

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

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 Bill Version: CSHJR 28(JUD)
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Identifier (file name): HJR28-DOR-TRE-1-24-08 Dept. Affected: Revenue 04
 Title Const. Am: Production Tax Revenue Fund RDU Taxation and Treasury
 Component Taxation and Treasury
 Sponsor Reps. Samuels, Hawker, Ramras
 Requester House Judiciary Component Number 2476

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	950.0		1,300.0	1,650.0	2,000.0	2,400.0	2,800.0	
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	950.0	0.0	1,300.0	1,650.0	2,000.0	2,400.0	2,800.0	

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							
Constitutionally Dedicated Fund	950.0		1,300.0	1,650.0	2,000.0	2,400.0	2,800.0
TOTAL	950.0	0.0	1,300.0	1,650.0	2,000.0	2,400.0	2,800.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This fiscal note is a best estimate cost applicable to a constitutionally dedicated fund (called the "production tax revenue fund") that receives revenues from the progressive surcharge portion of the oil production tax (AS 43.55.011(g)) for management oversight, accounting, performance measurement, financial advisory and internal and external portfolio investment management services. For an investment portfolio with an asset allocation structured to accommodate a moderate risk/reward profile at a funding level of 950 million, an estimated cost of 10 basis points or 950 thousand would be a reasonable estimate. This would be an investment portfolio where the Commissioner of Revenue would be the fiduciary and a large emphasis would be placed on internal and passive investment management. As a comparison, the investment management cost of the State's retirement portfolios is 21 basis points annually. The permanent fund costs about 19 basis points a year to manage. Costs are directly related to the complexity of the types of asset classes of securities and the asset size of the portfolio. Cost increases are based on estimated future contributions only.

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