

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 26
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB026CS(FIN)-DOR-PFD-04-10-17
Title: APPROP LIMIT & PER
FUND:DIVIDEND;EARNINGS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: HOUSE FINANCE

Department: PF Dividends
Appropriation: PF Dividends
Allocation: To Permanent Fund Dividend Fund
OMB Component Number: 2616

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous	137,350.0	695,650.0	881,000.0	875,000.0	894,000.0	913,000.0	934,000.0
Total Operating	137,350.0	695,650.0	881,000.0	875,000.0	894,000.0	913,000.0	934,000.0

Fund Source (Operating Only)

1041 PF ERA (UGF)	137,350.0	695,650.0	881,000.0	875,000.0	894,000.0	913,000.0	934,000.0
Total	137,350.0	695,650.0	881,000.0	875,000.0	894,000.0	913,000.0	934,000.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Estimated CAPITAL (FY2018) 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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Updated to reflect changes in HFIN CS - This fiscal note reflects 33% of the payout from the Earning Reserve Account for dividends. The \$695,650.0 included in the Governor's budget (shown in the second column) covers a dividend of \$1000. The \$137,350.0 in the "FY18 Appropriation Requested" column is the additional amount needed to cover a dividend of \$1,250 as proposed by this legislation, bringing the total amount needed for FY18 to \$833 million. Numbers are based on the 2016 DOR Fall Forecast.

Prepared By: Sara Race, Director	Phone: (907)465-4785
Division: Permanent Fund Dividend Division	Date: 04/10/2017 04:00 PM
Approved By: Jerry Burnett, Deputy Commissioner	Date: 04/10/17
Agency: Department of Revenue	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 26

Analysis

This legislation makes several changes that directly affect the Permanent Fund Dividend program, however it will have minimal operational impacts. Changes include establishing a minimum dividend amount for the next two years, modifying the dividend calculation, and transitioning to a Percent of Market Value (POMV) model.

First and foremost, the legislation will fund the dividend fund with 33% of the calculated Percent of Market Value (POMV) set at five and a quarter percent, with a minimum dividend amount of \$1,250 for the next two years. Although the division will not be using the formula that has been used in prior years to calculate the dividend, there are several factors that still must be considered including the amount required to fund prior year liabilities, reserves, and appropriations (hold-harmless provision for Public Assistance, Physical Health Care, and the Violent Crimes Compensation Board, and the Division's Administrative costs). The expected appropriation for the dividends, assuming an annual population growth, would range from \$833 million up to \$934 million.

On the third year, the 2020 dividend, there will no longer be a minimum dividend value.

FY	Market value (first 5 of previous 6 years average)	Percentage used	Total POMV payout	Dividend funds	Dividend calculation	Royalties beyond 25% dedication*
2018	\$48,109	5.25%	\$2,526	\$833	33% of previous year's POMV or \$1250 * number of recipients	54.9
2019	\$50,844	5.25%	\$2,669	\$881	33% of previous year's POMV or \$1250 * number of recipients	62.2
2020	\$53,002	5.00%	\$2,650	\$875	33% of previous year's POMV	70.3
2021	\$54,204	5.00%	\$2,710	\$894	33% of previous year's POMV	77.0
2022	\$55,321	5.00%	\$2,766	\$913	33% of previous year's POMV	75.9
2023	\$56,632	5.00%	\$2,832	\$934	33% of previous year's POMV	75.3

For dividends, FY 2019 number reflects dividends paid in CY 2018, and so on.

FY 2018 dividend funds are assumed to be the same as FY 2019.

