

Department of Revenue Overview

Presented by



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Department of Revenue

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

Core Programs

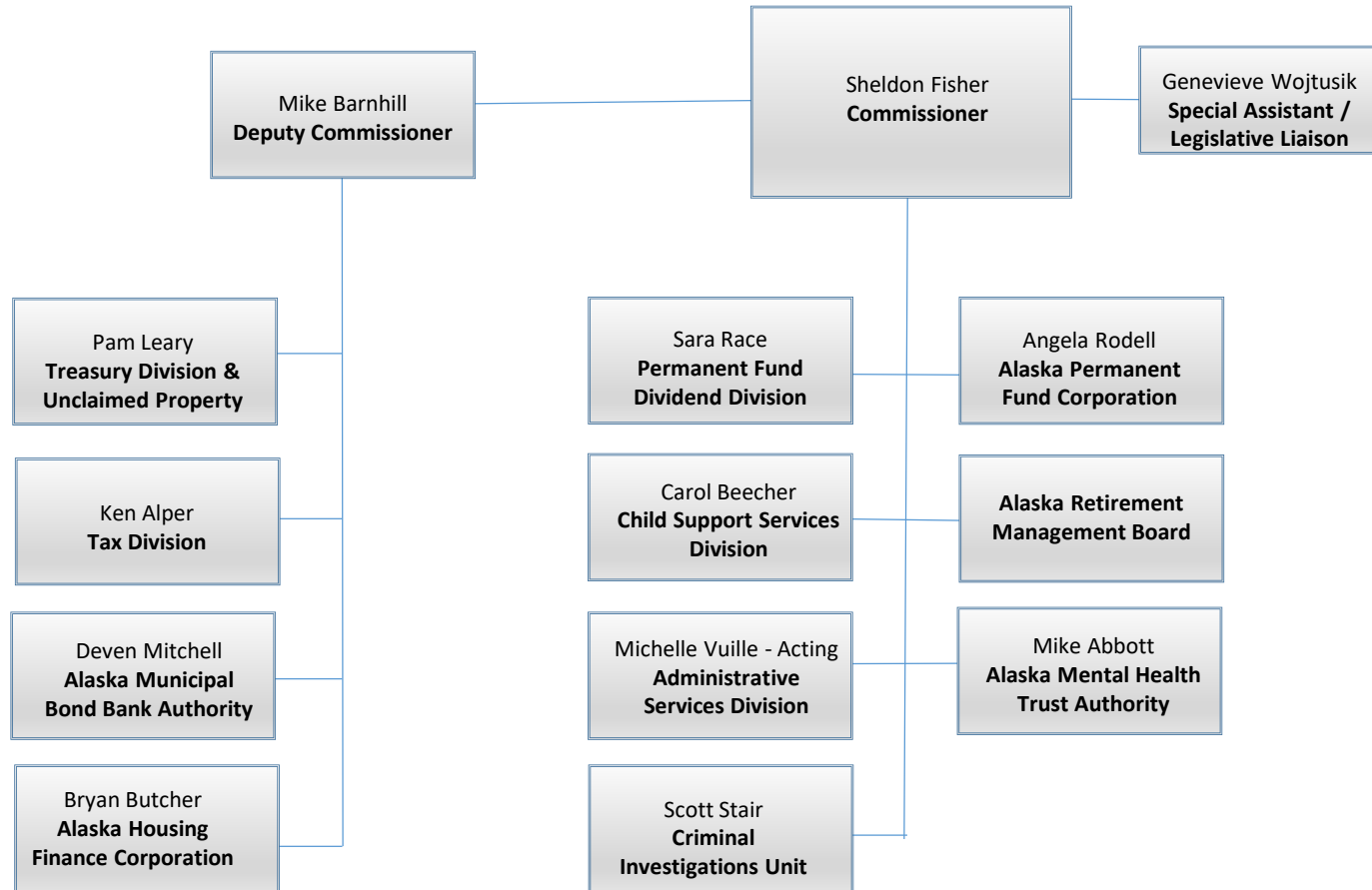
- Treasury Division
- Tax Division
- Permanent Fund Dividend Division
- Child Support Services Division

