

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 186  
 (H) Publish Date: 3/21/05

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Permanent Fund: Quarterly Payments RDU Revenue Programs & Support  
 Component Permanent Fund Dividend  
 Sponsor Ramras  
 Requester \_\_\_\_\_ Component No. 981

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	25.0	25.0	25.0	25.0	25.0	25.0
Travel						
Contractual	335.3	35.3	35.3	35.3	35.3	35.3
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>360.3</b>	<b>60.3</b>	<b>60.3</b>	<b>60.3</b>	<b>60.3</b>	<b>60.3</b>

CAPITAL EXPENDITURES						

CHANGE IN REVENUES ( )	0.0	67.5	86.2	105.0	112.5	111.2

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1950 Permanent Fund Dividend Fund	360.3	60.3	60.3	60.3	60.3	60.3
<b>TOTAL</b>	<b>360.3</b>	<b>60.3</b>	<b>60.3</b>	<b>60.3</b>	<b>60.3</b>	<b>60.3</b>

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time	1	1	1	1	1	1
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill authorizes optional quarterly payments beginning with the 2006 dividend for Permanent Fund Dividend recipients who also select direct deposit.

This fiscal note assumes that the department will have the authority to deny participation to any applicant whose dividend has been garnisheed before the first payment in October. Garnishors will file against each quarterly payment and anyone garnisheed subsequent to the October payment would be paid the total remainder of their dividend less the amount of the garnishment at the time of the next quarterly payment. Costs are summarized on page 2.

The major cost of quarterly payments is a one-time cost to design and write a new payment system that accommodates quarterly payments and synchronizes transactions with our mainframe database. This work will need to be done by contract. (Continued on page 2)

Prepared by: Sharon Barton Phone 907-465-4785  
 Division Permanent Fund Dividend Date/Time 3/16/05 11:10 AM  
 Approved by: \_\_\_\_\_ Date 3/16/2005  
 Agency \_\_\_\_\_

FISCAL NOTE #2

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. HB 186

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**ANALYSIS CONTINUATION**

The department estimates that it will take 17 person months to design and write a payment system for quarterly payments. An estimate of months and costs is difficult to calculate because PFD IT staff has no previous experience with the design and development of a somewhat complex payment system.

Ongoing operations costs assume approximately 5,000 participants and include direct deposit transaction costs, print and mail costs, and computer processing costs for three additional direct deposit payments; new forms development and printing; and staff months to handle the quarterly garnishments that will be filed, and increased public contacts for information and direct deposit changes. Additional participants would result in higher costs.

Costs include:

Expand and re-write PFD computer system to handle quarterly payments (by contract)	\$300.0
Print and mail costs for three additional payments	15.5
Computer processing costs for three additional payments	18.0
Direct Deposit transaction fees	1.8
6 month PPT position or six additional months for existing staff	25.0
Total	<u>\$360.3</u>

Revenue is based on a 2% rate of return of funds held until distribution for 5,000 applicants. Dividend amounts for each year are based estimates from the Alaska Permanent Fund Corporation.