2 AS 43.23.028(b) may be used for if the appropriations are to be exempt from the notice  
3 requirement; and

4 (4) obtain another source of funding for the state agencies listed in  
5 AS 43.23.028(b).

6 \* Sec. 2. AS 43.23.005(d) is amended to read:

7 (d) Notwithstanding the provisions of (a) - (c) of this section, an individual  
8 [WHO HAS BEEN CONVICTED OF A FELONY] is not eligible for a permanent fund  
9 dividend for a dividend year when

10 (1) during the calendar year immediately preceding that dividend  
11 year the individual was sentenced as a result of conviction in this state of a felony;

12 (2) [.] during all or part of the [PREVIOUS] calendar year immediately  
13 preceding that dividend year, the individual was incarcerated [.] as a result of the  
14 conviction in this state of a

15 (A) felony; or

16 (B) misdemeanor if the individual has been convicted of two  
17 or more prior crimes as defined in AS 11.8:.900 [THE INDIVIDUAL IS  
18 INCARCERATED].

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

20 (g) For purposes of applying (d)(1) of this section, the date the court imposes  
21 a sentence or suspends the imposition of sentence shall be treated as the date of  
22 conviction. For purposes of applying (d)(2)(B) of this section, multiple convictions  
23 arising out of a single criminal episode shall be treated as a single conviction.

24 \* Sec. 4. AS 43.23.028 is amended to read:

25 Sec. 43.23.028. PUBLIC NOTICE. (a) By October 1 of each year, the  
26 commissioner shall give public notice of the value of each permanent fund dividend for  
27 that year and notice of the information required to be disclosed under (3) of this  
28 subsection. In addition, [.] THE NOTICE AND] the stub attached to each individual  
29 dividend check and direct deposit advice must [DISCLOSE THE AMOUNT]

30 (1) disclose the amount of each dividend attributable to income earned  
31 by the permanent fund from deposits to that fund required under art. IX, sec. 15,

1 Constitution of the State of Alaska;  
2 (2) disclose the amount of each dividend attributable to income earned  
3 by the permanent fund from appropriations to that fund and from amounts added to that  
4 fund to offset the effects of inflation; [AND]  
5 (3) disclose the amount by which each dividend has been reduced due  
6 to each appropriation from the dividend fund, including amounts to pay the costs of  
7 administering the dividend program and the hold harmless provisions of AS 43.23.075;  
8 (4) include a statement that an individual is not eligible for a  
9 dividend when  
10 (A) during the calendar year immediately preceding that  
11 dividend year the individual was convicted of a felony;  
12 (B) during all or part of the calendar year immediately  
13 preceding that dividend year, the individual was incarcerated as a result of  
14 the conviction of a  
15 (i) felony; or  
16 (ii) misdemeanor if the individual has been convicted  
17 of two or more prior crimes;  
18 (5) include a statement that the legislative purpose for making  
19 individuals listed under (4) of this subsection ineligible is to  
20 (A) obtain reimbursement for some of the costs imposed on  
21 the state criminal justice system related to incarceration or probation of  
22 those individuals;  
23 (B) provide funds for payments to crime victims and for  
24 grants for the operation of domestic violence and sexual assault programs;  
25 (6) disclose the total amount that would have been paid during the  
26 previous fiscal year to individuals who were ineligible to receive dividends under  
27 AS 43.23.075(d) if they had been eligible;  
28 (7) disclose the total amount appropriated for the current fiscal year  
29 under (b) of this section for each of the funds and agencies listed in (b) of this  
30 section.  
31 (b) To the extent that amounts appropriated for a fiscal year do not exceed

Chapter 46

1 the total amount that would have been paid during the previous fiscal year to  
2 individuals who were ineligible to receive dividends under AS 43.23.005(d) if they  
3 had been eligible, the [THE] notice requirements of (a)(3) [(a)] of this section do not  
4 apply to appropriations from the dividend fund to the

5 (1) crime victim compensation fund established under AS 18.67.162 for  
6 payments to crime victims;

7 (2) [, TO THE] council on domestic violence and sexual assault  
8 established under AS 18.66.010 for grants for the operation of domestic violence and  
9 sexual assault programs; [,] or

10 (3) [TO THE] Department of Corrections for incarceration and  
11 probation programs [TO THE EXTENT THAT AMOUNTS APPROPRIATED FOR  
12 A FISCAL YEAR DO NOT EXCEED THE TOTAL AMOUNT THAT WOULD HAVE  
13 BEEN PAID DURING THE PREVIOUS FISCAL YEAR TO INDIVIDUALS WHO  
14 ARE INELIGIBLE TO RECEIVE DIVIDENDS UNDER AS 43.23.005(d) IF THEY  
15 HAD BEEN ELIGIBLE].

16 \* Sec. 5. AS 43.23.055 is amended to read:

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

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

19 (2) subject to AS 43.23.011 and paragraph (8) of this section, adopt  
20 regulations under AS 44.62 (Administrative Procedure Act) that establish procedures and  
21 time limits for claiming a permanent fund dividend, the department shall determine the  
22 number of eligible applicants by October 1 of the year for which the dividend is declared  
23 and pay the dividends by December 31 of that year;

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

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

1                   (5) use a list of individuals ineligible for a dividend under  
2 AS 43.23.005(d) provided annually by [ANNUALLY DETERMINE, IN  
3 COOPERATION WITH] the Department of Corrections and the Department of Public  
4 Safety to determine [,] the number and identity of those individuals [INELIGIBLE FOR  
5 A PERMANENT FUND DIVIDEND UNDER AS 43.23.005(d)];

6                   (6) adopt regulations that are necessary to implement AS 43.23.005(d);

7                   (7) adopt regulations that establish procedures for the parent, guardian,  
8 or other authorized representative of a disabled individual to apply for prior year  
9 permanent fund dividends not received by the disabled individual because no application  
10 was submitted on behalf of the individual;

11                   (8) adopt regulations that establish procedures for an individual to apply  
12 to have a dividend warrant reissued if it is returned to the department as undeliverable  
13 or it is not paid within two years of the date of its issuance; however, the department  
14 may not establish a time limit within which an application to have a warrant reissued  
15 must be filed [;

16                   (9) ~~REPEALED~~

17                   \* Sec. 6. The amendments made by secs. 2 and 3 of this Act apply only to individuals  
18 convicted of crimes committed after December 31, 1996. Convictions for crimes committed  
19 before January 1, 1997, may not be considered in determining the number of prior convictions  
20 for purposes of applying AS 43.23.005(d)(2)(B).

21                   \* Sec. 7. The amendments made by sec. 4 of this Act apply after December 31, 1996.  
22 Before January 1, 1997, AS 43.23.028 shall apply as it read before the effective date of this Act.

