2023 Update of Fiscal Plan Working Group Model

Prepared for House Ways and Means Committee - Updated 4/2/23

This model is a simplified version of the Legislative Finance Division's fiscal model that allows users to explore potential fiscal plans. The Legislative Finance Division cannot verify whether user-generated scenarios are accurate.

Instructions

The "Summary" tab contains tables and graphs that summarize the scenario generated by the user. Users should list any policy changes made in the "Revenue" and "Budget" tabs in the "Scenario Summary" field.

The "Revenue" tab contains revenue policy options. To select a revenue option, click the appropriate box, adjusting the tax rate if applicable.

Note that this sheet does not include any oil and gas tax options. Revenue changes from those items vary depending on oil prices so we do not have revenue estimates for potential policy changes updated to the current forecast. Estimated amounts can be added in the "custom" revenue field.

In the budget tab, the default agency operations and capital budget is the Governor's FY24 request, per the request of the Ways and Means committee chair. By default, all statewide items are assumed to be funded to statutory levels and the default growth rate is Callan's inflation projection of 2.5%. To change the operating budget starting point, enter the change from the Governor's budget in the "Increase/(Reduction)" field. To change the growth rate, change the default 2.5% to the desired number.

Data Sources

The revenue figures are from the Department of Revenue's Fall 2022 Revenue Sources Book. For simplicity, this model assumes that the 5% Percent of Market Value (POMV) draw from the Permanent Fund is followed. LFD's full fiscal model can generate scenarios with alternative Permanent Fund draw structures. This model also uses DOR's 2022 Spring Revenue Forecast and does not allow varied oil prices or production. LFD's full fiscal model does allow for variations on these items.

Most revenue estimates in this sheet were provided by the Department of Revenue in 2021 and may not be up-to-date with subsequent changes in the Alaska economy since then. See DOR's August 2021 presentation to the Fiscal Plan Working Group for details regarding those revenue options: https://www.akleg.gov/basis/get_documents.asp?session=32&docid=57326. Income tax figures are a combination of 2020 DOR estimates and LFD estimates. Oil tax revenues are from the 2023 DOR fiscal note to SB 114.

Budget data is from the Legislative Finance Division's fiscal summaries of the Governor's amended budget and House Finance Committee budget.

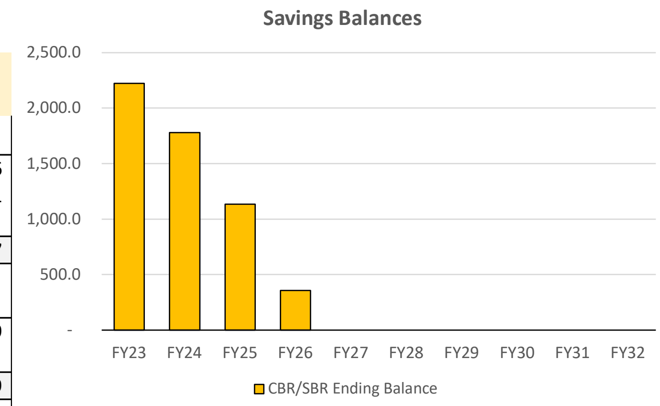
Fiscal Plan Working Group Spreadsheet - 2023 Update

