

HB 67

See HB 68 Bill File for
Fiscal Note.

POSITION PAPER

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 67

"An Act providing for royalty oil premium payments to state residents; and providing for an effective date."

Federal laws and regulations would require the Department to consider any distribution of permanent fund cash payments when determining whether a family is eligible for Aid to Families with Dependent Children (AFDC), Foodstamps, Medicaid, Old Age Assistance, Aid to the Blind and Aid to the Disabled.

Based on a proposed payment of \$193 per person, the average Alaskan public assistance family of three persons would receive \$585 under HB-67, presumably as a lump sum payment. Most public assistance recipients may hold up to \$1500 in assets (cash, net value of real estate, etc.) and still remain eligible. Under current policy, any new assets received by a public assistance family, such as permanent fund payments, are not counted in the month they are received. Rather, any funds actually remaining as of the month following their receipt are counted.

EXAMPLE: AFDC recipient receives \$1000 on May 5 and spends all but \$300 by June 1. The remaining \$300 would be added to the household's other resources to see if it exceeds the \$1500 limit. If the \$1500 limit is exceeded, the AFDC payment is terminated effective July 1 until the recipient is back under the \$1500 limit. If on the other hand, \$300 would not place the AFDC recipient over the \$1500 limit, the AFDC payment would continue without change.

However, by July 1, 1981 the Aid to Families with Dependent Children (AFDC) Program will be changed in Alaska to a new system of budgeting, one designed to reduce errors. Under the new system, the proposed permanent fund payment would count as income in the month received. Most of Alaska's 6300 AFDC families would as a result suffer one month of ineligibility for AFDC benefits each year, for the permanent fund payment would place them over the qualifying income standards.

EXAMPLE: AFDC recipient with two children has an AFDC qualifying standard and maximum payment of \$514. Under HB-67 she receives a \$585 payment in August. Under the new system of budgeting, this \$585 would count as income, placing the family \$71 over the limit. The family would be eligible for AFDC for the months of August, September and November, but ineligible in the month of October.

Most other public assistance recipients hold total assets well under the \$1500 maximum. These families would not be impacted adversely by the passage of HB-67. However, there are undoubtedly some of these public assistance families who will become ineligible for continued benefits until they dispose of sufficient assets to fall back within the \$1500 resource limit.

Recommended by:

Rod Betit
Rod Betit, Director
Division of Public
Assistance

Date:

5/8/81

Approved by:

Helen D. Beirne
Helen D. Beirne
Commissioner

Date:

5-12-81

January 12, 1981

Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to distribute to residents of the state the premium earned from the sale of the state's royalty oil held December 19, 1980. The purposes of this distribution are twofold: one relates to the reasons for having held the royalty oil sale, and the other relates to the delays we have encountered in distributing permanent fund dividends as a result of the pending litigation over that program.

A primary motivation for disposing of the uncommitted royalty oil by cash bid was to insure that the benefits of selling the state's oil would go to the largest possible number of Alaska residents. Had this oil been sold under a negotiated contract, benefits would certainly have accrued to some state residents. However, all residents would not necessarily have been benefited, and certainly not in equal measure. By distributing the premium obtained over current in-value prices directly to the residents of the state, residents will gain an increased awareness that the state's natural resources do in fact belong to them as residents of the state. Although I do not as a rule favor distributing revenues received directly from oil production (as opposed to earnings from the Permanent Fund), in this limited instance I believe distribution is appropriate and in the public interest.

A second purpose of the distribution is to fulfill to some degree the expectations raised by the enactment of the permanent fund dividend program, implementation of which continues to be delayed by litigation. A per capita distribution does not, of course, achieve the important goals that are furthered by a distribution plan tied to length of residency. But because it is important to provide for some immediate distribution, the distribution method in this bill is intended to avoid raising the legal issues raised by the dividend plan.

