

HB

647

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

6/5/78

Date: 6/12/78

Mr. President:

The Committee on RESOURCES has had CSHB 647 making transfers between FY 78 appropriations for analysis of royalty oil purchase proposals and for operating expenditures of the Steering Council for Alaska Lands

under consideration and (a majority of the committee) (the committee reports it back as follows)

recommends it do pass recommends it do not pass

recommends it do pass with attached amendment(s)

recommends it be replaced with CS for _____

and _____ new title same title

AND attaches a Letter of Intent New Fiscal Note

reports it back without recommendation

and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Subcommittee on Resources
Subcommittee on Alaska Lands
John W. ...
C. ...

[Signature]

Chairman

HB 647

January 17, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making appropriation adjustments for the Department of Revenue.

This measure will permit the use of \$109,000 originally appropriated for state-facilitated gas pipeline financing, which is no longer needed for that purpose, to conduct in-depth investigations of the bids for state royalty oil.

Fiscal information is enclosed.

Sincerely,

S/ JSH

Jay S. Hammond
Governor

MEMORANDUM

RECEIVED
DEC - 5 1977
BUDGET & MANAGEMENT

TO: [Ron Lind, Director
Division of Budget & Management
Office of the Governor

DATE : December 5, 1977

FROM: Norene Hirsh *NH*
Finance Officer
Department of Revenue

SUBJECT: FY 78 Supplemental Request
for Treasury Management

11B647

Attached please find our memo and FY 78 Supplemental Request.

Please note we are lasping \$109,000 to investigate financing for the All - Alaska Gas Pipeline (item one on fiscal note CS HCR 27) and requesting a supplemental appropriation of \$109,000 for the Financial Analysis of the Proposals to purchase the State's Royalty Oil.


The Supplemental Request is to remain under Treasury Management's administration.

Attachments

MEMORANDUM

TO: Ron Lind, Director
Division of Budget and Management
Office of the Governor

DATE : December 2, 1977

FROM:  Jim Edenso
Deputy Commissioner
Department of Revenue

SUBJECT: Supplemental Appropriation to Pay
for Financial Analysis of the
Proposals to Purchase the State's
Royalty Oil

The Alaska Royalty Oil and Gas Development Board requested the Department of Revenue by resolution to perform the above evaluation. It further requested that the Department hire an independent financial consultant to assist in the above analysis. The Department submitted a request for proposals to the following firms:

1. White Weld, Inc.
2. Kidder Peabody and Co.
3. Dillon, Read and Company, Inc.
4. Smith Barney, Harris Upham & Co., Inc.

The Department of Revenue elected to hire the firm of Smith Barney, Harris Upham & Co., Inc. to perform the financial analysis. The cost of the contract is not to exceed \$100,000 plus expenses.

The 1977 legislature passed Committee Substitute for House Concurrent Resolution #27 directing the Department of Revenue to investigate financing an all-Alaska gas pipeline. The dollars appropriated for this investigation amounted to \$59,000 in FY 1977 and \$109,000 in FY 1978. The contract was let to Smith Barney, Harris Upham & Co., Inc. to perform the gas pipeline investigation.

The El Paso Gas Pipeline withdrew its application to construct an all-Alaska gas pipeline in September, 1977 and the Department of Revenue subsequently cancelled the contract with Smith Barney immediately upon learning of El Paso's application withdrawal.

The final billing for the gas pipeline investigation is in an amount of \$50,000. It is expected that the \$50,000 will be paid out of the FY 77 special appropriation under HCR #27.

The payment for the financial analysis of the proposals to purchase Alaska's royalty oil is expected to come from a supplemental appropriation utilizing the FY 78 residual dollar amount of \$109,000 for investigating the financing of an all-Alaska gas pipeline. It is mandatory that the State fully analyze the ability of the firms proposing to purchase Alaska's royalty oil to implement their proposals.

The desirability of using a supplemental appropriation of \$109,000 for the financial analysis of royalty oil sales rather than investigating the all-Alaska gas pipeline (which is now a moot question) is obvious. Should the State, for all intents and purposes, make a disposition which ultimately costs the State millions of royalty revenue dollars it will be most unfortunate. The kind of financial analysis contemplated will assist the State in making the most "correct" decision.

