

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	SCS CSHB 213(RLS)
Fiscal Note Number:	7
(S) Publish Date:	5/12/2018

Identifier: HB213 DOR-PFD-5-12-2018
 Title: PUBLIC SCHOOL TRUST FUND
 Sponsor: PARISH
 Requester: Senate Rules

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)

	FY2019	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024
Personal Services								
Travel								
Services	10.0							
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	10.0							
Total	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) 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? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/19

Why this fiscal note differs from previous version/comments:

Initial Version

Prepared By:	Sara Race	Phone:	(907)465-4785
Division:	Permanent Fund Dividend	Date:	03/08/2018
Approved By:	Mike Barnhill	Date:	05/12/18
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

The legislation creates an education endowment fund that will be financed from permanent fund dividend applicant donations, transfers from the dividend raffle fund as a result of the fund exceeding \$500,000,000.00, interest earned, and any other money appropriated to the fund .

In addition to creating the fund, modifications will have to be made to the permanent fund dividend application. Similar to the UA College Savings Plan or charitable contributions, a voluntary option will be made available on the electronic adult dividend applications. This new option will allow individual to donate in \$100 increments up to the total amount of the dividend. Because the dividend amount is unknown at the time of application, we will set a maximum donation amount based on the prior year dividend amount. The option can be selected by anyone applying, which is prior to eligibility being determined. Payment will occur only for eligible individuals at the time they are paid. At the time of payment, all other involuntary and voluntary deductions including the raffle will be paid in priority order as stated in statute. Raffle funds will be reported and transferred on a monthly basis into the "dividend raffle fund", education endowment fund, and the public education fund as part of the standard dividend payment disbursement process.

Each \$100.00 donation paid will be submitted as an individual raffle entry. The name, contact information, and total number of entries for all applicants will be made available for the purpose of drawing prize winners. Four prize winners will be drawn at the beginning of the calendar year for the preceding dividend year. Although a majority of eligibility determinations are made prior to the new calendar year, annually the division has a carry forward caseload. This means that applications from the prior year are worked through the new year until all eligibility determination are made. With that being said, it is unknown how donations will be handled for individuals that have yet to have their eligibility determined or for individuals that successfully appeal a denial.

This added option will require programming changes to be made to the division's database and online dividend application. It will take approximately 83 hours at \$120.00 per hour for a total of \$9,960.00. Two percent of the fund will be available to cover nominal costs associated with administering the program in the out-years.

PFD Online (14 hrs)

- Add new voluntary option
 - Add yes/no opt-in page
 - Add select dollar amount page
 - Add to summary page

myPFD (7 hrs)

- Show that you are enrolled and how many tickets

Reports (4 hrs)

- Create new report for drawing purposes

Payment (40 hrs)

- Create new deduction type
- Modify payment logic to pay new deduction type by method requested
- Modify payment priority to include new deduction
- Modify payment reports to include new deduction

Letters/1099's (18 hrs)

- Update the 1099's to include new deduction type
- Update dividend distribution letters to include new deduction type