

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version: HB 73
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB73-PF-PFD-4-21-21
Title: PERM FUND; ADVISORY VOTE
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: (H)STA

Department: Permanent Fund
Appropriation: Permanent Fund Dividends
Allocation: Permanent Fund Dividend Fund
OMB Component Number: 2616

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2022	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2022 Request	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous	(489,299.0)	2,023,947.0	1,603,500.0	1,644,500.0	1,667,500.0	1,691,000.0	1,728,000.0	1,728,000.0
Total Operating	(489,299.0)	2,023,947.0	1,603,500.0	1,644,500.0	1,667,500.0	1,691,000.0	1,691,000.0	1,728,000.0

Fund Source (Operating Only)

1041 PF ERA (UGF)	(489,299.0)	2,023,947.0	1,603,500.0	1,644,500.0	1,667,500.0	1,691,000.0	1,728,000.0
Total	(489,299.0)	2,023,947.0	1,603,500.0	1,644,500.0	1,667,500.0	1,691,000.0	1,728,000.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2022) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Updated for Department of Revenue Spring 2021 Forecast.

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Division:	<u>Office of Management and Budget</u>	Date:	<u>04/21/2021</u>
Approved By:	<u>Neil Steininger, Director</u>	Date:	<u>04/21/21</u>
Agency:	<u>Office of Management and Budget</u>		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

BILL NO. HB73

Analysis

This legislation changes the amount calculated for the appropriation for the payment of permanent fund dividends to 50 percent of the 5.0% percent of market value (POMV) draw from the permanent fund earnings reserve account (ERA). This bill directs the legislature to appropriate 50 percent of the statutory POMV draw to the general fund and 50 percent to the dividend fund for the payment of permanent fund dividends (PFDs).

The Governor's fiscal year 2022 budget included an appropriation from the ERA for the current statutory permanent fund dividend calculation, estimated to be \$2,023,947.0. This legislation is effective for fiscal year 2022, and if enacted, the new statutory calculation for the PFD appropriation would be \$1,534,648.0, a difference of \$489,299.0.

The values on page one of this fiscal note for fiscal years 2023 through 2027 are based on 50 percent of Alaska Department of Revenue official projections for the 5.0% POMV draw. Out-year estimates are subject to significant variation based on future market returns and whether additional appropriations are made from the ERA.

Under the calculation proposed by this legislation, the PFD amount to be paid to eligible applicants in calendar year 2021 is estimated to be \$2,311. The table below shows estimated dividends per recipient for fiscal years 2022 through 2027.

	Current Law	Proposed Law: 50-50 POMV Split					
<i>millions (FY)</i>	FY2022	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
5% POMV Draw	3,069.3	3,069.3	3,207.0	3,289.0	3,335.0	3,382.0	3,456.0
PFD Appropriation	2,023.9	1,534.7	1,603.5	1,644.5	1,667.5	1,691.0	1,728.0
<i>dollars</i>							
PFD per recipient	\$3,056	\$2,311	\$2,403	\$2,452	\$2,473	\$2,496	\$2,538