

COMMITTEE REPORT

HOUSE

FURTHER:

2/3/81
(11)

Date: Mar. 13, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 1

"An Act making a special appropriation to the Alaska permanent fund; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 1 (Finance) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation (H 80.0)
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Freeman
McLain
Wells
Trachsel
Adams
Walters
Hargrave (after Hydro)
Montgomery
DeKor
H. H. ...

CHAIRMAN

Regress

Original Sponsors: Freeman, Miller,
Gardiner, et al

Funding Information

General Fund	\$1,800,000,000
Other Funds	-0-
	<u>\$1,800,000,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 1 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 permanent fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. The sum of \$1,800,000,000 is appropriated from the general
10 fund to the Alaska permanent fund (art. IX, sec. 15, Constitution of the
11 State of Alaska, AS 37.13.010).

12 * Sec. 2. Beginning July 1, 1981, the commissioner of revenue shall make
13 monthly deposits to the Alaska permanent fund of the appropriation made by
14 this Act. A monthly deposit to the Alaska permanent fund shall be in an
15 amount determined by the commissioner of revenue to be in excess of the
16 general fund revenues necessary to finance state government operation for
17 the month in which the deposit is made.

18 * Sec. 3. The appropriation made by sec. 1 of this Act is not a one-year
19 appropriation and it does not lapse under AS 37.25.010.

20 * Sec. 4. This Act takes effect July 1, 1981.

21
22
23
24
25
26

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 1

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 1

Title Making a special appropriation to the Alaska Permanent Fund

Requested by House Finance Committee

Date 2/4/81

II. FISCAL DETAIL.

Agency Affected Dept. of Revenue/Ak. Permanent Fund Corp.

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		27.5	30.3	33.3	36.6	40.3
200 TRAVEL						
300 CONTRACTUAL		50.0	55.0	60.5	66.6	73.3
400 COMMODITIES						
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	80.0	85.3	93.8	103.2	113.6

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	80.0	85.3	93.8	103.2	113.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	-0-	1	1	1	1	1
PART TIME						
TEMPORARY						

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

This bill appropriates \$1.8 billion to the Alaska Permanent Fund. This would be accomplished as quickly as possible starting July 1, 1981 in line with prudent cash management and cash flow requirements necessary to finance other state government operations. Payments would be made in several installments.

Above costs include a Loan Closer II to maintain related investment files and documentation because of increased activity in this area; contractual expenditures are for increased safekeeping fees related to marketable securities because of large fund balance increase; equipment is related to new position and additional working file storage.

Anselm C. Staack

IV. DATE February 17, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

1	POSITION TITLE Loan Closer II			RANGE/STEP 12A	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISAPP.						
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. HB 1	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.							
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:									
	1	2	3												
4	PERSONAL SERVICES: SALARY 1,761 x 12		21,132	<p>To implement HB 1 because Fund will be expanding its investments in loans and mortgages. Additional \$1.8 billion greatly expands the ability of Fund in this area.</p> <p>Responsible for making sure that all necessary and required documentation is included in each investment package in order to assure proper title for the Fund's investment. Assure that all subsequent documentation received after purchase is directed to the proper file, follow-up on late or non receipt of necessary legal documents.</p> <p>Equipment cost includes additional filing cabinets necessary to maintain proper control of increased amount of investment folders.</p>											
5	BENEFITS 21,132 x .1533		3,240												
6	FICA SBP @ .0613		1,295												
7	HEALTH INS. Mo. Pk. 12 x 150		1,800												
8	TOTAL PERSONAL SERVICES 01		27,467												
9	TRAVEL 02														
10	CONTRACTUAL 03														
11	COMMODITIES 04														
12	EQUIPMENT 05		2,500												
13	OTHER														
14	TOTAL COST		29,967												
15	CODE	FUNDING SOURCE													
16		FED RCPTS. 1002													
17		GF MATCH. 1003													
18		GEN. FUND 1004		29,967											
19		J-A RCPTS. 1005													
20		PGM RCPTS 1028													
21		OTHER													
21	CONTINUATION		FOR B&M USE ONLY												
22	ADDITION	XX													
4a KEY NUMBER _____ COLUMN NO. _____															