The bill provides for a single payment of \$193 to each state resident, including those under 18 years of age. The amount of the payment is roughly equal to the \$77 million premium from the oil sale divided by the current estimated state population of 400,000. A residency requirement of 30 days has been included as this is the shortest period we have determined is necessary to assure that all applicants are bona fide residents. The other eligibility requirements, as well as the provision for forfeiture of the payment for fraudulent applications, are patterned after similar provisions in the permanent fund dividend statute.

Establishing an application deadline has been left flexible, to be determined and extended if necessary by the Department of Revenue, to insure that all residents have sufficient time to submit applications.

Sincerely,

SJS

Jay S. Hammond
Governor

Original Sponsor: Rules/Governor

Offered: 4/20/81
Referred: Finance

BY THE SPECIAL GAS
PIPELINE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 67 (Gas Pipeline)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for royalty payments to state
7 residents; and providing for an effective date."

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

9 * Section 1. LEGISLATIVE PURPOSE AND FINDINGS. The purposes of this Act
10 are:

11 (1) to distribute to all state residents the premium earned from
12 the sale of the state's royalty share of oil held on December 19, 1980; and

13 (2) to share directly with all state residents a portion of the
14 state's income from oil production.

15 * Sec. 2. ROYALTY PAYMENT. (a) An individual who is eligible under (b)
16 of this section is entitled to a royalty payment of \$193.

17 (b) An individual is eligible to receive the royalty payment under (a)
18 of this section if the individual

19 (1) applies to the department for the payment before a date es-
20 tablished by the commissioner by regulation; and

21 (2) is a state resident on the date of the application.

22 (c) A custodian of a minor or incapacitated individual may apply on
23 behalf of the minor or incapacitated individual.

24 (d) An individual or custodian who applies for a royalty payment shall
25 make a statement of eligibility which must be signed by the individual or
26 the custodian of the individual. The commissioner may require an individual
27 or a custodian to provide additional proof of eligibility, including one or
28 more affidavits from other persons having personal knowledge concerning the
29 individual's eligibility.

1 (e) The department shall prescribe and furnish an application form for
2 claiming the royalty payment. The application shall contain a statement of
3 eligibility and a notice to the applicant that a false statement made in the
4 application form is a criminal offense.

5 (f) In addition to any criminal penalties imposed, if an individual is
6 convicted of theft in connection with obtaining a royalty payment or of
7 unsworn falsification for a statement made in a statement of eligibility on
8 his own behalf or on behalf of a minor or incapacitated individual, and the
9 conviction is not reversed, the individual forfeits the royalty payment.

10 (g) If the commissioner determines that a royalty payment should not
11 have been claimed by or paid to an individual, he may use any collection
12 procedures or remedies available under AS 43 to recover a royalty payment
13 which was improperly made.

14 (h) The department may adopt regulations to implement this section.
15 The regulations shall include provisions for establishing application filing
16 deadlines. The regulations may be adopted as emergency regulations under
17 AS 44.62.250 and 44.62.260.

18 (i) In this section,

19 (1) "commissioner" means the commissioner of revenue;

20 (2) "custodian" means a parent or other relative who has custody
21 of a minor or incapacitated person, a guardian appointed by a court, or an
22 official in charge of a public or private agency which has custody of the
23 individual;

24 (3) "department" means the Department of Revenue;

25 (4) "individual" means a natural person;

26 (5) "state resident" means an individual who is physically present
27 in the state for at least 30 consecutive days with the intent to remain
28 permanently in the state, or an individual who

29 (A) is not physically present in the state;

1 (B) has been present in the state for at least 30 consecutive
2 days with the intent to remain permanently;

3 (C) intends to return to the state;

4 (D) has not established residence in another state; and

5 (E) is absent from the state for any of the following reasons:

6 (i) vocational professional or other special education
7 for which a comparable program was not reasonably available in the
8 state,

9 (ii) postsecondary education,

10 (iii) military service,

11 (iv) medical treatment,

12 (v) service in Congress, or

13 (vi) other reasons which the commissioner may establish
14 by regulation.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

CORRECTION

HOUSE BILL NO. 67

Committee referrals changed to:

Special Gas Pipeline Committee and Finance

Please discard all previous copies of this Bill.

