

ALASKA LEGISLATURE

1585

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

**Department of Revenue FY98 Budget Overview**  
**Child Support Enforcement Division**

**Overview**

The goal of the Child Support Enforcement Division (CSED) is to ensure that Alaskan children receive financial support from both parents. CSED achieves this goal by: (1) helping children obtain support from non-custodial parents; (2) requiring parents to reimburse the state for Aid to Families with Dependent Children (AFDC), Medicaid and Foster Care support; and (3) establishing a paternity relationship between fathers and their children.

The CSED has three sections: Operations, Accounting and Systems. The Operations Section consists of 17 teams responsible for processing and enforcing the 46,000 cases currently pending in the agency. These responsibilities include: (1) case intake; (2) customer service; (3) paternity and establishment; (4) support amount establishment; (5) support amount modification; (6) in-state enforcement; and (7) interstate enforcement. The Accounting Section processes monthly payments made by the non-custodial parents and disburses the funds to families, the state and the federal government. The Systems Section provides data processing and other automated and technological support for the division.

During the past two years, CSED has increasingly focused on customer service and public education by implementing a rigorous program of employee training, a speakers bureau, a fully staffed phone bank, and a policy which allows direct public access to CSED caseworkers. We now conduct regular internal audits performed by a team of quality control professionals and we recently doubled our problem resolution staff. CSED has made significant strides in community outreach, particularly in rural Alaska, and regularly participates in Native Conferences, non-profit organization meetings, public service forums, high school classroom presentations and other community events.

**Issues**

Since 1994, we have significantly reduced our backlogs. We have reduced our establishment caseload (cases requiring establishment of either paternity or a support order or both) from 7,803 to 4,536 (3,800-4,000 would be a normal caseload for this section and represent a zero backlog).

Many important changes to CSED audit requirements arrived with the passage of federal welfare reform. While CSED has reduced its backlog, we still have considerable work to do in order to meet new compliance standards. For example, two federal time limits that the division was meeting (taking wage withholding action within fifteen days of receiving information about a new employer; and processing payments within fifteen days of receipt) have now been changed and both must be accomplished in 2 business days.

Although our audit standards have changed, our commitment to improving service to Alaskan families remains strong. With this in mind, we look forward to even greater success during the coming year.

## Department of Revenue FY98 Budget Overview

### Changes from FY97 to FY98

The budget request for FY98 includes increments in personal services and contractual services. The personal services increase will fund upgrading Administrative Clerk IIIs to Child Support Enforcement Officer Is. These upgrades will assist the Division in maintaining the expertise necessary to provide quality service to the public.

The contractual services increase funds additional costs for data processing chargebacks, process servers, space rental, printing, advertising, and equipment lease costs. The Division has curtailed costs in training, postage, paternity establishment, and some interagency service costs in an effort to minimize the contractual services increment.

**Department of Revenue FY98 Budget Overview**  
**Child Support Enforcement Division**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	8,167.1	8,983.1	9,754.4	10,323.1
Travel	77.6	102.1	140.2	158.3
Contractual	3,510.8	4,897.0	5,444.0	5,626.8
Supplies	146.7	121.8	133.1	241.4
Equipment	638.7	168.6	189.3	90.5
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>12,540.9</b>	<b>14,272.6</b>	<b>15,661.0</b>	<b>16,440.1</b>

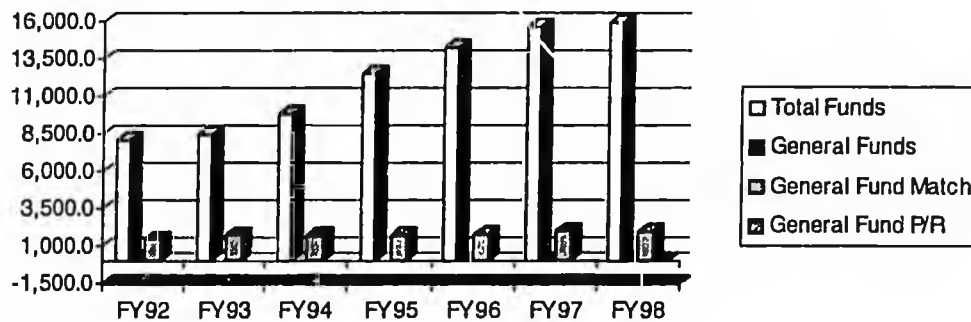
**FUNDING:**

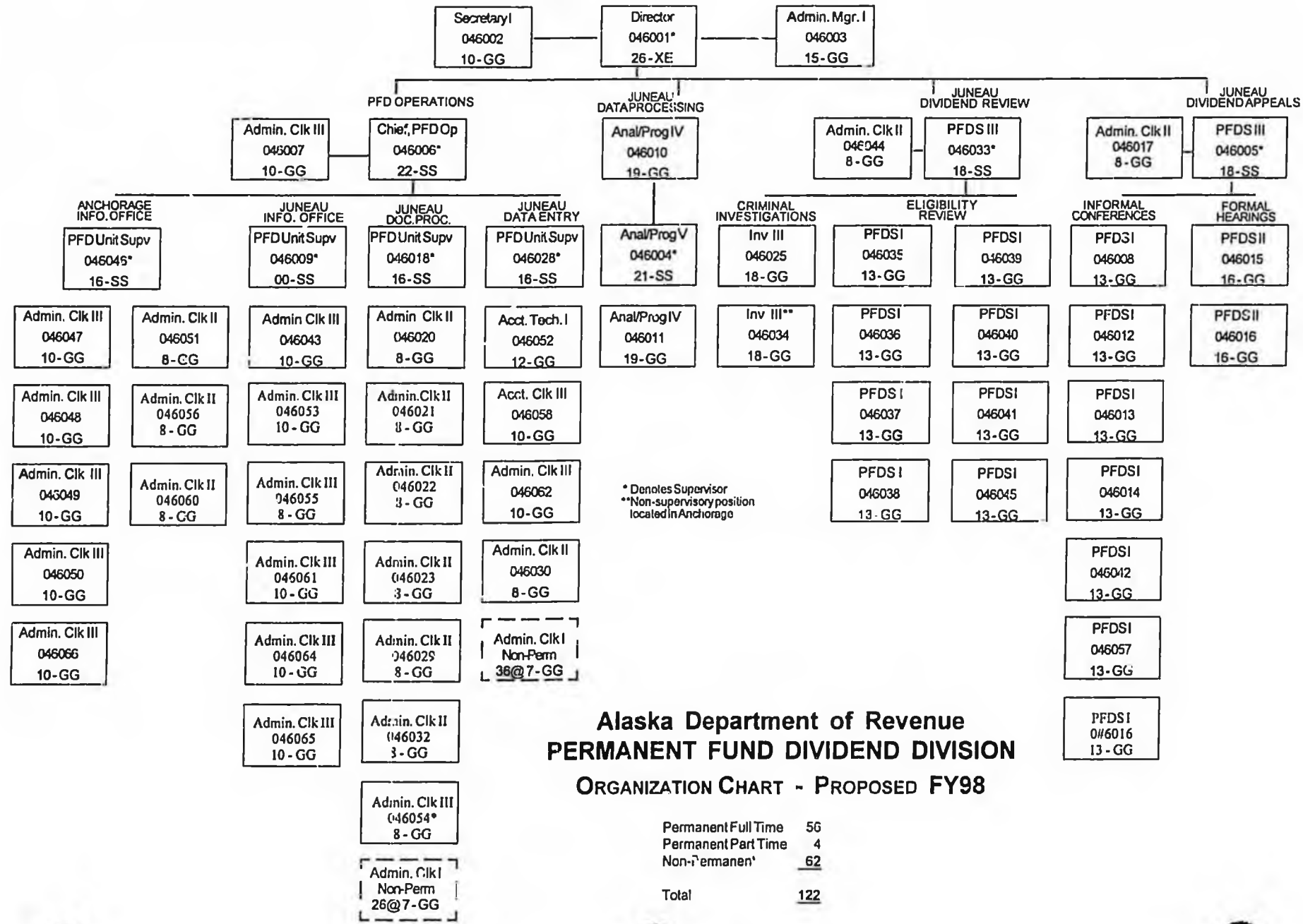
1002 Federal Funds	8,353.7	9,454.6	10,395.1	10,799.2
1003 General Fund Match	1,689.9	1,860.7	2,043.1	1,963.4
1004 General Fund	0.0	40.0	40.0	40.0
1005 GF/Program Receipts	0.0	0.0	0.0	65.8
1016 Federal Incentives	2,497.3	2,917.3	3,182.8	3,571.7

**POSITIONS:**

Permanent Full Time	202	210	221	221
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

**FY92 - FY98 Summary**





**Alaska Department of Revenue  
PERMANENT FUND DIVIDEND DIVISION  
ORGANIZATION CHART - PROPOSED FY98**

Permanent Full Time	56
Permanent Part Time	4
Non-Permanent*	<u>62</u>
<b>Total</b>	<b><u>122</u></b>

\* Denotes Supervisor  
\*\* Non-supervisory position located in Anchorage

**Department of Revenue FY98 Budget Overview**  
**Permanent Fund Dividend Division**

**Overview**

The Permanent Fund Dividend Division (PFDD) is responsible for distributing Permanent Fund Dividend checks to each Alaska resident who applies and qualifies for the dividend.

The PFDD is organized into four units.

The Operations Unit staff processes each dividend application. The computer selects applications that need further review or have missing information. If information is missing, we send a request for additional information to the applicant. Applicants are either approved for payment, sent on for further review, or denied. The Operations Unit is also responsible for processing payments, garnishments, attachments, levies, writs and assignments of dividends, as well as collecting repayments of dividends issued to applicants in error.

The Dividend Review Unit is responsible for reviewing all applications forwarded by the Operations Unit for further eligibility determinations; the staff also reviews applications based on information received through the division's Fraud Hotline. After the staff performs a detailed review of each application, applicants are either approved for payment or sent a denial letter. The staff of the Criminal Investigation Section of the Dividend Review Unit investigates each case of suspected fraud.

The Appeals Unit staff is responsible for reviewing the appeals of those applicants who are denied dividends and choose to appeal their denial. Appeals officers objectively review cases under appeal, hold informal conferences, and issue written decisions either overturning or upholding the denial.

The Data Processing Unit staff maintain the division's data processing system on the state's mainframe computer. This section's staff ensure that up-to-date application and filing history information is available to the entire division.

**Issues**

The division's main goal continues to be improving customer service and enhancing public understanding of the eligibility requirements of the dividend program. We have expanded our rural outreach program by adding a northern region dividend information office. The division will be doing a complete review of the application process to ensure that the applicant understands the process and has every opportunity to file a complete and accurate application.

**Changes from FY97 to FY98**

The PFDD's FY98 adjusted base figure reflects a decrease of \$63,200 from the FY97 authorized budget. This is the result of fiscal notes which funded FY97 only and were removed from the FY98 adjusted base. An increment of \$48,000 is reflected in our FY98 budget submission; this is for second year funding of the fiscal note for SB 232, passed last legislative session.

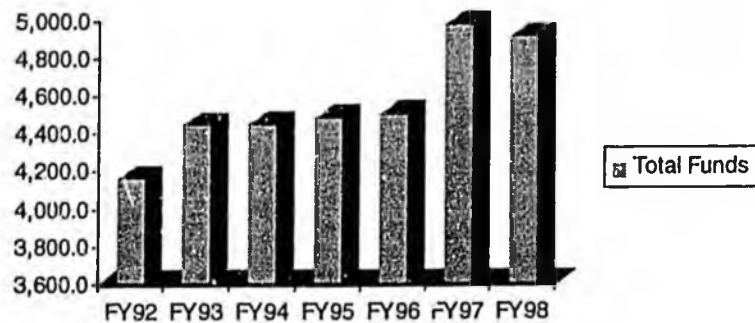
**Department of Revenue FY98 Budget Overview**

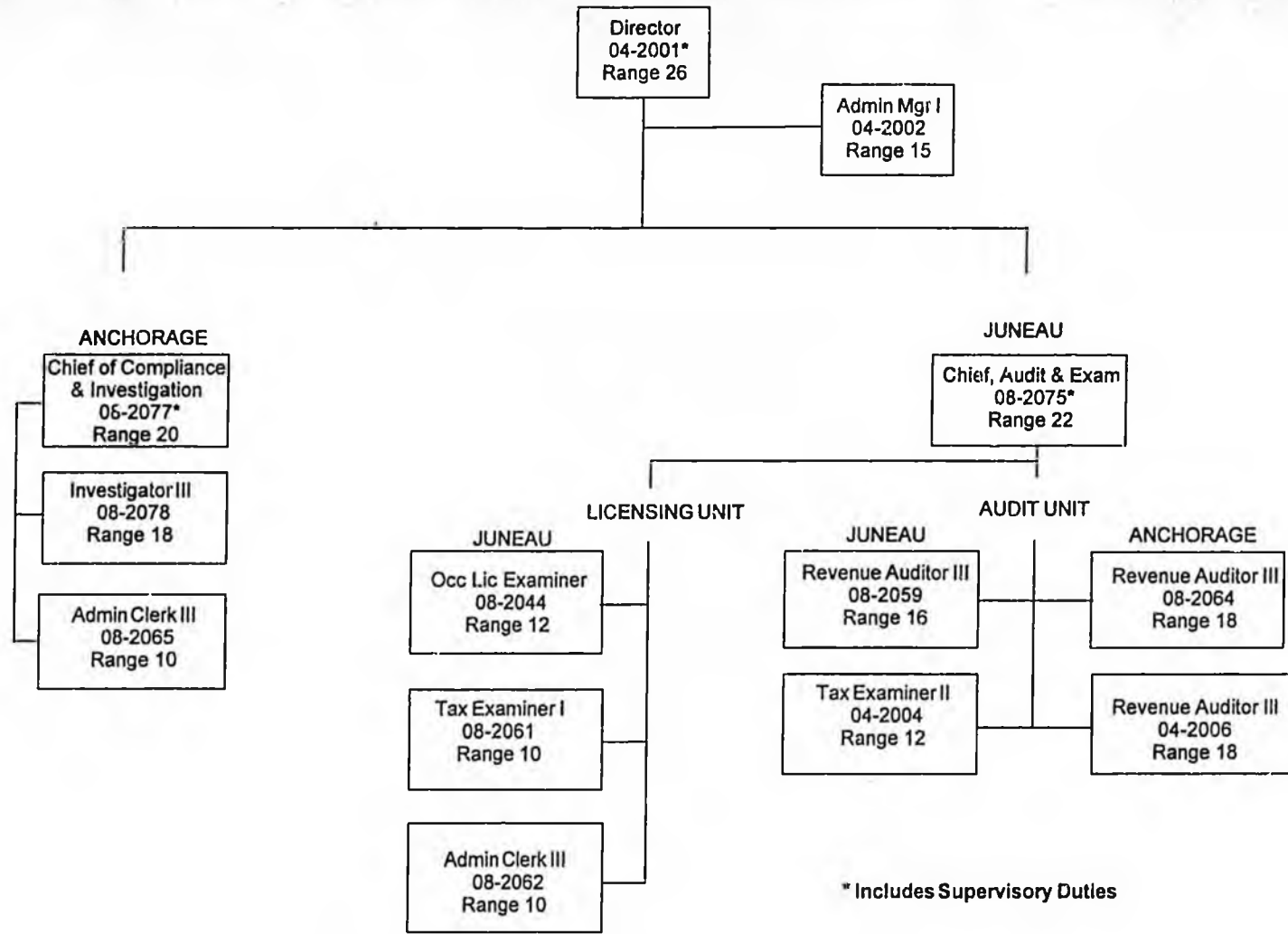
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**Department of Revenue FY98 Budget Overview**  
**Permanent Fund Dividend Division**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	2,832.3	2,899.7	3,098.1	3,071.3
Travel	25.6	30.0	30.0	30.0
Contractual	1,417.9	1,518.2	1,767.9	1,741.0
Supplies	72.4	57.4	33.2	64.2
Equipment	135.0	0.0	14.0	3.5
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>4,483.2</b>	<b>4,505.3</b>	<b>4,973.2</b>	<b>4,910.0</b>
<b>FUNDING:</b>				
1007 Interagency Receipts	32.1	36.8	41.8	36.1
1050 PFD Fund	4,354.5	4,418.1	4,931.4	4,873.9
1061 CIP Receipts	96.6	50.4	0.0	0.0
<b>POSITIONS:</b>				
Permanent Full Time	48	48	55	56
Permanent Part Time	13	13	4	4
Temporary	62	62	66	62

**FY92 - FY98 Summary**





\* Includes Supervisory Duties

**Alaska Department of Revenue  
CHARITABLE GAMING DIVISION  
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	5		8	
PPT				
TEMP				

## Department of Revenue FY98 Budget Overview

# Charitable Gaming Division

### Overview

Certain kinds of gaming activities are permitted in the State of Alaska; only charitable organizations are permitted to conduct these activities. The Charitable Gaming Division administers the law pertinent to permitted gaming activities. Gaming in Alaska is a \$270 million enterprise. Of this, \$210 million is paid out in prizes; \$22 million goes to charities; \$1 million is paid to the state in taxes and fees; the remaining \$37 million goes for expenses, including money paid to gaming managers and operators.

The responsibilities of the division are to ensure that both the charities and the public treasury receive their shares of gaming proceeds. The division is also responsible for ensuring that gaming participants receive the prizes promised. To ensure that charitable organizations, gaming participants and the public treasury receive their respective proper shares, the division (1) issues permits and licenses; (2) conducts audits of charity and operator gaming activities; and (3) inspects gaming facilities and investigates charitable gaming activities.

### Issues

The division plans to implement electronic filing of monthly reports for charitable gaming manufacturers and distributors. The division will also work to continue to decrease application processing times and to automate its review and audit efforts with the Gaming Management Computer System.

### Changes from FY97 to FY98

The FY98 budget request for the division includes a general fund increase of \$13,400. This increase is the normal adjusted base increase. We limited the increase to personal services. Since the normal personal services increase was larger than the adjusted base increase, we have had to decrease other line items.

