



Introduced: 1/31/83  
Referred: Finance

1 IN THE SENATE

BY SACKETT AND MULCAHY

2

SENATE BILL NO. 92

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

9 \* Section 1. Section 1, ch. 61, SLA 1981, is amended to read:

10 Sec. 1. The sum of \$1,200,000,000 [\$1,800,000,000] is  
11 appropriated from the general fund to the Alaska permanent fund (art.  
12 IX, sec. 15, Constitution of the State of Alaska, AS 37.13.010).

13 \* Sec. 2. Section 2, ch. 61, SLA 1981, as amended by sec. 68, ch. 92,  
14 SLA 1981 and sec. 16, ch. 101, SLA 1982, is amended to read:

15 Sec. 2. Beginning July 1, 1981, the commissioner of revenue  
16 shall make monthly deposits to the Alaska permanent fund of the appro-  
17 priation made by sec. 1 of this Act. A monthly deposit to the Alaska  
18 permanent fund shall be in an amount determined by the commissioner of  
19 revenue to be in excess of the general fund revenues necessary to  
20 finance state government operation for the month in which the deposit  
21 is made. [NO LESS THAN \$800,000,000 SHALL BE DEPOSITED TO THE ALASKA  
22 PERMANENT FUND IN FISCAL YEAR 1982.]

23 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
24 10.070(c).



Official Business

# Alaska State Legislature

## Senate

Pouch V  
State Capitol  
Juneau, Alaska 99811

### SB 92: Background:

1981: \$1.8 billion dollar appropriation to the Permanent Fund;  
(Ch 61, SLA 1981)

The original appropriation required the deposit of \$1.4 billion dollars in the Permanent Fund during FY 82, with a final deadline of June 30th, 1983.

1982: In 1982 the legislature reduced the required deposit for FY 82 to \$800 million dollars and eliminated the June 30th 1983 deadline. (Section 16, Ch 101, SLA 1982)

1983: Presently, \$1.1 billion dollars have been deposited in the permanent fund. SB 92 would reduce the original appropriation to \$1.2 billion dollars and effectively repeal \$600 million of the undeposited \$700 million.

---



Official Business

# Alaska State Legislature

## Senate

Pouch V  
State Capitol  
Juneau, Alaska 99811

### Unrestricted Revenues: (\$Millions)

#### FY 1982:

Revenue Estimates: Jan 81- \$4,955.1

(Dept of Rev) Mar 81- 5,175.7

FY 81 Year End General Fund Balance: \$821.1

FY 82 Unrestricted G.F. Appropriations: \$5,663.1

(enacted)

FY 82 Unrestricted G.F. Revenues: \$4,108.4

#### FY 1983:

Revenue Estimates: Jan 82- \$4,133.7

(Dept of Rev) Mar 82- 2,747.7

FY 82 Year End General Fund Balance: (\$1,442.1) deficit

FY 83 Unrestricted G.F. Appropriations: \$2,875.3

(enacted)

AN ACT

Making a special appropriation to the Alaska permanent fund, and making appropriations to the Department of Administration and the Department of Community and Regional Affairs for aid to municipalities and unincorporated communities, and providing for an effective date.

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

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

\* Sec. 3. The sum of \$380,000,000 is appropriated from the general fund to the Department of Administration for payment of entitlements to qualified municipalities for the fiscal year ending June 30, 1982, in accordance with legislation authorizing the payments.

\* Sec. 4. The sum of \$24,987,000 is appropriated from the general fund to the Department of Community and Regional Affairs for payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1982, in accordance with legislation authorizing

Chapter 61

1 the payments.

2 \* Sec. 5. The sum of \$73,800 is appropriated from the general fund to  
3 the Department of Administration for costs of administering the entitlements  
4 for which an appropriation is made by sec. 3 of this Act.

5 \* Sec. 6. The sum of \$252,800 is appropriated from the general fund to  
6 the Department of Community and Regional Affairs for costs of administering  
7 the entitlements for which an appropriation is made by sec. 4 of this Act.

