

HOUSE BILL NO. 365

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

BY REPRESENTATIVE SEATON

Introduced: 2/24/16
Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the permanent fund dividend disbursement; relating to the taxation
2 of income of individuals; relating to tax credit against the individual income tax in the
3 amount of a permanent fund disbursement; repealing tax credits applied against the tax
4 on individuals under the Alaska Net Income Tax Act; and providing for an effective
5 date."

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

7 * **Section 1.** AS 11.56.205(a) is amended to read:

8 (a) A person commits the crime of unsworn falsification in the first degree if
9 the person violates AS 11.56.210(a)(1) and the application is an application for a
10 permanent fund refundable income tax credit [DIVIDEND].

11 * **Sec. 2.** AS 11.56.205(b) is amended to read:

12 (b) In this section,

13 (1) "application for a permanent fund refundable income tax credit

1 [DIVIDEND]" includes a written or electronic application and any other
 2 documentation submitted to support an application for a permanent fund **refundable**
 3 **income tax credit** [DIVIDEND];

4 (2) "permanent fund **refundable income tax credit** [DIVIDEND]" has
 5 the meaning given in AS 43.23.095.

6 * **Sec. 3.** AS 11.56.800(a) is amended to read:

7 (a) A person commits the crime of false information or report if the person
 8 knowingly

9 (1) gives false information to a peace officer

10 (A) with the intent of implicating another in an offense; or

11 (B) concerning the person's identity while the person is

12 (i) under arrest, detention, or investigation for a crime;

13 or

14 (ii) being served with an arrest warrant or being issued a

15 citation;

16 (2) makes a false report to a peace officer that a crime has occurred or
 17 is about to occur;

18 (3) makes a false report or gives a false alarm, under circumstances not
 19 amounting to terroristic threatening in the second degree under AS 11.56.810, that a
 20 fire or other incident dangerous to life or property calling for an emergency response
 21 has occurred or is about to occur;

22 (4) makes a false report to the Department of Natural Resources under
 23 AS 46.17 concerning the condition of a dam or reservoir; or

24 (5) gives false information to a public employee relating to a person's
 25 eligibility for a permanent fund **refundable income tax credit** [DIVIDEND] under
 26 AS 43.23 and the false information does not also violate AS 11.56.205.

27 * **Sec. 4.** AS 12.25.200(b) is amended to read:

28 (b) A citation issued under AS 12.25.180 or other law authorizing the issuance
 29 of a citation must be in writing and indicate, if applicable,

30 (1) the amount of bail or fine and the surcharge applicable to the
 31 offense;

- 1 (2) the procedure a person must follow in responding to the citation;
- 2 (3) that, if the person fails to pay the bail or fine, the person must
- 3 appear in court;
- 4 (4) that failure to pay the bail or fine or appear in court for an offense
- 5 involving a moving motor vehicle may result in
- 6 (A) suspension of the person's driver's license, privilege to
- 7 drive, or privilege to obtain a license; or
- 8 (B) attachment of the person's permanent fund **refundable**
- 9 **income tax credit** [DIVIDEND] to pay the fine plus court and collection costs
- 10 under AS 28.05.155; and
- 11 (5) that the person has a right to
- 12 (A) a trial;
- 13 (B) engage counsel;
- 14 (C) confront and question witnesses;
- 15 (D) testify;
- 16 (E) subpoena witnesses on the person's behalf.

17 * **Sec. 5.** AS 12.55.041(d) is amended to read:

18 (d) The court shall include a surcharge imposed under (a) of this section in the

19 judgment of conviction. The court shall include the imposition of a surcharge under

20 (c) of this section in the order revoking probation. For a surcharge that is not paid by

21 the person as required by this section, the state shall seek reimbursement from the

22 person's permanent fund **refundable income tax credit** [DIVIDED] as provided

23 under AS 43.23.065. For purposes of collection and priority of attachment under

24 AS 43.23.065, a surcharge imposed under this section is accounted for in the same

25 manner as a cost of imprisonment under as 28.35.030(k) and 28.35.032(o). The state

26 may enforce payment of a surcharge under this section under AS 09.35 as if it were a

27 civil judgment enforceable by execution. This subsection does not limit the authority

28 of the court to enforce surcharges.

29 * **Sec. 6.** AS 14.40.251(a) is amended to read:

30 (a) For the purposes of this chapter, tuition, a fee, or another charge to an

31 individual by the University of Alaska is in default after payment has become 180 or

1 more days past due. Upon default, the university may take the individual's permanent
2 fund **refundable income tax credit** [DIVIDEND] under AS 43.23.073.

3 * **Sec. 7.** AS 14.40.803(b) is amended to read:

4 (b) The fund consists of

5 (1) permanent fund **refundable income tax credit** [DIVIDEND] and
6 cash contributions made under AS 14.40.807 under the terms of an advance college
7 tuition savings contract;

8 (2) appropriations, gifts, bequests, and contributions; and

9 (3) income and earnings of the fund.

10 * **Sec. 8.** AS 14.40.807(a) is amended to read:

11 (a) Contributions to the fund under the terms of an advance college tuition
12 savings contract may be made by direct cash payments or by contributions from the
13 permanent fund **refundable income tax credit** [DIVIDEND]. The Department of
14 Revenue shall

15 (1) prepare the permanent fund **refundable income tax credit**
16 [DIVIDEND] application to allow an applicant or a parent, legal guardian, or other
17 authorized representative of an applicant who is an unemancipated minor to contribute
18 50 percent of a **refundable income tax credit** [DIVIDEND] to the fund; and

19 (2) include with each application for a permanent fund **refundable**
20 **income tax credit** [DIVIDEND] an explanation of the advance college tuition savings
21 program, including the right to receive a refund, a disclosure of the potential tax
22 liability of the fund, and disclosure of the possible general effect of the tax liability on
23 the advance college tuition savings program.

24 * **Sec. 9.** AS 14.43.145(a) is amended to read:

25 (a) For the purposes of this chapter, a loan is in default after a loan payment
26 has become 180 or more days past due or, for a loan under AS 14.43.161 - 14.43.168
27 or 14.43.170 - 14.43.175, the default requirements established by the commission have
28 been met. Upon default,

29 (1) repayment of the remaining balance is accelerated and due;

30 (2) the commission may take the borrower's permanent fund
31 **refundable income tax credit** [DIVIDEND] under AS 43.23.067;

1 (3) the commission may issue an order to withhold and deliver under
2 AS 14.43.147;

3 (4) the commission may provide notice of the default to a licensing
4 entity for nonrenewal of the license under AS 14.43.148;

5 (5) the commission may record the lien created under AS 14.43.149;
6 and

7 (6) the commission may establish an administrative collection order
8 under AS 14.43.151 - 14.43.155.

9 * **Sec. 10.** AS 15.07.055(e) is amended to read:

10 (e) The director shall enter into an agreement with the Department of
11 Administration and the Department of Revenue to match identifying information
12 provided by a voter who initially registers by mail or by facsimile or other electronic
13 transmission approved by the director under AS 15.07.050 with existing identification
14 records

15 (1) maintained by the administrative component of the Department of
16 Administration that administers motor vehicle and driver's license laws and by the
17 administrative component of the Department of Revenue that administers the
18 permanent fund **refundable income tax credit** [DIVIDEND] laws; and

19 (2) bearing the same identifying number, name, and date of birth
20 provided on the registration.

21 * **Sec. 11.** AS 15.07.064(g) is amended to read:

22 (g) Notwithstanding (a) - (f) of this section, the director may substitute a
23 mailing address provided by the voter for the permanent fund **refundable income tax**
24 **credit** [DIVIDEND] program under AS 43.23 as the mailing address for the voter on
25 the registration records of the director under procedures specified in regulations of the
26 director if necessary to maintain accuracy of voting registration records.

27 * **Sec. 12.** AS 22.10.025(b) is amended to read:

28 (b) The superior court, in an action for divorce, separation, or child support,
29 may issue orders to aid in the enforcement of child support, including orders requiring
30 an individual who owes support under an order of support to

31 (1) make payments according to an approved payment plan;

1 (2) participate in appropriate work activities if the individual is not
2 incapacitated; or

3 (3) complete and submit an application for a permanent fund
4 **refundable income tax credit** [DIVIDEND] under AS 43.23.015 or provide proof to
5 the agency or the court that the individual is not eligible for a **refundable income tax**
6 **credit** [DIVIDEND] in a given year.

7 * **Sec. 13.** AS 28.05.155 is amended to read:

8 **Sec. 28.05.155. Court and collection costs.** If a person's permanent fund
9 **refundable income tax credit** [DIVIDEND] is attached to pay the bail or fine for an
10 offense involving a moving motor vehicle, the court shall increase the bail or fine of
11 that person by at least

12 (1) \$25 for court costs; and

13 (2) \$10 for collection costs.

14 * **Sec. 14.** AS 28.35.030(k) is amended to read:

15 (k) Imprisonment required under (b)(1)(A) of this section shall be served at a
16 community residential center or by electronic monitoring at a private residence. If a
17 community residential center or electronic monitoring at a private residence is not
18 available, imprisonment required under (b)(1)(A) of this section may be served at
19 another appropriate place determined by the commissioner of corrections.
20 Imprisonment required under (b)(1)(B) - (F) of this section may be served at a
21 community residential center or at a private residence if approved by the
22 commissioner of corrections. Imprisonment served at a private residence must include
23 electronic monitoring. The cost of imprisonment resulting from the sentence imposed
24 under (b)(1) of this section shall be paid to the state by the person being sentenced.
25 **The** [PROVIDED, HOWEVER, THAT THE] cost of imprisonment required to be
26 paid under this subsection may not exceed \$2,000. Upon the person's conviction, the
27 court shall include the costs of imprisonment as a part of the judgment of conviction.
28 Except for reimbursement from a permanent fund **refundable income tax credit**
29 [DIVIDEND] as provided in this subsection, payment of the cost of imprisonment is
30 not required if the court determines the person is indigent. For costs of imprisonment
31 that are not paid by the person as required by this subsection, the state shall seek

1 reimbursement from the person's permanent fund **refundable income tax credit**
 2 [DIVIDEND] as provided under AS 43.23.065. While at the community residential
 3 center or other appropriate place, a person sentenced under (b)(1)(A) of this section
 4 shall perform at least 24 hours of community service work. A person sentenced under
 5 (b)(1)(B) of this section shall perform at least 160 hours of community service work,
 6 as required by the director of the community residential center or other appropriate
 7 place, or as required by the commissioner of corrections if the sentence is being served
 8 at a private residence. In this subsection, "appropriate place" means a facility with 24-
 9 hour on-site staff supervision that is specifically adapted to provide a residence, and
 10 includes a correctional center, residential treatment facility, hospital, halfway house,
 11 group home, work farm, work camp, or other place that provides varying levels of
 12 restriction.

