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STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CS SB 260  
PUBLISH DATE: April 28, 1989

FISCAL NOTE

REQUEST:

Revision Date: April 20, 1989  
Title: An Act Imposing 5¢/Bbl  
fee on crude oil production  
Sponsor: Kerttula & Szymanski  
Requestor:

Agency Affected: Revenue  
BRU:  
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	See Analysis	-	-	-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Charles L. Logsdon  
Division: Oil & Gas Audit Division

Phone: 277-5627  
Date: April 28, 1989

Approved by Commissioner: *[Signature]*  
Agency: Department of Revenue

Date: *4/28/89*

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

*Royce Weller to revise  
pp. 3 & 4 of F/N*

CSSB260  
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Page 2

CSSB 260  
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of \$.05 per barrel. This tax revenue is deposited into the general fund but a special accounting is to be kept of these deposits. Once the balance of deposits from this tax equals or exceeds \$25 million the tax is discontinued until such time as the balance falls below \$25 million at which point the tax is reimposed.

2. The FY 1990 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.

3. The volumes are based on the mid-price scenario of the Spring 1989 Department Revenue forecast.

4. The sum of revenue collected from this tax under our current assumptions from FY 1990 through FY 1994 is \$140 million, well above the \$25 million cap. It is likely that a significant portion of the revenue collected under this tax between FY 1990 and FY 1994 would be expended to ameliorate impacts of the EXXON/Valdez spill. The following table illustrates therefore, the maximum revenue that could be generated from a \$.05/bbl tax and the cumulative amount which could theoretical be made available in the event of another catastrophic oil spill.

5. The following table also illustrates the projected revenue potential of increasing the tax to \$.10/bbl and imposing the tax on State royalty barrels. Each increase in the tax of \$.05/bbl increases revenues by roughly \$30 million per year with a declining difference as Alaska production declines. The taxing of royalty barrels has the effect of transferring part of the royalty income (general fund and permanent fund) to the spill fund and has no net fiscal effect on State revenues.

6. Because the of the imposition-suspension feature of the tax, the practical effect of the \$25 million fund size is to limit the size of the check which could be immediately written to cover oil spill costs. There are several considerations with respect to the size of the fund. The ability to generate revenues into this fund is tied to future production. That is, it is harder to replenish the fund in later years as Alaskan production declines. For instance referring to the table, if a catastrophic spill occurred in 1995 which required the State to spend \$100 million, and the fund was capped at \$25 million, the fund could not be replenished until the following year. And if it is assumed that future fund revenues are available to cover the remaining \$75 million in costs associated with this hypothetical spill, this would take 6 years (2000).

Comparison of Revenue Potential of a Severance Tax of  
\$.05/bbl and \$.10/bbl With and Without Exemption of  
State Royalty Production  
(Millions \$)

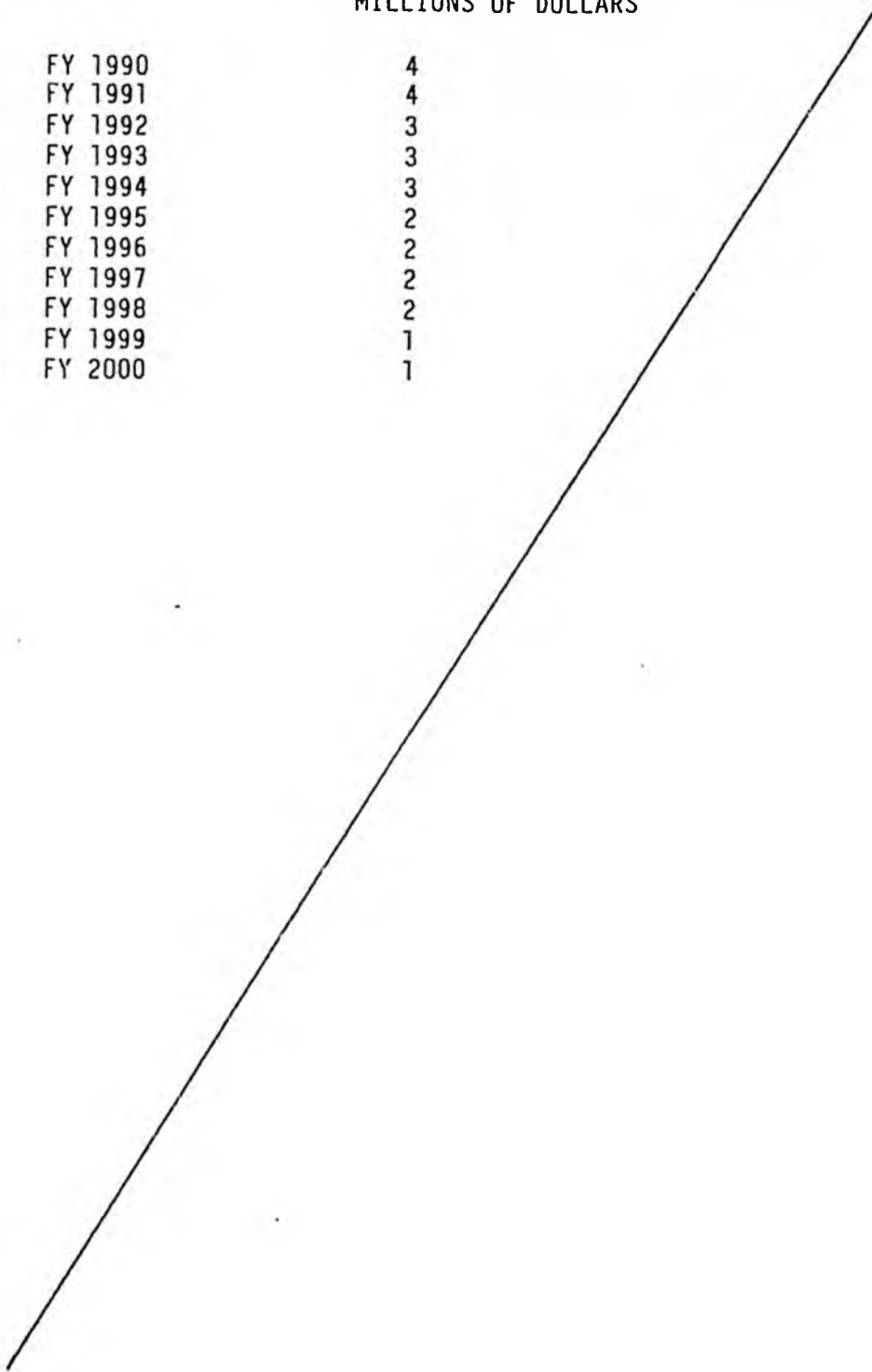
	five cents		five cents	
	w/o roy	accum	w/roy	accum
1990	32	32	36	36
1991	30	62	35	71
1992	28	91	33	104
1993	26	117	30	134
1994	23	140	27	160
1995	20	160	23	184
1996	17	178	20	204
1997	15	193	17	221
1998	13	206	15	236
1999	11	217	13	248
2000	9	226	11	259
2001	8	234	9	269
2002	7	241	8	277
2003	6	247	6	283
2004	5	252	6	289
2005	4	255	4	293
2006	3	259	4	297
2007	3	261	3	300
2008	2	264	3	302

