

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 422(STA)  
 (H) Publish Date: 3/8/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Budget Reserve Fund Investment BRU Revenue Programs & Services  
 Component Treasury Management  
 Sponsor House Finance  
 Requester House State Affairs Component No. 121

**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	<125.0>	<125.0>	<125.0>	<125.0>	<125.0>	<125.0>
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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 (Constitutional Budget Reserve Fund)	<125.0>	<125.0>	<125.0>	<125.0>	<125.0>	<125.0>
<b>TOTAL</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>	<b>&lt;125.0&gt;</b>

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	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would eliminate the requirement to invest the CBRF subaccount in equity securities. Investing in equities requires contracting with investment managers. The current cost of the investment contracts is \$125.0 per year. These fees would no longer be required if this legislation passes.

The legislation would also require the CBRF to invest only in investment grade fixed income securities. Less diversification may result in lower investment returns if there is a substantial increase in equity prices. However, the decline in the CBRF fund balance creates a compelling need for a more conservative asset allocation to preserve the fund.

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 Division Treasury Date/Time 2/9/04 9:45 AM  
 Approved by: Tom Boutin Date 2/9/2004  
 Agency Department of Revenue