

HJR

38

FISCAL NOTE

BILL NO. HJR 38

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 01/13/92 Department Affected: Office of the Governor-Elections
 Title: Amendment to the Constitution RE: Constitutional Debt Retirement BRU: Division of Elections
 Fund: _____ Component: II-Primary and General Elections
 Sponsor: Rules Committee
 Requestor: House State Affairs

COMPONENT SERIAL NO.

0	0	2	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2.2*	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	2.2*	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	2.2*	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	2.2*	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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.) * This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared by: Elizabeth Ziegler, Deputy Director Phone: 465-4611
 Division: Elections Date: 01/13/92
 Approved by Commissioner: *Charles E. Hickel*
 Agency: Office of the Governor Date: 01-13-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 3, 1991

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

Dear Speaker Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a joint resolution proposing an amendment to art. IX of the Alaska Constitution. If adopted by you and the voters of the state, this amendment will establish the Alaska debt retirement fund in the Alaska Constitution and will dedicate certain resource revenue to the fund. This joint resolution is one of three legislative measures that make up my Alaska debt retirement fund proposal; the others, which accompany this resolution, are a bill statutorily establishing the fund and an appropriation bill.

The objectives of the Alaska debt retirement fund are discussed in detail in the transmittal letter accompanying the bill mentioned above. Briefly, the fund has two purposes: first, to set aside part of this year's surplus revenue to pay the state's future general obligation debt service and municipal school debt reimbursement; and second, to establish a long-term source of revenue to pay for debt service and to finance capital projects that will broaden Alaska's economic base.

This proposed constitutional amendment would dedicate a percentage of Alaska's mineral lease rentals, royalties, royalty sale proceeds, and other resource revenue to the Alaska debt retirement fund. This stream of revenue equals the current annual deposits to the Alaska permanent fund.

It is essential that the state broaden its economic base to reduce its dependence on petroleum revenue. This constitutional amendment would provide the means to finance responsible expansion of the state's infrastructure, enhancing the viability and competitiveness of Alaska's industries, and providing additional revenue to the state.

I urge your support for this joint resolution.

Sincerely,

Walter J. Hickel
Governor

FISCAL NOTE

No. 1

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: HJR 38

(H) Publish Date: 4/3/91

Revision Date: March 27, 1991

Title: Alaska Debt Retirement Fund

Department Affected: Revenue

BRU: Revenue Operations

Component: Treasury Management

Sponsor: Rules request of Governor

Requisitor: Office of the Governor

Component Serial No.

	1	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)
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FUNDING: (Thousands of Dollars)

GENERAL FUND	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)
FEDERAL FUNDS						
OTHER						
TOTAL	(63,240)	(132,350)	(207,130)	(263,040)	(306,740)	(389,330)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: Treasurys' operations would not experience a fiscal impact. If bill passes and the constitutional amendment is not adopted there would not be a revenue impact. If the constitutional amendment is adopted general fund revenues will be reduced by the above numbers. This assumes interest earnings on unspent residual amounts. See attached spread sheet analysis for details.

Prepared by: Brian C. Andrews

Division: Treasury

Approved by Commissioner: [Signature]

Agency: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requistor, OMB, & Impacted Agency(ies).

Phone: 465 - 2350

Date: _____

Alaska Debt Retirement Fund
(millions)

Dedicated Revenue	State GO Debt	School Debt	Net	Investment Return	Total Revenue Impact
242.86	68.20	116.10	58.56	4.68	63.24
283.56	59.70	106.00	117.86	14.49	132.35
304.60	33.90	93.40	177.30	29.83	207.13
321.12	23.10	84.30	213.72	49.32	263.04
327.30	21.50	71.10	234.70	72.04	306.74
353.85	16.70	48.70	288.45	100.88	389.33

- 1/ Gross Revenue from DOR Spring '91 revenue forecast scenario B
- 2/ State GO & School debt from DOR's Ak Public Debt March '90
- 3/ Inv't return assumed at 8%

