



State of Alaska Department of Revenue Budget Overview

A Presentation to the House Finance Committee

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Commissioner
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Alaska Department of Revenue

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

Major Programs

Tax Division

Collect taxes, forecast and report revenues, and regulate charitable gaming

Treasury Division

Manages and invests state funds

Permanent Fund Dividend Division

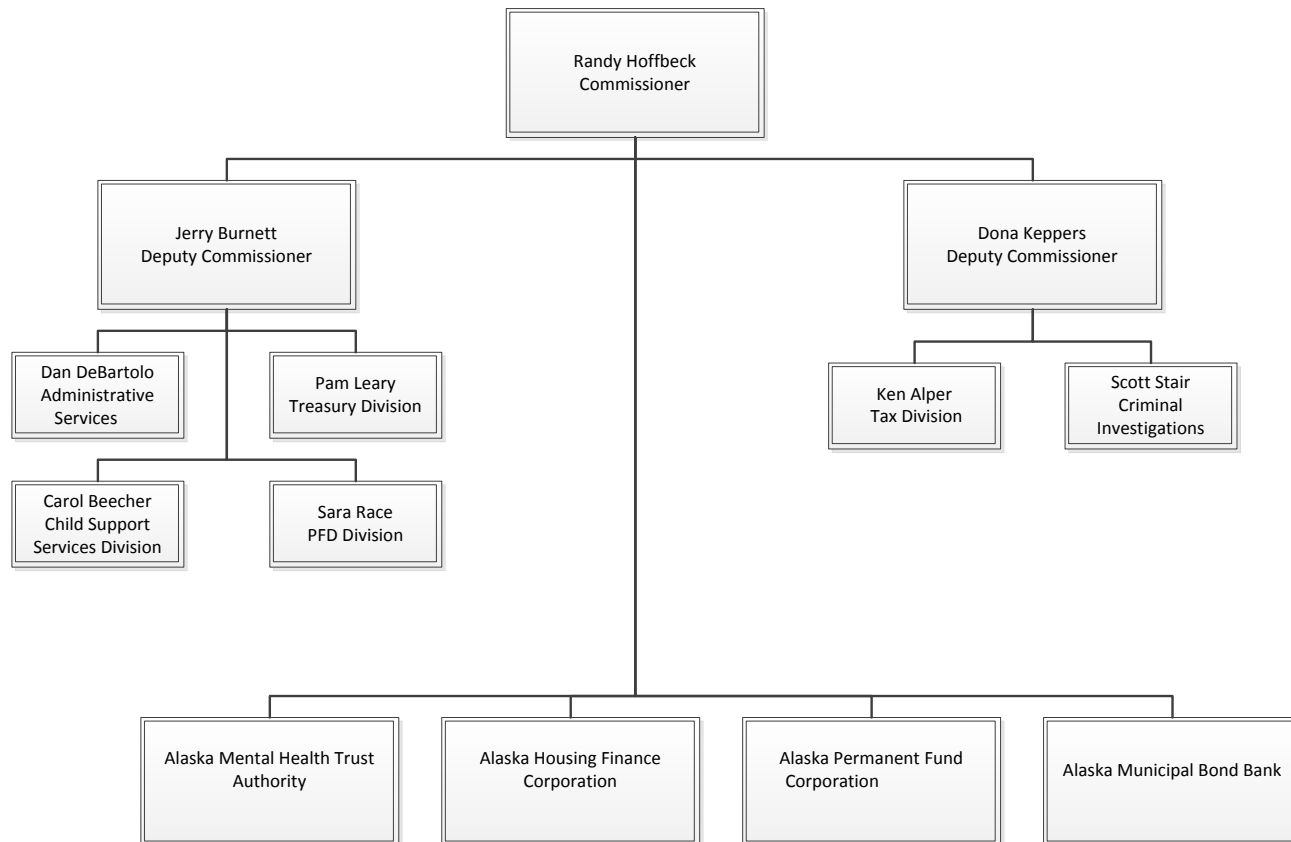
*Administers the PFD program and
distributes the annual dividend payment to eligible Alaskans*

Child Support Services Division

Collects and distributes child support to custodial parents

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Authorities and Corporations

- Alaska Housing Finance Corporation

To provide Alaskans access to safe, quality and affordable housing.