*Source: 2016 Fall RSB table 1-1

These numbers represent DOR's projection of royalties (petroleum and non-petroleum) that would be deposited into the Permanent Fund above the 33% constitutional requirement under the status quo. SB 26 reduces the royalty deposits to the constitutional requirement.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 26
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB026CS(FIN)-PF-ERA-04-10-17
Title: APPROP LIMIT & PER
FUND:DIVIDEND;EARNINGS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: HOUSE FINANCE

Department: Permanent Fund ERA Appropriations
Appropriation: PF ERA Appropriations
Allocation: To General Fund (Revenue)
OMB Component Number: 3121

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous		1,693,000.0	1,788,000.0	1,775,000.0	1,816,000.0	1,853,000.0	1,898,000.0
Total Operating	0.0	1,693,000.0	1,788,000.0	1,775,000.0	1,816,000.0	1,853,000.0	1,898,000.0

Fund Source (Operating Only)

1041 PF ERA (UGF)		1,693,000.0	1,788,000.0	1,775,000.0	1,816,000.0	1,853,000.0	1,898,000.0
Total	0.0	1,693,000.0	1,788,000.0	1,775,000.0	1,816,000.0	1,853,000.0	1,898,000.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1250 UGF Rev (UGF)		1,693,000.0	1,788,000.0	1,775,000.0	1,816,000.0	1,853,000.0	1,898,000.0
Total	0.0	1,693,000.0	1,788,000.0	1,775,000.0	1,816,000.0	1,853,000.0	1,898,000.0

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

Estimated CAPITAL (FY2018) 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:

Updated to HFIN CS - This revised fiscal note reflects the gross payout of \$2,526,000.0 to the general fund. Of this amount, \$833,000.0 would be paid for dividends (included in a separate fiscal note for the Permanent Fund Dividend agency/appropriation). Therefore, the net revenue to the general fund is \$1,693,000.0.

Prepared By: Jerry Burnett, Deputy Commissioner
Division: Commissioner's Office
Approved By: Randall Hoffbeck, Commissioner
Agency: Department of Revenue

Phone: (907)465-3669
Date: 04/10/2017 11:00 AM
Date: 04/10/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 26 _____

Analysis

This legislation makes several changes to various aspects of the Permanent Fund program, including changes to the dividend calculation, changes to how Fund earnings are used, and changes to how royalty revenue is shared among various governmental funds. All amounts shown are based on a combination of the Department of Revenue's Fall 2016 revenue forecast and assumptions used by the Office of Management and Budget for development of the FY 2018 budget proposal. For purposes of this fiscal note the impacts are shown beginning with FY 2018.

One provision of this legislation is to reduce the share of minerals bonuses, rents, and royalties that are deposited to the Permanent Fund from 50% to 25% for certain leases. The Alaska Constitution mandates that 25% of all minerals bonuses, rents, and royalties be deposited into the Permanent Fund. However, for leases issued after February 15, 1980, a higher 50% of bonuses, rents, and royalties are deposited into the Permanent Fund. This legislation would reduce the contribution rate to the Permanent Fund for those leases to the constitutionally mandated 25%. Based on the Department of Revenue's Fall 2016 production and price assumptions, this provision of the bill would increase deposits to the General Fund by approximately \$55 million to \$77 million annually, while reducing royalty deposits to the Permanent Fund principal by the same amount.

From July 1, 2018 to July 1, 2020 the bill would allow for an annual draw from the Permanent Fund earnings reserve of up to 5.25 percent of the average market value of the fund, including the earnings reserve, for the first five of the preceding six fiscal years. This POMV amount changes to 5 percent on July 1, 2020. This draw would be allocated between the Dividend Fund and the General Fund. Based on the Fall 2016 revenue forecast for royalty deposits (only the constitutionally mandated 25%), this provision of the bill would increase deposits to the General Fund by approximately \$2,526 million to \$2,940 million annually. This legislation would reduce the balance of the Permanent Fund Earnings Reserve Account by the same amount each year. But is expected to preserve the overall inflation adjusted value of the Permanent Fund.

This legislation would also modify how dividends are calculated and funded. The annual Permanent Fund Dividend to eligible Alaskans would be funded by appropriation from the Earnings Reserve Account. The appropriation for dividends would be based on a 33% of the calculated maximum transfer from the Permanent Fund ERA.

