

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON WAYS & MEANS

April 11, 2003

7:02 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Jim Whitaker, Co-Chair
Representative Cheryll Heinze
Representative Vic Kohring
Representative Norman Rokeberg
Representative Bruce Weyhrauch
Representative Peggy Wilson
Representative Max Gruenberg
Representative Carl Moses

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative John Harris
Representative Ralph Samuels
Representative Paul Seaton

COMMITTEE CALENDAR

DETAIL REVIEW OF STATE REVENUES

TAPES

03-3, SIDES(S) A & B
03-4, SIDE A

CO-CHAIR MIKE HAWKER convened the meeting of the House Special Committee on Ways & Means at 7:02 a.m. Representatives Hawker, Whitaker, Weyhrauch, Wilson, Rokeberg, Heinze, Kohring, Gruenberg, and Moses were present at the call to order. Also in attendance were Representatives Harris, Samuels, and Seaton.

SUMMARY OF INFORMATION

TOMAS BOUTIN, Deputy Commissioner, Office of the Commissioner, Department of Revenue, discussed the recent sale of state general obligation bonds. The bond sale was received very well

and the bid process was very aggressive. To receive six or seven bids was more than expected. Alaska has a triple A rating on the series A bonds. There was only a .17 percent difference in bids. He also noted that the state's bond rating was not very stable. Depending on the amount of the draw from the Constitutional Budget Reserve (CBR), the bond rating may be degraded. If the CBR draw is in excess of \$400 million, there is an extremely high likelihood that the State's bond rating will decrease.

MR. BOUTIN discussed the state's revenues and commented that if the governor's proposed budget were to pass in its entirety, the CBR would be eliminated by FY 06. The state is required to pay back into the CBR any and all monies that are removed. If the state were to have a \$1 billion balance, then the forecasted depletion would be cut in half.

WILLIAM CORBUS, Commissioner, Department of Revenue, discussed how the CBR was established. The principle to the CBR was deposited from one-time oil settlements. These types of lawsuits will not happen again, and the state does not and should not expect any such deposits in the future. The commissioner also commented on the general outlook of the state's revenues and economic expansions.

CHUCK LOGSDON, Chief Petroleum Economist, Tax Division, Department of Revenue, discussed the world-wide production and increase in production along with the recent and anticipated change in oil prices.

DAN DICKINSON, Director, Tax Division, Department of Revenue, answered questions about draws on the Constitutional Budget Reserve.

ANNOUNCEMENTS

There were no announcements.

COMMITTEE ACTION

There was no committee action.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Ways & Means was adjourned at 8:56 a.m.

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Third Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.