13 * **Sec. 15.** AS 28.35.032(o) is amended to read:

14 (o) Imprisonment required under (g)(1)(A) of this section shall be served at a
 15 community residential center, or if a community residential center is not available, at
 16 another appropriate place determined by the commissioner of corrections.
 17 Imprisonment required under (g)(1)(B) - (F) of this section may be served at a
 18 community residential center or at a private residence if approved by the
 19 commissioner of corrections. Imprisonment served at a private residence must include
 20 electronic monitoring. The cost of imprisonment resulting from the sentence imposed
 21 under (g)(1) of this section shall be paid to the state by the person being sentenced.
 22 **The** [PROVIDED, HOWEVER, THAT THE] cost of imprisonment required to be
 23 paid under this subsection may not exceed \$2,000. Upon the person's conviction, the
 24 court shall include the costs of imprisonment as a part of the judgment of conviction.
 25 Except for reimbursement from a permanent fund **refundable income tax credit**
 26 [DIVIDEND] as provided in this subsection, payment of the cost of imprisonment is
 27 not required if the court determines the person is indigent. For costs of imprisonment
 28 that are not paid by the person as required by this subsection, the state shall seek
 29 reimbursement from the person's permanent fund **refundable income tax credit**
 30 [DIVIDEND] as provided under AS 43.23.065. While at the community residential
 31 center or other appropriate place, a person sentenced under (g)(1)(A) of this section

1 shall perform at least 24 hours of community service work. A person sentenced under
 2 (g)(1)(B) of this section shall perform at least 160 hours of community service work,
 3 as required by the director of the community residential center or other appropriate
 4 place, or as required by the commissioner of corrections if the sentence is being served
 5 at a private residence. In this subsection, "appropriate place" means a facility with 24-
 6 hour on-site staff supervision that is specifically adapted to provide a residence, and
 7 includes a correctional center, residential treatment facility, hospital, halfway house,
 8 group home, work farm, work camp, or other place that provides varying levels of
 9 restriction.

10 * **Sec. 16.** AS 29.45.030(f) is amended to read:

11 (f) To be eligible for an exemption under (e) of this section for a year, a
 12 municipality may by ordinance require that an individual also meet requirements
 13 under one of the following paragraphs: (1) the individual shall be eligible for a
 14 permanent fund **refundable income tax credit** [DIVIDEND] under AS 43.23.005 for
 15 that same year or for the immediately preceding year; or (2) if the individual has not
 16 applied or does not apply for one or both of the permanent fund **refundable income**
 17 **tax credits** [DIVIDENDS], the individual would have been eligible for one of the
 18 permanent fund **refundable income tax credits** [DIVIDENDS] identified in (1) of
 19 this subsection had the individual applied. An exemption may not be granted under (e)
 20 of this section except upon written application for the exemption. Each municipality
 21 shall, by ordinance, establish procedures and deadlines for filing the application. The
 22 governing body of the municipality for good cause shown may waive the claimant's
 23 failure to make timely application for exemption and authorize the assessor to accept
 24 the application as if timely filed. If an application is filed within the required time and
 25 is approved by the assessor, the assessor shall allow an exemption in accordance with
 26 the provisions of (e) of this section. If the application for exemption is approved after
 27 taxes have been paid, the amount of tax that the claimant has already paid for the
 28 property exempted shall be refunded to the claimant. The assessor shall require proof
 29 in the form the assessor considers necessary of the right to and amount of an
 30 exemption claimed under (e) of this section, and shall require a disabled veteran
 31 claiming an exemption under (e) of this section to provide evidence of the disability

1 rating. The assessor may require proof under this subsection at any time.

2 * **Sec. 17.** AS 29.60.860(c) is amended to read:

3 (c) For purposes of this section, the population of a municipality, reserve, or
4 community shall be determined by using the numbers of permanent fund **refundable**
5 **income tax credit** [DIVIDEND] recipients or other population data that the
6 department determines is reliable. For purposes of determining the population of a
7 borough, the population of each city in the borough shall be deducted from the total
8 borough population.

9 * **Sec. 18.** AS 34.45.720(c) is amended to read:

10 (c) AS 34.45.110 - 34.45.780 do not apply to a **refund from**
11 [DISBURSEMENT FOR THE PAYMENT OF] a permanent fund **refundable**
12 **income tax credit** [DIVIDEND].

13 * **Sec. 19.** AS 36.10.005(c) is amended to read:

14 (c) The legislature finds that the following factors are reasonable but not
15 exclusive indicators of the ratio of nonresident to resident employees in the state:

16 (1) the ratio of applicants for unemployment insurance who list out-of-
17 state residences to applicants who list residences in the state;

18 (2) the ratio of employees who are subject to unemployment insurance
19 coverage and who did not apply for or were denied a permanent fund **refundable**
20 **income tax credit** [DIVIDEND] to employees who were found eligible for **the**
21 **refundable income tax credit** [A DIVIDEND].

22 * **Sec. 20.** AS 37.05.180 is amended to read:

23 **Sec. 37.05.180. Limitation on payment of warrants.** A warrant **on** [UPON]
24 the state treasury may not be paid unless presented at the office of the commissioner of
25 revenue within six months of the date of its issuance. A warrant not presented within
26 that time is presumed abandoned, except where the warrant is for the **refund**
27 [PAYMENT] of a permanent fund **refundable income tax credit** [DIVIDEND] or a
28 benefit payment or refund under AS 14.25, AS 22.25, AS 26.05, AS 39.30, AS 39.35,
29 former AS 39.37, or AS 39.45. Money held for an abandoned warrant shall be
30 delivered to the custody of the Department of Revenue to be administered as
31 unclaimed property under AS 34.45.

1 * **Sec. 21.** AS 37.10.210(b) is amended to read:

2 (b) The Alaska Retirement Management Board consists of nine trustees, as
3 follows:

4 (1) two members, consisting of the commissioner of administration
5 and the commissioner of revenue;

6 (2) seven trustees appointed by the governor who meet the eligibility
7 requirements for an Alaska permanent fund **refundable income tax credit**
8 [DIVIDEND] and who are professionally credentialed or have recognized competence
9 in investment management, finance, banking, economics, accounting, pension
10 administration, or actuarial analysis as follows:

11 (A) two trustees who are members of the general public; the
12 trustees appointed under this subparagraph may not hold another state office,
13 position, or employment and may not be members or beneficiaries of a
14 retirement system managed by the board;

15 (B) one trustee who is employed as a finance officer for a
16 political subdivision participating in either the public employees' retirement
17 system or the teachers' retirement system;

18 (C) two trustees who are members of the public employees'
19 retirement system, selected from a list of four nominees submitted from among
20 the public employees' retirement system bargaining units;

21 (D) two trustees who are members of the teachers' retirement
22 system selected from a list of four nominees submitted from among the
23 teachers' retirement system bargaining units;

24 (E) the lists of the nominees shall be submitted to the governor
25 under (C) and (D) of this paragraph within the time period specified in
26 regulations adopted under AS 37.10.240(a).

27 * **Sec. 22.** AS 37.13.145(b) is amended to read:

28 (b) At the end of each fiscal year, the corporation shall transfer from the
29 earnings reserve account to the

30 **(1) refundable income tax credit** [DIVIDEND] fund established
31 under AS 43.23.045, **25** [50] percent of the income available for distribution under

1 AS 37.13.140; **and**

2 **(2) general fund, 25 percent of the income available for**
 3 **distribution under AS 37.13.140.**

4 * **Sec. 23.** AS 37.13.145(d) is amended to read:

5 (d) Notwithstanding (b) of this section, income earned on money awarded in
 6 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
 7 Court, First Judicial District), including settlement, summary judgment, or adjustment
 8 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
 9 on the money, or on the earnings of the money shall be treated in the same manner as
 10 other income of the Alaska permanent fund, except that it is not available for
 11 distribution to the **refundable income tax credit** [DIVIDEND] fund or for transfers to
 12 the principal under (c) of this section, and shall be annually deposited into the Alaska
 13 capital income fund (AS 37.05.565).

14 * **Sec. 24.** AS 43 is amended by adding a new chapter to read:

15 **Chapter 22. Individual Income Tax.**

16 **Sec. 43.22.010. Tax on individuals.** (a) A tax is imposed for each calendar
 17 year or fraction of a calendar year on every

18 (1) resident individual with income from a source in the state; and

19 (2) nonresident individual with income from a source in the state.

20 (b) The tax under this section is equal to the sum of

21 (1) 15 percent of the taxpayer's total federal income tax due on the
 22 amount of the taxpayer's income that is from a source in the state; and

23 (2) the amount resulting from multiplying the taxpayer's long-term
 24 capital gains for the calendar year by the lesser of

25 (A) 10 percent; or

26 (B) the difference between the taxpayer's incremental federal
 27 income tax rate on ordinary income and the taxpayer's federal tax rate on long-
 28 term capital gains.

29 (c) In this section,

30 (1) "federal income tax due" means the total tax due to the federal
 31 government as reported by the taxpayer on a federal individual income tax return;

1 (2) "long-term capital gains" means the total long-term capital gains
2 required to be reported on the federal individual income tax form related to capital
3 gains attached to a federal individual income tax return.

4 **Sec. 43.22.020. Returns and payment of taxes.** (a) An individual required to
5 make a return under the provisions of the Internal Revenue Code shall file with the
6 department a return setting out

7 (1) the amount of tax due under this chapter; and

8 (2) other information for the purpose of carrying out the provisions of
9 this chapter that the department requires.

10 (b) The return shall either be on oath or contain a written declaration that it is
11 made under penalty of perjury, and the department shall prescribe forms accordingly.

12 (c) The total amount of tax imposed by this chapter is due and payable to the
13 department at the same time and in the same manner as the tax payable to the United
14 States Internal Revenue Service.

15 (d) A taxpayer, upon request by the department, shall furnish to the
16 department a true and correct copy of the tax return that the taxpayer has filed with the
17 United States Internal Revenue Service. Every taxpayer shall notify the department in
18 writing of an alteration in, or modification of, the taxpayer's federal income tax return
19 and of a recomputation of tax or determination of deficiency, whether with or without
20 assessment. A full statement of the facts must accompany this notice. The taxpayer
21 shall file the notice within 60 days after the final determination of the alteration,
22 modification, recomputation, or deficiency, and the taxpayer shall pay the additional
23 tax under this chapter. For purposes of this subsection, a final determination means the
24 time that an amended federal return is filed or a notice of deficiency or an assessment
25 is mailed to the taxpayer by the Internal Revenue Service, and the taxpayer has
26 exhausted rights of appeal under federal law.

27 (e) The department may credit or refund overpayments of taxes, taxes
28 erroneously or illegally assessed or collected, penalties collected without authority,
29 and taxes that are found unjustly assessed or excessive in amount, or otherwise
30 wrongfully collected. The department shall set limitations, specify the manner in
31 which claims for credits or refunds are made, and give notice of allowance or

1 disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the
2 general fund on a warrant issued under a voucher approved by the department.

3 **Sec. 43.22.030. Income from sources in the state.** (a) For purposes of
4 AS 43.22.010(a), income from a source in the state includes

5 (1) compensation for personal services rendered in the state;

6 (2) salary or wages earned in the state;

7 (3) income from real or tangible personal property located in the state;

8 (4) income from stocks, bonds, notes, bank deposits, and other
9 intangible personal property having a taxable or business situs in the state; however,
10 the receipt of interest income from intangible property in the state does not alone
11 establish a taxable or business situs in the state;

12 (5) rentals and royalties for the use of or for the privilege of using, in
13 the state, patents, copyrights, secret processes and formulas, good will, marks, trade
14 brands, franchises, and other property having a taxable or business situs in the state;

15 (6) income distributed from a trust established under or governed by
16 the laws of the state;

17 (7) income from a source with a taxable or business situs in the state of

18 (A) a trust not established under or governed by the laws of the
19 state; or

20 (B) the estate of a decedent who on the date of death was not
21 domiciled in the state;

22 (8) income of whatever nature from a source with a taxable or business
23 situs in the state.

