

H B

1 6 6



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

TO: All Committee Members

FROM: Representative Fran Ulmer, Chair
House State Affairs Committee

DATE: May 4, 1987

RE: Special appropriation to the Budget Reserve Account
and the Permanent Fund.

Attached is a work draft of a bill that would appropriate the receipts of certain royalty oil and tax settlements. I would like the House State Affairs Committee to consider sponsoring this proposed legislation.

This proposal would deposit into the Permanent Fund one-half of the receipts received by the State from settlements or other conclusions from three cases (State v. Amerada Hess; Arco v. State; and United States v. Alaska). The other one-half of these receipts would be deposited in the Budget Reserve Fund.

The above deposits would serve two purposes:

- 1) The reduction of dedicated funds to the principal of the Permanent Fund could be offset, in part, by appropriating windfall settlements.
- 2) Additional deposits to the Budget Reserve Account would serve to protect the State from budget shortfalls.

I would appreciate your consideration of this proposed bill and look forward to hearing your comments.

Background

State v. Amerada Hess: involves the valuation of the State's royalty share of oil from Prudhoe Bay. At issue - the value of North Slope crude when it reaches the lower 48 and determining what deductions should be made to arrive at the value of oil as it enters TAPS;

United States v. Alaska: pertains to a dispute over who owns the title of lands (Dinkum Sands) in the Beaufort Sea; and

Arco v. Alaska: question over tax liability of oil companies.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/9/87

FURTHER REFERRALS: Finance

DATE: 4-27-87

The State Affairs Committee has considered HB 166

"An Act appropriating from the earnings reserve account of the Alaska permanent fund to the general fund; and providing for an effective date."

RECOMMENDS:

- replace with CSHB 166 (SA) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

Dave Douley DO NOT PASS

Terry Martin No-Rec.

Cliff Davidson no rec

[Signature]

Chairman's signature

Original sponsor: RULES/Governor

Divide

Funding Information

General Fund	\$	-0-
Other Funds		-0-
	\$	-0-

IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

CS FOR HOUSE BILL NO. 166 (State Affairs)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act appropriating from the earnings reserve account of the Alaska permanent fund to the budget reserve fund; and providing for an effective date."

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

* Section 1. The sum of \$250,000,000 is appropriated from the earnings reserve account of the Alaska permanent fund (AS 37.13.145) to the budget reserve fund (AS 37.05.156).

* Sec. 2. This Act takes effect July 1, 1987.

WORK DRAFT

WORK DRAFT

WORK DRAFT

w01387hB
Dierdorff
4/15/87

Original sponsor: Rules/Governor

Funding Information

General Fund	\$	-0-
Other Funds		-0-
	\$	-0-

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 166 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating from the earnings reserve
7 account of the Alaska permanent fund to the budget
8 reserve fund; and providing for an effective date."

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

10 * Section 1. sum of \$250,000,000 is appropriated from the earnings
11 reserve account of the Alaska permanent fund (AS 37.13.745) to the budget
12 reserve fund (AS 37.05.156).

13 * Sec. 2. This Act takes effect July 1, 1987.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

STATE AFFAIRS COMMITTEE

HOUSE BILL 166

FILE CONTENTS

1. HB 166: AN ACT APPROPRIATING FROM THE EARNINGS RESERVE ACCOUNT OF THE ALASKA PERMANENT FUND TO THE GENERAL FUND; AND PROVIDING FOR AN EFFECTIVE DATE.
2. GOVERNOR'S TRANSMITTAL LETTER, DATED MARCH 3, 1987
3. PUBLIC OPINION MESSAGE FROM CHARLES RICHMOND WITH RESPONSE FROM REPRESENTATIVE ULMER
4. POSITION PAPER FROM ASSOCIATION FOR THE PROTECTION OF THE PERMANENT FUND WITH LETTER FROM REPRESENTATIVE ULMER
5. PUBLIC OPINION MESSAGE FROM CHRISTINE WILCOX

FISCAL NOTE

- A. PERMANENT FUND CORPORATION

69 HB 166, "An Act appropriating from the earnings reserve account of the Alaska permanent fund to the general fund; and providing for an effective date."

