

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	CSSB 78(EDC)
Fiscal Note Number:	2
(S) Publish Date:	3/31/2017

Identifier: SB078-DOR-TRS-03-17-17
Title: PERM FUND DIVIDEND
CONTRIBUTIONS/LOTTERY
Sponsor: BISHOP
Requester: Senate Education

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Treasury Division
OMB Component Number: 121

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 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services			4.4	8.8	13.1	17.5	21.9
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	4.4	8.8	13.1	17.5	21.9

Fund Source (Operating Only)

1004 Gen Fund (UGF)			4.4	8.8	13.1	17.5	21.9
Total	0.0	0.0	4.4	8.8	13.1	17.5	21.9

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? 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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Not applicable; initial version.

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Agency: Department of Revenue

Phone: (907)465-3751
Date: 03/17/2017 12:00 PM
Date: 03/17/17

FISCAL NOTE ANALYSIS

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Analysis

This bill creates two funds to be managed in the Treasury Division. The Dividend Lottery Fund will be managed alongside other funds in the General Fund and other non segregated funds (Gefonsi) and so will not require additional costs to manage. The Education Endowment Fund will be a separate fund in the general fund to be invested in a manner likely to achieve at least a four percent nominal return over a five year period. Using similarly targeted funds as a guide, the costs of managing this fund are estimated assuming that each annual dividend is \$1,000, 10% of PFD recipients aged 18 years of age or older invest one-half of their dividend in the lottery each year (approximatley \$25 million per year) and investment costs are 7 basis points (.0007).

See assumed fund balance and costs below which are shown on front page of fiscal note:

	2019	2020	2021	2022	2023
Fund Balance	6,250,000	12,500,000	18,750,000	25,000,000	31,250,000
Costs	4,375	8,750	13,125	17,500	21,875
For Fiscal Note	4.4	8.8	13.1	17.5	21.9