

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	SB 73
Fiscal Note Number:	1
(S) Publish Date:	2/5/2021

Identifier: 0707-DOR-TRS-1-15-21
Title: ANTICIPATION OF REVENUE;
BORROWING;CREDIT
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

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)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
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

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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If yes, by what date are the regulations to be adopted, amended or repealed?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/comments:

No applicable, initial version.

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Agency: Department of Revenue

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Date: 01/15/2021 04:30 PM
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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION**Analysis**

The proposed legislation updates the current statute (AS 43.08) to clarify that borrowing in anticipation of revenue collections includes entering into line of credit agreements as well as revenue anticipation notes. The proposed legislation creates flexibility to enter into line of credit agreements when the Commissioner of the Department of Revenue considers it to be in the best financial interest of the State to do so. Having this tool available is useful when cash available in the general fund is insufficient to pay state expenditures as a result of a disparity in timing between revenues received and when funds need to be disbursed. A line of credit allows access to a preset borrowing limit that can be used at any time to cover short term needs, thus reducing the need to draw on other funds to provide state services.

Low fees are paid to have access to a line of credit and higher fees are paid on amounts borrowed. Fees paid would be offset by allowing state funds to continue to be invested, earning returns, rather than being borrowed to cover cash flow needs. The Treasury Division in the Department of Revenue would be responsible for securing and managing the line of credit.

There is no fiscal impact to the Treasury Division. Section 43.08.35 of the proposed legislation provides for an appropriation each fiscal year from the general fund for the amount necessary for the payment of interest on money borrowed.