

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

3/22/85

Date: 4-10-85

The Committee on FINANCE has had HB 71

"An Act making a special appropriation to the Alaska permanent fund; and providing for an effective date."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 71 (CN) same title new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

Albert G. Adams

William J. ...

Ronald J. ...

...

...

...

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MEMBERS HAVING OTHER RECOMMENDATIONS:

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Fort Faircloth (no rec)

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Albert G. Adams
CHAIRMAN

Offered: 3/22/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 71 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. The sum of \$500,000,000 is appropriated from the general
10 fund to the Alaska permanent fund (art. IX, sec. 15, Constitution of the
11 State of Alaska; AS 37.13.010).

12 * Sec. 2. (a) Beginning July 1, 1985, the commissioner of revenue may
13 make regular deposits to the Alaska permanent fund of the appropriation
14 made by sec. 1 of this Act. A deposit to the Alaska permanent fund may
15 only be in an amount determined by the governor to represent excess general
16 fund revenue that is not necessary to finance all valid encumbrances of
17 outstanding appropriations enacted by law that are obligated for the fiscal
18 year in which the deposit is made.

19 (b) Before the commissioner of revenue makes a deposit authorized
20 under (a) of this section

21 (1) the governor shall report the amount of the deposit to the
22 Legislative Budget and Audit Committee for review;

23 (2) 45 days shall elapse before the deposit is made unless the
24 Legislative Budget and Audit Committee recommends, before the 45 days
25 elapses, that the deposit be made; and

26 (3) if the Legislative Budget and Audit Committee recommends
27 within the 45-day period that the deposit should not be made, the governor
28 shall review the proposed deposit and if the governor decides to authorize
29 the deposit, the governor shall provide the Legislative Budget and Audit

1 Committee with a statement of the governor's reasons before the deposit is
2 made.

3 * Sec. 3. The appropriation made by sec. 1 of this Act is not a one-
4 year appropriation. The unexpended balance of the appropriation made in
5 sec. 1 of this Act carries forward to subsequent fiscal years until the
6 entire amount appropriated is deposited in the Alaska permanent fund.

7 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: CS HB 71 (SA)
 Title: Special Appropriation to
Permanent Fund
 Sponsor: House State Affairs
 Requestor: House Finance
 Date of Request: March 26, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected:
Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker *MB*
 Division: Treasury

Phone: 465-2350
 Date: March 26, 1985

Approved by Commissioner: *Mary K. Sturdale*
 Agency: Department of Revenue

Date: 4/3/85

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: CSHB71 (State Affairs)
 Title: Special Appropriation to the
Alaska Permanent Fund
 Sponsor: State Affairs Committee
 Requestor: House Finance Committee
 Date of Request: March 26, 1985

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	See Analysis	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

Prepared By: MCF RWE
 Mary Ellen Frank/Robert Elliott
 Division: Revenue - Research Section

Phone: 465-2173

Date: 3/29/85

Approved by Commissioner: [Signature]
 Agency: [Signature]

Date: 4/3/85

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE CSHB 71 (STATE AFFAIRS)
Attachment

Although this bill would transfer in its entirety \$500 million from the General Fund to the Permanent Fund, it is unknown the time frame of when General Fund revenues will be available for deposit to the Permanent Fund. While the General Fund would be negatively impacted (investment earnings and total unrestricted revenues) and the Dividend Fund and Permanent Fund (PF balance, inflation proofing, UIA balance and earnings) would be positively impacted, it is impossible to estimate these specific components without a more definite payment schedule.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 16, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a special appropriation to the principal of the Alaska permanent fund (art. IX, sec. 15, Alaska Const.). The bill provides for the addition of \$500,000,000 to the principal of the permanent fund.

The 1981 legislature, conscious of its responsibilities to future generations of Alaskans and with foresight too rarely seen in government, appropriated \$1.8 billion as a special deposit to the Alaska permanent fund. When my administration took office two years ago, \$700 million of that money remained undeposited. Today, approximately 700 days later, that debt is paid, and it is time that we again consider our obligations to future generations.

The bill is similar to the original appropriation enacted in ch. 61, SLA 1981. The discretion granted by this bill gives me enough flexibility to increase the principal of the permanent fund if an unexpected increase in state revenue occurs because of economic conditions. I share with the legislature a keen interest in protecting and enhancing the principal of the permanent fund so that subsequent generations will benefit from surplus revenues held in the state treasury. Only through generous contributions to the permanent fund can our expectations be realized.

I urge your prompt action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

Testimony by COMMISSIONER NORDALE (DOR) 3/21/85
before (H) STATE AFFAIRS

HB 71 authorizes the deposit in the Permanent Fund of \$500 million.

The deposit would be made over time as the state receives funds excess to requirements to fund all valid encumbrances of outstanding appropriations. The bill would allow Alaskans to save. Without that authority, no saving can occur over and above the currently authorized percentages of royalty, rental and lease income.

Notwithstanding the projections of reduced income, this state enjoys a phenomenal amount of revenue now. We are so far from being broke and so far from having to curtail our lifestyle that suggestions that essential programs for the present as well as the future will have to be terminated is, I believe, somewhat misleading. We are not only not broke, we enjoy sufficient income to have money to save.

However, we are all aware that the money derived from development of our oil and gas resources is declining. In the next few years, we may not be in the comfortable position of having money to save. Therefore,

if we fail to embark on a savings program now, we may very well have sacrificed for all time the opportunity to provide for a comfortable future.

Governor Sheffield has stated again and again that the savings which this bill would authorize is his top priority. He has stated again and again that we have as much ~~of~~ a responsibility to use our resources for future benefits as we have to meet present needs.

If we have the will, we can both save for the future and provide for present needs. HB 71 should and, indeed, must be passed.

Offered: 3/22/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

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4 FOURTEENTH LEGISLATURE - FIRST SESSION

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Introduced: 1/16/85
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

HOUSE BILL NO. 71

2

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

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