**SITE: ANCHORAGE LIO**

**COMMITTEE: Senate Finance**

**DATE: 2-28-02**

**SUBJECT OF MEETING:**

**SB 338**

**UPDATE #: 1**



**P R I N T YOUR NAME**

**DO YOU WANT  
ADDRESS (MAILING & ZIP)**

**REPRESENTING**

**TO TESTIFY?  
Y or N**

<b><u>P R I N T</u> YOUR NAME</b>	<b>DO YOU WANT ADDRESS (MAILING &amp; ZIP)</b>	<b>REPRESENTING</b>	<b>TO TESTIFY? Y or N</b>
<b>Diane Wendlandt</b>		A.G. Office	<b>Y-SB 338</b>
Email address:			
<b>Linda Wilson</b>		AK Public Defender	<b>Y-SB 338</b>
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			

SB 338-INELIGIBILITY FOR PFD/ CRIME VICTIMS COMP  
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: JOSEPH REEVES Subject/Bill No: SB 338  
Co./Dept./Title: CORRECTIONS - Administrative Services Phone: 465-3315  
mitw/Ag 2  
Address: 802 Third, Douglas Zip: 99824  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Susan Brunne Subject/Bill No: SB 338  
Co./Dept./Title: DPS - VCCB Administration Phone: 465-5525  
Address: PO Box 11200 JUNEAU Zip: 99811  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Barbara Nuklas Subject/Bill No: SB 338  
Co./Dept./Title: Child Support Enforcement Phone: 269-6800  
DIRECTOR  
Address: 550 W 7th Zip: 99501  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Nancy Jones Subject/Bill No: SB 338  
Co./Dept./Title: Dept of Revenue - PFD Division Phone: 465-2323  
Address: 11th Floor S.O.B. Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: DAN BRANCH Subject/Bill No: 338

Co./Dept./Title: LAW Phone: 6714

Address: 123 W 12 St Zip: 99811

Do you wish to testify?  Yes  No  Respond To Questions

NAME: Royce Weller Subject/Bill No: 338

Co./Dept./Title: Sp. Assistant - DPS Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: Lauree Hugonin Subject/Bill No: SB 338

Co./Dept./Title: AINVSA Phone: 586-3650

Address: 130 Seward Ln 209 Tillamook Zip: 99801

Do you wish to testify?  Yes  No  Respond To Questions

NAME: Loren Jones Subject/Bill No: SB 338

Co./Dept./Title: DHS Phone: 465-3351

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

**SB**

**339**

HFIN

FILE



# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: SB 339  
(S) Publish Date: 3/18/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Law  
Title: "An Act increasing fines for certain criminal offenses." BRU: Civil Division  
Component: Collections and Support  
Sponsor: Senate Finance Committee  
Requester: Senate Finance Committee Component No.: 2210

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	*****	*****	*****	*****	*****	*****
-------------------------------	-------	-------	-------	-------	-------	-------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
SB 339 increases the maximum fine that a defendant who is not an organization may be sentenced to pay upon conviction of an unclassified felony; a class A, B, or C felony; a class A or a B misdemeanor, or a violation. The bill also increases the fines that may be levied against a defendant who is an organization upon conviction of certain crimes.

The Civil Division's Collection unit in the Collections and Support section is responsible for collecting criminal fines in default status. Defendants have the opportunity to pay criminal fines voluntarily to the court system. If they do not pay voluntarily, after 60 days the judgment for the criminal fine is transferred to the Department of Law for collection. The costs of collection of criminal fines is driven by the number of judgments, not their size. Court system data indicates that the rate of voluntary payments decreases as the size of the fine increases, so it is possible that more judgments will be transferred to the Department of Law for collection. To the extent increasing the size of criminal fines causes

Prepared by: Joan M. Kasson Phone: (907) 465-5370  
Division: Attorney General's Office Date/Time: 3/15/02 12:58 PM  
Approved by: Kathryn Daughheteo for Bruce M. Botelho, Attorney General Date: 3/15/2002  
Agency: Department of Law

## FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. SB 339 #1

### ANALYSIS CONTINUATION

more unpaid judgments to be transferred to Law, there could be a fiscal impact on the Collections unit, but we believe any impact would be minimal.

As for the potential impact on revenues that may result from increasing these criminal fines, we are unable to calculate a reliable estimate. There are simply too many variables:

The criminal fines in SB 339 are maximum fines for each type of offense. The fines may be set lower, and we have no way of estimating what the average fine would be for each level of offense. Even if we could determine an average fine, and multiplied it against an estimate of the number of convictions for each type of offense, it would be impossible to know how much revenue may actually be collected in any given year.

The department's primary means of collecting debts is through attachment of the Permanent Fund dividend, assuming the defendant is eligible for one. Under current law, felons and certain repeat misdemeanants are not eligible for a PFD if they are incarcerated at anytime during the qualifying year. Unless the defendant has significant assets, it is usually not cost effective to pursue collection of unpaid fines until they are eligible for the PFD.

If the defendant is eligible for a PFD, the amount that can be garnished from an annual dividend to pay criminal fines is limited by the size of the fine, the size of the dividend, and by what other debts are owed the state or a victim by the defendant. This latter factor is important because AS 43.23.065 prioritizes the order of debts for which a dividend may be seized. So, if the defendant also owes child support and/or restitution, the state cannot start collecting the criminal fine until those other obligations are fulfilled, as they hold a higher priority. This could take some years. Even if there are no other debts with a higher priority, if the fine is larger than the dividend amount, it again may take more than one dividend cycle to complete. It is impossible to predict how these factors would impact future revenues from criminal fines.

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: SB 339  
(S) Publish Date: 3/18/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Law  
Title "An Act increasing fines for certain criminal offenses." BRU Civil Division  
Sponsor Senate Finance Committee Component Collections and Support  
Requester Senate Finance Committee Component No. 2210

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )	*****	*****	*****	*****	*****	*****
------------------------	-------	-------	-------	-------	-------	-------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

SB 339 increases the maximum fine that a defendant who is not an organization may be sentenced to pay upon conviction of an unclassified felony; a class A, B, or C felony; a class A or a B misdemeanor, or a violation. The bill also increases the fines that may be levied against a defendant who is an organization upon conviction of certain crimes.

The Civil Division's Collection unit in the Collections and Support section is responsible for collecting criminal fines in default status. Defendants have the opportunity to pay criminal fines voluntarily to the court system. If they do not pay voluntarily, after 60 days the judgment for the criminal fine is transferred to the Department of Law for collection. The costs of collection of criminal fines is driven by the number of judgments, not their size. Court system data indicates that the rate of voluntary payments decreases as the size of the fine increases, so it is possible that more judgments will be transferred to the Department of Law for collection. To the extent increasing the size of criminal fines causes

Prepared by: Joan M. Kasson Phone (907) 465-5370  
Division: Attorney General's Office Date/Time 3/15/02 12:58 PM  
Approved by: Kathryn Daughheteo for Bruce M. Botelho, Attorney General Date 3/15/2002  
Agency: Department of Law

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. SB 339 #1

ANALYSIS CONTINUATION

more unpaid judgments to be transferred to Law, there could be a fiscal impact on the Collections unit, but we believe any impact would be minimal.

