

DEPARTMENT OF REVENUE
FY17 - Increment Status

Governor's Budget Items Approved as Requested

Item #	Appropriation/ Allocation	Description	Amount/Fund Source	FY17 CC Book Comment	GF Dec?	LFD Notes/Questions?	Agency Comments
1	Taxation and Treasury/ Treasury Division and ARMB	Add Investment Officers and Support Position	\$711.5 Total [\$710.2 I/A Receipts/ Retirement Funds (Other); \$1.3 PCE Endowment (DGF)] 3 PFT Positions	This increment provides funding primarily via inter-agency receipts paid from the pension funds managed by the Alaska Retirement Management Board (ARMB) and invested by the Treasury Division. There is a commensurate increment in the ARM Board for the I/A Receipts (\$709.5). The additional staff will include two new State Investment Officers (with base salaries of \$218.5 each) and one new Accountant (with a base salary of \$82.0).	No	Please provide progress on recruitment and filling of the positions.	In FY 2017 Treasury budget increments added 2 State Investment Officers, on top of the two they were already recruiting for from the FY 2016 increment. Those positions, coupled with new vacancies of 3 Investment Officers resulted in a recruitment effort for all 7 of these vacant positions. 29 candidates were interviewed and 5 total were hired. It should be noted that 13 of the 29 candidates interviewed withdrew their applications. Current volatility in the state budget and concerns about competitive compensation likely influenced those applicant withdrawals, and may impact future recruiting efforts. Another recruitment effort is anticipated during the first few months of 2017. The new Accountant position, added in FY17, has been hired.
2	Taxation and Treasury/ Tax Division	Cash Logistics for Marijuana Tax Payments	\$50.0 UGF IncOTI	Taxpayers are expected to experience difficulties in obtaining banking services due to the fact that the federal government still considers marijuana to be an illegal substance. From experiences in other states (including Colorado), the Tax Division expects to receive up to 60% of all tax payments in cash. To handle these payments, the Division will be building a secure cash room. This \$50.0 is for the initial build out and improvements to existing security cameras and cash counting machines. Moving forward, there is an expected regular expense for the transportation of cash, and the arming of security guards. Revenue will likely need an ongoing increment from marijuana receipts to offset cash collection administration.	No	Please provide an update on the cash collections process and how this increment is being utilized.	The department has expended approximately \$10,000 of this one time increment for the purposes of collecting marijuana taxes in the Linny Pacillo Parking Garage lobby space. Additional cameras and monitoring is still being added, and those costs have not been finalized. The Tax Division identified a ventilation and air filtration issue associated with residual plant odor on the cash, and the department may expend funds for costs associated with mechanical isolation of the airspace.