8 \* Sec. 7. The appropriation made by sec. 1 of this Act is not a one-year  
9 appropriation and it does not lapse under AS 37.25.010.

10 \* Sec. 8. This Act takes effect on the effective date of a version of  
11 Senate Bill No. 166 entitled "An Act relating to state assistance for  
12 municipalities and unincorporated communities; and providing for an effective  
13 date."  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

Chapter 92

- small scale marketing support \$350,000
- (2) to the Department of Education for the Alaska career information system 160,000
- (3) to the Department of Health and Social Services, office of alcohol and drug abuse, for alcohol abuse grants 628,613

\* Sec. 67. The unexpended and unobligated portions of the appropriations in sec. 51, ch. 120, SLA 1980, page 36, line 8 (alcohol and drug abuse) in secs. 89 and 95, ch. 50, SLA 1980, lapse into the general fund on 30, 1982. The amounts carried forward by this section shall be included in the alcohol and drug abuse budget base used to establish the continuation of the fiscal year 1983 budget of the Department of Health and Social Services.

\* Sec. 68. Section 2, Free Conference CS for House Bill No. 1 (Twelfth Legislature - First Session) is amended to read:

Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by sec. 1 of this Act. A monthly deposit to the Alaska permanent fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. At least \$1,400,000.00 shall be deposited to the Alaska permanent fund in fiscal year 1982, and the entire amount shall be deposited no later than June 30, 1983.

\* Sec. 69. Section 1, Free Conference CS for Senate Bill No. 26 (Twelfth Legislature - First Session) is repealed and reenacted to read:

\* Section 1. (a) The sum of \$263,900,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 -

Chapter 101

payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1983, in accordance with legislation authorizing the payments.

\* Sec. 12. Section 4, ch. 61, SLA 1981, as amended by sec. 64, ch. 92, 1981, is amended by adding a new subsection to read:

(c) The sum of \$3,000,000 is appropriated from the general fund to the Department of Community and Regional Affairs for the payment of rural development assistance under AS 44.47.130 for the fiscal year ending June 30, 1983.

\* Sec. 13. The sum of \$8,200,000 is appropriated from the general fund to the Department of Commerce and Economic Development for a small grain market-  
ing system.

\* Sec. 14. The appropriations made in ch. 120, SLA 1981 and ch. 10, SLA 1982 are repealed.

\* Sec. 15. Section 53, ch. 120, SLA 1980, page 80, as amended by sec. 21, ch. 62, SLA 1981, is amended to read:

The unexpended and unobligated portion of \$18,000,000 of the above appropriation of \$20,000,000 to the Renewable Resources Development Corporation lapses into the general fund June 30, 1981. The remaining \$2,000,000 of the above appropriation to the Renewable Resources Development Corporation may be used [ONLY] for a purpose [PROJECTS EXPRESSLY] approved by the governor and any unexpended and unobligated balance of that part of the appropriation lapses into the general fund June 30, 1983 [1982].

\* Sec. 16. Section 2, ch. 61, SLA 1981, as amended by sec. 68, ch. 92, SLA 1981, is amended to read:

Sec. 2. Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by sec. 1 of this Act. A monthly deposit to the Alaska permanent

Handwritten notes on the right margin: a vertical line with an upward arrow and the number 186285872 written vertically next to it.

Chapter 101

→ fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. If less than \$800,000,000 [\$1,400,000,000] shall be deposited to the Alaska permanent fund in fiscal year 1982, AND THE ENTIRE AMOUNT SHALL BE DEPOSITED NO LATER THAN JUNE 30, 1983).

\* Sec. 17. The following appropriations made to the Department of Revenue for the purpose of making permanent fund dividend payments are reappropriated to the Department of Revenue for the purpose of making permanent fund dividend payments for 1979 and 1980:

(1) \$129,330,300 appropriated in sec. 52, ch. 120, SLA 1981, page 69, line 6, and continued by sec. 42, ch. 92, SLA 1981;

(2) \$149,961,800 appropriated in sec. 28, ch. 82, SLA 1981, page 106, line 7; and

(3) \$12,500,000 appropriated in sec. 50, ch. 92, SLA 1981.