As for the potential impact on revenues that may result from increasing these criminal fines, we are unable to calculate a reliable estimate. There are simply too many variables:

The criminal fines in SB 339 are maximum fines for each type of offense. The fines may be set lower, and we have no way of estimating what the average fine would be for each level of offense. Even if we could determine an average fine, and multiplied it against an estimate of the number of convictions for each type of offense, it would be impossible to know how much revenue may actually be collected in any given year.

The department's primary means of collecting debts is through attachment of the Permanent Fund dividend, assuming the defendant is eligible for one. Under current law, felons and certain repeat misdemeanants are not eligible for a PFD if they are incarcerated at anytime during the qualifying year. Unless the defendant has significant assets, it is usually not cost effective to pursue collection of unpaid fines until they are eligible for the PFD.

If the defendant is eligible for a PFD, the amount that can be garnished from an annual dividend to pay criminal fines is limited by the size of the fine, the size of the dividend, and by what other debts are owed the state or a victim by the defendant. This latter factor is important because AS 43.23.065 prioritizes the order of debts for which a dividend may be seized. So, if the defendant also owes child support and/or restitution, the state cannot start collecting the criminal fine until those other obligations are fulfilled, as they hold a higher priority. This could take some years. Even if there are no other debts with a higher priority, if the fine is larger than the dividend amount, it again may take more than one dividend cycle to complete. It is impossible to predict how these factors would impact future revenues from criminal fines.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 7, 2002

**SUBJECT:** Sectional Summary of Work Order No. 22-LS1268VA.

**TO:** Senator Dave Doniey  
Attn: Marilyn

**FROM:** Gerald P. Luckhaupt *JPL*  
Legal Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

**Section 1.** Increases the maximum fine amounts for individual defendants that are convicted of offenses subject to AS 12.55.035(a).

**Section 2.** Increases the maximum fine amounts for a defendant that is an organization and is convicted of offenses subject to AS 12.55.035(b).

**Section 3.** Makes a technical change to conform to changes made in section 1 of the bill.

**Section 4.** Makes a technical change to conform to changes made in section 1 of the bill.

**Section 5.** Makes a technical change to conform to changes made in section 1 of the bill.

**Section 6.** Provides an applicability section.

GPL:pjc  
02-021.pjc

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: SB 339  
(S) Publish Date: 3/18/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title: "An Act increasing fines..." BRU: Legal and Advocacy Services  
Component: Public Defender Agency  
Sponsor: Senate Finance  
Requester: (S) Finance Component No.: 1631

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	.	.	.	.	.	.
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	.	.	.	.	.	.

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	.	.	.	.	.	.
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	.	.	.	.	.	.

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
See attached.

Prepared by: Barbara Brink, Director Phone (907) 334-4416  
Division: Public Defender Agency Date/Time 3/15/02 10 00 AM  
Approved by: Jim Duncan, Commissioner Date 3/15/2002  
Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. SB 339 #2

**ANALYSIS CONTINUATION**

This legislation would significantly increase the allowable fines in title 12 upon conviction of an offense. It proposes to raise the maximum fine for an unclassified felony from \$75,000 to \$500,000, with comparable increases for lesser offenses, including violations.

This legislation will likely have a fiscal impact on the Public Defender Agency, because with an increase in penalties come more violations of conditions of probation. If an offender doesn't or can't pay the fine, he will be in violation of his probation, and a petition to revoke will be filed. The Agency is appointed in many of these revocation cases, and this bill likely result in more cases handled by the Agency, charging a violation for failure to pay a hefty fine. However, it is not possible to predict with any certainty the number of new cases this bill will generate, therefore an indeterminate fiscal note is submitted.



Official Business

# Alaska State Senate

## Senate Finance Committee

### SPONSOR STATEMENT

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### Senate Bill 339

**"An Act for increasing fines for certain criminal offenses."**

Senate Bill 339 increases maximum criminal fines that may be imposed on an individual or organization for certain criminal offenses. Alaska has not increased the maximum criminal fine amounts on individuals since the revision of the Alaska Criminal Code in 1978. Inflation since 1978 has been 215 percent. Alaska has not increased the maximum criminal fine amount on organizations since 1990. Inflation since 1990 has been 46 percent.

In existing law, the maximum allowable criminal fine to an individual who is convicted of an unclassified felony under AS 12.55.035(a) is \$75,000. Senate Bill 339 would increase this maximum criminal fine to \$500,000.

The existing maximum allowable criminal fine imposed on an individual for a Class A, B or C Felony is \$50,000. Senate Bill 339 separates and imposes a maximum allowable criminal fine for each class individually: a Class A felony maximum fine is increased to \$250,000; a Class B felony maximum fine is \$100,000 and a Class C felony maximum fine is left at \$50,000. For a Class A misdemeanor, the maximum fine is increased to \$10,000 and the maximum fine for a Class B misdemeanor is increased to \$2,000. A violation maximum fine is increased to \$500.

#### Maximum Criminal Fines Imposed on an Individual

	<u>Existing</u>	<u>Proposed</u>
Unclassified Felony	\$ 75,000.00	\$500,000.00
Class A Felony	50,000.00	250,000.00
Class B Felony	50,000.00	100,000.00
Class C Felony	50,000.00	50,000.00
Class A Misdemeanor	5,000.00	10,000.00
Class B Misdemeanor	1,000.00	2,000.00
Violation	\$ 300.00	\$ 500.00

The current maximum allowable fine imposed on an organization convicted of a felony or a misdemeanor resulting in death (AS 12.55.035(b)) is the greater of \$500,000 or twice the pecuniary gain of a defendant or pecuniary loss to the victim as a result of that offense. Senate Bill 339 increases the maximum fine under AS 12.55.035(b) that may be imposed to the greater of \$1,000,000 or three times the pecuniary gain or loss.

This legislation applies only to offenses committed on or after its effective date. The fine amounts are not mandatory; they are the maximum amounts allowed to be imposed. Judges retain their discretion to set the fines based on the conditions surrounding individual offenses.

The sponsor recognizes that most criminals will not be able to pay the higher of these increased fines. But, those that can pay should be subject to meaningful fines. Increasing the maximum allowable fines that may be imposed for committing criminal offenses will hopefully help to deter crime. Additionally, these higher fines will help reimburse the state for the costs of the criminal justice system.

DD/mjw

Attachments

**SB**

**339**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/20/02

REPORTED OUT  
 MAR 15 2002  
 SENATE FINANCE  
 COMMITTEE

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
 (in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 03/15/02

Finance Committee considered SENATE BILL NO. 339

"An Act increasing fines for certain criminal offenses."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
Law	3/15/02	*		
ADMIN	3/15/02	*		

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR:				



STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 339  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title "An Act increasing fines..." BRU Legal and Advocacy Services  
 Component Public Defender Agency  
 Sponsor Senate Finance  
 Requester (S) Finance Component No. 1631

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	.	.	.	.	.	.
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	.	.	.	.	.	.