COMMITTEE COPY

(13) TOTAL REVS W/PERM FND DEDICATION	(14) PUB SCH FUND	(15) NPR-A FUND	(16) OTHER FUNDS	(17) PERM FUND DEDICATION	(18) BUDGET RESERVE FUND	(19) NET GEN FUND UNRESTRICTED REVENUES
4110.80	7.50	0.00	74.30	385.10	0.00	3718.20
4516.90	8.00	0.00	0.00	400.50	0.00	4108.40
4061.40	9.40	0.00	0.00	421.00	0.00	3631.00
3765.30	9.00	0.00	0.00	366.20	0.00	3390.10
3640.50	7.10	5.40	0.00	368.00	0.00	3260.00
3446.40	6.50	41.00	0.00	323.40	0.00	3075.50
1983.20	3.30	9.90	0.00	170.60	0.00	1799.40
2747.10	6.60	1.00	15.80	417.90	0.00	2305.80
2419.70	4.30	0.80	0.00	228.40	0.00	2186.20
2780.06	5.13	0.60	0.00	267.10	0.00	2507.23
3532.97	6.55	0.60	0.00	414.97	284.85	2826.00
2375.84	4.65	0.60	3.00	242.86	0.00	2124.73
2709.21	5.44	0.50	7.00	283.56	0.00	2412.71
2827.36	5.84	0.50	7.00	304.60	0.00	2509.42
2943.28	6.16	0.30	7.00	321.12	0.00	2608.70
2961.47	6.28	0.10	7.00	327.30	0.00	2620.79
3113.95	6.79	0.00	7.00	353.85	0.00	2746.31
3035.90	6.69	0.00	10.00	348.67	0.00	2670.54
2827.79	6.31	0.00	10.00	328.76	0.00	2482.73
2624.88	5.91	0.00	10.00	307.92	0.00	2301.05
2461.49	5.56	0.00	10.00	289.71	0.00	2156.22
2348.23	5.35	0.00	10.00	278.72	0.00	2054.17
2239.17	5.13	0.00	0.00	267.34	0.00	1966.70
2175.43	5.00	0.00	0.00	260.39	0.00	1910.05
2090.83	4.85	0.00	0.00	252.52	0.00	1833.46
1960.78	4.58	0.00	0.00	238.76	0.00	1717.44
1820.89	4.31	0.00	0.00	224.47	0.00	1592.11
1728.61	4.15	0.00	0.00	216.21	0.00	1508.25
1630.89	3.94	0.00	0.00	205.47	0.00	1421.48
1531.81	3.72	0.00	0.00	193.76	0.00	1334.34

COMMITTEE COPY

TABLE 3.2

State of Alaska
Debt Service on State-Supported Debt
(\$ Millions)

Fiscal Year	(1) State GO	(2) UA	(3) ASHA	(4) Lease-Purchase Obligations (Lease)	(5) School Debt (Muni)	Total Debt Service
79	\$60.0	\$1.7	\$10.1	\$0	\$22.3	\$94.1
80	75.1	1.8	10.1	0	24.1	111.1
81	97.6	2.2	10.0	0	38.4	148.2
82	97.5	2.3	10.0	0	38.3	148.1
83	143.6	2.3	9.9	0	36.2	192.0
84	166.3	2.0	9.9	0	90.6	268.0
85	169.5	2.0	9.9	.8	93.2	275.4
86	163.2	1.8	9.9	.5	106.3	281.7
87	154.9	1.8	6.5	4.7	115.8	283.7
88	147.9	1.5	6.5	.7	109.5	266.1
89	135.5	2.2	6.5	5.2	109.5	258.8
90	120.3	2.2	6.5	5.5	107.8	242.3
91	95.5	2.2	6.5	5.5	120.2	229.9
92	68.2	2.1	6.5	5.5	116.1	198.4
93	59.7	2.1	5.9	5.5	106.0	179.2
94	33.9	1.9	3.1	5.5	93.4	137.8
95	23.1	2.0	1.5	5.5	84.3	116.4
96	21.5	1.9	0	5.5	71.1	100.0
97	16.7	1.9	0	5.5	48.7	72.8
98	14.4	1.9	0	5.5	45.7	67.5
99	9.0	1.9	0	5.5	43.2	59.6
00	2.6	1.9	0	4.7	34.8	44.0
01	0	1.8	0	4.7	21.2	27.7
02	0	1.2	0	4.7	9.1	15.0
03	0	1.0	0	4.7	5.4	11.1
04	0	1.1	0	4.7	5.4	11.2
05	\$0	\$1.0	\$0	\$4.7	\$5.3	\$11.0

- (1) State of Alaska general obligation bonds
- (2) University of Alaska bonds
- (3) Alaska State Housing Authority lease revenue bonds
- (4) Debt issued to finance Seward Student Service Center, Spring Creek Correctional Center, and Palmer Court-house
- (5) State reimbursement of municipal general obligation debt issued to finance school construction for debt issued through December 31, 1989

FISCAL NOTE

No. 2

Bill Version: HJR 38

(H) Publish Date: 4/3/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Administration

Title: An amendment to Article IX of the State Constitution creating a Debt Retirement Fund.