- Alaska Permanent Fund Corporation

To maximize the value of the Permanent Fund within return objectives.

- Alaska Mental Health Trust Authority

To administer the Alaska Mental Health Trust as a perpetual trust and to ensure a comprehensive and integrated mental health program to improve the lives of beneficiaries.

- Alaska Municipal Bond Bank Authority

To provide municipalities with financing options for capital projects.

Results in 2014

Department of Revenue as a Whole

- The department consolidated leases and combined public facing offices to reduce billable footprint for greater long-term cost savings.
- All Department of Revenue regulations were reviewed and updated.

Treasury Division

- The FY 14 returns for 33 out of 36 funds managed by Treasury met or exceeded the benchmark returns.
- PERS and TRS funds returned 18.55% and 18.56% respectively as compared to 12.50% and 12.59% in FY 13.

Results in 2014

Tax Division

Continued the implementation of the Tax Revenue Management System (TRMS)

- Phase 1 of the system rolled out in April of 2014 for all corporate income and excise tax filers. The project includes online filing options for all taxpayers and has been a great success.
- In October of 2014 the first part of the oil and gas property tax came online. The second part of the property tax rollout will be completed in October of 2015.
- Phase 2 of the TRMS rolled out in January of this year for oil and gas production tax. Nearly \$20 billion in prior year's tax payments were uploaded to the new system without incident. This will greatly assist with auditing prior year's information and will be the online portal for future tax filings.
- 98.5% of known taxpayers filed tax returns and made their payments timely.

Results in 2014

Permanent Fund Dividend Division (PFD)

- Of the 306,365 eligibility cases that were created, 90.1% were contacted by the time the dividend amount was announced in September. This is 5.1% above the division's performance measure goal of 85%. The division succeeded in reaching the second highest case closure rate since 2008.
- PFD technicians had over 25,000 more interactions with the public through phone, email, and in-person than the prior year.
- The division focused on improving communications with other state agencies that directly affect the Permanent Fund Dividend processes and customer service experience. A seamless applicant experience requires a collaborative effort between the division and agencies like myAlaska (ETS), DMV, and Vital Statistics.
- The costs associated with administering the Permanent Fund Dividend program, such as postage and printing, continue to increase. However, the cost per dividend has fluctuated less than ten cents over the past five years due to division efficiency improvements and automating processes.
- The division succeeded in rendering 100% of all appeal decisions within 180 days.

Results in 2014

Child Support Services Division

Criterion	Cases That Required Action FFY13	Cases Compliant With Time Frames FFY13	Efficiency Rate: FFY 2013	Efficiency Rate: FFY 2012	Federal Minimum Standard
Case Closure	65	62	95%	100%	90%
Paternity/Establishment	70	66	94%	92%	75%
Expedited Processes within 6 months	32	25	78%	76%	75%
Expedited Processes within 12 months	32	30	94%	96%	90%
Enforcement	427	413	97%	94%	75%
Disbursement	327	321	98%	97%	75%
Medical Support Enforcement	170	164	96%	81%	75%
Review and Adjustment	278	272	98%	90%	75%

Look Back at Department Activities

Revenues collected by the Tax Division increased 73.1%:

- FY 05 \$1,951,247,500
- FY 14 \$3,377,600,000
- Multiple new tax programs created, and three major changes to Oil and Gas Production Tax

Funds under management by the Treasury Division increased 152%:

- FY 05 \$20,706,642,000
- FY 14 \$52,157,266,000
- New tier added to retirement system, oversight and numerous new funds

Number of Permanent Fund Dividends paid to Alaskans increased 6%:

- FY 05 599,243
- FY 14 634,856
- Pick.Click.Give Program Added

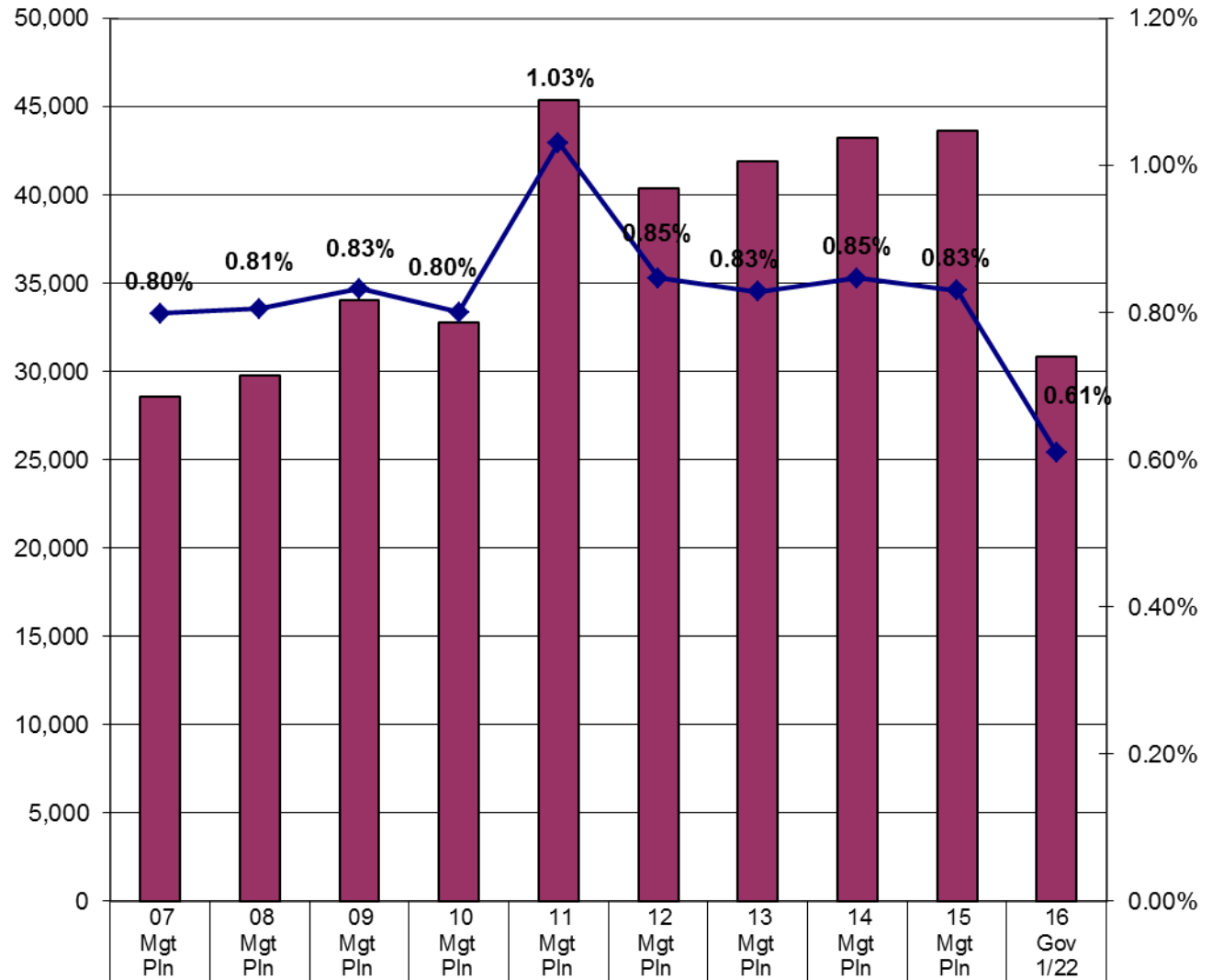
Number of child support cases increased 8.4% while the amount of child support distributed to custodial parents increased 14.2%:

- FFY 05 45,259 cases \$98.6 million disbursed
- FFY 14 49,057 cases \$112.6 million disbursed

Department of Revenues' Share of Total Agency Operations **(GF Only)** **(\$ Thousands)**

The department's GF budget decreased by \$2,299.2 between FY07 and FY16 Governor's Request.

