

State of Alaska

Department of Revenue

Department of Revenue

Presentation to Senate Finance Revenue Subcommittee

February 11, 2021

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Lucinda Mahoney, Commissioner Designee



Governor

MIKE DUNLEAVY

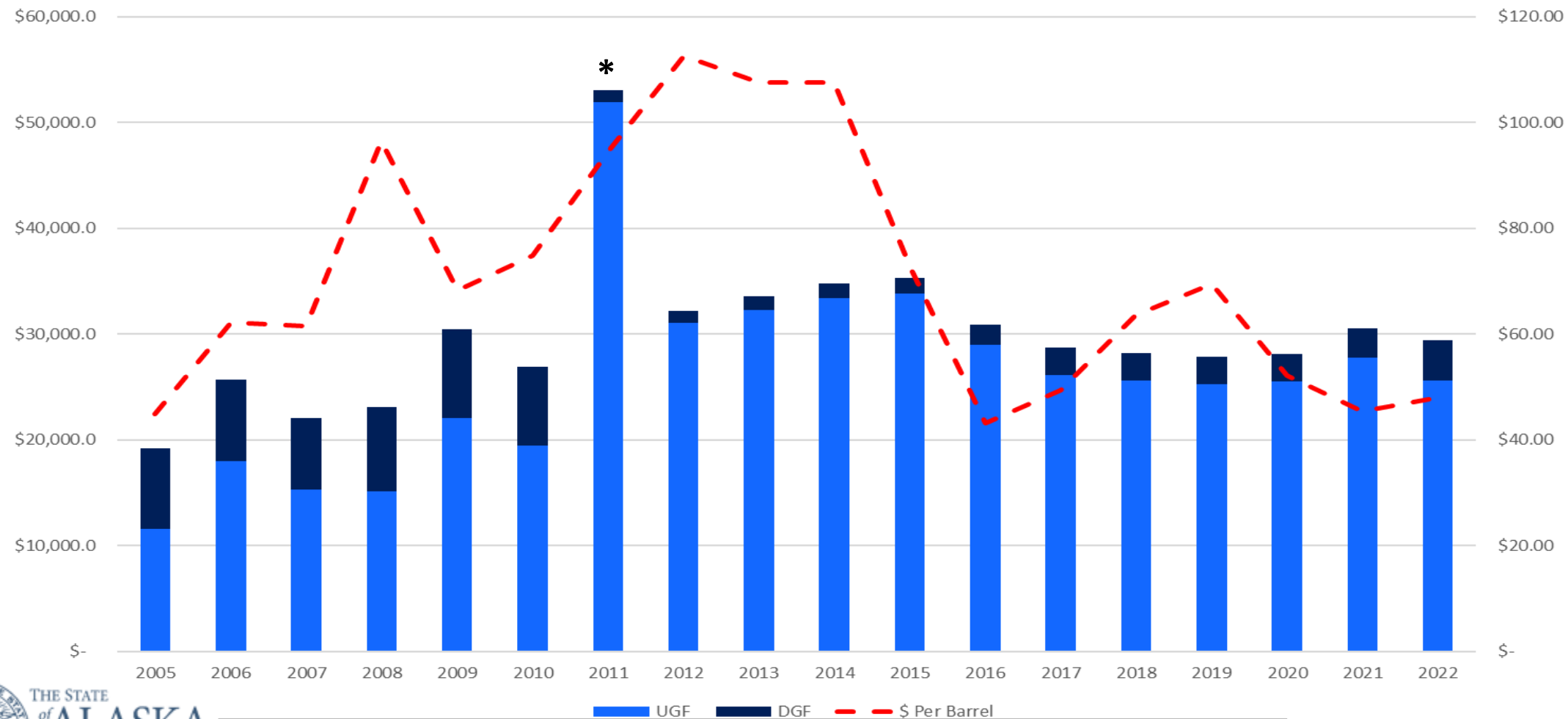
Department Overview: Mission and Core Programs

- Mission: To collect, distribute, manage and invest funds for public purposes
- Department Headcount with Corporations: 859
- Core Department Headcount: 420
- Department Budget: Total: \$368.1M Core: \$109.3M

Department Divisions	Collect	Invest	Distribute	Support
Tax	X		X	
Treasury		X		
PFD			X	
Child Support	X		X	
Unclaimed Property	X		X	
Commissioner				X
Admin Support				X
Criminal Investigations				X

Department Overview: General Fund Trend (UGF + DGF)