Introduced: 2/4/81
Referred: Special Gas Pipeline
Committee and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 67

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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12 the sale of the state's royalty share of oil held on December 19, 1980; and

13 (2) to share directly with all state residents a portion of the
14 state's income from oil production.

15 (b) The legislature finds that it is in the public interest to provide
16 all state residents with an immediate and direct benefit from the sale of
17 the state's royalty oil. The legislature further finds that state residents
18 anticipated the payment to them of permanent fund dividends under AS 43.23,
19 and many made commitments in accordance with their expectations. Because
20 payment of permanent fund dividends continues to be delayed by litigation,
21 the legislature has concluded that in order to make any distribution before
22 the litigation is resolved, the distribution must be in equal amounts to
23 each resident. Unlike the permanent fund dividend program, however, this
24 per capita distribution does not provide an incentive for long-term resi-
25 dence in the state; it does not help to assure that the state will benefit
26 in the future from a stable population; it does not encourage a long-term
27 interest in prudent management of the Alaska Permanent Fund and the state's
28 natural resources; and it does not recognize the many contributions, both
29 tangible and intangible, that individuals have made to the Alaska community

1 during their previous periods of residence in the state. Thus, the method
2 of distribution provided in this Act is not the method preferred by the
3 legislature. However, the legislature finds that the enactment of the
4 permanent fund dividend program has raised expectations on the part of state
5 residents to receive a direct benefit from the state's natural resource rev-
6 enues, and that many have been counting on receiving their dividend payments.
7 As a result, an obligation now exists to fulfill those expectations by
8 making an immediate distribution as an interim measure, pending resolution
9 of the permanent fund dividend litigation. This obligation can be satisfied
10 in part by the enactment of sec. 2 of this Act, which provides for a one-
11 time distribution to residents under the method that does not raise the
12 legal issues that have been raised in the pending permanent fund dividend
13 litigation.

14 * Sec. 2. ROYALTY OIL PREMIUM PAYMENT. (a) An individual who is eligi-
15 ble under (b) of this section is entitled to a royalty oil premium payment
16 of \$193.

17 (b) An individual is eligible to receive the royalty oil premium pay-
18 ment under (a) of this section if the individual

19 (1) applies to the department for the payment before a date es-
20 tablished by the commissioner by regulation; and

21 (2) is a state resident on the date of the application.

22 (c) A custodian of a minor or incapacitated individual may apply on
23 behalf of the minor or incapacitated individual.

24 (d) An individual or custodian who applies for a royalty oil premium
25 payment shall make a statement of eligibility which must be signed by the
26 individual or the custodian of the individual. The commissioner may require
27 an individual or a custodian to provide additional proof of eligibility
28 including one or more affidavits from other persons having personal knowledge
29 concerning the individual's eligibility.

1 (e) The department shall prescribe and furnish an application form for
2 claiming the royalty oil premium payment which contains a statement of eli-
3 gibility, which must include a notice to the applicant that a false state-
4 ment made in the application form is a criminal offense.

5 (f) In addition to any criminal penalties imposed, if an individual is
6 convicted of theft in connection with obtaining a royalty oil premium payment
7 or of unsworn falsification for a statement made in a statement of eligibi-
8 lity on his own behalf or on behalf of a minor or incapacitated individual,
9 and the conviction is not reversed, that individual forfeits the royalty oil
10 premium payment.

11 (g) If the commissioner determines that a royalty oil premium payment
12 should not have been claimed by or paid to an individual, he may use any
13 collection procedures or remedies available under AS 43 to recover a royalty
14 oil premium payment which was improperly made.

15 (h) The department may adopt regulations to implement this section,
16 including provisions for establishing application filing deadlines, and
17 those regulations may be adopted as emergency regulations under AS 44.62.-
18 250 and 44.62.260.

