

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 303
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB 303-DOR-PFD-2-12-2016
Title: PERM FUND: EARNINGS, DEPOSITS,
ACCOUNTS
Sponsor: MILLETT
Requester: House Finance

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Permanent Fund Dividend Division
OMB Component Number: 981

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Prepared By: <u>Sara Race, Director</u>	Phone: <u>(907)465-4785</u>
Division: <u>Permanent Fund Dividend</u>	Date: <u>02/12/2016 12:30 PM</u>
Approved By: <u>Jerry Burnett, Deputy Commissioner</u>	Date: <u>02/12/16</u>
Agency: <u>Department of Revenue</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HB 303

Analysis

Bill Analysis

The proposed legislation will alter the method in which funds are made available to calculate the annual dividend. Instead of a transfer of income from the Alaska Permanent Fund Corporation the dividend fund will be replenished by an amount appropriated by the legislature in the newly added section 37.13.015. Additionally, the amount available for distribution will be 5 percent of average market value of the fund, instead of 21 percent of net income, and it will include the balance of the earning reserve account established under AS 37.13.145.

Although the way in which funds become available to disburse dividends is important, the proposed changes that will directly impact the calculation process are; (1) having additional funds available if the annual estimated dividend amount were to fall short of \$1000.00 and (2) the potential of an unobligated balance on June 30 of the fiscal year being appropriated rather than carried forward to the subsequent fiscal year.

Annually, the dividend amount is calculated in mid-September for the first payment distribution, which gets paid near the beginning of October. If an additional amount was necessary to reach a \$1000.00 per dividend threshold, the additional appropriated funds would need to be accessible as needed to pay eligible Alaskans.