

HB

4003

HFIN

FILE

Change Record Detail With Description

Department of Commerce, Community, and Economic Development

Scenario: Alaska Resource Rebate Special Session (6835)

Component: Alaska Energy Authority Power Cost Equalization (2602)

RDU: Alaska Energy Authority (453)

Title: Fully Fund the FY 2008 Power Cost Equalization Program

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
	Suppl	600.0	0.0	0.0	0.0	0.0	0.0	600.0	0.0	0	0	0
1089 Power Cos		600.0										

The supplemental request will allow AEA to continue to pay PCE at 100% for FY 2008. Fuel costs continue to increase demand on the program. Without this supplemental, PCE payments will require pro rata adjustment.

Change Record Detail With Description

Department of Commerce, Community, and Economic Development

Scenario: Alaska Resource Rebate Special Session (6835)

Component: Alaska Energy Authority Power Cost Equalization (2602)

RDU: Alaska Energy Authority (453)

Title: Fully Fund the FY 2009 Power Cost Equalization Program

Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
									PFT	PPT	NP
Inc	9,000.0	0.0	0.0	0.0	0.0	0.0	9,000.0	0.0	0	0	0
1089 Power Cos	9,000.0										

The Power Cost Equalization (PCE) levels are anticipated to increase in the fall as PCE utilities purchase their winter supply of fuel. Electric rates are estimated to be at least 50% higher and more PCE utilities are anticipated to reach the maximum PCE level of 37.69 cents/kWh. The anticipated PCE level adjustments are expected to impact the cost of the program in the second quarter of the fiscal year. In addition to the increased fuel costs, the maximum PCE level increased to 37.69 cents/kWh from 37.65 cents/kWh when the fiscal year 2009 Regulatory Commission of Alaska calculated weighted average cost of residential power in Fairbanks, Anchorage and Juneau decreased to 12.83 cents/kWh from 12.87 cents/kWh.

This funding request will allow AEA to continue to pay PCE at 100% for FY 2009. Without this additional funding, AEA estimates that the PCE payments will require pro rata adjustment.

Change Record Detail With Description

Department of Health and Social Services

Scenario: Alaska Resource Rebate Special Session (6835)

Component: General Relief Assistance (221)

RDU: Public Assistance f

Title: Alaska Resource Rebate Program

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
	IncOTI	10,668.7	546.1	10.0	108.0	108.4	0.0	9,896.2	0.0	0	0	9
1004 Gen Fund		10,668.7										

Change Record Detail With Description

Department of Health and Social Services

Scenario: Alaska Resource Rebate Special Session (6835)

Component: General Relief Assistance (221)

RDU: Public Assistance (73)

Title: Alaska Resource Rebate Program

Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
									PFT	PPT	NP

This legislation establishes the Alaska Resource Rebate Program, which shares the state's resource wealth by providing a special one-time \$1,200 payment to eligible Alaskans.

This legislation prohibits counting the rebate as income or resources for veterans' benefits and public assistance programs, unless required to do so by federal law. Section 1 (l), (m), (n), and (p) require that benefits which would be lost as a result of counting the rebate as income or as an asset be replaced with Hold Harmless (HH) benefits. Replacements of public assistance benefits are limited to four months. Veterans' benefits are not subject to the 4-month limitation.

In some circumstances, the \$1,200 rebate will count in determining if a person or household qualifies for public assistance, and reduce their benefits. The primary programs affected by this legislation are: Food Stamps; Supplemental Security Income (SSI); income-tested veterans' benefits; and Medicaid.

The department estimates a total increment of \$10,668.7 will be needed in FY 09 to implement the hold harmless provisions in the new Alaska Resource Rebate Program. These costs include: \$9,896.2 to replace the loss of benefits, and \$772.5 in administrative costs, which includes funding for 9 temporary staff needed to manage the additional workload.

Benefit Cost Assumptions:

Persons who apply for public assistance in the same month they receive the resource rebate, or who do not spend the money right away, could be affected.

For most public assistance programs, the department will not be able to anticipate when ongoing recipients will receive the rebate check, or in time to take action to count it as income. The department also expects most individuals will spend the money immediately on basic needs and continue to have assets below the various program limits.

Food Stamp Program: Federal rules allow the resource rebate to be excluded as income; however, any portion of the payment that is not spent must be counted as an asset. The department estimates 7,000 households (30% of nearly 24,000 households currently eligible for the Food Stamp Program) will need hold harmless benefits to replace federal food stamp benefits for one month. These households will not spend their resource rebate payments right away, causing them to exceed the \$2,000 asset limit set in federal rules. The average allotment is \$400. Estimated food stamp hold harmless cost is \$2,800.0

SSI: The department expects that the Social Security Administration will count the resource rebate as income, and any money not spent will be counted as an asset, under the federal SSI rules. SSA will likely make this determination after the fact and establish an overpayment retrospectively. About 11,500 individuals receive SSI in Alaska. The average monthly SSI payment is \$400. Estimated SSI hold harmless cost is \$4,600.0

Veterans Disability and Survivor Benefits: For veterans' benefits that are means tested, the Veterans Administration will treat the resource rebate as income. Benefits will be reduced dollar for dollar and prorated over the calendar year. VA estimates \$1,500.0

State of Alaska

Office of Management & Budget

Change Record Detail With Description

Department of Health and Social Services

Scenario: Alaska Resource Rebate Special Session (6835)

Component: General Relief Assistance (221)

RDU: Public Assistance (73)

Title: Alaska Resource Rebate Program

Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
									PFT	PTI	NP

beneficiaries (312 vets and 64 widows and dependents) will be impacted. The department estimates the VA hold harmless cost is \$451.2 (376 x \$1,200).