Department of Revenue FY98 Budget Overview

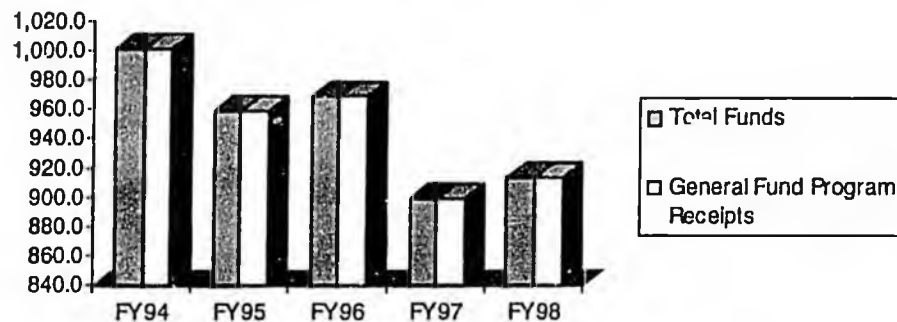
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Department of Revenue FY98 Budget Overview

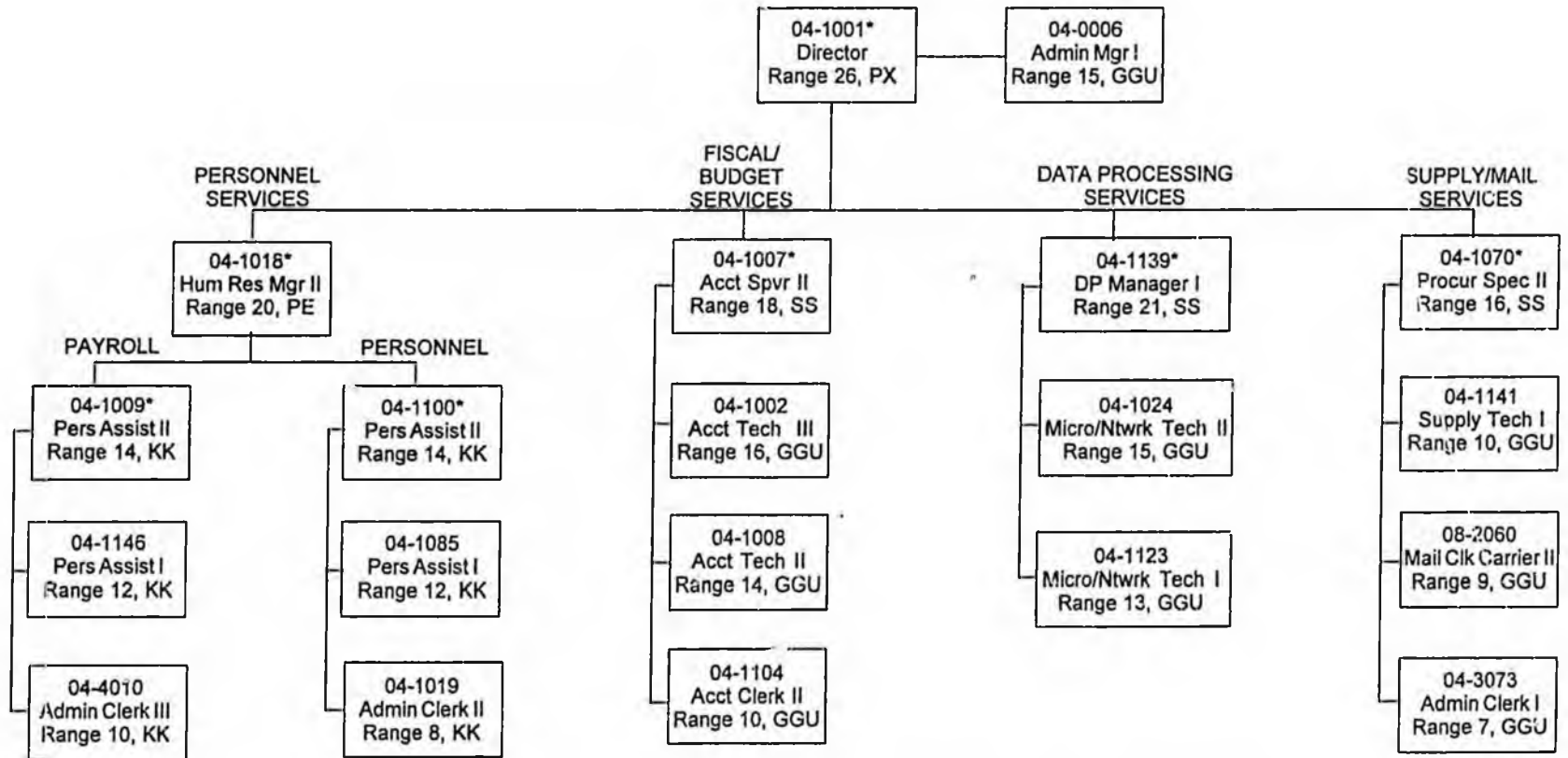
Charitable Gaming Division

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	764.7	799.7	747.5	771.9
Travel	40.9	30.0	30.0	24.2
Contractual	124.5	128.4	111.4	107.2
Supplies	9.5	7.0	7.0	6.0
Equipment	19.5	4.0	4.0	4.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>959.1</b>	<b>969.1</b>	<b>899.9</b>	<b>913.3</b>
<b>FUNDING:</b>				
1005 GF/Program Receipts	959.1	969.1	899.9	913.3
<b>POSITIONS:</b>				
Permanent Full Time	15	15	13	13
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY94 - FY98 Summary



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\* Includes Supervisory Duties

**Alaska Department of Revenue  
ADMINISTRATIVE SERVICES DIVISION  
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT			20	
PPT				
TEMP				

## Department of Revenue FY98 Budget Overview

# Administrative Services Division

### Overview

The efficient internal operation of the Department of Revenue is the central goal of the Division of Administrative Services. The division provides centralized support services, helps formulate operating policies, and develops and implements management procedures for the department.

ASD has four sections. The Human Resources Section is responsible for a broad scope of human resource management services, including operation of the department's affirmative action program, employee assistance, training, personnel recruitment, grievance and payroll management activities. All department activities pertaining to the Americans with Disabilities Act and the Family and Medical Leave Act are coordinated through this section. The Fiscal and Budget Section provides a wide range of financial and management services, including administrative accounting (accounts payable and travel accounting), operating and capital budget development and coordination, operating budget administration, expenditure projections, professional contract review, and records management. The Purchasing and Mail Services Section implements the Department's purchasing policies and is responsible for general supply support. This section also provides central mail and courier services, office lease management assistance and property control. The Data Processing Section administers information technology services for several divisions in the department, including data administration, applications development, workstation support, data collection and technology planning. It is responsible for working with other divisions to develop and maintain a long-term information systems plan for the department.

### Issues

ASD is proposing no increases to our current budget. The division is undergoing a change in how the division conducts business due to new delegations of duty from the Department of Administration. The Human Resource Section's workload has been increased to include the ordering and dispositioning of eligible lists; approving, establishing and extending non-permanent positions; and examining department-specific applications, which includes receipting applications, determining eligibility, scoring, and responding to appellants. Fiscal and Budget will feel the impact of delegated professional services contracting and requests for alternate procurement authority. With the new delegations, the Purchasing and Mail Services Section will be processing contract awards, invitations to bid, and competitive sealed bids and proposals, as well as implementing the improved bulk mailing processes. The Department of Administration is no longer able to administer information technology security, so the Data Processing Section has been given responsibility to plan, procure and support firewall services to protect information systems and networks from intrusion by non-authorized external sources. Because we are performing these new functions without additional resources, we are constantly evaluating how we can perform our workload in a more efficient and effective manner.

We are currently undertaking an indirect cost allocation study to address how ASD charges Department of Revenue divisions for our service. More stringent federal guidelines for CSED programs make it necessary to develop indirect cost chargeback methodologies which can withstand federal program audit requirements. The results of this study may dictate a change in the funding mix of our division.

## Department of Revenue FY98 Budget Overview

In FY98, we plan to implement a quality improvement program which identifies ways to improve business operations. We will primarily use employee action teams to address these efforts.

### Changes from FY97 to FY98

The Administrative Services Division is proposing a flat budget for FY98. Nominal increases for salary adjustments and health premium costs were added to FY98 adjusted base figures; a \$500 decrease for better business practices was also included.

## Department of Revenue FY98 Budget Overview

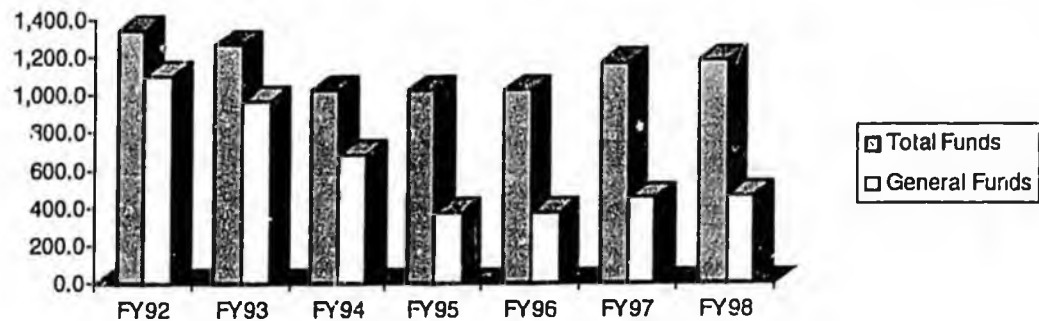
### Administrative Services Division

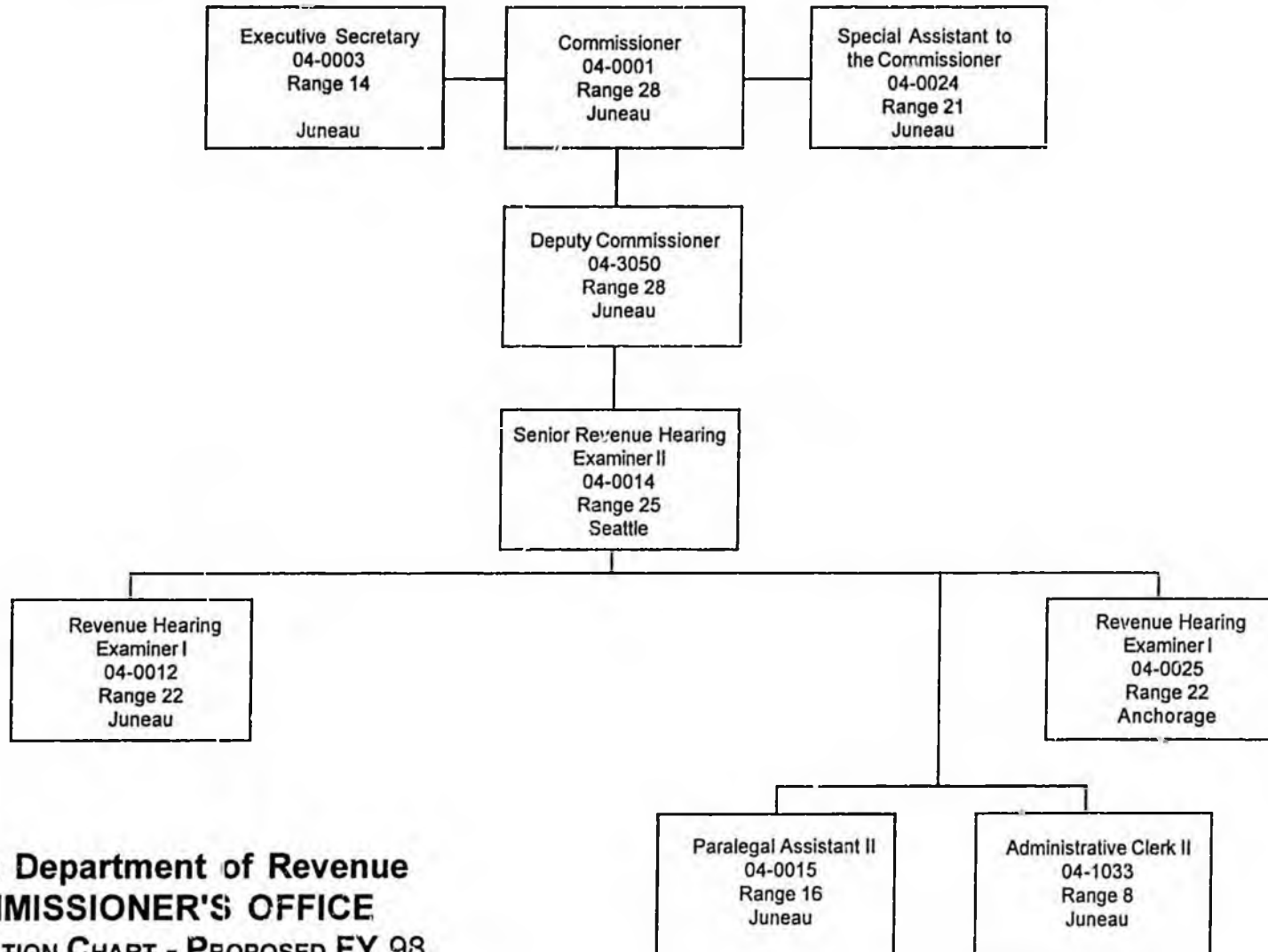
	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	934.6	959.3	1,053.6	1,077.1
Travel	4.0	4.0	5.1	5.0
Contractual	36.6	45.1	63.7	79.2
Supplies	15.4	12.4	14.9	17.0
Equipment	30.0	0.0	33.0	5.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>1,020.6</b>	<b>1,020.8</b>	<b>1,170.3</b>	<b>1,183.3</b>
<b>FUNDING:</b>				
1002 Federal Receipts	300.0	300.0	302.2	306.1
1004 General Fund	372.0	372.1	456.8	460.7
1007 Interagency Receipts	348.6	348.7	411.3	416.5

**POSITIONS:**

Permanent Full Time	19	19	20	20
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary





**Alaska Department of Revenue**  
**COMMISSIONER'S OFFICE**  
**ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	1		7	1
PPT				
TEMP				

## Department of Revenue FY98 Budget Overview

### Commissioner's Office

#### Overview

The Commissioner's Office main role is twofold: first, to assist the operating divisions in the department in achieving their stated goals, and second, to assist the operating divisions in finding new and innovative ways to provide services to the public. In addition, the appeals section of the Commissioner's Office hears formal appeals for the Permanent Fund Dividend Division, the Child Support Enforcement Division, and the Charitable Gaming Division. On July 1, 1996, the responsibility for hearing formal tax appeals moved out of the Department of Revenue and into the Department of Administration.

The Commissioner of Revenue also sits on numerous boards -- the Alaska Permanent Fund Corporation, the Alaska State Pension Investment Board, the Alaska Housing Finance Corporation, the Alaska Industrial Development and Export Authority, the Alaska Municipal Bond Bank Authority, the State Bond Committee, the Alaska Royalty Oil & Gas Advisory Board, the Public School Fund Advisory Board, the State Assessment Review Board, and the Alaska Student Loan Corporation.

#### Issues

In FY98, the Commissioner's Office main goals include: reviewing and streamlining the process for permanent fund dividend and child support appeals; performing a complete review of the operations of the Permanent Fund Dividend Division and implementing changes to improve customer service; and continuing to lead the Executive Branch efforts on the proposed Alaska North Slope gas project.

The table below shows that the number of appeals to the Commissioner's Office for permanent fund dividend and child support enforcement matters remains very high, although it has diminished slightly. There will be no new tax cases in the section. The inventory of cases peaked at about 1,300 in October of 1995, and had been reduced to about 1,100 at the end of calendar 1996. The Commissioner's Office strives to issue decisions within the statutory 21 days for CSED and 6 months for PFD, and hopes to have inventory down to 700 by the end of FY98.

	Calendar Year - Cases Appealed				
	1992	1993	1994	1995	1996
Permanent Fund Dividend	639	747	848	1,059	934
Child Support Enforcement	243	297	452	648	586
Income & Excise Audit	15	10	7	18	5
Oil & Gas Audit	1	4	4	4	0
Charitable Gaming	0	7	3	1	1
TOTAL	898	1,065	1,314	1,730	1,526

#### Changes from FY97 to FY98

The Commissioner's Office is proposing a flat budget for FY98. Nominal increases for salary adjustments and health premium costs were added to FY98 adjusted base figures; a \$3,000 decrease for better business practices was also included.

Department of Revenue FY98 Budget Overview

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Department of Revenue FY98 Budget Overview

Commissioner's Office

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	571.3	772.7	683.5	683.0
Travel	30.6	30.6	30.6	28.1
Contractual	317.9	141.6	142.8	155.0
Supplies	17.4	17.4	17.4	17.4
Equipment	48.5	0.0	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>985.7</b>	<b>962.3</b>	<b>874.3</b>	<b>883.5</b>

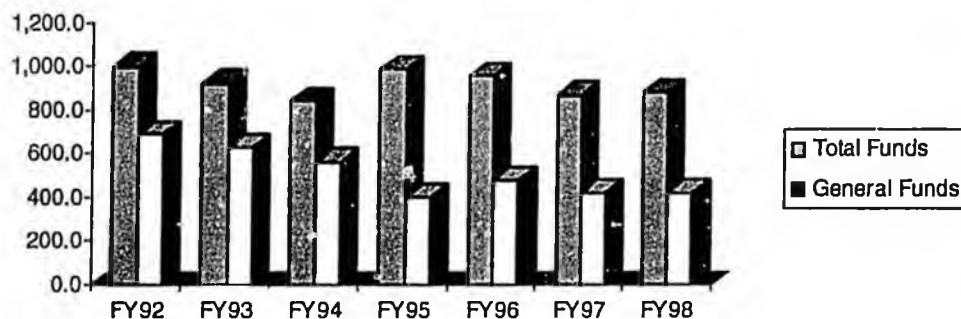
**FUNDING:**

1002 Federal Receipts	200.0	200.0	231.5	235.7
1004 General Fund	405.3	481.9	424.3	425.3
1007 Interagency Receipts	380.4	280.4	218.5	222.5

**POSITIONS:**

Permanent Full Time	9	9	9	9
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary



Department of Revenue FY98 Budget Overview

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## Department of Revenue FY98 Budget Overview

# Statutory Basis

### COMMISSIONER'S OFFICE

AS 04 .....	Alcoholic Beverages
AS 09.25.100 .....	Disposition of Tax Information
AS 09.50 .....	Escheat (included in Article 2)
AS 10.25.570 .....	Electric and Telephone Cooperative Act
AS 14.25.180 .....	Teachers' Retirement System
AS 16.10.265 .....	Fisheries and Fishing Regulations
AS 16.10.290 .....	Security for Collection of Wages & Raw Fish Payment
AS 18.26 .....	Alaska Medical Facility Authority
AS 18.56 .....	Alaska Housing Finance Corporation
AS 25.25 .....	Uniform Reciprocal Enforcement of Support Act
AS 25.27 .....	Child Support Enforcement Agency
AS 34.45 .....	Unclaimed Property
AS 37.05.200 .....	Pre-Audit of Receipts
AS 37.10 .....	Alaska State Pension Investment Board
AS 37.10.050-087 .....	Loans to Bond Construction Funds
AS 37.13 .....	Alaska Permanent Fund
AS 37.14.110 .....	Public School Trust Fund Established
AS 37.14.011 .....	Mental Health Trust Income Account
AS 37.14.120 .....	Public School Fund
AS 37.14.200 .....	Alaska Childrens Trust Fund Established
AS 37.15 .....	State Bonding Act
AS 37.17 .....	Business Development Programs
AS 38.05.036 .....	Net Profit Sharing Lease Audits
AS 39.35.110 .....	Public Employees Retirement System, Investments
AS 43 .....	Revenue and Taxation
AS 44.25 .....	Duties of the Department of Revenue
AS 44.82 .....	Alaska Gas Pipeline Financing Authority
AS 44.83.386 .....	Power Development Fund
AS 44.85 .....	Alaska Municipal Bond Bank Authority
AS 45.98.050 .....	Historical District Revolving Loan Fund, Sale or Transfer of Mortgages and Notes

