

## Department of Revenue

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
<b>FY14 Conference Committee (GF Only)</b>	<b>\$42,585.4</b>			
FY14 Fiscal Notes	484.6			
CarryForward	-			
Misc Adjustments	-			
Agency Transfers	204.2			
Vetoed	-			
<b>FY14 Management Plan (GF only)</b>	<b>\$43,274.2</b>	\$688.8	1.6%	
One-time Items Removed	(664.2)			
Agency Transfers	-			
Temporary Increments (IncTs)	-			
FY15 Health Insurance & Working Reserve Reductions	(89.9)			1
FY15 Contractual Salary Increases	259.6			
<b>FY15 Adjusted Base Budget (GF only)</b>	<b>\$42,779.7</b>	(\$494.5)	-1.1%	
Lang/Lang OTIs/MiscAdj/Carryforward/MultiYears/Contingent	(46.0)			
FY15 Governor's GF Increments/Decrements/Fund Changes	(728.4)			
<b>FY15 Governor's Agency Request (GF only)</b>	<b>\$42,005.3</b>	(\$774.4)	-1.8%	
<b>FY15 Governor's Increments, Decrements, Fund Changes and Language</b>	<b>FY15 Adjusted Base Budget (GF Only)</b>	<b>FY15 Governor's Request (GF only)</b>	<b>Change from FY15 Adj Base to FY15 Governor's Request</b>	<b>See Note:</b>
<b>Allocation</b>			(\$774.4)	
Tax Division	16,273.1	16,009.8	(263.3)	1 & 3
Treasury Division	6,043.5	6,017.5	(26.0)	1
Alaska Retirement Management Board	382.5	132.5	(250.0)	1
Permanent Fund Dividend Division	8,460.8	8,383.8	(77.0)	1
Child Support Services	9,503.0	9,409.5	(93.5)	1
Commissioner's Office	246.3	206.7	(39.6)	1
Administrative Services	531.3	506.3	(25.0)	1
<b>Non-General Fund Agency Summary</b>	<b>FY15 Adjusted Base Budget</b>	<b>FY15 Governor's Request</b>	<b>Change from FY15 Adj Base to FY15 Governor's Request</b>	<b>See Note:</b>
Other State Funds (all allocations)	228,378.5	252,141.3	23,762.8	2
Federal Funds (all allocations)	77,584.4	77,842.6	258.2	
<b>Total Non-General Funds (all allocations)</b>	<b>\$77,584.4</b>	<b>\$77,842.6</b>	<b>\$258.2</b>	
<b>Position Changes (From FY14 Authorized to Gov)</b>	<b>937</b>	<b>931</b>	<b>(6)</b>	<b>1</b>
PFT	885	880	(5)	
PPT	34	33	(1)	
Temp	18	18	-	
<b>Governor's Capital Request</b>	<b>State Funds (GF + Other)</b>	<b>Federal Funds</b>	<b>Total</b>	<b>See Note:</b>
Planning and Research	750.0	-	750.0	
Maintenance and Repairs	-	-	-	
Remodel, Reconstruction and Upgrades	45,000.0	4,700.0	49,700.0	
New Construction and Land Acquisition	19,250.0	-	19,250.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	211.6	158.5	370.1	
Other	12,600.0	7,500.0	20,100.0	
<b>TOTAL CAPITAL</b>	<b>\$77,811.6</b>	<b>\$12,358.5</b>	<b>\$90,170.1</b>	

## Department of Revenue

The Department of Revenue's responsibilities include:

- administration and enforcement of Alaska's tax laws;
- management of the treasury;
- administration of the Permanent Fund Dividend Program;
- collection and distribution of child support; and
- administrative support to the following independent boards and corporations:
  - Alaska Permanent Fund Corporation;
  - Alaska Housing Finance Corporation;
  - Alaska Municipal Bond Bank Authority;
  - Alaska Retirement Management Board; and
  - the Alaska Mental Health Trust Authority.

### BUDGET SUMMARY

The FY15 Department of Revenue (DOR) general fund operating budget submitted by the Governor is \$774.4 below the FY15 Adjusted Base [(\$697.4) Unrestricted General Funds (UGF) and (\$77.0) Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column of the preceding spreadsheet.

