



30th Alaska State Legislature – 2nd Session
House Finance Budget Subcommittee
Department of Revenue
FY19 Operating Budget

February 21, 2018

Chair:

Rep. Seaton
Capitol Room 505
465-2689

Members:

Rep. Kito
Capitol Room 403
465-4766

Rep. Wool
Capitol Room 412
465-4976

Rep. Josephson
Capitol Room 102
465-4939

Rep. Stutes
Capitol Room 406
465-2487

Rep. Knopp
Capitol Room 424
465-2693

Rep. Birch
Capitol Room 112
465-4931

Rep. Sullivan-Leonard
Capitol Room 420
465-4833

Rep. Thompson
Capitol Room 500
465-3004

Alternate Rep. Edgmon
Capitol Room 208
465-4451

Committee Aide:

Arnold Liebelt
465-6256

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the Department of Revenue held 6 meetings with the Department of Revenue during the review of the FY19 budget request.

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Revenue recommends that the House Finance Committee accept the Department of Revenues FY19 budget with the following amendment recommendations:

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$25,009.2
Designated General Funds (DGF)	\$2,570.4
Other Funds	\$287,928.8
Federal Funds	\$78,438.3
Total	\$393,946.7

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$8,822.2, a decrease of 26.1% percent.

The Unrestricted General Fund difference from FY18 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$575.7, a decrease of 2.3% percent.

Positions:

Permanent Full-time	833
Permanent Part-time	33
<u>Temporary</u>	<u>16</u>
Total	822

GOVERNOR’S AMENDMENTS

The Governor did not submit any amendments for this agency.

SUBCOMMITTEE BUDGET RECOMMENDATIONS

The following budget amendments are submitted by the subcommittee for consideration by the House Finance Committee:

H DOR 1 – Alaska Mental Health Trust Authority

Mental Health Trust Operations – Add Program Manager
1094 MHT Admin (Other) - \$140.0 ADD 1 PFT

H DOR 2 – Alaska Permanent Fund Corporation

Operations – Relocate a portion of the corporation’s budget increment to Section 1 from Section 8(g).
1105 PF Gross (Other) - \$5,820.2.

H DOR 3 – Alaska Permanent Fund Corporation

Operations – Relocate the corporation’s base budget to Section 1 from Section 8(g).
1105 PF Gross (Other) - \$12,254.4.

H DOR 4 – Alaska Permanent Fund Corporation

Investment Management Fees – Relocate the corporation’s base budget to Section 1 from Section 8(g).
1105 PF Gross (Other) - \$138,769.2

H DOR 5 – Alaska Permanent Fund Corporation

Investment Management Fees – Relocate a portion of the corporation’s budget increment to Section 1 from Section 8(g).
1105 PF Gross (Other) - \$11,729.5

SUBCOMMITTEE STATUTORY RECOMMENDATIONS

The subcommittee made no statutory recommendations.

ATTACHED REPORTS (House Structure, Numbers Only):

Transaction Detail – House Structure – Subcommittee Recommended Amendments

Allocation Summary – House Structure

Multi-Year Allocation Summary – Operating Budget

Respectfully submitted,

A handwritten signature in blue ink that reads "Paul Seaton". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Representative Paul Seaton, Chair

House Finance Budget Subcommittee for the Department of Revenue

**2018 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Department of Revenue

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Alaska Mental Health Trust Authority												
Mental Health Trust Operations												
H DOR 1 - Add Program Manager	Inc	140.0	140.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0
Offered by Representative Seaton												
This amendment adds \$140.0 of Mental Health Trust Authority Admin funds to work with providers and administer and target grants aimed at improving the lives of Trust beneficiaries and reducing the need for institutionalization. The Trust will add needed capacity to work on programs and issues with its local, tribal, non-profit and state partners for Alaska's trust beneficiaries. The position (Program Officer) will allow the Trust to expand its capacity as the need for mental health services increases across the state.												
	1094 MHT Admin (Other)	140.0										
* Allocation Total *		140.0	140.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0
** Appropriation Total **		140.0	140.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0
Alaska Permanent Fund Corporation												
APFC Operations												
L H DOR 6 - Remove corporation's FY19 budget from the language sec. 8(g) and move to sec. 1, the numbers section.	Lang	-168,573.3	-11,861.2	-1,203.2	-154,673.6	-435.3	-400.0	0.0	0.0	-57	-2	-2
Offered by Representative Seaton												
See 30-GH2564D13												
The Permanent Fund Corporation's budget was submitted as section 8(g) and the two allocations of Operations and Investment Management Fees were combined. In conjunction with Revenue Subcommittee, the budget is removed from language and added to section 1, the numbers section where the budget has historically been requested and split back into the two allocations.												
	1105 PF Gross (Other)	-168,573.3										
H DOR 2 - Relocate a portion of the corporation's budget increment to sec. 1 from section 8(g).	Inc	5,820.2	2,260.5	597.7	2,304.0	338.0	320.0	0.0	0.0	10	0	0
Offered by Representative Seaton												
This amendment, along with three other amendments, relocates the Permanent												