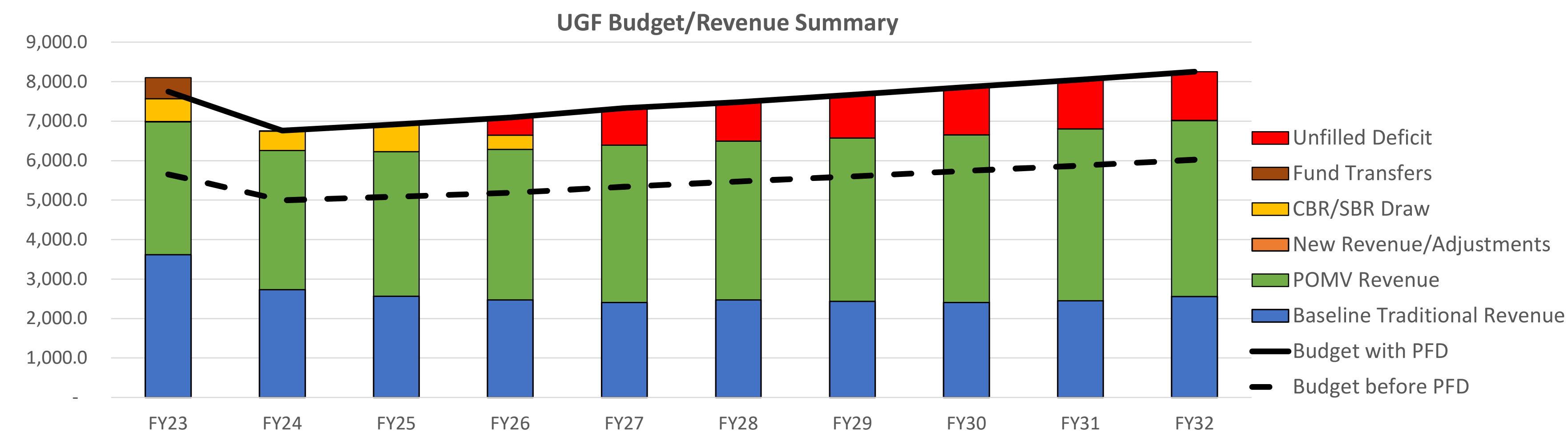
Scenario Summary

Revenue Summary	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Traditional Revenue	3,618.9	2,731.2	2,564.3	2,474.4	2,406.2	2,475.9	2,439.0	2,408.9	2,452.6	2,555.6
POMV Revenue	3,360.6	3,526.1	3,664.6	3,810.8	3,988.5	4,021.6	4,131.3	4,239.9	4,349.9	4,462.1
New Revenue/Adjustments	13.7	-	-	-	-	-	-	-	-	-
Total Revenue	**6,993.2**	**6,257.3**	**6,228.9**	**6,285.2**	**6,394.7**	**6,497.5**	**6,570.3**	**6,648.8**	**6,802.5**	**7,017.7**
Budget Summary	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**
Budget Baseline	5,650.7	4,994.5	5,084.9	5,184.8	5,335.6	5,470.4	5,600.7	5,740.2	5,874.1	6,021.9
Scenario Changes	-	-	-	-	-	-	-	-	-	-
Total Budget before PFD	**5,650.7**	**4,994.5**	**5,084.9**	**5,184.8**	**5,335.6**	**5,470.4**	**5,600.7**	**5,740.2**	**5,874.1**	**6,021.9**
Surplus/(Deficit) before PFD	**805.3**	**1,251.9**	**1,143.7**	**1,100.1**	**1,058.7**	**1,026.8**	**969.3**	**908.3**	**928.2**	**995.8**
PFD Appropriation	**2,100.4**	**1,763.1**	**1,832.3**	**1,905.4**	**1,994.2**	**2,010.8**	**2,065.6**	**2,119.9**	**2,175.0**	**2,231.0**
Per Person	$ 3,284	$ 2,689	$ 2,795	$ 2,899	$ 3,028	$ 3,044	$ 3,121	$ 3,197	$ 3,275	$ 3,354
Pre-Transfer Surplus/(Deficit)	**(757.9)**	**(500.3)**	**(688.3)**	**(805.0)**	**(935.2)**	**(983.7)**	**(1,096.0)**	**(1,211.4)**	**(1,246.5)**	**(1,235.2)**
$ Change from Prior Year		*257.6*	*(188.1)*	*(116.7)*	*(130.2)*	*(48.5)*	*(112.3)*	*(115.3)*	*(35.2)*	*11.3*
% Change from Prior Year		*-34%*	*38%*	*17%*	*16%*	*5%*	*11%*	*11%*	*3%*	*-1%*
Fund Transfers	537.2	10.9	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Net Savings Deposit/(Draw)	(571.0)	(489.4)	(688.0)	(804.7)	(934.9)	(983.4)	(1,095.7)	(1,211.1)	(1,246.2)	(1,234.9)
CBR/SBR Ending Balance	2,222.2	1,777.8	1,135.8	358.9	-	-	-	-	-	-
Remaining Gap after CBR/SBR	-	-	-	(445.8)	(934.9)	(983.4)	(1,095.7)	(1,211.1)	(1,246.2)	(1,234.9)

Average Surplus/(Deficit)
(966.8)