### ADMINISTRATIVE SERVICES

2AAC 07.930 .....	Administrative Services
AS 36.30 .....	Procurement
AS 37.05.030 .....	Financial Reports and Statements
AS 37.05.130-140 .....	Accounting System
AS 37.10 .....	Public Funds
AS 39.20.330 .....	Leave Records
AS 39.25.150 (23) .....	Personnel Responsibilities
AS 43.05.010 (2) .....	Duties of the Commissioner
AS 43.23.055 .....	Dividend Fund: Duties of the Department

### CHILD SUPPORT ENFORCEMENT

AS 25.27 .....	Child Support Enforcement Agency
AS 25.25 .....	Uniform Reciprocal Enforcement of Support Act
Federal Law 93-647; 96-265; 96-35; 98-378; 100-485 .....	Child Support Enforcement

## Department of Revenue FY98 Budget Overview

# Statutory Basis

### OIL AND GAS AUDIT

15 AAC 05.001-05.320 .....	Administration of Revenue Laws
15 AAC 21.001-21.9701 .....	Oil & Gas Corporate Income Tax
15 AAC 55.010-55.9700 .....	Oil & Gas Properties Production Tax
15 AAC 56.005-56.130 .....	Oil & Gas Exploration, Production, & Pipeline Transportation Property Taxes
AS 38.05 .....	Alaska Land Act
AS 43.56 .....	Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes
AS 43.57 .....	Oil and Gas Conservation Tax
AS 43.21 .....	Oil and Gas Corporate Income Tax

### TREASURY MANAGEMENT

AS 37.05.200 .....	Cash Management: Preaudit of Receipts
AS 37.10.050 .....	Cash Management: Charges for State Services, Collection, Accounting and Deposit of State Money
AS 43.05.150 .....	Cash Management: Collection of Money
AS 37.10.060 .....	Cash Management: Dept. of Revenue to Deposit Money to State Treasury
AS 43.05.170 .....	Cash Management: Payment of Warrants
AS 43.05.180 .....	Cash Management: Accounting for State Funds
AS 44.25.020 .....	Asset Accounting: Duties of Department
AS 18.26 .....	Asset Accounting: Alaska Medical Facility Authority
AS 14.25.180 .....	Real Estate Management: Teachers' Retirement, Custody and Investment
AS 37.12 .....	Real Estate Management: Alaska Resources Corporation
AS 39.35.080 .....	Real Estate Management: Duties of the Commissioner of Revenue
AS 14.40.400 .....	Portfolio Management: Univ. of AK Community Colleges, Fund for Money from Sale or Lease of Land Granted by Act of Congress
AS 14.25.180 .....	Portfolio Management: Teacher's Retirement, Custody and Investments
AS 37.10.070-075 .....	Portfolio Management: Investment of Residual Money, Investment Powers and Duties
AS 18.56.095 .....	Portfolio Management: AHFC, Mortgage Insurance
AS 37.14 .....	Portfolio Management: Trust Funds
AS 18.56.110 .....	Debt Management: AHFC, Bonds and Notes
AS 37.15 .....	Debt Management: Bonding
AS 14.40.803 - AS 14.40.805 .....	Alaska Advance College Tuition Payment Fund
AS 39.30.155 .....	Duties of the PERS Board
AS 37.10 .....	Alaska State Pension Investment Board

### PERMANENT FUND DIVIDEND

AS 43.23; 15 AAC 23 .....

Permanent Fund Dividends

### INCOME AND EXCISE AUDIT

15 AAC 05.001 - 05.320 .....	Hearing Procedures - Administration of Revenue Laws, General Procedures - Administration of Revenue Laws
15 AAC 19.001 - 19.1390 .....	Multistate Tax Compact
15 AAC 20.010 - 20.390 .....	Net Income Tax, Corporate
15 AAC 20.410 - 20.920 .....	Net Income Tax, Oil & Gas Corporate

Department of Revenue FY98 Budget Overview

Statutory Basis

**INCOME AND EXCISE AUDIT, Continued**

15 AAC 35.010 - 35.100 .....	Coin Operated Devices
15 AAC 40.010 - 40.900 .....	Motor Fuel Tax
15 AAC 50.010 - 50.190 .....	Cigarette Tax
15 AAC 60.010 - 60.310 .....	Excise Tax on Alcoholic Beverages
15 AAC 65.010 - 65.990 .....	Mining License Tax
15 AAC 75.010 - 75.300 .....	Fisheries Business Tax
15 AAC 76.010 - 76.290 .....	Salmon Enhancement Tax
15 AAC 77.005 - 77.990 .....	Fishery Resource Landing Tax
15 AAC 80.010 .....	Salmon Prices
15 AAC 116.010 - 116.700 .....	Seafood Marketing Assessment
AS 04.11.610 .....	Liquor License - Refund to Municipalities
AS 09.50 .....	Escheat
AS 10.25 .....	Electric and Telephone Cooperative Act
AS 16.51 .....	Alaska Seafood Marketing
AS 34.45 .....	Unclaimed Property
AS 43.05 .....	Administration of Revenue Laws
AS 43.19 .....	Multistate Tax Compact
AS 43.20 .....	Alaska Net Income Tax Act
AS 43.31 .....	Alaska Estate Tax
AS 43.35 .....	Coin Operated Device Tax
AS 43.40 .....	Motor Fuel Tax
AS 43.50 .....	Tobacco Taxes
AS 43.60 .....	Excise Tax on Alcoholic Beverages
AS 43.65 .....	Mining License Tax
AS 43.75 .....	Fisheries Taxes
AS 43.76 .....	Salmon Enhancement Tax
AS 43.80 .....	Average Wholesale Price of Canned Salmon
26 U.S.C. 38 .....	Internal Revenue Code
AS 43.10 .....	Enforcement and Collection of Taxes
AS 42.05 .....	Alaska Public Utilities Commission Act
AS 42.06 .....	Pipeline Act
AS 43.77 .....	Fisheries Resource Landing Tax

**CHARITABLE GAMING**

AS 05.15 .....	Games of Chance and Contests of Skill
15 AAC 160 .....	Games of Chance and Contests of Skill

Department of Revenue FY98 Budget Overview

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**Section 3.**

# **Formula Funded Programs**

**Alaska Department of  
REVENUE**

**January**

**1997**

## Formula Funded Programs

# Shared Taxes Overview

Shared Taxes include Amusement and Gaming Tax, Aviation Fuel Tax, Electric and Telephone Cooperative Tax, Liquor Licenses Fees, Fisheries Business Tax, and Fishery Resource Landing Tax.

**Amusement and Gaming Tax:** 50% of the net tax collected in a fiscal year for the licensing of coin-operated devices is shared annually to the municipalities in which the revenue was collected.

**Aviation Fuel Tax:** 60% of the aviation fuel tax as reported on information returns is shared semi-annually to municipalities that either own and operate or lease an airport facility. The revenue shared is in the proportion that the revenue was earned at the municipal airport. The amount to be shared is derived from information returns submitted to the Department by fuel providers.

**Electric and Telephone Cooperative Tax:** 100% of the electric and telephone cooperative tax is shared annually to the organized city or borough in which the tax is collected. An electric cooperative is taxed on the number of kilowatt hours sold during the previous calendar year. A telephone cooperative pays a percentage of its gross revenue earned during the preceding calendar year. The tax rate for both types of cooperatives is based on the length of time the cooperative has been in existence.

**Liquor License Fees:** 100% of the net revenue collected from certain types of alcoholic beverage licenses is shared to incorporated cities semi-annually. This pertains only to those cities that have police protection and enforce local ordinances as well as state and federal laws.

**Fisheries Business Tax:** 50% of the tax collected within an organized municipality is shared to that municipality annually. If a municipality is incorporated within a borough and the tax is collected within that city, the tax will be shared equally between the city and the borough of which it is a part. Taxes received from operations within an unorganized borough are shared through an allocation program administered by the Alaska Department of Community and Regional Affairs.

**Fishery Resource Landing Tax:** 50% of the tax collected within an organized municipality is shared to that municipality annually. If a municipality is within a borough the amount shared is split equally between the municipality and borough. Taxes received from operations within an unorganized borough are shared through an allocation program administered by the Alaska Department of Community and Regional Affairs.

## Statutory Basis

### Shared Taxes

AS 43.35.050 .....	Amusement and Gaming Tax
AS 43.40.010 .....	Aviation Motor Fuel Tax
AS 10.25.570 .....	Electric and Telephone Cooperative Tax
AS 04.11.610 .....	Liquor License Fees
AS 43.75.130 .....	Fisheries Business Tax
AS 43.77.060 .....	Fishery Resource Landing Tax

**Formula Funded Programs**  
**Shared Taxes Summary**  
(In thousands of dollars)

Every year the Shared Taxes program is included in the front section of the budget bill. The Office of Management and Budget includes the amounts projected to fund these components in the FY98 governor's budget summaries. Funding for these programs is not included in the Department of Revenue's operating budget request but is detailed below for informational purposes.

	FY95 ACTUAL	FY96 ACTUAL	FY97 AGENCY ESTIMATE	FY98 AGENCY ESTIMATE
Amusement & Gaming Tax	47.0	32.2	35.0	35.0
Aviation Fuel Tax	142.8	158.6	160.0	160.0
Electric & Telephone Tax	2,286.7	2,454.8	2,500.0	2,500.0
Liquor License	900.2	886.2	900.0	900.0
Fisheries Business Tax	17,181.9	19,450.0	19,703.4 *	18,650.0
Fish Landing Tax	N/A	2,896.4	3,320.7 *	4,000.0
<b>TOTAL</b>	<b>20,558.6</b>	<b>25,878.2</b>	<b>26,619.1</b>	<b>26,245.0</b>

**FUNDING:**

1004 General Fund

N/A - Not Applicable - first year landing tax returns received in FY95. (FY96 appropriation for FY95 collections)

\* Actuals - FY97 appropriation was for FY96 collections.

Department of Revenue FY98 Budget Overview

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Section 4.

**Boards,  
Commissions  
and  
Authorities  
Budget**

Alaska Department of  
**REVENUE**

January

1997

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Department of Revenue FY98 Budget Overview

**Boards, Commissions and Authorities Budget Summary**

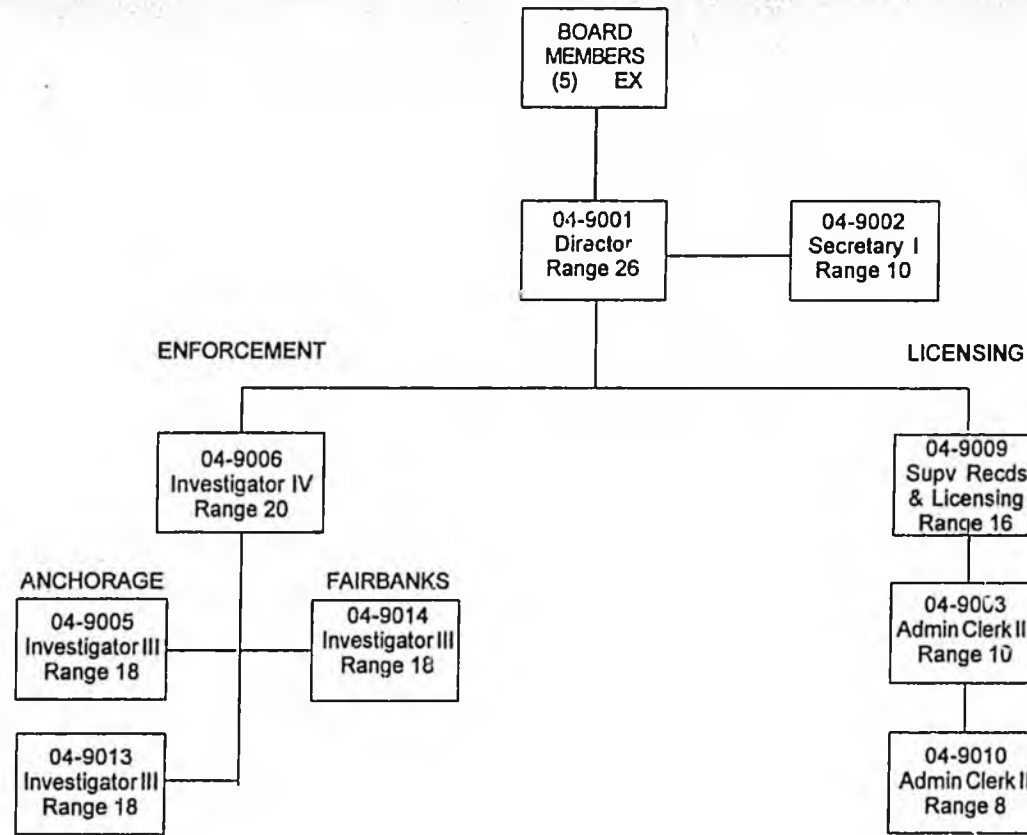
	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	21,166.3	20,306.8	21,623.6	22,771.7
Travel	1,634.9	1,435.1	1,436.1	1,386.5
Contractual	52,655.2	62,173.1	61,107.3	70,230.6
Supplies	1,543.5	1,270.6	1,271.2	1,334.1
Equipment	917.7	823.7	744.0	803.3
Lands/Buildings	2,425.0	1,457.0	232.0	0.0
Grants	0.0	0.0	700.0	615.0
Miscellaneous	0.0	0.0	0.0	0.0
<b>Total</b>	<b>80,512.6</b>	<b>87,466.3</b>	<b>87,114.2</b>	<b>97,141.2</b>

**FUNDING:**

1002 Federal Receipts	19,222.8	17,001.0	16,943.9	17,401.2
1005 GF/Program Receipts	654.3	639.3	644.4	653.5
1007 Interagency Receipts	712.3	613.5	629.6	600.0
1017 Deferred Compensation	148.0	45.9	75.4	3,205.3
1022 Corporation Receipts	41,182.9	46,215.7	41,639.8	43,286.1
1029 Public Employee Retire	10,891.6	12,885.1	15,817.6	19,219.4
1034 Teachers Retirement	7,255.7	7,852.8	9,076.7	10,423.5
1042 Judicial Retirement	90.9	100.7	103.4	156.2
1045 Military Retirement	29.1	35.4	16.4	44.0
1061 CIP Receipts	0.0	1,124.1	1,274.2	1,259.2
1092 Mental Health Trust	155.0	952.8	0.0	0.0
1094 Mental Health Trust Admin	0.0	0.0	892.8	892.8

**POSITIONS:**

Permanent Full Time	361	333	350	358
Permanent Part Time	40	40	27	26
Temporary	11	10	9	9



**Alaska Department of Revenue  
ALCOHOLIC BEVERAGE CONTROL BOARD  
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	8	1		
PPT				
TEMP				

**Department of Revenue FY98 Budget Overview**  
**Alcoholic Beverage Control Board**

**Overview**

The Alcoholic Beverage Control Board (ABC) is responsible for control of manufacture, barter, possession and sale of alcoholic beverages within the State of Alaska. This control is exercised by board review and consideration of liquor license applications for renewal, issuance and transfer. As a quasi-judicial body, the Board may suspend or revoke licenses and deny applications. The board may also adopt regulations. The ABC Board is in the Department of Revenue for administrative purposes only, in accordance with statute.

Five board members are appointed by the Governor for overlapping three-year terms. The Board's staff is charged with enforcing compliance of alcoholic beverage statutes for over 1,800 licensees. Staff activity includes processing all license applications and fees, contacting local governments, inspecting all licensed premises, investigating alleged violations, and developing all agenda matters to be considered by the Board at its monthly meetings. Additionally, the staff conducts public interest hearings on licensing matters at the direction of the Board.

**Changes from FY97 to FY98**

There are no significant changes in ABC's budget from FY97 to FY98. A modest increase in contractual is necessary to increase the budget for hearing officers.

**Department of Revenue FY98 Budget Overview**

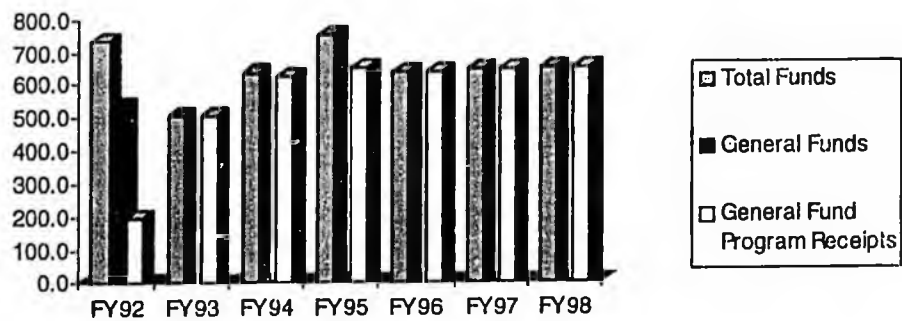
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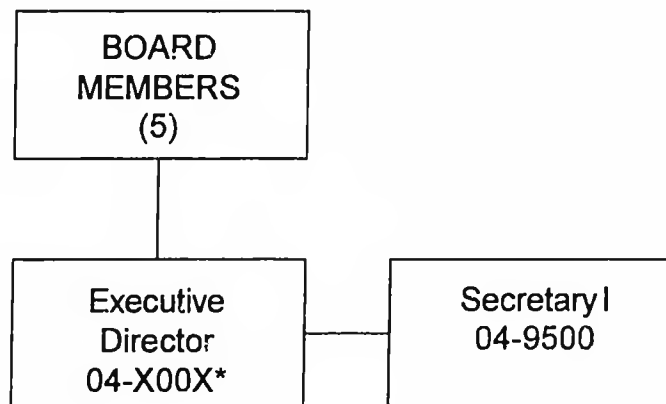
## Department of Revenue FY98 Budget Overview

# Alcoholic Beverage Control Board

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	564.6	567.0	563.1	566.1
Travel	29.0	28.0	32.0	31.1
Contractual	153.1	40.2	45.2	50.9
Supplies	3.1	4.1	4.1	4.1
Equipment	3.3	0.0	0.0	1.3
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>753.1</b>	<b>639.3</b>	<b>644.4</b>	<b>653.5</b>
<b>FUNDING:</b>				
1005 G <sup>7</sup> /Program Receipts	654.3	639.3	644.4	653.5
1007 Interagency Receipts	98.8	0.0	0.0	0.0
<b>POSITIONS:</b>				
Permanent Full Time	9	9	9	9
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

FY92 - FY98 Summary





\* Includes Supervisory Duties

**Alaska Department of Revenue  
ALASKA MUNICIPAL BOND BANK AUTHORITY  
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL	ANCH	FBKS	JNU	SEA
PFT	2			
PPT				
TEMP				

**Department of Revenue FY98 Budget Overview**  
**Alaska Municipal Bond Bank Authority**

**Overview**

The Bond Bank is a public corporation created by statute. It has a legal existence independent of and separate from the State. The full faith and credit of the State is not pledged to secure bonds issued by the Bond Bank. The State has pledged its moral obligation for the maintenance of a debt service reserve for the majority of the Bond Bank's bonds.

