

COMMITTEE REPORT  
HOUSE

(11)

FURTHER:

3/7/84

Date: 3/29/84

The Committee on FINANCE has had HJR 57

"Proposing an amendment to the Constitution of the State of Alaska creating a fund to finance the construction of capital projects."

under consideration and recommends:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title
- and recommends No Recommendation  new title
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee 3/7/84

MEMBERS SIGNING  
DO PASS

\_\_\_\_\_

*[Signature]*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_ *(Milo Hitzlitz - No Rec)*

\_\_\_\_\_ *Don Paul (No Rec)*

\_\_\_\_\_ *Alaska (No Rec)*

\_\_\_\_\_ *Ed [unclear] (No Rec)*

\_\_\_\_\_ *[unclear]*

\_\_\_\_\_ *John Duncan - Do Not*

\_\_\_\_\_ *John Linder Pass*

\_\_\_\_\_ *Walt Farris NO Rec*

\_\_\_\_\_ *T.H. Martin - Do Not Pass*

\_\_\_\_\_ *Albert P. Adair*

CHAIRMAN

\_\_\_\_\_ *Albert P. Adair - No Rec*

Introduced: 1/23/84  
Referred: State Affairs,  
Judiciary and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 57

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

Proposing an amendment to the Constitu-

6

tion of the State of Alaska creating a

7

fund to finance the construction of cap-

8

ital projects.

9

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

10

\* Section 1. Article IX, Constitution of the State of Alaska, is amend-

11

ed by adding a new section to read:

12

SECTION 17. MAJOR PROJECTS FUND. (a) There is created in the

13

State treasury a major projects fund. The purpose of the major proj-

14

ects fund is to finance the construction of capital projects which

15

exceed \$100,000,000 in cost. Money in the fund may be invested in the

16

manner specified in section 15 of this article for the Alaska Perma-

17

nent Fund. The major projects fund consists of

18

(1) an annual deposit of ten percent of state revenue

19

earned during the period beginning July 1, 1984, and ending June 30,

20

1990, from the following sources:

21

(A) corporate income tax on oil and gas producers;

22

(B) severance tax;

23

(C) oil and gas production property tax;

24

(D) mineral lease rentals;

25

(E) royalties;

26

(F) royalty sale proceeds; and

27

(G) federal mineral revenue-sharing payments and

28

bonuses;

29

(2) interest earned each fiscal year from investment of

1 money in the major projects fund; and

2 (3) revenue dedicated to the major projects fund in accor-  
3 dance with (c) of this section.

4 (b) No money may be expended from the major projects fund unless

5 (1) the expenditure is in accordance with an appropriation  
6 bill passed by the affirmative vote of two-thirds of the membership of  
7 each house of the legislature;

8 (2) the appropriation, together with any other money com-  
9 mitted to finance the capital project, will provide for all costs of  
10 constructing the capital project; and

11 (3) the capital project will earn enough revenue during the  
12 life of the project to repay the money expended to finance the proj-  
13 ect.

14 (c) The legislature shall dedicate by law sufficient revenue  
15 earned by a capital project financed by the major projects fund so  
16 that the amount expended from the fund to finance the project is re-  
17 paid during the life of the project.

18 (d) Notwithstanding the dedication of revenue required by this  
19 section, the legislature may appropriate revenue dedicated under this  
20 section to meet a state of disaster declared by the governor as pre-  
21 scribed by law.

22 \* Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska is  
23 amended to read:

24 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or  
25 license shall not be dedicated to any special purpose, except as pro-  
26 vided in sections [SECTION] 15 and 17 of this article or when required  
27 by the federal government for state participation in federal programs.  
28 This provision shall not prohibit the continuance of any dedication  
29 for special purposes existing upon the date of ratification of this

1 section by the people of Alaska.

2 \* Sec. 3. Article IX, sec. 16, Constitution of the State of Alaska is  
3 amended to read:

4 SECTION 16. APPROPRIATION LIMIT. Except for appropriations for  
5 Alaska permanent fund dividends, appropriations from the major proj-  
6 ects fund established by section 17 of this article, appropriations of  
7 revenue bond proceeds, appropriations required to pay the principal  
8 and interest on general obligation bonds, and appropriations of money  
9 received from an non-State source in trust for a specific purpose, in-  
10 cluding revenues of a public enterprise or public corporation of the  
11 State that issues revenue bonds, appropriations from the treasury made  
12 for a fiscal year shall not exceed \$2,500,000,000 by more than the  
13 cumulative change, derived from federal indices as prescribed by law,  
14 in population and inflation since July 1, 1981. Within this limit, at  
15 least one-third shall be reserved for capital projects and loan appro-  
16 priations. The legislature may exceed this limit in bills for appro-  
17 priations to the Alaska permanent fund and in bills for appropriations  
18 for capital projects, whether of bond proceeds or otherwise, if each  
19 bill is approved by the governor, or passed by affirmative vote of  
20 three-fourths of the membership of the legislature over a veto or item  
21 veto, or becomes law without signature, and is also approved by the  
22 voters as prescribed by law. Each bill for appropriations for capital  
23 projects in excess of the limit shall be confined to capital projects  
24 of the same type, and the voters shall, as provided by law, be in-  
25 formed of the cost of operations and maintenance of the capital proj-  
26 ects. No other appropriation in excess of this limit may be made ex-  
27 cept to meet a state of disaster declared by the governor as pre-  
28 scribed by law. The governor shall cause any unexpended and unappro-  
29 priated balance to be invested so as to yield competitive market rates

1 to the treasury.

2 \* Sec. 4. The amendments proposed by this resolution shall be placed  
3 before the voters of the state at the next general election in conformity  
4 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
5 tion laws of the state.

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: HJR No. 57  
 Title: Constitutional Amendment Capital Projects Fund  
 Sponsor: Governor  
 Requestor: Senate Resources  
 Date of Request: March 7, 1984

**FISCAL DETAIL**

Agency Affected: All Agencies  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>		-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

Note: Analysis of potential fiscal impacts discussed in attached memorandum.

**ANALYSIS:** Attach a separate page for analysis

Prepared By: Jay Madan, Associate Director Phone: 465-3568  
 Division: Budget Review - OMB Date: March 7, 1984

Approved by Commissioner: Peter McDowell, Director Date: March 7, 1984  
 Agency: Office of Management and Budget

**Distribution (by Agency preparing fiscal note):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## OFFICE OF THE GOVERNOR

POUCH AD  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3568

### OFFICE OF MANAGEMENT AND BUDGET

#### DIVISION OF STRATEGIC PLANNING

March 7, 1984

The Honorable Charlie Bussell  
Alaska State House  
Pouch V  
Juneau, AK 99811

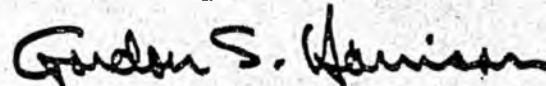
Dear Representative Bussell:

Attached to this letter are projections of State revenue and contributions to the Major Projects Fund as proposed in CSHJR 57. Contribution estimates are based on the assumption that ten percent of oil revenues, excluding corporate income tax on oil and gas producers and property tax on oil and gas production property, would be set aside in the Fund beginning in FY 1986.

These projections incorporate current royalty and severance tax revenue estimates published by the Department of Revenue. Other petroleum and non-petroleum revenue projections are those of OMB, but they are similar to the estimates used by the Department of Revenue internally.

We have analyzed the cash flow of the Major Projects Fund (CSHJR 57) with both 30th and 50th percentile estimates of severance tax and royalty income. Note that our estimates of unrestricted revenue are based on current law, and are not adjusted for deposits into the Fund.

Sincerely,



Gordon S. Harrison  
Associate Director

mm/84I-57

50TH PERCENTILE  
ROYALTIES, SEVERANCE TAXES,  
AND FEDERAL MINERAL REVENUE SHARING PAYMENTS \*  
(\$ Million; Nominal)

FY	DOR	DOR	OMB	Total
	<u>50%</u>	<u>50%</u>	<u>Estimate</u>	
	Gross	Severance	Federal	
	Royalties	Taxes	Mineral	
			Revenue	
			Sharing	
1986	1,480	1,450	18	2,948
1987	1,670	1,630	18	3,318
1988	1,820	1,520	18	3,358
1989	2,080	1,730	18	3,828
1990	2,140	1,770	18	3,928
1991	1,950	1,540	18	3,508
1992	1,940	1,460	18	3,418
1993	1,940	1,430	18	3,388
1994	1,900	1,370	18	3,288
1995	1,770	1,270	18	3,058
1996	1,650	1,100	18	2,768
1997	1,700	1,140	18	2,858
1998	1,750	1,150	18	2,918

\* The Major Projects Fund proposal for which this was prepared also specifies that ten percent of "mineral lease rentals" and "royalty sale proceeds" be set aside in the Fund. Estimates of royalty sale proceeds are included in the "Gross Royalties" reported above. Mineral lease rentals are a relatively minor source of income (less than Federal mineral revenue sharing payments) and long-range forecasts are not readily available.

OMB

3-7-84

**30TH PERCENTILE  
ROYALTIES, SEVERANCE TAXES,  
AND FEDERAL MINERAL REVENUE SHARING PAYMENTS \***  
(\$ Million; Nominal)

FY	DOR <u>30%</u>	DOR <u>30%</u>	OMB <u>Estimate</u>	Total
	Gross Royalties	Severance Taxes	Federal Mineral Revenue Sharing	
1986	1,320	1,300	18	2,638
1987	1,470	1,440	18	2,928
1988	1,590	1,310	18	2,918
1989	1,770	1,460	18	3,248
1990	1,680	1,350	18	3,048
1991	1,560	1,150	18	2,728
1992	1,540	1,090	18	2,648
1993	1,470	990	18	2,478
1994	1,390	920	18	2,328
1995	1,300	880	18	2,198
1996	1,230	760	18	2,008
1997	1,260	770	18	2,048
1998	1,270	790	18	2,078

\* The Major Projects Fund proposal for which this was prepared also specifies that ten percent of "mineral lease rentals" and "royalty sale proceeds" be set aside in the Fund. Estimates of royalty sale proceeds are included in the "Gross Royalties" reported above. Mineral lease rentals are a relatively minor source of income (less than Federal mineral revenue sharing payments) and long-range forecasts are not readily available.

