

1/31/11
BUDGET
OVERVIEW:
DEPARTMENT
OF REVENUE

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DEPARTMENT OF
REVENUE</SUBJECT><COMM>HFIN27</COMM></TARGET>

1/31/11



Alaska Department of Revenue

Budget Overview
House Finance Committee
Monday, January 31

Commissioner Designee Bryan Butcher

Our Mission

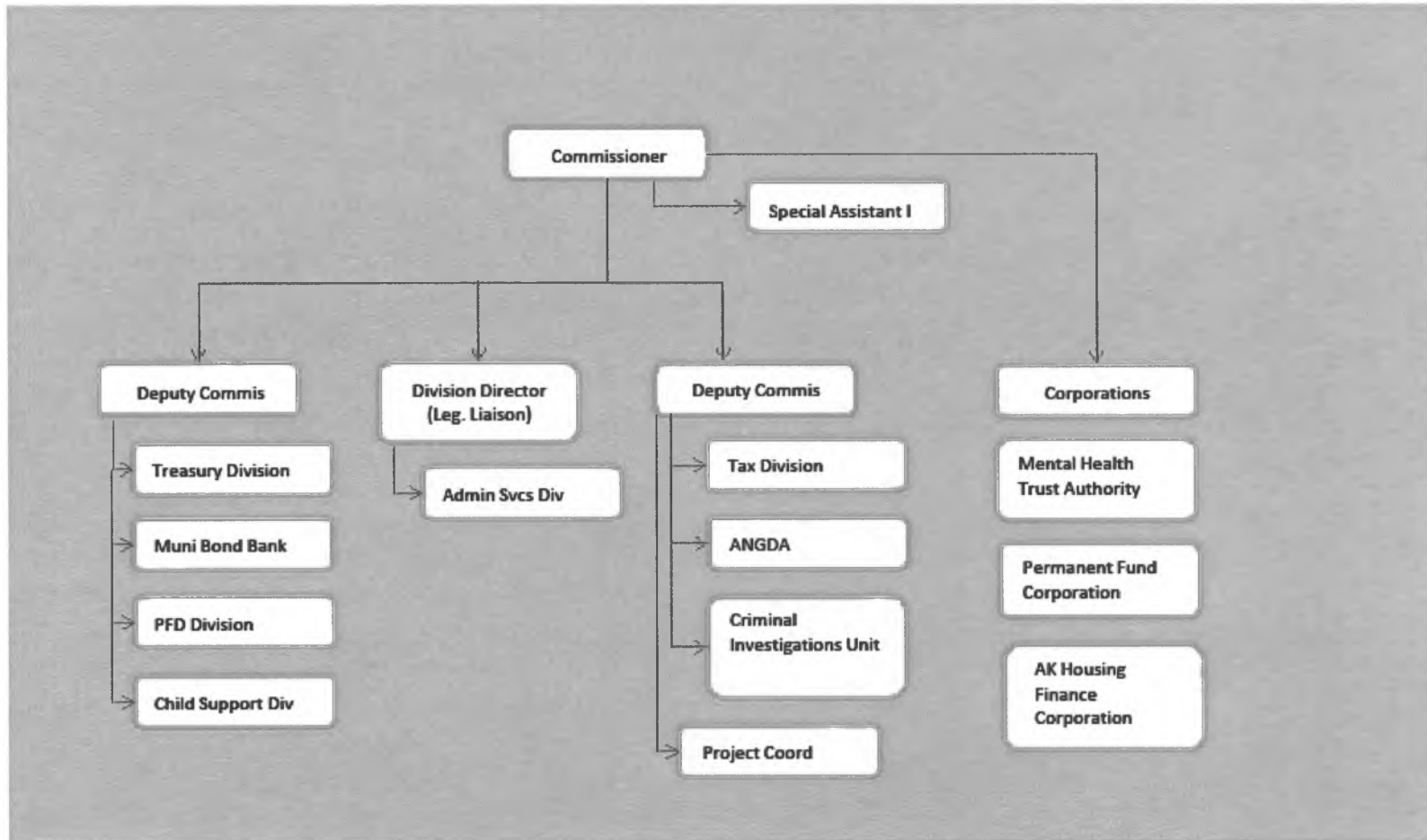
The mission of the Department of Revenue is to collect, distribute and invest funds for public purposes.