Authorities, Corporations, and Boards

- Alaska Housing Finance Corporation (AHFC)
- Alaska Permanent Fund Corporation (APFC)
- Alaska Retirement Management Board (ARMB)
- Alaska Mental Health Trust Authority (AMHTA)
- Alaska Municipal Bond Bank Authority (AMBBA)

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Department of Revenue

2017 Performance Snapshot

Tax Division

- Fiscal year 2017 was the first full fiscal year after full implementation of the division's Tax Revenue Management System. The new software system has provided the division with multiple efficiencies, cost benefits and improvements. One of the major improvements is an online portal – Revenue Online – where taxpayers can access their tax accounts, file returns and reports, or make a payment day or night.
- Tax Division collects taxes, informs stakeholders, and regulates charitable gaming. The programs administered generate a significant portion of general fund revenue. These programs include Corporate Income Tax, Excise Taxes, Fisheries Taxes, Oil & Gas Taxes, Other Taxes and Programs.
- Tax Division distributed shared taxes and fees of approximately \$45.9 million to 123 communities throughout Alaska.
- 100% audit coverage in oil and gas corporate income and production taxes.

Alaska Retirement Management Board

- PERS and TRS plans outperformed their benchmark over the year, with annual returns of 13.35% and 13.36%. The 33-year annualized performance of 8.95% and 9.29% for PERS and TRS, respectively, continued to beat the actuarial target of 8%.
- Staff created new equity mandates that are being managed in-house, reducing fees paid to external investment managers.

Treasury Division

- 24 of 28 state funds beat their respective benchmarks during the fiscal year.
- Cash Management implemented an ACH debit program for Fish & Game license vendors.

Department of Revenue

2017 Performance Snapshot

Permanent Fund Dividend Division

- Reviewed 89.9 percent of eligibility cases created, exceeding the division's mid-September annual goal of 85 percent.
- Completed eligibility determinations on over 94 percent of the 670,390 applications received prior to the first distribution of dividends, the October 5th payment.

Child Support Services Division

- Customer service average telephone wait times have been reduced by 35% to the current average of 4.83 minutes.
- The agency received outstanding marks on its triennial federal data reliability audit, scoring 96% or higher on all measures.
- Implementation of electronic processes resulted in a 38.8% overall reduction of agency mail volume.