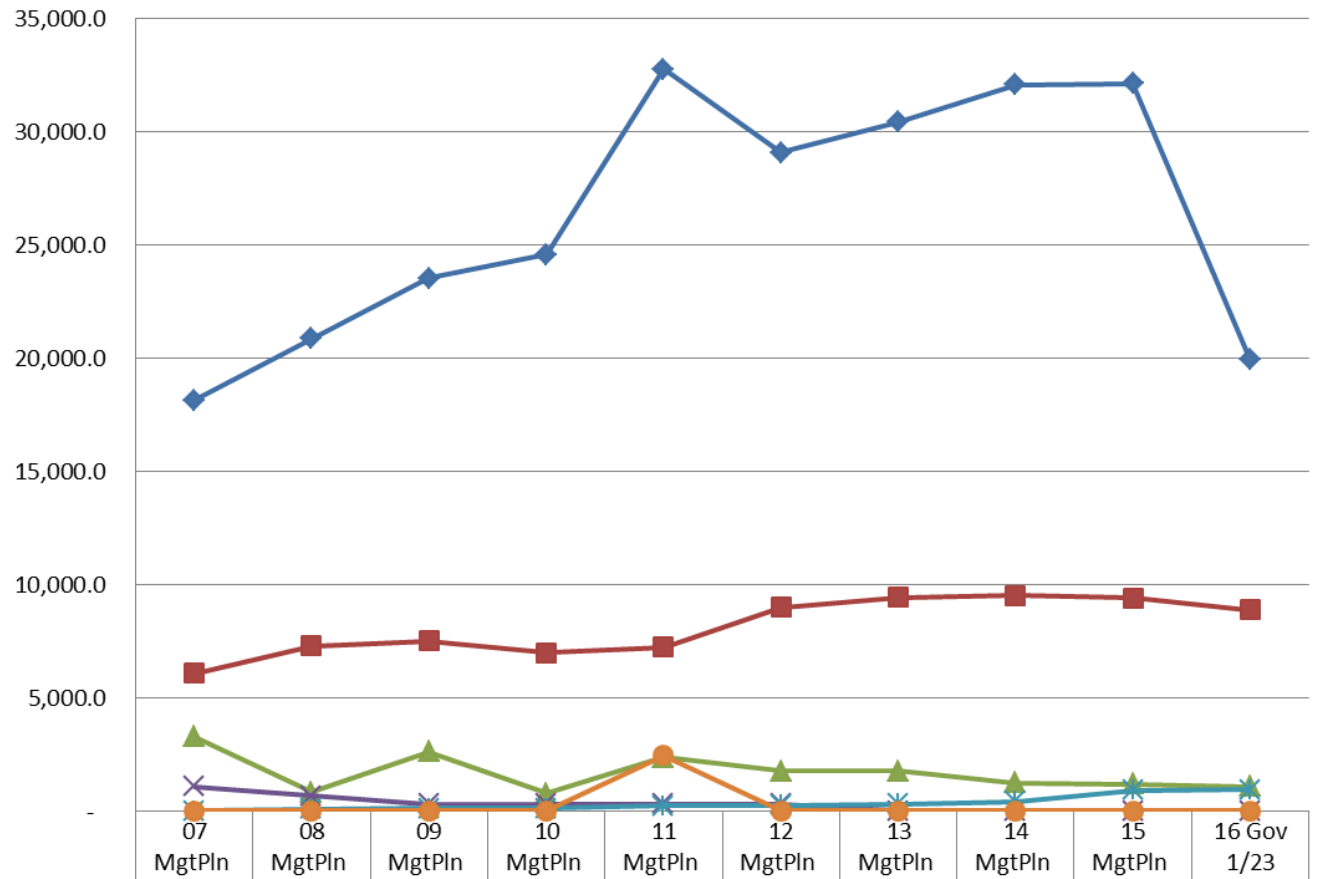
The department's total FY16 Governor's Request GF budget equals \$93 per resident worker.*



