SB
66

Box 203
Petersburg, Ak 99833
April 23, 1981

The Honorable Jay Hammond
Governor, State of Alaska
Juneau, Ak 99801

Dear Governor Hammond:

As a voter registrar for the past several years, it is with regret that I will no longer be able to perform this service. I just get too upset and frustrated! If you politicians could see the abuses that go along with voter registration so that people are eligible for the "free stuff" that you are proposing, perhaps you would think before devising more ways to give cash, permanent fund dividends, etc. away. I must stress that the Election Office is doing an excellent job and all they are empowered to do under the present laws.

There is no way that proof of residency can be enforced! I see many summer people coming up here from the Lower 48 and the first stop is to register to vote - not to vote, but to get in line for the cash gifts that are proposed and that are read about in the media. I see many people that make their living here and go back to their homes down south after the season, but feel they are entitled to the cash ... if the State wants to give the money away. This money will not be spent in Alaska. Perhaps being in a small town knowing most of the people puts us in a unique position of seeing what is happening. In larger cities the registrar would not be aware of this.

Think of our image in the lower 48! Other states feel that we are so wealthy that we can reduce and/or eliminate taxes, while raising the oil tax; they feel we are increasing the cost of fuel at the expense of the users South. There are many capital projects needed in all our towns. Why can't the State go along with more revenue sharing for the communities and leave it up to the local people if they want to improve their streets, libraries, etc or reduce local taxes.

We should use the oil money in a wise way and leave a legacy for our children - hydro projects, capital improvements, developing renewable resources.

After talking with many people on how they feel about permanent fund dividends, you are underestimating the real residents that love Alaska. We don't want cash gifts, but to improve the quality of life in our communities for the benefit of all - permanent residents, seasonal residents and tourists.

Sincerely,

Karen Hofstad

Karen Hofstad
Petersburg

CC: Legislators

STATE
of ALASKA

MEMORANDUM

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

DATE: January 13, 1981

FILE NO:

TELEPHONE NO:

FROM: Fred P. Boetsch
Director
Enforcement Division

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. SB 66
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, separat 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~~ Millions of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	77.0	→	∅			
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 Joseph K Donohue
AGENCY Revenue
PHONE 465-2302

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

33-001 (Rev. 12/80)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. SB 66
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	→	Ø			
200 TRAVEL	3.6	→	Ø			
300 CONTRACTUAL	332.4	→	Ø			
400 COMMODITIES	9.0	→	Ø			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	582.2	→	Ø			

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	582.2	→	Ø			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
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 assummed.

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
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/80)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. SB 66
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	0	Ø	Ø	Ø	Ø
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	53.2	148.4	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	53.2	148.4	Ø	Ø	Ø	Ø
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
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)

33-001 (Rev. 12/80

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 [illegible] 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

January 12, 1981

President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. President:

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 eligiblity 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,

S/JSH

Jay S. Hammond
Governor

SB6F

Editorial Opinion and Comment of

FAIRBANKS

Daily News - Miner

"Independent in All Things. . . Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

The next royalty sale

Are you enjoying the $193 Gov. Hammond promised you last fall when his administration decided to sell some of our royalty oil to the highest bidder? Is the money helping you pay for heating fuel that has increased in price 15 cents a gallon or more since then? Is it helping you pay for gasoline that has gone up by a comparable amount?

No Alaskan is getting that promised benefit and every indication is that none will for quite some time, if at all.

A brief history of the issue: Last fall state Natural Resources Commissioner Robert LeResche announced that some of our state's Prudhoe Bay royalty oil would be sold to the highest bidder in an attempt to get the most money possible for the state. Assurredly, the price would be somewhat over the in-value price of the oil—the average of the wellhead prices.

The problem with a sale of that sort is that none of the oil would be used in Alaska. In-state refiners were getting oil from the state at the cheaper in-value price under long-term contracts. The amount being offered could have been enough to prompt construction of one or more additional refineries, a move that would have reduced consumer prices a bit by bringing in some competition.

Several voices, including that of this newspaper, criticized Mr. LeResche's decision, and the governor agreed to take that criticism under consideration. The result was no change in the terms of the sale, but he did promise that whatever extra money the state got above the in-value price—which was then about $21 a barrel—would be divided among Alaskans.

The governor introduced the necessary legislation on Feb. 4, appropriating the resulting $193 for each Alaskan and setting up the distribution scheme. The bills got two committee referrals in each house and there they sit.

We can't predict what, if anything, the Legislature will do with Mr. Hammond's one-shot cash distribution proposal, but a look at the text of the distribution bill itself may be instructive. It's about as begrudging as any we've seen.

