

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version: SB 133
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB133-FUND-CAP-05-02-23
Title: OPIOID REMEDIATION FUNDS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: SENATE FINANCE

Department: Fund Capitalization
Appropriation: No Further Appropriation Required
Allocation: Opioid Remediation Fund
OMB Component Number:

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2024 Appropriation Requested	Included in Governor's FY2024 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Personal Services			***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	460.0						
Miscellaneous							
Total Operating	460.0	0.0	***	***	***	***	***

Fund Source (Operating Only)

1178 temp code (UGF)	460.0						
Total	460.0	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1108 Stat Desig (Other)	460.0		***	***	***	***	***
Total	460.0	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2023) cost: 460.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2024) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? Yes
(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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Not applicable, initial version.

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION

BILL NO. SB 133

Analysis

This bill amends AS 37.14 to establish the Opioid Settlement Investment Fund (OSIF) as a special fund of the state outside and separate from the general fund. The fund is established as an investment fund to support opioid addiction treatment, recovery, remediation, and education, and creates a percent of market value draw from the fund for the purpose of annual appropriation by the legislature. The OSIF is intended to be structured like an endowment fund that will be invested to achieve sufficient earnings to grow and provide funding to a second fund, the Opioid Addiction Treatment Fund (OATF) in the general fund that will be used to support various opioid addiction programs.

The proposed annual draw is equal to five percent of the average market value of the fund for the first five of the preceding six fiscal years. This target sum is considered to be sustainable over the long-term life of the fund while allowing the fund to potentially grow its corpus through investment earnings. The bill then directs the legislature to appropriate the five percent draw into the Opioid Addiction Treatment Fund (OATF) for use by the Department of Health (DOH). The division of the OSIF and the OATF is designed to prevent concerns under Art. IX, Sec. 7 of the Alaska Constitution, while maximizing DOH's ability to direct the use of the opioid remediation money. The bill states that money received from the opioid settlement agreements may not be comingled with other funds deposited into the OSIF.

The purpose of the OATF is to serve as a target for the proceeds of the OSIF. The OATF authorizes DOH to expend money in the fund without further legislative appropriation for the purpose of supporting opioid addiction treatment, recovery, remediation, and education. The establishment of the OATF will facilitate compliance with the various opioid settlement agreements by empowering DOH to spend the funds generated by the OSIF without requesting specific appropriations for every target of opioid settlement funds on an annual basis.

The State estimates Alaska will receive settlement funds of \$58.5M at a rate of \$3M per year for 18 years. To date, Alaska has received \$9.2 million in settlement funds.

In the first year of the fund the transition language of the bill provides for a simple calculation of five percent of the initial appropriations made to the OSIF to be appropriated to the OATF, and the effective date of the bill is June 30, 2023. Five percent of the \$9.2 million already received equals \$460.0 available for appropriation from the OSIF to the OATF as a supplemental appropriation for FY23.

In the second year, five percent of the market value of the fund on June 30, 2023 is available for appropriation from the OSIF to the OATF, meaning that it is consistent with the first year's draw. Years three through five specifying five percent of the *average* market value of the fund for the preceding number of years of the fund's existence until the formula, as defined by section one of the bill, is implemented in year six. Earnings and losses affecting the percent of market value draws are unknown, as well as the value of the Department of Revenue's management fees that will be deducted, therefore the anticipated revenue available for appropriation and expenditure is indeterminate.