19 (i) In this section,

20 (1) "commissioner" means the commissioner of revenue;

21 (2) "custodian" means a parent or other relative who has custody
22 of a minor or incapacitated person, a guardian appointed by a court, or an
23 official in charge of a public or private agency which has custody of the
24 individual;

25 (3) "department" means the Department of Revenue;

26 (4) "individual" means a natural person;

27 (5) "state resident" means an individual who is physically present
28 in the state for at least 30 consecutive days with the intent to remain
29 permanently in the state, or an individual who (A) is not physically present

1 in the state, (B) has been present in the state for at least 30 consecutive
2 days with the intent to remain permanently, (C) intends to return to the
3 state, (D) has not established residence in another state, and (E) is absent
4 from the state for any of the following reasons:

5 (i) vocational professional or other special education
6 for which a comparable program was not reasonably available in the
7 state,

8 (ii) postsecondary education,

9 (iii) military service,

10 (iv) medical treatment,

11 (v) service in Congress, or

12 (vi) other reasons which the commissioner may establish
13 by regulation.

14 * Sec. 3. This Act takes effect on the effective date of a version of an
15 Act entitled "An Act making a special appropriation for royalty oil premium
16 payments; and providing for an effective date."
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COMMITTEE REPORT

HOUSE

4/20

2/9/81

FURTHER: FINANCE

(7)

Date: _____

Mr. Speaker:

The Committee on SPECIAL GAS PIPELINE has had HB 67

"An Act providing for royalty oil premium payments to state residents; 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 67 (CP) same title new title

and recommends it do pass

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Brian Rogers
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] no rec
[Signature] No Rec.

[Signature]
CHAIRMAN

Gov

Original Sponsor: Rules/Governor

Offered: 4/20/51
Referred: Finance

BY THE SPECIAL GAS
PIPELINE COMMITTEE

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14 state's income from oil production.

15 * Sec. 2. ROYALTY PAYMENT. (a) An individual who is eligible under (b)
16 of this section is entitled to a royalty payment of \$192.

17 (b) An individual is eligible to receive the royalty payment under (a)
18 of this section if the individual

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20 tablished by the commissioner by regulation; and

21 (2) is a state resident on the date of the application.

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23 behalf of the minor or incapacitated individual.

24 (d) An individual or custodian who applies for a royalty payment shall
25 make a statement of eligibility which must be signed by the individual or
26 the custodian of the individual. The commissioner may require an individual
27 or a custodian to provide additional proof of eligibility, including one or
28 more affidavits from other persons having personal knowledge concerning the
29 individual's eligibility.

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2 claiming the royalty payment. The application shall contain a statement of
3 eligibility and a notice to the applicant that a false statement made in the
4 application form is a criminal offense.

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8 his own behalf or on behalf of a minor or incapacitated individual, and the
9 conviction is not reversed, the individual forfeits the royalty payment.

10 (g) If the commissioner determines that a royalty payment should not
11 have been claimed by or paid to an individual, he may use any collection
12 procedures or remedies available under AS 43 to recover a royalty payment
13 which was improperly made.

14 (h) The department may adopt regulations to implement this section.
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16 deadlines. The regulations may be adopted as emergency regulations under
17 AS 44.62.250 and 44.62.260.

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15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

*Lectin
7/2*

Introduced: 2/4/81
Referred: Special Gas Pipeline
Committee and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 67

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16 all state residents with an immediate and direct benefit from the sale of
17 the state's royalty oil. The legislature further finds that state residents
18 anticipated the payment to them of permanent fund dividends under AS 43.23,
19 and many made commitments in accordance with their expectations. Because
20 payment of permanent fund dividends continues to be delayed by litigation,
21 the legislature has concluded that in order to make any distribution before
22 the litigation is resolved, the distribution must be in equal amounts to
23 each resident. Unlike the permanent fund dividend program, however, this
24 per capita distribution does not provide an incentive for long-term resi-
25 dence in the state; it does not help to assure that the state will benefit
26 in the future from a stable population; it does not encourage a long-term
27 interest in prudent management of the Alaska Permanent Fund and the state's
28 natural resources; and it does not recognize the many contributions, both
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ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

HOUSE BILL NO. 67

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act providing for royalty oil premium payments to state residents; and providing for an effective date."