	ten cents		ten cents	
	w/o roy	accum	w/roy	accum
1990	63	63	73	73
1991	61	124	70	142
1992	57	181	65	208
1993	52	233	60	267
1994	47	280	54	321
1995	41	321	47	367
1996	35	355	40	407
1997	30	385	34	442
1998	26	411	30	471
1999	22	433	25	497
2000	19	452	22	518
2001	16	469	19	537
2002	14	482	16	553
2003	11	494	13	566
2004	10	504	11	577
2005	7	511	9	586
2006	6	517	7	593
2007	5	523	6	599
2008	5	528	6	605

REDUCTION OF SEVERANCE TAX FROM SB 260  
MILLIONS OF DOLLARS

FY 1990	4
FY 1991	4
FY 1992	3
FY 1993	3
FY 1994	3
FY 1995	2
FY 1996	2
FY 1997	2
FY 1998	2
FY 1999	1
FY 2000	1



Original sponsors: Kerttula and Szymanski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 260 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act imposing a conservation surcharge on oil  
7 subject to the oil and gas properties production tax;  
8 authorizing the appropriation of the proceeds of the  
9 surcharge to the oil and hazardous substance release  
10 response fund; providing for suspension of the sur-  
11 charge when cumulative deposits of revenue generated  
12 by the surcharge equal or exceed cumulative expendi-  
13 tures from the fund by \$50,000,000, and for reimposi-  
14 tion of the surcharge when cumulative deposits of  
15 revenue generated by the surcharge do not exceed  
16 cumulative expenditures from the fund by \$50,000,000  
17 or more; requiring suspension of the surcharge under  
18 other conditions; and providing for an effective  
19 date."

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

21 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the  
22 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a  
23 need for the state to have an independent spill containment and cleanup  
24 capability in the event of future discharges of oil or a hazardous sub-  
25 stance.

26 (b) It is the purpose of this Act to provide assurance to the people  
27 of the state that their health, safety, and well-being will be protected  
28 from the adverse consequences of oil and hazardous substance releases of a  
29 magnitude that presents a grave and substantial threat to the economy and

1 the environment of the state.

2 \* Sec. 2. AS 43.55 is amended by adding new sections to read:

3 ARTICLE 2. CONSERVATION SURCHARGE.

4 Sec. 43.55.200. SURCHARGE LEVIED. (a) Every producer of oil  
5 shall pay a surcharge of \$.05 per barrel of oil produced from each  
6 lease or property in the state, less any oil the ownership or right to  
7 which is exempt from taxation.

8 (b) The surcharge imposed by (a) of this section is in addition  
9 to and shall be paid in the same manner as the tax imposed by AS 43.-  
10 55.011 - 43.55.150.

11 (c) A producer of oil shall make reports of production in the  
12 same manner and under the same penalties as required under AS 43.55.-  
13 011 - 43.55.150.

14 Sec. 43.55.210. DISPOSITION OF PROCEEDS OF SURCHARGE. (a) The  
15 commissioner shall deposit the proceeds of the surcharge levied by  
16 AS 43.55.200 into the general fund.

17 (b) The commissioner of administration shall separately account  
18 for all proceeds of the surcharge that are deposited into the general  
19 fund.

20 Sec. 43.55.220. USE OF REVENUE DERIVED FROM SURCHARGE. The  
21 legislature may appropriate the annual estimated balance of the ac-  
22 count established under AS 43.55.210 to the oil and hazardous sub-  
23 stance release response fund established by AS 46.08.010.

24 Sec. 43.55.230. SUSPENSION AND REIMPOSITION OF THE SURCHARGE.  
25 (a) Not later than 30 days after the end of each calendar quarter,  
26 the commissioner of administration shall determine the cumulative  
27 total of money

28 (1) that has been deposited through that calendar quarter  
29 into the general fund under AS 43.55.210;

1 (2) expended through that calendar quarter from the oil and  
2 hazardous substance release response fund established in AS 46.08.010.

3 (b) Within 15 days after making the determinations required by  
4 (a) of this section, the commissioner of administration shall report  
5 to the commissioner the difference between the amount determined under  
6 (a)(1) of this section and amount determined under (a)(2) of this  
7 section.