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	.	.	.	.	.	.
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	.	.	.	.	.	.

Estimate of any current year (F /2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 See attached.

Prepared by: Barbara Brink, Director Phone (907) 334-4416  
 Division Public Defender Agency Date/Time 3/15/02 10:00 AM  
 Approved by: Jim Duncan, Commissioner Date 3/15/2002  
 Agency Department of Administration

FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. SB 339

**ANALYSIS CONTINUATION**

This legislation would significantly increase the allowable fines in title 12 upon conviction of an offense. It proposes to raise the maximum fine for an unclassified felony from \$75,000 to \$500,000, with comparable increases for lesser offenses, including violations.

This legislation will likely have a fiscal impact on the Public Defender Agency, because with an increase in penalties come more violations of conditions of probation. If an offender doesn't or can't pay the fine, he will be in violation of his probation, and a petition to revoke will be filed. The Agency is appointed in many of these revocation cases, and this bill likely result in more cases handled by the Agency, charging a violation for failure to pay a hefty fine. However, it is not possible to predict with any certainty the number of new cases this bill will generate, therefore an indeterminate fiscal note is submitted.

# FISCAL NOTE

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 339  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Law  
 Title "An Act increasing fines for certain criminal offenses." BRU Civil Division  
 Sponsor Senate Finance Committee Component Collections and Support  
 Requester Senate Finance Committee Component No. 2210

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	*****	*****	*****	*****	*****	*****
-------------------------------	-------	-------	-------	-------	-------	-------

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
 SB 339 increases the maximum fine that a defendant who is not an organization may be sentenced to pay upon conviction of an unclassified felony; a class A, B, or C felony; a class A or a B misdemeanor, or a violation. The bill also increases the fines that may be levied against a defendant who is an organization upon conviction of certain crimes.  
  
 The Civil Division's Collection unit in the Collections and Support section is responsible for collecting criminal fines in default status. Defendants have the opportunity to pay criminal fines voluntarily to the court system. If they do not pay voluntarily, after 60 days the judgment for the criminal fine is transferred to the Department of Law for collection. The costs of collection of criminal fines is driven by the number of judgments, not their size. Court system data indicates that the rate of voluntary payments decreases as the size of the fine increases, so it is possible that more judgments will be transferred to the Department of Law for collection. To the extent increasing the size of criminal fines causes

Prepared by: Joan M. Kasson Phone (907) 465-5370  
 Division Attorney General's Office Date/Time 3/15/02 12:58 PM  
 Approved by: Kathryn Daughhetelee for Bruce M. Botelho, Attorney General Date 3/15/2002  
 Agency Department of Law

## FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. SB 339

### ANALYSIS CONTINUATION

more unpaid judgments to be transferred to Law, there could be a fiscal impact on the Collections unit, but we believe any impact would be minimal.

As for the potential impact on revenues that may result from increasing these criminal fines, we are unable to calculate a reliable estimate. There are simply too many variables:

The criminal fines in SB 339 are maximum fines for each type of offense. The fines may be set lower, and we have no way of estimating what the average fine would be for each level of offense. Even if we could determine an average fine, and multiplied it against an estimate of the number of convictions for each type of offense, it would be impossible to know how much revenue may actually be collected in any given year.

The department's primary means of collecting debts is through attachment of the Permanent Fund dividend, assuming the defendant is eligible for one. Under current law, felons and certain repeat misdemeanants are not eligible for a PFD if they are incarcerated at anytime during the qualifying year. Unless the defendant has significant assets, it is usually not cost effective to pursue collection of unpaid fines until they are eligible for the PFD.

If the defendant is eligible for a PFD, the amount that can be garnished from an annual dividend to pay criminal fines is limited by the size of the fine, the size of the dividend, and by what other debts are owed the state or a victim by the defendant. This latter factor is important because AS 43.23.065 prioritizes the order of debts for which a dividend may be seized. So, if the defendant also owes child support and/or restitution, the state cannot start collecting the criminal fine until those other obligations are fulfilled, as they hold a higher priority. This could take some years. Even if there are no other debts with a higher priority, if the fine is larger than the dividend amount, it again may take more than one dividend cycle to complete. It is impossible to predict how these factors would impact future revenues from criminal fines.



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### SPONSOR STATEMENT

#### Senate Bill 339

**"An Act for increasing fines for certain criminal offenses."**

Senate Bill 339 increases maximum criminal fines that may be imposed on an individual or organization for certain criminal offenses. Alaska has not increased the maximum criminal fine amounts on individuals since the revision of the Alaska Criminal Code in 1978. Inflation since 1978 has been 215 percent. Alaska has not increased the maximum criminal fine amount on organizations since 1990. Inflation since 1990 has been 46 percent.

In existing law, the maximum allowable criminal fine to an individual who is convicted of an unclassified felony under AS 12.55.035(a) is \$75,000. Senate Bill 339 would increase this maximum criminal fine to \$500,000.

The existing maximum allowable criminal fine imposed on an individual for a Class A, B or C Felony is \$50,000. Senate Bill 339 separates and imposes a maximum allowable criminal fine for each class individually: a Class A felony maximum fine is increased to \$250,000; a Class B felony maximum fine is \$100,000 and a Class C felony maximum fine is left at \$50,000. For a Class A misdemeanor, the maximum fine is increased to \$10,000 and the maximum fine for a Class B misdemeanor is increased to \$2,000. A violation maximum fine is increased to \$500.

#### Maximum Criminal Fines Imposed on an Individual

	<u>Existing</u>	<u>Proposed</u>
Unclassified Felony	\$ 75,000.00	\$500,000.00
Class A Felony	50,000.00	250,000.00
Class B Felony	50,000.00	100,000.00
Class C Felony	50,000.00	50,000.00
Class A Misdemeanor	5,000.00	10,000.00
Class B Misdemeanor	1,000.00	2,000.00
Violation	\$ 300.00	\$ 500.00

The current maximum allowable fine imposed on an organization convicted of a felony or a misdemeanor resulting in death (AS 12.55.035(b)) is the greater of \$500,000 or twice the pecuniary gain of a defendant or pecuniary loss to the victim as a result of that offense. Senate Bill 339 increases the maximum fine under AS 12.55.035(b) that may be imposed to the greater of \$1,000,000 or three times the pecuniary gain or loss.

This legislation applies only to offenses committed on or after its effective date. The fine amounts are not mandatory; they are the maximum amounts allowed to be imposed. Judges retain their discretion to set the fines based on the conditions surrounding individual offenses.

The sponsor recognizes that most criminals will not be able to pay the higher of these increased fines. But, those that can pay should be subject to meaningful fines. Increasing the maximum allowable fines that may be imposed for committing criminal offenses will hopefully help to deter crime. Additionally, these higher fines will help reimburse the state for the costs of the criminal justice system.

