

COMMITTEE REPORT

HOUSE

4/20/81

FURTHER:

(11)

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 68

"An Act making a special appropriation for royalty oil premium payments; and providing for an effective date."

under consideration and reports it back as follows:

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

HOUSE

4/20

2/9/81

FURTHER: FINANCE

(7)

Date: _____

Mr. Speaker:

The Committee on SPECIAL GAS PIPELINE has had HB 68

"An Act making a special appropriation for royalty oil premium payments; 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 68(GP) 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

Ben Rye
John ...
Anna ...
Gene Gardner

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Tom ... no rec
Rich ... No rec

Gene Gardner
CHAIRMAN

gov

Original sponsor: Rules/Governor

Offered: 4/20/81
Referred: Finance

Funding Information

General Fund	\$77,497,800
Other Funds	-0-
	<u>\$77,497,800</u>

BY THE SPECIAL GAS
PIPELINE COMMITTEE

1 IN THE HOUSE

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 distri-

7 bution of revenue from state royalties; and providing

8 for an effective date."

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

10 * Section 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 payments

12 to state residents in accordance with an Act of the legislature setting out

13 the substantive provisions governing those payments.

14 * Sec. 2. The sum of \$497,800 is appropriated from the general fund to

15 the Department of Revenue for a study and report concerning establishment of

16 a trust for a portion of state royalty revenues for distribution to the

17 people of the state.

18 * Sec. 3. The unencumbered and unobligated portion of the appropriations

19 made by this Act lapse into the general fund June 30, 1982.

20 * Sec. 4. Section 1 of this Act takes effect on the effective date of an

21 Act entitled "An Act providing for royalty payments to state residents; and

22 providing for an effective date."

23 * Sec. 5. Sections 2 and 3 of this Act take effect immediately in

24 accordance with AS 01.10.070(c).

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

Lester
70

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

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 * Section 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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COMMITTEE COPY

14867
14868

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/H

Jay S. Hammond
Governor


JAN 13 1981

ALASKA DEPARTMENT OF REVENUE

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	<u>148,374</u>
	TOTAL	<u>\$201,621</u>

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 and 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
 PHONE 465-2366
 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 2 of 4)
 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 of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	77.0	→	φ			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
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 Philip A. Wall, Director
 AGENCY Administrative Services, Dept. of Revenue
 PHONE (907) 465-2313

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

HOUSE BILL NO. 67 (Page 4 of 4)
and HB 68

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

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST... Session

HOUSE BILL NO. 68

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making a special appropriation for royalty oil premium payments; and providing for an effective date."

Spec appro, royalty oil

Introduced in the House 2/4, 1981

HISTORY IN THE HOUSE

19 81

Feb 4

Read first time and referred to Committee on Spec Gas Pipeline Committee and Finance Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

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.

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	2,778.8	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:

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 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	18112.3	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

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 69

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, Alaska Constitution).

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

13 * Sec. 3. This Act takes effect July 1, 1981.
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1HB69

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 appropriating \$1.8 billion to the permanent fund.

I believe that it is appropriate that Alaska set aside this portion of its oil wealth so that its earnings can provide an increased income stream for the benefit of all Alaskans. The Legislature determined that dividends should be worth a minimal \$50 each. This contribution will provide sufficient earnings to meet that commitment without having to borrow from the general fund. Should we not make such provision, our legal case may be weakened.

In addition to providing increased dividends for distribution to our citizens, these earnings can also help sustain the cost of government services after our oil reserves diminish. By retaining the value of this finite resource and spending only its earnings we can make certain that Alaskans can benefit from this resource in perpetuity.

Sincerely,

S/JSH

Jay S. Hammond
Governor