

State of Alaska
Department of Revenue
Administrative Services Division



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February 4, 2011

Honorable Senator Thomas
State Capitol Room 514
Juneau, AK 99801

Dear Senator Thomas,

You requested the balance and transfer amounts of the Amerada HESS Fund. The Fund is managed by the Alaska Permanent Fund Corporation. The interest earnings that are transferred to the Capital Income Fund are managed by the Department of Revenue Treasury Division.

Amerada HESS Fund:

Balance of the AmHess account = \$424,398,972.03 (this will never change under current law, as nothing is added to it anymore)

Prior year transfers (generally sent in the last week of July each year):

6/30/2010 = \$0

6/30/2009 = \$0

6/30/2008 = \$32,962,838.52

6/30/2007 = \$42,287,323.53

6/30/2006 = \$36,747,608.50

The zero transfer years are due to realized losses in the market crisis. In FY2009 there were \$33,343,373.41 in realized losses attributed to the Amerada Hess balance. In FY2010 \$20,830,076.96 was realized, and served to decrease ("pay back") that negative balance. Anything greater than \$12,513,296.45 (the remaining negative balance) in earnings this year will be transferred to the AK Capital Income Fund in July 2011.

Capital Income Fund transfers from AmHESS:

The balance of the Alaska Capital Income Fund was \$221,104,397.49 at 12/31/10.

Please feel free to contact me if you have additional questions.

Sincerely,

Ginger Blaisdell
Director, Administrative Services Division

LEGAL SERVICES

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MEMORANDUM

February 4, 2011

SUBJECT: Amendment to SB 43: capital income fund repeal
(Work Order No. 27-GS1893\A.5)

TO: Senator Joe Thomas
Co-Chair of the Senate Education Committee

FROM: Jean M. Mischel
Legislative Counsel

The enclosed amendment allows the Amerada Hess settlement funds to be deposited directly into a combined education grant and scholarship fund. In doing so, we have repealed the capital income fund (AS 37.05.565) since that was the purpose of that fund, and amended AS 37.13.145(d). We also have repealed the 1992 SLA pertaining to the handling and deposit of the Amerada Hess funds to avoid the possibility, however unlikely, that a court would issue an opinion triggering the repeal of AS 37.13.145(d).

Section 28, ch. 134, SLA 1992 provides:

AS 37.13.145(d), added by sec. 19 of this Act, is repealed on the day that the revisor of statutes certifies to the legislature that the Alaska Supreme Court has made a final determination that, in the absence of AS 43.23.045(c), repealed by sec. 29 of this Act, or AS 37.13.145(d), added by sec. 19 of this Act, no judge or juror is disqualified from serving as judge or juror solely because the judge or juror may qualify to receive a permanent fund dividend.

If I may be of further assistance, please advise.

JMM:ljw
11-070.ljw

Enclosure

AMENDMENT

OFFERED IN THE SENATE
TO: SB 43

BY SENATOR THOMAS

1 Page 1, lines 2 - 4:

2 Delete "establishing the Alaska performance scholarship investment fund and the
3 Alaska performance scholarship award fund and relating to the funds;"

4 Insert "relating to AlaskAdvantage education grant funding and to Alaska
5 performance scholarship funding and establishing an account and funds for those
6 purposes; repealing the Alaska capital income fund and a provision relating to the
7 Alaska capital income fund;"

8

9 Page 4, line 24:

10 Delete "Sec. 14.43.845."

11 Insert "Sec. 14.43.915. AlaskAdvantage education grant and"

12

13 Page 4, line 24, following "The":

14 Insert "AlaskAdvantage education grant and"

15

16 Page 4, line 26, following "for":

17 Insert "AlaskAdvantage education grant awards under AS 14.43.400 - 14.43.420 and"

18

19 Page 4, line 28, following "pay":

20 Insert "grants awarded under AS 14.43.400 - 14.43.420 and"

21

22 Page 4, line 31, following "awarding":

23 Insert "grants under AS 14.43.400 - 14.43.420 and"

24

Page 5, following line 8:

Insert new bill sections to read:

**** Sec. 9.** AS 37.07.020(b) is amended to read:

(b) In addition to the budget and bills submitted under (a) of this section, the governor shall submit a capital improvements program covering the succeeding six fiscal years. The governor shall also submit a fiscal plan with estimates of significant sources and uses of funds for the succeeding 10 fiscal years. The fiscal plan

(1) must include sufficient details to identify

(A) significant sources of funds;

(B) significant uses of funds, including lump sum projections

of

(i) operating expenditures;

(ii) capital expenditures;

(iii) debt service expenditures;

(iv) fund capitalizations;

(v) appropriations of income of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska), if any;

(2) must balance sources and uses of funds held while providing for essential state services and protecting the economic stability of the state;

(3) must include projected balances of significant funds held in separate accounts, including the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska), the public education fund (AS 14.17.300), and the Alaska Advantage education grant and Alaska performance scholarship fund (AS 37.14.750) [ALASKA CAPITAL INCOME FUND (AS 37.05.565)];

(4) must set out significant assumptions used in the projections with sufficient detail to enable the legislature to rely on the fiscal plan in understanding, evaluating, and resolving issues of state budgeting, including information that supports major areas of operating increases, such as population demographics that affect the need for particular government services.

*** Sec. 10.** AS 37.13.145(d) is amended to read:

(d) Notwithstanding (b) of this section, income earned on money awarded in

or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement, summary judgment, or adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned on the money, or on the earnings of the money shall be treated in the same manner as other income of the Alaska permanent fund, except that it is not available for distribution to the dividend fund or for transfers to the principal under (c) of this section, and shall be annually deposited into the **AlaskAdvantage education grant and Alaska performance scholarship fund (AS 37.14.750)** [ALASKA CAPITAL INCOME FUND (AS 37.05.565)]."

Renumber the following bill sections accordingly.

Page 5, line 10, following "8A.":

Insert "**AlaskAdvantage Education Grant and**"

Page 5, line 11, following "Sec. 37.14.750.":

Insert "**AlaskAdvantage education grant and**"

Page 5, line 12, following "The":

Insert "**AlaskAdvantage education grant and**"

Page 5, line 15:

Delete "and"

Page 5, line 16, following "assets":

Insert "; and

(4) money deposited to the fund under AS 37.13.145(d)"

Page 6, line 2, following "the":

Insert "**AlaskAdvantage education grant and**"

1 Page 6, line 3:

2 Delete "AS 14.43.845"

3 Insert "AS 14.43.915"

4

5 Page 6, line 4, following "award":

6 Insert "grants under AS 14.43.400 - 14.43.420 and"

7

8 Page 6, line 6, following "the":

9 Insert "AlaskAdvantage education grant and"

10

11 Page 6, line 11, following "the":

12 Insert "AlaskAdvantage education grant and"

13

14 Page 6, line 26, following "the":

15 Insert "AlaskAdvantage education grant and"

16

17 Page 7, line 9, following "the":

18 Insert "AlaskAdvantage education grant and"

19

20 Page 7, line 11:

21 Delete "is"

22 Insert "and AS 37.05.565 are"

23

24 Page 7, following line 11:

25 Insert a new bill section to read:

26 **"* Sec. 15. Section 28, ch.134, SLA 1992, is repealed."**

27

28 Renumber the following bill sections accordingly.

29

30 Page 8, following line 13:

31 Insert a new bill section to read:

1 **** Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 TRANSITION: ALASKA PERFORMANCE SCHOLARSHIP INVESTMENT
4 FUND. The money deposited in the Alaska capital income fund established under
5 AS 37.05.565 shall be transferred to the Alaska performance scholarship investment fund
6 established under AS 37.14.750 on July 1, 2011."

7

8 Renumber the following bill sections accordingly.

9

10 Page 8, line 14:

11 Delete "Section 15"

12 Insert "Section 18"

13

14 Page 8, line 15:

15 Delete "Section 11"

16 Insert "Section 13"

17

18 Page 8, line 16:

19 Delete "secs. 16 and 17"

20 Insert "secs. 20 and 21"