

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: HB 224  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB 224-DOR-PFD-2-15-2016  
Title: PERM FUND: INCOME; DISTRIBUTION; PFD;  
Sponsor: HAWKER  
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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	<b>FY 2017</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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If yes, by what date are the regulations to be adopted, amended or repealed?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:	Sara Race, Director	Phone:	(907)465-4785
Division:	Permanent Fund Dividend	Date:	02/15/2016 12:30 PM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	02/15/16
Agency:	Department of Revenue		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. SSHB 224

### 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 (APFC) the dividend fund will be replenished by an amount, if available, after any net deficit of unrestricted general funds in the proposed capital and operating budgets are satisfied for the succeeding fiscal year. The amount will be available for transfer from the account created in AS 43.23.049(c) during the year.

The dividend calculation would change to a "not to exceed" sliding scale that is dependent on the combined value of the constitutional budget reserve fund and the statutory budget reserve fund including unrealized gains or losses. With a \$2,000 per dividend cap. Funds to pay dividends will be made available on October 1 of each year, instead of the current July 1 (25%) and July 31 (remaining balance) transfers from the APFC.

Two provisions in the bill have the potential to significantly affect the Division; (1) the dividend program ceasing to exist if a personal income tax is implemented, as the dividend amount to be distributed would be zero and (2) funds will not be available from July 1, until October 1 of each year for administrative and associated costs.

Current budget practices move the operating funds for the dividend division from the permanent fund at the beginning of each fiscal year, before the full amount for dividends is transferred. In the absence of some provision in the operating budget bill to fund operations from July 1-October 1, if a fund transfer does not occur until October 1 of each year the division will not have adequate funds available to cover operating expenses for the three month gap, even if the division operates within the 20 percent or \$500,000 overspending tolerance. Personal service expenses would be covered first and all remaining expenses would remain outstanding until funds are received.