Cumulative Gap
(7,152.0)





Non-Permanent Fund Revenue Detail

Revenue Summary	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Existing Revenue (DOR Spring 2023)	3,618.9	2,731.2	2,564.3	2,474.4	2,406.2	2,475.9	2,439.0	2,408.9	2,452.6	2,555.6
Adjustments	13.7	-	-	-	-	-	-	-	-	-
New Revenue	-	-	-	-	-	-	-	-	-	-
Total Revenue (Pre-POMV)	**3,632.6**	**2,731.2**	**2,564.3**	**2,474.4**	**2,406.2**	**2,475.9**	**2,439.0**	**2,408.9**	**2,452.6**	**2,555.6**
Oil Price Per Barrel	$ 85.25	$ 73.00	$ 70.00	$ 69.00	$ 67.00	$ 66.00	$ 65.00	$ 66.00	$ 68.00	$ 70.00
Oil Production (mbbl/day)	485.2	496.4	497.9	494.5	510.3	547.0	534.9	512.4	513.5	542.9

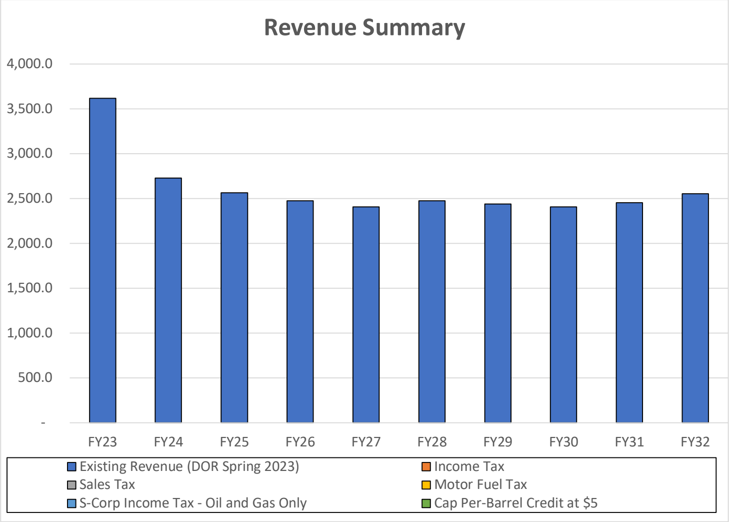
New Revenue Summary	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Income Tax	-	-	-	-	-	-	-	-	-	-
Sales Tax	-	-	-	-	-	-	-	-	-	-
Motor Fuel Tax	-	-	-	-	-	-	-	-	-	-
S-Corp Income Tax - Oil and Gas Only	-	-	-	-	-	-	-	-	-	-
Cap Per-Barrel Credit at $5	-	-	-	-	-	-	-	-	-	-
Gaming Revenues	-	-	-	-	-	-	-	-	-	-
Highly Digitized Business Tax	-	-	-	-	-	-	-	-	-	-
Carbon Offsets	-	-	-	-	-	-	-	-	-	-
HB 109 (Corporate Income Tax)	-	-	-	-	-	-	-	-	-	-
SB 114 (Oil & Gas Production Tax)	-	-	-	-	-	-	-	-	-	-
Increase Petroleum Property Tax	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

Income Tax	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
% of Federal Liability	-	-	175.0	350.0	358.8	367.7	376.9	386.3	396.0	405.9
% Flat Tax on AGI	-	-	290.5	581.0	595.5	610.4	625.7	641.3	657.3	673.8
Progressive (2017 House bill)	-	-	344.0	702.0	707.0	712.0	717.0	722.0	727.0	732.0

Sales Tax	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Wyoming style (narrow base)	-	150.0	300.0	307.5	315.2	323.1	331.1	339.4	347.9	356.6
Broader Base	-	250.0	500.0	512.5	525.3	538.4	551.9	565.7	579.8	594.3
HB 142 (broadest base)	-	447.1	904.6	927.3	950.4	974.2	998.6	1,023.5	1,049.1	1,075.3

