

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	HB 5001
Fiscal Note Number:	2
(H) Publish Date:	7/11/2016

Identifier: 0513-DOR-PFD-07-07-16
 Title: PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Revenue
 Appropriation: Taxation and Treasury
 Allocation: Permanent Fund Dividend Division
 OMB Component Number: 981

Expenditures/Revenues

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

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable. Initial version.

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Division:	Permanent Fund Dividend	Date:	07/07/2016 01:38 PM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	07/07/16
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Bill Analysis

The Permanent Fund Dividend distribution amount has been calculated using the formula defined in Alaska statute since 1986. Annually, in mid-September, the appropriated funds available, total estimated number of eligible applicants, total reductions due to reserves for prior year liabilities and obligations to other appropriations are variables that are entered into the set formula.

Establishing a fixed \$1000.00 dividend for 2016 with a new calculation used thereafter, is a significant alteration to this annual process. However, it will have a minimal impact on program operations. The primary changes in this legislation will have the greatest impact on the 2016 dividend.

With the 2016 dividend application period beginning January 1, 2016, the Charitable Contribution pledge threshold has been implemented and set at \$2300.00. The set amount will be used throughout the duration of the filing period with the anticipation that a true up will occur with all 638 of the participating organizations upon this legislation passing.

For the 2016 dividend, we estimate to receive 670,000 to 673,000 applications, of which we estimate between 640,000 and 647,000 applicants will be eligible for payment. Therefore, roughly \$647,000,000 will need to be available for the 2016 dividend at \$1000.00. In addition to that, a \$900,000 reserve for prior year liabilities, along with appropriated amounts associated with the hold-harmless provision for Public Assistance \$17,724,700, Physical Health Care \$20,236,900, and the Violent Crimes Compensation Board \$1,411,400, and the Division's Administrative costs \$8,361,200. For an approximate total of \$695,634,200.00, given the division's carry forward fund balance is similar to prior years, \$11,500,000.00.

In future years, this impact will decrease as the new calculated amount will be known prior to the current year dividend application being created, tested, and implemented. Overall, the calculation and operational methods to determine an estimated number of eligible applicants, amount available for appropriation, and reserves for prior year liabilities would not change. The amount available for annual transfer would be the only alteration to the process, which is one of the modifications presented in this bill. The annual amount would be equal to 50 percent of the resource royalties received by the state, instead of a five year average from the earning reserve account. Annual dividend payouts will continue to occur the first Thursday in October and the third Thursday of every month thereafter.