

State of Alaska Department of Revenue

FY20 Operating Budget Overview
Department of Revenue: Core Divisions
Presentation to the Senate Finance Subcommittee
Brad Ewing, Admin. Services Director
February 26, 2019



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Dept. of Revenue FY20 Operating Budget: Details by Component

Allocation and/or Program	Funding (in thousands)	# of Budgeted Positions / Filled	Rating of Effectiveness	Constitution Requirement	Federally Required	Required by Statute
Tax Division	\$13,723.2: \$12,178.6 UGF, \$791.0 DGF, \$753.6 Other	96/85 PFT	Effective	No	No	Yes
Treasury Division	\$10,164.2: \$3,182.0 UGF, \$6,982.2 Other	42/40 PFT 1/1 PPT	Effective	No	No	Yes
Unclaimed Property	\$523.8: \$523.8 DGF	3/3 PFT	Effective	No	No	Yes; AS 34.45
Alaska Retirement Management Board (ARMB)	\$9,939.2: \$9,939.2 Other		Effective	No	No	Yes; AS 37.10.210-390
ARMB Custody & Management Fees	\$110,000.0: \$110,000.0 Other		Effective	No	No	Yes; AS 37.10.210-390
Permanent Fund Dividend Division	\$8,549.8: \$15.0 UGF, \$372.8 DGF, \$8,162.0 Other	67/60 PFT 6/3 PPT	Effective	No	No	Yes; AS 37.13 AS 43.23
Child Support Services Division	\$25,412.9: \$7,699.3 UGF, \$50.0 DGF, \$17,663.6 Fed	196/179 PFT	Effective	No	Yes; Social Security Act	Yes; AS 25.27.010

Dept. of Revenue FY20 Operating Budget: Details by Component (Cont'd)

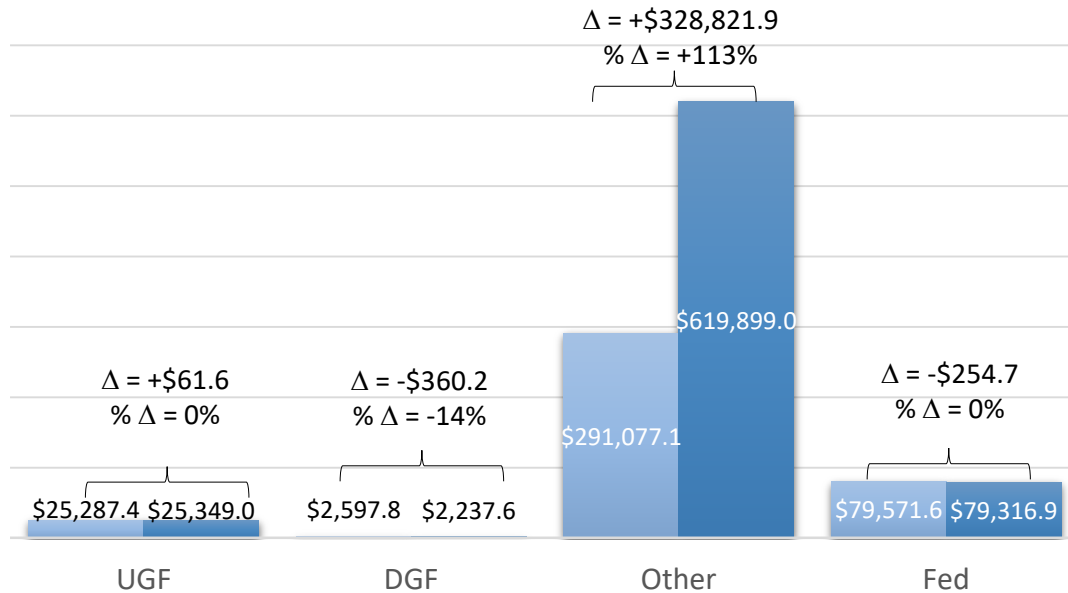
Allocation and/or Program	Funding (in thousands)	# of Budgeted Positions / Filled	Rating of Effectiveness	Constitution Requirement	Federally Required	Required by Statute
Office of the Commissioner	\$2,039.4: \$1,284.3 UGF, \$173.1 Other, \$582.0 Fed	11/9 PFT 1/1 NP	Effective	No	No	Yes; AS 43.05.010
Administrative Services Division	\$2,763.5: \$524.7 UGF, \$1,440.7 Other, \$798.1 Fed	12/12 PFT	Effective	No	No	No
Criminal Investigations Unit	\$415.9: \$415.9 Other	2/2 PFT	Effective	No	No	No

Dept. of Revenue FY20 Operating Budget: Department Overview

- -\$755.9 from FY19 to FY20 (excl. mgmt. fees)
- -7 positions from FY19 to FY20

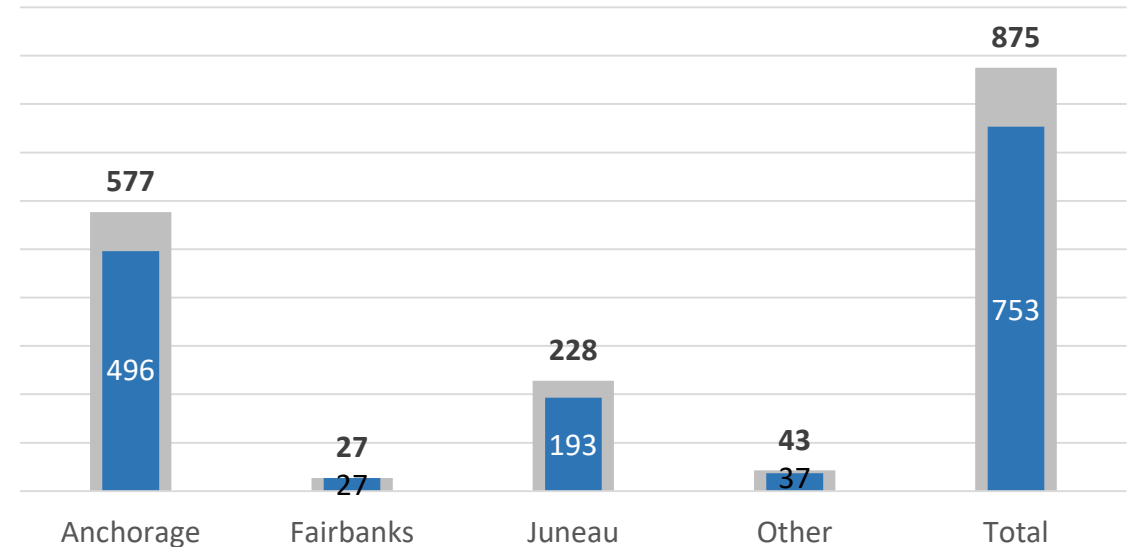
Dept. of Revenue: Fund Source Comparison
(\$ in thousands)

■ FY2019 Management Plan ■ FY2020 Governor Amend



Dept. of Revenue: Position Count and Employees
FY20 Gov. Amended Proposed Budget

■ Budgeted Positions ■ Filled (as of 1/15/2019)

