

Fiscal Note

State of Alaska
2023 Legislative Session

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| Bill Version: | SB 133 |
| Fiscal Note Number: | 1 |
| (S) Publish Date: | 4/21/2023 |

Identifier: LL0609-DOH-CDPHP-04-20-2023
 Title: OPIOID REMEDIATION FUNDS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: GOVERNOR

Department: Department of Health
 Appropriation: Public Health
 Allocation: Chronic Disease Prevention and Health Promotion
 OMB Component Number: 2818

Expenditures/Revenues

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

| | FY2024 | Included in | Out-Year Cost Estimates | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|--------------|--------------|--------------|--------------|
| | Appropriation Requested | Governor's FY2024 Request | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| OPERATING EXPENDITURES | FY 2024 | FY 2024 | | | | | |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | 162.5 | | 162.5 | 162.5 | 162.5 | 162.5 | 162.5 |
| Miscellaneous | | | | | | | |
| Total Operating | 162.5 | 0.0 | 162.5 | 162.5 | 162.5 | 162.5 | 162.5 |

Fund Source (Operating Only)

| | | | | | | | |
|-------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|
| 1108 Stat Desig (Other) | 162.5 | | 162.5 | 162.5 | 162.5 | 162.5 | 162.5 |
| Total | 162.5 | 0.0 | 162.5 | 162.5 | 162.5 | 162.5 | 162.5 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|-------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|
| 1108 Stat Desig (Other) | 162.5 | | 162.5 | 162.5 | 162.5 | 162.5 | 162.5 |
| Total | 162.5 | 0.0 | 162.5 | 162.5 | 162.5 | 162.5 | 162.5 |

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2024) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? Yes
(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? N/A

Why this fiscal note differs from previous version/comments:

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| Initial version. |
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| Prepared By: | Christy Lawton, Acting Division Director | Phone: | (907)269-2042 |
| Division: | Division of Public Health | Date: | 04/04/2023 12:00 AM |
| Approved By: | Josie Stern, Assistant Commissioner | Date: | 04/05/23 |
| Agency: | Department of Health | | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION

Analysis

The bill amends AS 37.14 to establish the Opioid Settlement Investment Fund (OSIF) as a special fund of the state outside and separate from the general fund. The fund is established as an investment fund to support opioid addiction treatment, recovery, remediation, and education, and creates a percent of market value draw from the fund for the purpose of annual appropriation by the legislature. The proposed annual draw is equal to five percent of the average market value of the fund for the first five of the preceding six fiscal years. This target sum is considered to be sustainable over the long-term life of the fund while allowing the fund to potentially grow its corpus through investment earnings.

The bill then directs the legislature to appropriate the five percent draw into the Opioid Addiction Treatment Fund (OATF) for use by the Department of Health (DOH). The division of the OSIF and the OATF is designed to prevent concerns under Art. IX, Sec. 7 of the Alaska Constitution, while maximizing DOH's ability to direct the use of the opioid remediation money. The bill states that money received from the opioid settlement agreements may not be comingled with other funds deposited into the OSIF.

The purpose of the OATF is to serve as a target for the proceeds of the OSIF. The OATF authorizes DOH to expend money in the fund without further legislative appropriation for the purpose of supporting opioid addiction treatment, recovery, remediation, and education. The establishment of the OATF will facilitate compliance with the various opioid settlement agreements by empowering DOH to spend the funds generated by the OSIF without requesting specific appropriations for every target of opioid settlement funds on an annual basis.

Through the settlement, Alaska will receive approximately \$58.5 million over the next 18 years, additional settlements may also occur during this time. These funds are the basis of the OSIF. The increase in grants issued out of OATF reflects the five percent draw of the settlement spread over 18 years.