"... this per capita distribution," it says, "does not provide an incentive for long-term residence in the state; it does not help to assure that the state will benefit in the future from a stable population; it does not encourage a long-term interest in prudent management of the Alaska Permanent Fund and the state's natural resources; and it does not recognize the many contributions, both tangible and intangible, that individuals have made to the Alaska community during their previous periods of residence in the state.

"Thus, the method of distribution provided in the Act is not the method preferred by the Legislature."

The only saving grace, again according to the text of the bill, is that it would help to assuage disappointed expectations over the indefinitely delayed Permanent Fund distribution plan. It seems to us unlikely that the Legislature would pass a bill that recognized all those deficiencies within itself.

So, while you're savoring the anticipation of your $193 royalty bonus, savor this, too:

If that royalty oil had been offered at a substantially reduced price to in-state refineries for making products to be used only in Alaska, by mid-year you would have some of that money in your pocket through a sharply reduced price for fuel.

And you'd have it all over again next year, and the year after that and on into the foreseeable future.

This missed opportunity is worth recalling now only because the state has another chance coming up soon and appears to be heading down more or less the same road. Another royalty sale is anticipated this spring. The oil will go to whomever negotiates the best deal with Mr. LeResche's department for instate use, but the price will still be high—the in-value price—and it will continue escalating.

Persistent reports that one oil firm has the inside track in this negotiated sale don't enhance the prospects for real benefits for Alaskans. Fortunately, the Legislature is in session now and has time to act to bring about the stable and low fuel prices we Alaskans could be enjoying from our royalty oil.

Today's Thought . . .

Some time ago the British Weekly conducted a questionnaire among its readers and asked, "What things have made you happy or unhappy?" Thousands of replies ascribed happiness to spiritual qualities such as love, friendship, trust, honor and service. Yes, happiness comes from the qualities of the spirit.

By Rev. Paul Osumi

not happened yet, some will be spent on public works projects, some will be used to increase aid to local governments and perhaps reduce local taxes, and some will go to fuel the growth of state government.

It's our view that the oil benefits could be made available to Alaskans in a much more direct and meaningful way if the state were to sell this royalty oil at a substantially reduced price for refining into products for use only in Alaska. The proposed negotiated sale requires that the oil be processed here but there is no requirement that the products actually be sold in Alaska.

If cheap royalty oil were made available for in-state refining and use, we almost certainly would see at least one more refinery and perhaps more than one. Contracts with the existing refiners could be renegotiated to lower the price of that portion of the royalty crude they process for in-state use.

Because the crude oil would be relatively cheap, the resulting prices would be relatively low, too. Competition and public pressure would see to that.

Such a sale would bring about substantial savings in the price of fuel, a savings that could not help but touch every Alaskan. But we believe there also would be other benefits. The state certainly could sell the oil in such a way as to produce long-term stable prices. Alaskans' fuel budgets no longer would be at the unpredictable mercy of the OPEC countries.

Those electric utilities that depend on fuel oil, such as our own Golden Valley Electric Association and numerous small electricity plants in rural areas, could produce substantially cheaper power. Rates, which are ruinously high in some instances, could come down and become fairly stable.

A major source of state income—money that almost certainly would otherwise be taken for the growth of government—would wind up directly in the hands of individual Alaskans instead.

And, unlike most of the share-the-wealth proposals we've seen from the state administration and members of the Legislature, the benefits from this one would not be taxed away by the federal government. Alaskans would get the full benefit of whatever savings resulted and we would partially stop the drain of our state's wealth to the federal treasury.

Editorial Opinion and Comment of

FAIRBANKS
Daily News - Miner

"Independent In All Things. . . Neutral In None"

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Money in your pocket

A group of Fairbanksans has scheduled a series of meetings over coming weeks to discuss the idea of providing some of our state's royalty oil at substantially reduced prices to Alaskan refiners who would make products for in-state use.

It's an idea we believe would be a wise use of some of our oil because it would result in sharply lower fuel prices for Alaskans. This use would provide a direct benefit to individuals from our oil wealth and could not be taxed away by the federal government. We hope you'll turn out for the next meeting, which is at 7 p.m. Wednesday at the Travelers Inn, to let the group know what you think of the idea.

Their goal is to put together a basic plan, then present it to the Legislature through a teleconference hearing.

In the past, our state's administration has balked at the idea of letting any of the royalty oil go for less than the market price. Their view is that doing so would treat some Alaskans differently from others. The amount of benefit each of us received would vary, depending on the amount of fuel each of us used.

State officials would rather sell the oil for the highest price possible, then try to distribute the money to the people in one form or another.

We can understand the desire to be fair, to try to treat all Alaskans equitably. After all, the royalty oil does belong to all the people of this state. Unfortunately, however, our state leaders have not yet found a way to treat all of us equally—nor are they likely to.