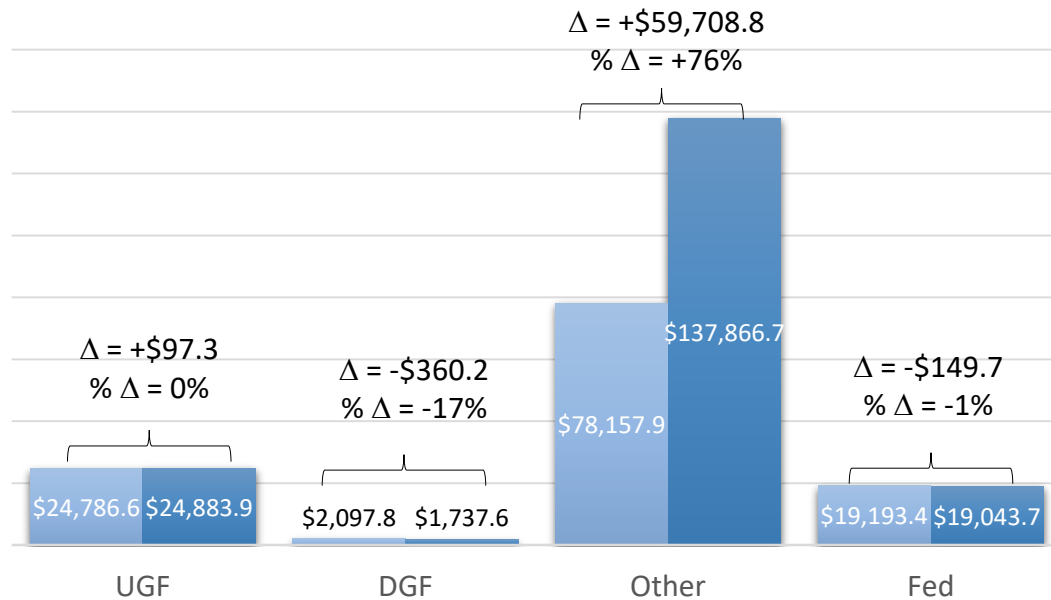


Dept. of Revenue FY20 Operating Budget: Core Divisions

- -\$891.4 from FY19 to FY20 (excl. mgmt. fees)
- -7 positions from FY19 to FY20

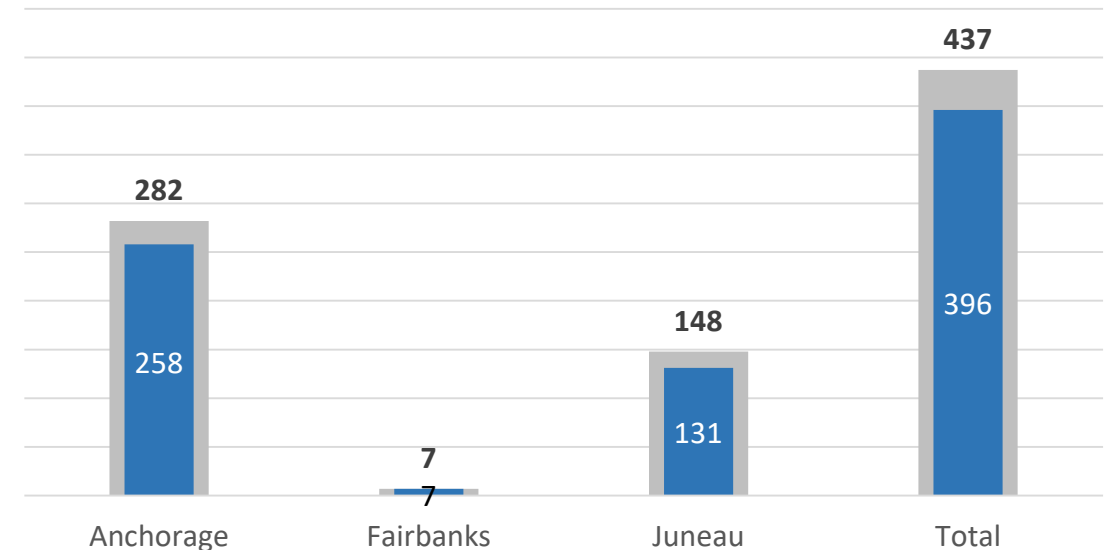
DOR Core Divisions: Fund Source Comparison
(\$ in thousands)

■ FY2019 Management Plan ■ FY2020 Governor Amend



DOR Core Divisions: Position Count and Employees
FY20 Gov. Amended Proposed Budget

■ Budgeted Positions ■ Filled (as of 1/15/2019)

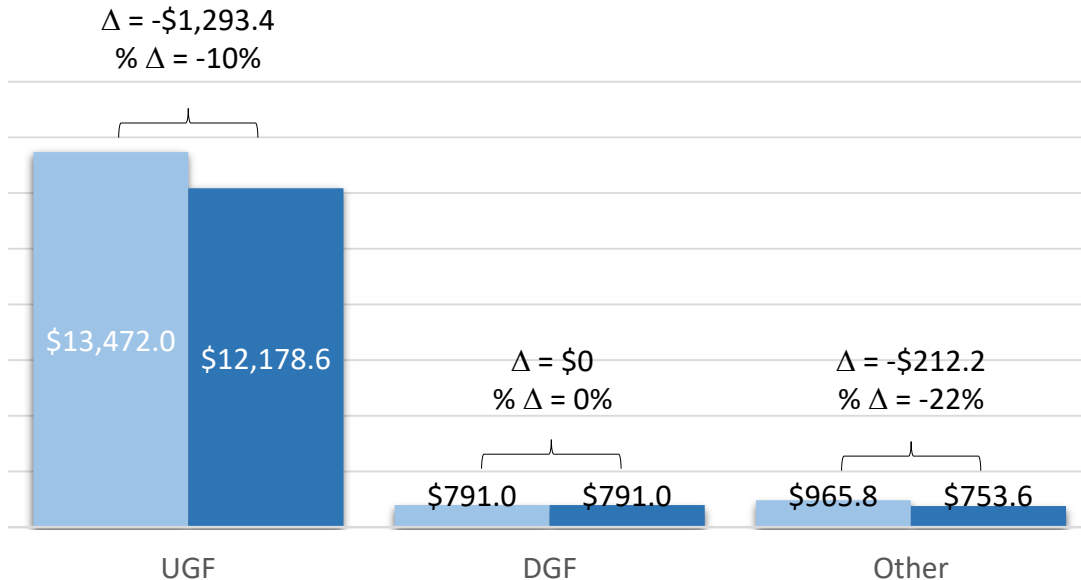


Dept. of Revenue FY20 Operating Budget: Tax Division

- -\$1,505.6 (-10%) and -3 positions from FY19 to FY20, -24% from FY15 to FY20
- Transfer of Economic Research Group to Commissioner's Office

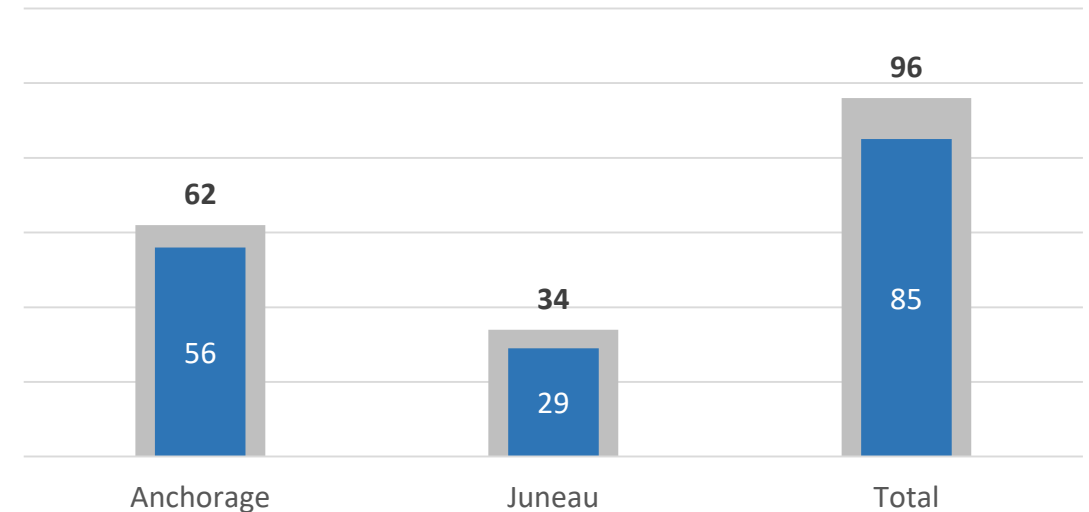
Tax Division: Fund Source Comparison
(\$ in thousands)

■ FY2019 Management Plan ■ FY2020 Governor Amend



Tax Division: Position Count and Employees
FY20 Gov. Amended Proposed Budget

■ Budgeted Positions ■ Filled (as of 1/15/2019)



Tax Division: Tax Return Revenues and Audit Assessments

Table 1
Tax Return Revenues and Audit Assessments for Tax Years 2006 through 2018