DD/mjw

Attachments

**Table 1: Maximum Fines for Criminal Offenses Committed by Individuals in Selected States**

State	Felonies				Misdemeanors			Other Violations	Statute Reference
	Unclassified <sup>(a)</sup>	Class A	Class B	Class C	Class A	Class B	Class C		
Alaska	75,000	50,000	50,000	50,000	5,000	1,000	N/A	300	AS 12.55.035
Arizona	150,000	150,000	150,000	150,000	2,500	750	500	300	ARS 13-801 & 802
Connecticut	20,000	20,000	15,000	10,000 <sup>(b)</sup>	2,000	1,000	500	500	CGS 53a-41--43
Illinois	N/A	25,000	25,000	25,000	2,500	1,300	1,500	1,000	730 ILCS 5/5-9
Kansas	500,000	300,000	100,000	N/A	2,500	1,000	500	500	KSA 21-4503a
North Dakota	N/A	10,000	10,000	5,000	2,000	1,000	N/A	500	NDCC 12.1-32-01
Oregon	N/A	300,000	200,000	100,000	5,000	2,000	1,000	N/A	ORS 161.625 & 635
South Dakota	See note (c) below				1,000	200	N/A	N/A	SDCL 22-6-1 & 2
Texas	10,000	10,000	10,000	N/A	N/A	N/A	N/A	N/A	VTCA Pen. Code 12.32--34
Utah	10,000	10,000	10,000	5,000	2,500	1,000	750	750	UCA 76-3-301
Washington	N/A	50,000	20,000	10,000	5,000	1,000	1,000	N/A	RCW 9A.20.020
<b>Average</b>	<b>127,500</b>	<b>92,500</b>	<b>59,000</b>	<b>44,375</b>	<b>3,000</b>	<b>1,045</b>	<b>821</b>	<b>550</b>	

**Notes:**

The designation N/A means one of the following: (1) there is no penalty for the offense; (2) we were unable to locate a penalty for the offense; or (3) numerous penalties exist for the level of offense listed, and they are specified by each offense individually.

(a) Several states have a separate classification for the most heinous of crimes, including those such as murder, sexual assault, kidnapping, etc. In some states such crimes only carry prison sentences (usually lifelong or indefinite in term) and a fine is not imposed.

(b) Connecticut law also has a Class D felony, which carries a maximum fine of \$5,000.

(c) South Dakota law delineates 8 classes of felonies as follows: Class A & B - the highest class, to which a fine is not specified; and Classes 1 through 6 - which carry fines as follows: Class 1 - \$25,000; Class 2 - \$25,000; Class 3 - \$15,000; Class 4 - \$10,000; Class 5 - \$5,000; and Class 6 - \$2,000.

Source: Lexis search of applicable statutes for each of the states listed.

**Table 2: Maximum Fines for Criminal Offenses Committed by Enterprises in Selected States**

State	Felonies			Misdemeanors			Other Violations	Statute Reference
	Class A	Class B	Class C	Class A	Class B	Class C		
Alaska <sup>(a)</sup>	500,000 <sup>(b)</sup>	N/A	N/A	200,000	25,000	N/A	10,000	AS 12.55.035
Arizona	1,000,000	#####	#####	20,000	10,000	2,000	1,000	ARS 13-803
Connecticut	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Illinois	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kansas	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
North Dakota	50,000	35,000	25,000	15,000	10,000	N/A	N/A	NDCC 12.1-32-01.01
Oregon <sup>(c)</sup>	50,000	50,000	50,000	5,000	2,500	1,000	N/A	ORS 161.655
South Dakota	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Texas <sup>(d)</sup>	20,000	20,000	20,000	10,000	10,000	2,000	N/A	Pen. Code 12.51
Utah	20,000	20,000	20,000	10,000	5,000	1,000	1,000	UCA 76-3-302
Washington	10,000	10,000	10,000	1,000	500	500	N/A	RCW 10.01.100
<b>Average</b>	<b>235,714</b>	<b>189,167</b>	<b>187,500</b>	<b>37,286</b>	<b>9,000</b>	<b>1,300</b>	<b>4,000</b>	

**Notes:**

The designation N/A means one of the following: (1) there is no penalty for the offense; (2) we were unable to locate a penalty for the offense; or (3) numerous penalties exist for the level of offense listed, and they are specified by each offense individually.

(a) Alaska law also provides for fines of up to two times the pecuniary gain realized by the defendant as a result of the offense or two times the pecuniary damage or loss caused by the defendant to another, or to the property of another, as a result of the offense.

(b) Alaska law imposes fines on organizations convicted of criminal offenses based on whether the offense results in death. All offenses, whether they be felonies or misdemeanors, carry a maximum fine of \$500,000 if the offense results in death.

(c) In lieu of fines listed, laws in Oregon and Texas provide for fines of up to two times the pecuniary gain realized by the defendant as a result of the offense.

(d) Texas law provides that any offense resulting in serious bodily injury or death carries a maximum fine of \$50,000.

Source: Lexis search of applicable statutes for each of the states listed.

Distributed by  
Senator Donley

Prepared by: Legislative Research Agency

CURRENT LAW AMENDED BY SB-339

P.600

Sec. 12.55.035. Fines.

(a) Except as provided in AS 12.55.036 , upon conviction of an offense, a defendant may be sentenced to pay a fine as authorized in this section or as otherwise authorized by law.

(b) Except as provided in AS 12.55.036 , upon conviction of an offense, a defendant who is not an organization may be sentenced to pay, unless otherwise specified in the provision of law defining the offense, a fine of no more than

(1) \$75,000 for murder in the first or second degree, attempted murder in the first degree, sexual assault in the first degree, sexual abuse of a minor in the first degree, kidnapping, or misconduct involving a controlled substance in the first degree;

(2) \$50,000 for a class A, B, or C felony;

(3) \$5,000 for a class A misdemeanor;

(4) \$1,000 for a class B misdemeanor;

(5) \$300 for a violation.

(c) Except as provided in AS 12.55.036 , upon conviction of an offense, a defendant that is an organization may be sentenced to pay a fine not exceeding the greater of

(1) an amount that is

(A) \$500,000 for a felony offense or for a misdemeanor offense that results in death;

(B) \$200,000 for a class A misdemeanor offense that does not result in death;

(C) \$25,000 for a class B misdemeanor offense that does not result in death;

(D) \$10,000 for a violation;

(2) two times the pecuniary gain realized by the defendant as a result of the offense; or

(3) two times the pecuniary damage or loss caused by the defendant to another, or to the property of another, as a result of the offense.

(d) If a defendant is sentenced to pay a fine, the court may grant permission for the payment to be made within a specified period of time or in specified installments.

(c) In imposing a fine under (c) of this section, in addition to any other relevant factors, the court shall consider

(1) measures taken by the organization to discipline an officer, director, employee, or agent of the organization;

(2) measures taken by the organization to prevent a recurrence of the offense;

(3) the organization's obligation to make restitution to a victim of the offense, and the extent to which imposition of a fine will impair the ability of the organization to make restitution; and

(4) the extent to which the organization will pass on to consumers the expense of the fine.