The powers of the Bond Bank are vested in its Board of Directors. The Board of Directors is comprised of five members representing both the public and private sector. The three private sector members are appointed by the Governor and serve four-year terms. The other members are the commissioners of Revenue and Community and Regional Affairs. The Board appoints an Executive Director to manage the business of the Bond Bank.

The Bond Bank is established to assist small Alaskan municipalities that have difficulty financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors and docks. These communities are often at a disadvantage in the financial markets since they may not have issued bonds or notes, have little outstanding debt, and lack investor familiarity.

The Bond Bank generally sells its bonds on the national bond market and uses the proceeds of its sales to purchase the bonds of Alaskan municipalities, thereby providing these municipalities with the funds for the construction or purchase of their capital projects. Because the Bond Bank has an "A" rating from both Moody's and Standard and Poor's, it is able to borrow money at lower interest rates. As municipalities make principal and interest payments to liquidate their debt with the Bond Bank, the Bond Bank uses these funds to liquidate its debt to its bondholders.

The Bond Bank is organized to work with all Alaskan municipalities, especially new and infrequent issuers of debt for capital projects. From the time a municipality contacts the Bond Bank, legal and financial professionals with extensive experience in Alaskan financing begin working with municipal managers to develop the most advantageous financing program for the community. If it becomes clear that debt financing through the Bond Bank is neither possible nor appropriate, the Bond Bank will continue to work with the local governmental administration to find other means of meeting its financial objectives. In some instances, the Bond Bank is able to relieve municipalities from paying certain costs of issuing bonds, such as printing of official statements, trustee and paying agency fees.

An important reason for the Bond Bank's favorable bond rating and lower borrowing costs is that it secures many of its bonds with a reserve fund supported by the moral obligation of the State of Alaska. The reserve fund is available to cure defaults if they should occur. At least two-thirds of the reserve is from State appropriations; the remainder is funded from proceeds of the Bond Bank's bonds, known as Reserve Fund obligations.

Through the leverage provided by the Bond Bank's programs, a relatively small amount of State appropriated money supports a much greater amount for financing of local government capital

## Department of Revenue FY98 Budget Overview

projects. The reserve fund is normally used to leverage debt at better than an eleven to one ratio. That is, for every \$1 million placed in the reserve fund, more than \$11 million of outside capital is attracted to the State. Using that leveraging factor, the Bond Bank has sufficient unpledged reserves on hand to issue over \$180 million of bonds under the 1976 Resolution.

### Changes from FY97 to FY98

Due to a change in personnel, the personal services budget has been decreased slightly and the contractual budget has been increased slightly to defray additional bond sale costs.

**Department of Revenue FY98 Budget Overview**  
**Alaska Municipal Bond Bank Authority**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	147.7	150.2	144.8	143.7
Travel	11.2	8.3	10.1	10.1
Contractual	374.8	375.8	402.6	406.3
Supplies	6.7	4.0	3.8	3.8
Equipment	0.5	2.6	0.0	0.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>540.9</b>	<b>540.9</b>	<b>561.3</b>	<b>563.9</b>

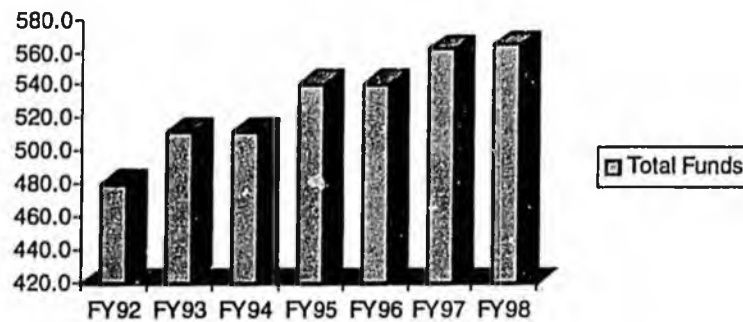
**FUNDING:**

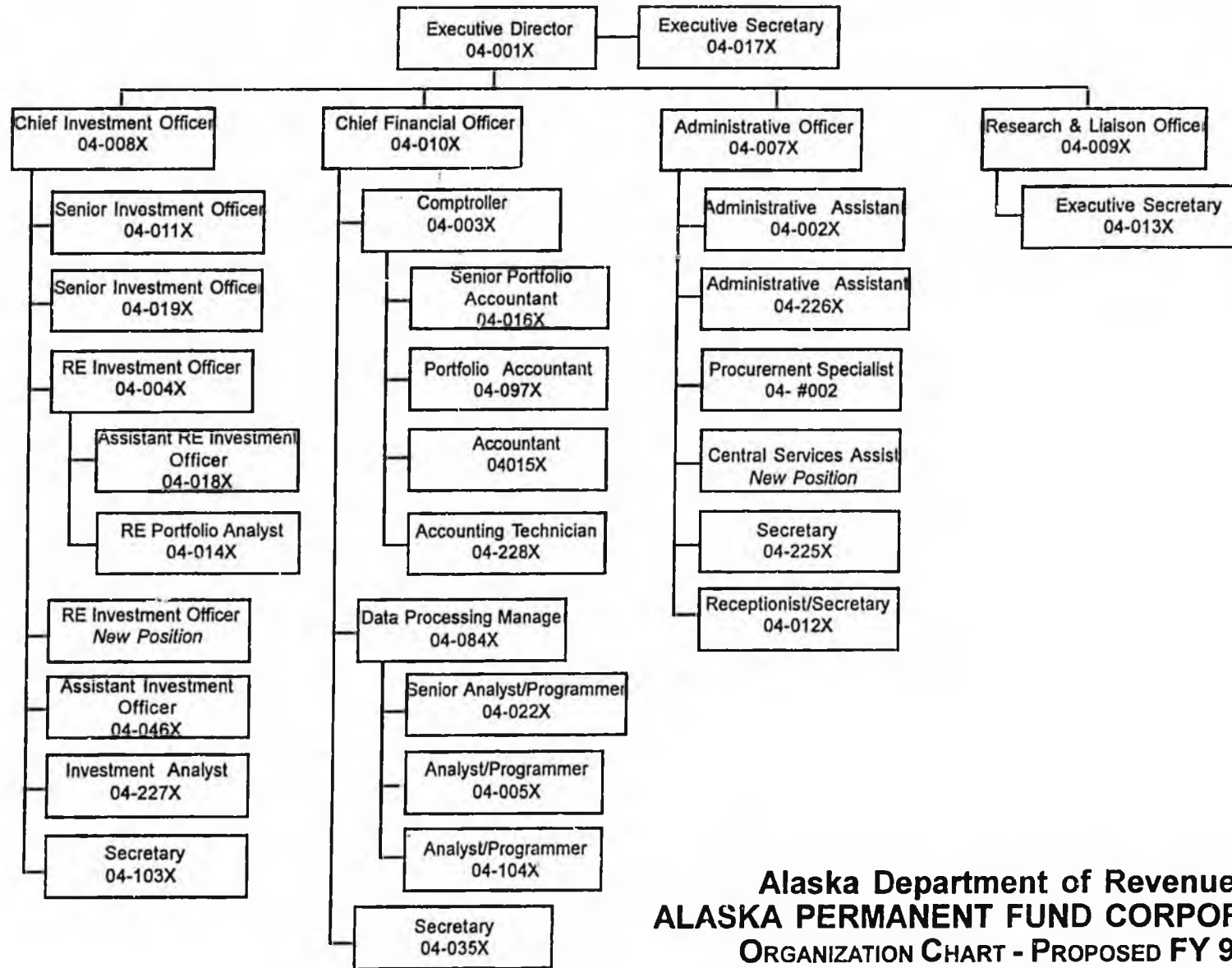
1007 Interagency Receipts	13.5	13.5	29.6	0.0
1022 Corporation Receipts	527.4	527.4	531.7	563.9

**POSITIONS:**

Permanent Full Time	2	2	2	2
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

**FY92 - FY98 Summary**





**Alaska Department of Revenue  
ALASKA PERMANENT FUND CORPORATION  
ORGANIZATION CHART - PROPOSED FY 98**

TOTAL ANCH FBKS JNU  
PFT 32  
PPT

**Department of Revenue FY98 Budget Overview**  
**Alaska Permanent Fund Corporation**

**Overview**

The Alaska Permanent Fund Corporation (APFC) is charged with conserving a portion of the State's revenue from non-renewable mineral resources to benefit all generations of Alaskans. The APFC's objectives include: investing to preserve the Fund's principal while maximizing total return over time; maintaining liquidity to allow statutory use of the Fund's realized income; and managing the Fund's assets (currently at a market value of \$20 billion) and other assets with professional excellence and in accordance with fiduciary standards.

A six-member Board of Trustees establishes policy. The operations, administration, and implementation of policy are vested with an executive director and, through the executive director, the staff of the Corporation. Primary corporate functions are trustee and executive oversight and leadership, investment of Fund assets; accounting and control of Fund assets and corporate expenditures; communications and public accountability; data processing and technological support; and administrative and interagency support.

**Issues**

Based on the amount of assets under management at this time, the APFC's FY98 cost of operations is approximately 15 basis points. This level will provide sufficient resources to achieve the mission of the APFC and provide an adequate level of due diligence investment management, accounting and administrative support as well as reliable and objective information on all public policy and Fund-related investment issues.

**Changes from FY97 to FY98**

The APFC operating budget request for FY98 represents a 2.7% increase from FY97 principally in investment management fees, due to an increase on the market value of the Fund. An area of reduction in operations is projected from the consolidation of custody services, which partially offset the increase in management fees.

The personal services line item has increased for FY98 due to the identification of need for two permanent full-time positions; a real estate investment officer position is needed to manage public and private REITs and commercial mortgage-backed securities, and a central services assistant is requested to centralize certain administrative functions and provide support to the Investment Department. New programs not requiring overall budget increments are: an \$48.5 increase computer equipment for the new positions and to meet the 1/3 per year replacement cycle, \$14.2 for communications equipment (mail scale, postal machine, fax and phones), and \$9.0 for multi-media equipment for use in expanding a state-wide presence. The budget also contains \$140.0 for the codification of systems, associated policies and procedures to ensure adequate levels of internal control, management information, policy oversight, and overall efficiency and productivity.

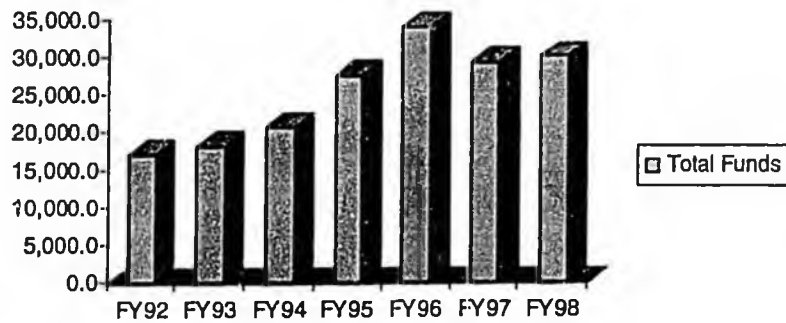
**Department of Revenue FY98 Budget Overview**

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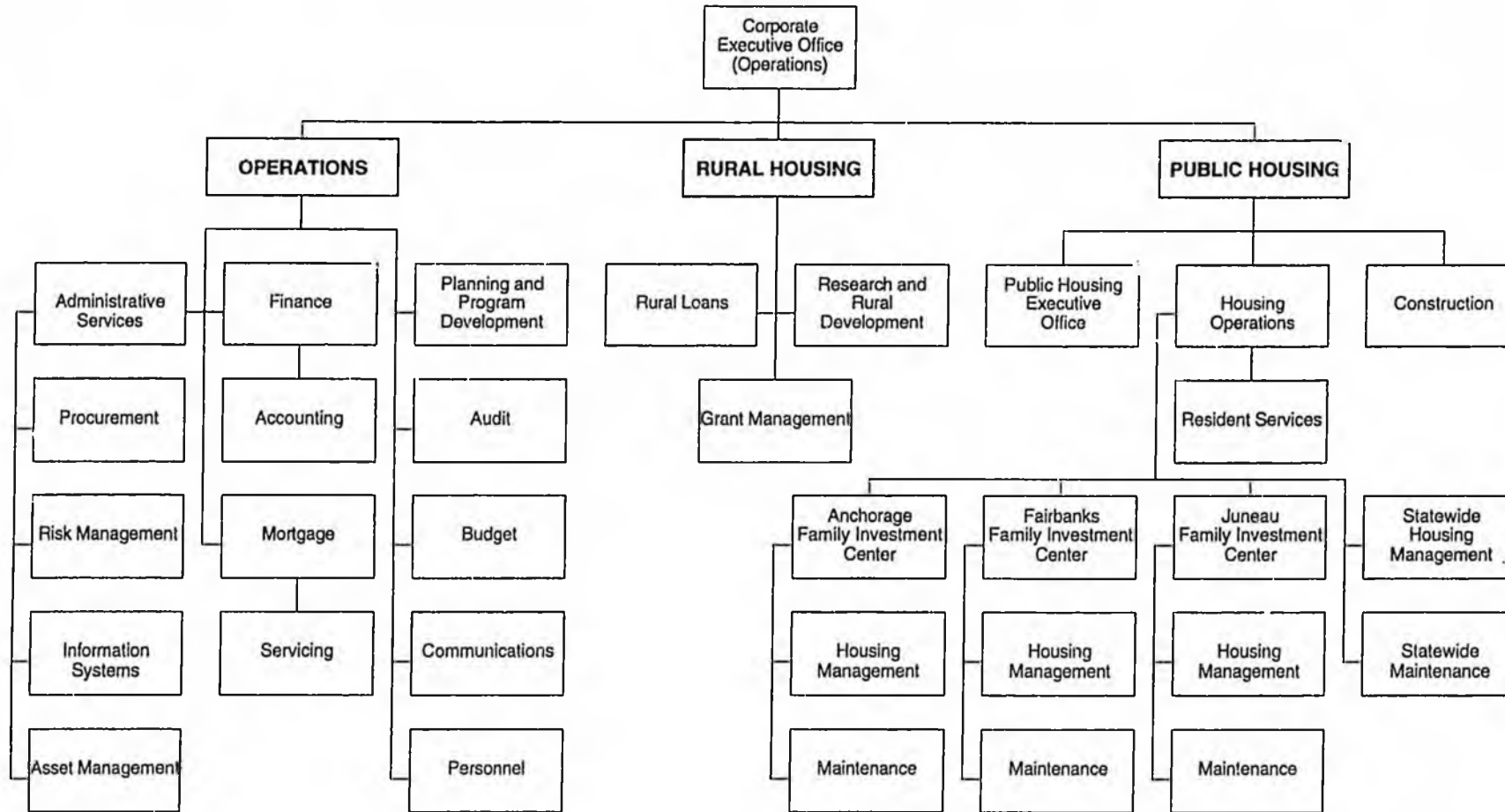
**Department of Revenue FY98 Budget Overview**  
**Alaska Permanent Fund Corporation**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	2,130.2	2,221.9	2,421.6	2,676.4
Travel	270.6	297.7	290.1	305.0
Contractual	24,950.4	31,238.0	26,213.4	26,646.1
Supplies	44.9	41.2	39.6	59.9
Equipment	62.3	92.8	144.0	214.8
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>27,458.4</b>	<b>33,891.6</b>	<b>29,108.7</b>	<b>29,902.2</b>
<b>FUNDING:</b>				
1022 Corporation Receipts	27,458.4	33,328.4	29,108.7	29,902.2
1061 CIP Receipts	0.0	63.2	0.0	0.0
<b>POSITIONS:</b>				
Permanent Full Time	27	27	30	32
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