Amount of Taxes Assessed by Account									Amount of Taxes Assessed by Payment Status			
(A)	(B)	(Added by DOR)	(Added by DOR)	(Added by DOR)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Tax Year	Tax Revenue Filed by All Taxpayers	Tax Revenue Audited	Additional Tax Assessed	Installment Interest Increase	Tax Due	Interest	Penalty	Totals [C+D+E]	Paid Under protest	Paid Final (after settlement or not appealed)	Not Paid	Totals [G+H+I]
2006	\$ 2,001,815,419	\$ 1,896,292,691	\$ 60,270,499	\$ -	\$ 60,270,499	\$ 31,123,893	\$ -	\$ 91,394,392	\$ 35,922,401	\$ 27,952,742	\$ 1,067,616	\$ 64,942,759
2007	3,476,535,942	3,476,535,942	200,329,234	-	200,329,234	187,161,624	-	387,490,858	75,391,076	167,376,312	9,153,545	251,920,933
2008	7,132,582,848	7,132,582,848	145,491,245	-	145,491,245	112,884,120	-	258,375,365	-	94,382,258	176,975,696	271,357,954
2009	2,034,600,383	2,020,134,580	78,478,727	3,838,197	82,316,924	48,259,887	-	130,576,811	-	53,541,613	20,895,311	74,436,924
2010	3,106,786,385	3,078,326,487	122,936,257	5,816,505	128,752,762	60,677,441	-	189,430,203	-	52,425,799	119,083,281	171,509,080
2011	6,109,993,110	6,114,627,023	176,064,100	7,069,000	183,133,100	79,981,280	-	263,114,380	-	10,865,388	238,050,710	248,916,098
2012	5,281,334,943	5,281,334,943	163,870,907	5,851,917	169,722,824	84,133,179	-	253,856,003	-	-	229,053,986	229,053,986
2013	3,461,578,753	3,461,578,753	-	-	-	-	-	-	-	-	-	-
2014	1,464,670,641	-	-	-	-	-	-	-	-	-	-	-
2015	238,178,375	-	-	-	-	-	-	-	-	-	-	-
2016	198,953,064	-	-	-	-	-	-	-	-	-	-	-
2017	283,413,796	-	-	-	-	-	-	-	-	-	-	-
2018	799,435,882	-	-	-	-	-	-	-	-	-	-	-

Tax Division: Tax Return Appeals

Table 2
Tax Return Appeals for Tax Years 2006 through 2018

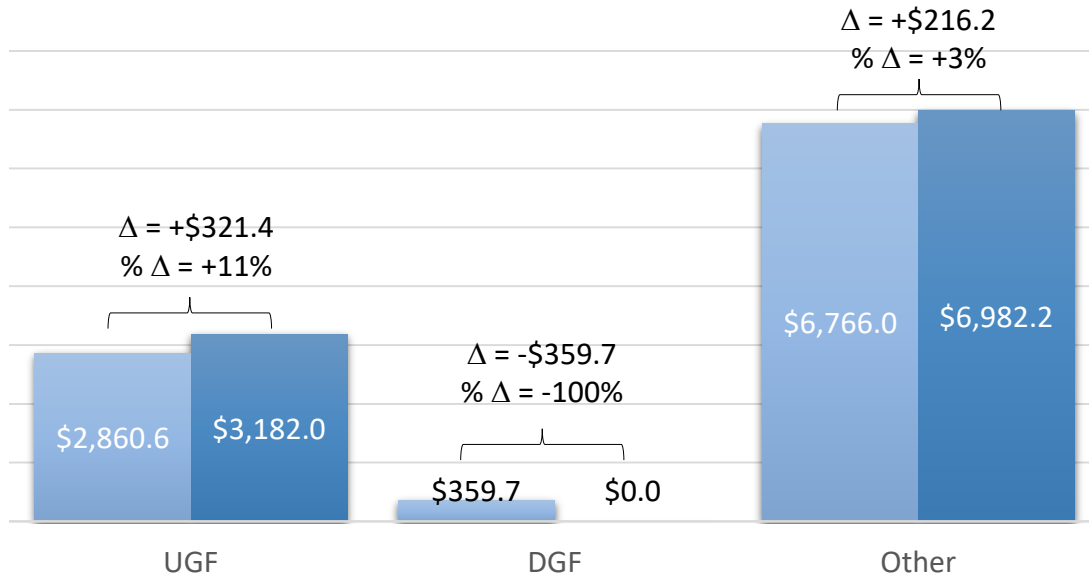
Contested Amounts At Each Appeal Level									Contested Amounts Paid or Owed			
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
Tax Year	Tax Assessed	Tax Appealed to Informal Conference	Tax Upheld at Informal Conference	Tax Currently Pending at Informal Conference	Tax Appealed to OAH	Tax Currently Pending at OAH	Total Taxes Currently Pending in IC and OAH [E+G]	Interest To 12/31/18 Due on Taxes Pending	Tax & Interest Paid	Pending Payments	Still Owed	Total Paid or Owed
2006	\$ 60,270,499	\$ 26,254,301	\$ 20,417,720	\$ -	\$ 11,158,363	\$ -	\$ -	\$ -	\$ 63,875,143	\$ 1,067,616	\$ -	\$ 64,942,759
2007	200,329,234	174,204,717	52,186,445	-	38,491,888	28,008,037	28,008,037	-	242,767,388	7,259,786	-	250,027,174
2008	145,491,245	134,401,975	32,908,651	80,264,912	10,674,670	-	80,264,912	93,401,175	94,382,258	3,309,609	173,666,087	271,357,954
2009	78,478,727	78,071,817	10,891,636	22,025,456	-	-	22,025,456	(2,197,761)	53,541,613	1,067,616	19,827,695	74,436,924
2010	122,936,257	120,266,546	-	84,538,765	-	-	84,538,765	29,740,276	52,425,799	4,804,270	114,279,011	171,509,080
2011	176,064,100	175,865,143	-	151,481,220	-	-	151,481,220	87,103,298	10,865,388	(533,808)	238,584,518	248,916,098
2012	163,870,907	169,590,253	-	162,837,461	-	-	162,837,461	65,148,909	-	1,067,616	227,986,370	229,053,986

Dept. of Revenue FY20 Operating Budget: Treasury Division

- +\$177.9 (+2%) from FY19 to FY20
- Fund source change, align manager fees with actuals

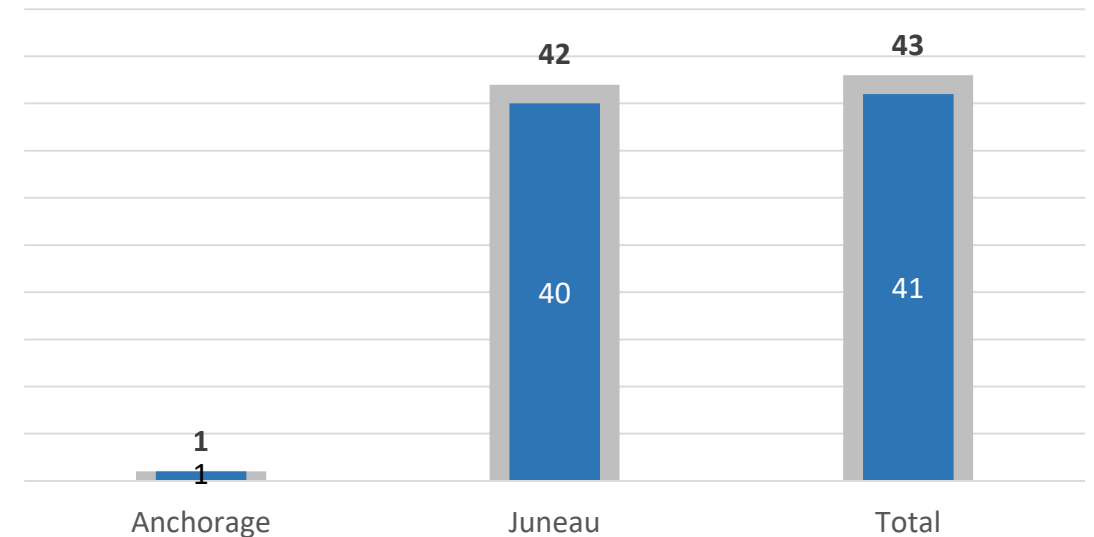
Treasury: Fund Source Comparison
(\$ in thousands)

■ FY2019 Management Plan ■ FY2020 Governor Amend



Treasury: Position Count and Employees
FY20 Gov. Amended Proposed Budget

■ Budgeted Positions ■ Filled (as of 1/15/2019)