Medicaid: The rebate can be excluded for most Medicaid coverage groups, including Family Medicaid & Denali KidCare. Federal law, however, requires the state to count the resource rebate as income for seniors and people with disabilities if it brings their total income to more than \$1911/month (300% of the SSI standard).

The department estimates 715 seniors and individuals with disabilities will receive the rebate in the same month they apply for Medicaid and will need hold harmless benefits to help pay for medical care that would otherwise be covered by federal Medicaid funds. The average monthly medical cost for these individuals is \$2,818.00. The department estimates Medicaid hold harmless cost of approximately \$2 million.

Savings to the benefit programs are primarily outside of the DHSS budget (SSI and veterans' benefits), or 100% federally funded (food stamps) and will not result in any GF savings. Medicaid savings would be reflected in the department's budget. However, due to the \$23 million reduction already absorbed by the Medicaid program in FY 2009, and the uncertainty of the new program's impact, the department is not proposing an additional \$2 million reduction in Medicaid.

It is anticipated that all Resource Rebate Hold Harmless payments will be made in FY 09. It may be necessary to make some payments in FY 10; if so, the Department will include the necessary adjustments in its FY 10 budget.

Change Record Detail With Description

Department of Revenue

Scenario: Alaska Resource Rebate Special Session (6835)
 Component: Resource Rebate (2930)
 RDU: Taxation and Treasury (510)
 Title: Alaska Resource Rebate Program

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
	IncOTI	800,000.0	170.0	0.0	591.2	58.8	30.0	799,150.0	0.0	0	0	5
1004 Gen Fund	800,000.0											

This increment creates a new program and budget component to be administered by the Department of Revenue that provides for a one-time resource rebate payment of \$1,200 for each eligible Alaskan. Eligible Alaskans under this program will include those Alaskans who applied for and have been deemed eligible for the 2008 permanent fund dividend, and those persons who apply for the program under a supplemental application, are physically present in Alaska, have resided in the state for the 180 days preceding the application period and meet the other eligibility criteria in the bill.

The actual number of persons eligible for the 2008 PFD will not be known until September but for the purposes of projecting the costs of administering this program we are assuming that 620,000 persons will be eligible for the 2008 PFD, and that 45,000 additional persons will qualify for the resource rebate program under the supplemental application process, for an estimated total of 665,000 persons.

Based on PFD program costs the direct cost of printing and mailing the checks will be approximately \$525,000 for issuing the payments and 1099 advices. We will not use the PFD payment system for this purpose but instead will contract with either the Division of Finance or a financial institution.

The cost of administering the supplemental application process is estimated at \$325,000. This includes printing and distribution of applications, programming costs for a new database to collect applicant information and personal services costs related to receiving applications, scanning and filing applications and related documents, determining eligibility, etc. Since this is a one-time program we will use existing equipment and bring in seasonal employees, non-permanent employees and contractors to accomplish this work.

Note that while we are using information from the PFD eligibility system, this project will be done outside of the PFD Division and every attempt will be made to minimize impacts on PFD processing.

Change Record Detail With Description

Department of Revenue

Scenario: Alaska Resource Rebate Special Session (6835)

Component: Tax Division (2476)

RDU: Taxation and Treasury (510)

Title: Compensation of Municipalities for Loss of Motor Fuel (Aviation) Tax Shared Revenue

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
	IncOTI	150.0	0.0	0.0	0.0	0.0	0.0	0.0	150.0	0	0	0
1004 Gen Fund		150.0										

This appropriation for the amount necessary, estimated to be \$150,000, holds municipal governments harmless for the loss of aviation fuel taxes that would be shared if the motor fuel tax was not suspended. Proposed legislation would suspend collection of all motor fuel taxes for one year, including fuels for highway use, watercraft and aviation. Under AS 43.40.010(e) sixty percent of the net proceeds of taxes on aviation fuel are refunded to a municipality that owns or leases and operates an airport. With higher than expected oil prices the State of Alaska is receiving surplus revenues from oil and gas taxes and royalties. At the same time, the municipal governments that operate airports are not receiving additional revenues and may not be in a position to make up for this revenue loss.