**FY92 - FY98 Summary**

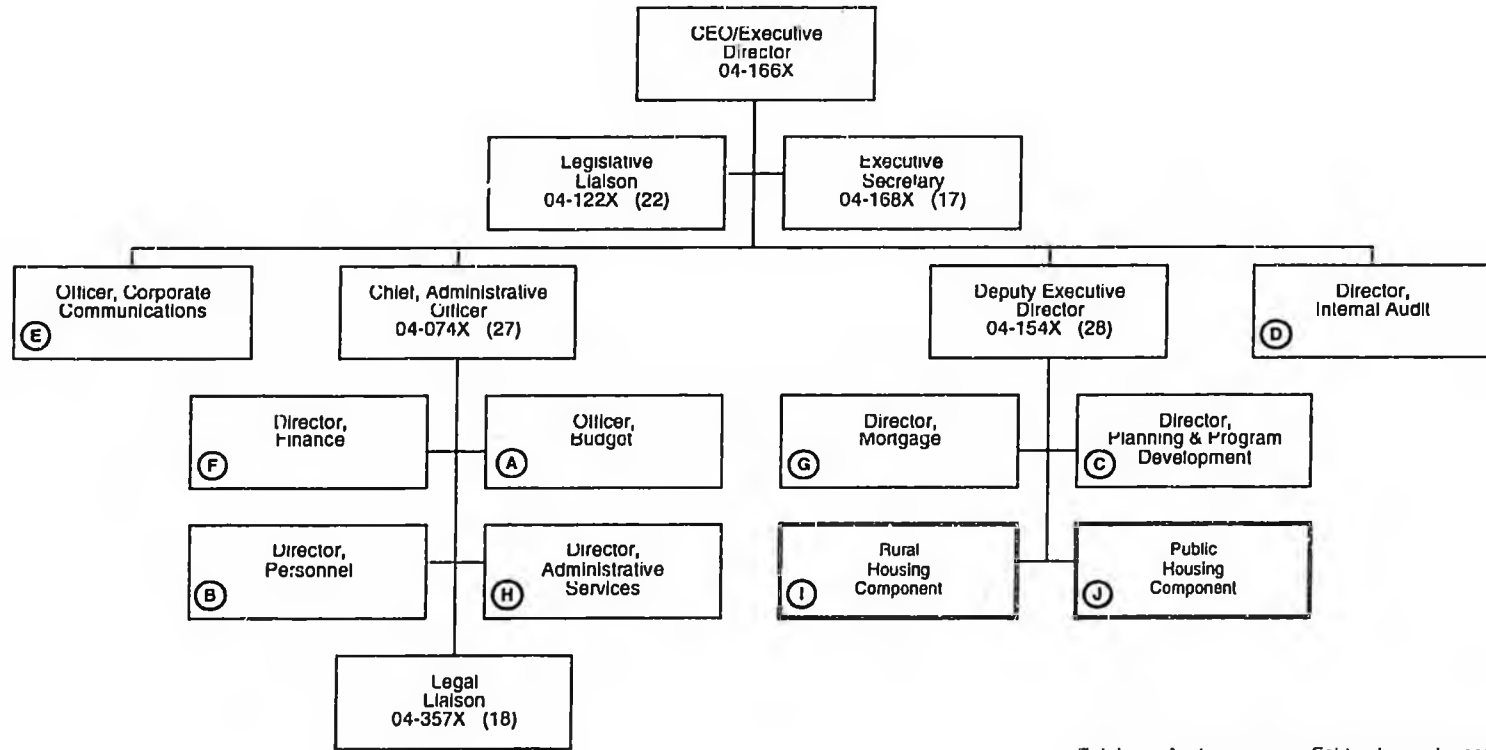


# Alaska Housing Finance Corporation FY 1998



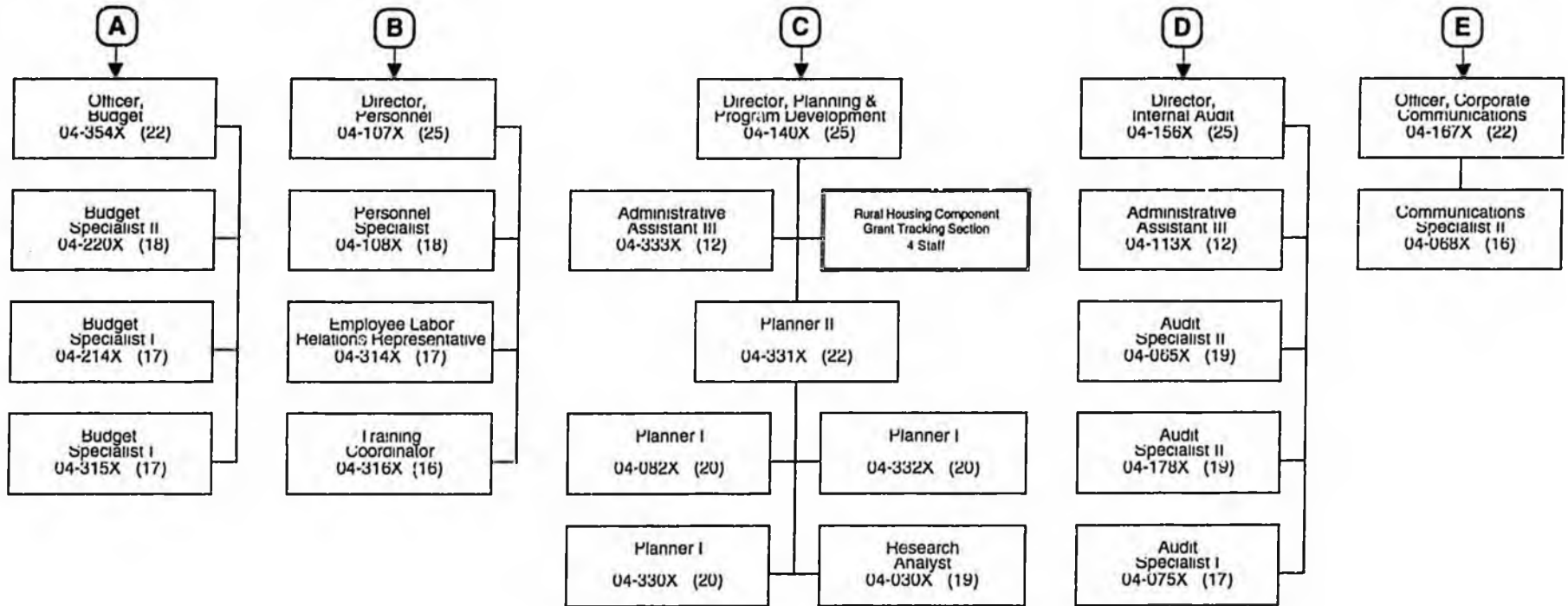
	Anchorage	Fairbanks	Juneau	Other	Total
PFT	248	17	13	31	309
PPT	7	3	1	15	26
Temp	6	1	2	0	9
<b>Total</b>	<b>261</b>	<b>21</b>	<b>16</b>	<b>46</b>	<b>344</b>

# OPERATIONS COMPONENT FY 1998



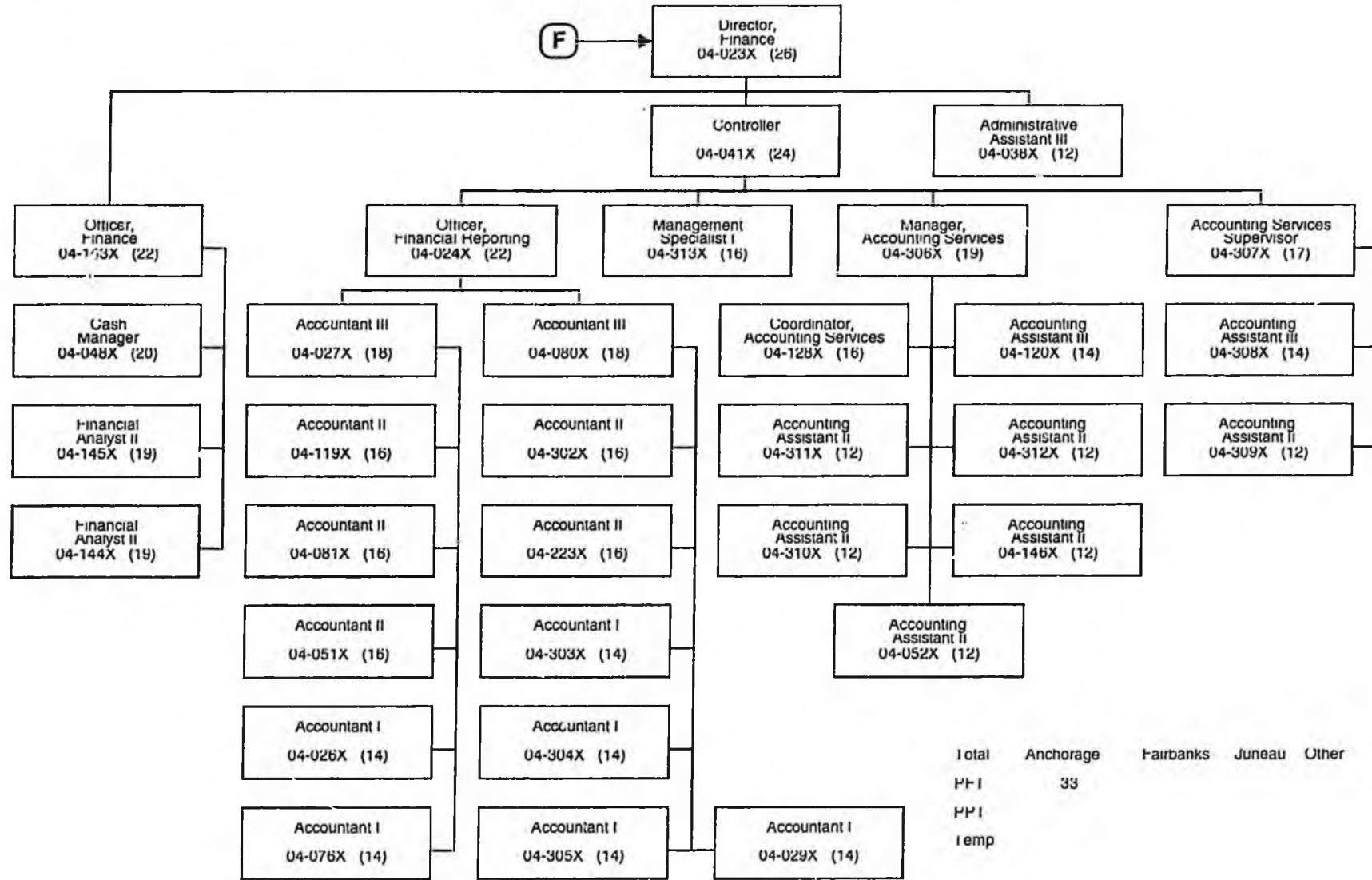
Total	Anchorage	Fairbanks	Juneau	Other
PFT	6			
PPT				
Temp				

## OPERATIONS COMPONENT FY 1998



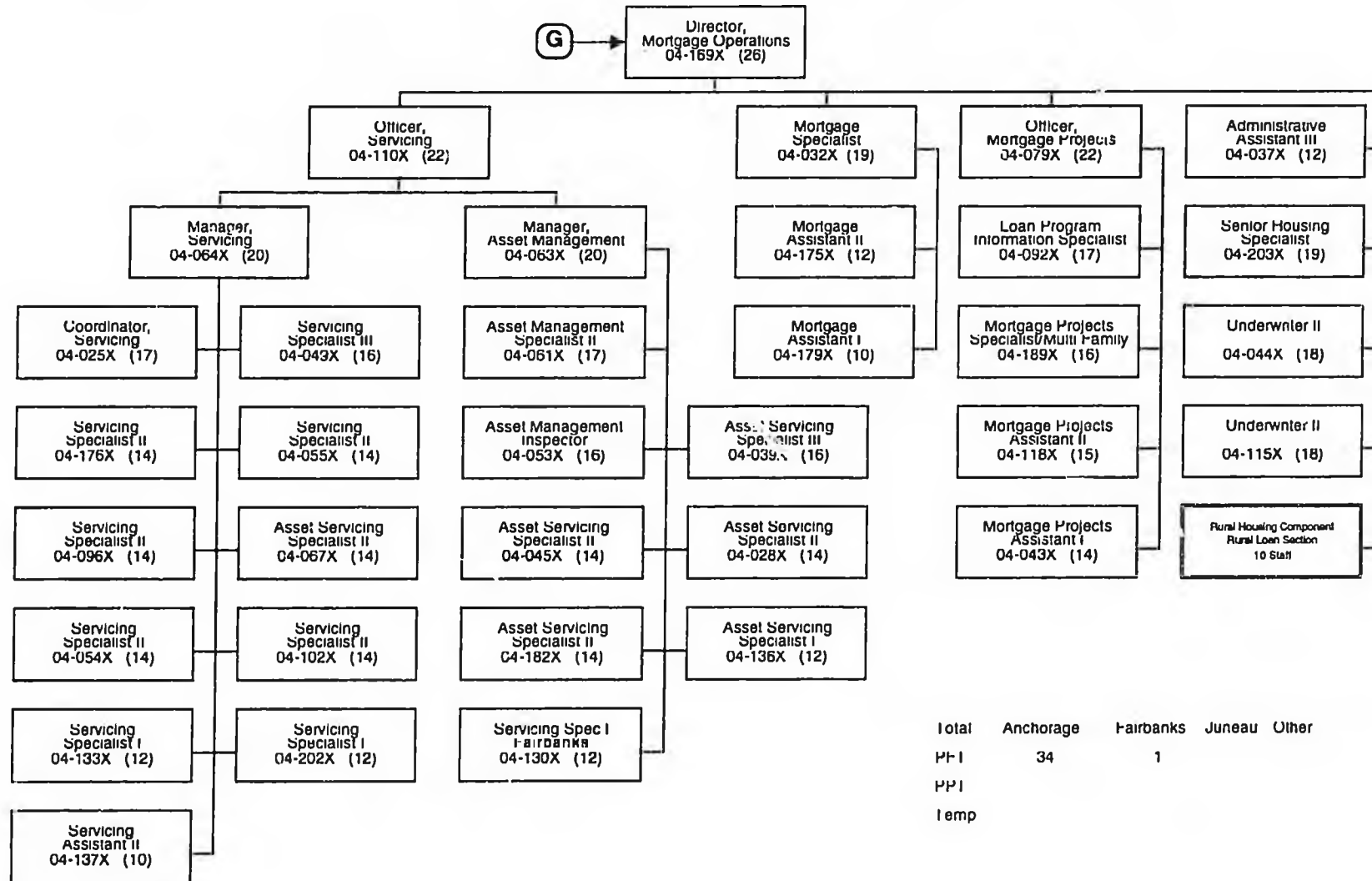
Total	Anchorage	Fairbanks	Juneau	Other
PF-I	22			
PP-I				
Temp				

# OPERATIONS COMPONENT FY 1998



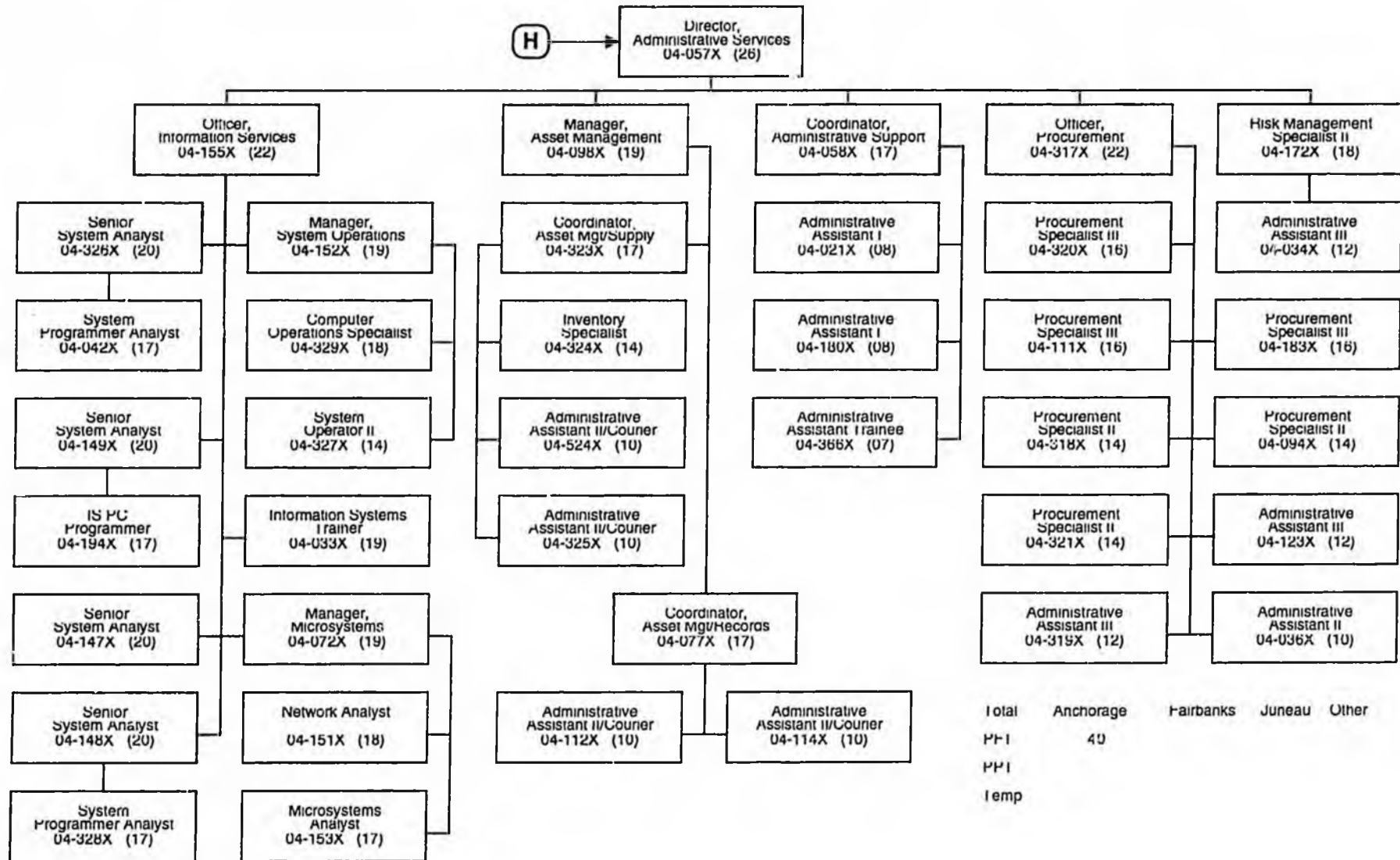
Total	Anchorage	Fairbanks	Juneau	Other
PF-I	33			
PP-I				
Temp				