OMB

3-7-84

CONTRIBUTIONS TO MPF  
( \$ Million; Nominal)

<u>FY</u>	<u>At 50th Percentile</u>		<u>At 30th Percentile</u>	
	Total Royalties, Severance Taxes, and FMRS *	10% to MPF	Total Royalties, Severance Taxes, and FMRS *	10% to MPF
1986	2,948	295	2,638	264
1987	3,318	332	2,928	293
1988	3,358	336	2,918	292
1989	3,828	383	3,248	325
1990	3,928	393	3,048	305
1991	3,508	351	2,728	273
1992	3,418	342	2,648	265
1993	3,388	339	2,478	248
1994	3,288	329	2,328	233
1995	3,058	306	2,198	220
1996	2,768	277	2,008	201
1997	2,858	286	2,048	205
1998	2,918	292	2,078	208
TOTAL		4,261		3,332

\* FMRS = Federal mineral revenue sharing payments.

OMB

3-7-84

CONTRIBUTIONS TO PERMANENT FUND  
(\$ Million; Nominal)

FY	<u>At 50th Percentile</u>			<u>At 30th Percentile</u>		
	Non-Tax. Pet. Rev. (Excl. Bonuses)	Perm. Fund Contribution Rate	Perm. Fund Contributions	Non-Tax. Pet. Rev. (Excl. Bonuses)	Perm. Fund Contribution Rate	Perm. Fund Contributions
1986	1,498	.25	375	1,338	.25	335
1987	1,688	.25	422	1,488	.25	372
1988	1,838	.25	460	1,608	.25	402
1989	2,098	.25	525	1,788	.25	447
1990	2,158	.25	540	1,698	.25	425
1991	1,968	.25	492	1,578	.25	395
1992	1,958	.27	529	1,558	.27	421
1993	1,958	.27	529	1,488	.27	402
1994	1,918	.28	537	1,408	.28	394
1995	1,788	.28	501	1,318	.28	369
1996	1,668	.29	484	1,246	.29	362
1997	1,718	.30	515	1,278	.30	383
1998	1,768	.30	530	1,288	.30	386

OHB

3-7-84

UNRESTRICTED GENERAL FUND REVENUE: 50TH PERCENTILE  
(\$ Million)

FY	50th Percentile Pet. Rev. * Minus P.F. Contr.	OMB	OMB	Unrestricted Gen. Fund Revenue	Unrestricted Gen. Fund Revenue (1985 dollars)
		<u>Estimate</u>	<u>Estimate</u>		
		Investment Income	Other (Non-Pet.) Revenue		
1986	3,124	250	272	3,646	3,440
1987	3,505	250	237	4,042	3,609
1988	3,518	250	303	4,071	3,421
1989	3,964	250	320	4,534	3,598
1990	4,042	250	337	4,629	3,454
1991	3,662	250	356	4,268	3,006
1992	3,557	250	376	4,183	2,789
1993	3,546	250	397	4,193	2,637
1994	3,444	250	420	4,114	2,434
1995	3,252	250	443	3,945	2,204
1996	2,945	250	469	3,664	1,928
1997	3,056	250	495	3,801	1,891
1998	3,120	250	524	3,894	1,828

\* Includes corporate income tax on oil and gas producers and oil and gas production property tax, in addition to royalties, severance taxes, and federal mineral revenue sharing payments.

OMB

3-7-84

UNRESTRICTED GENERAL FUND REVENUE: 30TH PERCENTILE  
(\$ Million)

FY	30th Percentile Pet. Rev. * Minus P.F. Contr.	OMB	OMB	Unrestricted Gen. Fund Revenue	Unrestricted Gen. Fund Revenue (1985 dollars)
		<u>Estimate</u> Investment Income	<u>Estimate</u> Other (Non-Pet.) Revenue		
1986	2,854	250	272	3,376	3,185
1987	3,165	250	287	3,702	3,305
1988	3,136	250	303	3,689	3,100
1989	3,462	250	320	4,032	3,200
1990	3,277	250	337	3,864	2,884
1991	2,979	250	356	3,585	2,525
1992	2,895	250	376	3,521	2,347
1993	2,763	250	397	3,410	2,145
1994	2,627	250	420	3,297	1,951
1995	2,524	250	443	3,217	1,797
1996	2,307	250	469	3,026	1,593
1997	2,378	250	495	3,123	1,554
1998	2,424	250	524	3,198	1,501

\* Includes corporate income tax on oil and gas producers and oil and gas production property tax, in addition to royalties, severance taxes, and federal mineral revenue sharing payments.

OMB

3-7-84

MPF CUMULATIVE BALANCE: 50TH PERCENTILE  
(\$ Million)

<u>Deposit Date</u>	<u>Deposit Amount</u>	<u>9% Interest</u>	<u>Balance</u>	<u>Balance Date</u>	<u>Balance in \$ 1985 (6% inflation)</u>
1-1-86	295	27	322	12-31-86	304
1-1-87	332	59	713	12-31-87	637
1-1-88	336	94	1,143	12-31-88	961
1-1-89	383	137	1,163	12-31-89	1,320
1-1-90	393	185	2,241	12-31-90	1,672
1-1-91	351	233	2,825	12-31-91	1,989
1-1-92	342	285	3,452	12-31-92	2,301
1-1-93	339	341	4,132	12-31-93	2,599
1-1-94	329	401	4,862	12-31-94	2,877
1-1-95	306	465	5,633	12-31-95	3,147
1-1-96	277	532	6,442	12-31-96	3,391
1-1-97	286	606	7,334	12-31-97	3,549
1-1-98	292	686	8,312	12-31-98	3,902

Assumptions: 1) No expenditures from the fund.

2) MPF lump sum deposit in the middle of the fiscal year.

OMB

3-7-84

MPF CUMULATIVE BALANCE: 30TH PERCENTILE  
(\$ Million)

<u>Deposit Date</u>	<u>Deposit Amount</u>	<u>9% Interest</u>	<u>Balance</u>	<u>Balance Date</u>	<u>Balance in \$ 1985 (6% inflation)</u>
1-1-86	264	24	288	12-31-86	272
1-1-87	293	52	633	12-31-87	565
1-1-88	292	83	1,008	12-31-88	847
1-1-89	325	120	1,453	12-31-89	1,153
1-1-90	305	156	1,916	12-31-90	1,430
1-1-91	273	197	2,386	12-31-91	1,680
1-1-92	265	239	2,890	12-31-92	1,927
1-1-93	248	282	3,420	12-31-93	2,151
1-1-94	233	329	3,982	12-31-94	2,356
1-1-95	220	378	4,580	12-31-95	2,559
1-1-96	201	430	5,211	12-31-96	2,743
1-1-97	205	487	5,903	12-31-97	2,937
1-1-98	208	550	6,661	12-31-98	3,127

OMB

3-7-84

Rep. DUNCAN

**REVENUE AND EXPENDITURE FORECAST  
FOR THE STATE OF ALASKA**  
(in millions of dollars)

(1) FISCAL YEAR	(2) UNRESTR REVENUE +PFCONT	(3) PERM FUND CONTRIB	(4) PROPOSED MAJPROJ CONTRIB	(5) SUM DEDICAT REVENUE	(6) BALANCE AVAIL FOR APPROP	(7) OPER BUDGET	(8) AVAIL BALANCE
1984	3,552.2	319.2	0.0	319.2	3,233.0	2,291.6	941.4
1985	3,538.9	319.6	<del>253.3</del> 253.3	<del>572.8</del> 572.8	2,946.9	2,360.7	<del>605.4</del> 587
1986	3,700.2	335.3	<del>244.1</del> 244.1	<del>599.4</del> 599.4	<del>3,246.8</del> 3,246.8	2,548.1	<del>552.6</del> 498
1987	4,103.2	374.1	<del>294.3</del> 294.3	<del>668.4</del> 668.4	<del>3,325.9</del> 3,325.9	2,747.5	<del>687.3</del> 628
1988	4,113.3	402.2	<del>292.6</del> 292.6	<del>694.9</del> 694.9	<del>3,392.5</del> 3,392.5	2,966.9	<del>451.5</del> 391
1989	4,531.9	463.6	<del>325.7</del> 325.7	<del>739.3</del> 739.3	<del>3,672.6</del> 3,672.6	3,201.3	<del>541.3</del> 476
1990	4,319.7	439.6	<del>305.2</del> 305.2	<del>744.8</del> 744.8	<del>3,576.0</del> 3,576.0	3,455.0	<del>119.9</del> 55
1991	3,993.4	411.1	274.0	685.1	3,308.3	3,722.4	-414.1
1992	3,949.2	413.4	265.9	679.3	3,270.0	4,013.7	-743.7
1993	3,806.8	402.2	248.8	651.0	3,155.8	4,352.5	-1,196.7
1994	3,681.7	391.6	234.5	626.1	3,055.6	4,705.3	-1,649.7
1995	3,567.5	372.8	221.7	594.5	2,973.0	5,114.7	-2,141.7
1996	3,395.1	362.4	201.8	564.2	2,830.9	5,562.5	-2,731.6
1997	3,466.9	375.3	205.7	581.0	2,885.9	6,047.7	-3,161.8
1998	3,548.2	388.9	208.7	597.6	2,950.6	6,579.6	-3,629.1
1999	3,611.3	398.7	210.1	608.9	3,002.5	7,157.7	-4,155.2
2000	3,648.3	403.4	209.1	612.5	3,035.8	7,787.3	-4,751.5