24 (b) In (a) of this section, income is from a source with a taxable or business
25 situs in the state if it is attributed to or derived from

26 (1) business facilities or property in the state;

27 (2) business, farming, or fishing activities in the state;

28 (3) conducting in the state the management or investment function for
29 intangible property;

30 (4) a partnership, limited liability company, estate, or trust conducting
31 business activities in the state;

1 (5) a corporation transacting business activities in the state that has
2 elected to file federal returns under subchapter S of the Internal Revenue Code;

3 (6) any other activity from which income is received, realized, or
4 derived in the state.

5 (c) For purposes of (a) of this section, if a business, trade, or profession is
6 carried on partly inside and partly outside the state, other than the rendering of purely
7 personal services by an individual, the income from sources in the state shall be
8 determined as provided in AS 43.19.

9 (d) For purposes of AS 43.22.010(b), long-term capital gains shall be reported
10 from all property, regardless of the location of the property.

11 **Sec. 43.22.035. Credit for taxes paid.** (a) A resident is entitled to a credit
12 against the tax liability under this chapter for the amount of tax paid to other states,
13 territories, or possessions of the United States on income derived from sources in
14 those jurisdictions that is also subject to tax in this chapter.

15 (b) The claim for credit under (a) of this section may include tax paid by an S
16 corporation or partnership on behalf of the individual, based on that individual's share
17 of income derived in the other jurisdiction. In this subsection, "S corporation" has the
18 meaning given in 26 U.S.C. 1361.

19 (c) The credit allowed under this section may not exceed an amount equal to
20 the tax imposed under this chapter multiplied by a ratio equal to federal adjusted gross
21 income derived from sources in the other jurisdiction divided by total federal adjusted
22 gross income.

23 (d) The application of the tax credit provided under this section may not
24 operate to reduce the tax payable under this chapter to an amount less than would have
25 been payable if the income from the other state was disregarded.

26 **Sec. 43.22.040. Permanent fund refundable tax credit.** (a) An individual
27 eligible for an income tax credit under AS 43.23.005 may apply a tax credit against the
28 tax due under this chapter in the amount determined under AS 43.23, less any
29 garnishment, levy, assignment, attachment, or other claim, reduction, or donation
30 allowed by law.

31 (b) The tax credit under this section shall be refundable. The department shall

1 adopt regulations that establish procedures for an individual to be reimbursed under
 2 AS 37.25.050(a)(2). To receive a refund under this section, an individual must file an
 3 income tax return under AS 43.22.020.

4 (c) Except as otherwise limited by law, if an individual is eligible for a tax
 5 credit under this section but fails to file an income tax return or fails to claim the tax
 6 credit, the individual may file a return or an amended return for that year.

7 **Sec. 43.22.050. Tax withholding on wages of individuals.** (a) Every
 8 employer making payment of wages, salaries, or crew shares

9 (1) shall deduct and withhold an amount of tax computed in a manner
 10 to approximate the amount of tax due on those wages, salaries, or crew shares under
 11 this chapter for that calendar year;

12 (2) shall remit the tax withheld to the department accompanied by a
 13 return on a form prescribed by the department at the times required by the department
 14 by regulation;

15 (3) is liable for the payment of the tax required to be deducted and
 16 withheld under this section but is not liable to any individual for the amount of the
 17 payment; and

18 (4) shall furnish to the employee on or before January 31 of the
 19 succeeding year, or within 30 days after a request by the employee after the
 20 employee's termination if the 30-day period ends before January 31, a written
 21 statement on a form prescribed by the department showing

22 (A) the name and taxpayer identification number of the
 23 employer;

24 (B) the name and social security number of the employee;

25 (C) the total amount of wages, salary, or crew shares for the
 26 calendar year; and

27 (D) the total amount deducted and withheld as tax under this
 28 chapter for the calendar year.

29 (b) The department shall publish the rate of withholding required by this
 30 section.

31 (c) In this section,

1 (1) "employee" includes an individual who receives compensation on a
2 crew share basis in connection with a commercial fishing activity;

3 (2) "employer" includes a person who pays compensation to an
4 individual on a crew share basis in connection with a commercial fishing activity.

5 **Sec. 43.22.055. Refunds.** Notwithstanding AS 43.05.230, information on an
6 individual income tax return may be released to a banking institution to verify the
7 direct deposit of an income tax refund or correct an error in that deposit.

8 **Sec. 43.22.060. Administration.** The department shall prescribe all necessary
9 forms and adopt regulations to implement and interpret this chapter, including
10 regulations for the online filing and payment of tax due under this chapter. The
11 department may incorporate into the regulations provisions of the Internal Revenue
12 Code that are necessary or useful to the administration of this chapter.

13 **Sec. 43.22.190. Definitions.** In this chapter,

14 (1) "domiciled" means established in a true principal permanent home
15 to which the individual has the intention of returning whenever absent;

16 (2) "individual" means a natural person, married or unmarried, adult or
17 minor, subject to payment of income tax under 26 U.S.C. (Internal Revenue Code);

18 (3) "Internal Revenue Code" means the Internal Revenue Code of the
19 United States (26 U.S.C.) as the code exists now or as hereafter amended, as the code
20 and amendments apply to the normal taxes and surtax on net incomes, which
21 amendments are operative for the purposes of this chapter as of the time they became
22 operative or will become operative under federal law;

23 (4) "nonresident" means an individual who is not a resident;

24 (5) "resident" means an individual who

25 (A) was domiciled in the state or resided in the state for the
26 entire calendar year;

27 (B) claims to be a resident of the state on the individual's
28 federal tax forms;

29 (C) receives a permanent fund refundable income tax credit
30 under AS 43.23;

31 (D) is registered to vote under AS 15; or

1 (E) received a resident fishing, hunting, or trapping license
2 during the calendar year under AS 16;

3 (6) "taxpayer" means a person subject to a tax imposed by this chapter.

4 * **Sec. 25.** AS 43.23.005(a) is amended to read:

5 (a) An individual is eligible to receive one permanent fund **refundable**
6 **income tax credit** [DIVIDEND] each year in an amount to be determined under
7 AS 43.23.025 if the individual

8 (1) applies to the department;

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

10 (3) was a state resident during the entire qualifying year;

11 (4) has been physically present in the state for at least 72 consecutive
12 hours at some time during the prior two years before the current **refundable income**
13 **tax credit** [DIVIDEND] year;

14 (5) is

15 (A) a citizen of the United States;

16 (B) an alien lawfully admitted for permanent residence in the
17 United States;

18 (C) an alien with refugee status under federal law; or

19 (D) an alien that has been granted asylum under federal law;

20 (6) was, at all times during the qualifying year, physically present in
21 the state or, if absent, was absent only as allowed in AS 43.23.008; and

22 (7) was in compliance during the qualifying year with the military
23 selective service registration requirements imposed under 50 U.S.C. App. 453
24 (Military Selective Service Act), if those requirements were applicable to the
25 individual, or has come into compliance after being notified of the lack of compliance.

26 * **Sec. 26.** AS 43.23.005(c) is amended to read:

27 (c) A parent, guardian, or other authorized representative may claim a
28 permanent fund **refundable income tax credit** [DIVIDEND] on behalf of an
29 unemancipated minor or on behalf of a disabled or an incompetent individual who is
30 eligible to receive a payment under this section. Notwithstanding (a)(2) - (4) of this
31 section, a minor is eligible for **a refundable income tax credit** [A DIVIDEND] if,

1 during the two calendar years immediately preceding the current **refundable income**
 2 **tax credit** [DIVIDEND] year, the minor was born to or adopted by an individual who
 3 is eligible for **a refundable income tax credit** [A DIVIDEND] for the current
 4 **refundable income tax credit** [DIVIDEND] year.

5 * **Sec. 27.** 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 **refundable income tax credit** [DIVIDEND] for **a**
 8 **refundable income tax credit** [A DIVIDEND] year when

9 (1) during the qualifying year, the individual was sentenced as a result
 10 of conviction in this state of a felony;

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; or

14 (B) misdemeanor if the individual has been convicted of

15 (i) a prior felony as defined in AS 11.81.900; or

16 (ii) two or more prior misdemeanors as defined in

17 AS 11.81.900.

18 * **Sec. 28.** AS 43.23.005(h) is amended to read:

19 (h) If an individual who would otherwise have been eligible for a permanent
 20 fund **refundable income tax credit** [DIVIDEND] dies after applying for the
 21 **refundable income tax credit** [DIVIDEND] but before the **refundable income tax**
 22 **credit** [DIVIDEND] is **used against a tax due** [PAID], the [DEPARTMENT SHALL
 23 PAY THE DIVIDEND TO A] personal representative of the estate or [TO] a
 24 successor claiming personal property under AS 13.16.680 **may apply the credit**
 25 **against the tax due of the deceased person.** If an individual who would otherwise
 26 have been eligible for **the refundable income tax credit** [A DIVIDEND] and who did
 27 not apply for the **refundable income tax credit** [DIVIDEND] dies during the
 28 application period, a personal representative of the estate or a successor claiming
 29 personal property under AS 13.16.680 may apply for and receive the **income tax**
 30 **credit for use against the deceased person's tax liability** [DIVIDEND]. If an
 31 individual who received **a refundable income tax credit** [A DIVIDEND] for the year

1 immediately before the qualifying year and who would otherwise have been eligible
 2 for **a refundable income tax credit** [A DIVIDEND] dies during the qualifying year
 3 after having been a state resident for at least 180 days immediately before the date of
 4 death, notwithstanding (a)(1) - (3) and (a)(6) of this section, a personal representative
 5 of the estate or a successor claiming personal property under AS 13.16.680 may apply
 6 for and receive the **refundable income tax credit** [DIVIDEND]. Notwithstanding
 7 AS 43.23.011, an application for **the refundable income tax credit** [A DIVIDEND]
 8 may be filed by the personal representative or the successor under this subsection at
 9 any time before the end of the application period for the next **refundable income tax**
 10 **credit** [DIVIDEND] year.

11 * **Sec. 29.** AS 43.23.008(a) is amended to read:

12 (a) Subject to (b) and (d) of this section, an otherwise eligible individual who is
 13 absent from the state during the qualifying year remains eligible for a current year
 14 permanent fund **refundable income tax credit** [DIVIDEND] if the individual was
 15 absent

16 (1) receiving secondary or postsecondary education on a full-time
 17 basis;

18 (2) receiving vocational, professional, or other specific education on a
 19 full-time basis for which, as determined by the Alaska Commission on Postsecondary
 20 Education, a comparable program is not reasonably available in the state;

21 (3) serving on active duty as a member of the armed forces of the
 22 United States or accompanying, as that individual's spouse, minor dependent, or
 23 disabled dependent, an individual who is

24 (A) serving on active duty as a member of the armed forces of
 25 the United States; and

26 (B) eligible for a current year **refundable income tax credit**
 27 [DIVIDEND];

28 (4) serving under foreign or coastal articles of employment aboard an
 29 oceangoing vessel of the United States merchant marine;

30 (5) receiving continuous medical treatment recommended by a licensed
 31 physician or convalescing as recommended by the physician who treated the illness if

1 the treatment or convalescence is not based on a need for climatic change;

2 (6) providing care for a parent, spouse, sibling, child, or stepchild with
3 a critical life-threatening illness whose treatment plan, as recommended by the
4 attending physician, requires travel outside the state for treatment at a medical
5 specialty complex;

6 (7) providing care for the individual's terminally ill family member;

7 (8) settling the estate of the individual's deceased parent, spouse,
8 sibling, child, or stepchild, provided the absence does not exceed 220 cumulative days;

9 (9) serving as a member of the United States Congress;

10 (10) serving on the staff of a member from this state of the United
11 States Congress;

12 (11) serving as an employee of the state in a field office or other
13 location;

14 (12) accompanying a minor who is absent under (5) of this subsection;

15 (13) accompanying another eligible resident who is absent for a reason
16 permitted under (1), (2), (5) - (12), (16), or (17) of this subsection as the spouse, minor
17 dependent, or disabled dependent of the eligible resident;

18 (14) serving as a volunteer in the federal peace corps program;

19 (15) because of training or competing as a member of the United States
20 Olympic Team or a United States national team for an Olympic sport;

21 (16) participating for educational purposes in a student fellowship
22 sponsored by the United States Department of Education or by the United States
23 Department of State;

24 (17) for any reason consistent with the individual's intent to remain a
25 state resident, provided the absence or cumulative absences do not exceed

26 (A) 180 days in addition to any absence or cumulative absences
27 claimed under (3) of this subsection if the individual is not claiming an absence
28 under (1), (2), or (4) - (16) of this subsection;

29 (B) 120 days in addition to any absence or cumulative absences
30 claimed under (1) - (3) of this subsection if the individual is not claiming an
31 absence under (4) - (16) of this subsection but is claiming an absence under (1)

1 or (2) of this subsection; or

2 (C) 45 days in addition to any absence or cumulative absences
3 claimed under (1) - (16) of this subsection if the individual is claiming an
4 absence under (4) - (16) of this subsection.