Delete the current language and substitute the following:

~~* Section 1.
(a) An amount calculated under (b) of this section is appropriated from the earnings reserve account in the permanent fund (AS 37.13.145) to the general fund.
(b) The amount that is appropriated under (a) of this section is the lesser of:
(1) \$150,000,000; or
(2) the FY 88 general fund appropriations total less the amount of the March 1988 revenue forecast at the 30th percentile level.~~

* Section 2.

The amount of \$250,000,000 is appropriated from the earnings reserve account in the permanent fund (AS 37.13.145) to the budget reserve fund (AS 37.05.156).

~~* Section 3~~

~~Section 1 of this Act takes effect July 1, 1988.
Section 2 of this Act takes effect July 1, 1987.~~

Handwritten signature and scribbles

/

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 166

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act appropriating from the earnings reserve

7

account of the Alaska permanent fund to the general

8

fund; and providing for an effective date."

9

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

10

* Section 1. The lesser of the following two amounts is appropriated

11

from the earnings reserve account of the Alaska permanent fund to the

12

general fund: (1) an amount sufficient to offset any negative amount in

13

the "Available Fund Equity/Balance" for the general fund as reported for

14

June 30, 1987 on the "State of Alaska, All Fund Types and Account Groups,

15

Combined Balance Sheet" in the State of Alaska's "Annual Financial Report"

16

for fiscal year 1987, published under AS 37.05.210(2) ~~or (2) the amount in~~

17

~~the earnings reserve account of the Alaska permanent fund as of July 1,~~

18

1987.

19

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

174.9
An amount from the E.R. to the ~~ER~~ PR
not to exceed 174.9 is
applying to the G.F.
Sufficient to

1

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 166

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act appropriating from the earnings reserve
7 account of the Alaska permanent fund to the general
8 fund; and providing for an effective date."

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

10 * Section 1. The lesser of the following two amounts is appropriated
11 from the earnings reserve account of the Alaska permanent fund to the
12 general fund: (1) an amount sufficient to offset any negative amount in
13 the "Available Fund Equity/Balance" for the general fund as reported for
14 June 30, 1987 on the "State of Alaska, All Fund Types and Account Groups,
15 Combined Balance Sheet" in the State of Alaska's "Annual Financial Report" ✓
16 for fiscal year 1987, published under AS 37.05.210(2); or (2) the amount in
17 the earnings reserve account of the Alaska permanent fund as of July 1,
18 1987.

19 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

ALL IS SAME:

ORIGINAL SENATE: OPEN ended -> DOESN'T ensure
what gets transferred - could deplete the
ERA -

CS 157: specific Authority to use X amount.
either/or deal specific

put in still APR 1987.

567

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

2

March 3, 1987


The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill appropriating money from the earnings reserve account (formerly called the "undistributed income account," AS 37.13.145) of the Alaska permanent fund to the general fund. This bill appropriates a sufficient amount of money to cover whatever deficit may exist after the end of fiscal year 1987 from the earnings reserve account of the permanent fund to the general fund. If an insufficient amount is available from the earnings reserve account, then the entire amount is appropriated to the general fund.

The deficit for fiscal year 1987 is identified in the bill by reference to the specific line in the state's annual financial report which reports that figure.

Sincerely,



Steve Cowper
Governor



Official Business

Alaska State Legislature

House

HB 166

3

P.O. BOX V
State Capitol
Juneau, Alaska 99811

STATE AFFAIRS COMMITTEE

March 11, 1987

Charles Richmond
Box 60101
Fairbanks AK 99706

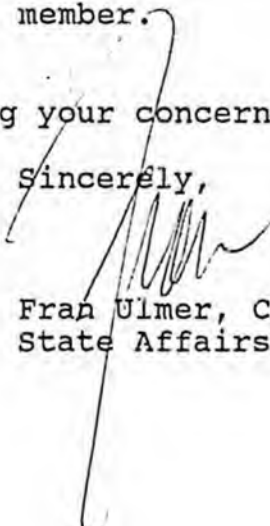
Dear Mr. Richmond:

Thank you for your public opinion message regarding Permanent Fund earnings.

