

State of Alaska Department of Revenue

Department of Revenue

Presentation to the Senate Finance Subcommittee

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Bruce Tangeman, Commissioner

Brad Ewing, Admin. Services Director



THE STATE
of **ALASKA**

GOVERNOR MICHAEL J. DUNLEAVY

Department Overview: **Mission and Core Programs**

- Mission: To collect, distribute, and invest funds for public purposes
- Core Divisions
 - Tax Division: **Collect**
 - Treasury Division: **Invest**
 - Permanent Fund Dividend Division: **Distribute**
 - Child Support Services Division: **Collect and Distribute**
- Support and Oversight Functions
 - Commissioner's Office
 - Administrative Services Division
 - IT sections in divisions
 - Criminal Investigations Unit

Department Overview: Details by Component

Allocation and/or Program	FY19 Funding (in thousands)	# of Budgeted Positions / Filled	Rating of Effectiveness	Constitution Requirement	Federally Required	Required by Statute
Tax Division	\$15,228.8: \$14,263 GF (94%) \$965.8 other (6%)	107/92 PFT 1 / 1 NP	Effective	No	No	Yes
Treasury Division	\$9,986.3: \$3,220.3 GF (32%) \$6,766.0 other (68%)	42/40 PFT 1/1 PPT	Effective	No	No	Yes
Unclaimed Property	\$523.8: \$523.8 GF	3/3 PFT	Effective	No	No	Yes; AS 34.45
Alaska Retirement Management Board (ARMB)	\$10,032.9: \$10,032.9 other		Effective	No	No	Yes; AS 37.10.210-390
ARMB Custody and Management Fees	\$50,000.0: \$50,000.0 other		Effective	No	No	Yes; AS 37.10.210-390

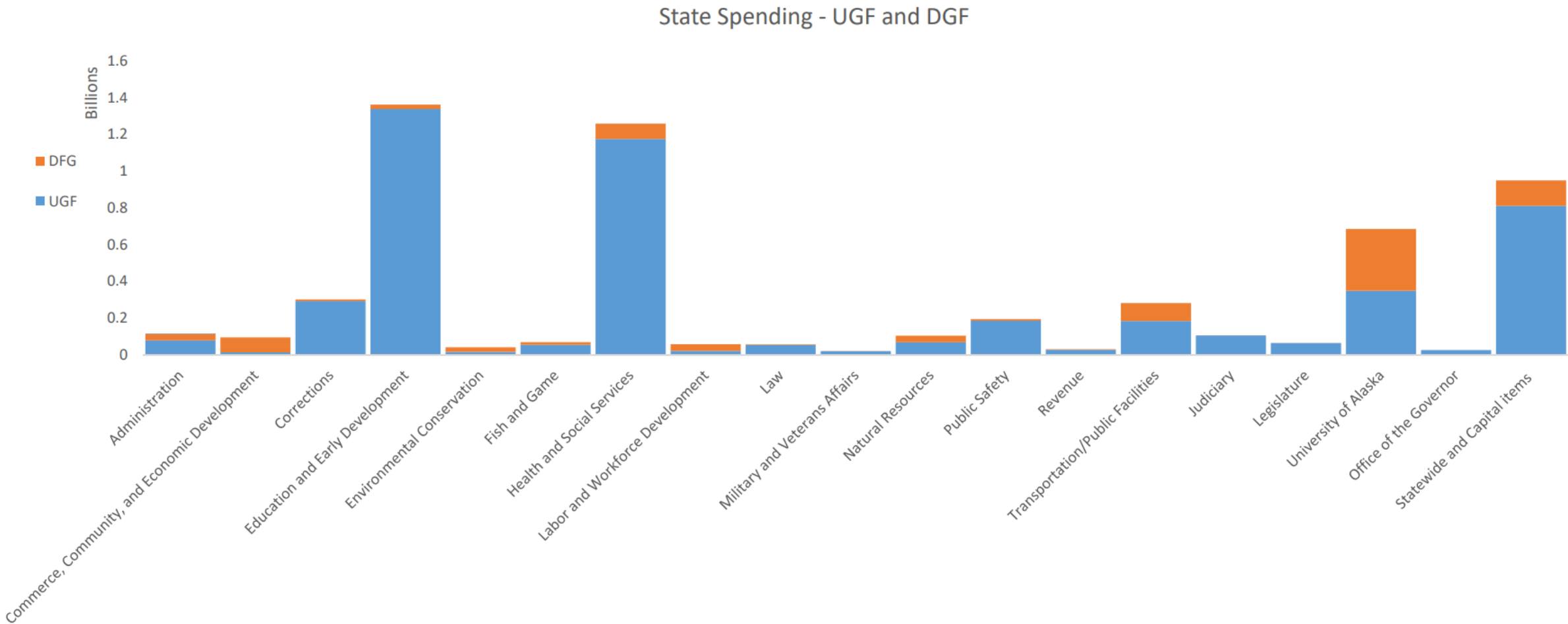
Department Overview: Details by Component