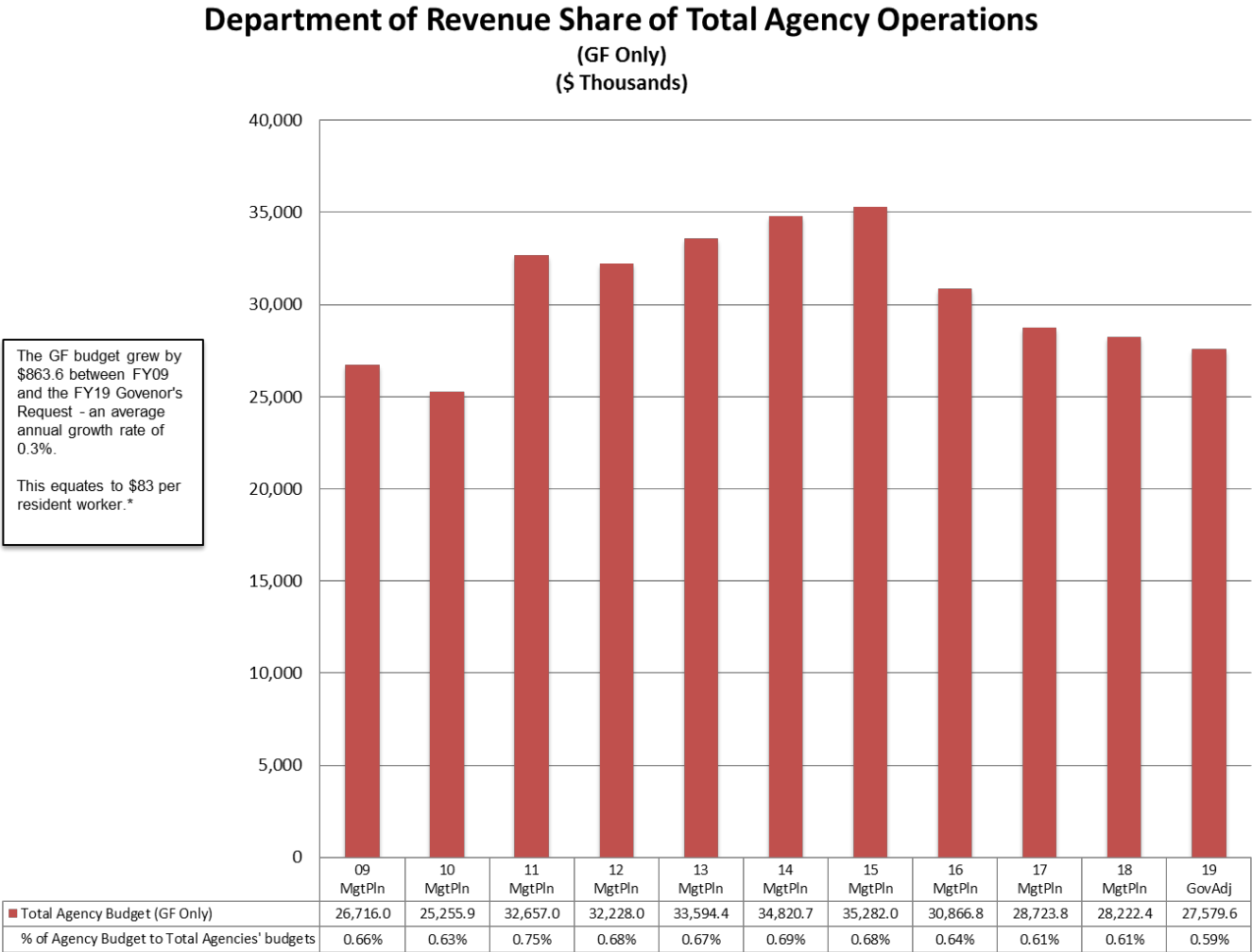
Criminal Investigations Unit

- During FY 17, the CIU received 737 PFD Fraud Tips which resulted in 110 investigations with 18 of those cases were referred to OSPA resulting in \$112,802.86 ordered in criminal restitution.

Unclaimed Property