**2018 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Department of Revenue

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Alaska Permanent Fund Corporation (continued)												
APFC Operations (continued)												
H DOR 2 - Relocate a portion of the corporation's budget increment to sec. 1 from section 8(g). (continued) Fund Corporation budget from language section 8(g) to section 1, the numbers section. This amendment allocates the portion of the corporation's increment attributable to the Operations allocation. 1105 PF Gross (Other) 5,820.2												
	IncM	12,254.4	9,600.7	605.5	1,870.9	97.3	80.0	0.0	0.0	47	2	2
H DOR 3 - Relocate the corporation's base budget to sec. 1 from section 8(g). Offered by Representative Seaton This amendment, along with three other amendments relocates the Permanent Fund Corporation budget from language section 8(g) to section 1, the numbers section. This is the portion of the base budget attributable to the Operations allocation. 1105 PF Gross (Other) 12,254.4												
* Allocation Total *		-150,498.7	0.0	0.0	-150,498.7	0.0	0.0	0.0	0.0	0	0	0
APFC Investment Management Fees												
H DOR 4 - Relocate the corporation's base budget to sec. 1 from section 8(g). Offered by Representative Seaton This amendment, along with three other amendments relocates the Permanent Fund Corporation budget from language section 8(g) to section 1, the numbers section. This is the portion of the base budget attributable to the Investment Management Fees allocation. 1105 PF Gross (Other) 138,769.2												
	IncM	138,769.2	0.0	0.0	138,769.2	0.0	0.0	0.0	0.0	0	0	0
H DOR 5 - Relocate a portion of the corporation's budget increment to sec. 1 from section 8(g). Offered by Representative Seaton This amendment, along with three other amendments, relocates the Permanent Fund Corporation budget from language section 8(g) to section 1, the numbers												
	Inc	11,729.5	0.0	0.0	11,729.5	0.0	0.0	0.0	0.0	0	0	0

**2018 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Department of Revenue

	<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
Alaska Permanent Fund Corporation (continued)												
APFC Investment Management Fees (continued)												
H DOR 5 - Relocate a portion of the corporation's budget increment to sec. 1 from section 8(g). (continued)												
section. This amendment allocates the portion of the corporation's increment attributable to the Investment Management Fees allocation.												
1105 PF Gross (Other)		11,729.5										
* Allocation Total *		150,498.7	0.0	0.0	150,498.7	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
*** Agency Total ***		140.0	140.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0
**** All Agencies Total ****		140.0	140.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0

Supporting Documents H DOR 6 Page 1 of 1

30-GH2564\D.13
Bruce/Wallace
2/1/18

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 286(FIN), Draft Version "D"

- 1 Page 52, lines 18 - 21:
- 2 Delete all material.