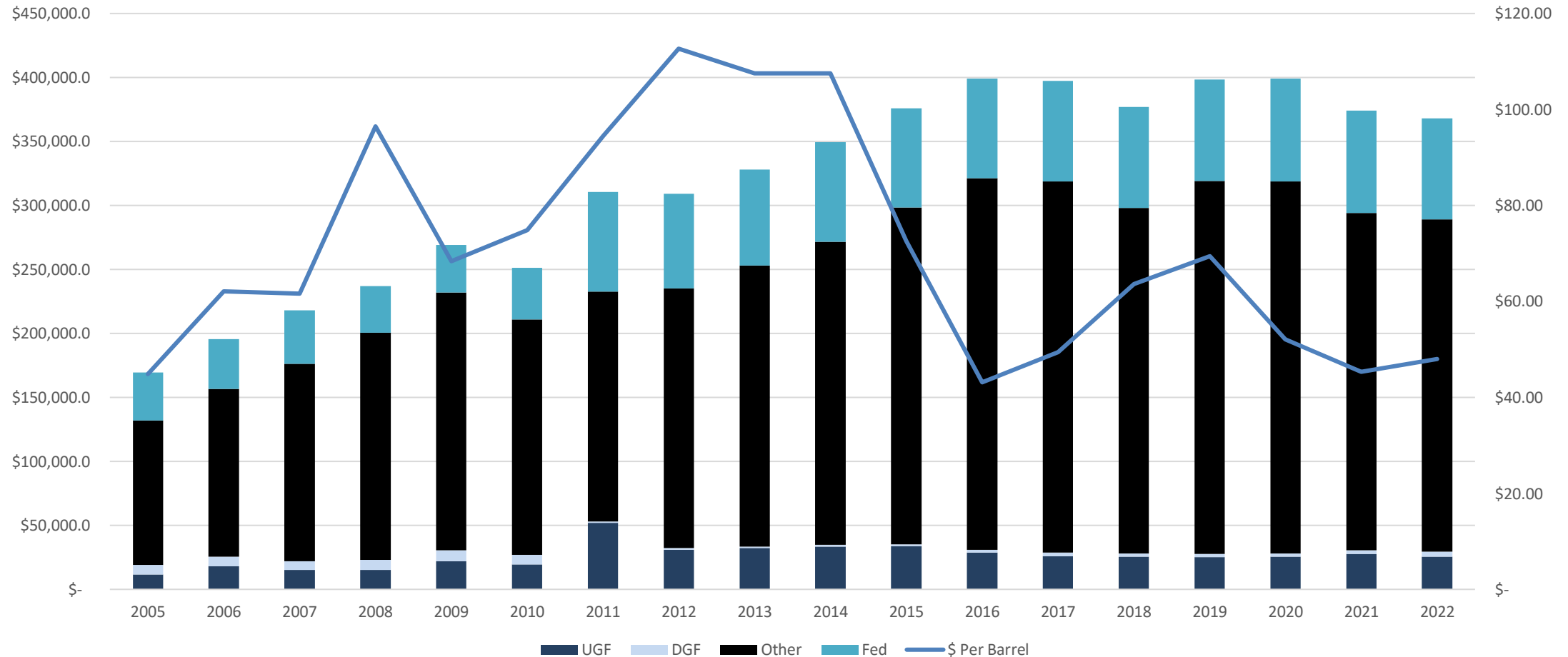
Department of Revenue Budget - FY05-22
UGF and DGF Only



*One Time Expenses for Education GO Bond Issuance, Loan to City of Galena, and Gasline Costs before transfer of AGDC to DCCED.

Department Overview: All Funds Trend (UGF + DGF + Other + Federal)