Total Agency Budget	28,582.	29,771.	34,052.	32,776.	45,346.	40,398.	41,924.	43,274.	43,638.	30,882.
% of Agency Budget to Total Agencies' budgets	0.80%	0.81%	0.83%	0.80%	1.03%	0.85%	0.83%	0.85%	0.83%	0.61%

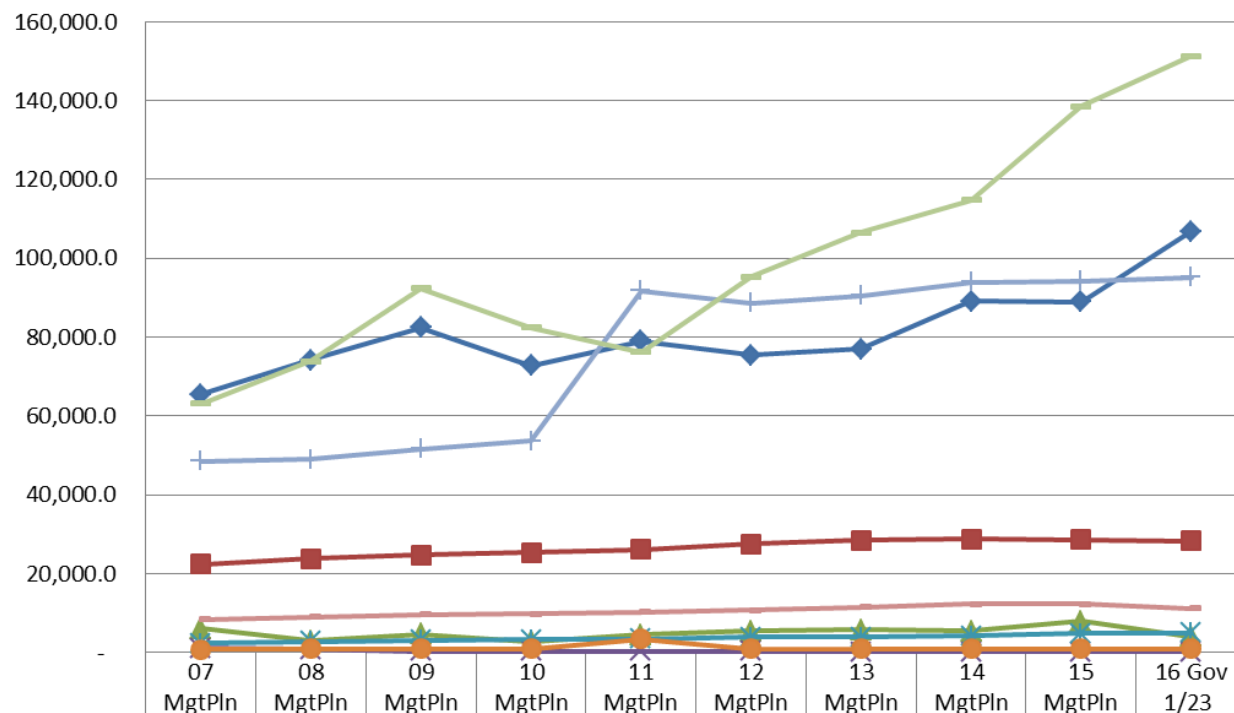
* According to the Department of Labor, there were 333,283 resident workers in Alaska in 2012.