**EXPLANATORY NOTES**

- COLUMN (2): UNRESTRICTED REVENUES AND PERMANENT FUND CONTRIBUTIONS ARE FROM JANUARY 1984 DEPARTMENT OF REVENUE PROJECTIONS. THE FIGURES INCLUDE INFLATION AT 6% PER YEAR.
- COLUMN (3): SOURCE: JANUARY 1984 DEPARTMENT OF REVENUE PROJECTIONS.
- COLUMN (4): CONTRIBUTIONS TO THE PROPOSED MAJOR PROJECTS FUND ARE BASED ON CS HJR 57 (RESOURCES), WHICH SPECIFIES THAT 10% OF SEVERANCE TAXES, MINERAL LEASE RENTALS, ROYALTIES, ROYALTY SALE PROCEEDS AND FEDERAL MINERAL REVENUE-SHARING PAYMENTS AND BONUSES SHALL BE DEPOSITED IN THE FUND.
- COLUMN (5): THE SUM OF DEDICATED REVENUES EQUALS CONTRIBUTIONS TO THE PERMANENT FUND AND TO THE MAJOR PROJECTS FUND.
- COLUMN (6): THE BALANCE AVAILABLE FOR APPROPRIATION EQUALS COLUMN (2) LESS COLUMN (5).
- COLUMN (7): THE OPERATING BUDGET IS BASED ON THE MULTIPLICATIVE FORMULA OF CS HB 524. FY 84 AND FY 85 FIGURES ARE BASED ON A JANUARY 31, 1984 MEMORANDUM FROM LEGISLATIVE FINANCE TO REPRESENTATIVE AL ADAMS. THE OPERATING BUDGET LIMIT IS ASSUMED TO BE TWO-THIRDS OF THE SPENDING LIMIT. THE LIMIT IS INCREASED BY 6% PER YEAR FOR INFLATION AND BY 2.84% PER YEAR FOR POPULATION GROWTH. THE OPERATING BUDGET INCLUDES GENERAL OBLIGATION AND 50% OF SCHOOL BOND DEBT SERVICE BUT ASSUMES THAT NO ADDITIONAL BONDS ARE ISSUED.
- COLUMN (8): THE AVAILABLE BALANCE EQUALS COLUMN (2) LESS COLUMN (7).

# MEMORANDUM

Revenue projections under Senate  
State of Alaska Resolution

TO: The Honorable Bettye M. Fahrenkamp DATE: March 6, 1984  
Alaska State Senate

FILE NO: 84E-3

TELEPHONE NO: 465-3568

FROM: Gordon S. Harrison (ash)  
Associate Director  
Division of Strategic Planning  
Office of Management and Budget

SUBJECT: Revenue Projections for  
CSSJR 32

In response to a request from your staff, we are providing long-term revenue projections which may be useful to the work of your committee on CSSJR 32. These projections incorporate current royalty and severance tax revenue estimates published by the Department of Revenue. Other petroleum and non-petroleum revenue projections are those of OMB, but they are similar to the estimates used by the Department of Revenue internally.

We have analyzed the cash flow of the Major Projects Fund with both 30th and 50th percentile estimates of severance tax and royalty income. Note that our revenue estimates are based on current law, and do not take account of potential future new State revenue sources such as a personal income tax, Permanent Fund dividends, etc.

mm

PETROLEUM REVENUE: 50TH PERCENTILE  
(\$ Million; Nominal)

FY	<u>DOR</u> <u>50%</u>	<u>DOR</u> <u>50%</u>	<u>OMB</u> <u>Estimate</u>	<u>OMB</u> <u>Estimate</u>	<u>OMB</u> <u>Estimate</u>	Total Petroleum Revenue
	Gross Royalties	Severance Taxes	Corporate Petroleum Income Tax	Property Tax (Oil/Gas)	Federal Mineral Revenue Sharing	
1985	1,370	1,370	300	222	17	3,279
1986	1,480	1,450	325	226	18	3,499
1987	1,670	1,630	350	259	18	3,927
1988	1,820	1,520	363	257	18	3,978
1989	2,080	1,730	384	277	18	4,489
1990	2,140	1,770	374	280	18	4,582
1991	1,950	1,540	361	285	18	4,154
1992	1,940	1,460	359	309	18	4,086
1993	1,940	1,430	350	337	18	4,075
1994	1,900	1,370	341	352	18	3,981
1995	1,770	1,270	331	364	18	3,753
1996	1,650	1,100	322	339	18	3,429
1997	1,700	1,140	325	388	18	3,571
1998	1,750	1,150	327	405	18	3,650

OMB

3-6-94

PETROLEUM REVENUE: 30TH PERCENTILE  
(\$ Million; Nominal)

FY	<u>DOR</u> 30%	<u>DOR</u> 30%	<u>OMB</u> <u>Estimate</u>	<u>OMB</u> <u>Estimate</u>	<u>OMB</u> <u>Estimate</u>	Total Petroleum Revenue
	Gross Royalties	Severance Taxes	Corporate Petroleum Income Tax	Property Tax (Oil/Gas)	Federal Mineral Revenue Sharing	
1985	1,260	1,250	300	222	17	3,049
1986	1,320	1,300	325	226	18	3,189
1987	1,470	1,440	350	259	18	3,537
1988	1,590	1,310	363	257	18	3,538
1989	1,770	1,460	384	277	18	3,909
1990	1,680	1,350	374	280	18	3,702
1991	1,560	1,150	361	285	18	3,374
1992	1,540	1,090	359	309	18	3,316
1993	1,470	990	350	337	18	3,165
1994	1,390	920	341	352	18	3,021
1995	1,300	880	331	364	18	2,893
1996	1,230	760	322	339	18	2,669
1997	1,260	770	325	388	18	2,761
1998	1,270	790	327	405	18	2,810

OMB

3-6-84

UNRESTRICTED GENERAL FUND REVENUE: 50TH PERCENTILE  
(\$ Million)

FY	50th Percentile Pet. Rev. Minus P.F. Contr.	OMB	OMB	Unrestricted Gen. Fund Revenue	Unrestricted Gen. Fund Revenue (1985 dollars)
		<u>Estimate</u>	<u>Estimate</u>		
		Investment Income	Other (Non-Pet.) Revenue		
1985	2,932	250	253	3,435	3,435
1986	3,124	250	272	3,646	3,440
1987	3,505	250	287	4,042	3,609
1988	3,518	250	303	4,071	3,421
1989	3,964	250	320	4,534	3,598
1990	4,042	250	337	4,629	3,454
1991	3,662	250	356	4,268	3,006
1992	3,557	250	376	4,183	2,789
1993	3,546	250	397	4,193	2,637
1994	3,444	250	420	4,114	2,434
1995	3,252	250	443	3,945	2,204
1996	2,945	250	469	3,664	1,928
1997	3,056	250	495	3,801	1,891
1998	3,120	250	524	3,894	1,828

OMB

3-6-84

UNRESTRICTED GENERAL FUND REVENUE: 30TH PERCENTILE  
(\$ Million)

FY	<sup>3</sup> 30th Percentile Pet. Rev. Minus P.F. Contr.	OMB	OMB	Unrestricted Gen. Fund Revenue	Unrestricted Gen. Fund Revenue (1985 dollars)
		<u>Estimate</u> Investment Income	<u>Estimate</u> Other (Non-Pet.) Revenue		
1985	2,730	250	253	3,233	3,233
1986	2,854	250	272	3,376	3,185
1987	3,165	250	287	3,702	3,305
1988	3,136	250	303	3,689	3,100
1989	3,462	250	320	4,032	3,200
1990	3,277	250	337	3,864	2,884
1991	2,979	250	356	3,585	2,525
1992	2,895	250	376	3,521	2,347
1993	2,763	250	397	3,410	2,145
1994	2,627	250	420	3,297	1,951
1995	2,524	250	443	3,217	1,797
1996	2,307	250	469	3,026	1,593
1997	2,378	250	495	3,123	1,554
1998	2,424	250	524	3,198	1,501

OMB

3-6-84

CONTRIBUTIONS TO MPF  
(\$ Million; Nominal)

<u>FY</u>	<u>At 50th Percentile</u>		<u>At 30th Percentile</u>	
	<u>Total Petroleum Revenue</u>	<u>10% to MPF</u>	<u>Total Petroleum Revenue</u>	<u>10% to MPF</u>
1985	3,279	328	3,049	305
1986	3,499	350	3,189	319
1987	3,927	393	3,537	354
1988	3,978	398	3,538	354
1989	4,489	449	3,909	391
1990	4,582	458	3,702	370
1991	4,154	415	3,374	337
1992	4,086	409	3,316	332
1993	4,075	408	3,165	317
1994	3,981	398	3,021	302
1995	3,753	375	2,893	289
1996	3,429	343	2,669	267
1997	3,571	357	2,761	276
1998	3,650	365	2,810	281
TOTAL		5,446		4,494

OMB

3-6-84

CONTRIBUTIONS TO PERMANENT FUND  
(\$ Million; Nominal)

FY	<u>At 50th Percentile</u>		Perm. Fund Contributions	<u>At 30th Percentile</u>		Perm. Fund Contributions
	Non-Tax. Pet. Rev. (Excl. Bonuses)	Perm. Fund Contribution Rate		Non-Tax. Pet. Rev. (Excl. Bonuses)	Perm. Fund Contribution Rate	
1985	1,387	.25	347	1,277	.25	319
1986	1,498	.25	375	1,338	.25	335
1987	1,688	.25	422	1,488	.25	372
1988	1,838	.25	460	1,608	.25	402
1989	2,098	.25	525	1,788	.25	447
1990	2,158	.25	540	1,698	.25	425
1991	1,968	.25	492	1,578	.25	395
1992	1,958	.27	529	1,558	.27	421
1993	1,958	.27	529	1,488	.27	402
1994	1,918	.28	537	1,408	.28	394
1995	1,788	.28	501	1,318	.28	369
1996	1,668	.29	484	1,248	.29	362
1997	1,718	.30	515	1,278	.30	383
1998	1,768	.30	530	1,288	.30	386

OMB

3-6-84

MPF CUMULATIVE BALANCE: 50TH PERCENTILE  
(\$ Million)

<u>Deposit Date</u>	<u>Deposit Amount</u>	<u>9% Interest</u>	<u>Balance</u>	<u>Balance Date</u>	<u>Balance in \$ 1985 (6% inflation)</u>
1-1-85	328	30	358	12-31-85	358
1-1-86	350	64	772	12-31-86	728
1-1-87	393	105	1,270	12-31-87	1,134
1-1-88	398	150	1,818	12-31-88	1,528
1-1-89	449	204	2,471	12-31-89	1,961
1-1-90	458	264	3,193	12-31-90	2,383
1-1-91	415	325	3,933	12-31-91	2,770
1-1-92	409	391	4,733	12-31-92	3,155
1-1-93	408	463	5,604	12-31-93	3,525
1-1-94	398	540	6,542	12-31-94	3,871
1-1-95	375	623	7,540	12-31-95	4,212
1-1-96	343	709	8,592	12-31-96	4,522
1-1-97	357	805	9,754	12-31-97	4,853
1-1-98	365	911	11,030	12-31-98	5,178

- Assumptions: 1) No expenditures from the fund.
- 2) MPF lump sum deposit in the middle of the fiscal year.