Royalty oil premium payments

Introduced in the House 2/4/1981

HISTORY IN THE HOUSE

19 81	Feb 4	Read first time and referred to Committee on Special Gas Pipeline and Finance Reported back with recommendation that										
		Read second time and										
		Read third time and										
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CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

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		Reconsideration										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed Signed by President Returned to House										
SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19		Received from Senate
		Concurred in Senate amendment thus adopting: VOTE
		Failed to concur in Senate amendment; asked Senate to recede VOTE
		Senate receded from amendment VOTE
		Senate failed to recede from amendment VOTE
		CC appointed by House
		CC appointed by Senate
		CC adopted by House VOTE
		CC adopted by Senate VOTE
		To enrolling Reported correctly enrolled Sent to Governor by Governor
		Filed with Lt. Governor
		Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

CSHB 68(GP)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR HOUSE BILL NO. 68 (GAS PIPELINE)
 Title Special appropriations for the distribution of revenues from state royalties
 Requested by House Finance Committee Date 4/20/81

II. FISCAL DETAIL

Agency Affected Dept. of Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, or Subprogram(s) Affected _____
 (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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Appropriates \$77,000,000 necessary to make royalty payments to residents as provided for by CSHB 67(GP); in the original bill HB 68.

This CS version also appropriates \$497,800 to study and report on the establishment of a trust for a portion of state royalty revenues for distribution to the people of the state similar to the Alaska royalty trust intended by HB 466.

Fiscal impact (administrative costs) of distribution of payments related to the \$77.0 million to be distributed is contained in four fiscal notes attached to original bills HB 67 & 68, dated 1/13/81. No further change. Copy of those fiscal notes are attached.

Anselm C. Staack

IV. DATE April 24, 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)


STATE
of ALASKA

MEMORANDUM

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

DATE: January 13, 1981

FILE NO: HOUSE BILL NO. 67 & 68

FROM: Fred P. Boetsch 
Director
Enforcement Division

TELEPHONE NO:

SUBJECT: Fiscal Note Regarding
Royalty Premium Payments

This bill provides for a one time payment to all residents of the state of \$193 which derives from the sale of the state's royalty share of oil held on December 19, 1980. The only requirement is that they have been a resident for a minimum of 30 days and intend to remain a resident of the state as of the date of filing and application. Aside from the difference in residency requirement and the fact that the distribution applies to all residents of the state including minors, the rest of this distribution parallels in many respects the Permanent Fund Dividend Act, AS 43.23. The list of allowable absences is identical.

We anticipate that some 400 thousand applications would be filed under this bill. Phil Wall is preparing a fiscal note on the impact of such a filing on the Administrative Services Division which includes all of the paperwork processing, the computer processing, program development, etc. The Enforcement Division would be charged with conducting investigations of eligibility for applicants under this program.

Based on our experience with the investigations of the Permanent Fund Dividend program, we believe that, for the most part, the eligibility of applicants under this program could be investigated in the same way. The exception would be with respect to residents who only claim 30 day residency. I anticipate that fewer than 3% of the entire number of applicants would fall into this category. We could have a substantial problem with respect to military applicants who may be presently in the state for a brief period of time who could meet the thirty day residency requirement and claim, for purposes of this act, an intention to remain in the state even though they might not subsequently do so upon completion of their tour of duty here. Again, that would be a relatively small percentage of the total number of applicants and we could address a specific program to those applicants should a preliminary investigation indicate a substantial problem.

Accordingly, we believe that the addition of four Tax Collection Specialists supervised by a Tax Examiner III for a period of about 12 months would be adequate to conduct any investigations necessary under this program. In addition to the personal service costs of those individuals, we would need \$20,000 in travel to assist people in rural areas. We would expect an increase in our phone bill due to both answering questions through the zenith phone number with regard to this program and using the telephone by the TCS's as a means of conducting the investigation. I estimate the additional telephone costs would be about \$25,000. We would also have an increase in postage and printing costs for letters to be sent to applicants of about \$2,500. Commodities would cost \$2,000. Additional desks, chairs, typewriters, calculators, etc. would come to about \$5,000. The total cost of the program would be \$201,621 which would be distributed between fiscal years 1981 and 1982 in the following manner assuming an April 1, 1981 start-up date.