Dept. of Revenue FY20 Operating Budget: **Unclaimed Property**

- No proposed changes from FY19 to FY20

Unclaimed Property: Fund Source Comparison
(\$ in thousands)

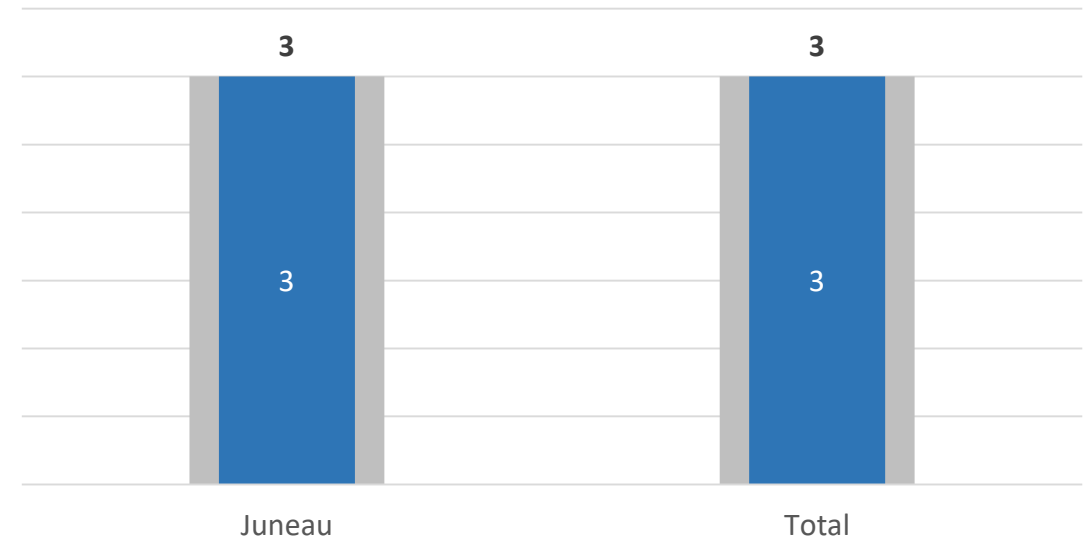
■ FY2019 Management Plan ■ FY2020 Governor Amend

$\Delta = \$0.0$
 $\% \Delta = 0\%$



Unclaimed Property: Position Count and Employees
FY20 Gov. Amended Proposed Budget

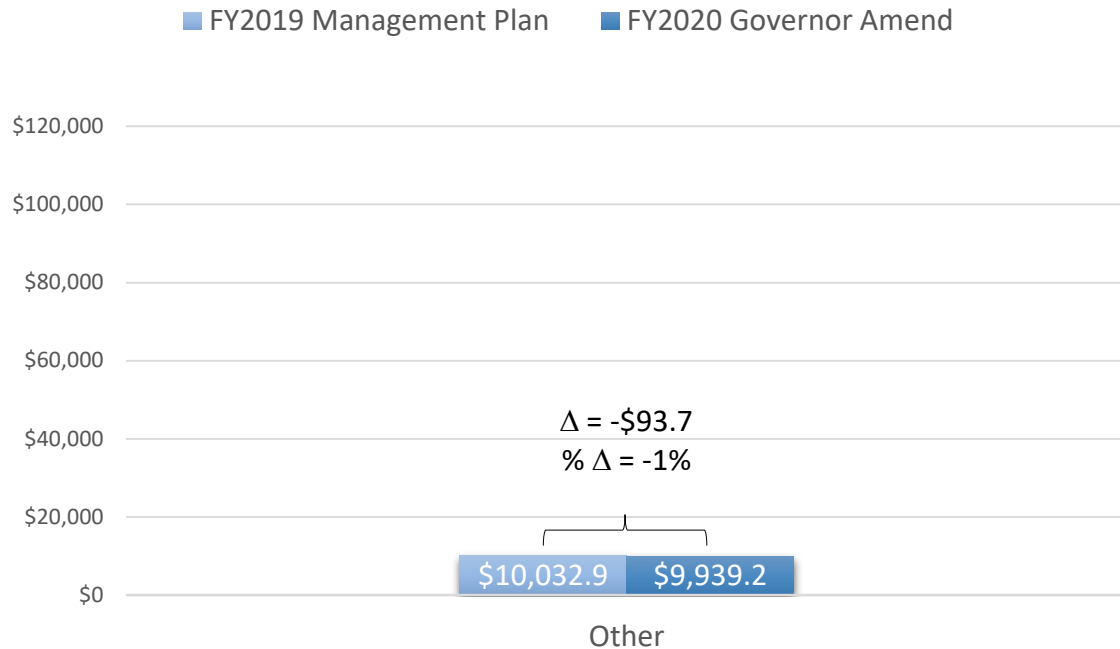
■ Budgeted Positions ■ Filled (as of 1/15/2019)



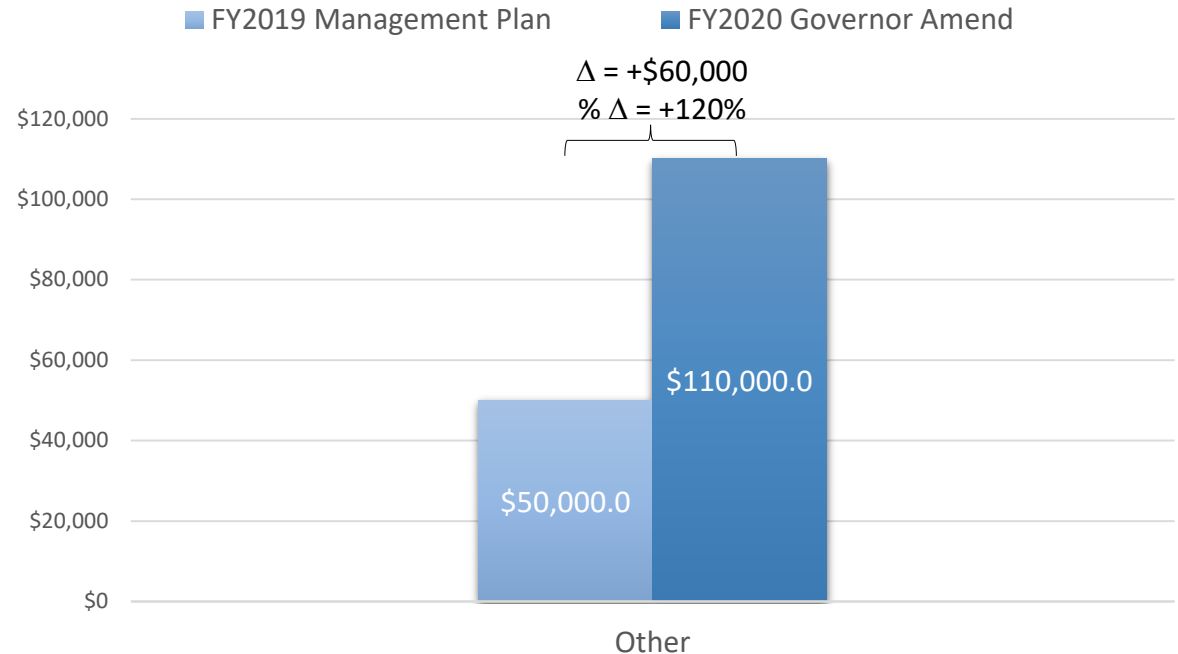
Dept. of Revenue FY20 Operating Budget: Alaska Retirement Management Board

- ARMB proposed funding decrease of -\$93.7 (-1%) from FY19 to FY20
- ARMB Custody & Management from proposed funding increase of +\$60,000.0 (+120%) from FY19 to FY20

ARMB: Fund Source Comparison
(\$ in thousands)



