FISCAL NOTE

STATE OF ALASKA 2016 LEGISLATIVE SESSION					Bill Version Fiscal Note Number () Publish Date				
Identifier (file name) 0513-DOR-APFC-07-07-16 Title Alaska Permanent Fund Protection Act					Dept. Affected Appropriation	Revenue Alaska Permanet Fund Corporation			
0	Dulan has Donnard of the Occasion				Allocation	APFC Inve	C Investment Management Fees		
Sponsor Rules by Request of the Governor Requester			OMB Component Number 109						
					housands of Dollars)				
Note: Amounts do n		unless otherwise	e noted below	(THC	busarius or Doil	ars)			
Note: / linearite de li	ot moidde iimation	difficos ourier wiek	I Hoted Below.						
		FY17 Appropriation Requested	Included in Governor's FY17 Request	Out-Year Cost Estimates					
OPERATING EXPE	NDITURES	FY17	FY17	FY18	FY19	FY20	FY21	FY22	
Personal Services Travel									
Services		14,800.0	0.0	14,800.0	14,800.0	14,800.0	14,800.0	14,800.0	
Commodities									
Capital Outlay									
Grants, Benefits Miscellaneous									
TOTAL OF	PERATING	14,800.0	0.0	14,800.0	14,800.0	14,800.0	14,800.0	14,800.0	
FUND SOURCE				(Th	Thousands of Dollars)				
1002 Federal Red	ceipts			`		,			
1003 GF Match 1004 GF									
1004 GF 1105 PF Gross (C	Other)	14,800.0	0.0	14,800.0	14,800.0	14,800.0	14,800.0	14,800.0	
1007 I/A Rcpts (Other)		. 1,00010	3.0	,00010	,000.0	,000.0	,000.0	,000.0	
1178 temp code ((UGF)	44.000.0	0.0	44.000.0	44.000.0	44.000.0	44.000.0	44.000.0	
		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									
· · ·		1				111 = 22 2 1			
CHANGE IN REVE	NUES	383,640.0	11	380,100.0	362,160.0	344,720.0	326,070.0	304,750.0	
Estimated SUPPLE (discuss reasons an				0.0	(separate sup	plemental appro	ppriation require	d)	
Estimated CAPITA (discuss reasons an		n analysis section	n) _	0.0	(separate cap	ital appropriation	n required)		
ASSOCIATED REG					_				
Does the bill direct, or will the bill result in, regulation changes adopted by your agency? If yes, by what date are the regulations to be adopted, amended, or repealed?						No Discuss details in analysis section.			
il yes, by what date	are the regulations	to be adopted,	amenueu, or repe	saleu :		Discuss detail	s in analysis sec	SHOTI.	
Why this fiscal not	e differs from pre	vious version (if initial version,	please note a	s such)				
Prepared by	pared by Paulyn Swanson					Phone (907)796-1520			
Division	Alaska Permanent Fund Corporation					Date/Time 7/7/16 12:00 AM			
Approved by	Angela Rodell					Date	7/7/2016		
Agency	Alaska Permanent Fund Corporation					-		<u></u>	

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FISCAL NOTE ANALYSIS

STATE OF ALASKA 2016 LEGISLATIVE SESSION

Analysis

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

For the purposes of this fiscal note, it is assumed -

- earnings are being spent and there would be no change to the CBR principal balance.
- the CBR is invested in the same asset allocation as the Fund.
- 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 based on a 10% increase over the current FY17 Operating Budget APFC Investment Management Fees Allocation of \$148,191,000.

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.

Anticipated earnings on the CBR have been added to reflect change in revenues. CBR Projected Revenue Assumptions -

- Callan 10-yr return assumption 6.9%
- Initial transfer occurs on 7/1/16
- Deposit and draws occur on 7/1
- Beginning balance, deposits, and draw amounts provided by Department of Revenue.

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