8 (c) If the commissioner of administration reports that the  
9 difference determined under (b) of this section equals or exceeds  
10 \$50,000,000, the commissioner of revenue shall suspend imposition and  
11 collection of the surcharge levied and collected under AS 43.55.200.  
12 Suspension of the imposition and collection of the surcharge begins on  
13 the first day of the calendar quarter next following the commission-  
14 er's receipt of the commissioner of administration's report under (b)  
15 of this section. Before the first day of a suspension authorized by  
16 this subsection, the commissioner shall make a reasonable effort to  
17 notify all persons who are known to the department to be paying the  
18 surcharge under AS 43.55.200 that the surcharge will be suspended.

19 (d) Except as provided in AS 43.55.240, if the commissioner of  
20 administration reports that the difference determined under (b) of  
21 this section is less than \$50,000,000, the commissioner of revenue  
22 shall require imposition and collection of the surcharge authorized  
23 under AS 43.55.200. Reimposition of the surcharge begins on the first  
24 day of the calendar quarter next following the commissioner's receipt  
25 of the commissioner of administration's report under (b) of this  
26 section. Before the first day of reimposition of the surcharge au-  
27 thorized by this subsection, the commissioner shall make a reasonable  
28 effort to notify all persons who are known to the department to be  
29 required to pay the surcharge under AS 43.55.200 that the surcharge

1 will be reimposed.

2 Sec. 43.55.240. SURCHARGE NOT IMPOSED. The surcharged author-  
3 ized by AS 43.55.200 is not levied during any fiscal year for which  
4 the estimated revenue from the surcharge would be sufficient to re-  
5 store the balance of the oil and hazardous substance release response  
6 fund on the first day of the fiscal year to at least \$50,000,000, and

7 (1) the legislature does not, during the regular legisla-  
8 tive session preceding the first day of the fiscal year, appropriate  
9 money from the general fund to the oil and hazardous substance release  
10 response fund sufficient to restore the balance of that fund on the  
11 first day of the fiscal year to at least \$50,000,000; or

12 (2) the legislature, during the regular legislative session  
13 preceding the first day of the fiscal year, appropriates money from  
14 the general fund to the oil and hazardous substance release response  
15 fund sufficient to restore the balance of that fund on the first day  
16 of the fiscal year to at least \$50,000,000 and, because of gubernar-  
17 torial veto or reduction in the amount of the appropriation, restor -  
18 tion of the balance of the fund to at least \$50,000,000 does not  
19 become law.

20 Sec. 43.55.290. DEFINITION. In AS 43.55.200 - 43.55.290 "sur-  
21 charge" means the surcharge levied by AS 43.55.200.

22 \* Sec. 3. APPLICATION OF AS 43.55.240. (a) AS 43.55.240, added by  
23 sec. 2 of this Act, does not apply to prevent the levy and collection of  
24 the surcharge imposed by AS 43.55.200 until the first day of the fiscal  
25 year next following the day on which the balance of the oil and hazardous  
26 substance release response fund first exceeds \$50,000,000.

27 (b) The commissioner of administration shall certify to the commis-  
28 sioner of environmental conservation, the commissioner of revenue, and the  
29 division of legislative finance the date on which the balance of the oil

1 and hazardous substance release response fund first exceeds \$50,000,000.

2 \* Sec. 4. APPLICABILITY OF ACT. This Act does not relieve a person  
3 responsible for an oil terminal facility, offshore exploration or produc-  
4 tion facility, or a vessel that transports crude oil, or a person who has  
5 control of a hazardous substance, from the responsibility for containing  
6 and cleaning up a discharge of oil or the hazardous substance as required  
7 by law.

8 \* Sec. 5. SEVERABILITY. If any provision of this Act, or the applica-  
9 tion of this Act to any person or circumstance, is held invalid, the re-  
10 mainder of this Act and its application to other persons or circumstances  
11 shall not be affected by that holding.

12 . \* Sec. 6. This Act takes effect July 1, 1989.

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4/29/89  
ADOPTED

Original sponsors: Kerttula and Szymanski

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 260 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act imposing a nickel-per-barrel fee on crude  
7 oil; authorizing the appropriation of the proceeds of  
8 the fee to the oil and hazardous substance release  
9 response fund; providing for suspension of the fee  
10 when cumulative deposits of revenue generated by the  
11 fee equal or exceed cumulative expenditures from the  
12 fund by <sup>50,000,000</sup> \$25,000,000, and for reimposition of the fee  
13 when cumulative deposits of revenue generated by the  
14 fee do not exceed cumulative expenditures from the  
15 fund by <sup>75,000,000</sup> \$25,000,000 or more; requiring suspension of  
16 the fee under other conditions; and providing for an  
17 effective date."

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

19 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the  
20 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a  
21 need for the state to have an independent spill containment and cleanup  
22 capability in the event of future discharges of oil or a hazardous sub-  
23 stance.

24 (b) It is the purpose of this Act to provide assurance to the people  
25 of the state that their health, safety, and well-being will be protected  
26 from the adverse consequences of oil and hazardous substance releases of a  
27 magnitude that presents a grave and substantial threat to the economy and  
28 the environment of the state.

29 \* Sec. 2. AS 43 is amended by adding a new chapter to read:



1 under (d) of this section are delinquent the first day following the  
2 day the fee is due. Each person required to report under (d) of this  
3 section is subject to a penalty of \$1,000 a day for each day during  
4 which the report is not filed. The penalty for failure to file a  
5 report is in addition to the penalty for delinquent fees under (h) of  
6 this section, and is a lien against the assets of the person required  
7 to report under (d) of this section.

