

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: CSHB 333(EDU)
 (H) Publish Date: 3/22/04

Revision Date/Time (Note if correction): _____ Dept. Affected: UA
 Title PUBLIC SCHOOL ENDOWMENT BRU _____
 Component _____
 Sponsor OGG, COGHILL, HOLM, Wilson
 Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	0.0	5.0	15.0	30.0	50.0	75.0
TOTAL OPERATING	0.0	5.0	15.0	30.0	50.0	75.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (UA Receipts)	0.0	5.0	15.0	30.0	50.0	75.0
TOTAL	0.0	5.0	15.0	30.0	50.0	75.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

In the short term (6 years) this bill would provide very little operating revenue, due to the fact that the funding resulting from this bill is deposited into UA's Land Grant Trust Fund (LGTF, an endowment that has a payout policy similar to the POMV principles i.e. 5% of the prior five year endowment average), however in the long term, after substantial additions to the LGTF endowment UA can see modest operating revenue. In FY11 (yr7) UA would have \$100,000 of operating revenue and by FY14 (yr10) revenue would be \$175K - these figures are based on the following assumptions: 1) DNR does all the land development and transfers only the resulting funding, 2) DNR returns \$100 Million in eligible revenue, of which 3) UA deposits 0.5% (50% of the 1% for education) into its LGTF. Given assumption (1) above, the land development responsibility resides entirely with DNR, therefore the resulting operating revenue is available for UA priority programs. The spreadsheet in the attached worksheet labeled HB333 comparison and titled "HB333 comparison of version one and version two," shows the annual estimates FY05-FY14.

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HB333 Comparison of Version One (1%) and Version Two (4%)

(All Figures x\$1,000)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
DNR Annual Eligible Land/Resource Earning for Dist.*	100,000.0	100,000.0	100,000.0	100,000.0	100,000.0	100,000.0	100,000.0	100,000.0	100,000.0	100,000.0
UA LGTF Endowment Annual Additional Principle										
@ 1% tenents in common revenue sharing (0.5%)	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0
@ 4% tenents in common revenue sharing (2.0%)	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
UA LGTF Endowment Cumulative Increment										
@ 1% tenents in common revenue sharing (0.5%)	500.0	1,000.0	1,500.0	2,000.0	2,500.0	3,000.0	3,500.0	4,000.0	4,500.0	5,000.0
@ 4% tenents in common revenue sharing (2.0%)	2,000.0	4,000.0	6,000.0	8,000.0	10,000.0	12,000.0	14,000.0	16,000.0	18,000.0	20,000.0
UA Annual Operating Revenue (Based on UA LGTF endowment using POMV principles 5% of prior 5 year endowment average)										
@ 1% tenents in common revenue sharing (0.5%)	-	5.0	15.0	30.0	50.0	75.0	100.0	125.0	150.0	175.0
@ 4% tenents in common revenue sharing (2.0%)	-	20.0	60.0	120.0	200.0	300.0	400.0	500.0	600.0	700.0

* The -DNR Annual Eligible Land/Resource Earning for Dist.- amount of \$100M is used for ease of calculation and does not represent an accurate estimate. However, when an accurate estimate becomes available this table facilitates easy extrapolation. For instance if the DNR Annual Eligible Land/Resource Earning for Dist. estimate is \$200M UA's result revenue would double, if the estimate is \$1B UA's revenue would be 10 times higher.