\* Sec. 18. The sum of \$150,400,000 is appropriated from the general fund to the Department of Revenue for the purpose of making permanent fund dividend payments for 1981.

\* Sec. 19. If the United States Supreme Court decides that AS 43.23.050(c) for any reason invalid, the appropriations and reappropriations made in sections 17 and 18 of this Act are appropriated for and may be expended to make permanent fund dividend payments under any bill passed by the Alaska State Legislature for that purpose and enacted into law.

\* Sec. 20. The loans from the general fund to the dividend fund in accordance with AS 43.23.050(c) for the purpose of paying permanent fund dividends for 1979, 1980, and 1981 are forgiven. These loans are made from the following appropriations:

(1) Section 52, ch. 120, SLA 1980, page 69, line 6, and continued by sec. 42, ch. 92, SLA 1981;

**DEPARTMENT OF REVENUE**

OFFICE OF THE COMMISSIONER

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300

February 14, 1983

The Honorable John C. Sackett  
Senator  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Re: SB 92 Background

Dear Senator Sackett:

At the request of your aide Max Gifford, I am providing a brief history of the \$1.8 billion dollar appropriation to the Permanent Fund. (1) In Chapter 61, SLA 1981, the Legislature appropriated \$1.8 billion from the General Fund to the Permanent Fund. In this appropriation the Commissioner of Revenue was directed to make monthly deposits as long as the operating requirements of state government could be met, in his judgment. (2) In Chapter 92, SLA 1981, the Legislature amended this appropriation. By June 20, 1982, no less than \$1.4 billion of the appropriation was to be deposited to the Permanent Fund and by June 30, 1982, the balance remaining was to be deposited to the Permanent Fund. (3) During the first half of FY 82, transfers to the Permanent Fund on a monthly basis in accordance with the schedule attached, until a total of \$800 million had been deposited by December 1981. Thomas K. Williams, who was commissioner at that time, suspended monthly deposits after December 31, 1981, because of significant declines in revenue projections. (4) In SCSHB 148 (Fin.) the 1982 Legislature amended the previous amendment. By June 30, 1982, the Commissioner of Revenue was to deposit \$800 million (already committed) of the appropriation to the Alaska Permanent Fund; any reference to the balance remaining was removed.

The 1982 action of the Legislature was prompted by a significant decline in the state's anticipated revenues from petroleum, but it did not remove our responsibility to transfer the original amount appropriated. During the 1982 session, the legislature considered a bill to repeal the appropriation, but decided against it. Failure to repeal Chapter 61 SLA 1981 created a technical deficit in the 1983 fiscal year of, depending on the amount of revenue projected, as much as \$906 million.

The Honorable John C. Sackett  
February 14, 1983  
Page 2

The revenue picture improved during the first quarter of FY 83, however, and on November 12, 1982, Commissioner Williams directed the deposit of an additional \$300 million in the Permanent Fund, leaving a balance of \$700 million still to be transferred. Based upon the Department of Revenue forecast dated January 1983, the general fund is still technically in deficit by \$196 million. It should be noted, however, that this deficit includes continuing programs which will be disbursed in future years. On a cash flow basis, the shortfall appears in late FY 84.

An opinion of the Attorney General dated August 24, 1982 (also attached), has concluded that the appropriation remains in effect until the entire balance has been transferred to the Permanent Fund. Governor Sheffield in his Budget Address committed to paying the balance over the coming years.