Department of Revenue Budget - FY05-22



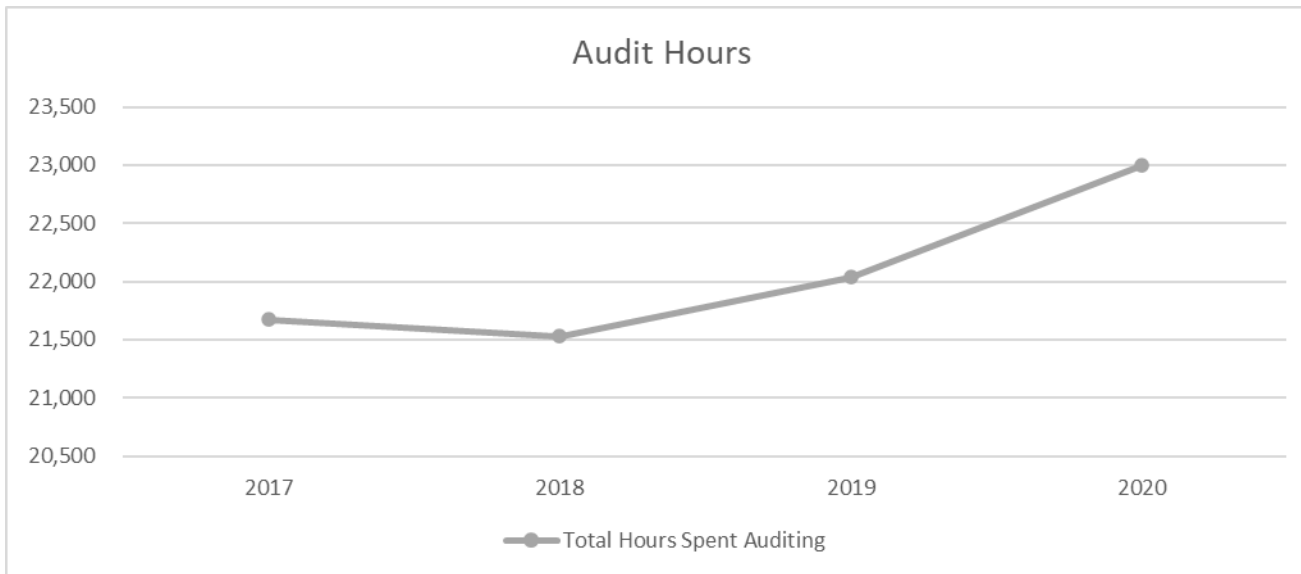
Department Overview: Tax Division

Tax Division: **Collect**

- Mission: Collect taxes, inform stakeholders and regulate charitable gaming.
- **Accomplishments:**
 - Supported 27 tax types with over 20,000 taxpayers and over 30,000 tax returns.
 - Implemented safe procedures to allow for regular cash collections during COVID office closure
 - Automated the Tax Division Annual Report resulting in a more timely and accurate work product.
 - Implementation of REMI - Economic Impact Modeling
- **Challenges:**
 - Continuing emphasis on oil and gas production tax audit timeliness
 - Managing through reduced revenue from COVID-19

Department Overview: Tax Division

Tax Division Budget History									
	2015		2020		2021		2022		
UGF	\$	16,371.9	\$	13,658.5	\$	15,938.3	\$	15,744.5	\$ (627.4) -4%
DGF	\$	754.5	\$	805.8	\$	809.3	\$	862.0	\$ 107.5 14%
Other	\$	896.7	\$	766.5	\$	197.8	\$	199.6	\$ (697.1) -78%
Federal	\$	-	\$	-	\$	-	\$	-	\$ -
Total	\$	18,023.1	\$	15,230.8	\$	16,945.4	\$	16,806.1	\$ (1,217.0) -7%
Positions		128		104		97		95	(33) -26%



Major Budgetary Changes FY2022:

- Cost Recovery of Shared Taxes **(\$48.7 UGF)**
- Delete Vacant Imaging Operator **(\$78.4 UGF)**
 - 2016: 15,692 paper returns
 - 2020: 2,717 paper returns
- Delete Revenue Appeals Officer I (04-3282) Due to Fewer Appeal Cases **(\$142.6 UGF)**

Department Overview: Treasury Division

Treasury Division: Invest

- Mission: to manage the state's funds consistent with prudent investment guidelines and Governmental Accounting Standards Board (GASB) rules.
- **Accomplishments:**
 - Nearly \$30.0 million in reduced spend from retirement trust funds for external management fees.
 - Assets managed for Alaska's retirement systems reached an all-time high in FY mid-2021 of \$30 billion, despite recent annual net withdrawals from the plans
 - 26 of the 28 non-retirement funds managed by the Treasury Division met or exceeded the benchmark
 - Unclaimed Property Section Returned approximately \$24.2 million to current or former Alaska owners and businesses during the past five years.
- **Challenges:**
 - Maintaining return expectations in a low interest rate environment
 - Managing cash-flow in an environment where CBR savings are nearing depletion



Department Overview: Treasury Division

Treasury Division Budget History														
	2015		2020		2021		2022		2015-2022		2021-2022			
UGF	\$	5,576.1	\$	2,829.9	\$	2,830.8	\$	1,105.1	\$	(4,471.0)	-80%	\$	(1,725.7)	-61%
DGF	\$	327.5	\$	359.7	\$	359.8	\$	1,309.0	\$	981.5	300%	\$	949.2	264%
Other	\$	4,216.7	\$	7,011.2	\$	7,016.0	\$	7,478.0	\$	3,261.3	77%	\$	462.0	7%
Federal	\$	-	\$	-	\$	-	\$	-	\$	-		\$	-	
Total	\$	10,120.3	\$	10,200.8	\$	10,206.6	\$	9,892.1	\$	(228.2)	-2%	\$	(314.5)	-3%
Positions		41		41		40		40		(1)	-2%		-	0%

Fiscal Year Investment Returns by Fund				
Fund	1-year	5-year	FY2020 Management Fees (\$ millions)	
PERS/TRS	3.83%	6.46%	\$ 113.7	0.43%
Public School Trust Fund	4.73%	6.08%	\$ 0.3	0.04%
Constitutional Budget Reserve	3.13%	2.50%	\$ 0.6	0.04%
Power Cost Equalization	4.64%	6.47%	\$ 0.4	0.04%
APFC	2.01%	6.44%	\$ 383.2	0.58%

Major Budgetary Changes FY2022:

- Investment costs transferred to various endowments: **(\$1,404.5)**
 - 10 basis point estimates:
 - PCE: \$987.7 million * .001 = \$987.7
 - Public School Trust: \$623.1 million * .001 = \$623.1
 - Higher Education: \$312.1 million * .001 = \$312.1
 - International Airport: \$154.4 million * .001 = \$154.4
- Reduction in Management Fees within the ARM Board Component: **(\$10,000.0)**

Department Overview: PFD Division

PFD Division: **Distribute**

- **Mission:** To administer the permanent fund dividend program assuring that all eligible Alaskans receive timely dividends, fraud is prosecuted, and all internal and external stakeholders are treated with respect
- **Accomplishments:**
 - Early PFD successfully paid to Alaskans
 - Automation of 5 employee jobs through technology (Optical character recognition)
 - In 2019, 16% of all applications were paper. In 2020, we were able to reduce that down to 10%.
 - Held successful PFD raffle
- **Challenges:**
 - Navigating IT and logistical challenges for non-standard distributions (early PFD, FY21 supplement)
 - Continued analysis of continual process improvement, automation of manual processes

Department Overview: PFD Division

PFD Budget History									
	2015		2020		2021		2022		
UGF	\$	-	\$	15.0	\$	15.0	\$	15.0	\$ 15.0 0%
DGF	\$	138.3	\$	375.6	\$	376.3	\$	377.1	\$ 238.8 173%
Other	\$	8,265.5	\$	8,349.4	\$	7,858.1	\$	7,814.5	\$ (451.0) -5%
Federal	\$	-	\$	-	\$	-	\$	-	\$ -
Total	\$	8,403.8	\$	8,740.0	\$	8,249.4	\$	8,206.6	\$ (197.2) -2%
Positions		79		73		65		64	(15) -19%

FY	Division Costs		PFDs Paid	PFD Amount		Cost per PFD	
2015	\$	8,248.3	637,289	\$	1,884	\$	12.94
2016	\$	7,833.7	641,561	\$	2,072	\$	12.21
2017	\$	8,840.2	638,178	\$	1,022	\$	13.85
2018	\$	7,948.7	638,005	\$	1,100	\$	12.46
2019	\$	8,200.8	639,247	\$	1,600	\$	12.83
2020	\$	8,888.6	633,243	\$	1,606	\$	14.04
2021 (Est.)	\$	8,249.4	639,609	\$	992	\$	12.90

Major Budgetary Changes FY2022:

- Delete PFD Technician II (04-6036) Due to Operational Efficiencies and Reductions in Appeals Cases – (\$78.8 Other)

Paper Applications

2018 – 117,485 of 670,120 (17.5%)

2019 – 108,939 of 678,325 (16.1%)

2020 – 68,094 of 672,603 (10.1%)

Department Overview: Child Support Services Division

Child Support Services Division: **Distribute**

- Mission: To collect and distribute child support
- **Accomplishments:**
 - Successfully transitioned off of the costly mainframe servers to a less expensive solution at a savings of over \$1.1 million annually.
 - 462 Paternities Established in FY2020
 - Total collections in FY2020 were approximately \$122 million (vs \$106 million in FY2019)
- **Challenges:**
 - Staff turnover
 - Automation of manual processes

Department Overview: Child Support Services Division

Child Support Services Budget History									
	2015		2020		2021		2022		
UGF	\$	9,361.7	\$	7,881.4	\$	7,815.8	\$	7,394.3	\$ (1,967.4) -21%
DGF	\$	46.0	\$	50.0	\$	50.0	\$	50.0	\$ 4.0 9%
Other	\$	-	\$	-	\$	-	\$	-	\$ -
Federal	\$	19,134.4	\$	18,008.2	\$	17,879.4	\$	16,929.6	\$ (2,204.8) -12%
Total	\$	28,542.1	\$	25,939.6	\$	25,745.2	\$	24,373.9	\$ (4,168.2) -15%
Positions		227		196		193		193	(34) -15%

Cost Effectiveness Ratio (FFY2019)	
State	\$ Collected per \$ Spent
ALASKA	3.73
DELAWARE	2.55
GUAM	1.59
MONTANA	4.48
NEBRASKA	5.71
NEW HAMPSHIRE	3.73
NORTH DAKOTA	6.36
RHODE ISLAND	4.82
WYOMING	7.25
US Average	\$5.06

Major Budgetary Changes FY2022:

- Mainframe Server Savings: **(\$1,131.3 UGF/Fed)**
- Vacant Position Deletions: **(\$130.0 UGF/Fed)**
- Systems Support reduction: **(\$110.0 UGF/Fed)**

FFY	2017	2018	2019
Amount Owed in Arrears	\$ 616,602,666	\$ 619,923,057	\$ 610,451,326
Arrears Collected	\$ 35,704,407	\$ 37,349,341	\$ 39,480,409
Number of Cases in Arrears	42,214	41,180	40,515
Total Collections Dispersed	\$ 91,580,013	\$ 91,089,079	\$ 93,200,892