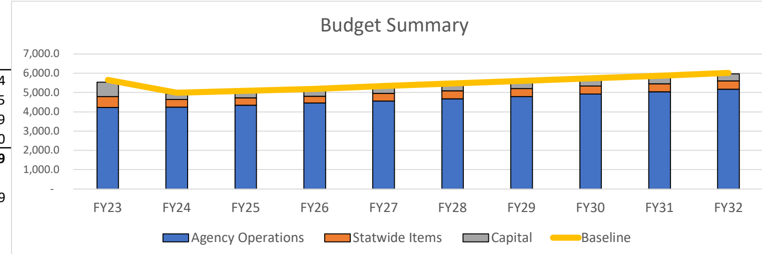
Other Taxes	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Motor Fuel Tax	-	-	16.4	32.3	31.8	31.3	30.9	30.4	30.0	29.5
S-Corp Income Tax - Oil and Gas Only	-	190.0	122.0	119.0	116.0	106.0	110.0	113.0	109.0	98.0
Cap Per-Barrel Credit at $5	-	586.0	322.0	339.0	243.0	172.0	146.0	144.0	148.0	154.0
Gaming Revenues	-	-	87.8	87.8	152.3	152.3	152.3	152.3	152.3	152.3
Highly Digitized Business Tax	-	36.0	72.0	73.8	75.6	77.5	79.5	81.5	83.5	85.6
Carbon Offsets	-	-	10.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
HB 109 (Corporate Income Tax)	-	(169.0)	(328.0)	(333.0)	(350.0)	(369.0)	(387.0)	(396.7)	(406.6)	(416.8)
SB 114 (Oil & Gas Production Tax)	-	1,313.0	866.0	879.0	819.0	738.0	682.0	690.0	656.0	643.0
Increase Petroleum Property Tax	-	291.3	292.2	292.9	293.4	293.4	293.6	294.3	295.0	295.2
Custom (enter your own)		300.0	500.0	750.0	900.0	900.0	900.0	900.0	900.0	900.0

Note: SB 114 includes the S-Corp Income Tax and the Per-Barrel Cap at $5, so it cannot be selected with either of those two options.



Pick rates here	Check to apply revenue source
	No Income Tax
10.0%	% of Federal Liablity
2.5%	% Flat Tax on AGI
	Progressive (2017 House bill)
	No sales tax
2.0%	Narrow-base sales tax
2.0%	Broader-based sales tax
2.0%	Broadest-based sales tax
$ 0.16	Motor Fuel Tax
	S-Corp Tax
	Cap Per-Barrel Credit at $5
	Gaming Revenues
	Highly Digitized Business Tax
	Carbon Offsets
	HB 109 (Corporate Income Tax Reduction)
	SB 114 (Oil & Gas Production Tax)
10	Petroleum Property Tax (enter additional mills)
	Custom

Budget Detail



Budget Summary

Budget Summary	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Agency Operations	4,220.8	4,239.5	4,345.5	4,454.1	4,565.5	4,679.6	4,796.6	4,916.5	5,039.4	5,165.4
Statwide Items	576.8	401.4	378.3	361.8	393.2	405.6	410.6	421.6	423.8	436.5
Capital	735.1	303.6	311.2	319.0	326.9	335.1	343.5	352.1	360.9	369.9
Supplementals	118.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
-	**5,650.7**	**4,994.5**	**5,084.9**	**5,184.8**	**5,335.6**	**5,470.4**	**5,600.7**	**5,740.2**	**5,874.1**	**6,021.9**
Baseline	5,650.7	4,994.5	5,084.9	5,184.8	5,335.6	5,470.4	5,600.7	5,740.2	5,874.1	6,021.9
Budget versus Baseline	-	-	-	-	-	-	-	-	-	-

Agency Operations

Agency Operations	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	Options	
Agency Operations Base	4,220.8	4,239.5	4,239.5	4,239.5	4,239.5	4,239.5	4,239.5	4,239.5	4,239.5	4,239.5	GovAmend	
Enter Increase/(Reduction)		-	-	-	-	-	-	-	-	-		
K-12 Change		-	-	-	-	-	-	-	-	-	Custom: enter ->	-
Growth Rate			2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Change Due to Growth Rate		-	106.0	214.6	326.0	440.1	557.1	677.0	799.9	925.9		
Agency Ops: Scenario	**4,220.8**	**4,239.5**	**4,345.5**	**4,454.1**	**4,565.5**	**4,679.6**	**4,796.6**	**4,916.5**	**5,039.4**	**5,165.4**		
Baseline	4,220.8	4,239.5	4,345.5	4,454.1	4,565.5	4,679.6	4,796.6	4,916.5	5,039.4	5,165.4		
Difference	-	-	-	-	-	-	-	-	-	-		