5 * **Sec. 30.** AS 43.23.011 is amended to read:

6 **Sec. 43.23.011. Application period.** (a) An application for a permanent fund
7 **refundable income tax credit** [DIVIDEND] shall be filed during the period that
8 begins January 1 and ends March 31 of that **refundable income tax credit**
9 [DIVIDEND] year.

10 (b) An otherwise eligible individual may apply for a current year **refundable**
11 **income tax credit** [DIVIDEND] after March 31 of that year if the individual was
12 eligible during the application period under (a) of this section for hostile fire or
13 imminent danger pay while serving on active duty as a member of the armed forces of
14 the United States. The individual must apply under this subsection within 90 days after
15 the last day the individual was eligible for hostile fire or imminent danger pay. If the
16 individual was eligible for hostile fire or imminent danger pay on March 31 of the
17 current **refundable income tax credit** [DIVIDEND] year, the 90-day application
18 period extension begins on the first day after March 31 that the individual was no
19 longer eligible for the pay.

20 (c) The commissioner may permit an individual to apply for a permanent fund
21 **refundable income tax credit** [DIVIDEND] for any year after the application
22 deadline under (a) or (b) of this section if the individual

23 (1) at any time during the application period for that **refundable**
24 **income tax credit** [DIVIDEND] established in (a) or (b) of this section,

25 (A) served on active duty as a member of the armed forces of
26 the United States; and

27 (B) was eligible for hostile fire or imminent danger pay; and

28 (2) demonstrates a reasonable cause for the delay in applying for that
29 **refundable income tax credit** [DIVIDEND].

30 * **Sec. 31.** AS 43.23.015(a) is amended to read:

31 (a) The commissioner shall adopt regulations under **AS 44.62 (Administrative**

1 **Procedure Act** [THE ADMINISTRATIVE PROCEDURE ACT (AS 44.62)] for
 2 determining the eligibility of **an individual** [INDIVIDUALS] for **a** permanent fund
 3 **refundable income tax credit** [DIVIDENDS]. The commissioner may require an
 4 individual to provide proof of eligibility, and the commissioner may use other
 5 information available from other state departments or agencies to determine the
 6 eligibility of an individual. The commissioner shall consider all relevant circumstances
 7 in determining the eligibility of an individual. However, the residency of an
 8 individual's spouse may not be the principal factor relied **on** [UPON] by the
 9 commissioner in determining the residency of the individual.

10 * **Sec. 32.** AS 43.23.015(b) is amended to read:

11 (b) The department shall prescribe and furnish an application form for claiming
 12 a permanent fund **refundable income tax credit** [DIVIDEND]. The application must
 13 include notice of the penalties provided for under **AS 43.05, AS 43.10, and**
 14 **AS 43.23.035** and contain a statement of eligibility and a certification of residency.

15 * **Sec. 33.** AS 43.23.015(c) is amended to read:

16 (c) Except as provided in (d) of this section or as may be provided by
 17 regulations adopted by the department, an individual must personally sign the
 18 application for **a** permanent fund **refundable income tax credit** [DIVIDENDS],
 19 including the certification of residency required under (b) of this section.

20 * **Sec. 34.** AS 43.23.015(e) is amended to read:

21 (e) If a public agency **receives** [CLAIMS] a **refund resulting from a**
 22 permanent fund **refundable income tax credit** [DIVIDEND] on behalf of an
 23 individual, the public agency shall hold the **refund** [DIVIDEND] in trust for the
 24 individual. Money held in trust under this subsection shall be invested by the
 25 commissioner in accordance with AS 37.10.070.

26 * **Sec. 35.** AS 43.23.015(f) is amended to read:

27 (f) A minor or a disabled or an incompetent individual may not maintain a
 28 claim against the state or an officer or employee of the state based on the manner in
 29 which the parent, guardian, or authorized representative other than a public agency of
 30 the state managed or disposed of **a** permanent fund **refundable income tax credit**
 31 **refund** [DIVIDENDS] received on behalf of the minor or disabled or incompetent

1 individual.

2 * **Sec. 36.** AS 43.23.015(g) is amended to read:

3 (g) If an individual is aggrieved by a decision of the department determining
4 the individual's eligibility for a permanent fund **refundable income tax credit**
5 [DIVIDEND] or the individual's authority to claim a permanent fund **refundable**
6 **income tax credit** [DIVIDEND] on behalf of another, the individual may, upon
7 payment of a \$25 appeal fee, request the department to review its decision. Within 12
8 months after the administrative appeal is filed, the department shall provide the
9 individual with a final written decision. If the individual is aggrieved by the decision
10 of the department after all administrative proceedings, the individual may appeal that
11 decision to the superior court in accordance with AS 44.62.560. An appeal to the court
12 under this section does not entitle the aggrieved individual to a trial de novo. The
13 appeal shall be based on the record of the administrative proceeding from which
14 appeal is taken and the scope of appeal is limited to matters contained in the record of
15 the administrative proceeding. If, as a result of an administrative proceeding or a court
16 appeal, the individual prevails, the \$25 appeal fee shall be returned to the individual
17 by the department.

18 * **Sec. 37.** AS 43.23.015(h) is amended to read:

19 (h) The penalty and enforcement provisions of AS 43.23.035 apply to an
20 individual who claims a permanent fund **refundable income tax credit** [DIVIDEND]
21 on behalf of another.

22 * **Sec. 38.** AS 43.23.015(j) is amended to read:

23 (j) The application form for claiming a permanent fund **refundable income**
24 **tax credit** [DIVIDEND] must include a place for the applicant to voluntarily indicate
25 that the applicant is a veteran, the branch of service, including the Alaska Territorial
26 Guard, and the dates of service. Notwithstanding AS 43.23.017, the department shall
27 release information provided under this subsection to the Department of Military and
28 Veterans' Affairs and may not otherwise release the information. The Department of
29 Military and Veterans' Affairs may only release the information to congressionally
30 chartered veterans service organizations in the state. The application form must
31 contain notice that providing the information under this subsection is voluntary, that

1 the information will be released as provided in this subsection, and that the veterans
2 service organizations are not required to keep it confidential.

3 * **Sec. 39.** AS 43.23.016 is amended to read:

4 **Sec. 43.23.016. Voter registration.** The commissioner shall include, at the
5 department's expense, voter registration forms prepared under AS 15.07.070(b) in the
6 permanent fund **refundable income tax credit** [DIVIDEND] application packet. The
7 forms must include a notice that an individual is not required to register to vote in
8 order to be eligible to receive a permanent fund **refundable income tax credit**
9 [DIVIDEND]. For purposes of maintaining accurate voter registration records, the
10 commissioner shall provide the director of elections with the mailing addresses of all
11 applicants for a permanent fund **refundable income tax credit** [DIVIDEND].

12 * **Sec. 40.** AS 43.23.017 is amended to read:

13 **Sec. 43.23.017. Applicant information confidential.** (a) Information on each
14 permanent fund **refundable income tax credit** [DIVIDEND] application, except the
15 applicant's name, is confidential. The department may only release information that is
16 confidential under this section

17 (1) to a local, state, or federal government agency;

18 (2) in compliance with a court order;

19 (3) to the individual who or agency that files an application on behalf of
20 another;

21 (4) [TO A BANKING INSTITUTION TO VERIFY THE DIRECT
22 DEPOSIT OF A PERMANENT FUND DIVIDEND OR CORRECT AN ERROR IN
23 THAT DEPOSIT; (5)] as directed to do so by the applicant; and

24 **(5)** [(6)] to a contractor who has a contract with a person entitled to
25 obtain the information under **(1) - (4)** [(1) - (5)] of this **subsection** [SECTION] to
26 receive, store, or manage the information on that person's behalf; a contractor
27 receiving data under this paragraph may only use the data as directed by and for the
28 purposes of the person entitled to obtain the information.

29 (b) Notwithstanding (a) of this section, the department may release the names
30 and addresses of permanent fund **refundable income tax credit** [DIVIDEND]
31 applicants to a legislator of this state and to the legislator's office staff for official

1 legislative purposes.

2 * **Sec. 41.** AS 43.23.021(a) is amended to read:

3 (a) Notwithstanding other provisions regarding the **eligibility of an individual**
4 **for a** [PAYMENT OF] permanent fund **refundable income tax credit**
5 [DIVIDENDS], if an individual is required to register as a sex offender or child
6 kidnapper under AS 12.63 and has not registered or has not completed the required
7 periodic verifications or notices required under AS 12.63, **eligibility for the**
8 **refundable income tax credit** [PAYMENT OF THE DIVIDEND] for that individual
9 shall be delayed.

10 * **Sec. 42.** AS 43.23.021(b) is amended to read:

11 (b) If **eligibility for the refundable income tax credit** [PAYMENT OF A
12 DIVIDEND] is delayed, the department shall notify the individual in writing of the
13 delayed **eligibility** [PAYMENT] status, explain the requirements of this section, and
14 request proof of registration and compliance with the verifications and notices
15 required under AS 12.63. The **refundable income tax credit** [DIVIDEND] may not
16 be **applied against an individual's taxes** [PAID] unless, within one year after the
17 notification, the department determines that the individual has registered and is in
18 compliance with the verifications and notices required under AS 12.63.

19 * **Sec. 43.** AS 43.23.021(c) is amended to read:

20 (c) The permanent fund **refundable income tax credit** [DIVIDEND] of an
21 individual for whom **eligibility** [PAYMENT] has been delayed, but that remains
22 **eligible** [PAYABLE] under (b) of this section, is subject to levy, execution,
23 garnishment, attachment, or any other remedy for the collection of debt. The
24 department shall immediately **disburse** [PAY] that **portion of the refundable income**
25 **tax credit** [DIVIDEND, OR THE PORTION OF IT] that has been claimed by a
26 debtor, as provided in AS 43.23.065 - 43.23.068.