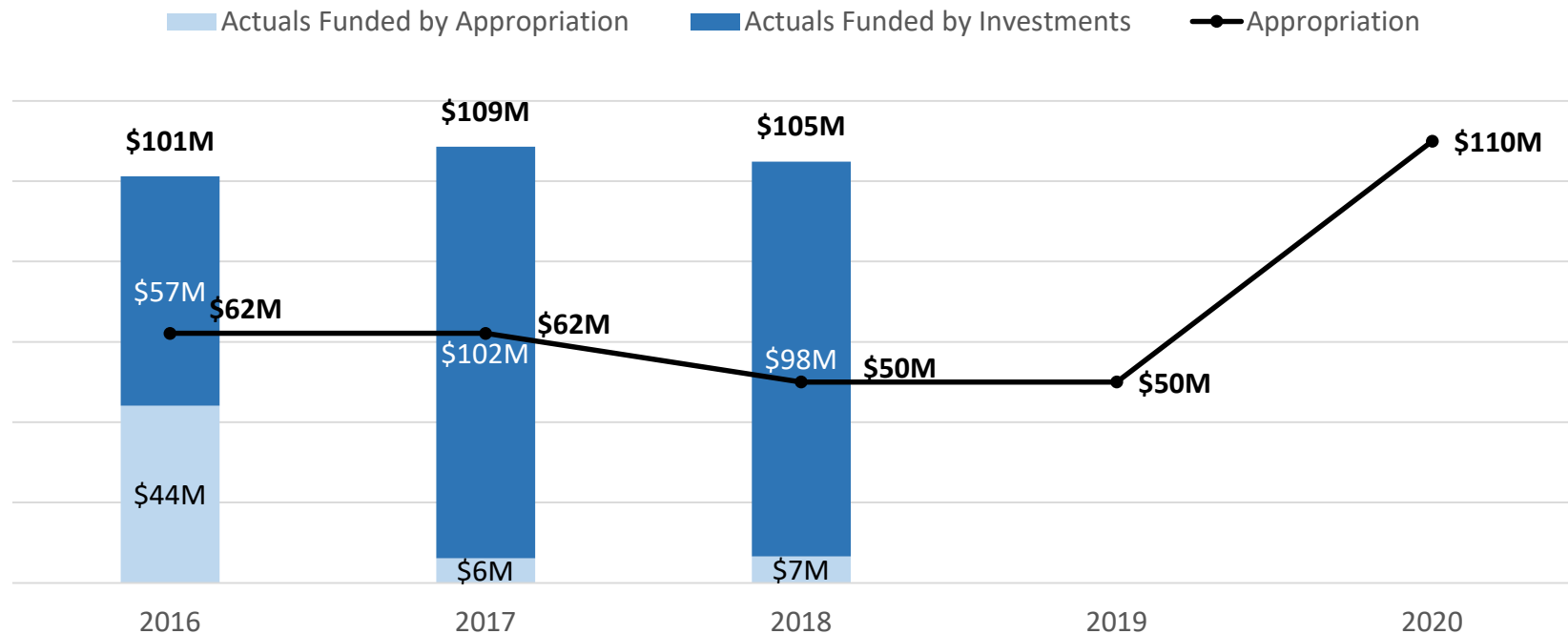
ARMB Custody & Mgmt. Fees: Fund Source Comparison
(\$ in thousands)



Dept. of Revenue FY20 Operating Budget: **ARMB Management Fees**

- FY20's increased appropriation request represents a change in practice whereby DOR is requesting an appropriation for the entire amount of fees paid.
- Previously, DOR requested an appropriation only for those funds that were paid through the state accounting system.

ARMB Management Fees and Appropriation



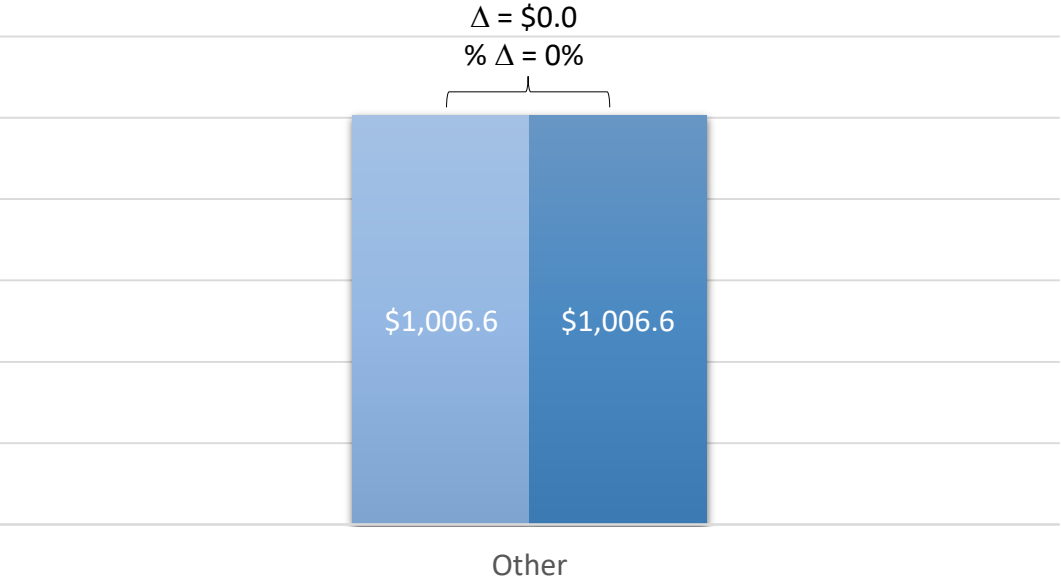
Dept. of Revenue FY20 Operating Budget: Alaska Municipal Bond Bank Authority

- No funding changes from FY19 to FY20

AMBBA: Fund Source Comparison

(\$ in thousands)

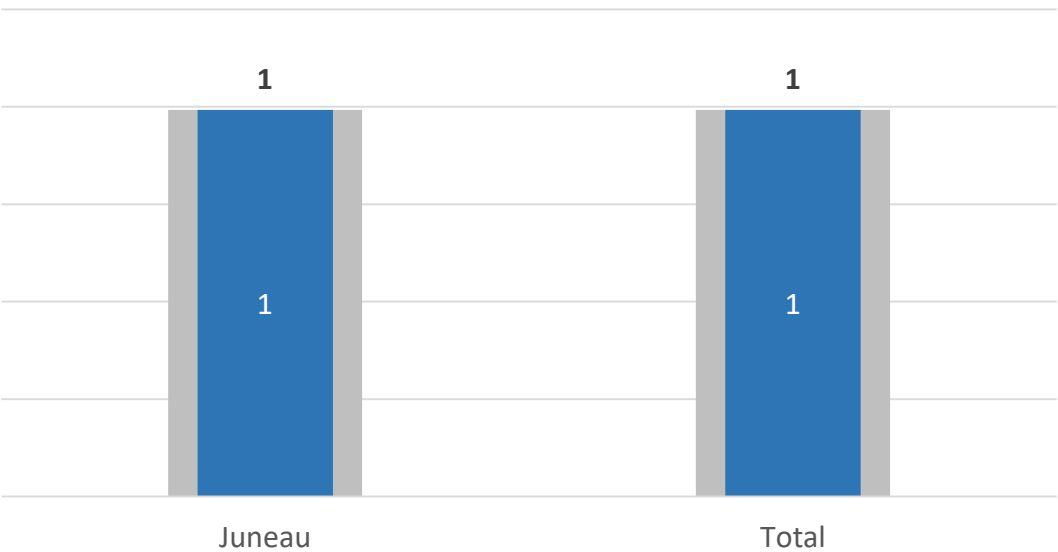
FY2019 Management Plan FY2020 Governor Amend



