

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSHB 336 (ENE)
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB336CS(ENE)-DOR-AHFC-04-02-12 Dept. Affected Revenue
 Title Energy Assistance Program & Vouchers Appropriation Alaska Housing Finance Corp.
 Allocation AHFC Operations
 Sponsor Representative Thompson
 Requester House Energy Committee OMB Component Number 110

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services	1,495.0		742.5	742.5	742.5	445.5	445.5
Travel	50.0		25.0	15.0	5.0	5.0	5.0
Services	13,195.0		763.5	460.0	460.0	313.4	313.4
Commodities							
Capital Outlay	10.0						
Grants, Benefits							
Miscellaneous	250.0						
TOTAL OPERATING	15,000.0	0.0	1,531.0	1,217.5	1,207.5	763.9	763.9

FUND SOURCE (Thousands of Dollars)							
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1061	CIP Rcpts (Other)	15,000.0	1,531.0	1,217.5	1,207.5	763.9	763.9
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		15,000.0	0.0	1,531.0	1,217.5	763.9	763.9

POSITIONS							
Full-time	10		5	3	3	2	2
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 465,000.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version.

Prepared by Stacy Schubert, Director Governmental Relations & Public Affairs Phone 907-301-4556
 Division Alaska Housing Finance Corporation Date/Time 4/2/12 8:05 PM
 Approved by Dan Fauske, Alaska Housing Finance Corporation Date 4/2/2012
Department of Revenue

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BILL NO. CSHB 336 (ENE)

Analysis

This bill requires Alaska Housing Finance Corporation (AHFC) to issue an energy voucher to each adult eligible for the permanent fund dividend in 2012. The energy voucher would be redeemable for 250 gallons of heating oil, the monetary equivalent of 35,000 cubic feet of natural gas, or the monetary equivalent of 1,500 kilowatt-hours of electricity. The voucher would be redeemable with a qualified energy distributor.

AHFC would be required to specify a date in 2012 for which each qualified distributor shall submit its retail prices for the fuel or energy source, and to issue payment for the published price of fuel on a certain date to a qualified distributor upon receipt of a voucher.

The energy distributor would credit the full amount to the recipient's account upon receipt of payment by AHFC. The energy voucher must be issued to eligible recipients not more than 30 days following the issuance of 2012 permanent fund dividend, and is valid for four months from date of issuance. The voucher is nontransferable except under specific circumstances including:

By a tenant to a landlord for rent deduction if the tenant does not pay directly for energy use or is unable to access an eligible distributor;

By an individual who is unable to access an eligible distributor. The individual may receive a check for \$250 from AHFC; or

If the voucher recipient dies before the voucher is issued or redeemed, it may be transferred to a personal representative or successor.

AHFC would be required to work closely with Department of Revenue (PFD division) to access qualified recipient information to develop and implement the voucher program with appropriate controls.

Section 2 of this bill directs the Office of the Governor to provide a report to the legislature before October 1, 2012 that analyzes and recommends an energy assistance program to be implemented in the fiscal year ending June 30, 2014.

Fund Amount:

In developing this fiscal note, there is an assumption that capital funds will be appropriated. A complete and accurate fiscal impact will be dependent on a number of factors which are presently unknown and include:

The date specified and agreed on by AHFC of the reimbursable price for the energy provided in each community; and

The number of participating distributors, number of Alaskans eligible to receive the voucher, and number of vouchers reimbursed for a negotiated rent reduction or a \$250 check.

Given the above-mentioned uncertainty, AHFC estimates cost impact of this bill will range from \$328,325,753 to \$465,000,000.

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Analysis Continued

Administrative Costs:

AHFC recognizes that it will not be possible to ramp up staff capacity to achieve the objectives described in the bill within the time constraints established in the bill. Therefore, AHFC intends to contract the majority of the work to obtain services, including, but not limited to:

- Establish dedicated program database for tracking, administration and management of voucher recipients and distributors;
- Create and establish dedicated website with online claim filing capabilities;
- Establish and maintain toll-free telephone number at call center for customer support;
- Develop and implement an outreach program, including possible grassroots campaign to reach Alaska residents;
- Provide direct mail notice to Alaska residents and potentially qualified distributors regarding the program;
- Receive and process distributor requests for qualification;
- Establish procedures to qualify distributors for participation in the program;
- Maintain list of qualified distributors;
- Receive and process distributor claims for reimbursement;
- Create and issue personalized, nontransferable uniquely numbered vouchers to Alaska residents;
- Issue reimbursement checks to distributors who submit valid claims for reimbursement;
- Track voucher redemption;
- Handle replacement voucher requests, as needed;
- Process claims for a \$250 check in lieu of the voucher and determine eligibility, as required;
- Issue \$250, as needed, to eligible recipients, as required ;
- Create and issue 1099's for recipients, as required.
- Receive and process administrative mail from distributors and/or Alaska residents;
- Providing reporting of status of the administrative activities; and
- Maintain a record of all program contacts and responses thereto.

Based on the list of services above, AHFC anticipates the cost of services at \$15 million in FY13.

This fiscal note is based on the bill language that establishes the "voucher program" as a one year program. Given the scope and nature of utilization of contract services, extensive ramp-up will be required. Some elements for appeal processes extend up to six years, and there will be costs for the ramp down and dismantling of the program.

This estimate is based upon the possible requirements of AHFC as established in the bill. AHFC staff will be required to manage the necessary contract(s). Additional staff and expenses include administration, information systems, human resources, audit, and accounting support, computers and office space and systems, communications and travel.

Furthermore, as one of the state's largest landlords, AHFC's public housing division will be required to respond to tenant inquiries as it relates to the negotiation allowed under Section 1 (g) of the bill.

Total estimated operating costs for FY13 are \$15 million. This amount is listed as CIP Receipts as it will come from the capital appropriation.