

# **Overview of Legislative Finance Division Indirect Expenditure Reports**

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Alexei Painter, Legislative Finance Division

# LFD Indirect Expenditure Reports

- Make recommendations to legislature based on data from DOR
- Look at several agencies each report, on a six-year cycle
- Past recommendations may be based on outdated information, so use with caution

# Agencies in 2015 Report

- Commerce, Community and Economic Development
- Fish and Game
- Health and Social Services
- Labor and Workforce Development
- Revenue

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## Indirect Expenditure Report

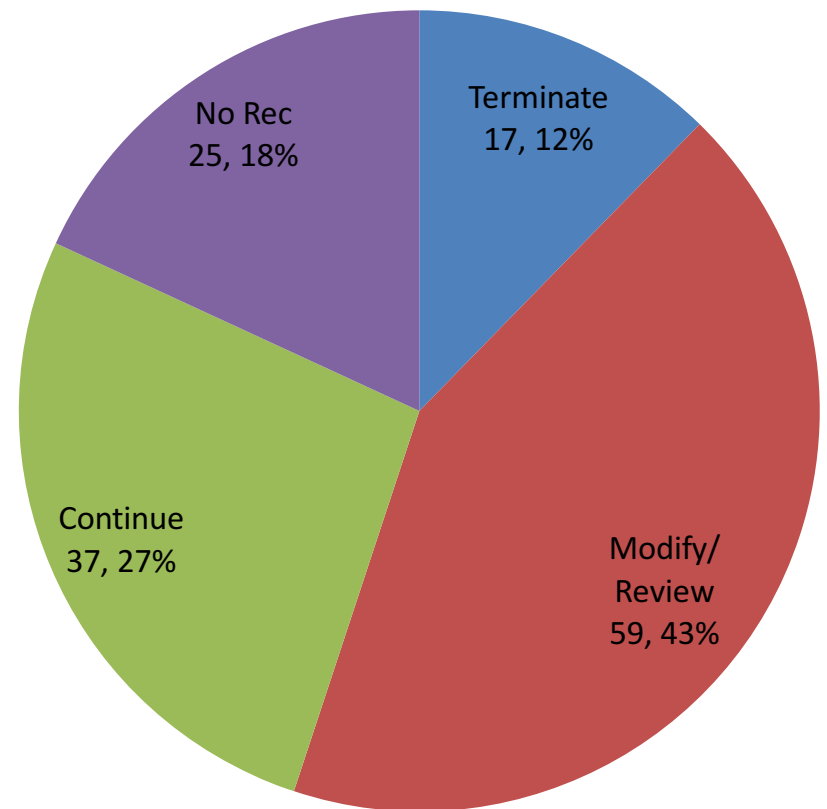
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January 2015  
*Legislative Finance Division*  
www.legfin.akleg.gov

# Summary of 2015 Recommendations

- Terminate: 17 provisions
  - Total known revenue impact of \$5 million (in FY14)
  - Three provisions had unknown revenue impact
- Modify or review: 59 provisions
- Continue: 37 provisions
- No recommendation: 25 provisions



# 2015 Report Key Points

- Future DOR reports added revenue estimates for several provisions that had an unknown impact when the first LFD report was prepared
- LFD did not review oil and gas tax credits

## Legislative Actions

- HB 247 (SLA 2016) repealed an obsolete exploration incentive
- HB 97 (SLA 2018) repealed an unused credit for donations to the Fire Standards Council
- HB 398 (SLA 2018) repealed a Corporate Income Tax provision related to water's edge reporting

# Agencies in 2017 Report

- Administration
- Education and Early Development
- Environmental Conservation
- Natural Resources
- Transportation
- Judiciary
- Plus review of the Education Tax Credit, which was scheduled to sunset at the end of 2018.

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## Indirect Expenditure Report

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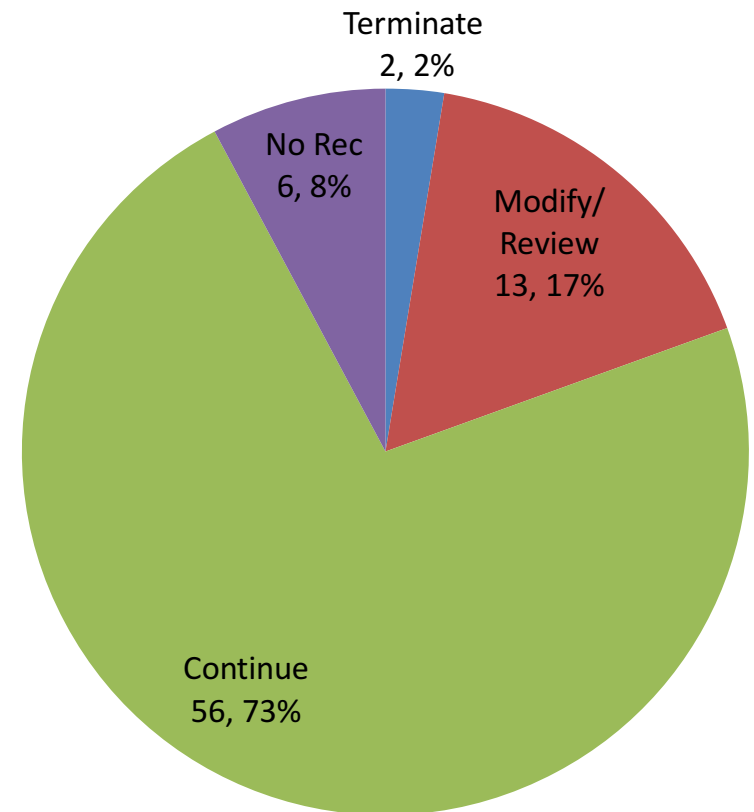
January 2017

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# Summary of 2017 Recommendations

- Terminate: 2 provisions
  - Unknown revenue impact
- Modify or review: 13 provisions
- Continue: 56 provisions
- No recommendation: 6 provisions



# 2017 Report Key Points

- Some items do not have revenue generation as a goal (“fix-it” tickets)
- Others have authority to set fee structure (Marine Highway)
- Remainder are mostly routine (senior discounts, fee waivers for disabled veterans, etc.)

## Legislative Actions

- HB 233 (SLA 2018) extended the Education Tax Credit and made some changes recommended by LFD report to limit credit



# 2019 Report

- No agencies covered— ones not listed in statute have reported no indirect expenditures
- LFD reviewed five provisions scheduled to sunset

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## Indirect Expenditure Report

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# 2019 Report

Summary of Recommendations			
Department	Applicable Program	Indirect Expenditure Name	Recommendation
Health and Social Services	SHARP II	Health Care Professions Loan Repayment and Incentive	Allow to sunset
Revenue	Corporate Income Tax	In-State Refinery Tax Credit	Allow to sunset
Revenue	Corporate Income Tax	LNG Storage Facility Credit	Allow to sunset
Revenue	Fisheries Business Tax	Salmon and Herring Product Development Credit	Continue, with modifications
Revenue	Fisheries Resource Landing Tax	Community Development Quota Credit	Continue, remove sunset

# Looking Forward

- Cycle restarts in 2021 with a review of the same agencies as the 2015 report
- Pew recommendation to Alaska: “Selectively studying major incentives in greater depth might lead to more detailed evaluations.”
- Exempt routine provisions from review? (Maine and Washington state)
- Only review a few selected provisions per year? (Minnesota, Indiana)