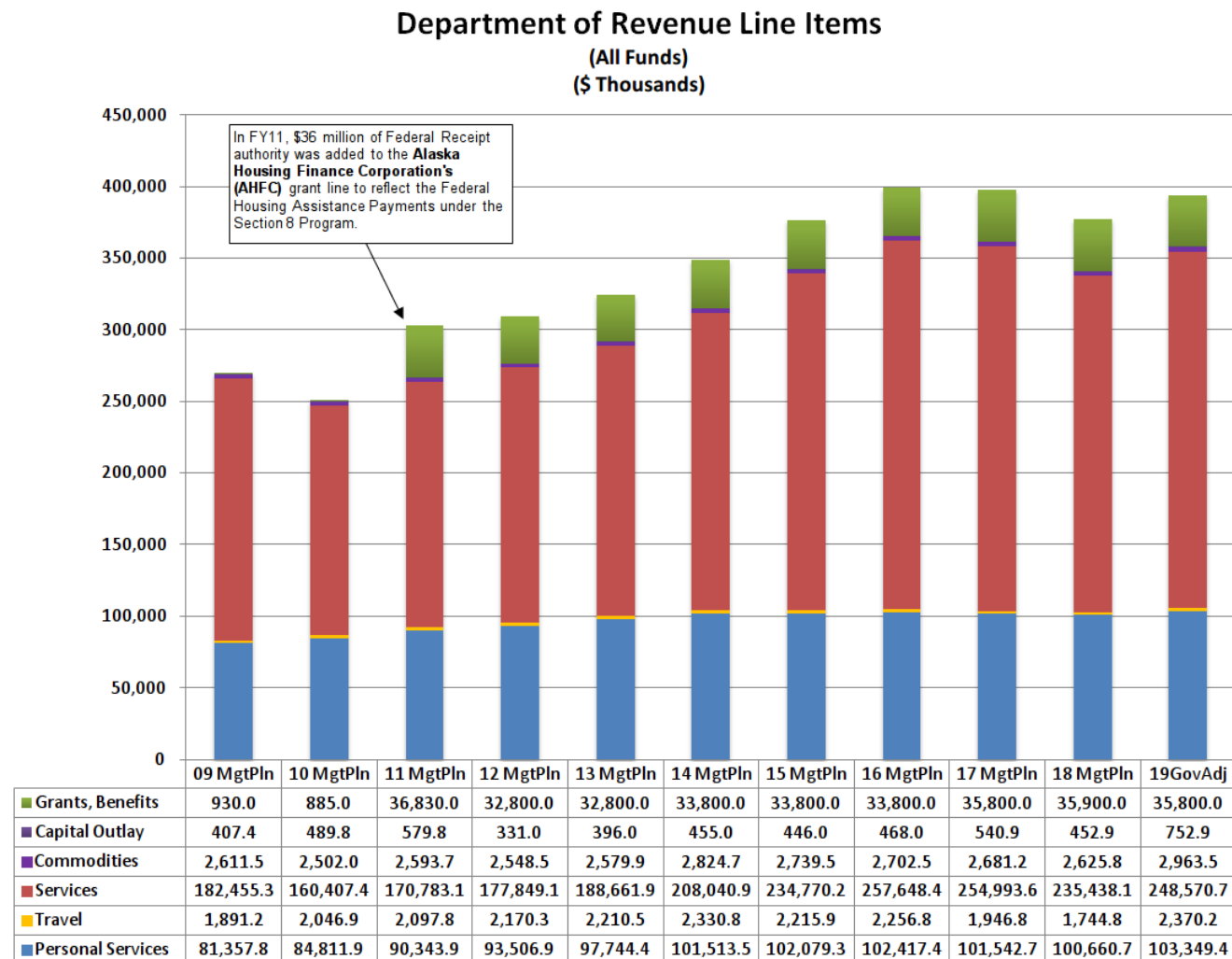
- Transferred \$20.0 million into the state general fund for FY2017 collections in excess of refunds. Since the inception of the program in 1986, a total of \$136 million has been transferred to the state general fund from the Unclaimed Property Trust account.