8 (f) The department may

9 (1) require a person who is obligated to pay the fee due  
10 under this chapter, the agent or employee of the person, or the owner  
11 or former owner of a royalty interest in crude oil, to furnish addi-  
12 tional information that is considered by the department as necessary  
13 to compute the amount of the fee;

14 (2) examine the books, records, and files of a perso  
15 identified in (1) of this subsection;

16 (3) conduct hearings and compel the attendance of witnesses  
17 and the production of books, records, and papers of any person identi-  
18 fied in (1) of this subsection; and

19 (4) make an investigation or hold an inquiry that is con-  
20 sidered necessary to a disclosure of the facts as to the volume of  
21 crude oil transported.

22 (g) The department may determine whether or not a report re-  
23 quired under this chapter is correct. If a person makes an untrue or  
24 incorrect report, or fails or refuses to make a report, the department  
25 shall, under regulations prescribed by it, determine the correct  
26 amount of crude oil on which the fee is payable and compute the fee.

27 (h) When the fee provided for in this chapter becomes delin-  
28 quent, it bears interest at the rate prescribed in AS 43.05.225. If a  
29 person fails to make a report required by this chapter within the time

1 prescribed by law for the report, the department shall examine the  
2 books, records, and files of the person to determine the amount and  
3 value of the crude oil delivered to compute the fee, and the depart-  
4 ment shall add to the fee the cost of the examination, together with  
5 any penalties accrued.

6 (i) In case of overpayment, duplicate payment, or payment made  
7 in error, the department may issue a certificate stating the facts and  
8 the amount of the refund to which the person required to pay the fee  
9 is entitled. Upon presentation of the certificate to the Department  
10 of Administration, the Department of Administration shall issue a  
11 warrant for the refund.

12 (j) The department may adopt regulations for the purpose of  
13 making and filing reports required by this chapter and otherwise  
14 necessary to the enforcement of this chapter. The department may  
15 require a sufficient bond from every person charged with the making  
16 and filing of reports and the payment of the fee. The bond shall run  
17 to the state and shall be conditioned upon the making and filing of  
18 reports as required by law, upon compliance with the regulations of  
19 the department, and for the prompt payment, by the principal on the  
20 bond, of all fees due the state by virtue of this chapter.

21 (k) If reports required have not been filed or are insufficient  
22 to furnish the information required by the department, the Department  
23 of Law shall institute, in the name of the state upon relation of the  
24 department, the necessary action or proceedings to enjoin the person  
25 from continuing operations until the reports are filed.

26 Sec. 43.59.030. DISPOSITION OF PROCEEDS OF FEE. (a) The com-  
27 missioner shall deposit the proceeds of the fee into the general fund.

28 (b) The commissioner of administration shall separately account  
29 for all proceeds of the fee deposited into the general fund.

1           Sec. 43.59.040. USE OF REVENUE DERIVED FROM FEE. The legisla-  
2           ture may appropriate the annual estimated balance of the account  
3           established under AS 43.59.030 to the oil and hazardous substance  
4           release response fund established by AS 46.08.010.

5           Sec. 43.59.050. SUSPENSION AND REIMPOSITION OF THE FEE. (a)  
6           Not later than 30 days after the end of each calendar quarter, the  
7           commissioner of administration shall determine the cumulative total of  
8           money

9                     (1) that has been deposited through that calendar quarter  
10           into the general fund under AS 43.59.030;

11                    (2) expended through that calendar quarter from the oil and  
12           hazardous substance release response fund established in AS 46.08.010.

13                   (b) Within 15 days after making the determinations required by  
14           (a) of this section, the commissioner of administration shall report  
15           to the commissioner the difference between the amount determined under  
16           (a)(1) of this section and amount determined under (a)(2) of this  
17           section.

18                   (c) If the commissioner of administration reports that the  
19           difference determined under (b) of this section equals or exceeds  
20           <sup>750,000,000</sup> ~~\$25,000,000~~, the commissioner of revenue shall suspend imposition and  
21           collection of the fee levied and collected under AS 43.59.010. Sus-  
22           pension of the imposition and collection of the fee begins on the  
23           first day of the calendar quarter next following the commissioner's  
24           receipt of the commissioner of administration's report under (b) of  
25           this section. Before the first day of a suspension authorized by this  
26           subsection, the commissioner shall make a reasonable effort to notify  
27           all persons who are known to the department to be paying the fee under  
28           this chapter that the fee will be suspended.

29                   (d) Except as provided in AS 43.59.060, if the commissioner of

1 administration reports that the difference determined under (b) of  
2 this section is less than \$25,000,000, the commissioner of revenue  
3 shall require imposition and collection of the fee authorized under  
4 AS 43.59.010. Reimposition of the fee begins on the first day of the  
5 calendar quarter next following the commissioner's receipt of the  
6 commissioner of administration's report under (b) of this section.  
7 Before the first day of reimposition of the fee authorized by this  
8 subsection, the commissioner shall make a reasonable effort to notify  
9 all persons who are known to the department to be required to pay the  
10 fee under this chapter that the fee will be reimposed.