The House State Affairs Committee has had HJR 1 in hearing and has approved a committee substitute. On Monday, March 16, the committee will be holding a work session on House Bill 166, "An Act appropriating from the earnings reserve account of the Alaska permanent fund to the general fund; and providing for an effective date." Soon thereafter we will be holding public hearings on this bill (copy enclosed). I will provide a copy of your comments to each committee member.

Thank you again for sharing your concerns.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

Enclosures

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: CHARLES RICHMOND
TITLE:
ADDRESS: BOX 60101
CITY: FAIRBANKS ZIF: 99706
PHONE: 479-2388
BILL NO: HB 166
SUBJECT: APPROP: PF EARNINGS RESERVE TO GENERAL FD
MESSAGE: & HJR 1.. STOP HB 166. I OPPOSE THIS LEGISLATION. I WOULD TH X A
HEARING ON HJR 1 WOULD BE APPROPRIATE.

*****EOM/MW*****

POMID: 07102252
DATE: 03/10/87
TIME: 10:22:52
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

SUND	BENNETT
BOUCHER	COGHILL
DAVIDSON	FAHRENKAMP
DONLEY	
HOFFMAN	
MARTIN	
MENARD	
BARNES	
COTTEN	
GRUENBERG	
NAVARRE	
TAYLOR	
BOYER	
DAVIS	
FRANK	
KOPONEN	
MILLER	



Official Business

Alaska State Legislature

House

HR 166

4

P.O. BOX V
State Capitol
Juneau, Alaska 99811

STATE AFFAIRS COMMITTEE

March 11, 1987

Jim Weidner, Chairman
Association for the Protection of the Permanent Fund
5479 C.H.S.R.
Fairbanks, AK 99712

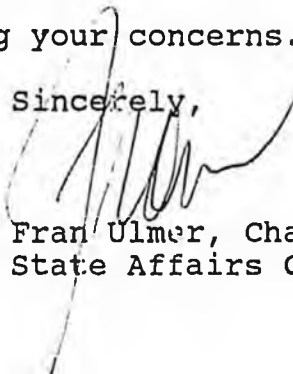
Dear Mr. Weidner:

Thank you for your position paper regarding Permanent Fund earnings.

On Monday, March 16, the State Affairs Committee will be holding a work session on House Bill 166, "An Act appropriating from the earnings reserve account of the Alaska permanent fund to the general fund; and providing for an effective date." Soon thereafter we will be holding public hearings on this bill. A copy is enclosed. I will provide a copy of your comments to each committee member.

Thank you again for sharing your concerns.

Sincerely,


Fran Ulmer, Chair
State Affairs Committee

Enclosure

Representative Fran Ulmer
Juneau, Ak. 99811

Position paper

Issue:

The use of Permanent Fund earnings to make up for budget shortfalls.

Position:

We oppose the use of Permanent Fund earnings to make up for budget shortfalls without a vote of the people.

Discussion:

The earnings of the Permanent Fund belong to all the people of Alaska.

A 10 year historic precedent indicates there are two ways the Permanent Fund earnings can be used to benefit each stockholder fairly and equally.

The first way is dividend distribution. Each stockholder receives one dividend, in exactly the same amount without regard to race, creed, social class, economic status, residency, special pleading, etc.

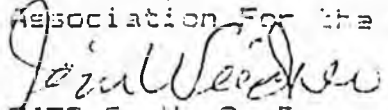
The second way is by the reinvestment of earnings not distributed as dividends into the principal. Reinvestment benefits each stockholder fairly and equally, by increasing corporation earnings and increased dividends.

Our conclusion is that the Permanent Fund is the only thing that: 1) benefits each resident and each area of the state equally; 2) promotes solid economic development based upon a predictable and renewable source of income; 3) allows individual freedom of choice as to how the money is spent; and 4) produces known and measurable benefits as shown by a successful 10 year "track record".