(f) In imposing a fine, the court may not reduce the fine by the amount of a surcharge or otherwise consider the applicability of a surcharge to the offense.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 7, 2002

**SUBJECT:** Sectional Summary of Work Order No. 22-LS1268\A

**TO:** Senator Dave Donley  
Attn: Marilyn

**FROM:** Gerald P. Luckhaupt   
Legal Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Section 1. Increases the maximum fine amounts for individual defendants that are convicted of offenses subject to AS 12.55.035(a).

Section 2. Increases the maximum fine amounts for a defendant that is an organization and is convicted of offenses subject to AS 12.55.035(b).

Section 3. Makes a technical change to conform to changes made in section 1 of the bill.

Section 4. Makes a technical change to conform to changes made in section 1 of the bill.

Section 5. Makes a technical change to conform to changes made in section 1 of the bill.

Section 6. Provides an applicability section.

GPL:pjc  
02-021.pjc



**SB**

**340**

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

FILED LIST  
APR 03 2002  
SENATE FINANCE

DATE: 2/22/02

FURTHER.

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 9 April 2002

Finance Committee considered SENATE BILL NO. 340  
SB 340 HOLD HARMLESS PROVISIONS OF PFD PROGRAM

"An Act relating to treatment of permanent fund dividends for purposes of determining eligibility for certain benefits; and providing for an effective date."

and recommends:

- be replaced with CS SB 340 (FIN)
- adopt previous CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

- Senate Bill:  
 same title  
 new title  
 House Bill:  
 same title  
 technical title  
 new: SCR # \_\_\_\_\_

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

	Department	Date	Fiscal	Zero	FN#
1.	REV - PFD	2/11/02		✓	
2.	REV - COED	3/2/02	(1458.3)		
3.	H455 - PTFP	4/3/02	(3235.9)		
4.	H455 - Tribal Post.	4/3/02	(907.8)		
5.	H455 - Public Post. F. & D. Excs	4/3/02		✓	
6.	H455 - General Relief	4/3/02	(72.4)		
7.	H455 - Public Post. PFD Hold Harmless	4/3/02	(6,303.5)		
[ ] APPROPRIATION - no fiscal note					
8.	H455 - Medical Post.	4/3/02	(200.0)		

Department	Date	Fiscal	Zero	FN#

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Lylee Neen</i>	✓			
<i>Tommy Lee</i>	✓			
<i>[Signature]</i>		X		
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

APR 03 2002

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 340  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 3/11/2002 Dept. Affected: Revenue  
Title: Hold-Harmless Provisions of PFD Program BRU: Revenue Operations  
Component: Permanent Fund Dividend  
Sponsor: Senate Rules Committee  
Requester: Senate Finance Component No. 981

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill would amend certain statutory provisions that allow the use of Permanent Fund dividend funds to provide public assistance benefits for some public assistance recipients who otherwise would lose their benefits in the month they receive the annual dividend and their income exceeds the level allowed for public assistance.

The cost of this provision, called the Hold-Harmless Provision, was \$27.34 per dividend recipient in 2001, in that the use of dividend funds reduces the amount of money available for distribution under the dividend program. The elimination of the Hold-Harmless Provision under this legislation for all public assistance recipients except for SSI and adult public assistance recipients would increase the dividend to eligible Alaskans by approximately \$16 unless the money were appropriated to another purpose. The amount will vary each year, depending on the amount of the dividend and the number of public assistance recipients covered by the provision.

We do not expect this bill will affect the Permanent Fund Dividend Division's operating budget.

Prepared by: Nanci A. Jones, Director Phone 465-2323  
Division: Permanent Fund Dividend Division Date/Time 3/11/02 12:05 PM  
Approved by: Larry Persily, Deputy Commissioner Date 3/11/2002  
Agency: Department of Revenue

# FISCAL NOTE

STATE OF ALASKA  
 2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 340  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Hold-Harmless Provisions BRU Child Support Enforcement  
of PFD Program Component Child Support Enforcement  
 Sponsor Senate Rules Committee  
 Requester Senate Finance Component No. 111

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>	<b>(1,458.3)</b>	<b>(1,314.6)</b>	<b>(1,222.1)</b>	<b>(1,345.4)</b>	<b>(1,550.8)</b>	<b>(1,701.4)</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

See Page 2.

Prepared by: Barbara Miklos, Director Phone 269-6800  
 Division Child Support Enforcement Division Date/Time 3/2/02 11:57 AM  
 Approved by: Larry Persily, Deputy Commissioner Date 03/02/2002  
 Agency Department of Revenue

**SB 340**  
**Department of Revenue**  
**Child Support Enforcement Division**

Approximately 5,100 custodial parents would temporarily lose their public assistance benefits each October under this legislation. While a parent receives public assistance, the state retains for the general fund any child support collections owed to the parent for current support and past arrears (the custodial parent temporarily assigns those arrears to the state as partial reimbursement to the state for the cost of public assistance). But when a parent goes off public assistance, the state loses the right to keep those payments and that money instead goes to the custodial parent.

In the case of this legislation, that would mean that any collections during the months that a custodial parent is temporarily off public assistance would go first to the custodial parent to pay any debt owed to him or her. Then, only if there is any money left over after the parent is paid, would any money go to the general fund to repay the state for any past public assistance debt.

The Child Support Division garnishees a significant amount of money from Permanent Fund dividends each October, and under this legislation much of that money would be paid to custodial parents instead of being retained by the state if the parents were still on public assistance that month.

In Fiscal 2002, for example, the child support division collected \$1.9 million from the Permanent Fund dividends of non-custodial parents and deposited that money into the general fund to reimburse the state for public assistance benefits paid out that year and in past years. Under SB 340, that amount of retained collections would be reduced because the state would not be entitled to retain any of the child support collected from dividend garnishments until the parent had been paid in full for any arrears owed to him or her.

For determining the state revenue loss under this legislation, the Child Support Division used the projected amount of each year's Permanent Fund dividend to determine how much money would go to parents instead of the general fund.

# FISCAL NOTE

APR 03 2002

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CS SB 340 (FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
Title: PERMANENT FUND DIVIDENDS AND ELIGIBILITY FOR PUBLIC ASSISTANCE BRU: Public Assistance  
Component: ATAP  
Sponsor: SENATE (RLS)  
Requestor: \_\_\_\_\_ Component Number: 220

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(3,235.9)	(3,235.9)	(3,235.9)	(3,235.9)	(3,235.9)	(3,235.9)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( 0 )</b>						
---------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	(3,235.9)	(3,235.9)	(3,235.9)	(3,235.9)	(3,235.9)	(3,235.9)
<b>TOTAL</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>	<b>(3,235.9)</b>

Estimate of any current year (FY2002) cost: \_\_\_\_\_

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

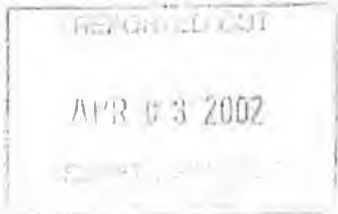
Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

CSSB 340 would eliminate the PFD Hold Harmless program for families receiving Alaska Temporary Assistance (ATAP) benefits. The Department would be required to count the PFD as income in determining eligibility for ATAP. Approximately 5,100 families will lose ATAP benefits for the month they receive the PFD, and for any month in which receipt of the PFD puts them over the programs resource (asset) limit.

