

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SSHB224-DOA-VCCB-02-16-16
Title: PERM FUND: INCOME; DISTRIBUTION; PFD;
Sponsor: HAWKER
Requester: House Finance

Department: Department of Administration
Appropriation: Violent Crimes Compensation Board
Allocation: Violent Crimes Compensation Board
OMB Component Number: 2694

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
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Not applicable, initial version.

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Division: <u>Violent Crimes Compensation Board</u>	Date: <u>02/16/2016 08:00 AM</u>
Approved By: <u>Sheldon Fisher, Commissioner</u>	Date: <u>02/16/16</u>
Agency: <u>Department of Administration</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SSHB224

Analysis

The financial impact of this bill on the Violent Crimes Compensation Board is indeterminate but potentially will significantly reduce available funding.

The Violent Crimes Compensation Board currently receives an annual appropriation from the dividend fund. This appropriation is calculated by the Office of Management and Budget and is based on (a) the amount of the permanent fund dividend, calculated by the Commissioner of Revenue on an annual basis and (b) the number of individuals who are ineligible to receive a permanent fund dividend because they are incarcerated felons. This annual appropriation is used by the Board for operating costs, as well as paying compensation to victims of violent crime.

This bill will change the way in which appropriations to the permanent fund itself are made and the way in which the permanent fund dividend is calculated. The bill significantly reduces the amount available for distribution by way of dividend in two major ways: (a) the percentage available for distribution is reduced from 21% of the fund's value to 4.5%, and (b) the dividend is to be capped at an amount between \$250 and \$2000 depending upon the amount of money on deposit in the Constitutional and Statutory Budget reserve accounts. Thus, there is a significant possibility that the amount of the dividend will decrease as a result of this bill. Accordingly, the bill is likely to have the effect of reducing the current source of state funding for the Violent Crimes Compensation Board without any indication of how that funding would be replaced. Finally the bill provides that if a State personal income tax is assessed, then the amount of the dividend will be zero. In that scenario, an alternative funding source would have to be found for the Violent Crimes Compensation Board since a violent crime compensation program is required as a matter of federal law.

This appropriation is not the only source of funding for the Violent Crimes Compensation Board. The Board also receives an annual federal grant. However, this is a formula grant, predicated on the prior year's certified state expenditures. Thus, if less state money is available to spend on grants to victims of crime, so federal funding would decrease the following year and forward. Should the dividend be reduced to zero, then clearly federal funding would also reduce to zero.

The fiscal note is indeterminate at this time because it is not possible to predict at this stage either the amount of the dividend in outlying years, nor the numbers of incarcerated felons (and thus the amounts to be appropriated to the Violent Crimes Compensation Board).