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



◆ Taxation and Treasury	18,141.0	20,861.3	23,513.7	24,575.9	32,751.5	29,064.9	30,411.7	32,081.1	32,116.2	19,950.0
■ Child Support Services	6,078.2	7,300.4	7,497.5	7,000.1	7,243.0	8,989.8	9,432.4	9,528.4	9,407.7	8,885.7
▲ Administration and Support	3,290.0	828.8	2,629.1	778.2	2,369.6	1,758.3	1,781.4	1,253.8	1,203.2	1,092.1
✕ Alaska Natural Gas Development Authority	1,073.6	677.6	305.3	312.1	311.9	319.9	-	-	-	-
✱ Alaska Mental Health Trust Authority	-	103.4	107.0	110.1	220.9	265.9	298.8	410.9	911.5	954.2
● Alaska Municipal Bond Bank Authority	-	-	-	-	2,450.0	-	-	-	-	-

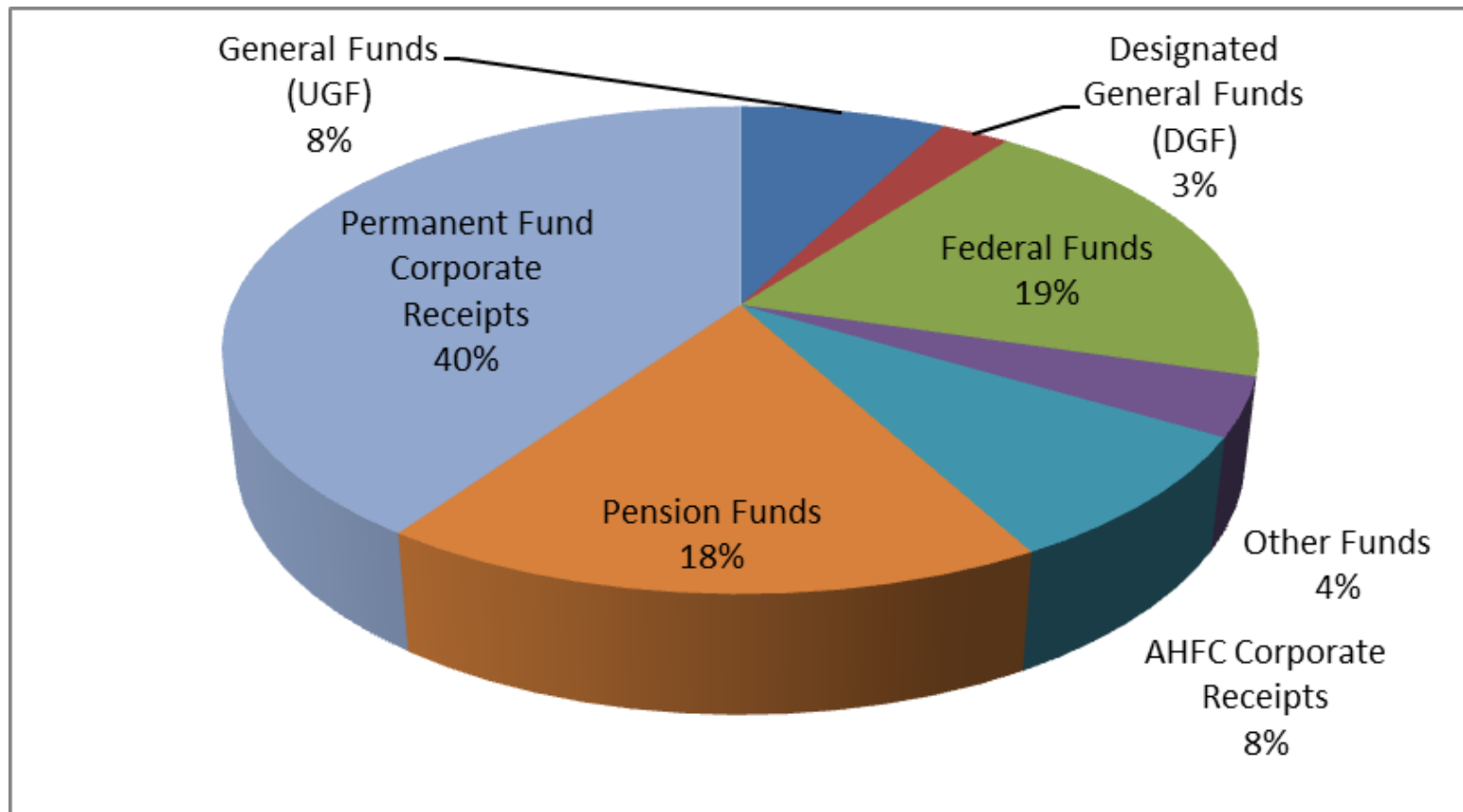
**Appropriations within the Department of Revenue
(All Funds)
(\$ Thousands)**