27 * **Sec. 44.** AS 43.23.021(d) is amended to read:

28 (d) If an individual for whom payment of a permanent fund **refundable**
29 **income tax credit** [DIVIDEND] has been delayed but remains **eligible** [PAYABLE]
30 under (b) of this section dies before the **refundable income tax credit** [DIVIDEND]
31 is **applied against tax due** [PAID OR PAYABLE], the department shall **allow** [PAY

1 THE DIVIDEND TO] a personal representative of the individual's estate **to apply the**
 2 **refundable income tax credit against the income tax due against the individual's**
 3 **estate.**

4 * **Sec. 45.** AS 43.23.021(e) is amended to read:

5 (e) The department shall include notice with the **refundable income tax credit**
 6 [DIVIDEND] application form of the requirements of (a) and (b) of this section.

7 * **Sec. 46.** AS 43.23.025(a) is amended to read:

8 (a) By October 1 of each year, the commissioner shall determine the value of
 9 each permanent fund **refundable income tax credit** [DIVIDEND] for that year by

10 (1) determining the total amount available for **refundable income tax**
 11 **credits** [DIVIDEND PAYMENTS], which equals

12 (A) the amount of income of the Alaska permanent fund
 13 transferred to the **refundable income tax credit** [DIVIDEND] fund under
 14 AS 37.13.145(b) during the current year;

15 (B) plus the unexpended and unobligated balances of prior
 16 fiscal year appropriations that lapse into the **refundable income tax credit**
 17 [DIVIDEND] fund under AS 43.23.045(d);

18 (C) less the amount necessary to **account for** [PAY] prior year
 19 **tax credits** [DIVIDENDS] from the **refundable income tax credit**
 20 [DIVIDEND] fund in the current year under AS 43.23.005(h), 43.23.021, and
 21 43.23.055(3) and (7);

22 (D) less the amount necessary to **provide refundable income**
 23 **tax credits** [PAY DIVIDENDS] from the **refundable income tax credit**
 24 [DIVIDEND] fund due to eligible applicants who, as determined by the
 25 department, filed for a previous year's **refundable income tax credit**
 26 [DIVIDEND] by the filing deadline but who were not included in a previous
 27 year's **refundable income tax credit** [DIVIDEND] computation;

28 (E) less appropriations from the **refundable income tax credit**
 29 [DIVIDEND] fund during the current year, including amounts to pay costs of
 30 administering the **refundable income tax credit** [DIVIDEND] program and
 31 the hold harmless provisions of AS 43.23.075;

1 (2) determining the number of individuals eligible to receive **a**
 2 **refundable income tax credit** [A DIVIDEND PAYMENT] for the current year and
 3 the number of estates and successors eligible to receive **a refundable income tax**
 4 **credit** [A DIVIDEND PAYMENT] for the current year under AS 43.23.005(h); and

5 (3) dividing the amount determined under (1) of this subsection by the
 6 amount determined under (2) of this subsection.

7 * **Sec. 47.** AS 43.23.025 is amended by adding a new subsection to read:

8 (c) A refundable income tax credit calculated under (a) of this section may not
 9 be issued in excess of \$1,200 for each individual. If a refundable income tax credit
 10 calculated under (a) of this section exceeds \$1,200 for each individual, the amount in
 11 excess of \$1,200 for each individual shall be appropriated to the general fund.

12 * **Sec. 48.** AS 43.23.028(a) is amended to read:

13 (a) By October 1 of each year, the commissioner shall give public notice of the
 14 value of each permanent fund **refundable income tax credit** [DIVIDEND] for that
 15 year and notice of the information required to be disclosed under (3) of this
 16 subsection. In addition, the **notice** [STUB ATTACHED TO EACH INDIVIDUAL
 17 DIVIDEND DISBURSEMENT ADVICE] must

18 (1) disclose the amount of each **refundable income tax credit**
 19 [DIVIDEND] attributable to income earned by the permanent fund from deposits to
 20 that fund required under art. IX, sec. 15, Constitution of the State of Alaska;

21 (2) disclose the amount of each **refundable income tax credit**
 22 [DIVIDEND] attributable to income earned by the permanent fund from
 23 appropriations to that fund and from amounts added to that fund to offset the effects of
 24 inflation;

25 (3) disclose the amount by which each **refundable income tax credit**
 26 [DIVIDEND] has been reduced due to each appropriation from the **refundable**
 27 **income tax credit** [DIVIDEND] fund, including amounts to pay the costs of
 28 administering the **refundable income tax credit** [DIVIDEND] program and the hold
 29 harmless provisions of AS 43.23.075;

30 (4) include a statement that an individual is not eligible for **a**
 31 **refundable income tax credit** [A DIVIDEND] when

1 (A) during the qualifying year, the individual was convicted of a
2 felony;

3 (B) during all or part of the qualifying year, the individual was
4 incarcerated as a result of the conviction of a

5 (i) felony; or

6 (ii) misdemeanor if the individual has been convicted of
7 a prior felony or two or more prior misdemeanors;

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

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

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

16 (6) disclose the total amount **of tax credits** that would have been
17 **issued** [PAID] during the previous fiscal year to individuals who were ineligible to
18 receive **refundable income tax credits** [DIVIDENDS] under AS 43.23.005(d) if they
19 had been eligible;

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

22 * **Sec. 49.** AS 43.23.028(b) is amended to read:

23 (b) To the extent that amounts appropriated for a fiscal year do not exceed the
24 total amount that would have been **applied against individual income taxes** [PAID]
25 during the previous fiscal year to individuals who were ineligible to **apply the**
26 **permanent fund refundable income tax credit** [RECEIVE DIVIDENDS] under
27 AS 43.23.005(d) or under AS 43.23.021(b) if they had been eligible, the notice
28 requirements of (a)(3) of this section do not apply to appropriations from the
29 **refundable income tax credit** [DIVIDEND] fund to

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

1 (2) the Council on Domestic Violence and Sexual Assault established
2 under AS 18.66.010 for grants for the operation of domestic violence and sexual
3 assault programs;

4 (3) the Department of Corrections for incarceration and probation
5 programs;

6 (4) the office of victims' rights;

7 (5) nonprofit victims' rights organizations for grants for services to
8 crime victims; or

9 (6) the Department of Revenue for grants to minor children of
10 incarcerated individuals under a grant program established by regulations of the
11 Department of Revenue under AS 44.62 (Administrative Procedure Act).

12 * **Sec. 50.** AS 43.23.035(a) is amended to read:

13 (a) In addition to any criminal penalties imposed by state law, if an individual
14 is convicted of a crime in connection with a false statement made in a certification
15 required under AS 43.23.015, and the conviction is not reversed, that individual
16 forfeits eligibility for all permanent fund refundable income tax credits issued to
17 the individual [DIVIDENDS PAID] and is not eligible for a future permanent fund
18 refundable income tax credit [DIVIDEND].

19 * **Sec. 51.** AS 43.23.035(c) is amended to read:

20 (c) In addition to any criminal penalties imposed by state law, if the
21 department finds that an individual, in claiming a permanent fund refundable income
22 tax credit [DIVIDEND], or an individual, in certifying another person's eligibility,
23 willfully misrepresents, exercises gross negligence with respect to, or recklessly
24 disregards a material fact pertaining to, eligibility, the department may issue an order
25 against the individual for the

26 (1) forfeiture of the refundable income tax credit [DIVIDEND];

27 (2) imposition of a civil fine of up to \$3,000; and

28 (3) loss of eligibility to receive the next five refundable income tax
29 credits [DIVIDENDS] following the forfeited refundable income tax credit
30 [DIVIDEND].

31 * **Sec. 52.** AS 43.23.045(a) is amended to read:

1 (a) The **refundable income tax credit** [DIVIDEND] fund is established as a
 2 separate fund in the state treasury. The **refundable income tax credit** [DIVIDEND]
 3 fund shall be administered by the commissioner and shall be invested by the
 4 commissioner in the same manner as provided in AS 37.10.070.

5 * **Sec. 53.** AS 43.23.045(d) is amended to read:

6 (d) Unless specified otherwise in an appropriation act, the unexpended and
 7 unobligated balance of an appropriation to implement this chapter lapses into the
 8 **refundable income tax credit** [DIVIDEND] fund on June 30 of the fiscal year for
 9 which the appropriation was made and shall be used in determining the amount of and
 10 paying the subsequent year's **refundable income tax credit** [DIVIDEND] as provided
 11 in AS 43.23.025(a)(1)(B).

12 * **Sec. 54.** AS 43.23.055 is amended to read:

13 **Sec. 43.23.055. Duties of the department.** The department shall

14 (1) annually **administer** [PAY] permanent fund **refundable income**
 15 **tax credit** [DIVIDENDS] from the **refundable income tax credit** [DIVIDEND]
 16 fund;

17 (2) subject to AS 43.23.011 and paragraph (8) of this section, adopt
 18 regulations under AS 44.62 (Administrative Procedure Act) that establish procedures
 19 and time limits for claiming a permanent fund **refundable income tax credit**
 20 [DIVIDEND]; the department shall determine the number of eligible applicants by
 21 October 1 of the year for which the **refundable income tax credit** [DIVIDEND] is
 22 declared and **administer the application of** [PAY] the **refundable income tax**
 23 **credits for the subsequent tax** [DIVIDENDS BY DECEMBER 31 OF THAT] year;

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

1 [DIVIDENDS];

2 (5) use a list of individuals ineligible for **a refundable income tax**
 3 **credit** [A DIVIDEND] under AS 43.23.005(d) provided annually by the Department
 4 of Corrections and the Department of Public Safety to determine the number and
 5 identity of those individuals;

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 **a** prior year
 9 permanent fund **refundable income tax credit** [DIVIDENDS] not received by the
 10 disabled individual because no application was submitted on behalf of the individual;

11 (8) adopt regulations that establish procedures for an individual to
 12 apply **a refundable income tax credit to previous tax years** [TO HAVE A
 13 DIVIDEND DISBURSEMENT UNDER AS 37.25.050(a)(2) REISSUED] if it is not
 14 **applied** [COLLECTED] within two years after the date of its issuance; however, the
 15 department may not establish a time limit [WITHIN WHICH AN APPLICATION] to
 16 **apply a back tax credit** [HAVE A DISBURSEMENT REISSUED MUST BE
 17 FILED];

18 (9) provide any information, upon request, contained in permanent fund
 19 **refundable income tax credit** [DIVIDEND] records to the child support services
 20 agency created in AS 25.27.010, or the child support enforcement agency of another
 21 state, for child support purposes authorized under law; if the information is contained
 22 in an electronic data base, the department shall provide the requesting agency with
 23 either

24 (A) access to the data base; or

25 (B) a copy of the information in the data base and a statement
 26 certifying its contents;

27 (10) establish a fraud investigation unit for the purpose of assisting the

28 (A) Department of Law in the prosecution of individuals who
 29 apply for [OR OBTAIN] a permanent fund **refundable income tax credit**
 30 [DIVIDEND] in violation of a provision in AS 11, by detecting and
 31 investigating those crimes; and

1 (B) commissioner to detect and investigate the claiming or
 2 **application** [PAYING] of **a** permanent fund **refundable income tax credit**
 3 [DIVIDENDS] that should not have been claimed by or **applied against the**
 4 **income tax of** [PAID TO] an individual and to impose the penalties and
 5 enforcement provisions under **AS 43.05, AS 43.10, and AS 43.23.035.**

6 * **Sec. 55.** AS 43.23.062(a) is amended to read:

7 (a) Notwithstanding AS 43.23.069, the Department of Revenue shall prepare
 8 the electronic [ALASKA] permanent fund **refundable income tax credit**
 9 [DIVIDEND] application to allow an applicant who files electronically to direct that
 10 money be subtracted from the **refundable income tax credit** [DIVIDEND
 11 PAYMENT] and contributed to one or more of the educational organizations,
 12 community foundations, or charitable organizations that appear on the contribution list
 13 contained in the application. A contribution to an organization may be \$25, \$50, \$75,
 14 \$100, or more, in increments of \$50, up to the total amount of the permanent fund
 15 **refundable income tax credit** [DIVIDEND] that the applicant is entitled to receive. If
 16 the total amount of contributions elected by an applicant exceeds the amount of the
 17 permanent fund **refundable income tax credit** [DIVIDEND] that the applicant is
 18 entitled to receive, contributions shall be deducted from the **refundable income tax**
 19 **credit** [DIVIDEND] in the order of priority elected by the applicant on the application
 20 until the entire amount of the **refundable income tax credit** [DIVIDEND] that the
 21 applicant is entitled to receive is allocated for contribution. The electronic **refundable**
 22 **income tax credit** [DIVIDEND] application form must include notice that seven
 23 percent of the money contributed will be used for administrative costs incurred in
 24 implementing this section, and money from the **refundable income tax credit**
 25 [DIVIDEND] fund will not be used for that purpose.