DOR Budget Compared to All Agencies



* Per the most recent available workforce data from the Department of Labor, there were 332,583 resident workers in Alaska in 2015.

DOR Budget Line Items – All Funds



DOR Appropriations– GF Only

Appropriations within the Department of Revenue (GF Only) (\$ Thousands)

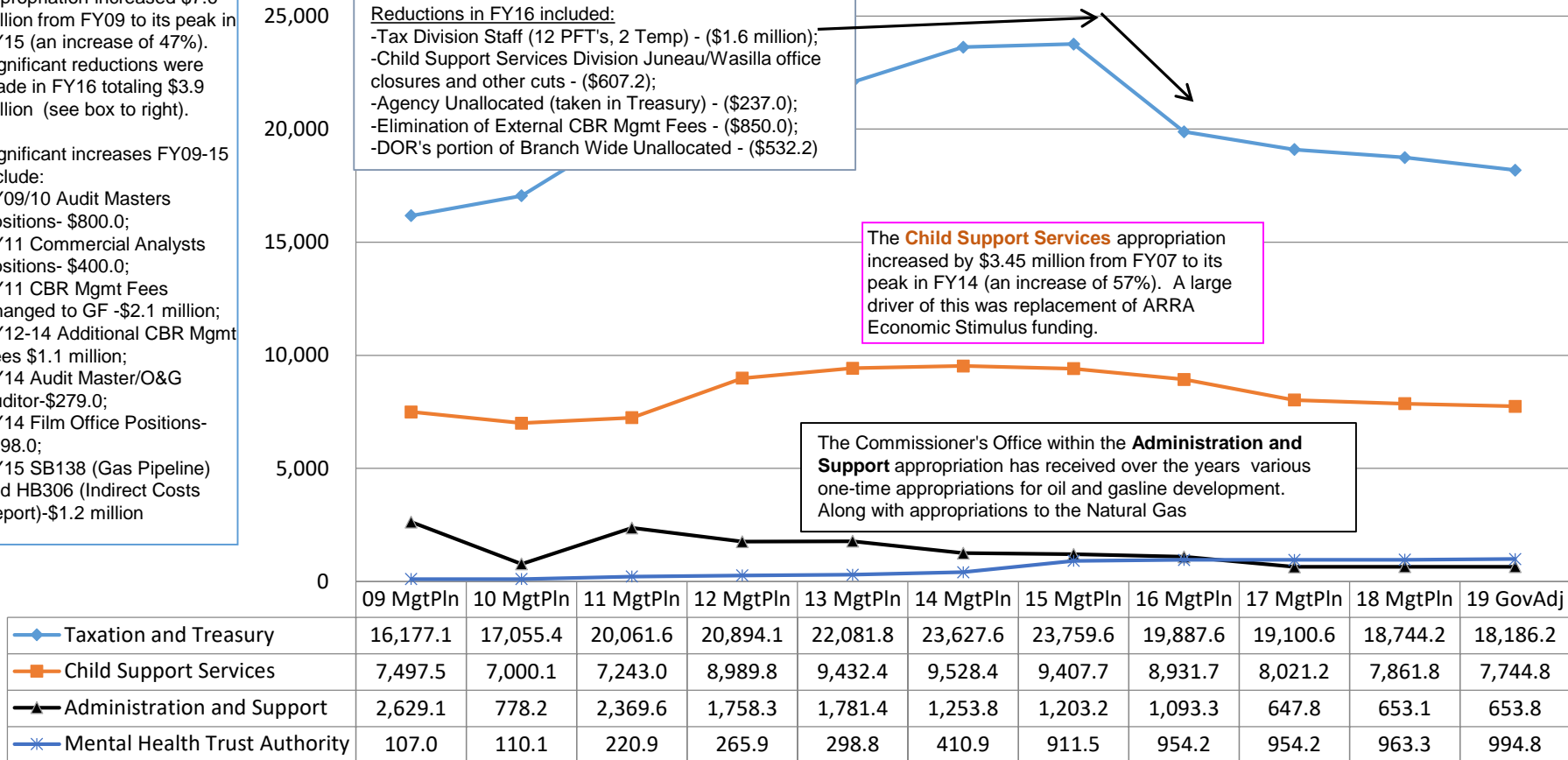
The **Taxation and Treasury** appropriation increased \$7.6 million from FY09 to its peak in FY15 (an increase of 47%). Significant reductions were made in FY16 totaling \$3.9 million (see box to right).

Significant increases FY09-15 include:
FY09/10 Audit Masters Positions- \$800.0;
FY11 Commercial Analysts Positions- \$400.0;
FY11 CBR Mgmt Fees Changed to GF -\$2.1 million;
FY12-14 Additional CBR Mgmt Fees \$1.1 million;
FY14 Audit Master/O&G Auditor-\$279.0;
FY14 Film Office Positions- \$198.0;
FY15 SB138 (Gas Pipeline) and HB306 (Indirect Costs Report)-\$1.2 million

Reductions in FY16 included:
-Tax Division Staff (12 PFT's, 2 Temp) - (\$1.6 million);
-Child Support Services Division Juneau/Wasilla office closures and other cuts - (\$607.2);
-Agency Unallocated (taken in Treasury) - (\$237.0);
-Elimination of External CBR Mgmt Fees - (\$850.0);
-DOR's portion of Branch Wide Unallocated - (\$532.2)