BRU: Central Services

Component: Finance

Sponsor: Governor Hickel

Requestor: Governor Hickel

COMPONENT SERIAL NO.

59			
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

This Act will not have a fiscal impact on the Division of Finance or the Department of Administration. Accounting procedures are in place to establish the Debt Retirement Fund and deposit revenue to the fund.

Prepared By: Weldon L. Blackwell *WLB* 3/27/91 Phone: 465-2240

Division: Finance Date: 03/27/91

Approved by Commissioner: Millett Keller *Millett Keller*

Agency: Administration Date: 03/27/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, CMB, & Impacted Agency(ies).

FISCAL NOTE

No. 3

Bill Version: HJR 38

(H) Publish Date: 4/3/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Education
 Title: Proposing Amendments to the BRU: School Construction Debt Retirement
Constitution of the State of Alaska Component: School Construction Debt Retirement
 Sponsor: Rules
 Requestor: Governor COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS. CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 3/27/91
 Approved by Commissioner: Steve Hole, Acting Commissioner
 Agency: Education Date: 3/27/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

BRIEFING PACKET

ALASKA DEBT RETIREMENT FUND

House Bill 251 & 252; House
Joint Resolution 38



April 10, 1991

Office of Management and Budget
Office of the Governor
State of Alaska

STATE OF ALASKA

OFFICE OF THE GOVERNOR
OFFICE OF MANAGEMENT AND BUDGET

WALTER J. HICKEL, GOVERNOR

P.O. BOX AM
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

April 10, 1991

Representative Gene Kubina
Chairman, House State Affairs Committee
Alaska State Legislature
P.O. Box V - M.S. 3100
Juneau, Alaska 99811

Re: Request for Hearing on HJR 38, HB 251 and HB 252
(Establishing the Alaska Debt Retirement Fund)

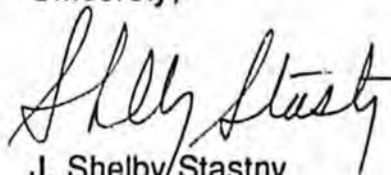
Dear Representative Kubina:

The Office of the Governor respectfully requests that a hearing be scheduled in the near future before the House State Affairs Committee on House Joint Resolution 38, House Bill 251 and House Bill 252, regarding Governor Hickel's proposal to establish the Alaska Debt Retirement Fund. This resolution and the companion bills are major legislative priorities for Governor Hickel. In view of this, and in view of the importance of the subject matter, we would greatly appreciate an opportunity for discussion of them as soon as possible within the scheduling constraints of the Committee.

Attached for your reference are copies of HJR 38, HB 251 and HB 252, transmittal letters and fiscal notes for the legislation, and a sectional analysis.

Thank you for your assistance in this matter. Should you have any questions, or need any additional information, please contact me at 465-3568.

Sincerely,



J. Shelby Stastny
Director

Attachments (13)

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HJR 38

Revision Date: 4/8/91 Department Affected: Office of the Governor/Elections
 Title: Amend to the Const./Create a BRU: Division of Elections
Debt Retirement Fund Component: II - Primary and General Elections
 Sponsor: House Rules Committee
 Requestor: State Affairs COMPONENT SERIAL NO.

0	0	2	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		2.2*				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2.2*				

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		2.2*				
FEDERAL FUNDS						
OTHER						
TOTAL		2.2*				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.) *This figure covers cost of inclusion of information about this issue in the Official Election Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared By: Elizabeth Ziegler, Deputy Director Phone: 465-4611
 Division: Elections Date: 4/8/91

Approved by Commissioner: *Charles E. Thibodeau*
 Agency: Division of Elections Date: 4/8/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 3, 1991

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

Dear Speaker Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill establishing the Alaska debt retirement fund. This bill is one of three measures that make up my Alaska debt retirement fund proposal; the others, which accompany this bill, are a proposed constitutional amendment and an appropriation bill.

The Alaska debt retirement fund has two major objectives: first, to set aside part of fiscal year 1991 surplus revenue to help pay Alaska's future general obligation debt service and municipal school debt reimbursement; and second, to establish a long-term source of revenue to pay for debt service and to finance capital projects that will broaden Alaska's economic base.