Opinion:

The one and probably the only thing any Governor or legislator will do in his or her career, which benefits each of Alaska's 510,000 residents fairly and equally, is to ensure that (1) 50% of the earnings of the Permanent Fund are distributed equally as dividends and that (2) ALL the remainder is deposited into the principal where it will produce a 10% return on the investment.

Jim Weidner
Chairman,
Association For the Protection of the Permanent Fund


7477 C. H. S. R.
Fairbanks, Ak. 99712
408-5366

position.doc 3/3/1987

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: CHRISTINE WILCOX
TITLE:
ADDRESS: SRA BOX 6718-C
CITY: PALMER
PHONE: 745-0249
BILL NO: HB 89
SUBJECT: APPROP: DISASTER RELIEF & BUDGET RESERVE
MESSAGE: I STRONGLY OPPOSE GOVERNOR COWPER'S PLAN TO PAY OFF DEBTS WITH RE-
SERVE/PERMANANT FUND MONEYS. INSTEAD MAKE STATE AGENCIES EFFICIENT AND HELD
RESPONSIBLE FOR THEIR SUFFICIENT INTENT. WHAT WILL YOU PAY OFF NEXT YEAR'S DEBTS
WITH? STOP AND THINK WHEN COWPER DEMANDS NINE DAY DECISIONS SAY NO.

ZIP: 99645

POMID: 14161010
DATE: 03/09/87
TIME: 16:10:10
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	CATO	BINKLEY
COLLINS	COTTEN	COGHILL
DAVIDSON	DAVIS	DUNCAN
DONLEY	ELLIS	ELIASON
FRANK	FURNACE	FAHRENKAMP
GOLL	GRUENBERG	FAIKS
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	STURGULEWSKI
SUND	SWACKHAMMER	SZYHANSKI
TAYLOR	WALLIS	UEHLING
ZAWACKI		ZHAROFF

5

HB166

PUBLIC OPINION MESSAGE

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

DEAR: REPRESENTATIVE ULMER

NAME: TONY BACA
 TITLE:
 ADDRESS: BOX 10184
 CITY: FAIRBANKS ZIP: 99710
 PHONE: 457-3164
 BILL NO: HB 161
 SUBJECT: ADVISORY VOTE; INCOME TAX & PF DIVIDENDS
 MESSAGE: AND HB 166, SB157.. URGE TO DEFEAT HB 166, HB 161 AND SB 157 AND ALL S
 MILIAR LEGISLATION. AM OPPOSED TO USING PERMANENT FUND EARNINGS TO FUND
 OVERNMENT SPENDING. WOULD URGE TO CUT BUDGET AS MUCH AS POSSIBLE AS SOON AS
 POSSIBLE AND RETURN GOVERNMENT TO THE HANDS OF THE PEOPLE.

NAME: DARCY BIRCHELL
 TITLE:
 ADDRESS: P.O. BOX 1032
 CITY: FAIRBANKS ZIP: 99707
 PHONE: 488-9258
 BILL NO: SB 157
 SUBJECT: APPROP: PF EARNINGS RESERVE TO GENERAL FD
 MESSAGE: AM OPPOSED TO USING ANY PERMANENT FUND EARNINGS TO MAKE UP FOR
 BUDGET SHORTFALLS WITHOUT THE VOTE OF THE PEOPLE. THE EARNINGS OF THE
 PERMANENT FUND BELONG TO ALL THE PEOPLE NOT JUST A FEW WHO WANT MORE THAN
 THEIR ONE SHARE. EOM/AN

EOM/AN

POMID: 07133118
 DATE: 03/16/87
 TIME: 13:31:18
 LIONAME: FAIRBANKS LIO

POMID: 07154100
 DATE: 03/16/87
 TIME: 15:41:00
 LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

COPIES: REPRESENTATIVES

BOYER	BENNETT
DAVIS	COGHILL
FRANK	FAHRENKAMP
KOPONEN	
HILLFR	
BOUCHER	
DAVIDSON	
DONLEY	
HOFFMAN	
MARTIN	
MENARD	
ADAMS	
BROWN	
GOLL	
LARSON	
POURCHOT	
RIEGER	
SWACKHAMMER	
WALLIS	