OMB

841-57

3-6-84

MPF CUMULATIVE BALANCE: 30TH PERCENTILE  
(\$ Million)

<u>Deposit Date</u>	<u>Deposit Amount</u>	<u>9% Interest</u>	<u>Balance</u>	<u>Balance Date</u>	<u>Balance in \$ 1985 (6% inflation)</u>
1-1-85	305	27	332	12-31-85	332
1-1-86	319	59	710	12-31-86	670
1-1-87	354	96	1,160	12-31-87	1,036
1-1-88	354	136	1,650	12-31-88	1,387
1-1-89	391	184	2,225	12-31-89	1,766
1-1-90	370	234	2,829	12-31-90	2,111
1-1-91	337	285	3,451	12-31-91	2,430
1-1-92	332	340	4,123	12-31-92	2,749
1-1-93	317	400	4,840	12-31-93	3,044
1-1-94	302	463	5,605	12-31-94	3,317
1-1-95	289	530	6,424	12-31-95	3,589
1-1-96	267	602	7,293	12-31-96	3,838
1-1-97	276	681	8,250	12-31-97	4,104
1-1-98	281	768	9,299	12-31-98	4,366

OMB

3-6-84

# Alaska State Legislature



Speaker of the House of Representatives

Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3720

Official Business

March 29, 1984

To: Representative Bob Bettisworth  
Vice Chairman, House Finance

From: Representative Joe Hayes  
House Speaker

A handwritten signature in dark ink, appearing to be "J. Hayes", written over the printed name of Representative Joe Hayes.

Per our recent telephone conversation, I am sending a copy of Governor Sheffield's letter dated March 29, 1984, proposing a formula to the solution of the 4-Dam Pool problem.

Would you please check out the disposition of various pieces of legislation relating to "the package". I believe most or all of them may be in House Finance. I would appreciate your suggestions for a resolution to the Governor's requirements.

Please feel free to discuss this with the Governor and his staff.

DRAFT  
Law

# DRAFT

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE JOINT RESOLUTION NO. 57 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the  
6 Constitution of the State of Alaska  
7 creating a fund to provide a source of  
8 financing for capital projects and to  
9 provide assistance to equalize power  
10 costs.

11 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 \* Section 1. Article IX, Constitution of the State of Alaska, is  
13 amended by adding a new section to read:

14 SECTION 17. MAJOR PROJECTS FUND. (a) There is created in the  
15 state treasury a major projects fund. The purpose of the major  
16 projects fund is to finance the construction of capital projects that  
17 exceed \$100,000,000 in cost, and to provide money to equalize power  
18 costs of consumers. The unexpended balance of the fund shall be  
19 invested in the manner specified in section 16 of this article for the  
20 general fund. The major projects fund consists of

21 (1) an annual deposit of ten percent of state revenue  
22 earned after June 30, 1985 from the following sources:

- 23 (A) corporate income tax on oil and gas producers;  
24 (B) severance tax;  
25 (C) oil and gas production property tax;  
26 (D) mineral lease rentals;  
27 (E) royalties;  
28 (F) royalty sale proceeds; and

DRAFT  
Law

1 bonuses;

2 (2) appropriations made by the legislature;

3 (3) interest earned each fiscal year from investment of  
4 money in the major projects fund; and

5 (4) revenue dedicated to the fund in accordance with (c) of  
6 this section.

7 (b) Money shall not be expended from the major projects fund for  
8 a capital project unless

9 (1) a plan for financing the project has been approved by  
10 the governor and the legislature that identifies the source of all  
11 money necessary to complete construction of the project;

12 (2) the expenditure is authorized by the affirmative vote  
13 of two-thirds of the membership of each house of the legislature;

14 (3) the capital project is estimated to earn enough revenue  
15 during the useful life of the project to repay the money appropriated  
16 from the major projects fund and other money used to finance the  
17 project; and

18 (4) the capital project is owned by the state.

19 (c) The legislature may dedicate by law to the major projects  
20 fund revenue earned by a capital project financed by the major  
21 projects fund to repay the amount expended from the fund to finance  
22 the project during the life of the project.

23 (d) Ten percent of the annual revenue paid into the fund is  
24 reserved to provide assistance to equalize power costs to consumers in  
25 the state. Money reserved under this subsection shall be appropriated  
26 from the fund by an affirmative vote of a majority of the members of  
27 each house of the legislature and shall be distributed as provided by  
28 law.

DRAFT  
Law

1 section to meet a state of disaster declared by the governor as  
2 prescribed by law.

3 \* Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska is  
4 amended to read:

5 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or  
6 license shall not be dedicated to any special purpose, except as  
7 provided in sections [SECTION] 15 and 17 of this article or when  
8 required by the federal government for state participation in federal  
9 programs. This provision shall not prohibit the continuance of any  
10 dedication for special purposes existing upon the date of ratification  
11 of this section by the people of Alaska.

12 \* Sec. 3. Article IX, sec. 16, Constitution of the State of Alaska is  
13 amended to read:

14 SECTION 16. APPROPRIATION LIMIT. Except for appropriations for  
15 Alaska permanent fund dividends, appropriations from the major  
16 projects fund established by section 17 of this article,  
17 appropriations of revenue bond proceeds, appropriations required to  
18 pay the principal and interest on general obligation bonds, and  
19 appropriations of money received from a non-state source in trust for  
20 a specific purpose, including revenues of a public enterprise or  
21 public corporation of the state that issues revenue bonds,  
22 appropriations from the treasury made for a fiscal year shall not  
23 exceed \$2,500,000,000 by more than the cumulative change, derived from  
24 federal indices as prescribed by law, in population and inflation  
25 since July 1, 1981. Within this limit, at least one-third shall be  
26 reserved for capital projects and loan appropriations. The  
27 legislature may exceed this limit in bills for appropriations to the  
28 Alaska permanent fund and in bills for appropriations for capital

DRAFT  
Law

1 approved by the governor, or passed by affirmative vote of  
2 three-fourths of the membership of the legislature over a veto or item  
3 veto, or becomes law without signature, and is also approved by the  
4 voters as prescribed by law. Each bill for appropriations for capital  
5 projects in excess of the limit shall be confined to capital projects  
6 of the same type, and the voters shall, as provided by law, be  
7 informed of the cost of operations and maintenance of the capital  
8 projects. No other appropriation in excess of this limit may be made  
9 except to meet a state of disaster declared by the governor as  
10 prescribed by law. The governor shall cause any unexpended and  
11 unappropriated balance to be invested so as to yield competitive  
12 market rates to the treasury.

13 \* Sec. 4. Article XV, Constitution of the State of Alaska is amended by  
14 adding a new section to read:

15 SECTION 29. APPROVAL OF EXPENDITURE FROM THE MAJOR PROJECTS  
16 FUND. If the amendment creating the major projects fund (art. IX,  
17 sec. 17) is adopted by a majority of those voting on the question at  
18 the 1984 general election, the first expenditure for a capital project  
19 from the major projects fund shall be for the hydroelectric project  
20 which

21 (1) has had a license application accepted by the Federal  
22 Energy Regulatory Commission by December 31, 1983;

23 (2) will serve the greatest percentage of the state's  
24 population;

25 (3) will produce the greatest amount of kilowatt hours per  
26 month; and

27 (4) has been authorized in accordance with art. IX, sec.  
28 17(b) of the Constitution of the State of Alaska.

DRAFT  
Law

1 before the voters of the state at the next general election in conformity  
2 with art. XIII, sec. 1, Constitution of the State of Alaska, and the  
3 election laws of the state.  
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STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HJR 57  
 Title: proposing amendment to  
Constitution re capital projects  
 Sponsor: Rules  
 Requestor: Governor  
 Date of Request: March 5, 1984

FISCAL DETAIL

Agency Affected: Elections  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		1.0				
400 SUPPLIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS		-0-				
800 MISCELLANEOUS		-0-				
<b>TOTAL OPERATING</b>		1.0				
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

the cost of one page in the Election Pamphlet is 1.0

ANALYSIS: Attach a separate page for analysis

Prepared By: T.P.Thoma Information Officer Phone: 4611  
 Division: Elections Date: \_\_\_\_\_

Approved by Commissioner: Sally L. Hanson Date: 3/5/84  
 Agency: Dr. Mervin Steyer, M.D.

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH WF-STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

### MEMORANDUM

DATE: March 8, 1984

TO: Representative Al Adams, Chairman  
House Finance Committee

FROM: P. S. Dhillon, Economist *PSD*  
Legislative Finance Division

SUBJ: State Revenues and the Major Projects Fund

Pursuant to your request, I have compiled some data which illustrates the annual distribution of State revenues between:

1. The Major Project Fund under CS SJR 32 and CS HJR 57;
2. the Permanent Fund;
3. Debt Service requirement; and,
4. the balance available for operating, capital and loan budgets.

The Department of Revenue's January 1984 projections (30% and 50% risk adjusted) have been used in this analysis. The assumptions relating to these projections are contained in the Revenue Source Book, January 1984, and Petroleum Production Revenue Forecast, December 1983.

In interpreting and using the data contained in Tables I and II, it should be noted that:

1. The actual funds available for operating, capital and loan budgets may differ from those shown in the tables due to carry-forwards (positive or negative) between fiscal years.
2. Gross revenues in the tables do not include earnings of the Permanent Fund; a portion of these earnings is deposited in the Undistributed Income account. The balance and earnings of this account are, strictly speaking, available for appropriation.
3. Earnings of unexpended balances in the Major Projects Fund would make available additional monies for this Fund.
4. It has been assumed that there will be no new G.O. Bond issues throughout the period under consideration. New G.O. Bond issues would reduce the available funds for operating, capital and loan budgets. Since the retirement schedule of School Bonds was unavailable, it has been assumed that School Bond debt service remains constant at the current \$95.0 million level.