CS SB 26 version U Fiscal Note (\$ millions): Median output from probabilistic model run 9:30 AM 4/10/17

FY	Market value (first 5 of previous 6 years average)	Percentage used	Total POMV payout	Dividend funds	Dividend calculation	Royalties beyond 25% dedication*
2018	\$48,109	5.25%	\$2,526	\$833	33% of previous year's POMV or \$1250 * number of recipients	54.9
2019	\$50,844	5.25%	\$2,669	\$881	33% of previous year's POMV or \$1250 * number of recipients	62.2
2020	\$53,002	5.00%	\$2,650	\$875	33% of previous year's POMV	70.3
2021	\$54,204	5.00%	\$2,710	\$894	33% of previous year's POMV	77.0
2022	\$55,321	5.00%	\$2,766	\$913	33% of previous year's POMV	75.9
2023	\$56,632	5.00%	\$2,832	\$934	33% of previous year's POMV	75.3

For dividends, FY 2019 number reflects dividends paid in CY 2018, and so on.

FY 2018 dividend funds are assumed to be the same as FY 2019.

*Source: 2016 Fall RSB table 1-1

These numbers represent DOR's projection of royalties (petroleum and non-petroleum) that would be deposited into the Permanent Fund above the 33% constitutional requirement under the status quo. SB 26 reduces the royalty deposits to the constitutional requirement.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 26
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB26HCS(FIN)-DOR-PFP-04-10-17
Title: APPROP LIMIT & PER
FUND:DIVIDEND;EARNINGS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: HOUSE FINANCE

Department: Fund Transfers
Appropriation: PF ERA
Allocation: To Deposits to Permanent Fund Principal
OMB Component Number: 2726

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous	120,272.0		127,110.0	132,505.0	135,510.0	138,303.0	141,580.0
Total Operating	120,272.0	0.0	127,110.0	132,505.0	135,510.0	138,303.0	141,580.0

Fund Source (Operating Only)

1041 PF ERA (UGF)	120,272.0		127,110.0	132,505.0	135,510.0	138,303.0	141,580.0
Total	120,272.0	0.0	127,110.0	132,505.0	135,510.0	138,303.0	141,580.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Estimated CAPITAL (FY2018) 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? n/a

Why this fiscal note differs from previous version:

Initial fiscal - reflects inflation proofing included in HFIN CS.

Prepared By: <u>Jerry Burnett, Deputy Commissioner</u>	Phone: <u>(907)465-3669</u>
Division: <u>Department of Revenue</u>	Date: <u>04/10/2017 11:30 AM</u>
Approved By: <u>Randall Hoffbeck, Commissioner</u>	Date: <u>04/10/17</u>
Agency: <u>Department of Revenue</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 26

Analysis

The committee substitute was adopted in House Finance which provides that 0.25% percent of the average market value of the fund for the first five of the preceeding six years be appropriated from the Earnings Reserve Account to the Principal of the Permanent Fund for the purpose of inflation-proofing the principal of the fund.

Based on .25% of market value, inflation proofing would be calculated as follows:

SB26 Inflation Proofing (\$ millions)			
FY	Market Value (first 5 of previous 6 years average)	Percentage Used	Inflation Proofing
2018	48,109	0.25%	120.273
2019	50,844	0.25%	127.110
2020	53,002	0.25%	132.505
2021	54,204	0.25%	135.510
2022	55,321	0.25%	138.303
2023	56,632	0.25%	141.580

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 26
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB026CS(FIN)-VARIOUS-04-10-17
Title: APPROP LIMIT & PER
FUND:DIVIDEND;EARNINGS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance

Department: Various (for Fiscal Notes only)
Appropriation: Various
Allocation: All Branches
OMB Component Number: 0

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1250 UGF Rev (UGF)		54,900.0	62,200.0	70,300.0	77,000.0	75,900.0	75,300.0
1251 Non-UGF (Other)		(54,900.0)	(62,200.0)	(70,300.0)	(77,000.0)	(75,900.0)	(75,300.0)
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Estimated CAPITAL (FY2018) 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:

Revised to HFIN CS (updated chart) - This fiscal note reflects the reduction of royalty deposits to the permanent fund to the constitutionally mandated 25%. The non-mandated portion now goes to the general fund.