AGENCY Department of Revenue PROGRAM Revenue Collection and Management

BRU Treasury Management

13 REQUEST FOR NEW POSITION

COMPONENT _____

Page 1 of 1

REVISED DATE 2/17/81

FY 82

Funding Information
General Fund \$1,800,000,000
Other Funds -0-
\$1,800,000,000

BY FREEMAN, MILLER, GARDINER,
ADAMS, BROWN, BUCHHOLDT, CARNEY,
CATO, CHUCKWUK, CLOCKSIN, COTTEN,
DUNCAN, FULLER, GRUSSENDORF,
HURLBERT, MALONE, MEEKINS, MOSS,
ROGERS, SMITH, VASKA, ZHAROFF AND
PHILLIPS

1 IN THE HOUSE

2 HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 permanent fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. The sum of \$1,800,000,000 is appropriated from the general
10 fund to the Alaska permanent fund (art. IX, sec. 15, Constitution of the
11 State of Alaska, AS 37.13.010).

12 * Sec. 2. This Act takes effect July 1, 1981.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 2/4/81
Referred: Finance

Finance Committee

<u>Funding Information</u>	
General Fund	\$1,800,000,000
Other Funds	-0-
	<u>\$1,800,000,000</u>

BY FREEMAN, MILLER, GARDINER,
ADAMS, BROWN, BUCHHOLDT, CARNEY,
CATO, CHUCKER, CLOCKSIN, COTTEN,
DUNCAN, FULLER, GRUSSENDORF,
HURLBERT, MALONE, MEEKINS, MOSS,
ROGERS, SMITH, VASKA, ZHAROFF AND
PHILLIPS

1 IN THE HOUSE

2 CS HOUSE BILL NO. 1 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 permanent fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. The sum of \$1,800,000,000 is appropriated from the general
10 fund to the Alaska permanent fund (art. IX, sec. 15, Constitution of the
11 State of Alaska, AS 37.13.010).

12 * Sec. ⁴ 1. This Act takes effect July 1, 1981.

13
14 ADD NEW SECTIONS 2 & 3:

15 Sec. 2. The appropriation made by sec. 1 of this Act is
16 not a one-year appropriation and does not lapse under AS 37.25.010.

17 Sec. 3. Beginning July 1, 1981, the commissioner of revenue
18 shall make monthly deposits to the Alaska permanent fund of the
19 appropriation made by this Act. A monthly deposit to the Alaska
20 permanent fund shall be in an amount determined by the commissioner
21 of revenue to be in excess of the general fund revenues necessary
22 to finance state government operation for the month in which
23 the deposit is made.
24
25
26
27
28
29

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

DATE: March 2, 1981

TO: Honorable Dick Randolph
Alaska State House
of Representatives

FROM: Milt Barker, ^{MB} Fiscal Analyst
Legislative Finance Division

SUBJECT: Permanent Fund Earnings

Attached are three tables showing projected permanent fund balances and earnings under the following conditions:

	<u>Contributions</u>	<u>Bills</u>
Table I	25% of royalties	
Table II	25% of royalties, \$1.8 billion appropriation FY 82	HB 1, HB 69, SB 68
Table III	25% of royalties, \$1.5 billion appropriation FY 82	SB 21

MB:vsw

Table I

PROJECTED NOMINAL AND REAL PERMANENT FUND BALANCES AND EARNINGS
 25% of Royalties
 (\$ Millions)

<u>FY</u>	<u>Permanent Fund Balance End of Year¹</u>	<u>Real Permanent Fund Balance End of Year²</u>	<u>Permanent Fund Earnings³</u>	<u>Real Permanent Fund Earnings²</u>
80	344.8	344.8	32.4	32.4
81	1,600.5	1,455.0	97.3	88.4
82	2,142.5	1,770.7	187.1	154.6
83	2,806.7	2,108.7	247.5	186.0
84	3,589.0	2,451.3	319.8	218.4
85	4,475.3	2,778.9	403.2	250.4
86	5,511.5	3,111.1	499.3	281.8
87	6,668.8	3,422.1	609.0	312.5
88	7,957.2	3,712.1	731.3	341.1
89	9,372.9	3,975.0	866.5	367.5
90	10,862.2	4,187.8	1,011.8	390.1
91	12,384.6	4,340.7	1,162.3	407.4
92	13,854.5	4,414.4	1,312.0	418.0
93	15,278.2	4,425.6	1,456.6	421.9
94	16,612.3	4,374.5	1,594.5	419.9
95	17,867.3	4,277.3	1,724.0	412.7
96	19,052.2	4,146.3	1,846.0	401.7
97	20,180.4	3,992.6	1,961.6	388.1

Footnotes: ¹ Mandatory contribution of 25% of petroleum royalties based on February 23, 1981 petroleum revenue forecast of the Department of Revenue. This forecast assumed oil prices increase 12.5% annually between FY 82 and FY 97. No contributions from bonuses are included. FY 81 special appropriation of \$900 million included.