I hope that every member of the legislature will agree with me that, as stewards of Alaska's resource wealth, we must consider investing, rather than spending, most of the revenue surplus that the state receives this year. Of course, I expect there to be a wide range of opinions on the best way to invest the surplus, but if we can concur that this unexpected revenue should be invested soundly, we will have reached an important point of agreement. I am willing to give all proposals for investing the revenue surplus fair consideration, and I hope that the legislature will accord the Alaska debt retirement fund the same fair hearing.

The first goal of the Alaska debt retirement fund is to help retire state and municipal debt. The State of Alaska will spend nearly \$250,000,000 over the next nine years to repay our general obligation debt. In addition, the legislature authorized the reimbursement of Alaska's municipal governments in an amount exceeding \$735,000,000 in school debt service over the next 23 years. These two budget items total nearly \$1,000,000,000.

TRANSMITTAL LETTER

The Honorable Ben Grussendorf -2-

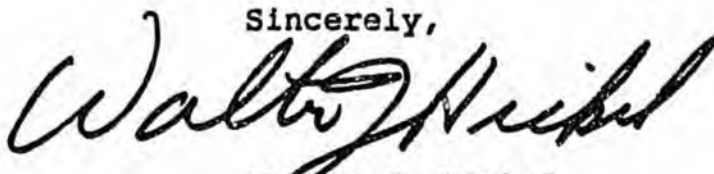
The Alaska debt retirement fund would allow us to save part of our surplus revenue to help pay off our general obligation debt and reimburse Alaska's municipal governments for their school debt payments. By doing so, we would substantially improve Alaska's ability to maintain a balanced budget as petroleum revenue declines over the next 20 years.

The second goal of the Alaska debt retirement fund is to establish a long-term source of revenue to pay for debt service, and to use the remaining balance of the fund to finance capital projects that will diversify and strengthen Alaska's economy. The companion joint resolution to this bill proposes a constitutional amendment that would dedicate a portion of our ownership revenue -- mineral lease rentals, royalties, royalty sale proceeds, and other resource revenues -- to the fund.

Alaska's economic infrastructure -- its port, transportation and energy systems -- are inadequate to support the broad economic foundation on which the future of the state depends. The Alaska debt retirement fund would provide the means to finance responsible expansion of the state's infrastructure, enhancing the viability and competitiveness of Alaska's industries.

The time for the Alaska debt retirement fund is now. This year's surplus revenue gives Alaska the opportunity to establish a fund with a statewide purpose. This revenue surplus is expected to be a one time event. With the declining production at Prudhoe Bay, we must commit to retiring our debt and building a broader, value-added economy. The Alaska debt retirement fund will serve that purpose. I urge your support for the fund.

Sincerely,

A handwritten signature in cursive script, reading "Walter J. Hickel".

Walter J. Hickel
Governor

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 3, 1991

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

Dear Speaker Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a joint resolution proposing an amendment to art. IX of the Alaska Constitution. If adopted by you and the voters of the state, this amendment will establish the Alaska debt retirement fund in the Alaska Constitution and will dedicate certain resource revenue to the fund. This joint resolution is one of three legislative measures that make up my Alaska debt retirement fund proposal; the others, which accompany this resolution, are a bill statutorily establishing the fund and an appropriation bill.

The objectives of the Alaska debt retirement fund are discussed in detail in the transmittal letter accompanying the bill mentioned above. Briefly, the fund has two purposes: first, to set aside part of this year's surplus revenue to pay the state's future general obligation debt service and municipal school debt reimbursement; and second, to establish a long-term source of revenue to pay for debt service and to finance capital projects that will broaden Alaska's economic base.

This proposed constitutional amendment would dedicate a percentage of Alaska's mineral lease rentals, royalties, royalty sale proceeds, and other resource revenue to the Alaska debt retirement fund. This stream of revenue equals the current annual deposits to the Alaska permanent fund.

It is essential that the state broaden its economic base to reduce its dependence on petroleum revenue. This constitutional amendment would provide the means to finance responsible expansion of the state's infrastructure, enhancing the viability and competitiveness of Alaska's industries, and providing additional revenue to the state.

I urge your support for this joint resolution.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel
Governor

Sectional Analysis HB 251, HB 252, and HJR 38 Relating to the Alaska Debt Retirement Fund

Governor Hickel's proposal to establish the Alaska Debt Retirement Fund includes two bills and a joint resolution: HB 235, establishing the Fund; HB 236, appropriating the FY 91 general fund surplus to the Fund; and HJR 38, proposing a constitutional amendment to incorporate the fund in the Constitution and dedicate a stream of future revenues to the Fund.

