

**Assembly Budget/Finance Committee**

**November 17, 2022**

**Revenue Summary Highlights\* from MOA Treasury**

\*per SAP extract report generated as of 11/14/22; revenue highlights include all 100 Fund Gen'l Gov't Operating Budget Revenues, plus full amount of room tax (all funds) as well as information re: separate fund revenues for Building Safety Fund and Alcohol Tax Fund

**Overall 2022 YTD Revenue Realization**

- 2022 Total Budgeted Revenues: \$791.1M (incl. ASD) – **Note:** Budget revisions were made in Oct/Nov to increase the revenue budget for Municipal Assistance from \$1.7M to \$6.0M and to establish a separate revenue budget line item of \$4.2M for AFD SEMT back year payments received in 2022
- 2022 YTD Actual Revenues posted in SAP: \$773.6M
- 2022 YTD Revenue Realization: 98%
- Projected variances cited below represent “net” positive variance of \$15.8M (\$15M of which is tied to the projected variance, relative to the revised budget, for AFD SEMT back year payments received in Sept/Oct 2022). **Note:** The remaining “net” positive variance includes primary positive variances in projected room tax and rental vehicle tax (\$8.5M), largely offset by material negative variance in projected Cash Pool earnings (\$6.2M).

**Highlights of Select Major Revenues: Preliminary Outlook or Trend**

	2021 Actual	2022 Budget	2022 YTD posted rev in SAP	2022 YTD Realization	Baseline info for projection	Current Outlook or Trend vs. Budget	Add'l Comments
<b>2022 PFD Garnishment Revenues (mostly APD)</b>	\$4.85M	\$6.9M	n/a	n/a	2022 announced PFD + energy relief payment amount of \$3,284.	Expected to exceed budget by approximately \$100K.	First three batches of PFD payments have been to-date received.
<b>MUSA/MESA</b>	\$20.0M	\$20.1M	\$19.1M	95%	Based on SAP postings thru 11/14/22.	Projected negative variance of <\$1.0M>.	Municipal utilities and enterprises to pay their annual MUSA/ MESA payments during Q3 2022.

	2021 Actual	2022 Budget	2022 YTD posted rev in SAP	2022 YTD Realization	Baseline info for projection	Current Outlook or Trend vs. Budget	Add'l Comments
Private PILT	\$12.4M	\$12.7M	\$11.8M	93%	Based on contractual payments payable to MOA.	Projected negative variance of <\$900K>.	Includes actual annual payments received from Aurora Base Housing and Chugach Electric.
Real Property Tax (incl. ASD)	\$563.4M	\$554.5M	\$549.9M	99.2%	Based on 2022 Roll 1 real property tax billings in late June 2022 and late August 2022, combined with subsequent value adjustments and payments received each month for delinquent real property.	Projected negative real property tax variance of <\$4.6M>. <b>Note:</b> In total, real and personal property tax projected to exceed budget by <\$100K>.	Current Year Real (and Personal) Property Tax Revenue is posted when billed and delinquent property tax payments are posted when received and adjusted at Year End by Controller Division per accounting standards.
Personal Property Tax (incl. ASD)	\$48.4M	\$43.2M	\$47.7M	110.4%	Based on 2022 billing of all personal property Rolls 2-7 in October 2022.	Projected positive personal property tax variance of \$4.5M. Budget set at lower amount than prior year.	See preceding comment re: property tax revenue accounting standards.
Cash Pool Earnings Revenue Accounts (incl. TANS)	<\$2.3M>	\$712.2K	<\$7.2M>	n/a	SAP revenue postings reflect actual earnings allocations thru September 2022. Remainder of 2022 cash pool/TANS	Budget set at lower amount than prior year. Potential negative variance of <\$6.2M> as of early November	Earnings and market value of Cash Pool investments can vary significantly month-to-month.

	2021 Actual	2022 Budget	2022 YTD posted rev in SAP	2022 YTD Realization	Baseline info for projection	Current Outlook or Trend vs. Budget	Add'l Comments
					earnings projection is based on past earnings allocations during comparable time periods.	2022 per projection received from Public Finance & Investments Division.	
<b>Room Tax (GG portion) – QUARTERLY REPORTED REVENUE</b>	\$29.0M	\$29.6M	\$19.8M	67%	Based on receipt of Q1 thru Q3 2022 actual filings. YTD filings through first three quarters of the year show an increase in taxable room rents of 41% over same period in 2021.	<u>Gen'l Gov't portion</u> of room tax expected to notably exceed budget by approximately \$4.5M. Grand total projected room tax for 2022 is projected to be approximately \$40 million.	Room tax revenues are driven by extraordinary levels of pricing which are not sustainable in years to come. Q1 thru Q3 2022 data show an exceptionally strong increase over comparable prior year periods.
<b>Rental Vehicle Tax – QUARTERLY REPORTED REVENUE</b>	\$7.4M	\$8.3M	\$11.6M	140%	Based on receipt of Q1 thru Q3 2022 actual filings + large payment of back taxes (principal portion) received in June 2022. YTD filings through first three quarters of the year show an increase in taxable rental vehicle transactions of	Expected to exceed budget by approximately \$4M (note: \$1.4M of which ties to the large back taxes payment in June 2022).	Similar to assumptions and trends used for room tax (see above). Note, however, percentage price changes observed quarter-to-quarter in 2022 were more volatile and larger in breadth than room tax.