26 * **Sec. 56.** AS 43.23.062(c) is amended to read:

27 (c) The department may not include a charitable organization, other than a
 28 community foundation, on the contribution list for a **refundable income tax credit**
 29 [DIVIDEND] year unless the purpose of the charitable organization is to provide
 30 services for youth development, workforce development, arts and culture, aid and
 31 services to the elderly, low-income individuals, individuals in emergency situations,

1 victims of crime, disabled individuals, individuals with mental illness, primary,
 2 vocational, and higher education, health and dental care, recreational facilities, child
 3 abuse and neglect, economic development, food assistance, libraries, public
 4 broadcasting, recycling of waste, animal rescue, and zoos. The department may not
 5 include on the contribution list an educational organization, community foundation, or
 6 charitable organization that is the affiliate of a group. For purposes of this subsection,

7 (1) "affiliate" means an organization or foundation that directly or
 8 indirectly through one or more intermediaries controls, is controlled by, or is under
 9 common control with, a group;

10 (2) "group" has the meaning given in AS 15.13.400(8)(B).

11 * **Sec. 57.** AS 43.23.062(d) is amended to read:

12 (d) Except for each campus of the University of Alaska, the department may
 13 include an educational organization, community foundation, or charitable organization
 14 on the contribution list for a current **refundable income tax credit** [DIVIDEND] year
 15 only if the organization

16 (1) before March 31 of the qualifying year, files an application for
 17 inclusion on the list for that **refundable income tax credit** [DIVIDEND] year on the
 18 form required by the department;

19 (2) is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal
 20 Revenue Code) as an educational or a charitable organization on the date of
 21 application;

22 (3) was qualified for tax exempt status under 26 U.S.C. 501(c)(3)
 23 (Internal Revenue Code) as an educational or a charitable organization during the two
 24 calendar years that immediately precede the year the application is filed;

25 (4) unless exempted under federal law, has a current Internal Revenue
 26 Service Form 990 on file with the United States Department of the Treasury, Internal
 27 Revenue Service, or, if the Internal Revenue Service has granted a filing extension for
 28 the current year, has on file that form for the immediately preceding year;

29 (5) is directed by a voluntary board of directors or local advisory board,
 30 a majority of whose members are residents of the state;

31 (6) if a community foundation, provided in the state aid during the two

1 calendar years that immediately precede the year the application is filed, or, if an
 2 education organization or charitable organization, provided in the state services during
 3 the two calendar years that immediately precede the year the application is filed;

4 (7) receives at least \$100,000 or five percent of its total annual receipts,
 5 whichever is less, from contributions;

6 (8) has completed and provided to the department a financial audit with
 7 an unqualified opinion conducted by an independent certified public accountant for the
 8 fiscal year to which the Internal Revenue Service Form 990 required under (4) of this
 9 subsection applies; this paragraph applies only to an organization that is required by
 10 the federal government to complete a financial audit by an independent certified
 11 public accountant; and

12 (9) does not make grants or contributions to an organization that is
 13 exempt from taxation under 26 U.S.C. 501(c)(4) or (6).

14 * **Sec. 58.** AS 43.23.062(e) is amended to read:

15 (e) Unless an appropriation specifically directs that the money be used for
 16 costs incurred in implementing this section, the department may not use money from
 17 the **refundable income tax credit** [DIVIDEND] fund for administrative costs
 18 incurred in implementing this section, even if it has been appropriated for costs of
 19 administering the **refundable income tax credit** [DIVIDEND] program.
 20 Contributions shall be distributed to each organization as soon as practicable.

21 * **Sec. 59.** AS 43.23.062(h) is amended to read:

22 (h) A public agency that claims a **refundable income tax credit** [DIVIDEND]
 23 on behalf of an individual under AS 43.23.015(e) may not elect to make contributions
 24 from the **refundable income tax credit** [DIVIDEND] under (a) of this section.

25 * **Sec. 60.** AS 43.23.062(l) is amended to read:

26 (l) The University of Alaska shall apply separately for each of the three main
 27 campuses to be listed on the contribution list for the current **refundable income tax**
 28 **credit** [DIVIDEND] year in the manner prescribed by the department. The University
 29 of Alaska may apply for each campus other than the three main campuses to be listed
 30 on the contribution list for the current **refundable income tax credit** [DIVIDEND]
 31 year in the manner prescribed by the department.

1 * **Sec. 61.** AS 43.23.062(m) is amended to read:

2 (m) In addition to the application fee in (f) of this section, the department shall
3 withhold a coordination fee from each organization, foundation, or university campus
4 that receives contributions under this section in the immediately preceding **refundable**
5 **income tax credit** [DIVIDEND] year. The coordination fee for an organization,
6 foundation, or university campus that receives contributions under this section shall be
7 seven percent of the amount of contributions reported by the department under (j) of
8 this section for the organization, foundation, or university campus for the immediately
9 preceding **refundable income tax credit** [DIVIDEND] year. The coordination fee
10 shall be separately accounted for under AS 37.05.142 and shall be accounted for
11 separately from the application fee collected under (f) of this section. The annual
12 estimated balance in the account maintained under AS 37.05.142 for coordination fees
13 collected under this subsection may be appropriated for costs of administering this
14 section.

15 * **Sec. 62.** AS 43.23.065 is amended to read:

16 **Sec. 43.23.065. Exemption of and levy on permanent fund refundable**
17 **income tax credits** [DIVIDENDS]. (a) Except as provided in (b) of this section, 20
18 percent of the annual permanent fund **refundable income tax credit that**
19 [DIVIDEND PAYABLE TO] an individual is **eligible for under AS 43.23.025 is**
20 exempt from levy, execution, garnishment, attachment, or any other remedy for the
21 collection of debt. No other exemption applies to a **refundable income tax credit**
22 [DIVIDEND]. Notwithstanding other laws, a writ of execution upon a **refundable**
23 **income tax credit** [DIVIDEND] that has not been delivered to the debtor may be
24 served on the commissioner by

25 (1) certified mail, return receipt requested; or

26 (2) a civilian process server licensed by the commissioner of public
27 safety using electronic execution procedures, as provided under regulations adopted by
28 the department.

29 (b) An exemption is not available under this section for **a** permanent fund
30 **refundable income tax credit** [DIVIDENDS] taken to satisfy

31 (1) child support obligations required by court order or decision of the

1 child support services agency under AS 25.27.140 - 25.27.220;

2 (2) court ordered restitution under AS 12.55.045 - 12.55.051,
3 12.55.100, or AS 47.12.120(b)(4);

4 (3) claims on defaulted education loans under AS 43.23.067;

5 (4) court ordered fines;

6 (5) writs of execution under AS 09.35 of a judgment that is entered

7 (A) against a minor in a civil action to recover damages and
8 court costs;

9 (B) under AS 09.65.255 against the parent, parents, or legal
10 guardian of an unemancipated minor;

11 (6) a debt owed by an eligible individual to an agency of the state,
12 including the University of Alaska, unless the debt is contested and an appeal is
13 pending, or the time limit for filing an appeal has not expired;

14 (7) a debt owed to a person for a program for the rehabilitation of
15 perpetrators of domestic violence required under AS 12.55.101, AS 18.66.100(c)(15),
16 AS 25.20.061(3), or AS 33.16.150(f)(2);

17 (8) a judgment for unpaid rent or damage owed to a landlord by an
18 eligible individual that was a tenant of the landlord; in this paragraph, "tenant" has the
19 meaning given in AS 34.03.360.

20 (c) Claims listed in (b) of this section have priority in the order listed over
21 other claims on a permanent fund **refundable income tax credit** [DIVIDEND]
22 whether payments are sought through legal actions for the collection of debts or
23 through assignments from the debtor.

24 (d) An assignment of or levy, execution, garnishment, attachment, or other
25 remedy for the collection of debt applied to a **refundable income tax credit**
26 [DIVIDEND] for a year may not be accepted by the department before April 1 of that
27 same year. AS 09.38.080(c) and 09.38.085 do not apply to a levy on a permanent fund
28 **refundable income tax credit** [DIVIDEND]. Upon receipt of a writ of execution
29 under (a) of this section or another court order, the commissioner shall deliver to the
30 court that portion of the **refundable income tax credit** [DIVIDEND] executed upon
31 along with the case name and number. At the time payment is made to the court, the

1 department shall send to the individual at the address provided in the individual's
 2 **refundable income tax credit** [DIVIDEND] application and to the court that issued
 3 the writ or order a notice that contains

4 (1) notification that all or part of the individual's **refundable income**
 5 **tax credit** [DIVIDEND] has been seized under a writ of execution or court order;

6 (2) the name and address of the court that issued the writ or order;

7 (3) the case number for which the writ or order was issued;

8 (4) the amount seized under the writ or order; and

9 (5) notification that the individual has 30 days from the date the notice
 10 is mailed in which to file with the court an objection to the seizure if a mistake has
 11 been made.

12 * **Sec. 63.** AS 43.23.066(a) is amended to read:

13 (a) AS 09.38 does not apply to **a** permanent fund **refundable income tax**
 14 **credit** [DIVIDENDS] taken under AS 47.12.155(c). Notwithstanding AS 09.35,
 15 execution on a **refundable income tax credit** [DIVIDEND] claimed under
 16 AS 47.12.155(c) is accomplished by delivering a certified claim to the department
 17 containing the following information:

18 (1) the name and social security number of the individual whose
 19 **refundable income tax credit** [DIVIDEND] is being claimed;

20 (2) the amount the individual owes on the reimbursement claim; and

21 (3) a statement that

22 (A) the Department of Health and Social Services has notified
 23 the individual that future permanent fund **refundable income tax credits**
 24 [DIVIDENDS] of the individual will be taken to satisfy the reimbursement
 25 claim;

26 (B) the individual was notified of the right to request a hearing
 27 and allowed 30 days after the date of the notice described in (A) of this
 28 paragraph to request the Department of Health and Social Services to hold a
 29 hearing on the reimbursement claim;

30 (C) the reimbursement claim has not been contested, or, if
 31 contested, that the issue has been resolved in favor of the Department of Health

1 and Social Services; and

2 (D) if the reimbursement claim has been contested and resolved
3 in favor of the Department of Health and Social Services, no appeal is pending,
4 the time limit for filing an appeal has expired, or the appeal has been resolved
5 in favor of the Department of Health and Social Services.