Allocation and/or Program	FY19 Funding (in thousands)	# of Budgeted Positions / Filled	Rating of Effectiveness	Constitution Requirement	Federally Required	Required by Statute
Permanent Fund Dividend Division	\$8,746.3: \$403.3 GF (5%) \$8,343.0 other (95%)	68/61 PFT 8/3 PPT	Effective	No	No	Yes; AS 37.13 AS 43.23
Child Support Services Division	\$25,626.7: \$7,820.7 GF (31%) \$17,806.0 Fed (69%)	196/180 PFT	Effective	No	Yes; Social Security Act	Yes; AS 25.27.010
Office of the Commissioner	\$917.6: \$134.7 GF (15%) \$193.6 other (21%) \$589.3 Fed (64%)	3/2 PFT	Effective	No	No	Yes; AS 43.05.010
Administrative Services Division	\$2,757.4: \$518.6 GF (19%) \$1,440.7 other (52%) \$798.1 Fed (29%)	13/11 PFT	Effective	No	No	No
Criminal Investigations Unit	\$415.9: \$415.9 other	2/2 PFT	Effective	No	No	No

Department Overview: Corporations, Boards, and Authorities

- Alaska Housing Finance Corporation (AHFC): **Invest and Distribute**
 - 314 PFT, 22 PPT, 14 NP
 - \$99M operating budget, 61% Federal funded
 - Many capital projects
- Alaska Permanent Fund Corporation (APFC): **Invest**
 - 57 PFT, 2 PPT, 2 NP, \$18M operating budget (0% GF) + management fees
- Alaska Retirement Management Board (ARMB): **Invest**
 - \$10M operating budget (0% GF) + management fees
- Alaska Municipal Bond Bank Authority (AMBBA): **Distribute**
 - 1 PFT, \$1M operating budget (0% GF)
- Alaska Mental Health Trust Authority (AMHTA): **Distribute**
 - 24 PFT, \$6M operating budget (18% GF)

Department Overview: Budget Fund Source Comparison



Department Overview: Recent Accomplishments

- Tax Division
 - Supported 22 tax types (~21,000 taxpayers, ~32,000 tax returns), developed a plan to improve efficiency with O&G production tax audits, first full fiscal year of collecting marijuana taxes (\$11M)
- Treasury Division
 - The State's credit rating stabilized in FY18 with the adjustment of the outlook from negative to stable
 - As of 12/31/2018, managed \$38.8B in assets in 45 separate accounts in a pooled environment
 - AMBBA issued \$29M in bonds resulting in loans to communities, \$3.4M saved due to lower interest rates
 - \$16.5M was transferred into the General Fund from Unclaimed Property, \$152.6M transferred since 1986
- PFD Division
 - Improved application design will reduce follow-up requests of applicants, increased online filing by eliminating electronic access roadblocks, and included the new Education Raffle as one of the optional giving opportunities
- Child Support Services Division
 - Updating the division's information system (NSTAR), scheduled to complete in 5/2019
 - Customer Service Center receives 18,750 calls per month
 - 80% (15,000/month) addressed through automated IVR process
 - 20% (3,750/month) addressed by call center employees and caseworkers

Department Overview: Challenges

- Tax Division
 - Significant O&G tax changes (e.g. HB 111) requiring drafting new regulations, reprogramming, and testing
 - Forecasting oil and gas markets during volatile time periods
- Treasury Division
 - Managing investment risk in the current low interest rate environment and during market volatility
 - Maintaining and improving the State of Alaska's credit rating
- PFD Division
 - Modernizing technology
- Child Support Services Division
 - Successfully complete replatforming of the division's information system (NSTAR)

Department Overview: Capital Appropriation Update

Division	Title	Effective Date	Total Project Amount
Tax	Tax Revenue Management System (TRMS)	7/2011	\$34.7M
Child Support Services	NSTAR Case Management System Replatforming Project	7/2016	\$5.0M
Child Support Services	Case Management System Modernization Plan	7/2012	\$1.6M
PFD	Dividend Application Information System (DAIS) Rewrite	7/2013	\$1.5M
Tax	Reprogramming Costs to TRMS & Revenue Online Portal	7/2018	\$1.35M
Tax	Reprogramming Costs to TRMS & Revenue Online Portal	7/2016	\$1.2M
PFD	Master Phone Queue	7/2010	\$350k
Child Support Services	Computer Replacement Project - Phase 5	7/2014	\$240k
Child Support Services	Interactive Voice Response System Replacement	7/2012	\$230k
PFD	Computer Replacement Project - Phase 2	7/2013	\$130k
PFD	Computer Replacement Project - Phase 3	7/2014	\$130k

Sustainable, Predictable, Affordable