	2021 Actual	2022 Budget	2022 YTD posted rev in SAP	2022 YTD Realization	Baseline info for projection	Current Outlook or Trend vs. Budget	Add'l Comments
					31% over same period in 2021.		
<b>Rental Vehicle Tax – Interest and Penalty</b>	\$3K	\$34K	\$503K	--	Based on large payment of back taxes (int. and penalty portion) recv'd in June 2022.	Expected to exceed budget by slightly more than \$469K.	Extraordinary year of interest and penalties associated with Rental Vehicle Tax.
<b>Tobacco Tax</b>	\$20.2M	\$20.7M	\$16.4M	79%	Based on 9 months of filings.	Appears on pace to meet or modestly exceed budget, however year end revenue is subject to timing of acquisitions by Distributors.	Tobacco tax remittances are historically higher during the summer months.
<b>Motor Fuel Excise Tax</b>	\$12.2M	\$13.3M	\$9.1M	68%	Based on 9 months of motor fuel excise tax payments posted or to-be posted in SAP.	Possible negative variance of <\$1M>. MOA is mirroring national fuel consumption trends. Fuel consumption was down during first half of 2022 in part due to higher gas prices.	Seasonality impact exists. Fuel Excise Tax is based on gallons of fuel purchased, not on price per gallon.
<b>Auto Registration Tax</b>	\$10.5M	\$10.8M	\$8.1M	75%	Based on 9 months of DMV payments posted or to-be posted in SAP.	Expected to at least meet budget.	Percentage realization is approx. 5% ahead of 2021.

	2021 Actual	2022 Budget	2022 YTD posted rev in SAP	2022 YTD Realization	Baseline info for projection	Current Outlook or Trend vs. Budget	Add'l Comments
<b>Marijuana Tax</b>	\$5.7M	\$6.0M	\$4.3M	72%	Based on 9 months of filings.	Projected negative variance of <\$300K> due to signs of potential market saturation. YTD postings do not reflect seasonal increases, or full effect of increased 2022 PFD.	Seasonal increases expected around major holiday, summer season and PFD.
<b>Municipal Assistance</b>	\$1.7M	\$6.0M	\$7.2M	120%	Based on SAP postings thru 11/14/22. Alaska Municipal League (AML) and SOA Dept of Commerce, Community, and Economic Development used as primary sources of projected revenue sharing amount.	Expected to exceed revised budget amount by \$1.2M, per actual posted final amount in SAP.	SOA transmitted payment to MOA in Oct/Nov following receipt of annual financial report from MOA for year-end 2021, which was issued at end of September 2022.
<b>APD Counter Fines</b>	\$2.2M	\$2.2M	\$1.8M	82%	Based on 10 months of timely paid traffic citations.	Expected to meet budget.	Grant funds are used for traffic enforcement.
<b>Ambulance Service Fees / SEMT reimb. revenues</b>	\$9.2M	\$17.6M	\$31.3M	178%	Based on SAP postings as of 11/14/22.	Projected positive revenue variance of approximately \$15M, due to receipt of large dollar back year payments	Revenues are adjusted quarterly by Controller Division based on collectability. 2022 budget was increased

	2021 Actual	2022 Budget	2022 YTD posted rev in SAP	2022 YTD Realization	Baseline info for projection	Current Outlook or Trend vs. Budget	Addt'l Comments
						for the SEMT Medicaid reimbursement program.	in Oct/Nov by \$4.2M for the SEMT program.
<b>MOA Trust Fund</b>	\$18.8M	\$17.1M	\$14.3M	84%	Based on 2022 dividend amount calculated at 4.00% payout, consistent with AMC 6.50.060 calculation methodology.	Expected to meet dollar amount cited in 2022 1 <sup>st</sup> Quarter Budget Revision.	Annual dividend calc is determined as of March 31 of each year. Initial \$11.6M portion of 2022 dividend was paid on 1/14/22.
<b>Bldg Safety Fund (163000)</b>	\$5.7M	\$5.9M	\$5.9M	100%	Based on SAP postings thru 11/14/22.	Projected to meet or slightly exceed budget. 2022 YTD realization thru first 10 mos. is 100% (as compared to 102% for same time period in 2021).	Separate fund associated with Bldg. Permit Center.
<b>Alcohol Retail Sales Tax (Fund 206000)</b>	\$14.0M	\$15.4M	\$12.1M	79%	Based on 9 months of filings and payments posted to SAP.	Expected to at least meet budget.	Separate, dedicated fund. Projection amount includes tax, interest, penalty and misc. revenues posted to the Alcohol Fund in SAP.