6 * **Sec. 64.** AS 43.23.066(b) is amended to read:

7 (b) The Department of Health and Social Services shall notify the individual if
8 a **refundable income tax credit** [DIVIDEND] is claimed under (a) of this section.
9 The notice shall be sent to the address provided in the individual's permanent fund
10 **refundable income tax credit** [DIVIDEND] application and must provide the
11 following information:

12 (1) the amount of the reimbursement claim;

13 (2) notice that the permanent fund **refundable income tax credit**
14 [DIVIDEND], or that portion of the permanent fund **refundable income tax credit**
15 [DIVIDEND] that does not exceed the amount of the reimbursement claim, shall be
16 paid to the Department of Health and Social Services; and

17 (3) notification that the individual has a right to request a hearing and
18 has 30 days after the date the notice is mailed in which to file with the Department of
19 Health and Social Services an objection to the **refundable income tax credit**
20 [DIVIDEND] claim if a mistake has been made.

21 * **Sec. 65.** AS 43.23.067(a) is amended to read:

22 (a) AS 09.38 does not apply to a permanent fund **refundable income tax**
23 **credit** [DIVIDEND] taken under AS 14.43.145. Notwithstanding AS 09.35, the
24 Alaska Commission on Postsecondary Education may take a permanent fund
25 **refundable income tax credit** [DIVIDEND] under AS 14.43.145 by delivering a
26 claim to the department certifying the following information:

27 (1) the name and social security number of the individual whose
28 **refundable income tax credit** [DIVIDEND] is being claimed;

29 (2) the amount the individual owes on a loan awarded under AS 14.43;
30 and

31 (3) a statement that the loan is in default under AS 14.43.145, or, if the

1 individual has requested review of the status of the loan under AS 14.43.145(c), that a
2 final determination has been made that the loan is in default.

3 * **Sec. 66.** AS 43.23.067(b) is amended to read:

4 (b) The Alaska Commission on Postsecondary Education shall notify the
5 individual of a claim under (a) of this section. The notice shall be sent to the address
6 provided in the individual's permanent fund **refundable income tax credit**
7 [DIVIDEND] application and must provide the following information:

8 (1) the amount of the claim;

9 (2) notice that the amount of the permanent fund **refundable income**
10 **tax credit** [DIVIDEND] up to the amount of the claim shall be paid to the Alaska
11 Commission on Postsecondary Education to be credited against the individual's loan
12 balance; and

13 (3) the individual's right to a hearing under (c) of this section.

14 * **Sec. 67.** AS 43.23.067(c) is amended to read:

15 (c) Within 30 days after the date of the notice under (b) of this section, the
16 individual may request a hearing. AS 44.62.330 - 44.62.630 apply to a hearing under
17 this section. At the hearing, the borrower has the burden to show that

18 (1) the commission has not sent a notice of default in compliance with
19 AS 14.43.145(b);

20 (2) the notice of default has been rescinded after review under
21 AS 14.43.145(c); or

22 (3) the amount owed by the borrower is less than the amount claimed
23 from the permanent fund **refundable income tax credit** [DIVIDEND].

24 * **Sec. 68.** AS 43.23.068(a) is amended to read:

25 (a) AS 09.38 does not apply to **a** permanent fund **refundable income tax**
26 **credit** [DIVIDENDS] taken under AS 47.05.080(b). Notwithstanding AS 09.35,
27 execution on a **refundable income tax credit** [DIVIDEND] claimed under
28 AS 47.05.080(b) is accomplished by delivering a certified claim to the department
29 containing the following information:

30 (1) the name and social security number of the individual whose
31 **refundable income tax credit** [DIVIDEND] is being claimed;

1 (2) the amount the individual owes on the overpayment claim; and

2 (3) a statement that

3 (A) the Department of Health and Social Services has notified
4 the individual that future permanent fund **refundable income tax credits**
5 [DIVIDENDS] of the individual will be taken to satisfy the overpayment
6 claim;

7 (B) the individual was notified of the right to request a hearing
8 and allowed 30 days from the date of the notice under (A) of this paragraph to
9 request the Department of Health and Social Services to hold a hearing on the
10 overpayment claim;

11 (C) the overpayment claim has not been contested, or, if
12 contested, that the issue has been resolved in favor of the Department of Health
13 and Social Services; and

14 (D) if the overpayment claim has been contested and resolved in
15 favor of the Department of Health and Social Services, no appeal is pending,
16 the time limit for filing an appeal has expired, or the appeal has been resolved
17 in favor of the Department of Health and Social Services.

18 * **Sec. 69.** AS 43.23.068(b) is amended to read:

19 (b) The Department of Health and Social Services shall notify the individual if
20 a **refundable income tax credit** [DIVIDEND] is claimed under (a) of this section.
21 The notice shall be sent to the address provided in the individual's permanent fund
22 **refundable income tax credit** [DIVIDEND] application and must provide the
23 following information:

24 (1) the amount of the overpayment claim;

25 (2) notice that the amount of the permanent fund **refundable income**
26 **tax credit** [DIVIDEND] that does not exceed the amount of the overpayment claim
27 shall be paid to the Department of Health and Social Services; and

28 (3) notification that the individual has a right to request a hearing and
29 has 30 days from the date the notice is mailed in which to file with the Department of
30 Health and Social Services an objection to the **refundable income tax credit**
31 [DIVIDEND] claim if a mistake has been made.

1 * **Sec. 70.** AS 43.23.069(a) is amended to read:

2 (a) Except as provided in (b) of this section, a person eligible to receive a
3 permanent fund **refundable income tax credit** [DIVIDEND] may not assign the right
4 to the **refundable income tax credit** [DIVIDEND]. An attempted assignment of the
5 right to receive a permanent fund **refundable income tax credit** [DIVIDEND] is
6 against public policy and is void.

7 * **Sec. 71.** AS 43.23.069(b) is amended to read:

8 (b) A person may assign the right to receive a permanent fund **refundable**
9 **income tax credit** [DIVIDEND] to a federal, state, or municipal government agency
10 or to a court.

11 * **Sec. 72.** AS 43.23.071 is amended to read:

12 **Sec. 43.23.071. Fees for processing claims and assignments.** The department
13 shall by regulation adopted under AS 44.62 (Administrative Procedure Act) establish
14 fees for processing claims on **refundable income tax credits** [DIVIDENDS] received
15 by the department under AS 43.23.065, 43.23.067, or 43.23.072 and for processing
16 assignments of **refundable income tax credits** [DIVIDENDS] received by the
17 department under AS 43.23.069(b). The fees shall cover the administrative expenses
18 of the department associated with the claims and assignments. Fees shall be deducted
19 from the amount of the **refundable income tax credit** [DIVIDEND] remaining after
20 payment of the portion claimed or assigned, or, if the entire **refundable income tax**
21 **credit** [DIVIDEND] is claimed or assigned, the fees shall be deducted before the
22 **refundable income tax credit** [DIVIDEND] is paid to the creditor or assignee.

23 * **Sec. 73.** AS 43.23.072(a) is amended to read:

24 (a) AS 09.38 does not apply to **a** permanent fund **refundable income tax**
25 **credit** [DIVIDENDS] taken by the Department of Labor and Workforce Development
26 for a claim for payment of money owed under AS 23.20 (Alaska Employment
27 Security Act). Notwithstanding AS 09.35, execution on a **refundable income tax**
28 **credit** [DIVIDEND] claimed under this section is accomplished by delivering a
29 certified claim to the Department of Revenue containing the following information:

30 (1) the name and social security number of the individual whose
31 **refundable income tax credit** [DIVIDEND] is being claimed; if the Department of

1 Labor and Workforce Development does not have access to the individual's social
 2 security number for this purpose, the department may supply other identification
 3 information authorized under regulations to make a claim under AS 43.23.065;

4 (2) the amount the individual owes on the claim under AS 23.20;

5 (3) a statement that

6 (A) the Department of Labor and Workforce Development has
 7 notified the individual that future permanent fund **refundable income tax**
 8 **credits** [DIVIDENDS] of the individual will be taken to satisfy the claim
 9 under AS 23.20;

10 (B) the individual was notified of the right to request a hearing
 11 under AS 23.20 and the Department of Labor and Workforce Development has
 12 allowed the individual at least 30 days after the date of the notice described in
 13 (A) of this paragraph to request a hearing on the claim;

14 (C) the claim under AS 23.20 has not been contested, or, if
 15 contested, the issue has been resolved in favor of the Department of Labor and
 16 Workforce Development; and

17 (D) if the claim under AS 23.20 has been contested and
 18 resolved in favor of the Department of Labor and Workforce Development, an
 19 appeal is not pending, the time limit for filing an appeal has expired, or the
 20 appeal has been resolved in favor of the department.

21 * **Sec. 74.** AS 43.23.072(b) is amended to read:

22 (b) The Department of Labor and Workforce Development shall notify the
 23 individual if a **refundable income tax credit** [DIVIDEND] is claimed under (a) of
 24 this section. The notice shall be sent to the mailing address provided in the individual's
 25 permanent fund **refundable income tax credit** [DIVIDEND] application and must
 26 provide the following information:

27 (1) the amount of the claim under AS 23.20;

28 (2) notice that the permanent fund **refundable income tax credit**
 29 [DIVIDEND], or that portion of the permanent fund **refundable income tax credit**
 30 [DIVIDEND] that does not exceed the amount of the claim under AS 23.20, shall be
 31 paid to the Department of Labor and Workforce Development in accordance with

1 priorities established in state law;

2 (3) notice that the individual has a right to request a hearing and has a
3 specific time after the date that the notice is mailed in which to file with the
4 Department of Labor and Workforce Development an objection to paying the claim
5 from the individual's permanent fund **refundable income tax credit** [DIVIDEND].

6 * **Sec. 75.** AS 43.23.073(a) is amended to read:

7 (a) AS 09.38 does not apply to a permanent fund **refundable income tax**
8 **credit** [DIVIDEND] taken under AS 14.40.251. Notwithstanding AS 09.35, the
9 University of Alaska may take a permanent fund **refundable income tax credit**
10 [DIVIDEND] under AS 14.40.251 by delivering a claim to the department certifying
11 the following information:

12 (1) the name and social security number of the individual whose
13 **refundable income tax credit** [DIVIDEND] is being claimed;

14 (2) the amount the individual owes the university; and

15 (3) a statement that

16 (A) the amount claimed is in default under AS 14.40.251;

17 (B) the university has notified the individual that future
18 permanent fund **refundable income tax credits** [DIVIDENDS] will be taken
19 to satisfy the claim;

20 (C) the individual was notified of the right to request a hearing
21 and allowed 30 days after the date of the notice described in (B) of this
22 paragraph to request the university to hold a hearing on the claim;

23 (D) the claim has not been contested or, if contested, the issue
24 has been resolved in favor of the university; and

25 (E) if the claim has been contested and resolved in favor of the
26 university, no appeal is pending, the time limit for filing an appeal has expired,
27 or the appeal has been resolved in favor of the university.

28 * **Sec. 76.** AS 43.23.073(b) is amended to read:

29 (b) The University of Alaska shall notify the individual of a claim under (a) of
30 this section. The notice shall be sent to the address provided in the individual's
31 permanent fund **refundable income tax credit** [DIVIDEND] application and must

1 provide the following information:

2 (1) the amount of the claim;

3 (2) notice that the amount of the permanent fund **refundable income**
 4 **tax credit** [DIVIDEND] up to the amount of the claim shall be paid to the university
 5 to be credited against the individual's default balance; and

6 (3) notice of the individual's right to a hearing under (c) of this section.