AMBBA: Position Count and Employees

FY20 Gov. Amended Proposed Budget

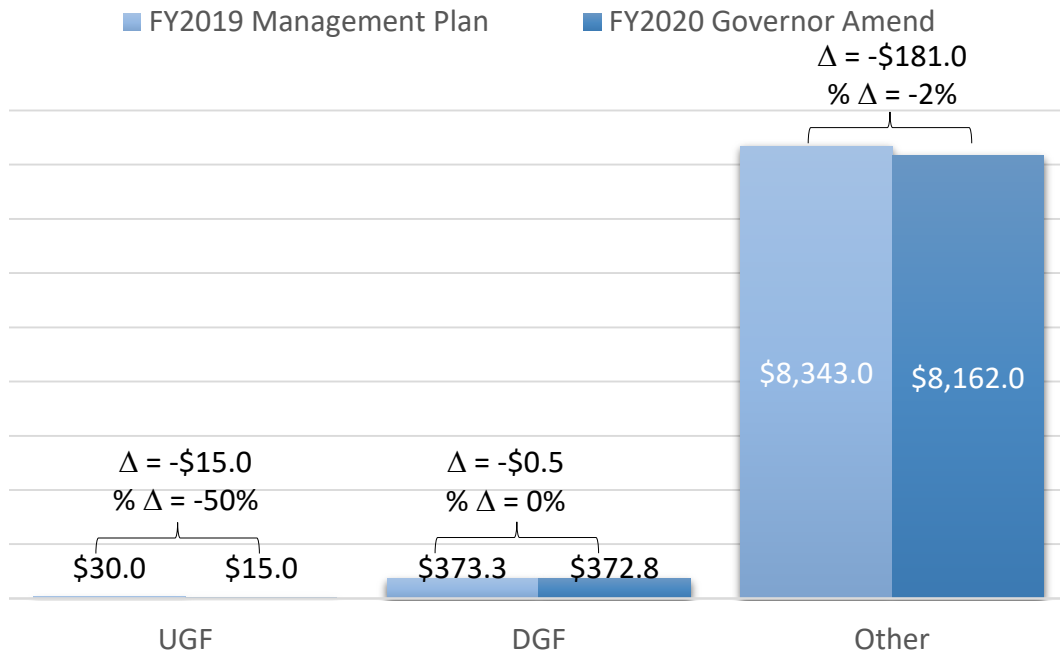
Budgeted Positions Filled (as of 1/15/2019)



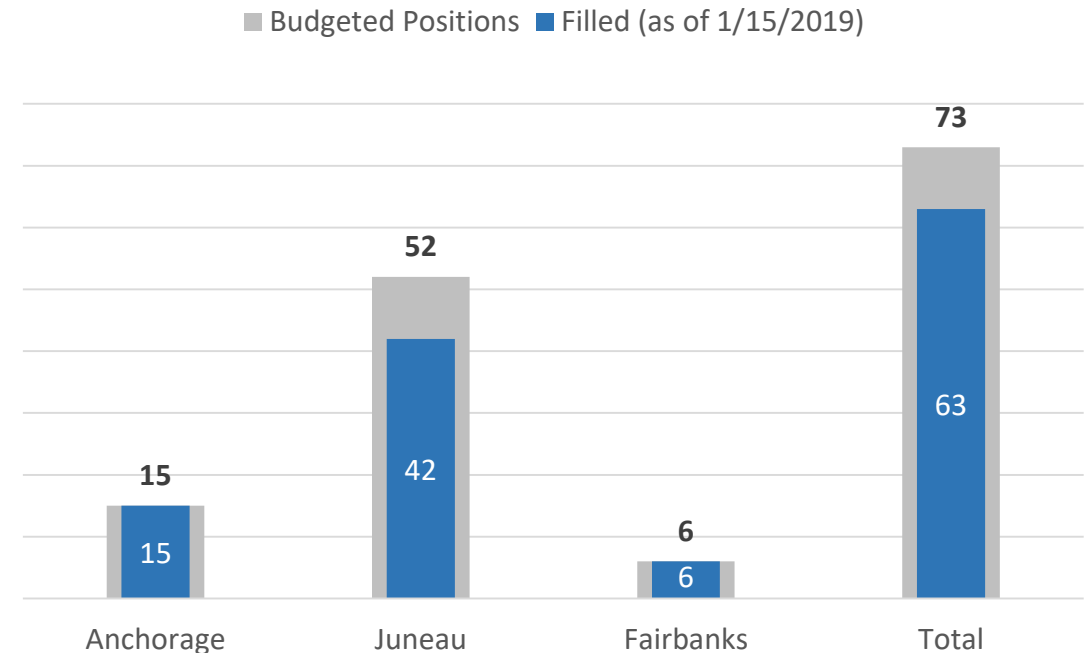
Dept. of Revenue FY20 Operating Budget: Permanent Fund Dividend Division

- -\$196.5 (-2%) from FY19 to FY20
- -3 positions from FY19 to FY20

PFD: Fund Source Comparison
(\$ in thousands)



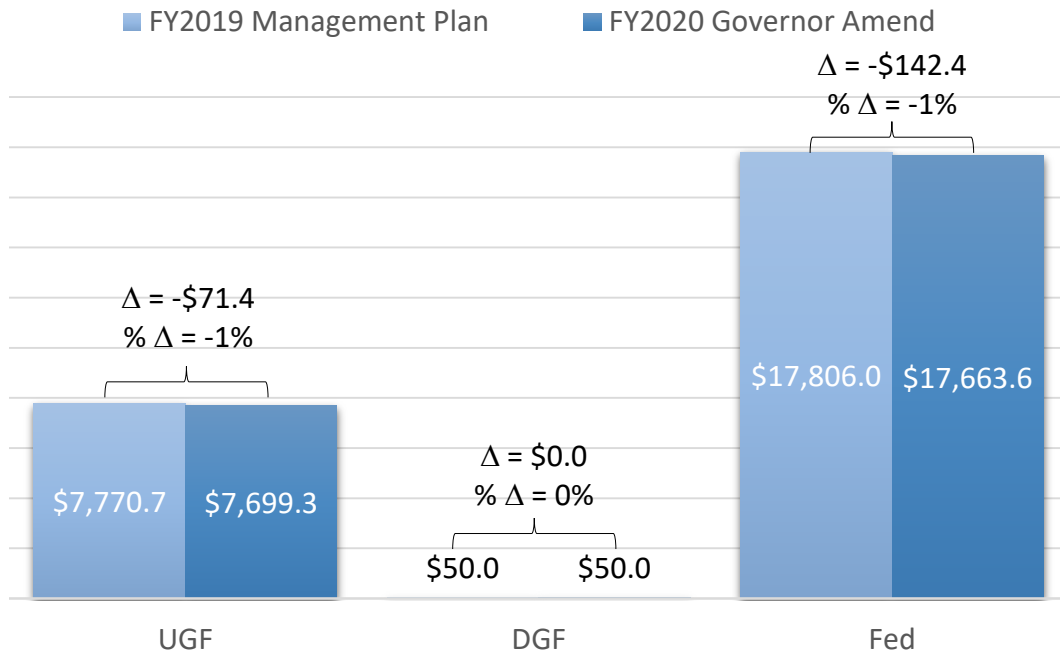
PFD: Position Count and Employees
FY20 Gov. Amended Proposed Budget



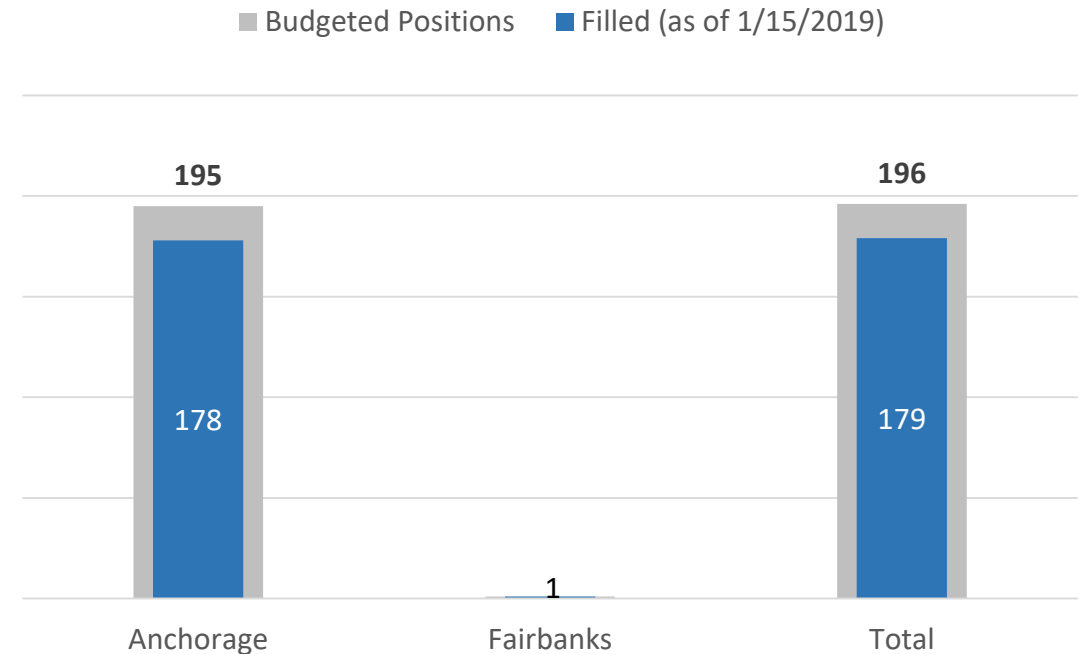
Dept. of Revenue FY20 Operating Budget: Child Support Services Division

