

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version:	SB 133
Fiscal Note Number:	2
(S) Publish Date:	4/21/2023

Identifier: LL0609-DOR-TRS-04-20-23
 Title: OPIOID REMEDIATION FUNDS
 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)

	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	12.6		16.2	19.9	23.7	27.7	31.8
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	12.6	0.0	16.2	19.9	23.7	27.7	31.8

Fund Source (Operating Only)

1252 DGF Temp (DGF)	12.6		16.2	19.9	23.7	27.7	31.8
Total	12.6	0.0	16.2	19.9	23.7	27.7	31.8

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 If yes, by what date are the regulations to be adopted, amended or repealed?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

Initial version.

Prepared By: Pamela Leary, Director	Phone: (907)465-3751
Division: Treasury Division	Date: 04/20/2023 12:00 PM
Approved By: Eric DeMoulin, Director	Date: 04/20/23
Agency: Department of Revenue	

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 OSIF is intended to be structured like an endowment fund that will be invested to achieve sufficient earnings to grow and provide funding to a second fund, the Opioid Addiction Treatment Fund (OATF) in the general fund that will be used to support various opioid addiction programs.

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 and would be available for appropriation. There is a transition period for appropriations in years one through five. 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 OATF for use by the Department of Health (DOH).

As written, the OSIF will be managed similar to an endowment type fund. Currently, other endowment type funds are charged at a rate of 10 basis points (0.1% or 0.001). The fund source would be the fund itself, therefore DGF.

The management fees reflected above are based on the estimated settlement funds of \$58.5M at a rate of \$3M per year for 18 years, assuming a rate of return of 6% and 5% appropriations annually. There is currently \$9.2 million in settlement funds received by the state.