

State of Alaska

FY2015 Governor's Operating Budget

Department of Revenue
Commissioner's Office
Component Budget Summary

Component: Commissioner's Office

Contribution to Department's Mission

The mission of the Department of Revenue is to collect, distribute and invest funds for public purposes.

Major Component Accomplishments in 2013

Please see department accomplishments.

Key Component Challenges

- To provide key decision makers with the information necessary to adopt a fiscal plan to insure that the State of Alaska has the financial resources necessary to provide constitutionally required public services in an era of volatile oil prices and declining production.
- To estimate oil and gas revenues in light of the highly volatile oil and gas market coupled with uncertainties in the U.S. economy.
- To contribute to efforts to start large-scale natural gas development in Alaska and commercialization of North Slope natural gas reserves.
- To maintain the integrity of core tax programs in the face of resource demands from major revenue and investment initiatives.
- To maintain the State of Alaska's credit ratings with Standard and Poor's, Fitch Ratings, and Moody's Investors Service. Regular communication of state current events to the rating analysts, as well as ensuring analysts' concerns are relayed to State leadership, are key to meeting this challenge.
- To respond to rapid changes in the banking industry, including temporary regulation changes for the Federal Depository Insurance Program, permanent changes in the Federal Reserve banking reserve requirements, and uncertainty in the nation's banking system.
- To manage the increase in the total assets in General Fund and Other Non-segregated Investments (GeFONSI), the Constitutional Budget Reserve Fund and other smaller funds managed by Treasury that have grown to the point that they now are larger than the assets of the retirement funds managed by Treasury. At this time, the total assets under management is over 48 billion, a total which is double that of FY2006.
- To use technology improvements to process approximately 650,000 Permanent Fund Dividend applications and another 1.5 million supporting documents annually and within a limited budget. The increase in applications and public contact will prove to be a key challenge in communication costs, resource allocation, and timely payment.
- The Child Support Services Division continues to face stringent federal requirements for data reliability that must be met to achieve the highest possible incentive revenue and to avoid possible penalties to the Department of Revenue and the Department of Health and Social Services, Division of Public Assistance.

Significant Changes in Results to be Delivered in FY2015

Please see department changes in results.

Statutory and Regulatory Authority

| | |
|--------------|--|
| AS 09.25.100 | Public Records |
| AS 09.50 | Code of Civil Procedure |
| AS 10.25.570 | Electric and Telephone Cooperative Act |
| AS 14.25.180 | Teachers' Retirement - Management and Investment of Fund |
| AS 16.10.265 | Purchase of Fish from Permit Holders |
| AS 16.10.290 | Security for Collection of Wages and Payment for Raw Fish |
| AS 18.26 | Alaska Medical Facility Authority |
| AS 18.56 | Alaska Housing Finance Corporation |
| AS 25.25 | Uniform Interstate Family Support Act |
| AS 25.27 | Child Support Service Agency |
| AS 34.45 | Unclaimed Property |
| AS 37.05 | Fiscal Procedures Act |
| AS 37.07 | Executive Budget Act |
| AS 37.10 | Public Funds |
| AS 37.13 | Alaska Permanent Fund and Corporation |
| AS 37.14 | Trust Funds |
| AS 37.15 | State Bonding Act |
| AS 37.17 | Alaska BIDCO Assistance Program |
| AS 38.05.036 | Audit of Royalty and Net Profit Payments and Costs |
| AS 39.35.110 | Public Employees Retirement System of Alaska - Investments |
| AS 43 | Revenue and Taxation |
| AS 44.25 | Department of Revenue |
| AS 44.83.386 | Alaska Energy Authority - Investment of Fund |
| AS 44.85 | Alaska Municipal Bond Bank Authority |
| AS 45.98.050 | Historical District Loan Act - Sale or Transfer of Mortgages and Notes |

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| Commissioner's Office Component Financial Summary | | | |
|--|----------------|----------------|--|
| | FY2013 Actuals | FY2014 | All dollars shown in thousands FY2015 Governor Management Plan |
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 803.2 | 854.5 | 860.6 |
| 72000 Travel | 131.4 | 39.4 | 39.4 |
| 73000 Services | 470.0 | 81.5 | 63.6 |
| 74000 Commodities | 22.5 | 38.9 | 38.9 |
| 75000 Capital Outlay | 0.0 | 0.0 | 0.0 |
| 77000 Grants, Benefits | 0.0 | 0.0 | 0.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 1,427.1 | 1,014.3 | 1,002.5 |
| Funding Sources: | | | |
| 1004 General Fund Receipts | 216.3 | 255.6 | 241.3 |
| 1007 Interagency Receipts | 704.1 | 185.0 | 186.1 |
| 1133 CSSD Administrative Cost Reimbursement | 506.7 | 573.7 | 575.1 |
| Funding Totals | 1,427.1 | 1,014.3 | 1,002.5 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2013 Actuals | FY2014 | FY2015 Governor |
|---------------------------------|------------------------|----------------|--------------|-----------------|
| Unrestricted Revenues | | | | |
| Unrestricted Fund | 68515 | 0.6 | 0.0 | 0.0 |
| Unrestricted Total | | 0.6 | 0.0 | 0.0 |
| Restricted Revenues | | | | |
| Federal Receipts | 51010 | 506.7 | 573.3 | 567.9 |
| Interagency Receipts | 51015 | 704.1 | 186.1 | 181.0 |
| Restricted Total | | 1,210.8 | 759.4 | 748.9 |
| Total Estimated Revenues | | 1,211.4 | 759.4 | 748.9 |

**Summary of Component Budget Changes
From FY2014 Management Plan to FY2015 Governor**

| | <u>Unrestricted Gen (UGF)</u> | <u>Designated Gen (DGF)</u> | <u>Other Funds</u> | <i>All dollars shown in thousands</i> | |
|---|-----------------------------------|---------------------------------|--------------------|---------------------------------------|--------------------|
| FY2014 Management Plan | 255.6 | 0.0 | 185.0 | Federal Funds | Total Funds |
| Adjustments which will continue current level of service: | | | | | |
| -Reverse Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66) | -0.3 | 0.0 | -0.3 | -0.4 | -1.0 |
| -FY2015 Salary Increases | 1.9 | 0.0 | 2.4 | 3.2 | 7.5 |
| -FY2015 Health Insurance and Working Reserve Rate Reductions | -0.9 | 0.0 | -1.0 | -1.4 | -3.3 |
| Proposed budget decreases: | | | | | |
| -Reduction in Contractual Services | -15.0 | 0.0 | 0.0 | 0.0 | -15.0 |
| FY2015 Governor | 241.3 | 0.0 | 186.1 | 575.1 | 1,002.5 |