



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue
ADMINISTRATIVE SERVICES DIVISION

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February 23, 2021

The Honorable David Wilson
Senate Finance Revenue Sub-Committee Chair
State Capitol, Rm.121
Juneau, Alaska 99801-1182

RE: SENATE FINANCE SUBCOMMITTEE FOLLOW-UP

Senator Wilson and committee members, below are responses to questions posed by the committee members at the February 11th, 2021 Senate Finance Revenue Subcommittee meeting:

1. Senator Wilson asked how far behind the Tax Division is on oil and gas production tax audits.

Since last year, we have finished both the 2013 and 2014 tax year audits. Our schedule has us on track to complete CY15-17 audits by 3rd quarter 2021. We are on track for our overall goal of a three-year audit cycle by the end of FY2023 and the 2019 tax year audits.

2. Senator Wilson asked for incumbent status on all proposed position deletions.

The department has proposed deleting three positions in the Governor's proposed FY2022 budget. One of the three positions is currently filled: Revenue Appeals Officer I within the Tax Division.

3. Senator Wilson asked if the Criminal Investigations Unit (CIU) flags fraudulent permanent fund dividend (PFD) applications for the Division of Elections (DOE) when the applicant attempts to register with DOE through the PFD application.

Yes, the CIU does flag fraudulent applications. The PFD database captures voter registration information and is part of the information we review during our investigation.

4. Senator Wilson requested total cost savings and efficiencies included in the department's presentation.

The largest savings proposed in the Governor's FY2022 budget is a \$1,131.3 thousand reduction within the Child Support Services Division (CSSD). This cost savings is achievable by moving off the State's Mainframe platform and into a less expensive Linux hosting solution. The Department has also proposed a capital project that would upgrade and modernize this same system, and estimates CSSD could reduce their's budget by \$1.9 million and 28 positions through attrition through the automation of processes that are currently manual. The CSSD has historically had a

large turnover rate. Small cost savings were also presented as part of a “look back” and includes consolidating staff from Juneau, Wasilla, and Fairbanks to Anchorage at an annual cost savings of \$11,500. During the last budget cycle, CSSD proposed efficiency savings of \$300,000 in legal services. This was achieved by reducing paper files and automating and standardizing processes, no longer providing legal services for non-custodial parents seeking order modifications for court orders, and no longer pursuing contempt orders for not filing a PFD application when it is not done in concert with other law enforcement actions. The Division and the Department are dedicated to finding efficiencies, process improvements, and technological changes that drive cost savings for the State. We look forward to working with the committee to advance these opportunities for FY2022 and future budget cycles.

Thank you,



Brian Fechter

Administrative Services Director

CC: Miles Baker, Legislative Director
Lucinda Mahoney, Commissioner
Gary Zepp, Committee Aid
Amy Moselle, Office of Management and Budget
Mike Barnhill, Deputy Commissioner
Genevieve Wojtusik, Legislative Liaison