

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	HB 245
Fiscal Note Number:	1
(H) Publish Date:	1/19/2016

Identifier: DOR-APFC-1-15-16  
 Title: PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Department of Revenue  
 Appropriation: Alaska Permanent Fund Corporation  
 Allocation: APFC Operations  
 OMB Component Number: 109

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	<b>FY 2017</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

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Division:	Alaska Permanent Fund Corporation	Date:	01/15/2016 12:00 AM
Approved By:	Angela Rodell	Date:	01/15/16
Agency:	Alaska Permanent Fund Corporation		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION**Analysis**

This bill would allow for up to 99.5 percent of the mineral royalty deposits received by the State of Alaska to be deposited into the principal and earnings reserve of the Permanent Fund. The annual allocation of deposits between the principal and the earnings reserve of the 74.5 percent of royalties not allocated by the Constitution would be determined by the balance of the earnings reserve. Similar provisions are provided to deposit all of the unrestricted petroleum tax revenue received by the State into the Permanent Fund principal and earnings. Using the Fall 2015 Revenue Sources Book, AFPC anticipates this would add about \$900 million to the assets under management each year. The cost of managing these funds can be absorbed within the APFC's current budget request for FY17.

In addition, the bill would mandate a \$3.3 billion annual draw from the Permanent Fund earnings reserve and would provide for a transfer of an amount equal to 50 percent of the mineral royalties collected by the State to the Permanent Fund Dividend Fund. Managing toward these fixed liabilities may change the asset allocation of the Permanent Fund, however at this time it is difficult to forecast if it would impact the asset allocation to a degree that would require additional investment staff, accounting staff or related resources.