11 Sec. 43.59.060. FEE NOT IMPOSED. The fee authorized by this  
12 chapter is not levied during any fiscal year for which the estimated  
13 revenue from the fee would be sufficient to restore the balance of the  
14 oil and hazardous substance release response fund on the first day of  
15 the fiscal year to at least <sup>\$50,000,000</sup> \$25,000,000, and

16 (1) the legislature does not, during the regular legisla-  
17 tive session preceding the first day of the fiscal year, appropriate  
18 money from the general fund to the oil and hazardous substance release  
19 response fund sufficient to restore the balance of that fund on the  
20 first day of the fiscal year to at least \$25,000,000; or

21 (2) the legislature, during the regular legislative session  
22 preceding the first day of the fiscal year, appropriates money from  
23 the general fund to the oil and hazardous substance release response  
24 fund sufficient to restore the balance of that fund on the first day  
25 of the fiscal year to at least \$25,000,000 and, because of gubernatorial veto or reduction in the amount of the appropriation, restoration of the balance of the fund to at least \$25,000,000 does not  
26 become law.  
27  
28

29 Sec. 43.59.100. DEFINITIONS. In this chapter

*Also for Governor's bill & was adopted. P. 6 - Lines 11-28  
Baldern Suggestion.*

- 1 (1) "barrel of oil" has the meaning given in AS 43.55.140;  
2 (2) "fee" means the fee levied by AS 43.59.010;  
3 (3) "navigable waters" has the meaning given in AS 38.05.-  
4 965;  
5 (4) "oil" has the meaning given in AS 43.55.140;  
6 (5) "ownership or right to which is exempt from taxation"  
7 has the meaning given in AS 43.55.140;  
8 (6) "vessel" has the meaning given in AS 46.04.120.

9 \* Sec. 3. APPLICATION OF AS 43.59.060. (a) AS 43.59.060, added by  
10 sec. 2 of this Act, does not apply to prevent the levy and collection of  
11 the fee imposed by AS 43.59 until the first day of the fiscal year next  
12 following the day on which the balance of the oil and hazardous substance  
13 release response fund first exceeds \$25,000,000.

14 (b) The commissioner of administration shall certify to the commis-  
15 sioner of environmental conservation, the commissioner of revenue, and the  
16 division of legislative finance the date on which the balance of the oil  
17 and hazardous substance release response fund first exceeds \$25,000,000.

18 \* Sec. 4. APPLICABILITY OF ACT. This Act does not relieve a person  
19 responsible for an oil terminal facility, offshore exploration or produc-  
20 tion facility, or a vessel that transports crude oil, or a person who has  
21 control of a hazardous substance, from the responsibility for containing  
22 and cleaning up a discharge of oil or the hazardous substance as required  
23 by law.

24 \* Sec. 5. This Act takes effect July 1, 1989.  
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STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 28, 1989

SUBJECT: CSSB 260 ( ) - sectional analysis

TO: Senator Rick Uehling, Co-Chair  
Senate Finance Committee

FROM: Jack Chenoweth  
Legislative Counsel

The draft legislation imposes a nickel-per-barrel fee on certain crude oil and prescribes the manner of its administration, authorizes appropriation of revenue generated by the fee to the oil and hazardous substance release response fund (AS 46.08.010), and provides a mechanism by which the levy and collection of the fee will "click on" and "click off" under certain circumstances.

Bill section 1 offers a statement of the purpose for the legislation. The statement appears in other Senate-sponsored legislation that is part of this four-bill package.

Bill section 2 adds a new chapter, chapter 59, to AS 43:

Sec. 43.59.010 levies the fee. The fee is payable by persons delivering crude oil to a port for transportation by a vessel in the navigable water of the state.

Sec. 43.59.020 details the manner of administration of the fee. The language is based on and draws from the provisions governing administration of the severance tax.

Sec. 43.59.030 directs payment of the revenue from the fee into the general fund and a separate accounting of the amounts so deposited.

Sec. 43.59.040 authorizes the legislature to appropriate from the account (in the general fund) to the oil and

hazardous substance release response fund (AS 46.08.010) an existing fund.

Sec. 43.59.050 contains one element of the "on/off" feature applicable to levy and collection of the fee. Comparing amounts deposited into the general fund to amounts expended from the oil and hazardous substance release response fund: when cumulative revenue generated by the fee exceeds cumulative expenditures from the fund by \$25,000,000 or more, levy and collection of the fee is suspended; when cumulative revenue from the fee exceeds cumulative expenditures from the fund by less than \$25,000,000, levy and collection of the fee is reimposed. The cumulative totalling is done 30 days after the close of the calendar quarter; a comparison of the two figures follows; the change (i.e. suspension or reimposition of the fee) takes effect the first day of the next following calendar quarter. The commissioner of revenue must alert taxpayers to the change(s).

Sec. 43.59.060 addresses the second element of the "on/off" feature applicable to the levy and collection of the fee. If, during a forthcoming fiscal year, estimated revenue from the fee would be sufficient to restore the balance of the oil and hazardous substance release response fund to \$25,000,000, the fee may not be imposed during that fiscal year

-- if the legislature adjourns from a regular session without appropriating revenue from the fee from the general fund over to the oil and hazardous substance release response fund sufficient to restore the balance of that fund to at least \$25,000,000; or

-- if the legislature makes the appropriation but the governor, exercising veto powers, does not allow the appropriation of an amount sufficient to restore the balance of that fund to at least \$25,000,000.

Sec. 43.59.100 adds definitions pertinent to the chapter.

Bill section 3 is included in order to meet the argument that, in its first year, the estimated revenue from the fee may not be sufficient to bring the balance in the oil and hazardous substance release response fund to at least \$25,000,000. In essence, the "on/off" feature does not trigger until the balance of that fund first reaches \$25,000,000.

Senator Rick Uehling  
Page 3  
April 28, 1989

Bill section 4, a provision common to the various bills in this package, is included to make clear that this legislation does not relieve a party from exercising responsibility for a containment or cleanup as may be required by law.

Bill section 5 gives the bill July 1, 1989 effective date.

JC:gc  
WKG10/011

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

APR 24 1989

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465-3800

MEMORANDUM

April 24, 1989

SUBJECT: Draft CSSB 260 ( )  
TO: Senator Drue Pearce  
ATTN: Elizabeth Ziegler  
FROM: Jack Chenoweth  
Legislative Counsel

This bill draft substitutes the contents of CSSB 266 ( ), 6-1180 H, 4/21/89, for the material originally included in SB 260.