Department Overview: **Administrative Services Division**

Administrative Services Division: Support

- **Mission:** To provide efficient, cost-effective, and customer-focused administrative, financial, budget, human resources, and procurement services to DOR
- **Accomplishments:**
 - Improved federal indirect cost allocation collections - \$107.8 UGF savings
 - Providing ongoing process improvement support to divisions
- **Challenges:**
 - Enterprise Risk Management Stand-up
 - Ongoing assistance with consolidation efforts (HR, Procurement, Accounts Payable)

Department Overview: Administrative Services Division

ASD Budget History														
		2015		2020		2021		2022		2015-2022		2021-2022		
UGF	\$	505.8	\$	533.5	\$	534.4	\$	474.1	\$	(31.7)	-6%	\$	(60.3)	-11%
DGF	\$	-	\$	-	\$	-	\$	-	\$	-		\$	-	
Other	\$	972.7	\$	1,456.9	\$	1,458.5	\$	1,461.7	\$	489.0	50%	\$	3.2	0%
Federal	\$	764.8	\$	810.7	\$	462.0	\$	463.8	\$	(301.0)	-39%	\$	1.8	0%
Total	\$	2,243.3	\$	2,801.1	\$	2,454.9	\$	2,399.6	\$	156.3	7%	\$	(55.3)	-2%
Positions		18		12		13		12		(6)	-33%		(1)	-8%

Major Budgetary Changes FY2022:

- Improved federal indirect cost allocation collections – **(\$107.8 UGF)** savings

Department Overview: Criminal Investigations

Criminal Investigations: Support

- **Mission:** to enforce Department of Revenue's criminal laws and regulations through investigation, public education and use of legal process, and provide inter-law enforcement agency support through data exchange and joint operations.
- **Accomplishments:**
 - Transferred Tobacco investigations outside of Anchorage/Mat-Su to the DHSS tobacco team
 - Centralization of Investigation team
- **Challenges:**
 - Increased instances of gaming violations (social media gaming for profit)
 - PFD cyber security investigations increasing

Department Overview: Criminal Investigations

Criminal Investigations Budget History												
	2015		2020		2021		2022		2015-2022		2021-2022	
UGF	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
DGF	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other	\$	1,660.5	\$	419.6	\$	388.4	\$	1,097.7	\$	(562.8) -34%	\$	709.3 183%
Federal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total	\$	1,660.5	\$	419.6	\$	388.4	\$	1,097.7	\$	(562.8) -34%	\$	709.3 65%
Positions		13		2		8		8		(5) -38%		- 0%

Received 513 fraud tips

>459 were cleared without additional investigation

>73 investigations were conducted

>58 administrative actions

>15 were accepted by the Office of Special Prosecutions (OSP) for criminal charges.

162 Alcohol Inspections (v. 245 FY19)

76 Gaming Inspections (v. 167 FY19)

14 Marijuana Inspections (v. 12 FY19)

Major Budgetary Changes FY2022:

- Transferred Tobacco investigations to the DHSS tobacco team
- Centralization of Investigation team



Department Overview: Alaska Housing Finance Corporation

Alaska Housing Finance Corporation (AHFC): Invest and Distribute

- Mission: To provide Alaskans access to safe quality, affordable housing.
- **Accomplishments:**
 - Operating Income increased for 8th consecutive year (up by \$40.0M)
 - Board declared dividend of \$42.6 million
 - Mainstream Voucher Program – \$500.0
 - This program provides housing vouchers for individuals with disabilities transitioning from homelessness or institutional settings. It is a partnership with DHSS Division of Behavioral Health. The lease up on our program has gone from 14 vouchers leased in July of FY20 to 41 in December.
- **Challenges:**
 - Distribution of an additional \$164.6M provided for additional rental assistance in a timely fashion

Department Overview: Alaska Housing Finance Corporation

Alaska Housing Finance Corporation Budget History														
	2015		2020		2021		2022		2015-2022		2021-2022			
UGF	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
DGF	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
Other	\$	37,146.2	\$	38,699.2	\$	38,699.2	\$	39,069.2	\$	1,923.0	5%	\$	370.0	1%
Federal	\$	57,110.1	\$	60,773.2	\$	61,273.2	\$	61,273.2	\$	4,163.1	7%	\$	-	0%
Total	\$	94,256.3	\$	99,472.4	\$	99,972.4	\$	100,342.4	\$	6,086.1	6%	\$	370.0	0%
Positions		355		352		352		352		(3)	-1%		-	0%

AHFC Dividend:

- FY22- \$42.6M
- FY21- \$45.6M
- FY20- \$39.0M
- FY19- \$29.4M
- FY18- \$30.4M
- FY17- \$25.9M
- FY16- \$7.5M

Loan Purchase Activity	Loan Count		Dollar Value	
	FY2019	FY 2020	FY2019	FY2020
My Home	566	583	\$176,172,770	\$191,894,856
First Home Limited	588	594	\$117,712,711	\$121,674,619
First Home	328	272	\$88,802,164	\$78,643,986
Rural Home	245	284	\$59,192,466	\$72,793,309
Muti-Family/Special Needs	30	21	\$19,437,675	\$13,284,500
Veterans	121	85	\$39,757,020	\$28,430,702
Uniquely Alaskan	3	4	\$589,360	\$745,350
Other	16	19	\$8,257,381	\$6,849,886
	1,897	1,862	\$509,921,547	\$514,317,208

Major Budgetary Changes

FY2022:

- FY2022 Rental Assistance (Request forthcoming) - \$164,568.1 federal stimulus
 - \$35,431.9 distributed to Anchorage

Department Overview: **Alaska Permanent Fund Corporation**

Alaska Permanent Fund Corporation (APFC): Invest

- **Mission:** To manage and invest the assets of the Permanent Fund and other funds designated by law
- **Accomplishments:**
 - Achieved a Mid-2021 fund value of \$71,748,100,000 (\$75.1 billion as of 2/4/2021)
 - For the first six months of the FY2021, the total Fund performance is 15.74% as of December 31, 2021.
 - Worked collaboratively with Cash Management section to manage draws throughout the year
 - APFC was able to hire a Real Estate Asset Manager due to the approved budget increment last session. The new addition to the team started on August 31, 2020. He has successfully onboarded and will be a key player on the Real Estate Team as the management of more assets are brought in-house.
- **Challenges:**
 - Maintaining real growth in excess of the 5% POMV over long periods of time
 - Managing through COVID-19 related market volatility



Department Overview: Alaska Permanent Fund Corporation

Alaska Permanent Fund Corporation Budget History														
	2015		2020		2021		2022		2015-2022		2021-2022			
UGF	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
DGF	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
Other	\$	150,806.9	\$	168,299.1	\$	147,081.3	\$	151,840.8	\$	1,033.9	1%	\$	4,759.5	3%
Federal	\$	-	\$	-	\$	-	\$	-	\$	-		\$	-	
Total	\$	150,806.9	\$	168,299.1	\$	147,081.3	\$	151,840.8	\$	1,033.9	1%	\$	4,759.5	3%
Positions		40		61		62		63		23	58%		1	2%

	Total Fund	Passive Index	Performance Benchmark	Objective CPI + 5%
FY20	2.01 %	1.28 %	2.05 %	5.65 %
FY21 to Date	15.74 %	18.24 %	15.57 %	3.48 %
3 Year	8.67 %	8.06 %	8.54 %	6.85 %
5 Year	10.09 %	9.40 %	9.68 %	6.95 %
10 Year	8.40%	6.86%	7.75%	6.74%
37 Year	8.91%	na	9.05%	7.59%

Major Budgetary Changes FY2022:

- Incentive Compensation: \$890.0 (Other)
- Addition of a Global Rates Analyst: \$195.8 (Other)
- Investment Management Fees: \$2,924.3 (Other)
- Investment in Systems: \$1,364.5 (Other)

Department Overview: **Alaska Municipal Bond Bank Authority**

Alaska Municipal Bond Bank Authority (AMBBA): Distribute

- **Mission:** to provide authorized borrowers with financing options for capital projects
- **Accomplishments:**
 - Funded municipal emergency response vehicles and airport terminal renovations
 - Generated \$1.0 million in estimated savings by reducing interest rates
- **Challenges:**
 - Potential impact to the Bond Bank from the recent Forrer decision of the Alaska Supreme Court.
 - The Bond Bank's credit ratings. As of September 30, 2020, the Bond Bank's ratings were A+/A/A1 from S&P Global Ratings (S&P), Fitch Ratings (Fitch), and Moody's Investors Service, Inc., respectively. The outlook on all ratings is negative.

Department Overview: Alaska Municipal Bond Bank Authority

Alaska Municipal Bond Bank Budget History											
		2015		2020		2021		2022	2015-2022		2021-2022
UGF	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -
DGF	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -
Other	\$	845.8	\$	1,009.3	\$	1,009.5	\$	1,010.3	\$	164.5	19% \$ 0.8 0%
Federal	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -
Total	\$	845.8	\$	1,009.3	\$	1,009.5	\$	1,010.3	\$	164.5	19% \$ 0.8 0%
Positions		1		1		1		1		-	0% - 0%

- Issued approximately \$22.2 million in bonds generating \$25.5 million for two loan agreements to fund Alaskan projects

No Major Budgetary Changes FY2022:

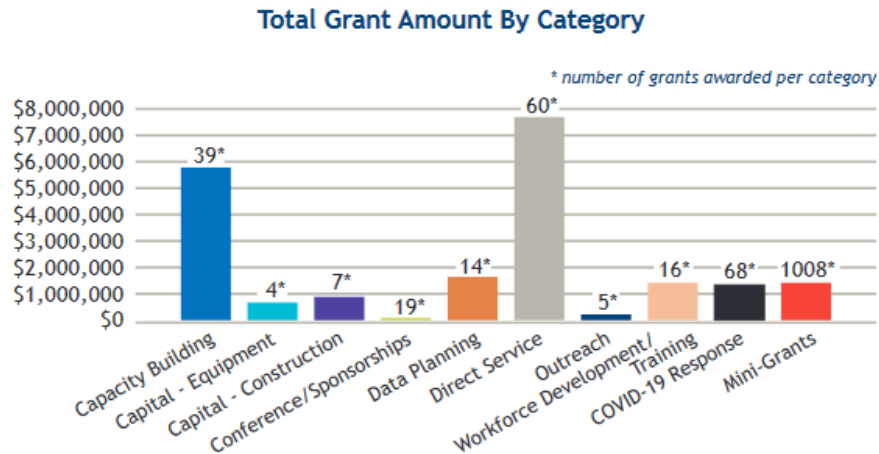
Department Overview: **Alaska Mental Health Trust Authority**

Alaska Mental Health Trust Authority (AMHTA): Distribute

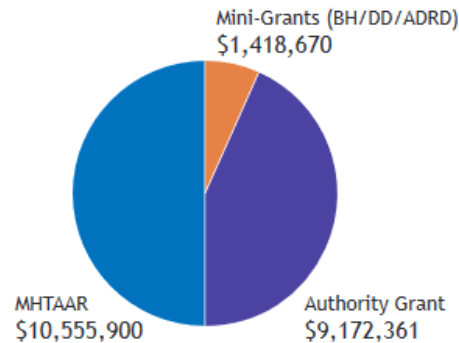
- **Mission:** It is the duty of the Alaska Mental Health Trust Authority to provide leadership in the advocacy, planning, implementing and funding of services and programs for Trust beneficiaries.
- **Accomplishments:**
 - **Granted more than \$20.0M including:**
 - **Helping Increase Access to SUD Treatment**
 - **Boosting Beneficiary Housing and Homelessness Services Across Alaska**
 - **Advancing Effort to Improve Alaska's System Responding to Psychiatric Crises**
- **Challenges:**
 - **LTCO Travel Restrictions**
 - **Lack of In-Person Engagement with Beneficiaries and Partners**

Department Overview: Alaska Mental Health Trust Authority

Alaska Mental Health Trust Budget History									
	2015		2020		2021		2022		
UGF	\$	911.5	\$	465.5	\$	487.2	\$	487.2	\$ (424.3) -47%
DGF	\$	-	\$	500.0	\$	500.0	\$	500.0	\$ - 0%
Other	\$	3,872.0	\$	4,538.8	\$	4,658.6	\$	4,623.4	\$ 751.4 19%
Federal	\$	-	\$	-	\$	-	\$	-	\$ -
Total	\$	4,783.5	\$	5,504.3	\$	5,645.8	\$	5,610.6	\$ 827.1 17%
Positions		22		24		23		23	1 5%



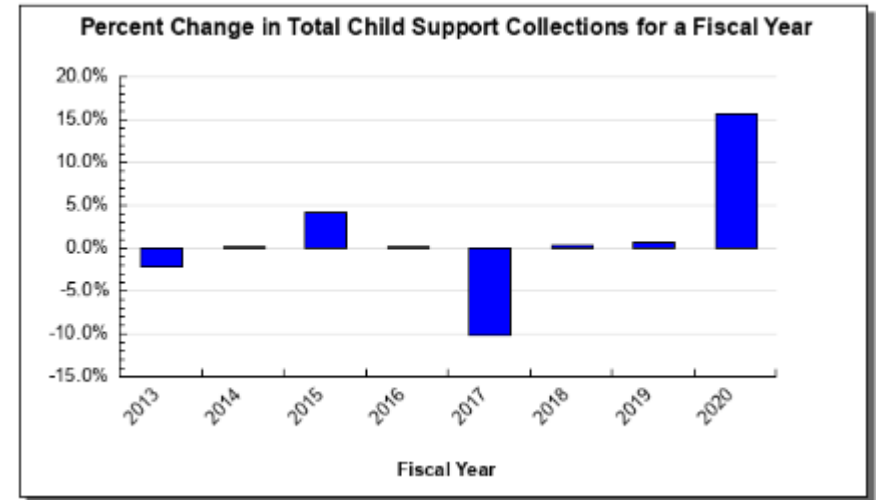
FY 2020 Breakdown of Grants



No Major Budgetary Changes FY2022:

Department Overview: COVID-19 IMPACTS

- Management of rental assistance (\$165M)
- 86% of the department is teleworking
- Temporary allowance for online raffles for charitable gaming program
- Coordinating cash collections
- Managing formerly in-person encounters at PFD/Child Support virtually
- Increased stimulus and unemployment benefits resulted in a 15% increase to child support collections
- COVID-19 has impacted many state revenue sources
- Modification of regulations