Your assistance in helping to approve a supplemental appropriation will be greatly appreciated.

JE:ge

cc: Sterling Gallagher, Commissioner

HOUSE
JOURNAL SUPPLEMENT

April 5, 1977

No. 43

CS
HCR
27

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Concurrent Resolution 127 - CS
Title Relating to State-facilitated financing of an All-Alaska Gas Pipeline
Requested by Rep. Russ Hoeking Date April 5, 1977

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected Development
Budget Request Unit(s) Affected Treasury Management

EXPENDITURES (Thousands of Dollars)

	Special Appropriation					
	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL	4.0	4.0				
300 CONTRACTUAL	55.0	115.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	59.0	319.0				

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND	59.0	319.0				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME	-0-	-0-				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Three Professional Services Contracts which will include expenses for Travel, Boral, Meals, Taxi, Lico & Telephone (L.I.C.) and Administrative Travel.

	FY 77	FY 78	TOTAL
	Special Appropriation	Fiscal Note	
1. To investigate financing All-Alaska Gas Pipeline	57.5	97.5	
Contract Expenses	7.5	7.5	
Administrative Expenses	4.0	4.0	
	59.0	107.0	
2. To investigate financing thru equity ownership of All-Alaska Gas Pipeline		50.0	
Contract Expenses		19.0	
		60.0	
3. To investigate financing of All-Alaska Gas Pipeline		140.0	
Contract Expenses		10.0	
		150.0	
	59.0	319.0	378.0

IV. DATE April 5, 1977

PREPARED BY James B. Rhoads
AGENCY AS to Rep. Hoeking, Chairman
PHONE House Finance Committee

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) 1

FY 73 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 73 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES	444.6	490.7	475.8	593.3	579.3	605.6	159.1		446.5	-0-	671.6
TRAVEL	11.8	41.4	43.7	22.8	32.4	32.4	8.5		23.9	-0-	24.2
CONTRACTUAL SERVICES	417.4	636.0	507.6	451.9	805.2	805.2	121.8		685.4	-0-	512.2
COMMODITIES	4.5	4.7	6.1	4.9	5.5	5.5	.6		4.9	-0-	5.1
EQUIPMENT	2.9	3.4	3.3	6.0	5.4	5.4	2.3		3.1	-0-	7.5
GRANTS, DRGS. ...		46.1	46.1	46.1	46.1	46.1	46.1		-0-		46.1
GRANTS, CLAIMS, ...											
MISCELLANEOUS	.7	1.4	1.4								
TOTAL	881.9	1,223.7	1,084.0	1,125.0	1,473.9	1,500.2	338.5		1,161.7	-0-	1,266.7
FEDERAL RECEIPTS											
REQUIRED OF MATCHING											
OTHER GENERAL FUND	626.7	889.9	750.2	710.2	1,058.7	1,085.0	243.7		841.3		766.3
INTER-AGENCY RECEIPTS											
Public Employees and Teachers Retirement Fund	225.2	333.8	333.8	414.8	415.2	415.2	94.8		120.4		506.4

AGENCY Revenue

Fru Treasury Management

COMPONENT

REVISED

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
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EQUIPMENT	2.9	3.4	3.3	6.0	5.4	5.4	2.3		3.1	-0-	7.5
PRINTS, BLINDS, ...		46.1	46.1	46.1	46.1	46.1	46.1		-0-		46.1
RENTS, CLAIMS, ...											
MISCELLANEOUS	.7	1.4	1.4								
TOTAL	881.9	1,223.7	1,084.0	1,125.0	1,473.9	1,500.2	338.5		1,161.7	-0-	1,266.7
FEDERAL RECEIPTS											
REQUIRED OF PATRONAGE											
OTHER GENERAL FUND	626.7	889.9	750.2	710.2	1,058.7	1,085.0	243.7		841.3		766.3
INTER-AGENCY RECEIPTS											
Public Employees and earlier in Retirement Fund	225.2	333.8	333.8	414.8	415.2	415.2	94.8		320.4		500.4