CITY OF BETHEL

P.O. Box 1388 Bethel, Alaska 99559
907-543-2047
FAX # 543-3817

July 31, 2008

House Finance Committee
State Capitol, Room 505
Juneau, AK 99801-1182

To Whom It May Concern:

At its regular meeting of July 22, 2008 the Bethel City Council unanimously adopted Resolution 08-11, supporting State House Bill No. 4002; and act establishing the Alaska Resource Rebate Program and relating to the program; and providing for an effective date. Also adopted by unanimous consent was Resolution 08-12, supporting State House Bill No. 4003; An act making supplemental appropriations to the Alaska energy authority for power cost equalization; making special appropriations to the Department of Revenue and to the Department of Health and Social Services for the Alaska Resource Rebate Program; making special appropriation to the Department of Revenue for the payment of certain shared taxes relating to aviation fuel; and providing for effective date. A copy of each signed resolution is enclosed.

Sincerely,

Lori Strickler
City Clerk

Enc.

Introduced by: Vice-Mayor Williams
Date: July 22nd, 2008
Action: Passed
Vote: 6-0

CITY OF BETHEL, ALASKA

Resolution # 08-11

**A RESOLUTION BY THE BETHEL CITY COUCIL SUPPORTING STATE HOUSE
BILL NO. 4002 AN ACT ESTABLISHING THE ALASKA RESOURCE REBATE
PROGRAM AND RELATING TO THE PROGRAM; AND PROVIDING FOR AN
EFFETIVE DATE**

WHEREAS, the cost of living in rural Alaska has increased substantially over the past few years; and

WHEREAS, the annual income for the many individuals within the community of Bethel has not increased to match that of the changing economy; and

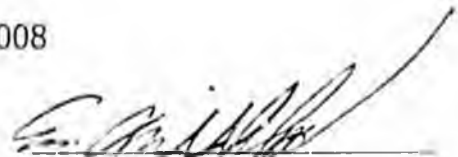
WHEREAS, the cost of gasoline and fuel oil concern all of rural Alaska;

WHEREAS, the communities within this region rely on fuel not only for transportation and subsistence hunting but also for heat for their home;

WHEREAS, it is the goal of most consumers to conserve as much as possible however even with diligent conservation of energy and recourses many members of the community will still have trouble making ends meet; and

NOW, THEREFORE, BE IT RESOLVED, that the City of Bethel City Council is in support of State of Alaska passing State House Bill No. 4002 the establishment of the Alaska resource rebate; and

APPROVED and **SIGNED** this 22nd day of July, 2008


Eric Middlebrook, Mayor

ATTEST:


Lori Strickler, City Clerk

Introduced by: Vice-Mayor Williams
Date: July 22nd, 2008
Action: Passed
Vote: 6-0

CITY OF BETHEL, ALASKA

Resolution # 08-12

A RESOLUTION BY THE BETHEL CITY COUCIL SUPPORTING STATE HOUSE BILL NO. 4003 "AN ACT MAKING SUPPLEMENTAL APPROPRIATIONS TO THE ALASKA ENERGY AUTHORITY FOR POWER COST EQUALIZATION; MAKING SPECIAL APPROPRIATIONS TO THE DEPARTMENT OF REVENUE AND TO THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES FOR THE ALASKA RESOURCE REBATE PROGRAM; MAKING SPECIAL APPROPRIATION TO THE DEPARTMENT OF REVENUE FOR THE PAYMENT OF CERTAIN SHARED TAXES RELATING TO AVIATION FUEL; AND PROVIDING FOR AN EFFECTIVE DATE."

WHEREAS, rural Alaska is facing ongoing challenges with the rising cost of living; and

WHEREAS, the cost of electricity has continued to rise which directly effects the amount of money used for the power cost equalization program subsidized by the state; and

WHEREAS, the cost of fuel and electricity has led to the increased cost of other goods and services throughout the region; and

WHEREAS, the average income for rural Alaska has not increase to match that of the rising costs of living; and

WHEREAS, with the increased cost to the business owners (who are not getting the government subsidies), they in turn have to shift their increased costs onto the consumer; and

WHEREAS, leaving individuals and families with much less money to spend on necessary goods and services; and

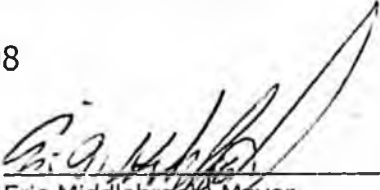
WHEREAS, state and federal subsidies are necessary for families in the bush communities to sustain the economic changes; and

WHEREAS, the resource rebate program will help defer some of the hardships facing rural Alaskan's through the winter and provide relief for the rising energy costs; and

Introduced by: Vice-Mayor Williams
Date: July 22nd, 2008
Action: Passed
Vote: 6-0

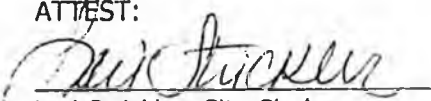
NOW, THEREFORE, BE IT RESOLVED, that the City of Bethel is in support of the State of Alaska passing State House Bill No. 4003 An Act making supplemental appropriations to the Alaska Energy Authority; and

APPROVED and **SIGNED** this 22nd day of July, 2008



Eric Middlebrook, Mayor

ATTEST:



Lori Strickler, City Clerk