◆ Taxation and Treasury	65,419.7	74,200.5	82,392.1	72,831.2	78,948.2	75,432.9	76,985.1	89,154.2	88,953.9	106,794.5
■ Child Support Services	22,440.1	23,795.3	24,700.0	25,370.8	26,092.6	27,574.9	28,361.8	28,711.9	28,542.1	28,321.0
▲ Administration and Support	6,090.4	2,879.8	4,695.1	2,824.3	4,445.0	5,463.8	5,715.0	5,414.7	7,862.4	4,041.6
✕ Alaska Natural Gas Development Authority	1,073.6	677.6	305.3	312.1	311.9	319.9	-	-	-	-
✱ Alaska Mental Health Trust Authority	2,274.9	2,740.4	3,043.1	3,208.2	3,460.5	3,859.0	3,922.4	4,230.2	4,783.5	4,923.1
● Alaska Municipal Bond Bank Authority	775.7	825.9	826.0	828.1	3,361.4	834.0	838.5	845.2	845.8	899.7
+ Alaska Housing Finance Corporation	48,455.4	49,038.3	51,628.5	53,646.2	91,701.8	88,656.0	90,483.8	93,963.5	94,256.3	95,104.3
- Alaska Permanent Fund Corporation	8,427.0	8,993.2	9,648.1	9,707.1	10,307.7	10,639.0	11,486.1	12,195.2	12,231.9	11,153.8
■ Alaska Permanent Fund Corporation Investment Management Fees	63,200.0	73,800.0	92,415.0	82,415.0	76,175.0	95,300.0	106,600.0	114,800.0	138,575.0	151,391.0