Prepared by: Jim Nordlund Phone 465-5835  
Division: Public Assistance Date/Time 04/03/2002  
Approved by: Elmer A. Lindstrom, Deputy Commissioner Date 04/03/2002  
Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office



# FISCAL NOTE

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS SB 340 (FIN)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
 Title PERMANENT FUND DIVIDENDS AND ELIGIBILITY FOR PUBLIC ASSISTANCE BRU: Public Assistance  
 Component: Tribal Assistance  
 Sponsor: SENATE (RLS)  
 Requestor: \_\_\_\_\_ Component Number: 2336

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(907.8)	(907.8)	(907.8)	(907.8)	(907.8)	(907.8)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(907.8)</b>	<b>(907.8)</b>	<b>(907.8)</b>	<b>(907.8)</b>	<b>(907.8)</b>	<b>(907.8)</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( 0 )</b>						
---------------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	(907.8)	(907.8)	(907.8)	(907.8)	(907.8)	(907.8)
<b>TOTAL</b>	<b>(907.8)</b>	<b>(907.8)</b>	<b>(907.8)</b>	<b>(907.8)</b>	<b>(907.8)</b>	<b>(907.8)</b>

Estimate of any current year (FY2002) cost: \_\_\_\_\_

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Through Alaska Native Family Assistance Grants, the Department currently provides a fair and equitable proportion of state appropriations to support the operation of Native Family Assistance Programs. These programs are currently being administered by three Native organizations that provide temporary assistance benefits to approximately 1,400 Native families. CSSB 340 (FIN) will result in the elimination of \$907.8 in PFD-HH revenue and therefore reduce the amount of state funding available for Alaska Native Family Assistance Grants.

Prepared by: Jim Nordlund Phone 465-5835  
 Division: Public Assistance Date/Time 04/02/2002  
 Approved by: Elmer A. Lindstrom, Deputy Commissioner Date 04/03/2002  
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

APR 03 2002

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS SB 340 (FIN)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
 Title: PERMANENT FUND DIVIDENDS AND ELIGIBILITY FOR PUBLIC ASSISTANCE BRU: Public Assistance Admin  
 Component: Public Assistance Field Svcs  
 Sponsor: SENATE (RLS)  
 Requestor: \_\_\_\_\_ Component Number: 236

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( 0 )</b>						
---------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	349.7	349.7	349.7	349.7	349.7	349.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts	(349.7)	(349.7)	(349.7)	(349.7)	(349.7)	(349.7)
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: \_\_\_\_\_

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation repeals Permanent Fund Dividend Hold Harmless (PFD-HH) protection for individuals who lose eligibility for Alaska Temporary Assistance Program, Food Stamp, and General Relief Assistance, when they receive their dividends. This legislation also repeals the authority to use PFD-HH funds to pay for the administration of the PFD-HH program for recipients of Alaska Temporary Assistance Program, Food Stamp, and General Relief Assistance. This results in \$349.7 in fund source replacement from PFD-HH to GF for the extensive case work needed. This includes counseling clients on the use of PFD and the effects on benefits, processing dividend-related case changes such as monitoring receipt of and spend down of PFD's, closing all Temporary Assistance and Food Stamp cases for at least one month, and processing re-applications.

Prepared by: Jim Nordlund Phone 465-5835  
 Division: Public Assistance Date/Time 04/03/2002  
 Approved by: Elmer A. Lindstrom, Deputy Commissioner Date 04/03/2002  
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

FISCAL NOTE #

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CS SB 340 (FIN)

ANALYSIS CONTINUATION

Adult Public Assistance and Supplemental Security Income (SSI) recipients will continue to have their PFD held harmless and the administration of their PFD-HH eligibility would continue to be funded by PFD-HH expenditures.

# FISCAL NOTE

RECEIVED  
APR 03 2007

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CS SB 340 (FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
Title: PERMANENT FUND DIVIDENDS AND ELIGIBILITY FOR PUBLIC ASSISTANCE BRU: Public Assistance  
Component: General Relief Assistance  
Sponsor: SENATE (RLS)  
Requestor: \_\_\_\_\_ Component Number: 221

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(72.4)	(72.4)	(72.4)	(72.4)	(72.4)	(72.4)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(72.4)</b>	<b>(72.4)</b>	<b>(72.4)</b>	<b>(72.4)</b>	<b>(72.4)</b>	<b>(72.4)</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( 0 )						
--------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(72.4)	(72.4)	(72.4)	(72.4)	(72.4)	(72.4)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--do not abbrevia						
<b>TOTAL</b>	<b>(72.4)</b>	<b>(72.4)</b>	<b>(72.4)</b>	<b>(72.4)</b>	<b>(72.4)</b>	<b>(72.4)</b>

Estimate of any current year (FY2002) cost: \_\_\_\_\_

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

CSSB 340 would eliminate the PFD Hold Harmless program for individuals receiving General Relief Assistance (GRA). The Department would be required to count the PFD as income in determining eligibility for GRA.

Currently, about 75% of GRA program expenditures are used to pay for indigent funeral and burial expenses. The remainder is used primarily for emergency utility costs or rental assistance for very low-income individuals to prevent evictions. Payments are always made to vendors on behalf of needy households.

Prepared by: Jim Nordlund Phone 465-5835  
Division: Public Assistance Date/Time 04/03/2002  
Approved by: Emer A. Lindstrom, Deputy Commissioner Date 04/03/2002  
Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

FISCAL NOTE #

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CS SB 340 (FIN)

ANALYSIS CONTINUATION

Assumptions:

125 households/month qualify for GRA to prevent evictions or pay for emergency utility costs at an average cost of \$160 per household.

37 households/month qualify for GRA burial assistance at an average cost of \$1,760 per household.

About 85% of these households receive the PFD in October, causing them to be ineligible for GRA that month.