Statewide Items

Statewide Items	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	Options
School Debt Reimbursement	63.9	53.6	43.0	33.0	35.3	41.1	44.1	49.5	55.1	59.6	100%
Other Debt Service	94.7	93.9	89.4	88.4	89.1	88.1	83.4	80.6	68.2	67.7	
Oil and Gas Tax Credits	252.0	55.7	-	-	-	-	-	-	-	-	Statutory
State Assistance to Retirement	129.6	140.3	189.5	186.6	214.1	219.3	224.7	230.9	237.5	244.4	Normal HC Contrib
Retirement Options	-	-	-	-	-	-	-	-	-	-	No Changes
Community Assistance	-	30.0	27.2	28.8	28.8	28.8	28.8	28.8	28.8	28.8	Statutory
Disaster Relief Fund	-	-	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
REAA Fund	32.8	27.9	24.1	20.0	20.9	23.3	24.6	26.8	29.1	31.0	
Other	3.8										
Statewide Items: Scenario	**576.8**	**401.4**	**378.3**	**361.8**	**393.2**	**405.6**	**410.6**	**421.6**	**423.8**	**436.5**	
Baseline	576.8	401.4	378.3	361.8	393.2	405.6	410.6	421.6	423.8	436.5	
Difference	-	-	-	-	-	-	-	-	-	-	

Note: School Debt Reimbursement is partially funded with non-UGF from the School Fund but only the UGF amount is shown. Pro-rating is done on the entire amount.

Oil and Gas Tax Credit Options	FY24	FY25
Statutory	55.7	-
HFIN	28.4	27.4

State Assist. to Retirement Options	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Normal HC Co	140.3	189.5	186.6	214.1	219.3	224.7	230.9	237.5	244.4
No Normal HC	140.3	145.6	147.7	179.6	189.0	198.3	207.9	217.8	227.7

Retirement Options	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
No Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6% Employer Match	17.3	17.7	18.2	18.6	19.1	19.6	20.1	20.6	21.1
7% Employer Match	34.6	35.5	36.4	37.3	38.2	39.1	40.1	41.1	42.2
8% Employer Match	51.9	53.2	54.5	55.9	57.3	58.7	60.2	61.7	63.2
HB 22 (2022 fiscal note)	3.5	6.0	6.2	6.9	7.0	7.5	7.7	7.9	8.1

Capital Budget

Capital Budget	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Capital Budget (FY24 Gov as Base)	735.1	303.6	303.6	303.6	303.6	303.6	303.6	303.6	303.6	303.6
Dollar Change		-								
Growth Rate		0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Change Due to Growth Rate	-	-	7.6	7.8	8.0	8.2	8.4	8.6	8.8	9.0
Capital Budget: Scenario	**735.1**	**303.6**	**311.2**	**319.0**	**326.9**	**335.1**	**343.5**	**352.1**	**360.9**	**369.9**
Baseline	735.1	303.6	311.2	319.0	326.9	335.1	343.5	352.1	360.9	369.9
Difference	-	-	-	-	-	-	-	-	-	-

Permanent Fund Dividend

Permanent Fund Dividend	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	Enter Rates Here
% of Statutory Net Income	-	-	-	-	-	-	-	-	-	-	0%
% of POMV Draw	1,680.3	1,763.1	1,832.3	1,905.4	1,994.2	2,010.8	2,065.6	2,119.9	2,175.0	2,231.0	50%
Fixed Dollar Amount	-	-	-	-	-	-	-	-	-	-	$ -
Custom	420.1										
Total PFD Appropriation	**2,100.4**	**1,763.1**	**1,832.3**	**1,905.4**	**1,994.2**	**2,010.8**	**2,065.6**	**2,119.9**	**2,175.0**	**2,231.0**	
PFD Per Capita	$ 3,284	$ 2,689	$ 2,795	$ 2,899	$ 3,028	$ 3,044	$ 3,121	$ 3,197	$ 3,275	$ 3,354	