- Core Services
 - Coordinate, develop and promote programs for collection and investment of public funds
 - Provide controls and enforcement for the collection, investment and payment of funds for the Tax Division, Treasury Division, Permanent Fund Dividend Division, and Child Support Services Division
 - Provide administrative support for the following authorities, boards and corporations: ARMB, AMHTA, LTCO, AMBBA, ANGDA, AHFC, and APFC

Organization

- Commissioner's Office
- Administrative Services Division
- Tax Division
- Treasury Division
- Permanent Fund Dividend Division
- Child Support Services Division
- Alaska Municipal Bond Bank Authority
- Alaska Retirement Management Board
- Alaska Mental Health Trust Authority
- Alaska Housing Finance Corporation
- Alaska Permanent Fund Corporation
- Alaska Natural Gas Development Authority

Organization



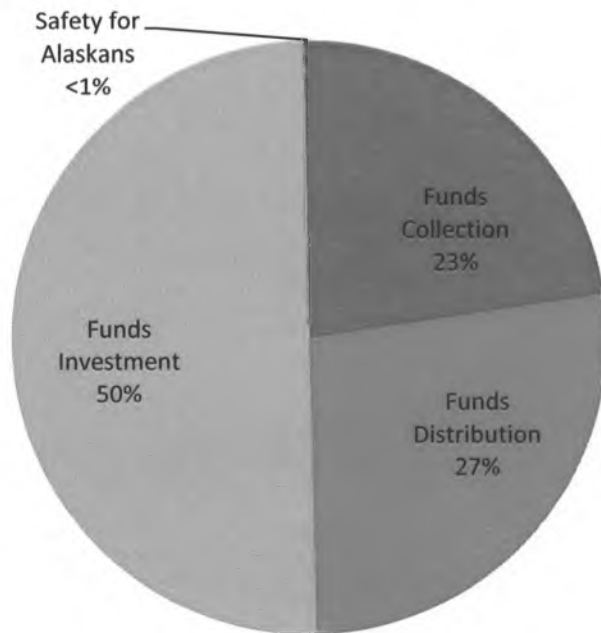
Priority Programs

When dividing the budget into the mission statement's three priority programs, you will see that investment is the largest part of the total budget at 50%; distribution and collection are approximately 25% each. The smallest slice of the pie indicates the work of the Long Term Care Ombudsman that provides safety for Alaskans.

Priority Programs comparison of function and funds

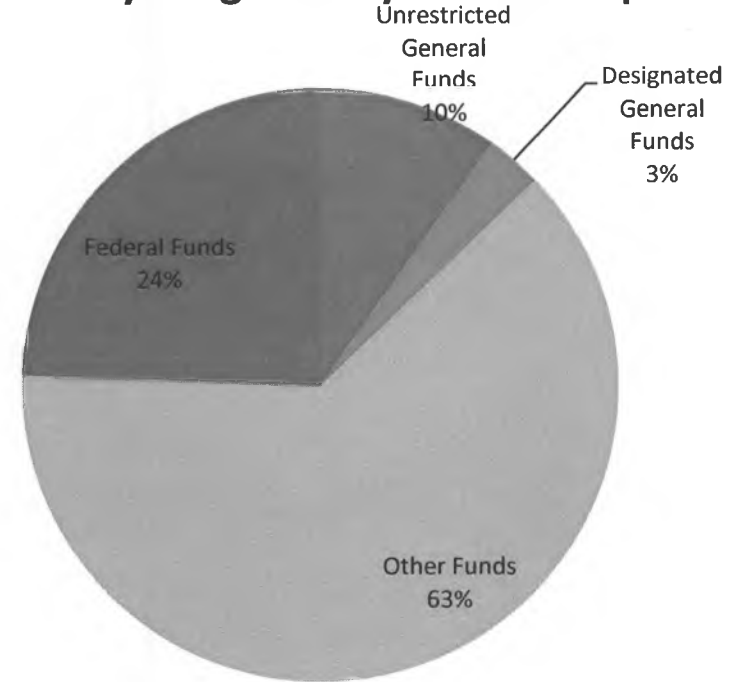
Agency Functions

Priority Programs



Budget Fund Sources

Priority Programs by Fund Group



Department Challenges and Successes

Predicting the Future

- Revenue Source Book
- Alaska Retirement Management Board
- Investing Funds

Best Practices for Investments

- Treasury retirement account, General Fund, CBR and other funds
- Permanent Fund Corporation
- Alaska Municipal Bond Bank Authority
- Special accounts at the Alaska Housing Finance Corporation
- Alaska Mental Health Trust Authority