² Assumes 10% annual inflation.

³ Assumes 10% return on average balance for the year.

Prepared By:
 Legislative Finance
 March 2, 1981

Table II

PROJECTED NOMINAL AND REAL PERMANENT FUND BALANCES AND EARNINGS
 25% of Royalties plus \$1.8 Billion in FY 82
 (\$ Millions)

<u>FY</u>	<u>Permanent Fund Balance End of Year¹</u>	<u>Real Permanent Fund Balance End of Year²</u>	<u>Permanent Fund Earnings³</u>	<u>Real Permanent Fund Earnings²</u>
80	344.8	344.8	32.4	32.4
81	1,600.5	1,455.0	97.3	88.4
82	3,942.5	3,258.3	277.1	229.0
83	4,606.7	3,461.1	427.5	321.2
84	5,389.0	3,680.8	499.8	341.4
85	6,275.3	3,896.5	583.2	362.1
86	7,311.5	4,127.2	679.3	383.4
87	8,468.8	4,345.8	789.0	404.9
88	9,757.2	4,551.8	911.3	425.1
89	11,172.9	4,738.4	1,046.5	443.8
90	12,662.2	4,881.8	1,191.8	459.5
91	14,184.6	4,971.6	1,342.3	470.5
92	15,654.5	4,988.0	1,492.0	475.4
93	17,078.2	4,946.9	1,636.6	474.1
94	18,412.3	4,848.5	1,774.5	467.3
95	19,667.3	4,708.2	1,904.0	455.8
96	20,852.2	4,538.0	2,026.0	440.9
97	21,980.4	4,348.7	2,141.6	423.7

Footnotes: ¹Mandatory contribution of 25% of petroleum royalties based on February 23, 1981 petroleum revenue forecast of the Department of Revenue. This forecast assumed oil prices increase 12.5% annually between FY 82 and FY 97. No contributions from bonuses are included. FY 81 special appropriation of \$900 million included.

²Assumes 10% annual inflation.

³Assumes 10% return on average balance for the year.

Prepared By:
 Legislative Finance
 March 2, 1981

TABLE III

Projected Nominal and Real Permanent Fund Balances and Earnings
 25% of Royalties plus \$1.5 Billion in FY 82
 (\$ Millions)

<u>FY</u>	<u>Permanent Fund Balance¹ End of Year</u>	<u>Real Permanent Fund Balance² End of Year</u>	<u>Permanent Fund Earnings³</u>	<u>Real Permanent Fund Earnings²</u>
80	344.8	344.8	32.4	32.4
81	1600.5	1455.0	97.3	88.4
82	3642.5	3010.3	262.2	216.7
83	4306.7	3235.7	397.5	298.6
84	5089.0	3475.9	469.8	320.9
85	5975.3	3710.2	553.2	343.5
86	7011.5	3957.8	649.3	366.5
87	8168.8	4191.9	759.0	389.5
88	9457.2	4411.9	881.3	411.1
89	10872.9	4611.2	1016.5	431.1
90	12362.2	4766.2	1161.8	447.9
91	13884.6	4866.5	1312.3	460.0
92	15354.5	4892.4	1462.0	465.8
93	16778.2	4860.0	1606.6	465.4
94	13112.3	4769.5	1744.5	459.4
95	19367.3	4636.4	1874.0	448.6
96	20552.2	4472.8	1996.0	434.4
97	21680.4	4289.4	2111.6	417.8

Footnotes:

1. Mandatory contribution of 25% of petroleum royalties based on February 23, 1981 petroleum revenue forecast of the Department of Revenue. This forecast assumed oil prices increase 12.5% annually between FY 82 and FY 97. No contributions from bonuses are included. FY 81 special appropriation of \$900 million included.
2. Assumes 10% annual inflation.
3. Assumes 10% return on average balance for the year.