Prepared By: <u>Jerry Burnett, Deputy Commissioner</u>	Phone: <u>(907)465-3669</u>
Division: <u>Commissioner's Office</u>	Date: <u>04/10/2017 11:00 AM</u>
Approved By: <u>Randall Hoffbeck, Commissioner</u>	Date: <u>04/10/17</u>
Agency: <u>Department of Revenue</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 26

Analysis

This legislation makes several changes to various aspects of the Permanent Fund program, including changes to the dividend calculation, changes to how Fund earnings are used, and changes to how royalty revenue is shared among various governmental funds. All amounts shown are based on a combination of the Department of Revenue's Fall 2016 revenue forecast and assumptions used by the Office of Management and Budget for development of the FY 2018 budget proposal. For purposes of this fiscal note the impacts are shown beginning with FY 2018.

One provision of this legislation is to reduce the share of minerals bonuses, rents, and royalties that are deposited to the Permanent Fund from 50% to 25% for certain leases. The Alaska Constitution mandates that 25% of all minerals bonuses, rents, and royalties be deposited into the Permanent Fund. However, for leases issued after February 15, 1980, a higher 50% of bonuses, rents, and royalties are deposited into the Permanent Fund. This legislation would reduce the contribution rate to the Permanent Fund for those leases to the constitutionally mandated 25%. Based on the Department of Revenue's Fall 2016 production and price assumptions, this provision of the bill would increase deposits to the General Fund by approximately \$55 million to \$77.0 million annually, while reducing royalty deposits to the Permanent Fund principal by the same amount.

From July 1, 2018 to July 1, 2020 the bill would allow for an annual draw from the Permanent Fund earnings reserve of up to 5.25 percent of the average market value of the fund, including the earnings reserve, for the first five of the preceding six fiscal years. This POMV amount changes to 5 percent on July 1, 2020. This draw would be allocated between the Dividend Fund and the General Fund. This legislation would also modify how dividends are calculated and funded. The annual Permanent Fund Dividend to eligible Alaskans would be funded by appropriation from the Earnings Reserve Account. The appropriation for dividends would be based on 33% of the calculated maximum transfer from the Permanent Fund ERA.

CS SB 26 version U Fiscal Note (\$ millions): Median output from probabilistic model run 9:30 AM 4/10/17

FY	Market value (first 5 of previous 6 years average)	Percentage used	Total POMV payout	Dividend funds	Dividend calculation	Royalties beyond 25% dedication*
2018	\$48,109	5.25%	\$2,526	\$833	33% of previous year's POMV or \$1250 * number of recipients	54.9
2019	\$50,844	5.25%	\$2,669	\$881	33% of previous year's POMV or \$1250 * number of recipients	62.2
2020	\$53,002	5.00%	\$2,650	\$875	33% of previous year's POMV	70.3
2021	\$54,204	5.00%	\$2,710	\$894	33% of previous year's POMV	77.0
2022	\$55,321	5.00%	\$2,766	\$913	33% of previous year's POMV	75.9
2023	\$56,632	5.00%	\$2,832	\$934	33% of previous year's POMV	75.3

For dividends, FY 2019 number reflects dividends paid in CY 2018, and so on.

FY 2018 dividend funds are assumed to be the same as FY 2019.

*Source: 2016 Fall RSB table 1-1

These numbers represent DOR's projection of royalties (petroleum and non-petroleum) that would be deposited into the Permanent Fund above the 33% constitutional requirement under the status quo. SB 26 reduces the royalty deposits to the constitutional requirement.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	SB 26
Fiscal Note Number:	4
(S) Publish Date:	1/18/2017

Identifier: DOR-APFC-1-12-17
 Title: PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: GOVERNOR

Department: Department of Revenue
 Appropriation: Alaska Permanent Fund Corporation
 Allocation: APFC Investment Management Fees
 OMB Component Number: 2310

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
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

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Estimated CAPITAL (FY2018) 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:

Initial version.