TABLE I  
 DISTRIBUTION OF GROSS REVENUES  
 FY 84 to FY 99  
 (30% Risk Adjusted, Millions of Nominal \$)

Fiscal Year	Gross Revenue (1)	--Major Projects Fund--		Permanent Fund Contribution (4)	Debt Service (5)	Balance Available for Operating, Capital & Loans	
		CS SJR 32 (2)	CS HJR 57 (3)			CS SJR 32	CS HJR 57
84	3566.6	302.9	257.1	319.2	261.4	2683.1	2728.9
85	3557.8	305.5	253.2	319.6	264.5	2668.2	2720.5
86	3694.3	319.3	264.1	335.3	258.2	2781.5	2836.7
87	4103.1	355.2	294.3	374.1	249.9	3123.9	3184.8
88	4113.3	354.6	292.6	402.2	242.9	3113.6	3175.6
89	4531.9	391.8	325.7	463.6	230.5	3446.0	3512.1
90	4319.8	370.5	305.2	439.6	215.3	3294.4	3359.7
91	3993.3	338.6	274.0	411.1	190.5	3053.1	3117.7
92	3949.2	332.7	265.9	413.4	163.2	3039.9	3106.7
93	3806.8	317.6	248.8	402.2	154.7	2932.3	3001.1
94	3681.7	303.9	234.5	391.6	128.9	2857.3	2926.7
95	3567.4	291.2	221.7	372.8	118.1	2785.3	2854.8
96	3395.1	272.9	201.8	362.4	116.5	2643.3	2714.4
97	3466.9	277.1	205.7	375.3	111.7	2702.8	2774.2
98	3548.3	292.0	208.7	389.5	109.4	2767.4	2840.7
99	<u>3611.3</u>	<u>285.0</u>	<u>210.2</u>	<u>400.0</u>	<u>104.0</u>	<u>2822.3</u>	<u>2897.1</u>
TOTAL	60906.8	5100.8	4063.5	6171.9	2919.7	46714.4	47751.7

1. Department of Revenue January, 1984 projections before Permanent Fund Contribution.
2. Ten percent of oil & gas income tax, severance tax (including conservation tax), oil & gas property tax, royalties, mineral lease payments (federal and state) and bonus payments.
3. Ten percent of severance tax (including conservation tax), royalties, mineral lease payments (state and federal), and bonus payments.
4. Department of Revenue January, 1984 projections.
5. Includes G.O. Bonds debt service and School Bond debt service. It is assumed that there will be no additional G.O. Bond issues; School Bond debt service is assumed to be \$95.0 million each year.

TABLE II  
 DISTRIBUTION OF GROSS REVENUES  
 FY 84 to FY 99  
 (50% Risk Adjusted, Million of Nominal \$)

Fiscal Year	Gross Revenue (1)	--Major Projects Fund--		Perm. Fund Contribution (4)	Debt Service (5)	Balance Available for Operating, Capital & Loans	
		CS SJR 32 (2)	CS HJR 57 (3)			CS SJR 32	CS HJR 57
84	3663.0	312.6	266.7	330.0	261.4	2759.0	2804.9
85	3782.7	328.0	275.7	346.8	264.5	2843.4	2895.7
86	4001.1	349.9	294.8	374.5	258.2	3018.5	3073.6
87	4478.6	392.7	331.8	422.0	249.9	3414.0	3474.9
88	4544.9	397.8	335.8	459.5	242.9	3444.7	3506.7
89	5003.1	438.9	382.8	542.8	230.5	3790.9	3847.0
90	5196.2	458.2	392.8	559.8	215.3	3962.9	4028.3
91	4761.1	415.4	350.8	513.1	190.5	3642.1	3706.7
92	4708.7	408.6	341.8	519.8	163.2	3617.1	3683.9
93	4706.6	407.5	338.8	531.6	154.7	3612.8	3681.5
94	4624.9	398.2	328.8	533.4	128.9	3564.4	3633.8
95	4408.6	375.3	305.8	506.5	118.1	3408.7	3478.2
96	4145.6	347.9	276.8	485.9	116.5	3195.3	3266.4
97	4268.0	357.2	285.8	509.7	111.7	3289.4	3360.8
98	4378.9	365.0	291.8	538.5	109.4	3366.0	3439.2
99	4447.7	368.7	293.8	554.5	104.0	3420.5	3495.4
TOTAL	71119.7	6121.9	5094.6	7728.4	2919.7	54349.7	55377.0

1. Department of Revenue January, 1984 projections; before Permanent Fund contribution.
2. Ten percent of oil and gas income tax, severance tax (including conservation tax), oil & gas property tax, royalties, mineral lease payments (federal and state) and bonus payments.
3. Ten percent of severance tax (including conservation tax), royalties, mineral lease payments (state and federal) and bonus payments.
4. Calculated by applying the percent contribution under the 30% projections case to the royalty and mineral lease payments projections under the 50% projections case.
5. Includes G.O. Bond debt service and School Bond debt service. It is assumed that there will be no additional G.O. Bond issues; School Bond debt service is assumed to be \$95.0 million each year.

## SECTIONAL ANALYSIS OF CS HJR 57 (RESOURCES)

Section 1. Would amend the state constitution by adding a new section establishing the major projects fund (MPF or the fund). The MPF is for capital projects exceeding \$100 million in total cost. The fund can be invested like the permanent fund is invested.

The fund consists of: (a) 10% of revenue from severance tax, mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses; (b) interest earned each year from investing the fund; (c) revenue dedicated by the legislature to the fund from the revenue stream of a project; and (d) legislative appropriations.

The fund may not be used to finance a project unless: (a) the expenditure is authorized by the legislature; (b) the appropriation coupled with "any money committed to finance" the project is sufficient to provide for total construction costs; (c) the project will earn enough revenue in its useful life to repay money appropriated from the fund and to repay any other borrowed money; and (d) the project funded is owned by the state.

With a 2/3 vote in both Houses, the legislature can appropriate money from the fund to meet an emergency.

The first appropriation from the fund must be for Susitna unless the legislature, by 2/3 vote of each House, disapproves Susitna. The appropriation for Susitna cannot be vetoed by the Governor.

Notwithstanding the fact that Susitna comes first, 10% of the money paid into the MPF is reserved for power cost assistance to ensure that nowhere in the state will power costs exceed the mean cost of power in Anchorage, Fairbanks and Juneau.

Section 2. Adds the MPF to the allowable dedicated funds section of the constitution.

Section 3. Puts appropriations from the MPF outside the limitations of the spending limit.

Section 4. Provides for voter approval of the MPF at the next general election.

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH WF-STATE CAPITAL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

### MEMORANDUM

DATE: March 8, 1984

TO: Representative Al Adams, Chairman  
House Finance Committee

FROM: P. S. Dhillon, Economist *PSD*  
Legislative Finance Division

SUBJ: State Revenues and the Major Projects Fund

Pursuant to your request, I have compiled some data which illustrates the annual distribution of State revenues between:

1. The Major Project Fund under CS SJR 32 and CS HJR 57;
2. the Permanent Fund;
3. Debt Service requirement; and,
4. the balance available for operating, capital and loan budgets.

The Department of Revenue's January 1984 projections (30% and 50% risk adjusted) have been used in this analysis. The assumptions relating to these projections are contained in the Revenue Source Book, January 1984, and Petroleum Production Revenue Forecast, December 1983.

In interpreting and using the data contained in Tables I and II, it should be noted that:

1. The actual funds available for operating, capital and loan budgets may differ from those shown in the tables due to carry-forwards (positive or negative) between fiscal years.
2. Gross revenues in the tables do not include earnings of the Permanent Fund; a portion of these earnings is deposited in the Undistributed Income account. The balance and earnings of this account are, strictly speaking, available for appropriation.
3. Earnings of unexpended balances in the Major Projects Fund would make available additional monies for this Fund.
4. It has been assumed that there will be no new G.O. Bond issues throughout the period under consideration. New G.O. Bond issues would reduce the available funds for operating, capital and loan budgets. Since the retirement schedule of School Bonds was unavailable, it has been assumed that School Bond debt service remains constant at the current \$95.0 million level.

TABLE I  
DISTRIBUTION OF GROSS REVENUES  
FY 84 to FY 99  
(30% Risk Adjusted, Millions of Nominal \$)

Fiscal Year	Gross Revenue (1)	--Major Projects Fund--		Permanent Fund Contribution (4)	Debt Service (5)	Balance Available for Operating, Capital & Loans	
		CS SJR 32 (2)	CS HJR 57 (3)			CS SJR 32	CS HJR 57
84	3566.6	302.9	257.1	319.2	261.4	2683.1	2728.9
85	3557.8	305.5	253.2	319.6	264.5	2668.2	2720.5
86	3694.3	319.3	264.1	335.3	258.2	2781.5	2836.7
87	4103.1	355.2	294.3	374.1	249.9	3123.9	3184.8
88	4113.3	354.6	292.6	402.2	242.9	3113.6	3175.6
89	4531.9	391.8	325.7	463.6	230.5	3446.0	3512.1
90	4319.8	370.5	305.2	439.6	215.3	3294.4	3359.7
91	3993.3	338.6	274.0	411.1	190.5	3053.1	3117.7
92	3949.2	332.7	265.9	413.4	163.2	3039.9	3106.7
93	3806.8	317.6	248.8	402.2	154.7	2932.3	3001.1
94	3681.7	303.9	234.5	391.6	128.9	2857.3	2926.7
95	3567.4	291.2	221.7	372.8	118.1	2785.3	2854.8
96	3395.1	272.9	201.8	362.4	116.5	2643.3	2714.4
97	3466.9	277.1	205.7	375.3	111.7	2702.8	2774.2
98	3548.3	292.0	208.7	389.5	109.4	2767.4	2840.7
99	<u>3611.3</u>	<u>285.0</u>	<u>210.2</u>	<u>400.0</u>	<u>104.0</u>	<u>2822.3</u>	<u>2897.1</u>
TOTAL	60906.8	5100.8	4063.5	6171.9	2919.7	46714.4	47751.7

1. Department of Revenue January, 1984 projections before Permanent Fund Contribution.
2. Ten percent of oil & gas income tax, severance tax (including conservation tax), oil & gas property tax, royalties, mineral lease payments (federal and state) and bonus payments.
3. Ten percent of severance tax (including conservation tax), royalties, mineral lease payments (state and federal), and bonus payments.
4. Department of Revenue January, 1984 projections.
5. Includes G.O. Bonds debt service and School Bond debt service. It is assumed that there will be no additional G.O. Bond issues; School Bond debt service is assumed to be \$95.0 million each year.