PREPARED BY:
 Legislative Finance
 March 2, 1981

Introduced: 2/4/81
Referred: Finance

Funding Information
General Fund \$1,800,000,000
Other Funds -0-
\$1,800,000,000

BY FREEMAN, MILLER, GARDINER,
ADAMS, BROWN, BUCHHOLDT, CARNEY,
CATO, CHUCKWUK, CLOCKSIN, COTTEN,
DUNCAN, FULLER, GRUSSENDORF,
HURLBERT, MALONE, MEEKINS, MOSS,
ROGERS, SMITH, VASKA, ZHAROFF AND
PHILLIPS

1 IN THE HOUSE

2 HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 permanent fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. The sum of \$1,800,000,000 is appropriated from the general
10 fund to the Alaska permanent fund (art. IX, sec. 15, Constitution of the
11 State of Alaska, AS 37.13.010).

12 * Sec. 2. This Act takes effect July 1, 1981.

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 1

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 1

Title Making a special appropriation to the Alaska Permanent Fund

Requested by House Finance Committee

Date 2/4/81

II. FISCAL DETAIL

Agency Affected Dept. of Revenue/Ak. Permanent Fund Corp.

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		27.5	30.3	33.3	36.6	40.3
200 TRAVEL						
300 CONTRACTUAL		50.0	55.0	60.5	66.6	73.3
400 COMMODITIES						
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	80.0	85.3	93.8	103.2	113.6

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	80.0	85.3	93.8	103.2	113.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	1	1	1	1	1
PART TIME						
TEMPORARY						

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

This bill appropriates \$1.8 billion to the Alaska Permanent Fund.

This would be accomplished as quickly as possible starting July 1, 1981 in line with prudent cash management and cash flow requirements necessary to finance other state government operations. Payments would be made in several installments.

Above costs include a Loan Closer II to maintain related investment files and documentation because of increased activity in this area; contractual expenditures are for increased safekeeping fees related to marketable securities because of large fund balance increase; equipment is related to new position and additional working file storage.

Anselm C. Staack

IV. DATE February 17, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

1	POSITION TITLE Loan Closer II			RANGE/STEP 12A	BARG. UNIT. G	LOCATION Juneau	SOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. HB 1	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LHG	
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY 1,761 x 12		21,132						
5	BENEFITS 21,132 x .1533		3,240						
6	FICA SBP @ .0613		1,295						
7	HEALTH INS. Mo.Fix. 12 x 150		1,800						
8	TOTAL PERSONAL SERVICES 01		27,467						
9	TRAVEL 02								
10	CONTRACTUAL 03								
11	COMMODITIES 04								
12	EQUIPMENT 05		2,500						
13	OTHER								
14	TOTAL COST		29,967						
	CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17		GEN. FUND 1004		29,967					
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XX	FOR B&M USE ONLY						
AA KEY NUMBER _____ COLUMN NO. _____									

To implement HB 1 because Fund will be expanding its investments in loans and mortgages. Additional \$1.8 billion greatly expands the ability of Fund in this area.

Responsible for making sure that all necessary and required documentation is included in each investment package in order to assure proper title for the Fund's investment. Assure that all subsequent documentation recieved after purchase is directed to the proper file, follow-up on late or non receipt of necessary legal documents.

Equipment cost includes additional filing cabinets necessary to maintain proper control of increased amount of investment folders.

AGENCY Department of Revenue PROGRAM Revenue Collection and Management

BRU Treasury Management

13 REQUEST FOR NEW POSITION

COMPONENT _____

FY 82

Introduced: 2/4/81
Referred: Finance

Funding Information
General Fund \$1,800,000,000
Other Funds -0-
\$1,800,000,000

BY FREEMAN, MILLER, GARDINER,
ADAMS, BROWN, BUCHHOLDT, CARNEY,
CATO, CHUCKWUK, CLOCKSIN, COTTEN,
DUNCAN, FULLER, GRUSSENDORF,
HURLBERT, MALONE, MEEKINS, MOSS,
ROGERS, SMITH, VASKA, ZHAROFF AND
PHILLIPS

1 IN THE HOUSE

2 HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 permanent fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. The sum of \$1,800,000,000 is appropriated from the general
10 fund to the Alaska permanent fund (art. IX, sec. 15, Constitution of the
11 State of Alaska, AS 37.13.010).

12 * Sec. 2. This Act takes effect July 1, 1981.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29