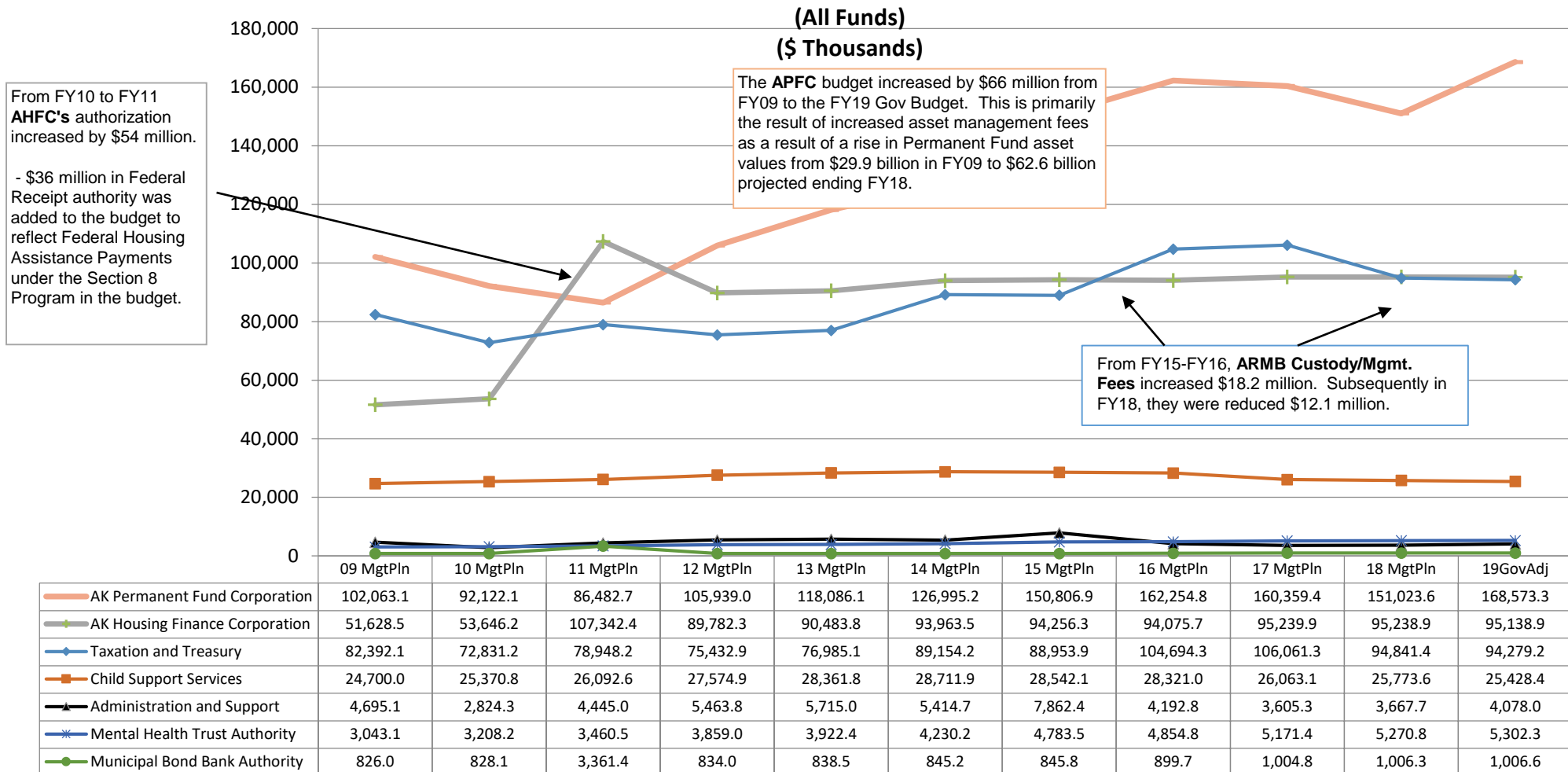
The **Child Support Services** appropriation increased by \$3.45 million from FY07 to its peak in FY14 (an increase of 57%). A large driver of this was replacement of ARRA Economic Stimulus funding.

The Commissioner's Office within the **Administration and Support** appropriation has received over the years various one-time appropriations for oil and gasline development. Along with appropriations to the Natural Gas