7 * **Sec. 77.** AS 43.23.073(c) is amended to read:

8 (c) Within 30 days after the date of the notice under (b) of this section, the
 9 individual may request a hearing. AS 44.62.330 - 44.62.630 apply to a hearing under
 10 this subsection. At the hearing, the individual has the burden to show that

11 (1) the university has not sent a notice of default in compliance with
 12 AS 14.40.251(b);

13 (2) the notice of default has been rescinded after review under
 14 AS 14.40.251(c); or

15 (3) the amount owed by the individual is less than the amount claimed
 16 from the permanent fund **refundable income tax credit** [DIVIDEND].

17 * **Sec. 78.** AS 43.23.075 is amended to read:

18 **Sec. 43.23.075. Eligibility for public assistance.** (a) In determining the
 19 eligibility of an individual under a public assistance program administered by the
 20 Department of Health and Social Services in which eligibility for assistance is based
 21 on financial need, the Department of Health and Social Services may not consider a
 22 permanent fund **refundable income tax credit** [DIVIDEND] as income or resources
 23 received by the recipient of public assistance or by a member of the recipient's
 24 household unless required to do so by federal law or regulation. The Department of
 25 Health and Social Services shall notify all recipients of public assistance of the effects
 26 of **being issued** [RECEIVING] a permanent fund **refundable income tax credit**
 27 [DIVIDEND].

28 (b) An individual who is denied medical assistance under 42 U.S.C. 1396 -
 29 1396p (Social Security Act, Title XIX) solely because [OF] the **individual was issued**
 30 [RECEIPT OF] a permanent fund **refundable income tax credit** [DIVIDEND] by the
 31 individual or by a member of the individual's household is eligible for state-funded

1 medical assistance under AS 47.25.120 - 47.25.300 (general relief assistance
2 program). The individual is entitled to receive, for a period not to exceed four months,
3 the same level of medical assistance as the individual would have received under 42
4 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) had there been no permanent
5 fund **refundable income tax credit** [DIVIDEND] program.

6 (c) An individual who is denied assistance solely because **the individual was**
7 **issued a** permanent fund **refundable income tax credit** [DIVIDENDS] received by
8 the individual or by a member of the individual's household are counted as income or
9 resources under federal law or regulation is eligible for cash assistance under
10 AS 47.25.120 - 47.25.300 (general relief assistance program). Notwithstanding the
11 limit in AS 47.25.130, the individual is entitled to receive, for a period not to exceed
12 four months, the same amount as the individual would have received under other
13 public assistance programs had there been no permanent fund **refundable income tax**
14 **credit** [DIVIDEND] program.

15 * **Sec. 79.** AS 43.23.085 is amended to read:

16 **Sec. 43.23.085. Eligibility for state programs.** A program administered by
17 the state or any of its instrumentalities or municipalities, the eligibility for which is
18 based on financial need, may not consider a permanent fund **refundable income tax**
19 **credit issued to the individual** [DIVIDEND] as income or resources unless required
20 to do so by federal law or regulation.

21 * **Sec. 80.** AS 43.23.095(3) is amended to read:

22 (3) "**refundable income tax credit** [DIVIDEND] fund" means the fund
23 established by AS 43.23.045;

24 * **Sec. 81.** AS 43.23.095(5) is amended to read:

25 (5) "permanent fund **refundable income tax credit** [DIVIDEND]"
26 means a **tax credit issued** [RIGHT TO RECEIVE A PAYMENT] from the
27 **refundable income tax credit** [DIVIDEND] fund **and applied against an**
28 **individual's state income tax;**

29 * **Sec. 82.** AS 45.35.040 is amended to read:

30 **Sec. 45.35.040. Prohibited provisions.** A lease-purchase agreement may not
31 contain

- 1 (1) a confession of judgment;
- 2 (2) a negotiable instrument;
- 3 (3) a security interest in, or another claim on, real or personal property
- 4 that is not the subject of the agreement;
- 5 (4) a wage assignment;
- 6 (5) an assignment of an Alaska permanent fund **refundable income tax**
- 7 **credit** [DIVIDEND];
- 8 (6) a waiver by the consumer of claims or defenses relating to the
- 9 agreement;
- 10 (7) a provision authorizing the lessor or a person acting on the lessor's
- 11 behalf to enter the consumer's premises or to commit a breach of the peace in the
- 12 repossession of personal property;
- 13 (8) an agreement by the consumer to pay attorney fees and costs, except
- 14 as allowed under court rules.

15 * **Sec. 83.** AS 43.40.092(b) is amended to read:

16 (b) For purposes of this section,

17 (1) the term "resident worker" means an individual who

18 (A) is physically present in the state with the intent to remain in

19 the state indefinitely and has a home in the state;

20 (B) demonstrates that intent by maintaining a residence in the

21 state;

22 (C) possesses a resident fishing, trapping, or hunting license, or

23 receives a permanent fund **refundable income tax credit** [DIVIDEND]; and

24 (D) may be required to state under oath that the individual is not

25 claiming residency outside of the state or obtaining benefits under a claim of

26 residency outside of the state;

27 (2) the phrases "Alaska-licensed contractors" and "Alaska firms" mean

28 a contractor or firm that

29 (A) has held an Alaska business license for one year before

30 performing any work in connection with the commitment described in (a) of

31 this section;

1 (B) has maintained for one year a place of business within the
 2 state that deals in the supplies, services, or construction of the nature required
 3 for the commitment described in (a) of this section; and

4 (C) is

5 (i) a sole proprietorship and the proprietor is an Alaska
 6 resident;

7 (ii) a partnership and more than 50 percent of the
 8 partners are Alaska residents;

9 (iii) a corporation that has been incorporated in the state
 10 or is authorized to do business in the state; or

11 (iv) a joint venture composed entirely of ventures that qualify under this
 12 subparagraph.

13 * **Sec. 84.** AS 43.82.230(e)(3) is amended to read:

14 (3) "Alaska resident" means a natural person who

15 (A) **is eligible for and applies against a state income tax**
 16 [RECEIVES] a permanent fund **refundable income tax credit** [DIVIDEND]
 17 under AS 43.23; or

18 (B) is registered to vote under AS 15 and qualifies for a resident
 19 fishing, hunting, or trapping license under AS 16;

20 * **Sec. 85.** AS 44.99.205(c)(3) is amended to read:

21 (3) "program" includes the permanent fund **refundable income tax**
 22 **credit** [DIVIDEND] program under AS 43.23 and the longevity bonus program under
 23 AS 47.45;

24 * **Sec. 86.** AS 47.05.080(b) is amended to read:

25 (b) The permanent fund **refundable income tax credit** [DIVIDEND] of a
 26 former recipient of a public assistance program listed under (a) of this section may be
 27 taken under AS 43.23.065(b)(6) and 43.23.068 to satisfy the balance due on a
 28 defaulted overpayment claim.

29 * **Sec. 87.** AS 47.10.115(a) is amended to read:

30 (a) The department shall annually apply for a permanent fund **refundable**
 31 **income tax credit, file an individual income tax return,** [DIVIDEND] and retain in

1 trust any refund from an individual income tax return under AS 43.23.015(e) for
 2 the benefit of the child the refund [DIVIDEND] and accrued interest on the refund
 3 [DIVIDEND] if the child is in the custody of the department when the application is
 4 due.

5 * **Sec. 88.** AS 47.12.155(c) is amended to read:

6 (c) If a court orders a minor's parent or guardian to participate in treatment
 7 under (b) of this section, the court also shall order the parent or guardian to use any
 8 available insurance or another resource to cover the treatment, or to pay for the
 9 treatment if other coverage is unavailable. If the court determines that the parent or
 10 guardian is unable to pay for the treatment due to indigence and the department pays
 11 for the treatment, the department may seek reimbursement only from the indigent
 12 parent's or guardian's permanent fund refundable income tax credit [DIVIDEND].

13 * **Sec. 89.** AS 47.12.155(d) is amended to read:

14 (d) The permanent fund refundable income tax credit [DIVIDEND] of an
 15 indigent parent or guardian participating in treatment ordered under (b) of this section
 16 may be taken under AS 43.23.065(b)(6) and 43.23.066 to satisfy the balance due on a
 17 reimbursement claim by the department under (c) of this section.

18 * **Sec. 90.** AS 47.55.020(d) is amended to read:

19 (d) Notwithstanding AS 47.55.070 and (b) of this section, a resident of a home
 20 whose income, assets, and other resources are insufficient to pay the monthly rate set
 21 under AS 47.55.030(b), and who does not have private insurance to cover the cost of
 22 care, qualifies for payment assistance if the resident is otherwise in compliance with
 23 requirements under this chapter. The amount of payment assistance equals the amount
 24 needed, when added to other income and assets of the resident, to pay the monthly rate
 25 set under AS 47.55.030(b). Payment assistance received by a home resident is a debt
 26 to the state. In determining the amount of payment assistance for which a home
 27 resident qualifies, the following income, assets, and other resources of the resident
 28 shall be disregarded:

29 (1) income from any source in an amount up to \$200 a month as
 30 established by the department by regulation;

31 (2) the following assets received under 43 U.S.C. 1601 et seq. (Alaska

1 Native Claims Settlement Act):

2 (A) cash dividends and other income equal to at least \$2,000 as
3 established by the department by regulation;

4 (B) stock;

5 (C) noncash dividends from stock; and

6 (D) land;

7 (3) a permanent fund refundable income tax credit [DIVIDEND]
8 issued under AS 43.23;

9 (4) compensation to volunteers under the federal retired and senior
10 volunteers (42 U.S.C. 5001), foster grandparents (42 U.S.C. 5011), and senior
11 companion (42 U.S.C. 5013) programs made in accordance with 42 U.S.C. 5044(f);

12 (5) federal World War II restitution payments made under 50 U.S.C.
13 App. 1989b-4 and c-5;

14 (6) payments under AS 18.67 (Violent Crimes Compensation Board);

15 (7) an amount, determined by the department by regulation, that is
16 sufficient for burial expenses of the resident, the resident's spouse, and dependents of
17 the resident;

18 (8) real property being used as the primary residence of the resident's
19 spouse or a dependent of the resident;

20 (9) other real or personal property equal to at least a total value of up to
21 \$10,000 as established by the department by regulation;

22 (10) federal payments that are excluded by law from income for federal
23 assistance purposes.

24 * **Sec. 91.** AS 09.38.015(a)(9); AS 43.05.085; AS 43.20.012(b), 43.20.013;
25 AS 43.23.035(b), and 43.23.035(d) are repealed.

26 * **Sec. 92.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 APPLICABILITY. (a) The individual income tax under AS 43.22, enacted by sec. 24
29 of this Act, applies to income received on or after the effective date of this Act.

30 (b) Notwithstanding the changes made in secs. 1 - 23 and 25 - 91 of this Act related to
31 the change of the permanent fund dividend to a refundable income tax credit, for purposes of

1 awarding a dividend, or considering or disputing the eligibility of an individual for a
2 permanent fund dividend, before the effective date of this Act, the Department of Revenue
3 shall apply AS 43.23 and the regulations adopted thereunder, as those statutes and regulations
4 read on the day before the effective date of this Act.

5 * **Sec. 93.** This Act takes effect January 1, 2017.