Calculations:

125 x \$160 = \$20,000

37 x \$1,760 = \$65,120

TOTAL = \$85,120

\$85,120 x 85% = \$72,352

REPORTED OUT  
 APR 03 2002  
 DEWETTE HANWELL

# FISCAL NOTE

STATE OF ALASKA  
 2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS SB 340 (FIN)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 4/3/2002 5:02 pm Dept. Affected: Health & Social Services  
 Title: PERMANENT FUND DIVIDENDS AND ELIGIBILITY FOR PUBLIC ASSISTANCE BRU: Public Assistance  
 Component: PFD Hold Harmless  
 Sponsor: SENATE (RLS)  
 Requestor: \_\_\_\_\_ Component Number: 225

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	(349.7)	(349.7)	(349.7)	(349.7)	(349.7)	(349.7)
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(5,953.8)	(5,953.8)	(5,953.8)	(5,953.8)	(5,953.8)	(5,953.8)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( 0 )</b>						
---------------------------------	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1050 PFD Fund	(6,303.5)	(6,303.5)	(6,303.5)	(6,303.5)	(6,303.5)	(6,303.5)
<b>TOTAL</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>	<b>(6,303.5)</b>

Estimate of any current year (FY2002) cost: \_\_\_\_\_

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Since 1982, the PFD Hold Harmless program (PFD-HH) has been used to replace public assistance benefits for individuals who would otherwise be denied because federal rules required that their PFD be treated as income or resources. PFD-HH replacement payments are limited to four months each year. CSSB 340 eliminates the PFD Hold Harmless program protection for individuals who lose eligibility for ATAP, Food Stamps, and General Relief Assistance when they receive the PFD.

This legislation does not affect Adult Public Assistance (APA) and federal Supplemental Security Income (SSI) benefits. The Department will continue to replace lost APA and SSI benefits with PFD-HH as allowed in current law.

Prepared by: Jim Nordlund Phone 465-5835  
 Division: Public Assistance Date/Time 04/03/2002  
 Approved by: Elmer A. Lindstrom, Deputy Commissioner Date 04/03/2002  
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

FISCAL NOTE #

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

BILL NO. CS SB 340 (FIN)

ANALYSIS CONTINUATION

This legislation also repeals the authority to use PFD-HH contractual funds to pay for the administration of the PFD-HH program for recipients of ATAP, Food Stamps, and General Relief. The cost of processing dividend related case changes for these programs would shift to the General Fund. Under this legislation, expenditures to administer the PFD-HH program for APA and SSI would continue to be funded through the PFD-HH program.

The savings to the PFD-HH program is as follows:

Alaska Temporary Assistance Program:	\$3,235.9
Public Assistance Administration:	349.7
Tribal Assistance:	907.8
Medicaid	200.0

Food Stamp Benefits: an additional \$1,610.1 of PFD earnings will no longer be used for food stamp benefits.

TOTAL \$6,303.5

# FISCAL NOTE

REPORTED OUT  
 APR 03 2002  
 STATE OF ALASKA

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CS SB 340 (FIN)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Health & Social Services  
 Title: PERMANENT FUND DIVIDENDS AND ELIGIBILITY FOR PUBLIC ASSISTANCE BRU: Medical Assistance  
 Component: Medicaid Services  
 Sponsor: SENATE (RLS)  
 Requestor: \_\_\_\_\_ Component Number: 2077

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Cl'ns	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)
Miscellaneous						
<b>TOTAL OPERATING</b>	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( 0 )</b>						
---------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--)	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)
<b>TOTAL</b>	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)	(200.0)

Estimate of any current year (FY2002) cost: \_\_\_\_\_

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Historically, the Permanent Fund Dividend is not counted for the purposes of determining Medicaid eligibility for all but a few situations required by federal law and regulation. Recent changes to federal regulation allowed the Medicaid to stop counting the Permanent Fund Dividend altogether in determining eligibility. The state plan implementing this change was approved 2/12/02. As SB 340 does not require Medicaid to count the PFD, this would not reduce anticipated Medicaid expenditures.

The reductions shown above would occur regardless of the legislation, but are not yet reflected in the Medical Assistance budget.

Prepared by: Jon Sherwood Phone 465-5820  
 Division: Medical Assistance Date/Time 04/03/2002  
 Approved by: Elmer A. Lindstrom, Deputy Commissioner Date 04/03/2002  
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

22-LS1361VL  
Cook  
3/27/02

CS FOR SENATE BILL NO. 340( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATE RULES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to public notice of information relating to permanent fund dividends,  
2 and to treatment of permanent fund dividends for purposes of determining eligibility for  
3 certain benefits; and providing for an effective date."

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

5 \* Section 1. AS 43.23.028 is amended by adding a new subsection to read:

6 (c) The notice requirements of (a)(3) of this section do not apply to an  
7 appropriation from the dividend fund for medical assistance under AS 47.07 to the  
8 extent that the amount appropriated for medical assistance under AS 47.07 for a fiscal  
9 year does not exceed the amount that would have been paid during the previous fiscal  
10 year to individuals under AS 43.23.075 as that statute read on June 29, 2002.

11 \* Sec. 2. AS 43.23.075 is amended to read:

12 Sec. 43.23.075. Eligibility for public assistance. (a) Subject to (b) of this  
13 section and except for medical assistance under AS 47.07, in [IN] determining the  
14 eligibility of an individual under a public assistance program administered by the

1 Department of Health and Social Services in which eligibility for assistance is based  
2 on financial need, the Department of Health and Social Services shall [MAY NOT]  
3 consider a permanent fund dividend as income or resources received by the recipient  
4 of public assistance or by a member of the recipient's household. In determining the  
5 eligibility of an individual for assistance under AS 47.07, the Department of  
6 Health and Social Services may not consider a permanent fund dividend as  
7 income or a resource unless required to do so by federal law or regulation  
8 [UNLESS REQUIRED TO DO SO BY FEDERAL LAW OR REGULATION]. The  
9 Department of Health and Social Services shall notify all recipients of public  
10 assistance of the effects of receiving a permanent fund dividend.

11 (b) An individual who is denied [MEDICAL] assistance under AS 47.07  
12 (medical assistance), AS 47.25.430 - 47.25.615 (adult public assistance), or 42  
13 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental Security  
14 Income) [42 U.S.C. 1396 - 1396p (SOCIAL SECURITY ACT, TITLE XIX)] solely  
15 because of the receipt of a permanent fund dividend by the individual or by a member  
16 of the individual's household is eligible for state-funded [MEDICAL] assistance under  
17 AS 47.25.120 - 47.25.300 (general relief assistance program). The individual is  
18 entitled to receive, for a period not to exceed four months, the same level of  
19 [MEDICAL] assistance as the individual would have received under AS 47.07  
20 (medical assistance), AS 47.25.430 - 47.25.615 (adult public assistance), or 42  
21 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental Security  
22 Income) [42 U.S.C. 1396 - 1396p (SOCIAL SECURITY ACT, TITLE XIX)] had  
23 there been no permanent fund dividend program.

24 (c) Subject to (b) of this section, an [AN] individual who is denied assistance  
25 solely because permanent fund dividends received by the individual or by a member of  
26 the individual's household are counted as income or resources [UNDER FEDERAL  
27 LAW OR REGULATION] is not eligible for cash assistance under AS 47.25.120 -  
28 47.25.300 (general relief assistance program). [NOTWITHSTANDING THE LIMIT  
29 IN AS 47.25.130, THE INDIVIDUAL IS ENTITLED TO RECEIVE, FOR A  
30 PERIOD NOT TO EXCEED FOUR MONTHS, THE SAME AMOUNT AS THE  
31 INDIVIDUAL WOULD HAVE RECEIVED UNDER OTHER PUBLIC