DOR Appropriations– All Funds

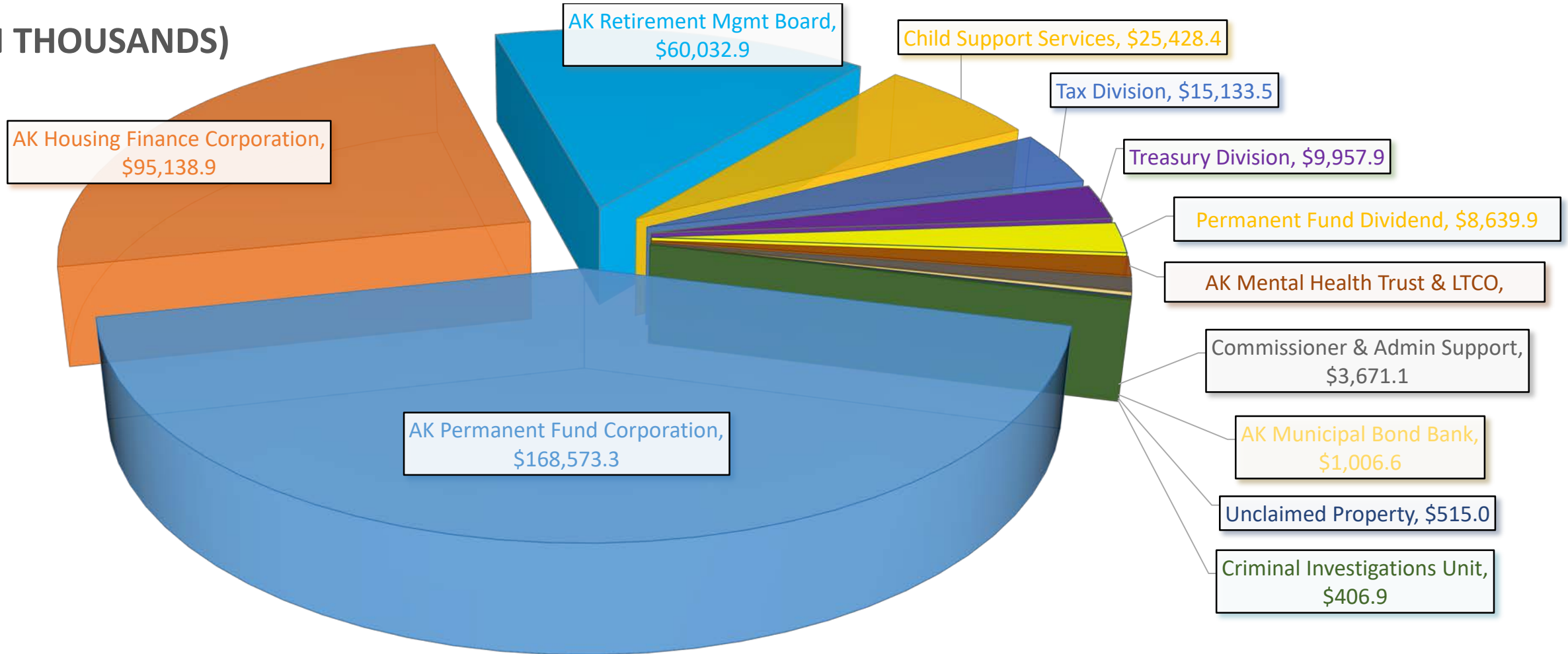
Appropriations within the Department of Revenue



Department of Revenue

FY19 Governor's Proposed Budget by Program – All Funds

(IN THOUSANDS)



Department of Revenue – Core Divisions

Allocation and/or Program	Funding (in thousands)	# of Budgeted Positions / Filled	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness ¹	Constitution Requirement	Federally Required	Required by Statute
Tax Division	\$15,133.5: \$13,310.3 UGF, \$773.0 DGF, \$1,050.2 other	107/91 PFT	31,000 Tax payers	6%	Critical	Highly effective	No	No	Yes
Treasury Division	\$9,957.9: \$2,855.5 UGF, \$359.1 DGF, \$6,743.3 other	42/35 PFT 1/1 PPT	All Alaskans		Critical	Exceptional	No	No	Yes
Unclaimed Property	\$515.0: \$515.0 DGF	3/3 PFT	All Alaskans		Important	Effective	No	No	Yes; AS 34.45
Alaska Retirement Management Board (ARMB)	\$10,032.9: \$10,032.9 other		All Alaskans		Critical	Exceptional	No	No	Yes; AS 37.10.210-390
ARMB Custody & Management Fees	\$50,000.0: \$50,000.0 other		All Alaskans		Critical	Exceptional	No	No	Yes; AS 37.10.210-390

Note:

1. Will review in 2018

Department of Revenue – Core Divisions Cont.