To be consistent with the bill sponsor's intent, the change you inquired about--substituting "or" for "and" in line 9 of page 6--should not be made. To cut off operation of the fee, two conditions were intended: (1) the availability of anticipated revenue and (2) legislative failure or refusal to appropriate.

More troublesome, however, and something that should receive attention, would be the legislature's appropriation coupled with a gubernatorial veto or reduction of that appropriation. In that event, in my judgment, the language as offered must be literally applied so that despite the actual failure to move money from the general fund into the oil and hazardous substance release response fund (because of the imposition of a veto), the tax would not be suspended but would continue to operate since the legislature did appropriate. If the point is unclear or not consistent with a committee's intent, we would need to give more attention to that section.

In any event, I sense some confusion as to how AS 43.59.060 is to work.

This section works, as I've noted, in two steps. The legislature must look ahead one fiscal year and determine, on the basis of estimates, whether the nickel-per-barrel fee pro-

Senator Drue Pearce  
Page 2  
April 24, 1989

ceeds payable into the general fund will yield \$25,000,000. If the answer to that is "yes," the legislature, before it closes up shop for the session, must appropriate from the general fund over to the oil and hazardous substance release response fund. (In that respect, the process follows current state appropriations practice: the annual general appropriations act--the budget--appropriates anticipated receipts of that fiscal year, not cash in hand, and puts the money on the agencies' books, available for use, effective the first day of the fiscal year.) This bill might operate with more certainty if the legislature looked not to anticipated receipts during a following fiscal year but to estimated receipts for the year in which the legislature was convened, or what the late Senator Don Bennett had thought to do with the operation of state government under an approach that would appropriate actual, not anticipated, receipts. But the shift from one fiscal year's anticipated receipts back to expected receipts for the preceding fiscal year is a policy judgment, not for me to decide.

JC:gc  
WKG9/080

Enclosure

4/28/89 ypm  
Chenoweth

CSSB 260 ( )

INCOME FROM NICKEL-PER-BARREL FEE:

	<u>Cumulative</u>
FY 90 = \$ 32,000,000	
FY 1st Q: \$ 8,000,000	\$ 8,000,000
FY 2nd Q: 8,000,000	16,000,000
FY 3rd Q: 8,000,000	24,000,000
FY 4th Q: <u>8,000,000</u>	32,000,000
\$32,000,000	
FY 91 = \$ 30,000,000	
FY 1st Q: \$ 7,500,000	39,500,000
FY 2nd Q: 7,500,000	47,000,000
FY 3rd Q: 7,500,000	54,500,000
FY 4th Q: <u>7,500,000</u>	62,000,000
\$30,000,000	
FY 92 = \$ 28,000,000	
FY 1st Q: \$ 7,000,000	69,000,000
FY 2nd Q: 7,000,000	76,000,000
FY 3rd Q: 7,000,000	83,000,000
FY 4th Q: <u>7,000,000</u>	90,000,000
\$28,000,000	
FY 93 = \$ 26,000,000	
FY 1st Q: \$ 6,500,000	96,500,000
FY 2nd Q: 6,500,000	103,000,000
FY 3rd Q: 6,500,000	109,500,000
FY 4th Q: <u>6,500,000</u>	116,000,000
\$26,000,000	
FY 94 = \$ 24,000,000	
FY 1st Q: \$ 6,000,000	122,000,000
FY 2nd Q: 6,000,000	128,000,000
FY 3rd Q: 6,000,000	134,000,000
FY 4th Q: <u>6,000,000</u>	140,000,000
\$24,000,000	
FY 95 = \$ 22,000,000	
FY 1st Q: \$ 5,500,000	145,500,000
FY 2nd Q: 5,500,000	151,000,000
FY 3rd Q: 5,500,000	156,000,000
FY 4th Q: <u>5,500,000</u>	162,000,000
\$22,000,000	

TK  
 EXPENDITURES FROM OIL AND HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND  
 (AS 46.08.010):

		<u>Cumulative</u>
FY 90 = \$ 4,500,000	(\$4,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 1,125,000	\$ 1,125,000
FY 2nd Q:	1,125,000	2,250,000
FY 3rd Q:	1,125,000	3,375,000
FY 4th Q:	<u>1,125,000</u>	4,500,000
	\$ 4,500,000	

FY 91 = \$ 4,500,000	(\$4,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 1,125,000	\$ 5,625,000
FY 2nd Q:	1,125,000	6,750,000
FY 3rd Q:	1,125,000	7,875,000
FY 4th Q:	<u>1,125,000</u>	9,000,000
	\$ 4,500,000	

FY 92 = \$ 3,500,000	(\$3,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 875,000	\$ 9,875,000
FY 2nd Q:	875,000	10,750,000
FY 3rd Q:	875,000	11,625,000
FY 4th Q:	<u>875,000</u>	12,500,000
	\$ 3,500,000	

FY 93 = \$ 3,500,000	(\$3,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 875,000	\$13,375,000
FY 2nd Q:	875,000	14,250,000
FY 3rd Q:	875,000	15,125,000
FY 4th Q:	<u>875,000</u>	16,000,000
	\$ 3,500,000	

FY 94 = \$ 3,500,000	(\$3,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 875,000	\$16,875,000
FY 2nd Q:	875,000	17,750,000
FY 3rd Q:	875,000	18,625,000
FY 4th Q:	<u>875,000</u>	19,500,000
	\$ 3,500,000	