Sincerely,



Robert D. Heath  
Commissioner of Revenue

RDH:JKD:jas

Enclosure

William E. Williams, Commissioner  
Department of Revenue

DATE AUGUST 25, 1982

FILE NO 365-111-82

ATTORNEY Peter A. Bushra  
Deputy Commissioner

RESPONSE NO 365-111-82

HOWARD L. GANDON  
ATTORNEY GENERAL

STATUS: Lapsing of permanent  
fund appropriation

By: *[Signature]*  
LEWIS J. GIBBS  
Assistant Attorney General

This responds to your request of June 8, 1982, and confirms our oral advice to Anselm Staack. The appropriation of \$1.8 billion to the Alaska Permanent Fund made by § 1, ch. 61, SLA 1981, as amended by § 68, ch. 91, SLA 1981, was not a one-year appropriation and does not lapse according to AS 37.25.010. The appropriation remains in effect until it is satisfied, by virtue of § 7, ch. 61, SLA 1981.

The provision requiring monthly deposits should be implemented to the extent that it is consistent with your long-term projections of anticipated revenues and expenditures. It may not preclude the governor's authority under AS 37.07.080(g)(2) to withhold or reduce appropriations at any time during the fiscal year when it appears that estimated receipts and surpluses will be insufficient to provide for appropriations.

Regarding your duty to disclose items on an official statement on the sale of general obligation bonds, AS 37.15.215 requires that you comply with the guidelines of the Municipal Finance Officers' Association, or other nationally recognized guidelines. Please let us know if you need assistance in interpreting those guidelines.

LLD/pjg

RECEIVED

AUG 25 1982

ALASKA DEPARTMENT OF REVENUE  
TREASURY DIVISION  
JUNEAU

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 92 Date on Bill: 1/31/83  
 Title: An act repealing an appropriation made to the Alaska Permanent Fund  
 Sponsor: Sen. Sackett & Sen. Mulcahy  
 Requestor: Senate Finance

1. Estimated fiscal impacts on:

a. Expenditures:

Millions  
(THOUSANDS of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			-0-					
Operating								
Total			-0-					

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

This releases \$600 million from the Permanent Fund and replaces it into the General Fund.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Mary Reberd - Special Asst.  
 Division: Commissioner's Office  
 Approved by Commissioner: [Signature]  
 Department: \_\_\_\_\_

Phone: 465-2300  
 Date: 2/1/83

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

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

FY 82  
 \$1,800,000  
 Permanent Fund Appropriation

<u>TRF Amount</u>	<u>Date TRF'd</u>	<u>Total TRF'd To Date</u>
\$50,000,000	7-24-81	\$50,000,000
\$50,000,000	7-29-81	\$100,000,000
\$25,000,000	8-06-81	\$125,000,000
\$25,000,000	8-13-81	\$150,000,000
\$50,000,000	8-25-81	\$200,000,000
\$50,000,000	9-10-81	\$250,000,000
\$100,000,000	9-15-81	\$350,000,000
\$86,000,000	9-25-81	\$436,000,000
\$14,000,000	9-30-81	\$450,000,000
\$50,000,000	10-26-81	\$500,000,000
\$100,000,000	11-05-81	\$600,000,000
\$75,000,000	11-25-81	\$675,000,000
\$25,000,000	11-30-81	\$700,000,000
\$100,000,000	12-15-81	\$800,000,000

<u>Balance carried forward</u>	<u>FY 83</u>	<u>Payments</u>
\$300,000,000	11-16-82	\$1,100,000,000

2/14/83

SENATE BILL 105 (Amending an appropriation made in Chapter 90, SLA 1981, making an appropriation to the Alaska Power Authority for the Snettisham Power Project; and providing for an effective date)

2-02-83 Introduced by Senator Ray  
Ref: Senate Finance

Summary: Would repeal a \$4.5 million appropriation made in 1981 for the Snettisham power project near Juneau and reappropriates the money to the Alaska Power Authority for "feasibility studies, preconstruction design, engineering, and construction at the Snettisham (Crater Lakes) power project". The 1981 appropriation, contained in Ch. 90, SLA 1981, Sec. 6(7), was part of a \$37,300,000 allocation to the Power Authority for "feasibility projects, preconstruction design, and engineering" for various projects around the state (specifically did not include "construction").

Appropriation is for capital project and is subject to AS 37.25.020 (it does not lapse).

Immediate effective date.

Note: Identical bill introduced January 28 in House.