

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 431
 (H) Publish Date: 2/26/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Municipal Dividend Program RDU AK Permanent Fund Corporation
 Component AK Permanent Fund Corporation
 Sponsor Representative Moses
 Requester Community and Regional Affairs Component No. 109

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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)

The proposed legislation does not increase the cost of operations for the Alaska Permanent Fund Corporation. See the attached schedule for the annual amount estimated to be available for the municipal dividend.

Prepared by: Robert D. Storer, Executive Director Phone 465-2047
 Division Alaska Permanent Fund Corporation Date/Time 2/26/04 1:34 AM
 Approved by: Steve Porter, Deputy Commissioner Date 2/6/2004
 Agency Department of Revenue



Analysis of current statutory payout versus HB 431 Alaska Permanent Fund Corporation

Based on December 2003 financial projections (\$ in millions, except per person dividend)

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	Totals FY04 - FY15
Payout per HB 431	709	647	707	885	1,068	1,166	1,249	1,355	1,420	1,484	1,586	1,643	13,920
Municipal Dividend (\$250 per PFD application)	148	149	150	150	151	152	153	154	154	155	156	157	1,829
Distribution for PFD Fund	561	498	558	735	917	1,014	1,096	1,202	1,266	1,329	1,430	1,487	12,091
Payout - Current Dividend formula only	561	499	560	739	925	1,027	1,113	1,226	1,297	1,367	1,477	1,542	12,331
Difference in annual lump sum payout (HB 431 - Current statutes)	148	148	148	146	144	140	135	129	124	117	109	102	1,589
Retain for Inflation - HB 431	0	613	635	657	680	703	727	751	776	801	828	855	8,026
Retain for Inflation - Status Quo	0	613	635	657	680	703	727	751	776	801	828	855	8,025
AK Permanent Fund end of year value in 2015 - HB 431												45,644	45,644
Reserved assets (Principal + Unrealized appreciation)												39,988	39,988
Realized earnings reserve												5,656	5,656
AK Permanent Fund end of year value in 2015 - Current statutory formulas												48,165	48,165
Reserved assets (Principal + Unrealized appreciation)												40,223	40,223
Realized earnings reserve												7,942	7,942
Per Person Dividend HB 431	\$ 890	\$ 780	\$ 870	\$ 1,160	\$ 1,460	\$ 1,610	\$ 1,730	\$ 1,900	\$ 1,990	\$ 2,080	\$ 2,230	\$ 2,310	\$ 19,010
Per Person Dividend - current formulas	\$890	\$780	\$880	\$1,170	\$1,470	\$1,630	\$1,760	\$1,930	\$2,040	\$2,140	\$2,310	\$2,400	\$ 19,400

Assumptions:

1. Callan Associates 2003 Capital Market Assumptions, APFC 2003 asset allocation, Fall 2003 revenue forecast (including impact of HB11), financial statements
2. These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility.
3. Distributions shown for the annual permanent fund dividend and the Municipal dividend program are calculated and booked as payables at
4. Slight differences due to rounding.