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Questions & Answers for HJR 8 in House State Affairs Committee

Tuesday, April 7, 2009

Question: Where did the definition of “mineral revenue” come from on page 1, lines 8-10 of the resolution?

Answer: Article 9, Section 15 of the Alaska Constitution, which says: “At least twenty-five per cent of all **mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses** received by the State shall be placed in a permanent fund, etc...”

Mineral production refers to the State’s production tax (ACES) on oil. Mineral Transportation refers to the State’s tariff on transporting oil through the Trans-Alaska Pipeline System. This section would apply to a potential gasline as well.

Question: Has the Constitutional Budget Reserve been repaid?

Answer: According to the Comprehensive Annual Financial Report of the State of Alaska, the remaining indebtedness to the CBR is \$150 million and change. In FY08 the legislature appropriated \$3 billion from the general fund to the CBR. Additionally, at the end of FY08 over \$2 billion was swept from a variety of GF sub-funds and accounts, and transferred to the CBR.

Question: Can we include fish receipts and tourism in the 5-year appropriation limit?

Answer: Yes we can, but the state receives minimal revenue from these sources when compared to mineral revenue. For example, total unrestricted income from Fish Taxes was \$22.4 and \$22.6 million in FY07 and FY08. If these receipts were included in HJR 8, they would represent ½ a percent of total revenue in FY07 and even less in FY08. The Fall 2008 Revenue Sources book includes other restricted revenue from fish receipts, but because they are restricted they should not be included in the HJR 8 model.

Total unrestricted income from tourism includes: \$9 million from the Car Rental Tax, \$12.3 million from the Cruise Corporate Income Tax, \$3.5 million from the Tourism Corporate Income Tax, and \$6.7 million from the Cruise Gaming Tax. Total unrestricted revenue from tourism in FY08 was \$31.5 million. These funds represent a 1/3 of a percent of total revenue for FY08. The Fall 2008 Revenue Sources book includes other restricted revenue from tourism, but because they are restricted they should not be included in the HJR 8 model.

Question: Can we calculate a 3-year Average, deleting the high extreme and the low extreme?

Answer: Yes. (See Attached)