FY 95 = \$ 3,500,000	(\$3,000,000 office and depots + \$500,000 plans)	
FY 1st Q:	\$ 875,000	\$20,375,000
FY 2nd Q:	875,000	21,250,000
FY 3rd Q:	875,000	22,125,000
FY 4th Q:	<u>875,000</u>	23,000,000
	\$ 3,500,000	

COMPUTATION -- NORMAL OPERATIONS, NO CATASTROPHIC DISCHARGES:

	<u>5c per barrel to</u> <u>general fund</u>	<u>Expended from</u> <u>AS 4C.08.010</u>	<u>Net</u>	<u>Tax on/off?</u>
FY 90:				
FY 1st Q:	\$ 8,000,000	\$ 1,125,000	\$ 6,875,000	On
FY 2nd Q:	16,000,000	2,250,000	13,750,000	On
FY 3rd Q:	24,000,000	3,375,000	20,625,000	On
FY 4th Q:	32,000,000	4,500,000	27,500,000	On <u>1/</u>
FY 91:				
FY 1st Q:	\$ 39,500,000	5,625,000	33,875,000	Cn
FY 2nd Q:	39,500,000	6,750,000	32,750,000	Off
FY 3rd Q:	39,500,000	7,875,000	31,625,000	Off
FY 4th Q:	39,500,000	9,000,000	30,500,000	Off
FY 92:				
FY 1st Q:	\$ 39,500,000	9,875,000	29,625,000	Off
FY 2nd Q:	39,500,000	10,750,000	28,750,000	Off
FY 3rd Q:	39,500,000	11,625,000	27,875,000	Off
FY 4th Q:	39,500,000	12,500,000	27,000,000	Off
FY 93:				
FY 1st Q:	\$ 39,500,000	13,375,000	26,125,000	Off
FY 2nd Q:	39,500,000	14,250,000	25,250,000	Off
FY 3rd Q:	39,500,000	15,125,000	24,375,000	Off <u>2/</u>
FY 4th Q:	39,500,000	16,000,000	23,500,000	Off
FY 94:				
FY 1st Q:	\$ 45,500,000	16,875,000	28,625,000	On <u>3/</u>
FY 2nd Q:	51,500,000	17,750,000	33,750,000	On
FY 3rd Q:	51,500,000	18,625,000	32,875,000	Off
FY 4th Q:	51,500,000	19,500,000	32,000,000	Off
FY 95:				
FY 1st Q:	\$ 51,500,000	20,375,000	31,175,000	Off
FY 2nd Q:	51,500,000	21,250,000	30,250,000	Off
FY 3rd Q:	51,500,000	22,125,000	29,375,000	Off
FY 4th Q:	51,500,000	23,000,000	28,500,000	Off

1/ Quarter closes 6/30/90; tax "off" effective 10/1/90

2/ Quarter closes 3/31/93; tax "on" effective 7/1/93

3/ Quarter closes 9/30/93; tax "off" effective 1/1/94

COMPUTATION -- CATASTROPHIC DISCHARGE, October 10, 1991,

Assumed cost to state for cleanup is \$20,000,000 in that quarter,  
 \$ 5,000,000 in each of next following two quarters (\$ 30,000,000  
 total) :

	<u>5c per barrel to</u> <u>general fund</u>	<u>Expended from</u> <u>AS 46.08.010</u>	<u>Net</u>	<u>Tax on/off?</u>
FY 90:				
FY 1st Q:	\$ 8,000,000	\$ 1,125,000	\$ 6,875,000	On
FY 2nd Q:	16,000,000	2,250,000	13,750,000	On
FY 3rd Q:	24,000,000	3,375,000	20,635,000	On
FY 4th Q:	32,000,000	4,500,000	27,500,000	On <u>1/</u>
FY 91:				
FY 1st Q:	\$ 39,500,000	5,625,000	33,875,000	On
FY 2nd Q:	39,500,000	6,750,000	32,750,000	Off
FY 3rd Q:	39,500,000	7,875,000	31,625,000	Off
FY 4th Q:	39,500,000	9,000,000	30,500,000	Off
FY 92:				
FY 1st Q:	\$ 39,500,000	9,875,000	29,625,000	Off
* FY 2nd Q:	39,500,000	30,750,000	8,750,000	Off <u>2/</u>
FY 3rd Q:	39,500,000	36,625,000	2,875,000	Off
FY 4th Q:	46,500,000	42,500,000	4,000,000	On
FY 93:				
FY 1st Q:	\$ 53,000,000	43,375,000	10,125,000	On
FY 2nd Q:	59,500,000	44,750,000	15,250,000	On
FY 3rd Q:	66,000,000	45,125,000	21,375,000	On
FY 4th Q:	72,500,000	46,000,000	26,500,000	On <u>3/</u>
FY 94:				
FY 1st Q:	\$ 78,500,000	46,875,000	31,625,000	On
FY 2nd Q:	78,500,000	47,750,000	30,750,000	Off
FY 3rd Q:	78,500,000	48,625,000	29,875,000	Off
FY 4th Q:	78,500,000	49,500,000	29,000,000	Off
FY 95:				
FY 1st Q:	78,500,000	50,375,000	28,125,000	Off
FY 2nd Q:	78,500,000	51,250,000	27,250,000	Off
FY 3rd Q:	78,500,000	52,125,000	26,375,000	Off
FY 4th Q:	78,500,000	53,000,000	25,500,000	Off

1/ Quarter closes 6/30/90; tax "off" effective 10/1/90

2/ Quarter closes 12/31/91; tax "on" effective 4/1/92

3/ Quarter closes 6/30/93; tax "off" effective 10/1/93

6-1129Ha -  
Chenoweth

4/22/89

*Fahrenkamp*

A M E N D M E N T

OFFERED IN THE SENATE

BY THE RESOURCES COMMITTEE

TO: CSSB 260 (Oil & Gas)

Page 4, following line 1:

Insert a new bill section to read:

"\* Sec. 3. APPLICATION OF AS 43.59.060. (a) AS 43.59.060, added by sec. 2 of this Act, does not apply to prevent the levy and collection of the severance tax imposed by AS 43.59 until the first day of the fiscal year next following the day on which the balance of the oil and hazardous substance release response fund first exceeds \$100,000,000.

