



ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Legislative Finance Division

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Juneau, Alaska

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MEMORANDUM

DATE: January 31, 2024

TO: Senator Bert Stedman
Senator Lyman Hoffman
Senator Donny Olson
Co-Chairs, Senate Finance Committee

FROM: Alexei Painter
Legislative Fiscal Analyst

A handwritten signature in blue ink, appearing to read "AP" followed by a cursive signature.

SUBJECT: Responses to Committee Questions from January 24 Meeting

Thank you for inviting the Legislative Finance Division to present an overview of the State's fiscal situation and the Governor's FY25 budget. Responses to questions and requests for follow-up information from the committee hearing are below.

Senator Hoffman asked about how other large funds handle inflation proofing.

Alaska's two-account system is unusual for large funds of its type; most have a single account with a spending rule (which may be based on a POMV like Alaska's, or other rules).

We could find one example that is comparable to the Alaska Permanent Fund's structure. The North Dakota Legacy Fund has a similar constitutional structure, where earnings may be spent by the legislature, but the principal is protected (although it can be spent with a two-thirds vote of the legislature). Inflation-proofing for that fund is subject to appropriation each biennium; there are no rules for inflation-proofing.

Senator Stedman asked for a historical comparison of production by field.

See the table below.

Alaska North Slope Production (Thousand barrels per day)

	History		Forecast	
	FY 2022	FY 2023	FY 2024	FY 2025
01 Prudhoe Bay	205.5	201.0	190.4	191.8
02 PBU Satellites	65.7	75.2	82.4	87.1
03 GPMA	29.3	29.0	28.4	27.6
04 Kuparuk	58.5	54.5	51.4	45.7
05 Kuparuk Satellites	25.4	24.7	28.2	30.0
06 Endicott	7.5	6.9	9.5	10.8
07 Alpine	36.0	35.4	32.3	30.7
08 Offshore	29.7	29.5	27.6	25.6
09 NPRA	9.8	15.8	17.0	11.6
10 Point Thomson	9.1	7.2	3.0	2.8
11 Other	0.0	0.0	0.0	0.0
Total Alaska North Slope	476.4	479.4	470.3	463.8

Source: DOR Fall 2023 Revenue Sources Book

Field grouping:

01 Prudhoe Bay

02 Aurora, Borealis, Midnight Sun, Milne Point, Orion, Polaris, Sag River

03 Lisburne, Niakuk, North Prudhoe/Put River, Point McIntyre, Raven

04 Kuparuk

05 Coyote, Nuna-Torok, Tabasco, Tarn, West Sak

06 Badami, Eider, Endicott, Minke, Sag Delta

07 Alpine, Fiord West, Mustang, Nanuq, Narwhal, Qannik

08 Hooligan, Nikaitchuq, Northstar, Ooguruk

09 Greater Mooses Tooth, Willow

10 Point Thomson, Sourdough

11 Projects under development or evaluation outside previous areas that have forecast production within ten years. Includes Alkaid, Horseshoe, Pikka, Quokka, Talitha, Theta West.

Senator Hoffman asked about the total amount of the Governor's FY24 vetoes.

The Governor vetoed \$145.4 million UGF from the operating budget and \$56.8 million UGF from the capital budget, for a total of \$202.2 million UGF.

Senator Merrick asked how long it would take to retire current school debt.

The current debt schedule shows that debt will remain outstanding through FY40, although the total per year falls under \$1 million beginning in FY37.