HB 251

Section 1. States legislative findings that a mechanism is needed to ensure a long-term source of money for state and local debt service, and to strengthen the economy of the state. The section also states legislative intent that the Alaska Debt Retirement Fund be established to help meet the general fund debt obligations of the state and local governments, and to finance capital projects with money remaining after debt obligations are paid.

Section 2. Establishes the Alaska Debt Retirement Fund, to consist of all money appropriated to or otherwise allocated by law to the Fund. Requires the Fund to be invested by the Department of Revenue at competitive market rates. Authorizes money to be appropriated from the Fund for: (1) payment of debt service on the state's general obligation debt; (2) reimbursement of municipalities for debt service on school construction bonds; and (3) if funds remain after (1) and (2), financing the design and construction of capital projects.

Section 3. Amends the state bonding act (AS 37.15.012) to provide that annual appropriations for the state's general obligation debt service are made from the Alaska Debt Retirement Fund, rather than the General Fund. However, if the balance of the Debt Retirement Fund is insufficient to fully pay the state's debt service, the additional amounts required are appropriated from the General Fund.

Section 4. Adds three new requirements to the public notice which the state bond committee must publish prior to an election that includes a general obligation bond issue. The notice would be required to contain: (1) the projected unobligated debt service capacity available in the Debt Retirement Fund; (2) the estimated debt service requirements for the bond issue appearing on the ballot; and (3) whether the bond issue will be repaid with amounts from the Debt Retirement Fund.

Section 5. Amends AS 37.15.170 to change the date when the state bond committee is required to determine the state's general obligation debt service requirements, from January 1 to December 1. Also requires the bond committee to include reimbursements for municipal school debt in this determination.

Section 6. Defines the terms "fund" and "debt service capacity."

Section 7. This section would replace the provisions of Section 2 to reflect approval by the voters of the constitutional amendment establishing the Debt Retirement Fund. The section references the constitutional amendment and provides that money dedicated to the Fund shall be deposited into the fund when at least \$5 million has accumulated, and at least once each month.

Section 8. Makes sections 1-6 of the bill effective immediately.

Section 9. Makes section 7 effective when the constitutional amendment establishing the Debt Retirement Fund is approved by the voters.

HB 252

Section 1. Appropriates all surplus revenue at the end of fiscal year 1991 from the general fund to the Alaska Debt Retirement Fund.

Section 2. Provides that the appropriation made by this bill does not lapse.

Section 4. Repeals a 1990 appropriation of the FY 91 general fund surplus to the statutory budget reserve fund.

Section 4. Makes the act effective on the effective date of an act establishing the Debt Retirement Fund.

HJR 38

Section 1. Amends the Alaska Constitution to establish the Alaska Debt Retirement Fund and dedicate revenues to the Fund. The revenues which would be dedicated to the Debt Retirement Fund match those now going to the Alaska Permanent Fund. This section also provides that appropriations from the fund may be made only for (1) payment of debt service on the state's general obligation debt; (2) reimbursement of municipalities for debt service on municipal general obligations, if the reimbursement is authorized by law; and (3) if funds remain after (1) and (2), financing the design and construction of capital projects.

Section 2. Amends Article IX, sec. 7 of the Alaska Constitution to exclude the Alaska Debt Retirement Fund from the prohibition on dedicated funds.

Section 3. Provides that the amendments proposed by the resolution shall be placed on the next general election ballot.