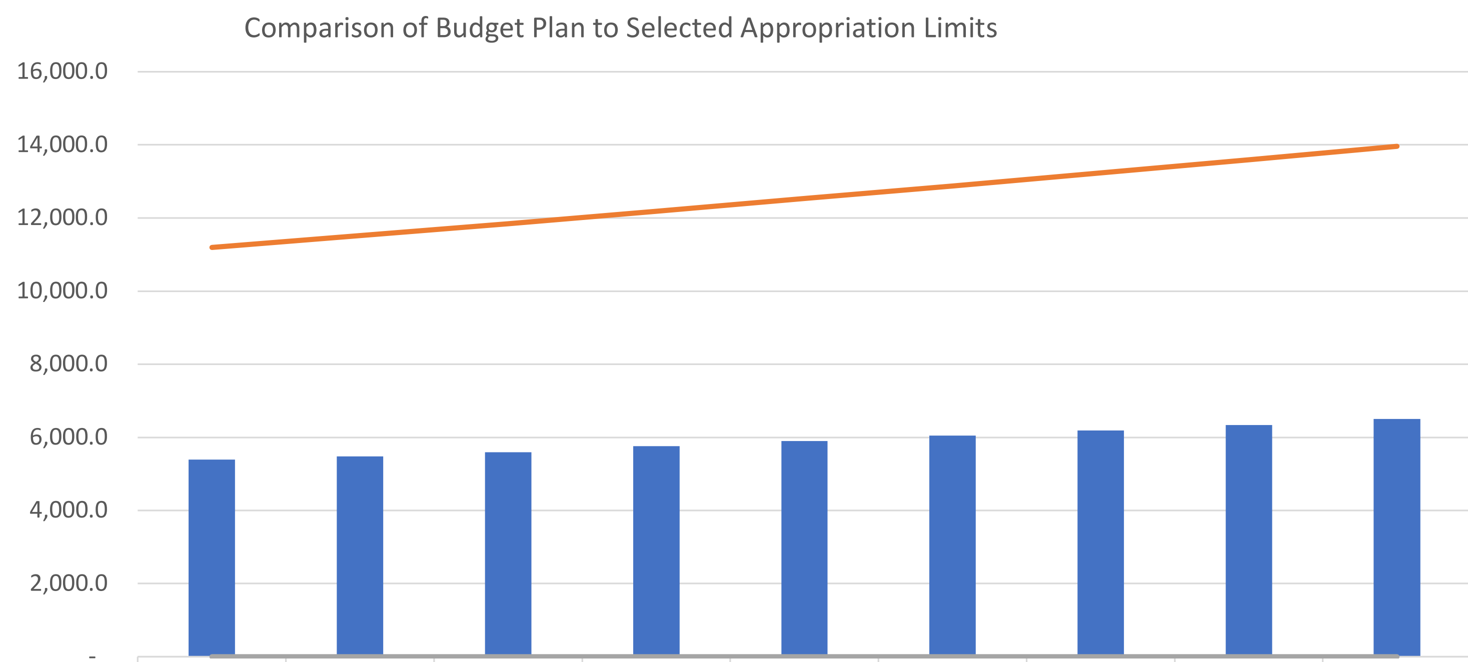
Fund Transfers

Fund Transfers	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
ARPA Revenue Replacement	186.6	10.6	-	-	-	-	-	-	-	-
Other Fund Transfers	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

Applying Appropriation Limits to Selected Budget Plan (from "Budget" Tab)

Select Appropriation Limit(s)

Current Limit



	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Approps Subject to Limit	5,389.3	5,486.9	5,594.7	5,757.4	5,902.8	6,043.4	6,193.9	6,338.4	6,497.9
Constitutional Limit	11,193.6	11,517.8	11,847.9	12,184.3	12,526.9	12,875.9	13,231.5	13,594.0	13,963.7
Statutory Limit	-	-	-	-	-	-	-	-	-

Approps Subject to Limit Constitutional Limit Statutory Limit

Note: This fiscal model applies to UGF revenue and expenditures only. In order to represent the "appropriation limits" toward the modeled UGF budget, it is assumed that non-UGF fund sources and UGF are the same proportions in all projected years as they are in the FY24 GovAmend budget.

For existing limits: projections are based on DLWD population projections and 2.5% inflation per Callan Associations.

HJR2/HB 38 projections assume 1.5% GDP growth and 2.5% inflation.