

DEPARTMENT OF REVENUE
FY20 - Summary of Significant Budget Issues

Governor's Budget Items Approved as Requested

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
1	Taxation and Treasury/ Tax Division	Delete Vacant Tax Technician Position	(\$78.6) UGF (1) PFT Position	The legislature approved the Governor's request to delete a vacant Tax Technician II position and associated funding.
2	Taxation and Treasury/ Treasury Division	Adjust Treasury Fund Sources	Total: \$187.6 (\$31.0) UGF \$65.9 Group Ben (Other) \$3.8 IntAirport (Other) \$148.9 Pub School (Other)	The legislature approved two requests to adjust fund sources for investment management to align the fund sources with current cost allocation plans. These changes increase non-UGF fund sources by \$224.6 and reduce UGF by \$31.0.
3	Taxation and Treasury/ Permanent Fund Division	Reduction to Printing and Deletion of Vacant Positions	\$176.5 PFD Fund (Other) (1) PFT Position (2) PPT Positions	The legislature approved the governor's request to eliminate three vacant positions (one full-time, two seasonal) and \$116.5 of associated funding. These reductions will be absorbed by other positions within the division. The legislature also approved a reduction of \$60.0 to printing costs.
4	Child Support Services/ Child Support Services Division	Reductions to Imaging and Postage	Total: (\$200.0) (\$132.0) Federal (\$68.0) GF/Match	The Child Support Services Division is transitioning to a new platform, allowing for reductions to imaging and postage. Moving to an in-house imaging system will save \$60.0 and reducing support for imaging will save an additional \$25.0. Eliminating mailed statements and paper warrants will allow for a reduction of \$115.0.

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Governor's Budget Items Approved with Modifications

Item #	Approp/Allocation	Description	Amount/Fund Source Requested	Amount/Fund Source Approved	Comment
5	Multiple Appropriations	Executive Branch 50% Travel Reduction	Total: (\$679.7) (\$52.8) UGF (\$0.5) DGF (\$509.3) Other (\$117.1) Fed	Total: (\$667.2) (\$52.8) UGF (\$0.5) DGF (\$496.8) Other (\$117.1) Fed	<p>The Governor requested a reduction in travel funding in all allocations equal to 50% of the actual travel costs in FY18. The legislature approved all travel reductions except for the proposed reduction in the Long Term Care Ombudsman Office (\$16.7 total; \$4.2 GF/Mental Health and \$12.5 of Interagency Receipts). The Governor then vetoed the \$4.2 of GF/Mental Health, but not the \$12.5 of Interagency Receipts. The executive branch is preparing a travel plan to reduce travel spending without preventing critical travel.</p> <p>The enacted reductions by appropriation are as follows: <u>Taxation and Treasury:</u> (\$144.7) total, (\$43.6) UGF <u>Child Support Services:</u> (\$5.3) total, (\$0.5) UGF <u>Administration and Support:</u> (\$32.3) total, (\$4.5) UGF <u>Mental Health Trust Authority:</u> (\$44.2) total, (\$4.2) UGF <u>Alaska Housing Finance Corporation:</u> (\$166.5) total, no UGF <u>Alaska Permanent Fund Corporation:</u> (\$274.2) total, no UGF</p>

Governor's Budget Items Denied

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
6	Taxation and Treasury/ Treasury Division	Replace Power Cost Equalization Funds with General Funds	Net Zero \$359.7 UGF (\$359.7) PCE Endow (DGF)	The Governor proposed legislation to repeal the Power Cost Equalization Endowment fund and place the balance in the general fund. Along with this legislation, he proposed replacing management fees for that fund with UGF. The legislature denied this request on grounds that funding changes should be addressed in a fiscal note to the related legislation.

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Governor's Budget Items Denied (continued)

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
7	Taxation and Treasury/ Alaska Retirement Management Board Custody and Management Fees and Alaska Permanent Fund Corporation/ APFC Investment Management Fees	Align Manager Fees with Actuals	Total: \$330,000.0 \$25,145.0 Group Ben (Other) \$19,895.0 PERS Trust (Other) \$14,534.0 Teach Ret (Other) \$426.0 Jud Retire (Other) \$270,000.0 PF Gross (Other)	The Governor proposed language increasing investment management fee authority to show fees paid on illiquid investments in the budget. Currently, only fees paid directly to managers from the State are shown in the budget. Fees paid from investments, whereby investment fees are deducted from investment returns, are not currently in the budget. The legislature denied this request, but added intent language directing the Alaska Permanent Fund Corporation to include these fees in its Annual Report.

Governor's Vetoes

Item #	Approp/Allocation	Description	Amount/Fund Source	Comment
8	Taxation and Treasury/ Tax Division	Delete Gaming Positions	(\$212.2) CIP (Other) (2) PFT Positions	The Governor's budget proposed deleting two positions in the charitable gaming unit. This reduction was associated with reduced regulations proposed by the Governor in HB 73/SB 69. The legislation did not advance, so the legislature included the funding for the positions in its budget. The Governor vetoed the funding and the positions. This action reduces the gaming unit from five positions to three.
9	Alaska Permanent Fund Corporation/ APFC Investment Management Fees	Increase Alaska Permanent Fund Corporation Management Fee Costs	(\$5,296.3) PF Gross (Other)	The legislature added \$5.3 million of additional investment management fee authority to the Alaska Permanent Fund Corporation's budget. This increase aligns the budget with expected fund growth and was requested by the Permanent Fund's Board of Trustees. The Governor vetoed this funding from HB 39 and again from HB 2001.