

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HJR 46
 (H) Publish Date: 4/15/04

Revision Date/Time (Note if correction):
 Title Const. Am: PF Approps/Inflation-Proofing

Dept. Affected: Revenue
 RDU AK Permanent Fund Corporation
 Component AK Permanent Fund Corporation

Sponsor House Finance Committee
 Requester House Finance Committee

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)

HJR 46 would ask voters in the next general election whether to approve a constitutional amendment that limits appropriations from the Alaska Permanent Fund to the lesser of 5% of the Fund's market value or the market value of the Fund above principal. Principal is defined as \$22,988,019,019.78 plus the deposits and appropriations made to the principal after June 30, 2003.

HJR 46 would not affect the budgeted costs to manage and invest the Permanent Fund, nor would it change the amount of income earned by Permanent Fund investments.

See the attached schedule for financial projections of the Fund comparing the "Status Quo" to a 5% POMV spending limit.

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 Approved by: Steve Porter, Deputy Commissioner
 Agency: Department of Revenue

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 Date/Time 4/12/2004
 Date 4/12/2004



Alaska Permanent Fund Corporation

Financial projection comparison of the Alaska Permanent Fund under status quo versus POMV spending limit beginning in FY05 (retaining principal distinction).

\$ millions

	<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>	<u>FY05-FY15</u>
Status Quo												Totals
Contributions & appropriations (principal)	24,456	25,390	26,290	27,203	28,139	29,099	30,081	31,079	32,098	33,131	34,184	
Unrealized appreciation/depreciation on assets	3,488	3,561	3,520	3,725	3,765	4,033	4,094	4,408	4,479	4,824	5,150	
Realized earnings account (REA, after payouts)	1,965	2,770	3,575	4,037	4,669	5,137	5,842	6,376	7,179	7,789	8,472	
Total market value end of year (after payouts)	29,909	31,722	33,385	34,965	36,573	38,268	40,017	41,863	43,755	45,743	47,806	47,806
Total dividend appropriation	595	695	919	1,119	1,204	1,239	1,305	1,332	1,412	1,449	1,514	12,782
Transfer status quo inflation-proofing (REA to Principal)	620	643	666	689	713	737	762	788	813	840	866	8,138
POMV - 5% (beginning in FY05)												Totals
Contributions & appropriations (principal)	23,836	24,128	24,362	24,586	24,810	25,033	25,254	25,466	25,673	25,867	26,055	
Unrealized appreciation/depreciation on assets	3,488	3,538	3,460	3,614	3,607	3,813	3,820	4,056	4,065	4,316	4,542	
Realized earnings account (REA, after payouts)	1,862	2,630	3,545	4,226	5,054	5,684	6,530	7,172	8,059	8,731	9,450	
Total market value end of year (after payouts)	29,187	30,295	31,367	32,427	33,471	34,530	35,604	36,694	37,796	38,914	40,047	40,047
5 year average market value lagged one year	26,333	26,896	28,038	29,701	31,506	32,774	33,907	35,039	36,174	37,313	38,460	
Total available for appropriation	1,317	1,345	1,402	1,485	1,575	1,639	1,695	1,752	1,809	1,866	1,923	17,807
payout 50% lump sum dividend	658	672	701	743	788	819	848	876	904	933	961	8,904
payout 50% for government services	658	672	701	743	788	819	848	876	904	933	961	8,904

Assumptions:

- Both scenarios show payouts after inflation.
- POMV payout assumes calculation methodology is 5% of the ending market value (pre payout) for the first five of the last six fiscal years.
- Callan Associates 2004 Capital Market Assumptions, APFC 2004 asset allocation, Spring 2004 revenue forecast, financial statements through 02/29/04. All payouts are assumed to happen at fiscal year end, all dollar values in millions.