

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version:	HCS CSSB 78(FIN)
Fiscal Note Number:	7 **CORRECTED**
(H) Publish Date:	4/18/2018

Identifier: SB78-HFIN-DOR-PFD-4-17-18  
Title: PERM FUND DIVIDEND  
CONTRIBUTIONS/RAFFLE  
Sponsor: BISHOP  
Requester: House Finance

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

## Fund Source (Operating Only)

1004 Gen Fund (UGF)	10.0						
<b>Total</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/19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:

This revised fiscal note changes the fund source from GF/PR to UGF and adds the following intent language to the fiscal note section of the operating bill:

It is the intent of the legislature that this \$10.0 UGF appropriation be returned to the general fund from future proceeds from the Dividend Raffle Prize Fund.

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House Finance Committee  
Representative Foster  
House Finance Committee

Phone: (907)465-2689  
Date: 04/17/2018

**REPORTED OUT OF  
HFC 04/18/2018**  
Control Code: hfbcV

## 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 \$300,000,000.00, 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 individuals 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. For FY19, the \$10.0 is unrestricted general funds due to there not being any amount in the Dividend Raffle Prize Fund prior to the first annual raffle. It is the intent of the legislature that this \$10.0 UGF appropriation be returned to the general fund from future deposits to Raffle Fund.

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. In the outlaying years the division will have two percent of the fund available for administrative costs.

## 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

(Revised 9/26/17 OMB/LFD)