ADAMS
 BOYER
 BROWN
 DAVIS
 FRANK
 GOLL
 LARSON
 POURCHOT
 RIEGER
 SWACKHAMMER
 WALLIS
 BOUCHER
 DAVIDSON
 DONLEY
 HOFFMAN
 MARTIN
 MENARD

RECEIVED MAR 17 1987

RECEIVED MAR 17 1987

March 23, 1987

Representative Fran Ulmer
Juneau, Ak. 99811

Subject: Public Opinion Survey Results

Dear Representative Ulmer,

In the last few weeks, there have been proposals to "use Permanent Fund earnings" to make up for budget shortfalls and to fund Governor Cowper's ambitious future state budgets.

Attached is a tabulation of the Permanent Fund Public Opinion survey results.

It is obvious the public opposes using Permanent Fund earnings to fund the government. A local radio talk show host had a surprise survey--13 callers said yes and 70 said no, to using Permanent Fund earnings to make up for budget shortfalls. Such results are clearly consistent with other surveys of previous years which show 70+% support for the Permanent Fund.

In our judgement, under no circumstances should any Permanent Fund earnings be used to run the government. The earnings belong to all the people, including present and future generations, and therefore must be used only for dividends or principal inflation proofing and/or growth. These are the only two uses which benefit every stockholder fairly, equally and directly. The inflation proofing and/or growth benefit the stockholders by producing higher dividends for stockholders in coming years.

We respectfully ask you to represent the interests of 510,000 Alaskans pursuant to Article 1, Section 2 "[the government], is instituted solely for the good of the people as a whole." The Permanent Fund is the only thing that benefits the "whole" i.e. 99+% of the population.

Best Reason to Stay out of P. Fund!

Jim Weidner, Chairman

Jim Weidner
Association For the Protection
For The Protection of the
Permanent Fund
% 5479 C. H. S. R.
Fairbanks, Ak. 99712

PUBLIC OPINION SURVEY PERMANENT FUND

(read carefully)

Circle One

1. Do you support the Permanent Fund? Yes No
2. Do you feel the Permanent Fund should grow?..... Yes No
3. Have dividend payments reduced your living expenses?..... Yes No
4. Do you feel the dividends benefit everyone fairly and equally?..... Yes No
5. Do you believe the dividends allow each person freedom of choice as to how the money is spent?..... Yes No
6. Would you prefer to have the dividends eliminated and spending of the fund's earnings be decided by the governor and legislators?..... Yes No
7. Do you believe any fund earnings should be spent to make up for budget shortfalls?..... Yes No
8. Would you knowingly vote for someone who "Raided the Permanent Fund" without a vote of the people?..... Yes No
9. One half of the fund's earnings are paid in dividends. Do you feel the other half should be used for:
 1. Inflation proofing the Permanent Fund? (Effect: Continue what has been done in the last 10 years.) Yes No
 2. Appropriation by the legislature to fund various things that do NOT benefit each stockholder equally. (Effects: large amounts of money would be available for funding government programs you would have no direct say so as to what is funded or not funded). Yes No
10. What percentage of the oil money, if any, do you feel has been wasted? %
11. Do you favor a constitutional amendment which would ensure the earnings of the Permanent Fund benefit each stockholder fairly and equally. Yes No

Name _____ Ph. _____

Address _____ City _____ ZIP _____

Would you like to learn more about the Association Yes No

CLIP AND MAIL TO: THE ASSOCIATION FOR THE PROTECTION OF THE PERMANENT FUND c/o 5479 C.I.S.R. Fairbanks, AK 99712, Information phone 488-6386

This survey was paid for by the Association for the Protection of the Permanent Fund. David Shaw, Treasurer, Box 377 Nenana, AK 99780