Fiscal Year 1981	3 months	\$ 53,247
Fiscal Year 1982	9 months	148,374
	TOTAL	\$201,621

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HOUSE BILL NO. 67 & 68 (Page 1 of 4)
 Bill/Resolution No. _____
 Title Royalty Oil Premium Payment
 Requested by Governor Date January 13, 1981

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected Revenue Collections & Management
 BRU, Program, or Subprogram(s) Affected Enforcement Division
 (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	36.7	110.4	Ø	Ø	Ø	Ø
200 TRAVEL	5.0	15.0	Ø	Ø	Ø	Ø
300 CONTRACTUAL	6.0	21.5	Ø	Ø	Ø	Ø
400 COMMODITIES	0.5	1.5	Ø	Ø	Ø	Ø
500 EQUIPMENT	5.0	Ø	Ø	Ø	Ø	Ø
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	53.2	148.4	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

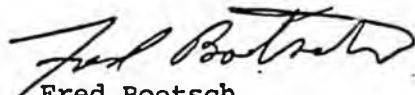
GENERAL FUND	53.2	148.4	Ø	Ø	Ø	Ø
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	5	5	Ø	Ø	Ø	Ø
PART TIME						
TEMPORARY						

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

See memo from Fred Boetsch, Director of Enforcement to Joseph K. Donohue, Deputy Commissioner for Taxation, dated January 13, 1981, attached.

IV. DATE January 13, 1981 PREPARED BY  Fred Boetsch
 AGENCY Revenue
 Original: Legislative Finance PHONE 465-2366
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HOUSE BILL NO. 67 & 68 (Page 2 of 4)
 Bill/Resolution No. _____
 Title An Act providing for royalty oil premium payments
 Requested by Governor Date 01/13/81

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING Millions (Thousands of Dollars)

GENERAL FUND	77.0	→	φ			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 According to the Department of Natural Resources \$77 million is the premium earned by the state in taking its oil in kind and selling at public auction rather than taking in value. The premium was figured by multiplying the average premium -- \$2.57/barrel -- by the number of barrels available per day -- 84,375 b/d -- times 365 days. As the total amount of oil is not decontrolled until October 1981, a certain percentage is deducted to take that into account.

IV. DATE 01/13/81 PREPARED BY Joseph K. Donohue
 AGENCY Revenue
 PHONE 465-2302
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 67 & 68 (Page 3 of 4)
 Title Providing for Royalty Oil Premium payments to State residents.
 Requested by Governor Jay S. Hammond Date 1/12/81

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administration and Support, Management Services
 (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	237.2	→	∅			
200 TRAVEL	3.6	→	∅			
300 CONTRACTUAL	332.4	→	∅			
400 COMMODITIES	9.0	→	∅			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	582.2	→	∅			

FUNDING (Thousands of Dollars)

GENERAL FUND	582.2	→	∅			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

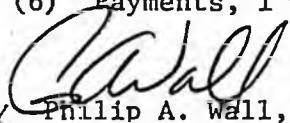
FULL TIME						
PART TIME	26/113mm					
TEMPORARY						

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

The providing of Royalty Oil Premium payments is considered a one-time project which will begin in FY81 and end in FY82. The fiscal detail described, above, should be authorized through 6/30/82. It is assumed that supervisory, space and related needs will be available from existing resources. This funding will allow the design and operations required to print, distribute and process Royalty Premium Payment application forms. 400,000 residents are assumed.

Positions:

Design & Program: (1) Data Capture, 1 1/2 mm; (2) Edit and Error Correction, 1 1/2 mm; (3) Files and Storage, 1 mm; (4) Reports, 1 mm; (5) Enforcement Requirements, 1 mm; (6) Payments, 1 mm; and (7) Attachment Procedures, 1 mm.

