

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 245
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB245CS(FIN)-DOR-APFC-6-6-16
Title: PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Senate Finance

Department: Department of Revenue
Appropriation: Alaska Permanent Fund Corporation
Allocation: APFC Operations
OMB Component Number: 109

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services	14,800.0		14,800.0	14,800.0	14,800.0	14,800.0	14,800.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	14,800.0	0.0	14,800.0	14,800.0	14,800.0	14,800.0	14,800.0

Fund Source (Operating Only)

1105 PF Gross	14,800.0		14,800.0	14,800.0	14,800.0	14,800.0	14,800.0
Total	14,800.0	0.0	14,800.0	14,800.0	14,800.0	14,800.0	14,800.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

CS would transfer management of the Constitutional Budget Reserve to APFC.

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Phone: (907)796-1520
Date: 06/06/2016 12:00 AM
Date: 06/06/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HB 245

Analysis

This bill transfers management of the Constitutional Budget Reserve to APFC.

This fiscal note assumes that this transfer would result in a net increase of assets under management of approximately \$5 billion, or approximately 10% of the total fund. The projected increase in management fees is reflected above. It is assumed that earnings are being spent and there would be no change to the CBR principal balance.

In addition, the bill would allow for an annual draw from the Permanent Fund earnings reserve of up to 5.25% of the average market value of the fund, including earnings reserve, for the first five of the preceding six fiscal years. This draw would be allocated between the Dividend Fund and the General Fund. Managing toward this liability may change the asset allocation of the Permanent Fund, however at this time it is difficult to forecast if it would impact the asset allocation to a degree that would require additional investment staff, accounting staff or related resources.

It is assumed that the CBR is invested in the same asset allocation as the Fund.