SURVEY RESULTS

PERCENT
YES NO

SAMPLE SIZE

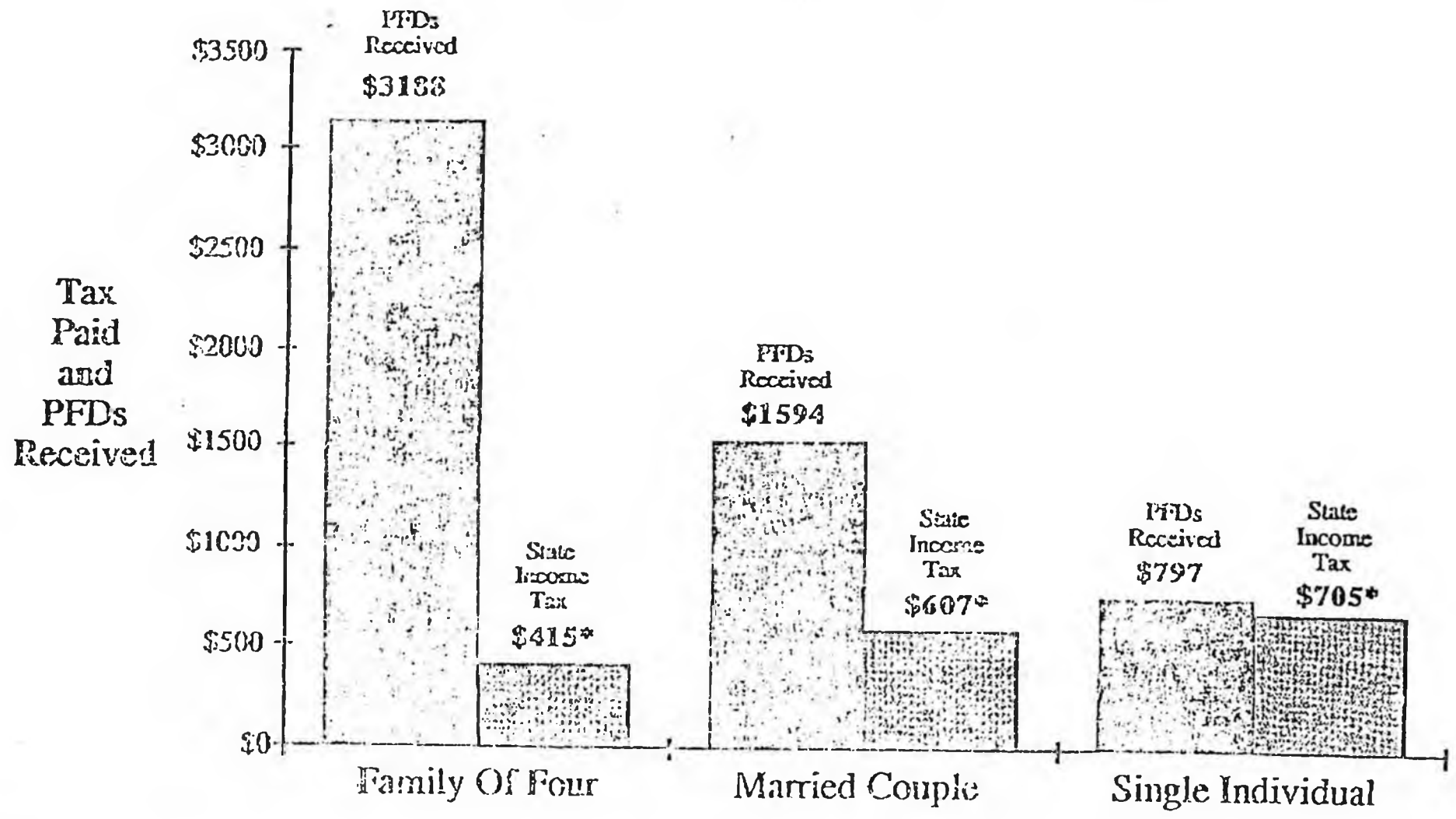
473

Published Sunday, March 4, 1987 FBKS DAILY NEWS

99+	1
99+	1
68	32
91	9
95	5
3	97
6	94
3	97
89	11
5	95
52	%
91	9

Figure 11

How Does The Tax On \$25,000 Income Compare With PF Dividends Received ?



* Net tax will be lower because state tax is an allowable deduction in figuring federal tax liability. Oct. 1988 dividend estimated by PF Corp. OMB/Division of Policy, 3/12/87.