### FUNDING REDUCTIONS AND MAINTENANCE OF SERVICES

1. **Unspecified Reductions in Expenditure Levels, Vacant Position Deletions and Health Insurance and Working Reserve Rate Decreases.** The Governor's FY15 budget request contains several reductions common to all agencies. Reductions for the Department of Revenue are shown below.

Description	Funding Amount	Fund Group
Unspecified Reductions in Expenditure Levels	(\$441.5)	UGF
Position Deletions	(\$255.9)	UGF
<ul style="list-style-type: none"> <li>• 4 PFT positions</li> <li>• 1 PPT position</li> <li>• 1 temporary position</li> </ul>	(\$77.0)	DGF
Health Insurance and Working Reserve Rate Decreases	(\$70.7)	UGF
<ul style="list-style-type: none"> <li>• Health Insurance decrease from \$1,389 to \$1,371 per month (a decrease of \$18/month)</li> </ul>	(\$19.2)	DGF
	(\$102.0)	Other
<ul style="list-style-type: none"> <li>• Working Reserve Rate (i.e., leave cash-in, terminal leave and unemployment insurance) decrease from 3.94% to 3.56%</li> </ul>	(\$65.1)	Fed



2. **Alaska Permanent Fund Corporation External Management, Custody, and Due Diligence Fees: \$23.8 million PF Gross Earnings (Other).** This request will fund increased management fees based on projected asset value growth and higher fees that are associated with changes in the Permanent Fund's structure and strategies. In addition, the money will be utilized for investment opportunities which require external subject matter specialists, third party fiduciaries and legal review, as well as increased custody fees.

## **OTHER ISSUES**

3. **New Positions Established with Partial Funding.** In FY14, the Tax Division received partial funding for several new positions. The legislature approved \$279.0 of the requested \$372.0 UGF for a new Audit Master position and an Oil & Gas Revenue Auditor position. It also approved \$70.0 of the requested \$148.0 UGF for a new Executive Director position for the Film Office. No additional funding was requested for these positions in the FY15 Governor's Request.

**Legislative Fiscal Analyst Comment:** The legislature may want to request an update from the department on the status of these new positions and the department's ability to absorb the full cost of the positions within its existing budget. The FY15 Governor's Request includes a decrement of \$32.0 for contractual services, the deletion of four long-term vacant positions, and \$255.9 UGF associated with the deleted positions from the Tax Division (included within item #1).

## **ORGANIZATIONAL CHANGES**

There are no significant organizational changes requested.

## **CAPITAL REQUEST**

The Governor's FY15 Department of Revenue (DOR) capital budget totals \$90.2 million (\$76.8 million UGF/ \$130 thousand DGF/ \$850 thousand Other Funds/ \$12.4 million Federal Receipts).

The Alaska Housing Finance Corporation (AHFC) capital budget makes up the majority of the department's request (99.6% of the budget for FY15). AHFC has over \$89.8 million budgeted for their housing programs (\$76.8 million of UGF, \$850 thousand Other Funds and \$12.2 million of Federal Receipts). A few of the projects requested include:

- **Weatherization Program:** \$29 million (\$27.5 million UGF/ \$1.5 million Federal Receipts);
- **Home Energy Rebate Program:** \$17.5 million UGF;
- **Homeless Assistance Program:** \$8 million [\$6.3 million UGF/ \$850 thousand GF/MH (UGF)/ \$850 thousand MHTAAR (Other)];
- **Supplemental Housing Development Program:** \$7 million UGF;
- **Teacher, Health, Public Safety Professionals, and Village Public Safety Officer (VPSO) Housing Loan Program:** \$6 million UGF; and
- **Senior Citizen's Housing Development Program:** \$4.5 million UGF.

The remainder of the DOR's capital budget request totals \$370 thousand and includes the following:

- **Permanent Fund Dividend Division Computer Replacement Project Phase 3:** \$130 thousand PFD Fund (DGF); and
- **Child Support Services Computer Replacement Project Phase 5:** \$240 thousand [\$158.5 Federal Receipts/ \$81.6 GF Match (UGF)].

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