Prepared By:	Paulyn Swanson	Phone:	(907)796-1520
Division:	Alaska Permanent Fund Corporation	Date:	01/12/2017 01:00 PM
Approved By:	Angela Rodell	Date:	01/12/17
Agency:	Alaska Permanent Fund Corporation		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

The bill would allow for an annual draw from the Permanent Fund earnings reserve of up to 5.25 percent of the average market value of the fund, including earnings reserve, for the first five of the preceding six fiscal years. This draw would be allocated between the Dividend Fund and the General Fund. Managing toward this liability may change the asset allocation of the Permanent Fund, however at this time it is difficult to forecast if it would impact the asset allocation to a degree that would require additional investment staff, accounting staff or related resources.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 26
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB26HCS(FIN)-DOC-PHC-04-10-17
Title: APPROP LIMIT & PER
FUND:DIVIDEND;EARNINGS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: (H)FINANCE

Department: Department of Corrections
Appropriation: Health and Rehabilitation Services
Allocation: Physical Health Care
OMB Component Number: 2952

Expenditures/Revenues

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

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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)

1171 PFD Crim (Other)		(9,103.6)	(6,289.6)	(6,289.6)	(5,647.8)	(5,351.6)	(5,030.7)
1197 AK Cap Fnd (Other)		9,103.6	6,289.6	6,289.6	5,647.8	5,351.6	5,030.7
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Estimated CAPITAL (FY2018) 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:

SB 26, updated to reflect the changes in Version U.

Prepared By: <u>April Wilkerson</u>	Phone: <u>(907)465-3460</u>
Division: <u>Administrative Services - Department of Corrections</u>	Date: <u>04/10/2017 10:58 AM</u>
Approved By: <u>Dean Williams, Commissioner</u>	Date: <u>04/10/17</u>
Agency: <u>Department of Corrections</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 26

Analysis

Passage of this legislation would amend AS 37.13 and change the way permanent fund dividends are calculated.

The reduction in the CY2016 dividend amount from an estimated \$2,072.00 to \$1,022.00 significantly reduced the amount of PFD Criminal Funds available to the Department of Corrections Physical Health Care component for FY2018.

As a result, a fund source change of \$9,103,600.00 from the PFD Criminal Fund to the Alaska Capital Income Fund is requested in the FY2018 Governor's budget in order to maintain the necessary level of funding for inmate health care.

The Department of Corrections Physical Health Care component receives a portion of the \$12,613,524.00 PFD Criminal Funds available which is based on a fluctuating annual PFD amount and the number of persons deemed ineligible during the appropriate year. For FY2018 the \$12,613,524.00 available is based on the CY2016 annual PFD amount of \$1,022.00 and an estimated 12,342 individuals deemed ineligible under AS 43.23.005(d). The portion of PFD Criminal Funds available to Corrections for FY2018 is \$11,191,000.00 after the \$1,422,500.00 proposed deposit into the Crime Victim Compensation Fund.

Using the Office of Management and Budget projection model with the same number of individuals identified as ineligible and the base PFD Criminal Fund appropriated, this legislation would adjust the amount of future PFD Criminal Funds to the Department of Corrections for inmate health care requiring fund source changes as follows:

In FY2019 and FY2020, it is projected the dividend would be \$1,250.00 for CY2017 and CY2018 and would increase the amount of PFD Criminal Funds available by an additional \$2,814,000.00 requiring the continuation of \$6,289,600.00 from another fund source, proposed from the Alaska Capital Income Fund.

In FY2021, it is projected the dividend would be \$1,302.00 for CY2019 and would increase the amount of PFD Criminal Funds available by \$641,800.00 requiring the continuation of \$5,647,800.00 from another fund source, proposed from the Alaska Capital Income Fund.

In FY2022, it is projected the dividend would be \$1,326.00 for CY2020 and would increase the amount of PFD Criminal Funds available by an additional \$296,200.00 requiring the continuation of \$5,351,600.00 from another fund source, proposed from the Alaska Capital Income Fund.

In FY2023, it is projected the dividend would be \$1,352.00 for CY2021 and would increase the amount of PFD Criminal Funds available by an additional \$320,900.00 requiring the continuation of \$5,030,700.00 from another fund source, proposed from the Alaska Capital Income Fund.