TABLE II  
DISTRIBUTION OF GROSS REVENUES  
FY 84 to FY 99  
(50% Risk Adjusted, Million of Nominal \$)

Fiscal Year	Gross Revenue (1)	--Major Projects Fund--		Perm. Fund Contribution (4)	Debt Service (5)	Balance Available for Operating, Capital & Loans	
		CS SJR 32 (2)	CS HJR 57 (3)			CS SJR 32	CS HJR 57
84	3663.0	312.6	266.7	330.0	261.4	2759.0	2804.9
85	3782.7	328.0	275.7	346.8	264.5	2843.4	2895.7
86	4001.1	349.9	294.8	374.5	258.2	3018.5	3073.6
87	4478.6	392.7	331.8	422.0	249.9	3414.0	3474.9
88	4544.9	397.8	335.8	459.5	242.9	3444.7	3506.7
89	5003.1	438.9	382.8	542.8	230.5	3790.9	3847.0
90	5196.2	458.2	392.8	559.8	215.3	3962.9	4028.3
91	4761.1	415.4	350.8	513.1	190.5	3642.1	3706.7
92	4708.7	408.6	341.8	519.8	163.2	3617.1	3683.9
93	4706.6	407.5	338.8	531.6	154.7	3612.8	3681.5
94	4624.9	398.2	328.8	533.4	128.9	3564.4	3633.8
95	4408.6	375.3	305.8	506.5	118.1	3408.7	3478.2
96	4145.6	347.9	276.8	485.9	116.5	3195.3	3266.4
97	4268.0	357.2	285.8	509.7	111.7	3289.4	3360.8
98	4378.9	365.0	291.8	538.5	109.4	3366.0	3439.2
99	4447.7	368.7	293.8	554.5	104.0	3420.5	3495.4
TOTAL	71119.7	6121.9	5094.6	7728.4	2919.7	54349.7	55377.0

1. Department of Revenue January, 1984 projections; before Permanent Fund contribution.
2. Ten percent of oil and gas income tax, severance tax (including conservation tax), oil & gas property tax, royalties, mineral lease payments (federal and state) and bonus payments.
3. Ten percent of severance tax (including conservation tax), royalties, mineral lease payments (state and federal) and bonus payments.
4. Calculated by applying the percent contribution under the 30% projections case to the royalty and mineral lease payments projections under the 50% projections case.
5. Includes G.O. Bond debt service and School Bond debt service. It is assumed that there will be no additional G.O. Bond issues; School Bond debt service is assumed to be \$95.0 million each year.

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

cc 1481257

January 23, 1984

The Honorable Joe Hayes  
Speaker of the House  
Pouch V  
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a joint resolution which proposes an amendment to the Alaska Constitution creating a major projects fund.

As you know, the state treasury will continue to receive substantial petroleum revenues for many years to come. However, our best current estimates indicate that large annual cash surpluses above operating budget requirements will cease to be available by the early 1990's. There is still time to set aside enough for one or more major capital projects that can serve as foundations for Alaska's future economy, but the opportunity to do so will probably be gone within the next six or seven years. Examples of major projects are the Susitna hydroelectric project; road and port infrastructure projects in rural Alaska for support of mining, fishing, and other economic development activities; the Knik Arm Crossing; the Bradley Lake hydroelectric project; Eklutna water supply; and renovation and extension of the Alaska Railroad.

The major projects fund is needed to accumulate the revenue for these large projects. There are two reasons for this. First, for many of these large projects and especially for Susitna, there still is not enough clear information to warrant unequivocal commitment. Actual construction might not begin for a number of years because of the length of time necessary for engineering, environmental study, obtaining permits, and demonstration of economic feasibility.

It is difficult through our conventional capital budgeting procedures to secure large, direct appropriations for projects that will not enter the construction phase for a year or more, and to which the state is not yet willing to specifically commit itself. However, if setting aside the necessary money is delayed until construction is about to begin, the chances are that the revenue surpluses will have diminished by then. The proper response is not to rush into massive financial commitments before oil production goes into decline, but to systematically set aside the money needed to accomplish major projects, and draw down on the principal only when satisfied that a commitment is prudent.

The second reason that a continuation of conventional capital budgeting practices is not likely to meet the needs for major project funding is that the revenues available for annual capital expenditure tend to be split into many small pieces. If all of these revenues are made subject to an allocation system similar to that in recent years, accumulation of enough money for any major project over several years is unlikely.

The most plausible solution to these problems is the establishment of a major projects fund in which money can be stored for major projects that are not yet specified.

I believe that the major projects fund should be created through an amendment to the Alaska Constitution. A constitutionally dedicated fund will be protected from future uses that are not in keeping with the fund's original intent. Automatic deposits to the fund are mandated, as is automatic retention of the fund's interest earnings.

The key feature of this amendment is the dedication of 10 percent of the State's total petroleum revenue to the major projects fund. The stream of revenue to the fund through this dedication should be sufficient to finance the largest of the projects we foresee at the present time, Susitna River hydroelectric development.

Excluding interest, deposits of this magnitude should create a fund of approximately \$2.2 billion by fiscal year 1991. Assuming that nine percent interest is earned and redeposited in the fund, and that no disbursements are made until fiscal year 1991, the fund could have a principal sum of as much as \$3 billion by then.

Ten percent of total petroleum revenue approximates the proportion that is currently dedicated to the permanent fund. For fiscal year 1985, this would require a deposit to the major projects fund of approximately \$300 million, which allows an operating budget of \$2.1 billion, a regular capital budget of \$700 million, loan appropriations of \$260 million, and enough remaining money for debt service and other likely obligations.

There are several other significant features of the amendment.

(1) Deposits to the fund begin in fiscal year 1985 and continue through fiscal year 1990, in keeping with current expectations of future revenue availability.

(2) Disbursements from the fund for a project cannot be made until all sources of the money necessary to complete the project (or a stand-alone phase of a larger project) has been identified and the money committed.

(3) A cost threshold of \$100 million is set for projects to qualify for financing from the fund. This minimum allows reasonable flexibility for covering such projects as the Susitna and Bradley Lake dams, the Knik Crossing, and extension of the Alaska Railroad, without opening the fund to capital projects that can be effectively addressed in the regular capital budget process.

(4) Appropriation bills to spend from the fund must have a two-thirds majority vote in order to pass the legislature. The purpose of this requirement is to assure that projects have state-wide support at the time disbursements are made.

(5) Expenditures from the fund must be recovered and returned to the fund over the operational life of the project. The intent is to recover the principal of the fund from fees generated by the project.

(6) Neither deposits to the fund nor appropriations from the fund would be subject to the appropriation limit.

Among the alternatives available, I believe that a constitutional amendment is the most effective and direct method of achieving the objectives of the major projects fund. As you know, amendments to the Alaska Constitution must be ratified by the voters at a general election. The next general election will occur in November, 1984. I believe that if ratification of the amendment is delayed until November, 1986, it would come too late to capture enough money to accomplish the intended purposes of the fund.

I look forward to working with you and members of the legislature on this important piece of legislation.

Sincerely,

  
Bill Sheffield,  
Governor

revenue projections under house resolution

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## OFFICE OF THE GOVERNOR

POUCH AD  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3568

### OFFICE OF MANAGEMENT AND BUDGET

#### DIVISION OF STRATEGIC PLANNING

March 7, 1984

The Honorable Charlie Bussell  
Alaska State House  
Pouch V  
Juneau, AK 99811

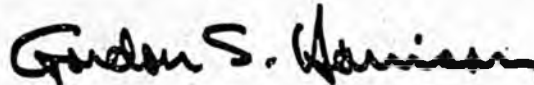
Dear Representative Bussell:

Attached to this letter are projections of State revenue and contributions to the Major Projects Fund as proposed in CSHJR 57. Contribution estimates are based on the assumption that ten percent of oil revenues, excluding corporate income tax on oil and gas producers and property tax on oil and gas production property, would be set aside in the Fund beginning in FY 1986.

These projections incorporate current royalty and severance tax revenue estimates published by the Department of Revenue. Other petroleum and non-petroleum revenue projections are those of OMB, but they are similar to the estimates used by the Department of Revenue internally.

We have analyzed the cash flow of the Major Projects Fund (CSHJR 57) with both 30th and 50th percentile estimates of severance tax and royalty income. Note that our estimates of unrestricted revenue are based on current law, and are not adjusted for deposits into the Fund.

Sincerely,



Gordon S. Harrison  
Associate Director

mm/84I-57

50TH PERCENTILE  
ROYALTIES, SEVERANCE TAXES,  
AND FEDERAL MINERAL REVENUE SHARING PAYMENTS \*  
(\$ Million; Nominal)

FY	DOR <u>50%</u>	DOR <u>50%</u>	OMB <u>Estimate</u>	Total
	Gross Royalties	Severance Taxes	Federal Mineral Revenue Sharing	
1986	1,480	1,450	18	2,948
1987	1,670	1,630	18	3,318
1988	1,820	1,520	18	3,358
1989	2,080	1,730	18	3,828
1990	2,140	1,770	18	3,928
1991	1,950	1,540	18	3,508
1992	1,940	1,460	18	3,418
1993	1,940	1,430	18	3,388
1994	1,900	1,370	18	3,288
1995	1,770	1,270	18	3,058
1996	1,650	1,100	18	2,768
1997	1,700	1,140	18	2,858
1998	1,750	1,150	18	2,918

\* The Major Projects Fund proposal for which this was prepared also specifies that ten percent of "mineral lease rentals" and "royalty sale proceeds" be set aside in the Fund. Estimates of royalty sale proceeds are included in the "Gross Royalties" reported above. Mineral lease rentals are a relatively minor source of income (less than Federal mineral revenue sharing payments) and long-range forecasts are not readily available.