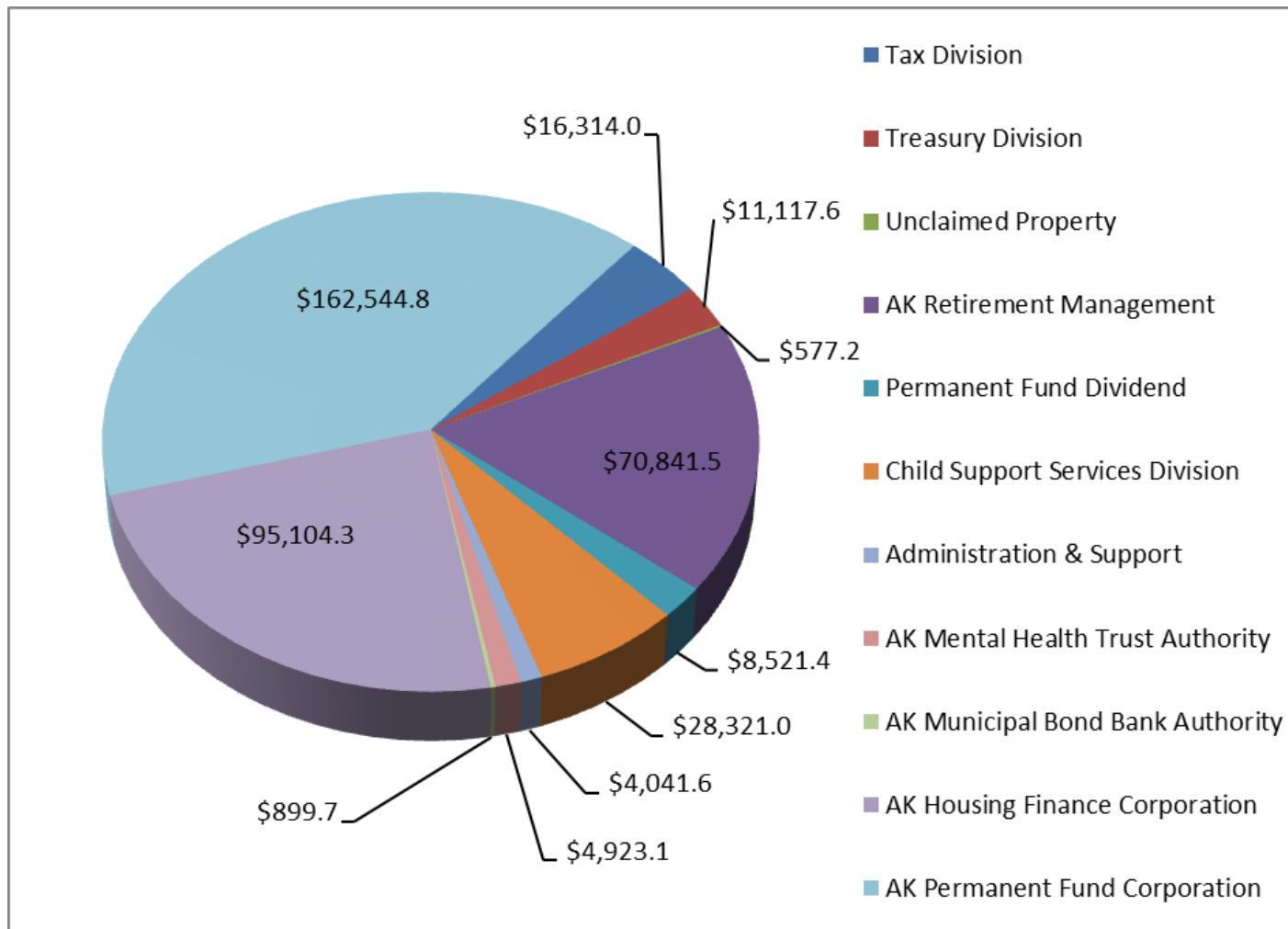
Department of Revenue

FY 2016 Governor's Budget by Fund Source



Department of Revenue

FY 2016 Governor's Budget by Program



Key FY 2016 Budget Changes

➤ Non-Personal Services Reductions	(1,739.0)	UGF
	(3,697.5)	Other
➤ Personal Service Reductions -	(1,480.8)	UGF
	(2.6)	DGF
	(160.4)	Other
➤ Health Insurance & Working Reserve Reductions	(16.5)	UGF
	(4.3)	DGF
	(80.4)	Other
	(45.9)	FED
➤ Position Additions	1,079.7	Other

FY 2016 Capital

➤ Alaska Housing Finance Corp Multiple Projects

17,891.4 UGF/11,500.0 Fed

- \$8.1 million Weatherization
- \$4.69 million Teacher, Health, Public Safety and VPSO Housing Loans
- \$4.5 million Housing & Urban Development Fed HOME Grant
- \$3 million Home Energy Rebate
- \$2.5 million Housing & Urban Development Capital Fund Program
- \$1 million Cold Climate Housing Research Center (CCHRC)

Wrap-Up

- The Tax Division is actively engaged in improving its information system to insure efficient tax administration and timely access to information necessary for assisting with tax policy decisions contemplated by the legislature.
- The Department of Revenue is the state's largest investment manager. We pride ourselves in prudent investment practices for a variety of programs and needs while achieving and maintaining the highest credit rating and thus the lowest cost of borrowing.
- Customer service sections in the PFD and Child Support Services Divisions have continuously improved their business practices in order to provide increased service levels without increasing staff.
- Our corporations receive national recognition for their exemplary program management and fiscal solvency.

THANK YOU

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