## OPERATIONS COMPONENT FY 1998



	Total	Anchorage	Fairbanks	Juneau	Other
PF I		34	1		
PP I					
Temp					

# OPERATIONS COMPONENT FY 1998

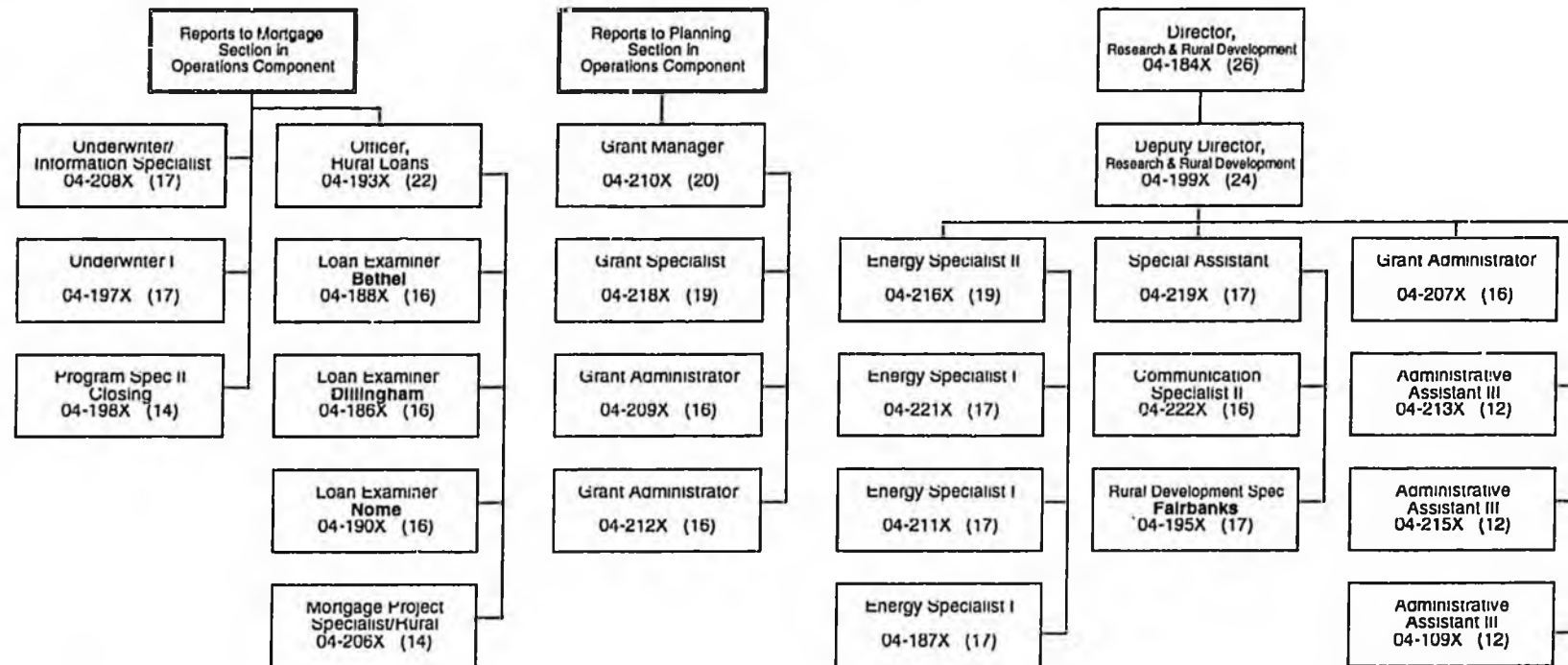


Total	Anchorage	Fairbanks	Juneau	Other
PF-I	40			
PP-I				
Temp				

# RURAL HOUSING COMPONENT

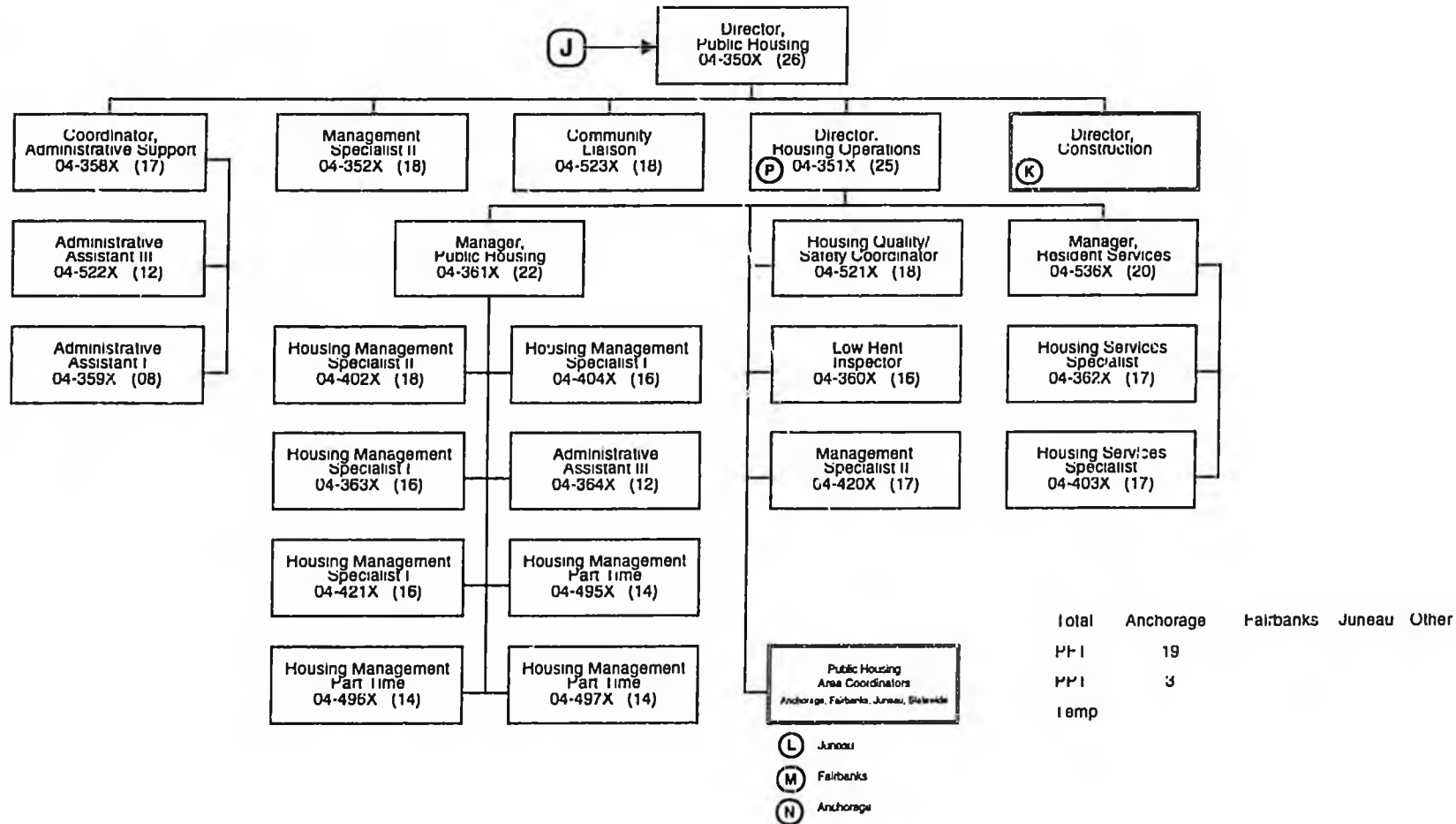
FY 1998

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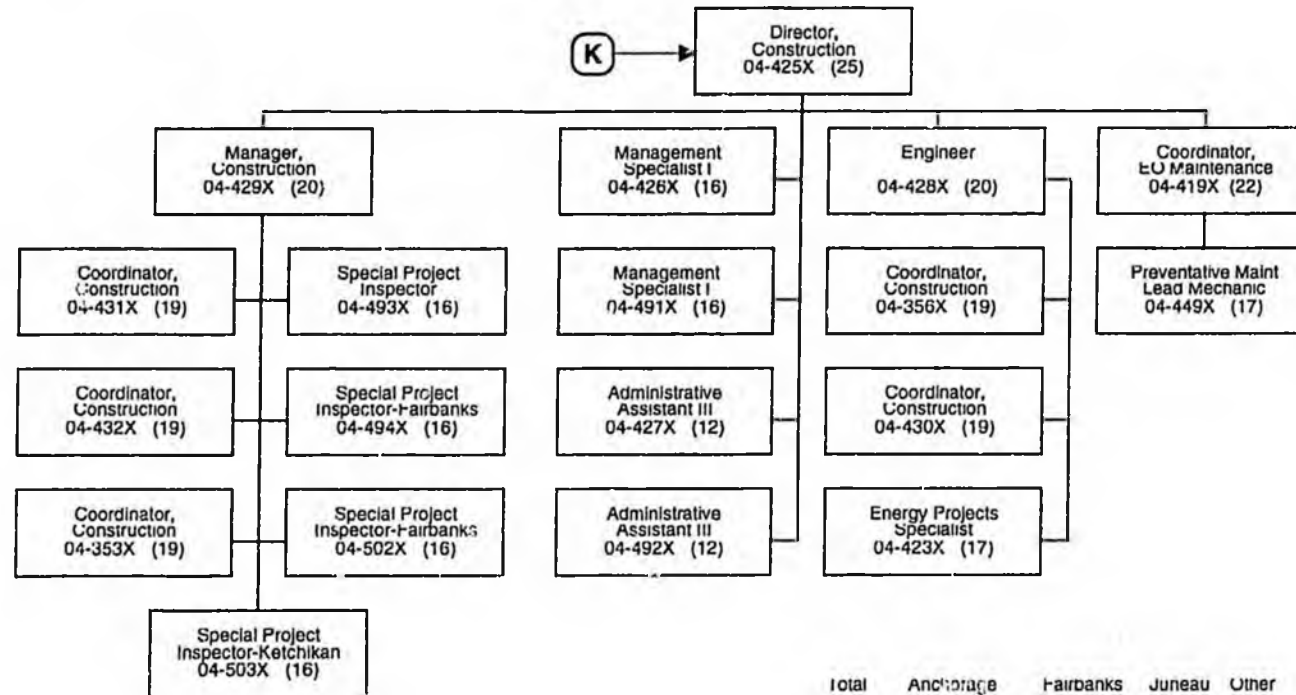


Total	Anchorage	Fairbanks	Juneau	Other
PFI	21	1		3
PPI				
Temp				

# PUBLIC HOUSING COMPONENT FY 1998



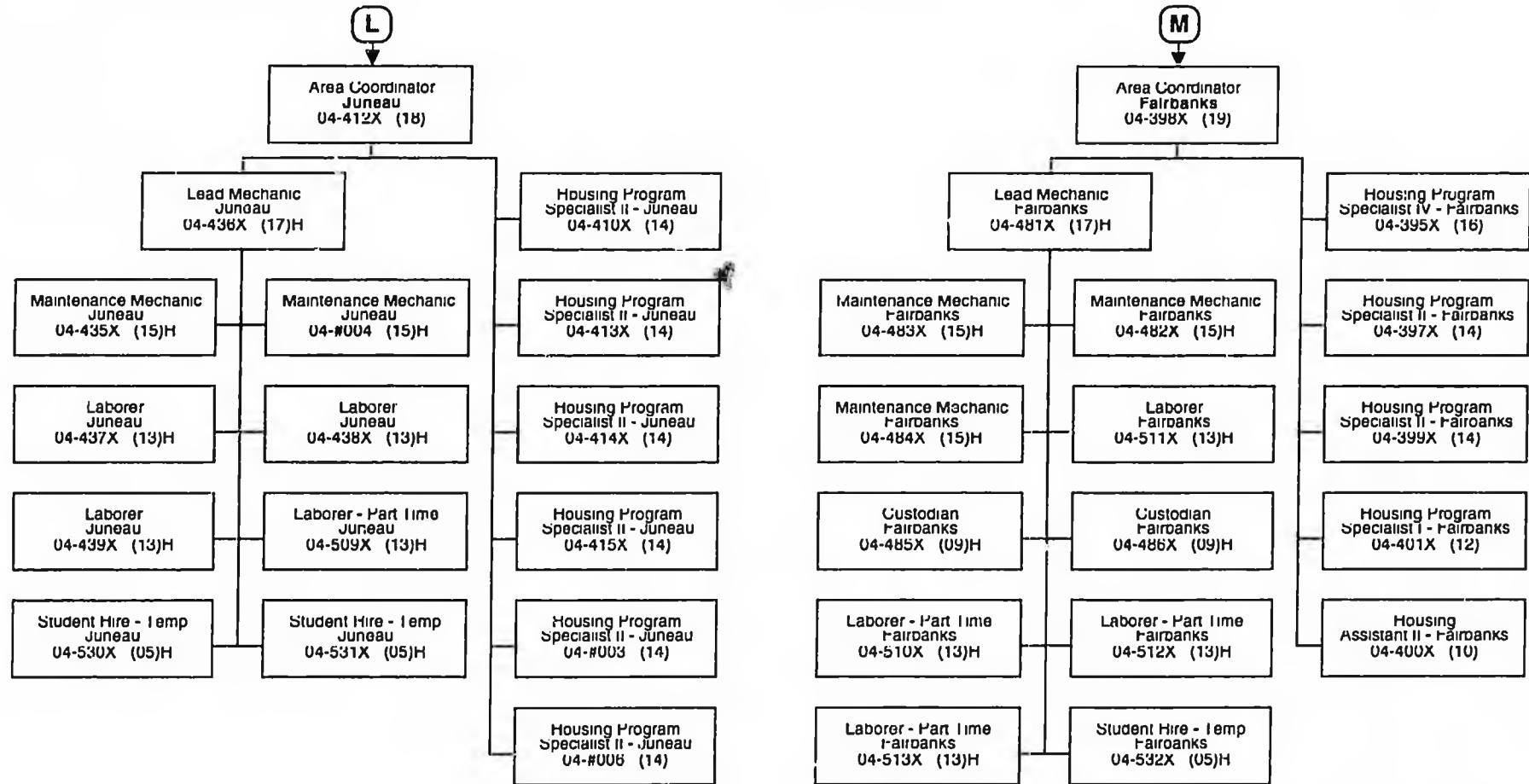
## PUBLIC HOUSING COMPONENT FY 1998



Total	Anchorage	Fairbanks	Juneau	Other
PFT	16	2		1
PPT				
Temp				

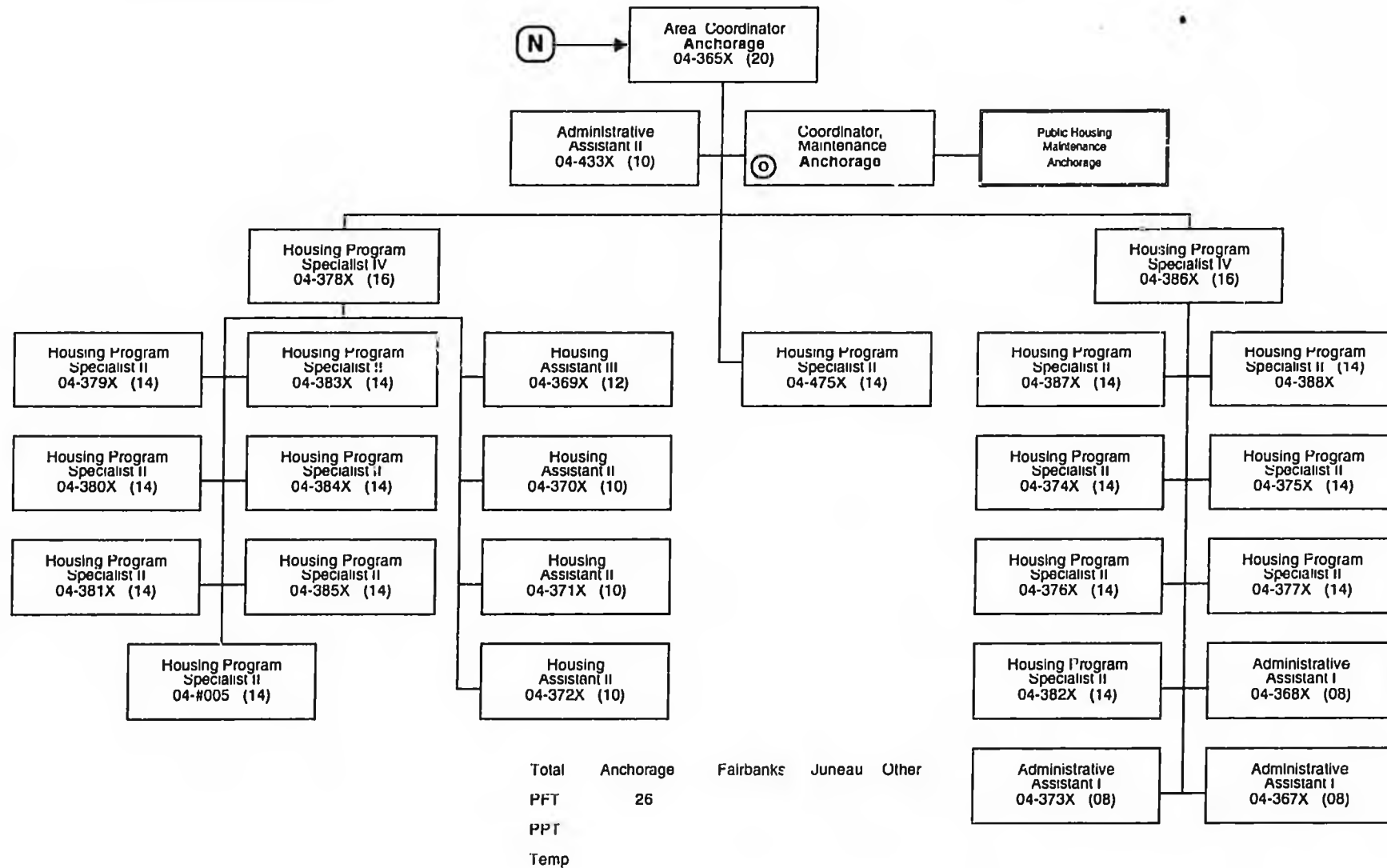
# PUBLIC HOUSING COMPONENT

## FY 1998



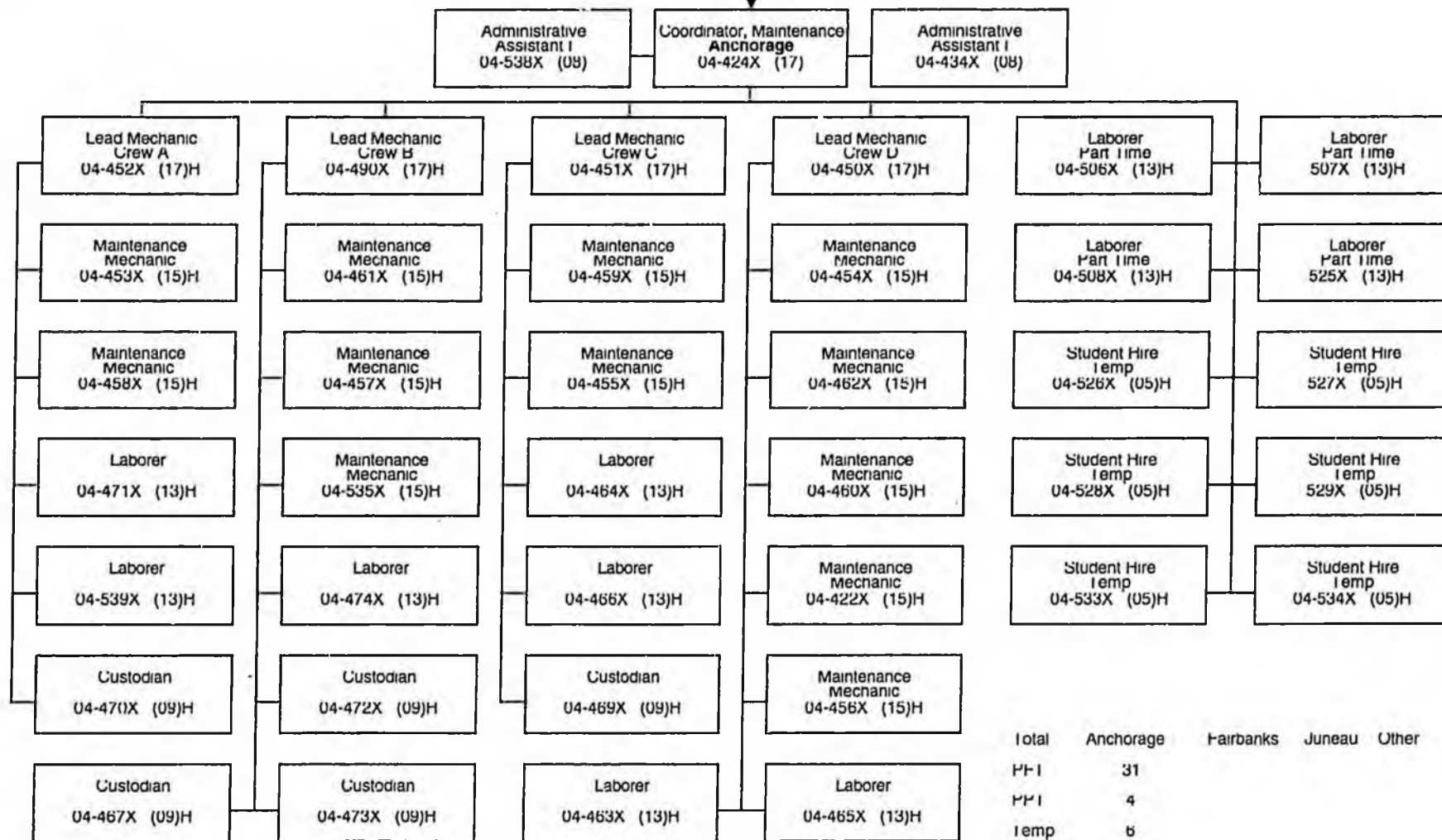
Total	Anchorage	Fairbanks	Juneau	Other
FFI		13	13	
PTI		3	1	
Temp		1	2	