HOUSE OF REPRESENTATIVES
 COMMITTEE ON WAYS
 REPORT NO. 100-100
 100-100

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTEBill Version: HB 166
Publish Date: HOUSE 3/4/87

REQUEST

Revision Date: _____
Title: Appropriation of Earnings Reserve
Account of P.F. to the General Fund
Sponsor: Governor
Requestor: _____Agency Affected: Permanent Fund Corp.
BRU: Permanent Fund Corporation

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	0-555M	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	0-555M	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

It is estimated, at this time, that approximately 200 million in earnings will be necessary to meet FY 87 budget requirements. See attachment - Financial projections provided by the Alaska Permanent Fund Corporation.

Prepared By: Royce Weller
Division: Revenue/Commissioner's OfficePhone: 465-2300
Date: 3/2/87Approved by Commissioner: Hugh Malone
Agency: Department of RevenueDate: 3/2/87

Distribution (by Agency preparing fiscal note):

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



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS
(in millions)

as of January 31, 1987

FY	PRINCIPAL					INCOME				ASSETS		
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	Inflation Proofing Shortfall	Net Income	Distributions Dividends	Per Capita Dividends**	Inflation Proofing	Reserves Add (Delete)	FY End Balance	FY End Balance
78			54		54	2					55	7
79	54		84		139	8					141	7
80	139		344		483	32	12				503	8
81	483	900	385		1,769	150	28			59	59	8
82	1,769	800	401		2,969	368	71	\$1000.00		185	244	8
83	2,969	400	421	231	4,021	471	108	\$386.15	231	110	354	8
84	4,021	300	366	151	4,838	530	175	\$331.29	151	204	557	8
85	4,838	300	368	235	5,741	658	217	\$404.00	235	206	763	8
86	5,741		323	216	6,281	1,021	303	\$556.26	216	501	1,264	8
87	6,281	1,264	103	147	7,795	1,097	395	\$734.22	147	555	555	8
88	7,795		137	317	8,249	793	429	\$799.70	317	47	602	8
89	8,249		160	505	8,913	842	462	\$857.68	505	(125)	478	8
90	8,913		167	545	9,624	893	487	\$900.69	545	(139)	339	9
91	9,624		162	587	10,373	947	480	\$883.43	587	(121)	218	9
92	10,373		165	632	11,170	1,006	470	\$861.09	632	(97)	122	9
93	11,170		166	680	12,016	1,072	500	\$911.21	680	(108)	14	9
94	12,016		158	624	12,798	1,141	531	\$964.78	624	(14)		9
95	12,798		153	648	13,599	1,213	565	\$1022.06	648			9
96	13,599		146	688	14,433	1,288	601	\$1082.90	688			9
97	14,433		144	728	15,305	1,367	639	\$1146.79	728			9
98	15,305		140	771	16,216	1,449	678	\$1213.16	771			9
99	16,216		136	815	17,167	1,535	720	\$1282.02	815			9
0	17,167		130	861	18,158	1,624	763	\$1353.45	861			0
1	18,158		123	909	19,190	1,717	808	\$1427.62	909			1
2	19,190		117	960	20,267	1,814	855	\$1504.48	960			2
3	20,267		112	1,012	21,391	1,915	904	\$1584.40	1,012			3
4	21,391		110	1,066	22,566	2,021	955	\$1667.28	1,066			4
5	22,566		104	1,124	23,794	2,132	1,008	\$1753.24	1,124			5

ASSUMPTIONS

1.92% Inflation Rate FY 87
~~11.02%~~ Rate of Return FY 87
 14.6%
 4.00% Inflation Rate FY 88
 9.00% Rate of Return FY 88

6% Average Inflation Rate FY 89-05
 9% Average Rate of Return FY 89-05

* SOURCE: Alaska Department of Revenue
 30% Case Forecast - December 1936

STATUS QUO WITH AN INCREASE IN FY 87 NET INCOME
 OF \$275 MILLION DUE TO GAINS FROM SALE OF STOCK

** SOURCE: Population Projections From
 DOR Revenue Source Book - Page 14