OMB

3-7-84

30TH PERCENTILE  
ROYALTIES, SEVERANCE TAXES,  
AND FEDERAL MINERAL REVENUE SHARING PAYMENTS \*  
(\$ Million; Nominal)

FY	<u>DOR</u> <u>30%</u>	<u>DOR</u> <u>30%</u>	<u>OMB</u> <u>Estimate</u>	Total
	Gross Royalties	Severance Taxes	Federal Mineral Revenue Sharing	
1986	1,320	1,300	18	2,638
1987	1,470	1,440	18	2,928
1988	1,590	1,310	18	2,918
1989	1,770	1,460	18	3,248
1990	1,680	1,350	18	3,048
1991	1,560	1,150	18	2,728
1992	1,540	1,090	18	2,648
1993	1,470	990	18	2,478
1994	1,390	920	18	2,328
1995	1,300	880	18	2,198
1996	1,230	760	18	2,008
1997	1,260	770	18	2,048
1998	1,270	790	18	2,078

\* The Major Projects Fund proposal for which this was prepared also specifies that ten percent of "mineral lease rentals" and "royalty sale proceeds" be set aside in the Fund. Estimates of royalty sale proceeds are included in the "Gross Royalties" reported above. Mineral lease rentals are a relatively minor source of income (less than Federal mineral revenue sharing payments) and long-range forecasts are not readily available.

OMB

3-7-84

CONTRIBUTIONS TO MPF  
(\$ Million; Nominal)

<u>FY</u>	<u>At 50th Percentile</u>		<u>At 30th Percentile</u>	
	<u>Total Royalties, Severance Taxes, and FMRS *</u>	<u>10% to MPF</u>	<u>Total Royalties, Severance Taxes, and FMRS *</u>	<u>10% to MPF</u>
1986	2,948	295	2,638	264
1987	3,318	332	2,928	293
1988	3,358	336	2,918	292
1989	3,828	383	3,248	325
1990	3,928	393	3,048	305
1991	3,508	351	2,728	273
1992	3,418	342	2,648	265
1993	3,388	339	2,478	248
1994	3,288	329	2,328	233
1995	3,058	306	2,198	220
1996	2,768	277	2,008	201
1997	2,858	286	2,048	205
1998	2,918	292	2,078	208
TOTAL		4,261		3,332

\* FMRS = Federal mineral revenue sharing payments.

OMB

3-7-84

CONTRIBUTIONS TO PERMANENT FUND  
(\$ Million; Nominal)

FY	<u>At 50th Percentile</u>			<u>At 30th Percentile</u>		
	Non-Tax. Pet. Rev. (Excl. Bonuses)	Perm. Fund Contribution Rate	Perm. Fund Contributions	Non-Tax. Pet. Rev. (Excl. Bonuses)	Perm. Fund Contribution Rate	Perm. Fund Contributions
1986	1,498	.25	375	1,338	.25	335
1987	1,688	.25	422	1,488	.25	372
1988	1,838	.25	460	1,608	.25	402
1989	2,098	.25	525	1,788	.25	447
1990	2,158	.25	540	1,698	.25	425
1991	1,968	.25	492	1,578	.25	395
1992	1,958	.27	529	1,558	.27	421
1993	1,958	.27	529	1,488	.27	402
1994	1,918	.28	537	1,408	.28	394
1995	1,788	.28	501	1,318	.28	369
1996	1,668	.29	484	1,248	.29	362
1997	1,718	.30	515	1,278	.30	383
1998	1,768	.30	530	1,288	.30	386

ONB

3-7-84

UNRESTRICTED GENERAL FUND REVENUE: 50TH PERCENTILE  
(\$ Million)

FY	50th Percentile Pet. Rev. * Minus P.F. Contr.	OMB	OMB	Unrestricted Gen. Fund Revenue	Unrestricted Gen. Fund Revenue (1985 dollars)
		<u>Estimate</u>	<u>Estimate</u>		
		Investment Income	Other (Non-Pet.) Revenue		
1986	3,124	250	272	3,646	3,440
1987	3,505	250	287	4,042	3,609
1988	3,518	250	303	4,071	3,421
1989	3,964	250	320	4,534	3,598
1990	4,042	250	337	4,629	3,454
1991	3,662	250	356	4,268	3,006
1992	3,557	250	376	4,183	2,789
1993	3,546	250	397	4,193	2,637
1994	3,444	250	420	4,114	2,434
1995	3,252	250	443	3,945	2,204
1996	2,945	250	469	3,664	1,928
1997	3,056	250	495	3,801	1,891
1998	3,120	250	524	3,894	1,828

\* Includes corporate income tax on oil and gas producers and oil and gas production property tax, in addition to royalties, severance taxes, and federal mineral revenue sharing payments.

OMB

3-7-84

**UNRESTRICTED GENERAL FUND REVENUE: 30TH PERCENTILE**  
 (\$ Million)

FY	30th Percentile Pet. Rev. * Minus P.F. Contr.	OMB	OMB	Unrestricted Gen. Fund Revenue	Unrestricted Gen. Fund Revenue (1985 dollars)
		<u>Estimate</u>	<u>Estimate</u>		
		Investment Income	Other (Non-Pet.) Revenue		
1986	2,854	250	272	3,376	3,185
1987	3,165	250	287	3,702	3,305
1988	3,136	250	303	3,689	3,100
1989	3,462	250	320	4,032	3,200
1990	3,277	250	337	3,864	2,884
1991	2,979	250	356	3,585	2,525
1992	2,895	250	376	3,521	2,347
1993	2,763	250	397	3,410	2,145
1994	2,627	250	420	3,297	1,951
1995	2,524	250	443	3,217	1,797
1996	2,307	250	469	3,026	1,593
1997	2,378	250	495	3,123	1,554
1998	2,424	250	524	3,198	1,501

\* Includes corporate income tax on oil and gas producers and oil and gas production property tax, in addition to royalties, severance taxes, and federal mineral revenue sharing payments.

OMB

3-7-84

MPF CUMULATIVE BALANCE: 50TH PERCENTILE  
(\$ Million)

<u>Deposit Date</u>	<u>Deposit Amount</u>	<u>9% Interest</u>	<u>Balance</u>	<u>Balance Date</u>	<u>Balance in \$ 1985 (6% inflation)</u>
1-1-86	295	27	322	12-31-86	304
1-1-87	332	59	713	12-31-87	637
1-1-88	336	94	1,143	12-31-88	961
1-1-89	383	137	1,163	12-31-89	1,320
1-1-90	393	185	2,241	12-31-90	1,672
1-1-91	351	233	2,825	12-31-91	1,989
1-1-92	342	285	3,452	12-31-92	2,301
1-1-93	339	341	4,132	12-31-93	2,599
1-1-94	329	401	4,862	12-31-94	2,877
1-1-95	306	465	5,633	12-31-95	3,147
1-1-96	277	532	6,442	12-31-96	3,391
1-1-97	286	606	7,334	12-31-97	3,649
1-1-98	292	686	8,312	12-31-98	3,902

Assumptions: 1) No expenditures from the fund.

2) MPF lump sum deposit in the middle of the fiscal year.

OMB

3-7-84

MPF CUMULATIVE BALANCE: 30TH PERCENTILE  
(\$ Million)

<u>Deposit Date</u>	<u>Deposit Amount</u>	<u>9% Interest</u>	<u>Balance</u>	<u>Balance Date</u>	<u>Balance in \$ 1985 (6% inflation)</u>
1-1-86	264	24	288	12-31-86	272
1-1-87	293	52	633	12-31-87	565
1-1-88	292	83	1,008	12-31-88	847
1-1-89	325	120	1,453	12-31-89	1,153
1-1-90	305	158	1,916	12-31-90	1,430
1-1-91	273	197	2,386	12-31-91	1,680
1-1-92	265	239	2,890	12-31-92	1,927
1-1-93	248	282	3,420	12-31-93	2,151
1-1-94	233	329	3,982	12-31-94	2,356
1-1-95	220	378	4,580	12-31-95	2,559
1-1-96	201	430	5,211	12-31-96	2,743
1-1-97	205	487	5,903	12-31-97	2,937
1-1-98	208	550	6,661	12-31-98	3,127

OMB

3-7-84

Offered: 3/6/84  
Referred: Judiciary and  
Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE RESOURCES COMMITTEE  
2 CS FOR HOUSE JOINT RESOLUTION NO. 57 (Resources)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the Constitu-  
6 tion of the State of Alaska creating a  
7 fund to finance the construction of cap-  
8 ital projects and to provide power cost  
9 assistance.

10 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. Article IX, Constitution of the State of Alaska, is amend-  
12 ed by adding a new section to read:

13 SECTION 17. MAJOR PROJECTS FUND. (a) There is created in the  
14 State treasury a major projects fund. The purpose of the major proj-  
15 ects fund is to finance capital projects which exceed \$100,000,000 in  
16 cost. Money in the fund may be invested in the manner specified in  
17 section 15 of this article for the Alaska Permanent Fund. The major  
18 projects fund consists of

19 (1) an annual deposit of ten percent of state revenue  
20 earned after June 30, 1985, from the following sources:

21 (A) severance tax;  
22 (B) mineral lease rentals;  
23 (C) royalties;  
24 (D) royalty sale proceeds; and  
25 (E) federal mineral revenue-sharing payments and  
26 bonuses;

27 (2) interest earned each fiscal year from investment of  
28 money in the major projects fund;

29 (3) revenue dedicated to the major projects fund in

1 accordance with (c) of this section; and

2 (4) appropriations made by the legislature.

3 (b) Money may not be expended from the major projects fund un-  
4 less

5 (1) the expenditure is authorized in an appropriation bill  
6 passed by the legislature;

7 (2) the appropriation, together with any other money com-  
8 mitted to finance the capital project, is sufficient to provide for  
9 all costs of constructing the capital project;

10 (3) the capital project is projected to earn enough revenue  
11 during its useful life to repay the money appropriated from the major  
12 projects fund and other borrowed money used to finance the project;  
13 and

14 (4) the capital project being funded is owned by the state.

15 (c) The legislature shall dedicate by law sufficient revenue  
16 earned by a capital project financed by the major projects fund to  
17 ensure that the amount appropriated from the fund for the project is  
18 repaid during the useful life of the project.