Department Overview: Significant Budget History FY2015-Present

Budget Reductions are nothing new to the Department. Since the price of oil collapsed in 2014, we have employed numerous strategies to do our part to help the state live within it's means:

FY	Division	Change	Amount	Positions
2015	Tax	Delete Long Term Vacant Positions (Programmers, Economists)	\$ (255.9)	-4
2016	Tax	Film Office Eliminated	\$ (346.7)	-3
2016	Tax	Position Deletions (2 IT, 2 Tax Techs, 2 Auditors, 2 Administrative, 2 Policy)	\$ (1,208.6)	-10
2017	Tax	Position Deletions (1 Investigator, 1 Regulations Spec., 1 Audit, 1 Accountant, 1 Administrative, 1 IT, 1 Economist)	\$ (626.5)	-7
2018	Tax	Position Deletions (1 Appeals Officer, 1 Tax Tech)	\$ (307.8)	-2
2020	Tax	Position Deletions (1 Tax Tech)	\$ (78.6)	-1
2021	Tax	Deletion of Gaming Positions (1 Auditor, 1 Tax Tech, 1 Publications Spec.)	\$ (212.2)	-3
2022	Tax	Position Deletions (1 Imaging Operator, 1 Appeals Officer)	\$ (217.7)	-2
2015	Treasury	Investment Officer Salary Increases	\$ 327.0	
2016	Treasury	Bring CBR Management in-house	\$ (750.0)	
2016	Treasury	Position Deletions (1 IT, 1 Accountant)	\$ (227.8)	-2
2017	Treasury	Student Loan Corporation no Longer Invested	\$ (55.2)	
2017	Treasury	Investment Officer Salary Increases	\$ 147.6	
2017	Treasury	Position Deletions (1 IT, 1 Accountant)	\$ (246.5)	-3
2018	Treasury	Implementation of ABLE act	\$ -	



Department Overview: Significant Budget History FY2015-Present

FY	Division	Change	Amount	Positions
2018	PFD	Position Deletions (1 IT, 1 Imaging)	\$ (177.9)	-2
2020	PFD	Position Deletions (1 PFD tech, 2 Office Assistants)	\$ (116.5)	-3
2021	PFD	Position Deletions (6 Office Assistants/Imaging)	\$ (527.6)	-6
2022	PFD	Position Deletions (1 Appeals)	\$ (78.8)	-1
2016	CSSD	Close Juneau and Wasilla Offices	\$ (11.5)	
2016	CSSD	Reduction for Automated Voice System	\$ (235.3)	
2016	CSSD	Reduction in Legal Services	\$ (255.0)	
2016	CSSD	Implement Pre-Paid debit card as default payment option	\$ (28.0)	
2017	CSSD	Position Deletions (2 Audit, 1 Investigator, 2 Child Support Managers, 1 Child Support Specialist)	\$ (753.5)	-6
2017	CSSD	Shift Federally Mandated Fee to Custodial Parents	\$ (100.0)	
2017	CSSD	Position Deletions (16 Child Support Specialist, 1 Administrative, 1 Accounting)	\$ (1,313.3)	-18
2019	CSSD	Postage Reduction (Monthly Statements to Quarterly)	\$ (445.0)	
2019	CSSD	Archiving Reduction	\$ (95.0)	
2020	CSSD	Close Fairbanks Office	\$ -	
2022	CSSD	Server Savings	\$ (1,131.3)	

Department Overview: **Capital Investment**

Tax Revenue Management System Upgrade and Child Support Module

- Large national and multi-national private sector entities, including oil and gas corporations, cruise lines, and mining companies deploy teams of taxation experts in an attempt to minimize tax liability to the maximum extent possible.
- Technology is the best way to ensure that every dollar owed is paid. Increased collections will arise from enhanced analytics and fraud prevention tools.
- \$25.5 million total cost (\$10,000,000 DGF and \$15,529,400 Federal)
- It is anticipated that this investment will break-even over the first 5 years of implementation.
- 28 Office assistants will no longer be necessary due to the automation of manual tasks (\$1.9 million saved in perpetuity)
- Project will support 30 Anchorage based programmer/private sector jobs during implementation

Department Overview: Supplemental

Enterprise Risk Management - \$130.0 UGF

- The Treasury Division manages investments for \$30 billion in retirement system funds and \$7 billion in state funds.
- The Tax Division manages multiple tax types, some of which are highly complex. Annual tax cash flow ranges in the billions of dollars.
- The Permanent Fund Division processes applications for PFD checks that can total from \$600M to over \$1 billion each year. Staff manage the electronic transfer of these funds to recipients' bank accounts.
- The Child Support Services Division is subject to a high degree of complex federal regulation. CSSD also manages the cash flow from non-custodial parents to childrens ' / custodial parents' accounts.