IV. DATE January 13, 1981 PREPARED BY  Phillip A. Wall, Director
 AGENCY Administrative Services, Dept. of Revenue
 PHONE (907) 465-2313

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

Positions: (cont.)

3 PPT @ 3, 2, & 2 mm = 8 mm @ 2640 (R18) plus 25%: 26.4

Data Capture: 400,000 applications. 10 PPT. 5 @ 5 mm and
5 @ 4 mm = 45 mm @ 1392 plus 25%: 78.4

Document Processing: (Mail Room, Pre-Edit, Batching and Warrant
Control) 11 PPT. 6 @ 5 mm and 5 @ 4 mm = 50 mm @ 1392 plus 25%: 87.1

Inquiry Response: 1 PPT, 5 mm @ 1393 plus 25%: 8.7

Attachment Processing: 1 PPT, 5 mm @ 1393 plus 25%: 8.7

Overtime: 18.9

Shift Differential: 9.0

Travel: 3.6

Contractual:

Forms: 1. 400,000 base distribution, 1 part @ \$45M 18.0
2. 250,000 supplemental distribution, 1 part @ \$45M 16.0
3. 400,000 warrants @ \$25M 10.0

Postage: 1. Forms distribution, 6500,000 @ .15 each 97.5
2. 400,000 warrant payments @ .15 each 60.0
3. If postage increase to .20 each,
.05 additional for 2,050,000 items 52.5
4. Inquiry response, 6,000 letters @ .15 each 1.0

DP Chargeback: Disk storage: 200 million bytes
@ \$4/mo/million bytes X 12 4.6
Processing charge @ 4 mos. 40.0
Terminal processing and long line
@ 391 X 15 X 4 mos. 23.5

Storage of Forms: @ \$170/Mo X 3 mos. 0.5

Machine Rental: 15 CRT @ 80/mo X 4 mos. 4.8
1 Controller @ 705/mo X 4 mos. 2.8
1 Printer @ 286/mo X 4 mos. 1.2

Commodities: 9.0

Original sponsor: Rules/Governor

Offered: 4/20/81
Referred: Finance

Funding Information

General Fund \$77,497,800
Other Funds -0-
\$77,497,800

1 IN THE HOUSE

BY THE SPECIAL GAS
PIPELINE COMMITTEE

2

CS FOR HOUSE BILL NO. 68 (Gas Pipeline)

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 special appropriations for the distribution of revenue from state royalties; and providing for an effective date."

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

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* Section 1. The sum of \$77,000,000 is appropriated from the general fund to the Department of Revenue for the purpose of making royalty payments to state residents in accordance with an Act of the legislature setting out the substantive provisions governing those payments.

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* Sec. 2. The sum of \$497,800 is appropriated from the general fund to the Department of Revenue for a study and report concerning establishment of a trust for a portion of state royalty revenues for distribution to the people of the state.

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* Sec. 3. The unencumbered and unobligated portion of the appropriations made by this Act lapse into the general fund June 30, 1982.

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* Sec. 4. Section 1 of this Act takes effect on the effective date of an Act entitled "An Act providing for royalty payments to state residents; and providing for an effective date."

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* Sec. 5. Sections 2 and 3 of this Act take effect immediately in accordance with AS 01.10.070(c).

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CORRECTION

HOUSE BILL NO. 68

Committee referrals changed to:

Special Gas Pipeline Committee and Finance

Introduced: 2/4/81
Referred: Special Gas Pipeline
Committee and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 68

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 for royalty oil
7 premium payments; and providing for an effective
8 date."

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

10 * Seccion 1. The sum of \$77,000,000 is appropriated from the general
11 fund to the Department of Revenue for the purpose of making royalty oil
12 premium payments to state residents, in accordance with an Act of the legis-
13 lature setting out the substantive provisions governing those payments.

14 * Sec. 2. The appropriation made in sec. 1 of this Act lapses June 30,
15 1982.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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