

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	HB 219
Fiscal Note Number:	5
(H) Publish Date:	4/7/2017

Identifier: DOR-COM-04-06-17
 Title: CRIM HIST CHECK: ST
 EMPLOYEES/CONTRACTORS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Revenue
 Appropriation: Administration and Support
 Allocation: Commissioner's Office
 OMB Component Number: 123

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2018 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018						
Personal Services								
Travel								
Services	14.6		2.1	2.1	2.1	2.1	2.1	2.1
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	14.6	0.0	2.1	2.1	2.1	2.1	2.1	2.1

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	6.2		1.0	1.0	1.0	1.0	1.0
1003 G/F Match (UGF)	3.1		0.5	0.5	0.5	0.5	0.5
1004 Gen Fund (UGF)	4.8		0.5	0.5	0.5	0.5	0.5
1007 I/A Rcpts (Other)	0.5		0.1	0.1	0.1	0.1	0.1
Total	14.6	0.0	2.1	2.1	2.1	2.1	2.1

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

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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?
 If yes, by what date are the regulations to be adopted, amended or repealed?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:	Administrative Services	Date:	04/06/2017 12:00 PM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	04/06/17
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION**Analysis**

This bill authorizes state agencies that receive Federal Tax Information (FTI) to undergo federal background checks as now required in IRS Publication 1075. Background checks would be conducted on all current and new employees at a cost of \$47 for each completed investigation. Employees are fingerprinted and matched against an FBI database, which in turn produces information on municipal, state, and federal criminal history as available. The state statutory language change is required for the FBI to allow the background check of individual employees for this purpose. An updated background check will also be required every ten years. The following three divisions will be impacted by this legislation.

Administrative Services Division:

The Department estimates that 10 employees from the Administrative Services Division will be fingerprinted in the first year, and approximately 2 employees in subsequent years.

As the Administrative Services Division provides direct Information Technology and Fiscal support for the Revenue agencies that receive FTI, many employees will be required to also pass these background checks as the state moves to shared information environments. As IT resources move to a central model across the state, it will be necessary for other departments to review the need for these background checks as well.

If these statutory changes are not made, the FBI will prevent our employees from receiving the required IRS background checks and the FTI data will be withheld in the future. This would have significant impact on Tax and Child Support Division operations.

Child Support Services Division:

The Department estimates that 198 employees from the Child Support Services Division will be fingerprinted in the first year, and approximately 32 employees in subsequent years.

The Child Support Services Division is authorized by the Federal Income Tax Refund Offset Program (P.L. 93-647) to recover delinquent child support debts from intercepted tax returns. This remedy involves the interaction of all state child support agencies and three federal agencies - the Office of Child Support Enforcement, the Bureau of the Fiscal Service, and the Internal Revenue Service.

The intercept program is a successful collection tool. This program collected \$44,262,809.00 in federal tax return intercepts over the last five years. Passage of this bill will allow the Alaska Child Support Services Division to remain in compliance with IRS requirements, and to continue to intercept IRS refund payments for families.

In addition to intercepted returns, state IV-D agencies are required to maintain a State Parent Locator Service (SPLS) to provide location information to the Federal Parent Locator Service (FPLS) which is available to authorized persons for authorized uses. The FPLS contains federal taxpayer information. All IV-D agencies have access to the FPLS to locate parents.

Tax Division:

The Department estimates that 102 employees from the Tax Division will be fingerprinted in the first year, and approximately 10 employees in subsequent years.

The Tax Division uses FTI to ensure compliance for corporate income tax, motor fuel tax and mining tax. It provides an auditing tool that can assist in confirming that the correct amount of tax is paid to the State of Alaska. The loss of FTI could impede audits and possibly allow businesses to escape paying the full amount of taxes due. In addition, FTI is a valuable source of data that can be used to project revenues from new taxes based on income. If the legislature passes a new tax based on income, especially an individual income tax, then FTI will become even more vital in determining the correctness of tax returns.