- -\$213.8 (-1%) from FY19 to FY20, -11% from FY15 to FY20

CSSD: Fund Source Comparison
(\$ in thousands)



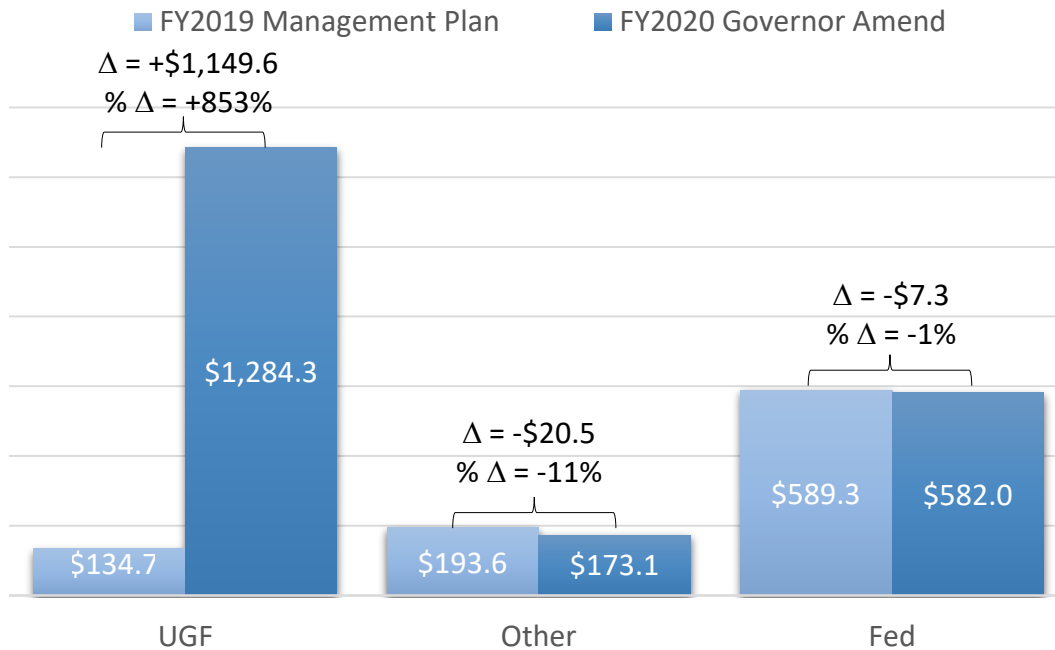
CSSD: Position Count and Employees
FY20 Gov. Amended Proposed Budget



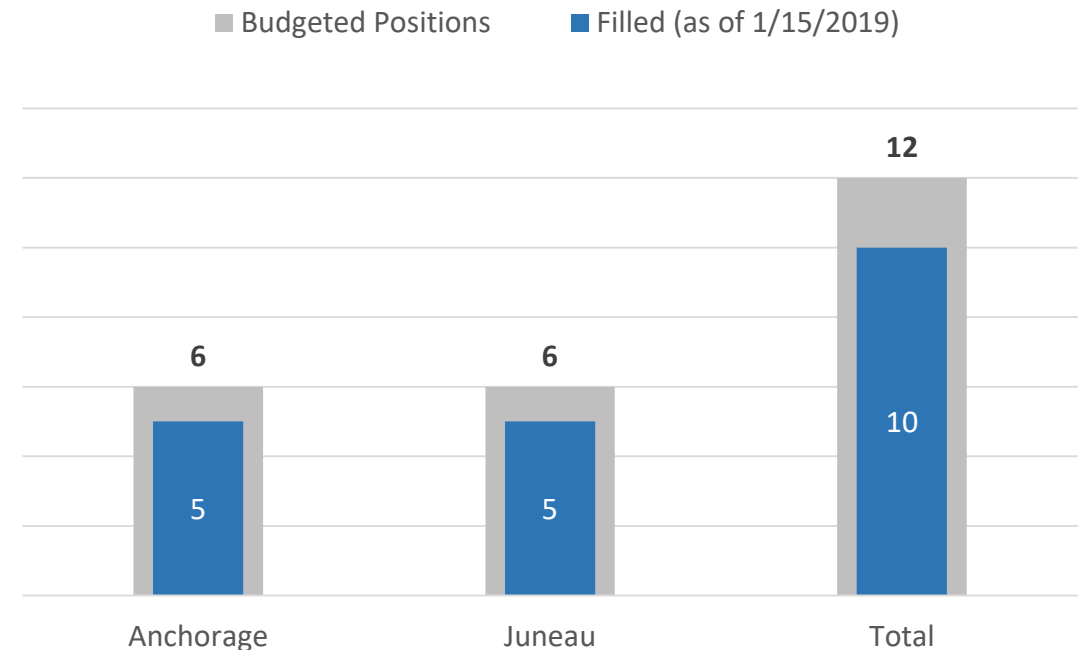
Dept. of Revenue FY20 Operating Budget: Commissioner's Office

- +\$1,121.8 (+122%) from FY19 to FY20
- Transfer of Economic Research Group from Tax Division to Commissioner's Office

Commissioner's Office: Fund Source Comparison
(\$ in thousands)



Commissioner's Office: Position Count and Employees
FY20 Gov. Amended Proposed Budget



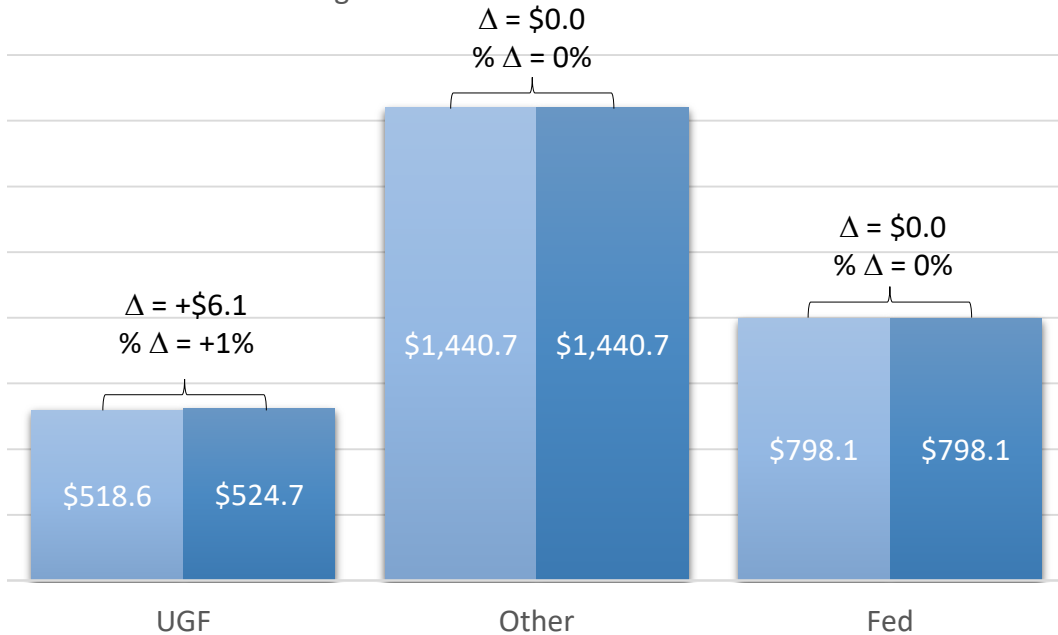
Dept. of Revenue FY20 Operating Budget: Administrative Services Division

- +\$6.1 (0%) from FY19 to FY20
- -1 position from FY19 to FY20

Administrative Services: Fund Source Comparison

(\$ in thousands)