## PUBLIC HOUSING COMPONENT FY 1998



# PUBLIC HOUSING COMPONENT

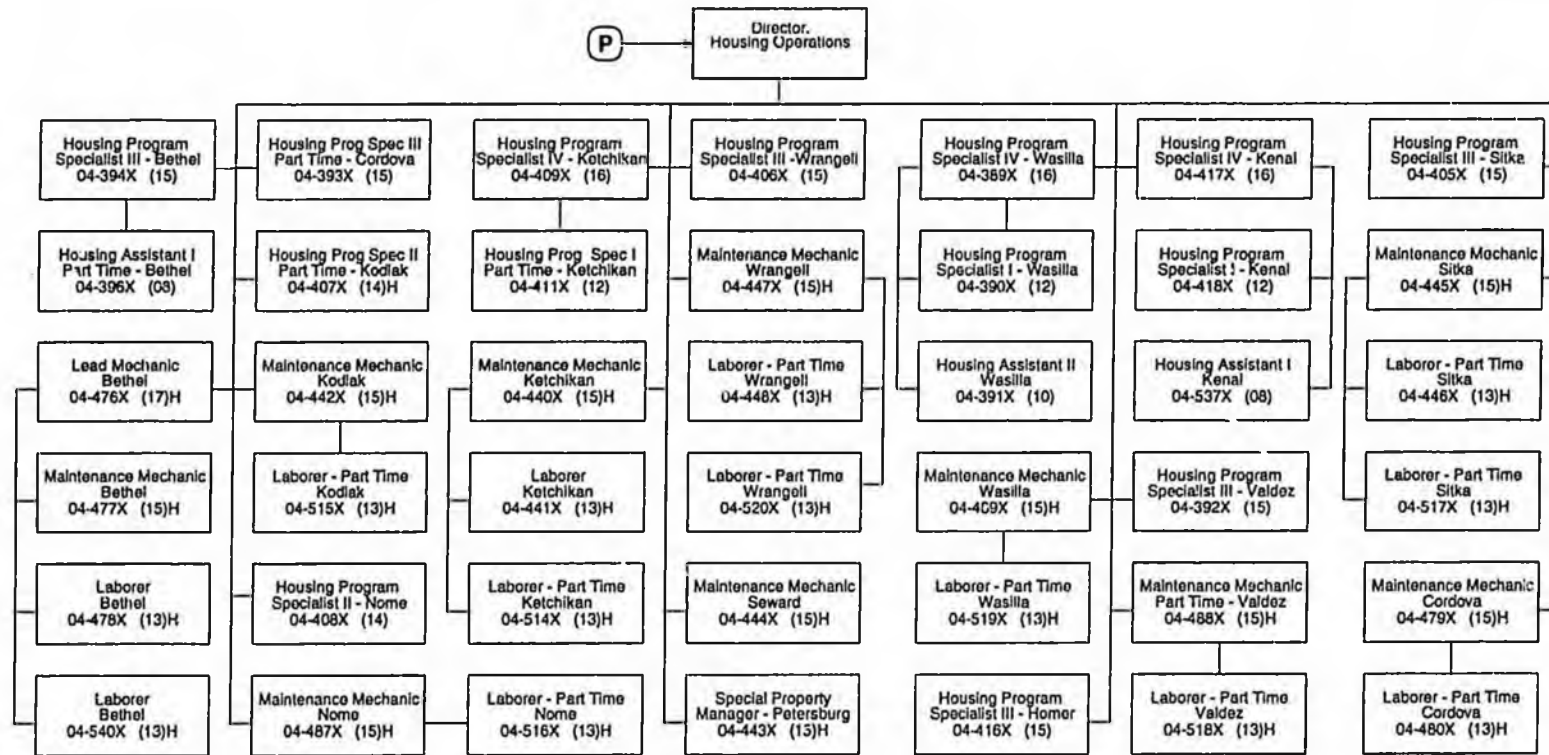
FY 1998



Department of Revenue FY98 Budget Overview

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PUBLIC HOUSING COMPONENT  
FY 199.



Total	Anchorage	Fairbanks	Juneau	Other
PFT				27
PPT				15
Temp				

**Department of Revenue FY98 Budget Overview**  
**Alaska Housing Finance Corporation**  
**Operations**

**Overview**

The Alaska Housing Finance Corporation (AHFC) is a public corporation and government instrumentality, but for bonding purposes, has legal existence independent and separate from the State. AHFC was created in 1971 by the State of Alaska to provide Alaskans with low cost mortgage financing, with the majority of funds used to purchase the mortgage loans generated through the issuance of taxable and tax-exempt bonds. In June 1992, the legislature consolidated the housing functions of the state government under AHFC by merging the Alaska State Housing Authority (ASHA) and the energy and housing programs of the Department of Community and Regional Affairs (DCRA). The authority of AHFC expanded to provide for the financing, acquisition, rehabilitation, construction, weatherization, and operation of housing for low and moderate income Alaskans and citizens in rural Alaska, those with special needs, and senior citizens. AHFC continues to review ways to institute mortgage finance, refinance, and assistance programs for the people of the state. As changes occur, AHFC's focus remains responsive to the needs of changing economics and demographics.

Three components represent the major focuses of AHFC: Operations, Rural Housing, and Public Housing. Each component does not function independently, but relies heavily on the talents, background, abilities, technical help, and support of the adjoining components to deliver services to the Alaskan residents.

**Issues**

The **Operations Division (OPD)** focus is to provide adequate, safe, and sanitary housing at the lowest possible cost to the public; protect corporate assets, including real estate owned (REO); assist borrowers; maximize access to federal, state, and other grant funds to facilitate development and delivery of affordable housing throughout Alaska. The Mortgage and Servicing Departments develop and participate in mortgage loan programs, while making loan programs available to the greatest number of Alaskans, and maintaining a quality portfolio; this includes senior housing mortgage loans or loans made for renovations and improvements. The Planning Department coordinates the state's housing strategy and homeless programs. OPD also provides essential technical and administrative support for the Rural and Public Housing Divisions.

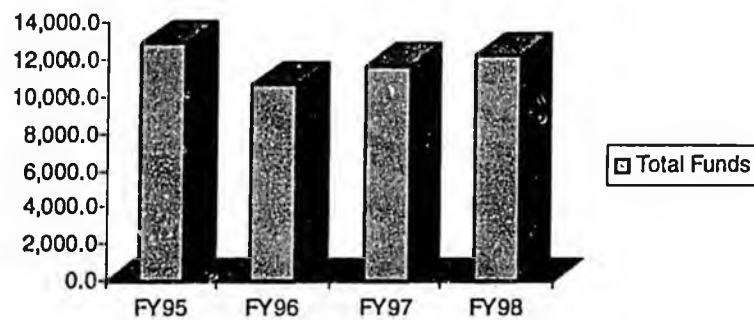
**Changes from FY97 to FY98**

Increases to personal services were offset by reductions in other line items, with the exception of fixed costs that the AHFC has little control over. In general, Operations Division departments were able to develop their budgets within these parameters. However, several shortfalls were identified in the following areas: Board costs, Legal fees, Building Rents and Leases, and Insurance Premiums. In addition to these items is an effort to reduce the vacancy factor to an actual historical figure for this component.

**Department of Revenue FY98 Budget Overview**  
**Alaska Housing Finance Corporation**  
**Operations**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	8,293.7	6,761.3	8,076.8	8,501.7
Travel	275.7	278.8	242.3	274.1
Contractual	3,418.2	3,162.2	3,001.7	3,057.6
Supplies	425.4	249.7	268.5	272.9
Equipment	233.0	191.0	101.8	101.8
Lands/Buildings	250.0	25.0	0.0	0.0
<b>Total</b>	<b>12,896.0</b>	<b>10,668.0</b>	<b>11,691.1</b>	<b>12,208.1</b>
<b>FUNDING:</b>				
1002 Federal Receipts	1,591.8	1,264.7	1,708.0	1,792.7
1022 Corporation Receipts	11,304.2	9,403.3	9,983.1	10,415.4
<b>POSITIONS:</b>				
Permanent Full Time	145	125	136	136
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

**FY95 - FY98 Summary**



**Department of Revenue FY98 Budget Overview**  
**Alaska Housing Finance Corporation**  
**Rural Housing**

**Overview**

The Alaska Housing Finance Corporation (AHFC) is a public corporation and government instrumentality, but for bonding purposes, has legal existence independent and separate from the State. AHFC was created in 1971 by the State of Alaska to provide Alaskans with low cost mortgage financing, with the majority of funds used to purchase the mortgage loans generated through the issuance of taxable and tax-exempt bonds. In June 1992, the Legislature consolidated the housing functions of the state government under AHFC by merging the Alaska State Housing Authority (ASHA) and the energy and housing programs of the Department of Community and Regional Affairs (DCRA). The authority of AHFC expanded to provide for the financing, acquisition, rehabilitation, construction, weatherization, and operation of housing for low and moderate income Alaskans and citizens in rural Alaska, those with special needs, and senior citizens. AHFC continues to review ways to institute mortgage finance, refinance, and assistance programs for the people of the state. As changes occur, AHFC's focus remains responsive to the needs of changing economics and demographics.

Three components represent the major focuses of AHFC: Operations, Rural Housing, and Public Housing. Each component does not function independently, but relies heavily on the talents, background, abilities, technical help, and support of the adjoining components to deliver services to the Alaskan residents.

**Issues**

The Rural Housing Division's (RHD) focus is providing assistance by originating, purchasing, or participating in small community housing mortgage loans to rural residents and rural homesteaders; fostering the wise use of natural resources and economic development through energy efficiency; improving the energy efficiency of rural community facilities; and weatherization of homes occupied by low income, disabled, or senior citizens; the development and implement of home energy rating programs, energy education and curriculum development programs; and thermal efficiency of HUD homes in rural Alaska through the Supplemental Housing Development Grants.

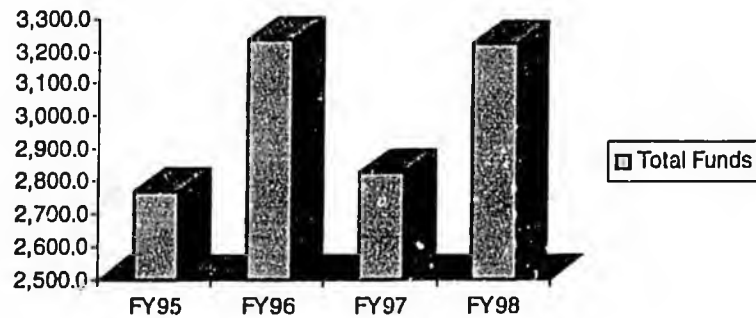
**Changes from FY97 to FY98**

AHFC has developed a Regional Housing Authority Exchange program. This will partner Regional Housing Authorities with AHFC to provide housing and mortgage finance services to residents of the housing authority's region. Regional Housing Authorities may act as agents for the Corporation initiating and servicing loans on AHFC's behalf in rural Alaska. Although the rural housing needs and demands are increasing, rural areas are often difficult to serve and cost prohibitive. An exchange program will help to promote and deliver housing services in areas not previously accessible to AHFC. The FY98 operating budget shows an increase for new program costs; however, this program is expected to increase future Corporate income by expanding its loan portfolio.

**Department of Revenue FY98 Budget Overview**  
**Alaska Housing Finance Corporation**  
**Rural Housing**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	1,678.3	1,699.0	1,519.0	1,627.6
Travel	128.0	148.1	148.1	173.1
Contractual	207.4	646.1	420.8	761.1
Supplies	26.0	17.4	17.4	23.4
Equipment	30.0	22.5	22.5	20.0
Lands/Buildings, Grants	700.0	700.0	700.0	615.0
<b>Total</b>	<b>2,769.7</b>	<b>3,233.1</b>	<b>2,827.8</b>	<b>3,220.2</b>
<b>FUNDING:</b>				
1002 Federal Receipts	446.8	446.8	323.3	325.0
1007 Interagency Receipts	600.0	600.0	600.0	600.0
1022 Corporation Receipt	1,722.9	2,186.3	1,777.7	2,166.0
1061 CIP Receipts	0.0	0.0	126.8	129.2
<b>POSITIONS:</b>				
Permanent Full Time	33	30	24	25
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

**FY95 - FY98 Summary**



## Department of Revenue FY98 Budget Overview

# Alaska Housing Finance Corporation Public Housing

### Overview

The Alaska Housing Finance Corporation (AHFC) is a public corporation and government instrumentality, but for bonding purposes, has legal existence independent and separate from the State. AHFC was created in 1971 by the State of Alaska to provide Alaskans with low cost mortgage financing, with the majority of funds used to purchase the mortgage loans generated through the issuance of taxable and tax-exempt bonds. In June 1992, the Legislature consolidated the housing functions of the state government under AHFC by merging the Alaska State Housing Authority (ASHA) and the energy and housing programs of the Department of Community and Regional Affairs (DCRA). The authority of AHFC expanded to provide for the financing, acquisition, rehabilitation, construction, weatherization, and operation of housing for low and moderate income Alaskans and citizens in rural Alaska, those with special needs, and senior citizens. AHFC continues to review ways to institute mortgage finance, refinance, and assistance programs for the people of the state. As changes occur, AHFC's focus remains responsive to the needs of changing economics and demographics.

Three components represent the major focuses of AHFC: Operations, Rural Housing, and Public Housing. Each component does not function independently, but relies heavily on the talents, background, abilities, technical help, and support of the adjoining components to deliver services to the Alaskan residents.

### Issues

The **Public Housing Division (PHD)** of AHFC serves approximately 4450 families, disabled, and senior citizens throughout the state by utilizing funds provided through the Department of Housing and Urban Development (HUD). PHD provides low-income rental housing assistance under the following programs: Conventional Low Rent, Section 8 New Construction, Section 8 Certificates and Vouchers, Section 8 Additional Assistance, Tenant-Based Assistance, and Family Self-Sufficiency. These programs operate on rent paid by the residents (generally 30 percent of their adjusted gross income) and federal housing program subsidies. Many of AHFC's low-income projects are old and in need of major repair and based on a 10-year plan, AHFC's Construction Department oversees the upgrades, renovations, modernizations, and development of AHFC owned and operated rental properties, in an efficient and orderly manner. This Division also participates in many state and federal programs that facilitate housing for low-income Alaskans such as HOME, Shelter Plus Care, Housing Opportunities for Persons with Aids (HOPWA), and support programs, such as the Drug Elimination and Family-Self Sufficiency programs.

### Changes from FY97 to FY98

The Public Housing Division (PHD) will bring on-line in FY98: Cedar Park, Riverbend, Adelaide, and an additional 120 Certificates from HUD's Section 8 Opt-out program. The income and expenses related to these additional projects are added to the FY98 Operating budget.

Cedar Park is a 50 unit Low Rent reconstruction project in Juneau. PHD expects to begin its Initial Operating Period (IOP) on July 1, 1997 and be on-line October 1, 1997.

**Department of Revenue FY98 Budget Overview**  
**Alaska Housing Finance Corporation**  
**Public Housing**

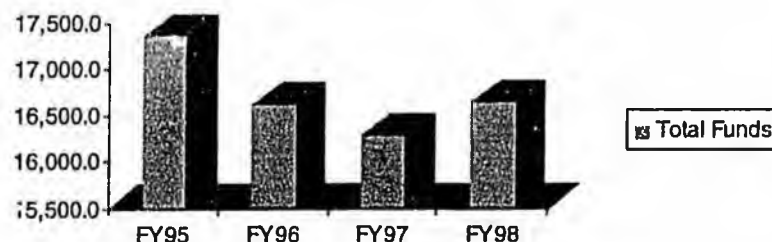
Riverbend is a new Low Rent project in Juneau expected to begin its Initial Operating Period (IOP) on April 1, 1998. This is a 45 unit complex which will require a new property manager and maintenance mechanic.

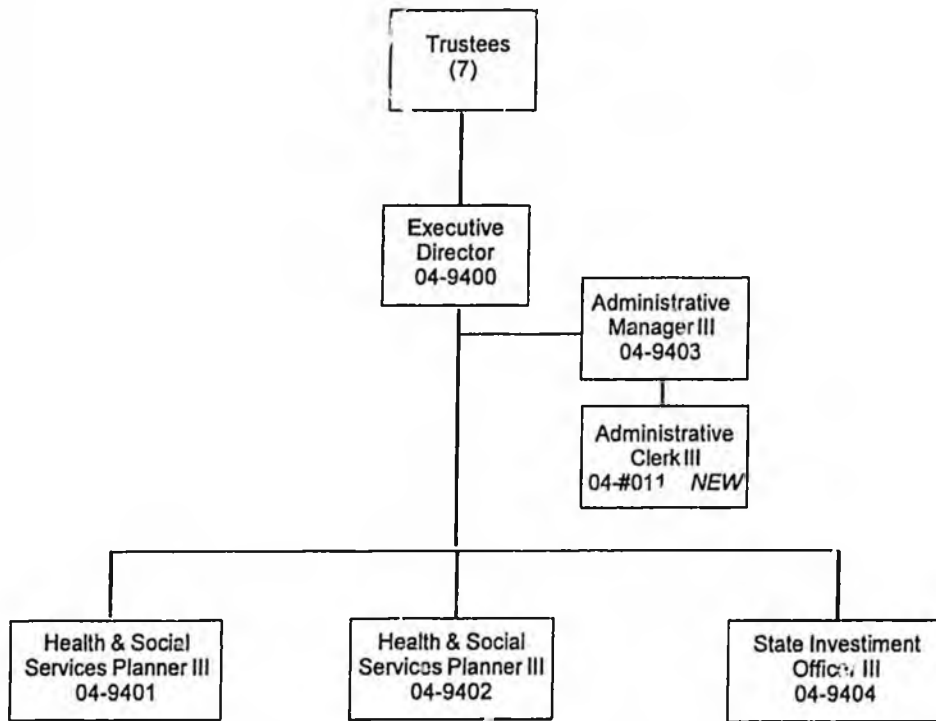
The Adelaide project is a partnership program with Anchorage Neighborhood Housing Services (ANHS). There are 70 Single Resident Occupancy (SRO) units operated by ANHS and administered by AHFC. This project will need a case manager to handle the increased workload involved with this housing project.

HUD has two Section 8 Project contracts in Juneau that have indicated they want to get out of the Certificate program through the Opt-out Program. Under this program, the Certificates would be transferred to AHFC, who would take on the administration of 120 certificates under the Section 8 Existing program. To take on this program, AHFC would need to add a case manager to handle the increased workload.