Allocation and/or Program	Funding (in thousands)	# of Budgeted Positions / Filled	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness ¹	Constitution Requirement	Federally Required	Required by Statute
Permanent Fund Dividend Division	\$8,639.9: \$373.3 DGF, \$8,266.6 other	69/62 PFT 8/3 PPT	672,242 applied in 2017	5%	Beneficial / Critical	Highly effective	No	No	Yes; AS 37.13 AS 43.23
Child Support Services Division	\$25,428.4: \$7,694.8 UGF, \$50.0 DGF, \$17,683.6 Fed	196/176 PFT	119,000 (approx)		Critical	Highly effective	No	Yes; Social Security Act	Yes; AS 25.27.010
Office of the Commissioner	\$917.6: \$134.7 UGF, \$193.6 other, \$589.3 Fed	3/3 PFT	Alaskans not directly served		Critical	Highly effective	No	No	Yes; AS 43.05.010
Administrative Services Division	\$2,753.5: \$519.1 UGF, \$1,447.2 other, \$787.2 Fed	13/13 PFT	Alaskans not directly served		Important	Effective	No	No	No
Criminal Investigations Unit	\$406.9: \$406.9 other	2/2 PFT	All Alaskans		Important	Highly effective	No	No	No

Note:

1. Will review in 2018

Department of Revenue – Corporations

Allocation and/or Program	Funding (in thousands)	# of Budgeted Positions / Filled	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitution Requirement	Federally Required	Required by Statute
Mental Health Trust Operations	\$4,397.4: \$3,867.4 other, \$500.0 DGF	17/15 PFT	Alaskan Trust beneficiaries		Beneficial	Highly Effective	No	No	Yes; AS 47.30
Long Term Care Ombudsman Office (LTCO)	\$904.9: \$410.1 other, \$494.8 UGF	6 / 6 PFT	All Alaskan Seniors		Critical	Highly Effective	No		Yes; AS 47.62
Alaska Municipal Bond Bank Authority Operations	\$1,006.6: \$1,006.6 other	1/1 PFT	All Alaskans		Critical	Exceptional	No	No	Yes; AS 44.85
Alaska Housing Finance Corporation Operations	\$94,659.5: \$35,588.5 other, \$59,071.0 Fed	314/266 PFT 22/8 PPT 14/14 NP	All Alaskans		Beneficial	Highly Effective	No	Yes	Yes; AS 18.55, AS 18.56
Alaska Corporation for Affordable Housing	\$479.4: \$172.2 other, \$307.2 Fed	2 PFT	All low to moderate income Alaskans		Beneficial	Highly Effective	No	Yes	Yes; AS 18.55, AS 18.56
Alaska Permanent Fund Corporation (APFC)	\$168,573.3: \$168,573.3 other	57/42 PFT 2/1 PPT 2/0 NP	All Alaskans		Beneficial	Highly Effective	Yes; Article IX Sec. 15	No	Yes; AS 37.13

Department of Revenue

Health Care Costs

			FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue	Employer Health Contribution	UGF	3,531.6	3,600.2	3,353.7	2,772.2	2,870.0	3,010.1
		All Other Funds	10,939.3	10,684.6	10,355.3	10,307.9	15,111.5	15,255.1
	Workers Comp		284.7	372.6	348.8	402.2	490.3	516.6
Budgeted Health Care Total Costs			14,755.6	14,657.5	14,057.8	13,482.3	18,471.8	18,781.7
Budget		UGF	33,436.1	33,831.4	28,983.0	26,145.6	25,584.9	25,009.2
		All Other Funds	315,878.8	342,219.5	370,310.1	374,189.7	351,237.4	368,797.5
Revenue Total			349,314.9	376,050.9	399,293.1	400,335.3	376,822.3	393,806.7
Percent Health Care			4.2%	3.9%	3.5%	3.4%	4.9%	4.8%

Promotion of Healthy Lifestyle Includes

- Partake in physical fitness activities
 - Explore downtown Juneau & Anchorage during breaks
- Provide health newsletters and articles in common areas

Department of Revenue

FY19 Governor's Budget Key Changes

Key Reductions

Treasury Division – (\$525.9) UGF

Unclaimed Property – (\$71.0) DGF

Child Support Services Division – (\$425.7) UGF/Fed

Key Increment Requests

Criminal Investigations Unit - \$406.9 I/A

Long Term Care Ombudsman Office - \$31.6 UGF

Alaska Permanent Fund Corporation - \$17,549.7 Other