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The next royalty sale

Once again state officials are preparing to sell some of our Prudhoe Bay royalty oil and once again it appears they're going to do it in a way that guarantees Alaskans will continue to pay escalating prices for fuel.

The state Department of Natural Resources will be seeking proposals until April 1 to negotiate the sale of varying amounts of royalty oil, beginning a year from next July. About 84,000 barrels a day is expected to be available until 1986. Then the amount will be cut by the 25,000 barrels a day that is pledged to the Alaska Oil Co.

Whoever buys the oil must refine it in the state and the negotiated price will not be below the in-value price of the oil—that is it will be sold at no less than the average of the Prudhoe Bay wellhead values.

At the most recent royalty sale, last December, the state took bids on about this same amount of oil, and the resulting prices came in higher than the in-value price, thus assurring that the oil would not be used to start an additional refinery or two in Alaska to provide competition and perhaps bring down prices at bit.

While the contemplated sale this time probably will not result in prices higher than existing Alaskan refiners are paying for state royalty oil, and may lead the start of another refinery or two, it will not bring about the sort of relief Alaskans could be getting. The price for the oil will rise as world prices rise and so will the fuel prices Alaskans pay.

Basically what our present set of state officials seem bent on is selling our oil for the most money possible, then spending the money. Some of it may be given directly to individual Alaskans although that has not happened yet, some will be spent on public works projects, some will be used to increase aid to local governments and perhaps reduce local taxes, and some will go to fuel the growth of state government.

It's our view that the oil benefits could be made available to Alaskans in a much more direct and meaningful way if the state were to sell this royalty oil at a substantially reduced price for refining into products for use only in Alaska. The proposed negotiated sale requires that the oil be processed here but there is no requirement that the products actually be sold in Alaska.

If cheap royalty oil were made available for in-state refining and use, we almost certainly would see at least one more refinery and perhaps more than one. Contracts with the existing refiners could be renegotiated to lower the price of that portion of the royalty crude they process for in-state use.

Because the crude oil would be relatively cheap, the resulting prices would be relatively low, too. Competition and public pressure would see to that.

Such a sale would bring about substantial savings in the price of fuel, a savings that could not help but touch every Alaskan. But we believe there also would be other benefits. The state certainly could sell the oil in such a way as to produce long-term stable prices. Alaskans' fuel budgets no longer would be at the unpredictable mercy of the OPEC countries.

Those electric utilities that depend on fuel oil, such as our own Golden Valley Electric Association and numerous small electricity plants in rural areas, could produce substantially cheaper power. Rates, which are ruinously high in some instances, could come down and become fairly stable.

A major source of state income—money that almost certainly would otherwise be taken for the growth of government—would wind up directly in the hands of individual Alaskans instead.

And, unlike most of the share-the-wealth proposals we've seen from the state administration and members of the Legislature, the benefits from this one would not be taxed away by the federal government. Alaskans would get the full benefit of whatever savings resulted and we would partially stop the drain of our state's wealth to the federal treasury.

SB 66/67 VF file

House oil committee endorses idea of bonus payments

By JEAN KIZER
The Associated Press

JUNEAU — Legislation to hand every Alaskan $193 this year as a bonus from the December sale of state royalty oil won a unanimous endorsement from the House's special oil and gas committee Tuesday night.

The panel also took the first step toward creating a long-term royalty oil trust that would provide Alaskans a steady stream of income — possibly several hundred dollars per year — from the state's one-eighth royalty share of oil.

Committee members approved $500,000 for the Department of Revenue to study creation and implementation of a royalty trust. The department would be required to report to lawmakers in January on how a royalty trust should be set up to distribute a portion of the state's royalty oil income to residents each year.

The state takes in more than $1 billion per year in oil and gas royalties, not counting additional royalties that flow into the permanent fund.

Some lawmakers see the $193 per-person royalty payment proposed for this year as the forerunner of a permanent royalty trust program.

Gov. Jay Hammond first proposed the $193-per-head payments in December, when the state reaped a bonus of $77 million by selling 84,000 barrels per day of Prudhoe Bay royalty oil at auction, rather than selling it to North Slope producers at a set price.

Under Hammond's proposal, the state would hand out $193 payments — a total of $77 million — to every man, woman and child who has been a resident of the state for 30 days at the time of application and who intends to remain in Alaska.

If lawmakers approve the legislation (HB67, HB68), the Department of Revenue would be required to establish an application period, with payments to go out this year. The bill would allow parents to apply for payments on behalf of their children.

All members of the committee indicated support for the bill, which now goes to the Finance Committee. The only debate centered on a section stating the purpose of the distribution. At the urging of Rep. Hugh Malone, D-Kenai, the section was deleted.

It stated, in part, that the $193 per-capita distribution "provided in this act is not the method preferred by the legislature."