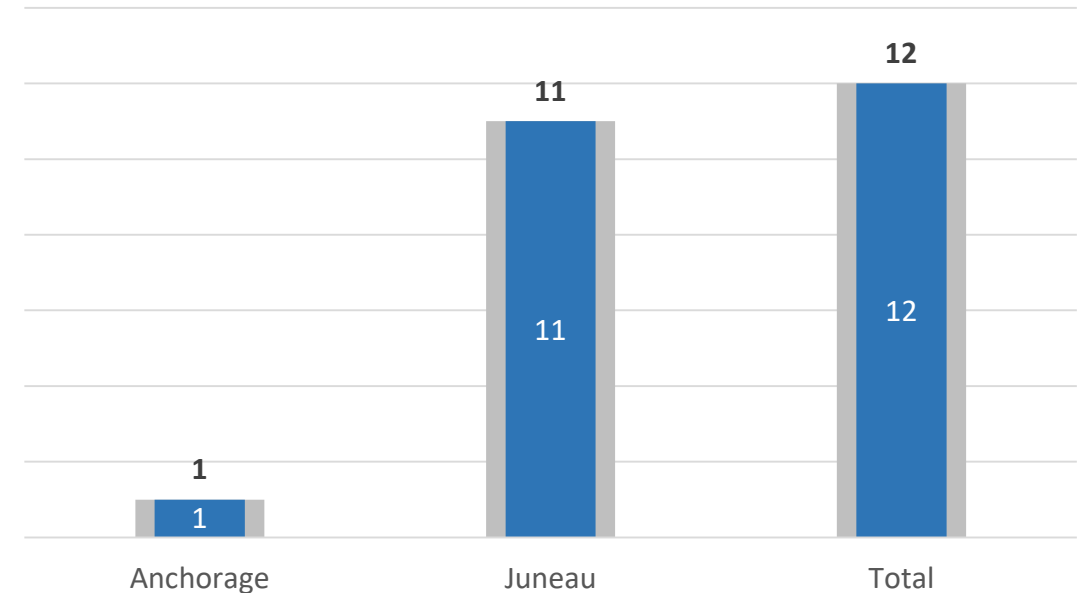
■ FY2019 Management Plan ■ FY2020 Governor Amend



Administrative Services: Position Count and Employees

FY20 Gov. Amended Proposed Budget

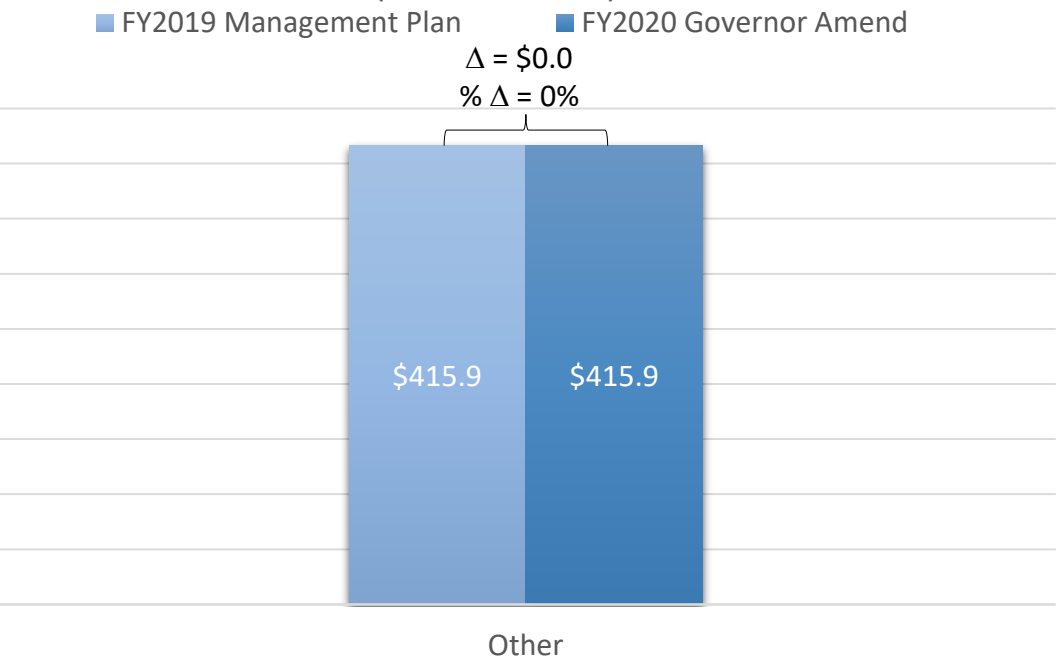
■ Budgeted Positions ■ Filled (as of 1/15/2019)



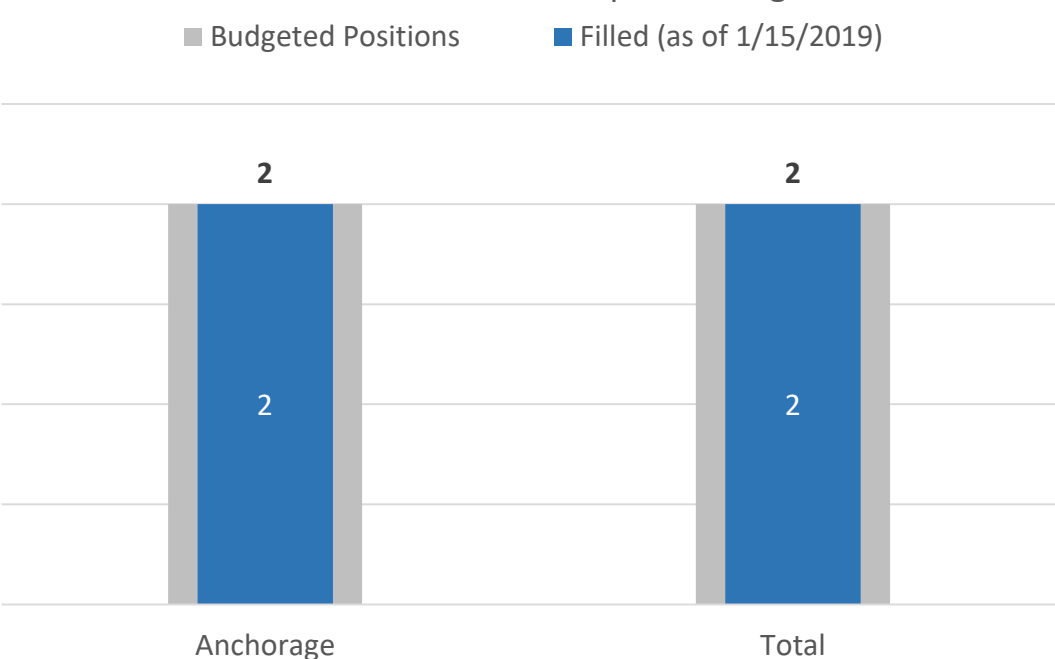
Dept. of Revenue FY20 Operating Budget: Criminal Investigations Unit

- No funding changes from FY19 to FY20
- Administrative Order 306

CIU: Fund Source Comparison
(\$ in thousands)



CIU: Position Count and Employees
FY20 Gov. Amended Proposed Budget



Dept. of Revenue FY20 Operating Budget: [Change Summary](#)

- Statewide Support: Executive Branch 50% travel reduction
-\$53.3 GF | -\$117.1 Fed | -\$375.6 Other
- Tax Division reductions in positions: -\$78.6 GF | -\$212.0 Other, -3 PFT
- Transfer the Economic Research Group from Tax Division to Commissioner's Office
- PFD Division efficiency gains: -\$176.5 Other, -1 PFT | -2 PPT
- Child Support Services Division efficiency gains: -\$68.0 GF | -\$132.0 Fed
- Align management fee authorization with actual fees paid
 - Alaska Permanent Fund Corporation: +\$269,501.3 Other
 - Alaska Retirement Management Board: +\$60,000.0 Other
 - Treasury Division: +\$117.2 UGF | +\$70.4 Other

Dept. of Revenue FY20 Operating Budget: [Legislative Impact](#)

- Administrative Orders
 - #302: ASD consolidation
 - #304: Procurement consolidation
 - #305: Human Resources (HR) consolidation
 - #306: Statewide Investigator Unit
- Gov. Proposed Bills Impacting Positions and Operating Funds
 - Exempt position reform
 - Pay increment reform
 - Bi-weekly payroll
 - Eliminate quasi-dedicated funds
 - Reduce regulations for small charitable gaming
- Governor's Directives
 - Travel and hire policy

Sustainable, Predictable, Affordable