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	8,347.8	8,546.3	8,521.6	8,828.3
Travel	703.7	408.4	384.9	264.5
Contractual	5,283.6	5,539.2	5,888.8	6,263.9
Supplies	1,071.3	930.0	886.2	905.0
Equipment	552.8	464.8	385.1	390.4
Lands/Buildings, Grants	1,475.0	732.0	232.0	0.0
<b>Total</b>	<b>17,434.2</b>	<b>16,620.7</b>	<b>16,298.6</b>	<b>16,652.1</b>
<b>FUNDING:</b>				
1002 Federal Receipts	17,184.2	15,289.5	14,912.6	15,283.5
1022 Corporation Receipt	250.0	270.3	238.6	238.6
1061 CIP Receipts	0.0	1,060.9	1,147.4	1,130.0
<b>POSITIONS:</b>				
Permanent Full Time	140	135	144	148
Permanent Part Time	40	40	27	26
Temporary	11	10	9	9

FY95 - FY98 Summary





**Alaska Department of Revenue  
Alaska Mental Health Trust Authority  
ORGANIZATION CHART - PROPOSED FY 98**

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PPT  
TEMP

**Department of Revenue FY98 Budget Overview**  
**Alaska Mental Health Trust Authority**

**Overview**

The Alaska Mental Health Trust Authority (AMHTA), established as a result of the Mental Health Land settlement (Weiss v. State), is responsible for ensuring an integrated comprehensive mental health program for the State and ensuring the proper management of one million acres of land and \$200 million that comprise the Mental Health Lands Trust.

The AMHTA administers the Trust established in perpetuity and has the fiduciary responsibility to its beneficiaries to enhance and protect the Trust and to provide leadership in advocacy, planning, implementing, and funding of a comprehensive integrated mental health program to improve the lives and circumstances of its beneficiaries.

The AMHTA is responsible for the proper management of the Mental Health Land Trust; to provide support to the seven trustees; and coordinate with the four beneficiary boards and administrative agencies. This support includes Trust administrative functions, travel, meeting arrangements, management of contracts for professional services, management of the APFC Trust Fund, and RSAs with asset managers. The beneficiary groups are the mentally ill, the developmentally disabled, the elderly with Alzheimer's Disease and related dementia, and alcoholics suffering from psychoses through the advocacy boards (the Alaska Mental Health Board, the Governor's Council for Disabilities and Special Education, the Alaska Commission on Aging, and the Advisory Board on Alcoholism and Drug Abuse).

**Issues**

The AMHTA has four major tasks:

- 1) Develop appropriation recommendations for the State's integrated comprehensive mental health program for the Governor and Legislature.
- 2) Use a portion of the trust income (based on the Investment Policy Statement) to augment the mental health program provided by the State. Develop regulations to guide income use.
- 3) Develop a comprehensive integrated mental health plan in coordination with the Departments of Health and Social Services, Administration, and Corrections, and the four advocacy boards.
- 4) Establish and maintain a contractual relationship with the Department of Natural Resources for management of the mental health lands and with the Permanent Fund Corporation for management of trust cash assets.

**Changes from FY97 to FY98**

The AMHTA's FY98 budget is primarily a flat-line budget. There are no significant changes to programs requiring budget modifications.

Department of Revenue FY98 Budget Overview

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**Department of Revenue FY98 Budget Overview**  
**Alaska Mental Health Trust Authority**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	4.0	361.1	376.7	427.9
Travel	22.7	106.8	106.8	106.8
Contractual	56.2	424.9	399.3	338.1
Supplies	3.9	10.0	10.0	15.0
Equipment	68.2	50.0	0.0	5.0
Lands/Buildings, Grants	0.0	0.0	0.0	0.0
<b>Total</b>	<b>155.0</b>	<b>952.8</b>	<b>892.8</b>	<b>892.8</b>
<b>FUNDING:</b>				
1092 Mental Health Trust Inc	155.0	952.8	0.0	0.0
1094 Mental Health Trust Admin	0.0	0.0	892.8	892.8
<b>POSITIONS:</b>				
Permanent Full Time	5.0	5.0	5.0	6.0
Permanent Part Time	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0

FY95 - FY98 Summary



**Department of Revenue FY98 Budget Overview**

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**Department of Revenue FY98 Budget Overview**  
**Alaska State Pension Investment Board**

**Overview**

The Alaska State Pension Investment Board (ASPIB) acts as the sole fiduciary of the investments of the following 6 State pension funds:

Public Employees' Retirement Trust Fund (PERS)  
Teachers' Retirement Trust Fund (TRS)  
Judicial Retirement Trust Fund (JRS)  
Military Retirement Trust Fund (MRS)  
Deferred Compensation Plan  
Supplemental Benefits System (SBS)

The Treasury Division provides staff to the ASPIB as follows:

The Deputy Commissioner is responsible for all administrative matters that come before the eight member board. These matters include, but are not limited to, preparing for and conducting Board meetings, review of budget documents, legal matters, legislation, professional education of the Board members, and direct oversight of the Treasury Division staff.

The Portfolio Management Section manages the retirement funds within statutory requirements and investment guidelines. Portfolio Management recommends investment policies and asset allocation and implements approved policies. The section directly manages all fixed income portfolios of the PERS, TRS, JRS and MRS. They oversee the activities of those funds' external equity and real estate managers as well as of the external managers of the Deferred Compensation Plan and the SBS.

The Accounting Section oversees the safekeeping and custody of the retirement systems' financial assets. Accounting maintains the accounting records and provides monthly reporting of all investment activity and completes special projects and analysis for the Board as requested. The section provides administrative and data processing support for the other sections of the Treasury Division. Accounting also prepares and monitors the budget for the ASPIB.

The Special Assistant to the Commissioner is the liaison between the ASPIB and the Treasury Staff. This position works closely with the Deputy Commissioner in preparing for and conducting Board meetings, monitoring legal matters, legislation, and coordinating professional education of the Board members.

The Cash Management Section provides banking services including the daily accounting and processing of contributions, investment income receipts and distribution of benefits.

**Issues**

In FY98, Treasury will focus on meeting or exceeding investment benchmarks for all funds managed by the Division.

## Department of Revenue FY98 Budget Overview

### Changes from FY97 to FY98

In FY98, contractals are increased due to increased custody and management fees. These fees are in direct relation to the proportion of the funds. As balances go up (due to higher rate of returns and additional payments into the fund), fees go up accordingly. This increase also includes a change in the method for payment of custody and management fees for the Supplemental Benefits Fund and the Deferred Compensation Plan. In the past payment on these funds were netted with the earnings. In FY 98 we plan on making all retirement funds consistent by showing actual costs incurred.

Also included in the increase of contractals are increases of the RSA with Treasury Management for personal services, outside audit fees, information services, performance measurement and audit of our computerized investment system.

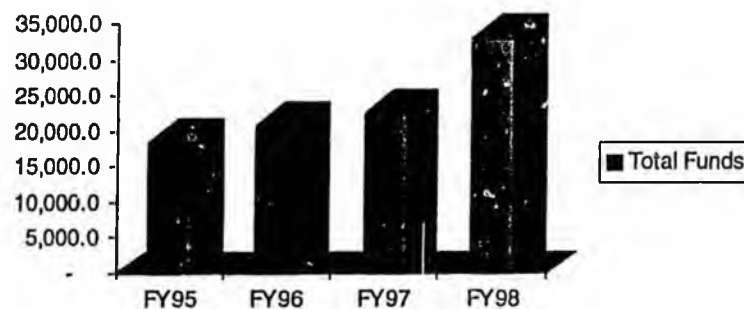
The supplies budget has been increased for computer software updates and new software technology for the investment management of ASPIB funds.

The equipment budget has been increased for computer equipment updates and new technology for the investment management of ASPIB funds.

**Department of Revenue FY98 Budget Overview**  
**Alaska State Pension Investment Board**

	FY95 FINAL AUTHORIZED	FY96 FINAL AUTHORIZED	FY97 AUTHORIZED	FY98 REQUEST
Personal Services	0.0	0.0	0.0	0.0
Travel	159.0	159.0	221.8	221.8
Contractual	18,211.5	20,746.7	22,360.5	32,706.6
Supplies	14.2	14.2	41.6	50.0
Equipment	30.6	0.0	40.6	70.0
Lands/Buildings	0.0	0.0	0.0	0.0
<b>Total</b>	<b>18,415.3</b>	<b>20,919.9</b>	<b>22,664.5</b>	<b>33,048.4</b>
<b>FUNDING:</b>				
1017 Deferred Compensation	148.0	45.9	75.4	3,205.3
1029 Public Employees Retire	10,891.6	12,885.1	14,241.3	19,219.4
1034 Teachers Retirement	7,255.7	7,852.8	8,228.0	10,423.5
1042 Judicial Retirement	90.9	100.7	103.4	156.2
1045 Military Retirement	29.1	35.4	16.4	44.0
<b>POSITIONS:</b>				
Permanent Full Time	0	0	0	0
Permanent Part Time	0	0	0	0
Temporary	0	0	0	0

**FY95 - FY98 Summary**



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## Boards, Commissions and Authorities

# Statutory Basis

### Alcoholic Beverage Control Board

AS Title 04 ..... Alcoholic Beverages  
15 AAC 104 ..... ABC Board/Licensing

### Alaska Municipal Bond Bank Authority

AS 44.85.020 ..... Alaska Municipal Bond Bank Authority

### Alaska Permanent Fund Corporation

AS 37.13 ..... Alaska Permanent Fund Corporation  
15 AAC 137 ..... Alaska Permanent Fund

### Alaska Housing Finance Corporation

AS 18.55 ..... Housing, Public Building, Urban Renewal and Regional Housing Authorities  
AS 18.56 ..... Alaska Housing Finance Corporation  
15 AAC 118 Article 2 ..... Alaska Housing Finance Corporation  
19 AAC 69 ..... Energy Efficiency  
10 CFR 420 ..... State Energy Conservation Plan  
10 CFR 440 ..... Weatherization Assistance for Low-Income Persons  
10 CFR 465 ..... Energy Extension Service  
24 CFR 41 Policies & Procedures for the Enforcement of Standards & Requirements for Accessibility by the Physically Handicapped  
24 CFR 42 ..... Uniform Relocation Assistance & Real Property Acquisition for Federal & Federally Assisted Programs  
24 CFR 91 ..... State & Local Housing Affordability Strategies  
24 CFR 92 ..... HOME Investment Partnerships Program  
24 CFR 219 ..... Flexible Subsidy Program - Capital Improvement Loans  
24 CFR 574 ..... Housing Opportunities for Persons with AIDS  
24 CFR 575 ..... Emergency Shelter Grants  
24 CFR 576 ..... Emergency Shelter Grants: Steward B. McKinney Homeless Assistance Act  
24 CFR 582 ..... Shelter Plus Care Program  
24 CFR 583 ..... Supportive Housing Program  
24 CFR 600 ..... Comprehensive Planning Assistance  
24 CFR 850 ..... Housing Development Grants  
24 CFR 882 ..... Section 8 Housing Assistance Payment Program - Existing Housing  
24 CFR 886 ..... Section 8 Housing Assistance Payment Program - Special Allocations  
24 CFR 887 ..... Housing Voucher Program  
24 CFR 889 ..... Grant Programs - Housing & Community Development, Low- and Moderate-Income Housing, & Rent Subsidies  
24 CFR 901 ..... Public Housing Management Assessment Program  
24 CFR 941 ..... Public Housing Development  
24 CFR 961 ..... Drug Abuse, Drug Traffic Control, Grants Programs - Housing & Community Development & Public Housing  
24 CFR 963 ..... Public Housing - Contracting with Resident-Owned Businesses  
24 CFR 964 ..... Tenant Participation & Management in Public Housing  
24 CFR 965 ..... FHA-Owned or Leased Projects-Maintenance and Operations  
24 CFR 968 ..... Comprehensive Grants Program  
24 CFR 970 ..... Public Housing Program - Demolition or Disposition of Public Housing Projects  
24 CFR 990 ..... Annual contributions for Operating Subsidy  
45 CFR Subtitle B ..... Family Self-Sufficiency Program

**Boards, Commissions and Authorities**

**Statutory Basis**

**Alaska State Pension Investment Board**

AS 14.25.180 ..... Management & Investment of Fund  
AS 22.25.048(c) ..... Accounting & Investment  
AS 26.05.228(c) ..... Accounting & Investment - Military Retirement System  
AS 37.10.071 ..... Investment Power & Duties  
AS 37.10.210 - AS 37.10.390 ..... Alaska State Pension Investment Board  
AS 39.35.080 ..... Duties of the Alaska State Pension Investment Board

**Alaska Mental Health Trust Authority**

AS 37.14 ..... Trust Funds / Mental Health Trust  
AS 47.30 ..... Mental Health

**Section 5.**

**FY98**

**Capital  
Budget  
Requests**

**Alaska Department of  
REVENUE**

**January**

**1997**

**Department of Revenue FY98 Budget Overview**

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## Department of Revenue FY98 Budget Overview

The FY97 Capital Budget has not yet been released, so our project summaries are not included at this time. We will present our request in a supplement.

Department of Commerce and Economic Development

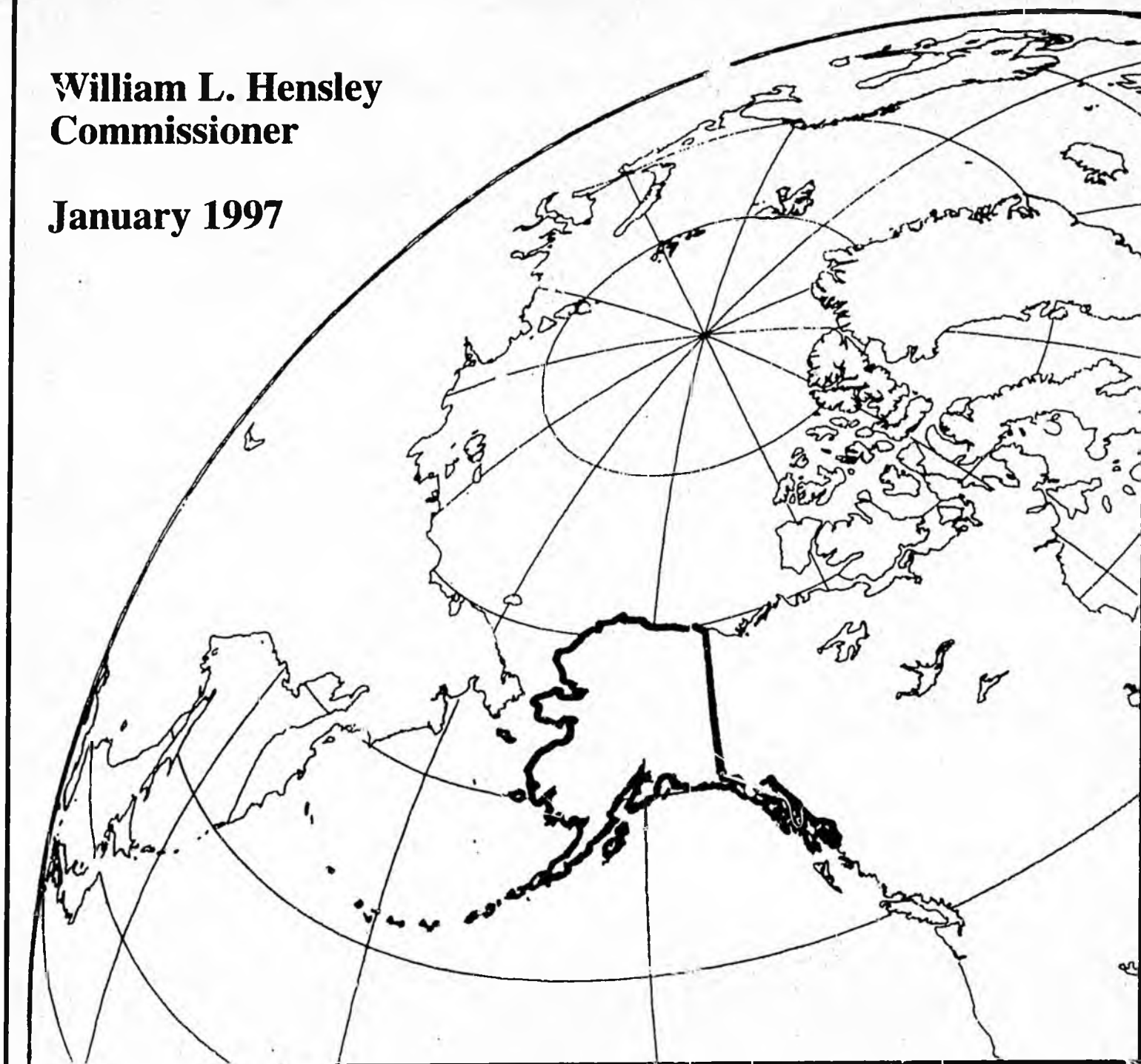
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# FY 1998 OPERATING BUDGET OVERVIEW

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**William L. Hensley**  
Commissioner

**January 1997**



**DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

**FY 1998 Operating Budget Overview**

**TABLE OF CONTENTS**

<u>Section</u>	<u>Page</u>
Introduction	2
Agencies and Functions	3
Organization Chart	11
Funding History and Organizational Changes	
Funding History	12
Organization Changes	12
Budget Structure Changes	12
FY 1998 Governor's Budget	
FY 98 Budget Request (spreadsheet)	13
State of Alaska FY 98 Unrestricted General Fund Operating Budget (chart)	16
DCED FY 98 Unrestricted General Funds by Agency (chart)	17
DCED General Fund and GF/Designated Program Receipts History (chart)	18
Program Changes	19
Phone Contact List	Appendix A

## INTRODUCTION

The department's total FY 98 operating budget request, representing all funding sources, is approximately \$60.8 million, down from \$69.6 million in FY 97. The department's unrestricted general fund budget request is \$11.7 million, approximately 1/2 of 1% of the total State unrestricted general fund budget.

The department's general fund budget falls into four categories: (1) designated program receipts for self-supporting agencies and programs - \$22.9 million (2) general fund program receipts for operations funded with fees for services - \$3.1 million; (3) general fund match for federal programs in the Alaska Seafood Marketing Institute - \$520.1 thousand; and (4) agency operations supported in whole or in part with unrestricted general fund appropriations - \$11.2 million.

The balance of the budget, \$23.1 million, is funded from non-general fund sources, including: federal funds - \$3.7 million; corporate receipts - \$4.9 million; Science and Technology Foundation Endowment earnings - \$9.5 million; loan funds - \$3.3 million; interagency receipts - \$1.3 million; Real Estate Surety funds - \$268.6 thousand; and CIP receipts - \$135.0 thousand.

The following pages provide an overview of the department's agencies and functions, summarize recent funding history, and list and explain the changes in the department's budget from FY 97 to FY 98.