(b) The commissioner of administration shall certify to the commissioner of environmental conservation, the commissioner of revenue, and the division of legislative finance the date on which the balance of the oil and hazardous substance release response fund first exceeds \$100,000,000."

Renumber the following bill section accordingly.

4/19/89 RAS, SFC

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

Bill Version: CS SB 260 (Oil & Gas)  
Publish Date: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Severance tax on oil  
Sponsor: Kerttula and Szymanski  
Requestor: S. Spec. Comm. on Oil & Gas

Agency Affected: Department of Revenue  
BRU: Oil & Gas Audit Division  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	32,000	30,000	28,000	26,000	23,000

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: Roger Marks  
Division: Oil & Gas Audit Division

Phone: 277-5627  
Date: April 17, 1989

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: 4/17/89

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)

CS SB 260  
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of \$.05 per barrel. This tax revenue is deposited into the general fund but a special accounting is to be kept of these deposits. Once the balance of deposits from this tax equals or exceeds \$100 million, the tax is discontinued until such time as the balance falls below \$100 million, at which point the tax is reimposed.
2. The FY 90 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.
3. The sum of revenue collected from this tax under our current assumptions from FY 90 through FY 94 is \$139 million, well above the \$100 million cap. The implied assumption made in this fiscal is that a significant portion of the revenue collected under this tax between FY 90 and FY 94 would be expended to ameliorate impacts of the EXXON/Valdez spill.
4. The volumes are based on the mid-price scenario of the Spring 1988 Department of Revenue forecast.

The following table illustrates the projected revenue potential of the \$.05 per barrel additional severance tax for FY 95 and beyond:

<u>Fiscal Year</u>	<u>Future Years</u> Annual \$(000)	Cumulative \$(000)
1995	20,000	20,000
1996	17,000	37,000
1997	15,000	52,000
1998	13,000	65,000
1999	11,000	76,000
2000	9,000	85,000
2001	8,000	93,000
2002	7,000	100,000

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Severance tax on oil

Agency Affected: Department of Revenue  
BRU: Oil & Gas Audit Division

Sponsor: Kerttula and Szymanski  
Requestor: \_\_\_\_\_

Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	32,000	30,000	28,000	26,000	23,000

FUNDING: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Roger Marks  
Division: Oil & Gas Audit Division

Phone: 277-5627  
Date: April 10, 1989

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: 4/11/89

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

SB 260  
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of 5¢ per barrel.
2. The FY 90 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.
3. The volumes are based on the mid-price scenario of the Spring 1989 Department of Revenue forecast.

Future Years

<u>Fiscal Year</u>	<u>\$ (000s)</u>
1995	20,000
1996	17,000
1997	15,000
1998	13,000
1999	11,000
2000	9,000
2001	8,000
2002	7,000
2003	6,000
2004	5,000
2005	4,000
2006	3,000
2007	3,000
2008	2,000

4/11/89  
5(046)  
LCS  
FIN

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

Bill Version: SB 260  
Publish Date: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Severance tax on oil  
Sponsor: Kerttula and Szymanski  
Requestor: S. Oil & Gas Committee

Agency Affected: Department of Revenue  
BRU: Oil & Gas Audit Division  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	36,000	35,000	33,000	30,000	27,000

SB 260

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: Roger Marks Phone: 277-5627  
Division: Oil & Gas Audit Division Date: April 7, 1989

Approved by Commissioner: Hugh Malone Date: 4/10/89  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

RECEIVED  
APR 11 1989

SB 260  
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of 5¢ per barrel.
2. The FY 90 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.
3. The volumes are based on the mid-price scenario of the Spring 1989 Department of Revenue forecast.

Future Years

<u>Fiscal Year</u>	<u>\$ (000s)</u>
1995	23,000
1996	20,000
1997	17,000
1998	15,000
1999	13,000
2000	11,000
2001	9,000
2002	8,000
2003	6,000
2004	6,000
2005	4,000
2006	4,000
2007	3,000
2008	3,000

4/13/89  
5 (215)  
FIN

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
Title: \* See below BRU: Finance  
Sponsor: Kerttula and Szymanski Components: \_\_\_\_\_  
Requestor: \_\_\_\_\_

\* An Act levying a severance tax on oil and providing that all the proceeds of that tax may be appropriated to the oil and hazardous substance release response fund; and providing for an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No cost to the Division of Finance. The cost to set up central accounting for this can be absorbed in the existing budget.

Prepared By: Keith Busch, Director Phone: 465-2240  
Division: Finance Date: 4/17/89

Approved by Commissioner: John M. Andrews Date: 4/17/89  
Agency: Department of Administration

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

RECEIVED  
APR 18 1989

LEGISLATIVE FINANCE

58 260

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An Act levying a severance tax  
on oil and providing for an effective date. BRU: Finance  
 Sponsor: Kerttula and Szymanski Components: \_\_\_\_\_  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No cost to the Division of Finance. The cost to set up accounting for this can be absorbed in the existing budget.

Prepared by: Keith Busch, Director *Keith Busch* Phone: 465-2240  
 Division: Finance Date: 4/13/89

Approved by Commissioner: John M. Andrews *[Signature]* Date: 4/13/89  
 Agency: Department of Administration

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)