**2018 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers and Language

Agency: Department of Revenue

Allocation	[1] 19GovAdj	[2] HSub Rec	[2] - [1] 19GovAdj to HSub Rec	
Taxation and Treasury				
Tax Division	15,133.5	15,133.5	0.0	
Treasury Division	9,957.9	9,957.9	0.0	
Unclaimed Property	515.0	515.0	0.0	
AK Retirement Management Board	10,032.9	10,032.9	0.0	
ARM Custody and Mgt Fees	50,000.0	50,000.0	0.0	
Perm Fund Dividend Division	8,639.9	8,639.9	0.0	
Appropriation Total	94,279.2	94,279.2	0.0	
Child Support Services				
Child Support Services	25,428.4	25,428.4	0.0	
Appropriation Total	25,428.4	25,428.4	0.0	
Administration and Support				
Commissioner's Office	917.6	917.6	0.0	
Administrative Services	2,753.5	2,753.5	0.0	
Criminal Investigations Unit	406.9	406.9	0.0	
Appropriation Total	4,078.0	4,078.0	0.0	
Mental Health Trust Authority				
Mental Health Trust Operations	4,397.4	4,537.4	140.0	3.2 %
Long Term Care Ombudsman	904.9	904.9	0.0	
Appropriation Total	5,302.3	5,442.3	140.0	2.6 %
Municipal Bond Bank Authority				
AMBBA Operations	1,006.6	1,006.6	0.0	
Appropriation Total	1,006.6	1,006.6	0.0	

**2018 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers and Language

Agency: Department of Revenue

Allocation	[1] 19GovAdj	[2] HSub Rec	[2] - [1] 19GovAdj to HSub Rec	
AK Housing Finance Corporation				
AHFC Operations	94,659.5	94,659.5	0.0	
AK Corp for Affordable Housing	479.4	479.4	0.0	
Appropriation Total	95,138.9	95,138.9	0.0	
AK Permanent Fund Corporation				
APFC Operations	168,573.3	18,074.6	-150,498.7	-89.3 %
APFC Investment Mgmt Fees	0.0	150,498.7	150,498.7	>999 %
Appropriation Total	168,573.3	168,573.3	0.0	
Agency Total	393,806.7	393,946.7	140.0	
Funding Summary				
Unrestricted General (UGF)	25,009.2	25,009.2	0.0	
Designated General (DGF)	2,570.4	2,570.4	0.0	
Other State Funds (Other)	287,788.8	287,928.8	140.0	
Federal Receipts (Fed)	78,438.3	78,438.3	0.0	

Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

Numbers and Language

Agency: Department of Revenue

Allocation	ID=> Session=> Column=>	[1] 2015 15MgtP1n	[2] 2018 18MgtP1n	[3] 2018 19GovAdj	[4] 2018 HSub Rec	2015	[4] - [1] 2018	2018	[4] - [2] 2018	2018	[4] - [3] 2018
						15MgtP1n to HSub Rec		18MgtP1n to HSub Rec		19GovAdj to HSub Rec	
Taxation and Treasury											
Tax Division		18,023.1	15,093.5	15,133.5	15,133.5	-2,889.6	-16.0 %	40.0	0.3 %	0.0	
Treasury Division		10,120.3	10,518.7	9,957.9	9,957.9	-162.4	-1.6 %	-560.8	-5.3 %	0.0	
Unclaimed Property		459.1	584.5	515.0	515.0	55.9	12.2 %	-69.5	-11.9 %	0.0	
AK Retirement Management Board		8,040.9	10,032.9	10,032.9	10,032.9	1,992.0	24.8 %	0.0		0.0	
ARM Custody and Mgt Fees		43,906.7	50,000.0	50,000.0	50,000.0	6,093.3	13.9 %	0.0		0.0	
Perm Fund Dividend Division		8,403.8	8,611.8	8,639.9	8,639.9	236.1	2.8 %	28.1	0.3 %	0.0	
Appropriation Total		88,953.9	94,841.4	94,279.2	94,279.2	5,325.3	6.0 %	-562.2	-0.6 %	0.0	
Child Support Services											
Child Support Services		28,542.1	25,773.6	25,428.4	25,428.4	-3,113.7	-10.9 %	-345.2	-1.3 %	0.0	
Appropriation Total		28,542.1	25,773.6	25,428.4	25,428.4	-3,113.7	-10.9 %	-345.2	-1.3 %	0.0	
Administration and Support											
Commissioner's Office		991.6	917.2	917.6	917.6	-74.0	-7.5 %	0.4		0.0	
Administrative Services		2,243.3	2,750.5	2,753.5	2,753.5	510.2	22.7 %	3.0	0.1 %	0.0	
State Facilities Rent		342.0	0.0	0.0	0.0	-342.0	-100.0 %	0.0		0.0	
Natural Gas Commercialization		2,625.0	0.0	0.0	0.0	-2,625.0	-100.0 %	0.0		0.0	
Criminal Investigations Unit		1,660.5	0.0	406.9	406.9	-1,253.6	-75.5 %	406.9	>999 %	0.0	
Appropriation Total		7,862.4	3,667.7	4,078.0	4,078.0	-3,784.4	-48.1 %	410.3	11.2 %	0.0	
Mental Health Trust Authority											
Mental Health Trust Operations		3,956.7	4,397.4	4,397.4	4,537.4	580.7	14.7 %	140.0	3.2 %	140.0	3.2 %
Long Term Care Ombudsman		826.8	873.4	904.9	904.9	78.1	9.4 %	31.5	3.6 %	0.0	
Appropriation Total		4,783.5	5,270.8	5,302.3	5,442.3	658.8	13.8 %	171.5	3.3 %	140.0	2.6 %
Municipal Bond Bank Authority											
AMBBA Operations		845.8	1,006.3	1,006.6	1,006.6	160.8	19.0 %	0.3		0.0	
Appropriation Total		845.8	1,006.3	1,006.6	1,006.6	160.8	19.0 %	0.3		0.0	

Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

Numbers and Language

Agency: Department of Revenue

Allocation	ID=> Session=> Column=>	[1] 2015 15MgtP1n	[2] 2018 18MgtP1n	[3] 2018 19GovAdj	[4] 2018 HSub Rec	2015 15MgtP1n to	[4] - [1] 2018 HSub Rec	2018 18MgtP1n to	[4] - [2] 2018 HSub Rec	2018 19GovAdj to	[4] - [3] 2018 HSub Rec
AK Housing Finance Corporation											
AHFC Operations		93,682.3	94,759.5	94,659.5	94,659.5	977.2	1.0 %	-100.0	-0.1 %	0.0	
Anc. State Office Building		100.0	0.0	0.0	0.0	-100.0	-100.0 %	0.0		0.0	
AK Corp for Affordable Housing		474.0	479.4	479.4	479.4	5.4	1.1 %	0.0		0.0	
Appropriation Total		94,256.3	95,238.9	95,138.9	95,138.9	882.6	0.9 %	-100.0	-0.1 %	0.0	
AK Permanent Fund Corporation											
APFC Operations		12,231.9	12,254.4	168,573.3	18,074.6	5,842.7	47.8 %	5,820.2	47.5 %	-150,498.7	-89.3 %
APFC Investment Mgmt Fees		138,575.0	138,769.2	0.0	150,498.7	11,923.7	8.6 %	11,729.5	8.5 %	150,498.7	>999 %
Appropriation Total		150,806.9	151,023.6	168,573.3	168,573.3	17,766.4	11.8 %	17,549.7	11.6 %	0.0	
Agency Unallocated Approp											
Agency Unallocated Approp		0.0	0.0	0.0	0.0	0.0		0.0		0.0	
Appropriation Total		0.0	0.0	0.0	0.0	0.0		0.0		0.0	
Agency Total		376,050.9	376,822.3	393,806.7	393,946.7	17,895.8	4.8 %	17,124.4	4.5 %	140.0	
Funding Summary											
Unrestricted General (UGF)		33,831.4	25,584.9	25,009.2	25,009.2	-8,822.2	-26.1 %	-575.7	-2.3 %	0.0	
Designated General (DGF)		1,450.6	2,637.5	2,570.4	2,570.4	1,119.8	77.2 %	-67.1	-2.5 %	0.0	
Other State Funds (Other)		263,184.5	269,934.4	287,788.8	287,928.8	24,744.3	9.4 %	17,994.4	6.7 %	140.0	
Federal Receipts (Fed)		77,584.4	78,665.5	78,438.3	78,438.3	853.9	1.1 %	-227.2	-0.3 %	0.0	

Column Definitions

15MgtPln (FY15 Management Plan) - Authorized level of expenditures at the beginning of FY15 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

18MgtPln (FY18 Management Plan) - Authorized level of expenditures at the beginning of FY18 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

19GovAdj (FY19 Governor w/LFD Adjust) - FY19 Governor's Request with LFD Adjustments for proposed legislation and budget actions that require a supermajority vote.

HSub Rec (House Subcom Recommend) - House Finance Subcommittee Recommendations to the House Finance Committee.