Department Challenges and Successes

Tax Division Staff Recruitment

- Chief Economist
- Assistant Chief Economist
- Master Auditor
- Commercial Analysts

Information Technology

- Significant improvements in the department-wide network infrastructure
- Resolved many issues with PFD filing that occurred last year
- Integrated Tax System is still in the review process

Department Challenges and Successes

Public Safety

- LTCO investigator position
- Criminal Investigations Unit
- Alaska Mental Health Trust Authority
- AHFC housing and weatherization programs

Oil and Gas Issues

- Negotiations from the Open Seasons
- Changing tax structures creates complexities and improves economic development
- Best choice for Alaska

Department Challenges and Successes

Impacts made by legislation

- The Department of Revenue responds to numerous changes made through legislation. Last session the department was affected to some degree by more than 275 pieces of legislation of which 48 bills and 17 resolutions passed.
- Staff prepared 116 fiscal notes for bills that were scheduled for hearings
- Increased regulation drafting
- Improved statutes for a better Alaska

FY11 Budget Summary

- Child Support Services
 - ARRA funding
 - Restores CSSD to its base budget
- Treasury Division
 - Added investment Officer to replace external investment manager; ARMB
 - CBR management fees
- Commissioner's Office
 - Audit of AGIA reimbursement
 - Fiscal analysis of gasline terms
- Admin Services Division
 - Emergency computer support
- Tax Division
 - AGIA Information Reporting System
 - Petroleum Commercial Analyst positions
- Perm Fund Dividend Division
 - Dot.Net training
 - Increased chargeback fees
- Long-Term Care Ombudsman
 - Non-perm Investigator position
- Corporations
 - AMHTA entire budget is OTI yearly

FY11 Fiscal Notes

- SB305 Decoupling
 - Vetoed
- HB424 GO Bonds
- SB230 GO Bonds
- SB171 Charitable Giving
- SB269 Stimulus Bonds
- SB230 City of Galena
- SB217 AHFC Veterans' Housing Loan Bonds
- AHFC federal housing program funding
- HB369 Instate Gas Pipeline Manager/Team
- HB421 Salary increase throughout the budget

FY12 Budget Request

- Investment management fees for the CBR
 - \$2,592.4 GF
- Child Support Services ARRA OTI funding
 - \$1,544.9 GF
- ASD license fees for virtual servers
 - \$75.0 GF
- AGIA audit funding
 - \$125.0 GF
- Establish Criminal Investigations Unit
 - \$1,600.0 I/A Rcpts

Corporation FY12 Budget Request

- **Alaska Mental Health Trust Authority**
 - Increment of \$167.6 that includes the net differences made from FY11 to FY12
 - \$87.6 MHT Admin
 - \$80.0 Stat Desig
 - Long Term Care Ombudsman
 - Permanent position \$93.7
 - Travel \$26.3

Corporation FY12 Budget Request

- **Alaska Housing Finance Corporation**
 - Veterans' bonds year two
 - \$40.0 AHFC Rcpts
 - Federal housing assistance payments
 - \$32,000.0 Fed Rcpts
- **Alaska Gasline Development Corporation**
 - AGDC staff costs from capital fiscal note
 - \$1,095.2 CIP Rcpts

Corporation FY12 Budget Request

- **Alaska Permanent Fund Corporation**
 - Due diligence, travel, legal fees, and consultants
 - \$115.0 Pfund Rcpts
 - Salary management plan funding
 - \$319.0 Pfund Rcpts
 - Investment management fees
 - \$14,125.0 Pfund Rcpts
 - \$90,300.0 Pfund Recpts moving to language section

Conclusion

- The Department of Revenue is the state's largest fiscal manager. We pride ourselves in prudent investment practices for a variety of programs and needs.
- Our customer service divisions of PFDD and CSSD have notably improved their business practices as many of you have noticed the decreased constituent concerns in these areas.
- The Tax Division is one of the busiest areas of the department as they work closely with every taxpayer in Alaska and are frequently involved in tax policy decisions contemplated by the legislature.
- Our corporations receive national recognition for their exemplary program management and fiscal solvency.