19 (d) Notwithstanding the dedication of revenue required by this  
20 section, the legislature, by an affirmative vote of two-thirds of the  
21 membership of each house, may appropriate revenue dedicated under this  
22 section to meet a state of disaster declared by the governor as pre-  
23 scribed by law.

24 (e) The first appropriation from the major projects fund shall  
25 be for the Watana Dam portion of the Susitna River hydroelectric  
26 project, unless the legislature, by a vote of two-thirds of the mem-  
27 bership of each house, disapproves the project. Notwithstanding art.  
28 II, sec. 15 of the Constitution of the State of Alaska, the appro-  
29 priation made under this subsection may not be vetoed by the governor.

1           (f) Notwithstanding (b) and (e) of this section, ten percent of  
2           the annual revenue paid into the fund is reserved for power cost  
3           assistance in order to ensure that power costs in the state do not  
4           exceed the mean cost per kilowatt hour in Anchorage, Juneau and  
5           Fairbanks, and money reserved under this subsection may be appropri-  
6           ated by the legislature for that purpose.

7           \* Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska is  
8           amended to read:

9           SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or  
10          license shall not be dedicated to any special purpose, except as pro-  
11          vided in sections [SECTION] 15 and 17 of this article or when required  
12          by the federal government for state participation in federal programs.  
13          This provision shall not prohibit the continuance of any dedication  
14          for special purposes existing upon the date of ratification of this  
15          section by the people of Alaska.

16          \* Sec. 3. Article IX, sec. 16, Constitution of the State of Alaska is  
17          amended to read:

18          SECTION 16. APPROPRIATION LIMIT. Except for appropriations for  
19          Alaska permanent fund dividends, appropriations from the major proj-  
20          ects fund established by section 17 of this article, appropriations of  
21          revenue bond proceeds, appropriations required to pay the principal  
22          and interest on general obligation bonds, and appropriations of money  
23          received from a non-State source in trust for a specific purpose, in-  
24          cluding revenues of a public enterprise or public corporation of the  
25          State that issues revenue bonds, appropriations from the treasury made  
26          for a fiscal year shall not exceed \$2,500,000,000 by more than the  
27          cumulative change, derived from federal indices as prescribed by law,  
28          in population and inflation since July 1, 1981. Within this limit, at  
29          least one-third shall be reserved for capital projects and loan

1        appropriations. The legislature may exceed this limit in bills for  
2        appropriations to the Alaska permanent fund and in bills for appro-  
3        priations for capital projects, whether of bond proceeds or otherwise,  
4        if each bill is approved by the governor, or passed by affirmative  
5        vote of three-fourths of the membership of the legislature over a veto  
6        or item veto, or becomes law without signature, and is also approved  
7        by the voters as prescribed by law. Each bill for appropriations for  
8        capital projects in excess of the limit shall be confined to capital  
9        projects of the same type, and the voters shall, as provided by law,  
10       be informed of the cost of operations and maintenance of the capital  
11       projects. No other appropriation in excess of this limit may be made  
12       except to meet a state of disaster declared by the governor as pre-  
13       scribed by law. The governor shall cause any unexpended and unappro-  
14       priated balance to be invested so as to yield competitive market rates  
15       to the treasury.

16       \* Sec. 4. The amendments proposed by this resolution shall be placed  
17       before the voters of the state at the next general election in conformity  
18       with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
19       tion laws of the state.

Introduced: 1/23/84  
Referred: State Affairs,  
Judiciary and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 57

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

Proposing an amendment to the Constitu-

6

tion of the State of Alaska creating a

7

fund to finance the construction of cap-

8

ital projects.

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

10 \* Section 1. Article IX, Constitution of the State of Alaska, is amend-  
11 ed by adding a new section to read:

12 SECTION 17. MAJOR PROJECTS FUND. (a) There is created in the  
13 State treasury a major projects fund. The purpose of the major proj-  
14 ects fund is to finance the construction of capital projects which  
15 exceed \$100,000,000 in cost. Money in the fund may be invested in the  
16 manner specified in section 15 of this article for the Alaska Perma-  
17 nent Fund. The major projects fund consists of

18 (1) an annual deposit of ten percent of state revenue  
19 earned during the period beginning July 1, 1984, and ending June 30,  
20 1990, from the following sources:

21 (A) corporate income tax on oil and gas producers;

22 (B) severance tax;

23 (C) oil and gas production property tax;

24 (D) mineral lease rentals;

25 (E) royalties;

26 (F) royalty sale proceeds; and

27 (G) federal mineral revenue-sharing payments and  
28 bonuses;

29 (2) interest earned each fiscal year from investment of

1 money in the major projects fund; and

2 (3) revenue dedicated to the major projects fund in accor-  
3 dance with (c) of this section.

4 (b) No money may be expended from the major projects fund unless

5 (1) the expenditure is in accordance with an appropriation  
6 bill passed by the affirmative vote of two-thirds of the membership of  
7 each house of the legislature;

8 (2) the appropriation, together with any other money com-  
9 mitted to finance the capital project, will provide for all costs of  
10 constructing the capital project; and

11 (3) the capital project will earn enough revenue during the  
12 life of the project to repay the money expended to finance the proj-  
13 ect.

14 (c) The legislature shall dedicate by law sufficient revenue  
15 earned by a capital project financed by the major projects fund so  
16 that the amount expended from the fund to finance the project is re-  
17 paid during the life of the project.

18 (d) Notwithstanding the dedication of revenue required by this  
19 section, the legislature may appropriate revenue dedicated under this  
20 section to meet a state of disaster declared by the governor as pre-  
21 scribed by law.

22 \* Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska is  
23 amended to read:

24 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or  
25 license shall not be dedicated to any special purpose, except as pro-  
26 vided in sections [SECTION] 15 and 17 of this article or when required  
27 by the federal government for state participation in federal programs.  
28 This provision shall not prohibit the continuance of any dedication  
29 for special purposes existing upon the date of ratification of this

1 section by the people of Alaska.

2 \* Sec. 3. Article IX, sec. 16, Constitution of the State of Alaska is  
3 amended to read:

4 SECTION 16. APPROPRIATION LIMIT. Except for appropriations for  
5 Alaska permanent fund dividends, appropriations from the major proj-  
6 ects fund established by section 17 of this article, appropriations of  
7 revenue bond proceeds, appropriations required to pay the principal  
8 and interest on general obligation bonds, and appropriations of money  
9 received from an non-State source in trust for a specific purpose, in-  
10 cluding revenues of a public enterprise or public corporation of the  
11 State that issues revenue bonds, appropriations from the treasury made  
12 for a fiscal year shall not exceed \$2,500,000,000 by more than the  
13 cumulative change, derived from federal indices as prescribed by law,  
14 in population and inflation since July 1, 1981. Within this limit, at  
15 least one-third shall be reserved for capital projects and loan appro-  
16 priations. The legislature may exceed this limit in bills for appro-  
17 priations to the Alaska permanent fund and in bills for appropriations  
18 for capital projects, whether of bond proceeds or otherwise, if each  
19 bill is approved by the governor, or passed by affirmative vote of  
20 three-fourths of the membership of the legislature over a veto or item  
21 veto, or becomes law without signature, and is also approved by the  
22 voters as prescribed by law. Each bill for appropriations for capital  
23 projects in excess of the limit shall be confined to capital projects  
24 of the same type, and the voters shall, as provided by law, be in-  
25 formed of the cost of operations and maintenance of the capital proj-  
26 ects. No other appropriation in excess of this limit may be made ex-  
27 cept to meet a state of disaster declared by the governor as pre-  
28 scribed by law. The governor shall cause any unexpended and unappro-  
29 priated balance to be invested so as to yield competitive market rates

1 to the treasury.

2 \* Sec. 4. The amendments proposed by this resolution shall be placed  
3 before the voters of the state at the next general election in conformity  
4 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
5 tion laws of the state.

Offered: 3/6/84  
Referred: Judiciary and  
Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE RESOURCES COMMITTEE  
2 CS FOR HOUSE JOINT RESOLUTION NO. 57 (Resources)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the Constitu-  
6 tion of the State of Alaska creating a  
7 fund to finance the construction of cap-  
8 ital projects and to provide power cost  
9 assistance.

10 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. Article IX, Constitution of the State of Alaska, is amend-  
12 ed by adding a new section to read:

13 SECTION 17. MAJOR PROJECTS FUND. (a) There is created in the  
14 State treasury a major projects fund. The purpose of the major proj-  
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17 section 15 of this article for the Alaska Permanent Fund. The major  
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26 bonuses;

27 (2) interest earned each fiscal year from investment of  
28 money in the major projects fund;

29 (3) revenue dedicated to the major projects fund in

1 accordance with (c) of this section; and

2 (4) appropriations made by the legislature.

3 (b) Money may not be expended from the major projects fund un-  
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5 (1) the expenditure is authorized in an appropriation bill  
6 passed by the legislature;

7 (2) the appropriation, together with any other money com-  
8 mitted to finance the capital project, is sufficient to provide for  
9 all costs of constructing the capital project;

10 (3) the capital project is projected to earn enough revenue  
11 during its useful life to repay the money appropriated from the major  
12 projects fund and other borrowed money used to finance the project;  
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14 (4) the capital project being funded is owned by the state.

15 (c) The legislature shall dedicate by law sufficient revenue  
16 earned by a capital project financed by the major projects fund to  
17 ensure that the amount appropriated from the fund for the project is  
18 repaid during the useful life of the project.

19 (d) Notwithstanding the dedication of revenue required by this  
20 section, the legislature, by an affirmative vote of two-thirds of the  
21 membership of each house, may appropriate revenue dedicated under this  
22 section to meet a state of disaster declared by the governor as pre-  
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24 (e) The first appropriation from the major projects fund shall  
25 be for the Watana Dam portion of the Susitna River hydroelectric  
26 project, unless the legislature, by a vote of two-thirds of the mem-  
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2 the annual revenue paid into the fund is reserved for power cost  
3 assistance in order to ensure that power costs in the state do not  
4 exceed the mean cost per kilowatt hour in Anchorage, Juneau and  
5 Fairbanks, and money reserved under this subsection may be appropri-  
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24 cluding revenues of a public enterprise or public corporation of the  
25 State that issues revenue bonds, appropriations from the treasury made  
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