BRIEFING PACKET ADDENDUM
HOUSE STATE AFFAIRS COMMITTEE

ALASKA DEBT RETIREMENT FUND

Fiscal Projections
FY 1992 — FY 2010

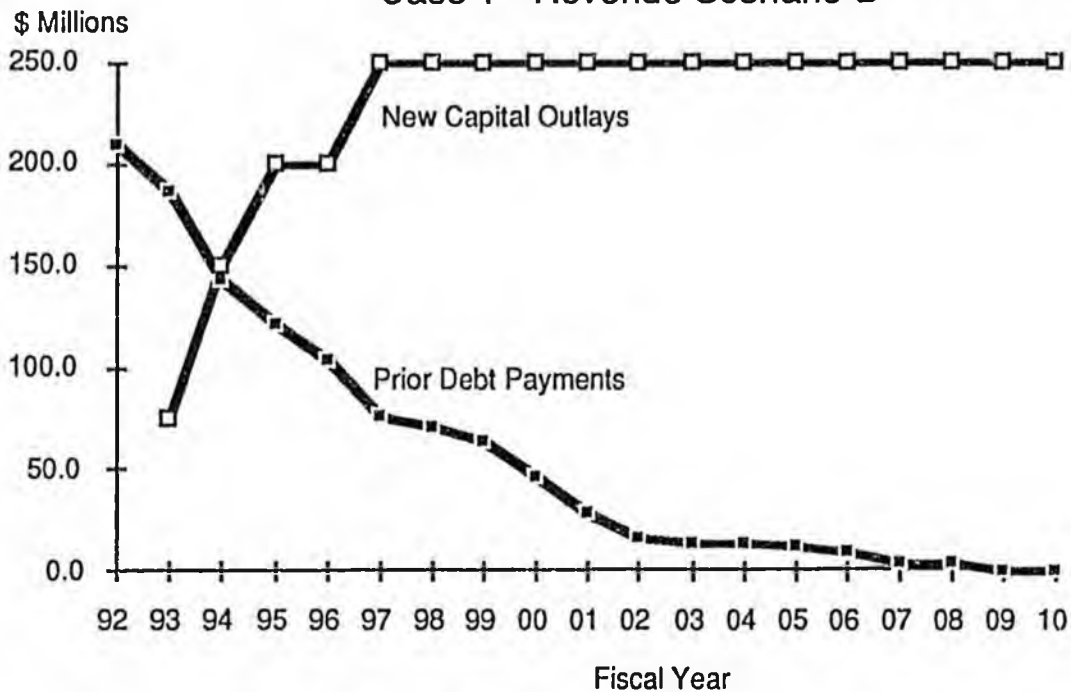
April 30, 1991

Office of Management and Budget
Office of the Governor
State of Alaska

FISCAL PROJECTIONS

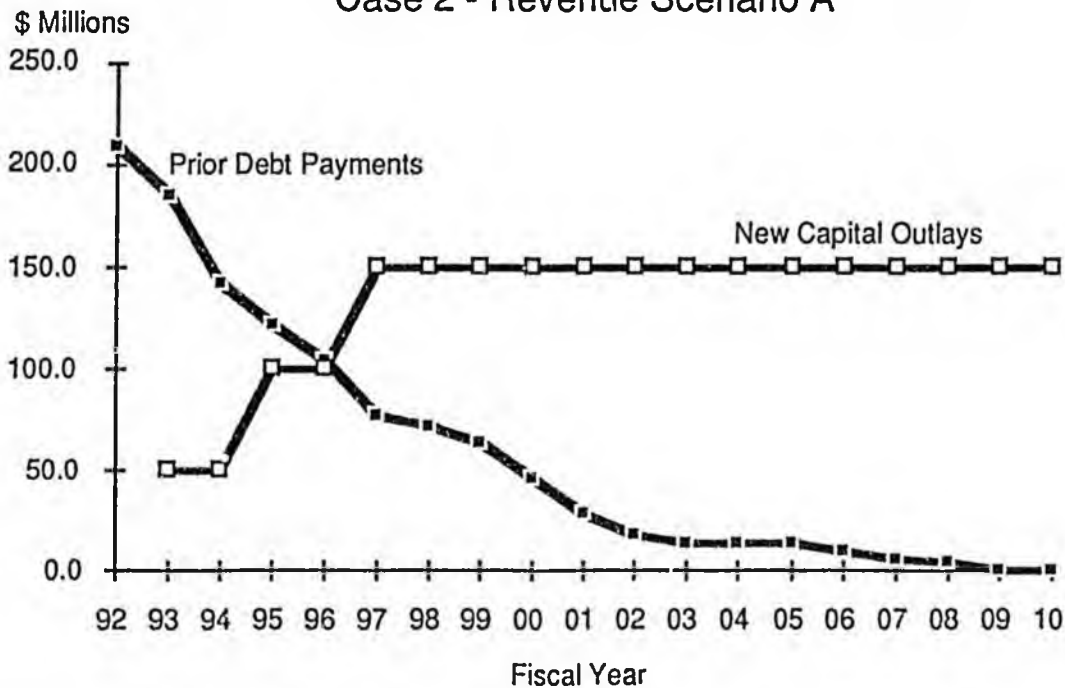
Alaska Debt Retirement Fund Prior Debt Payments and New Capital Outlays

Case 1 - Revenue Scenario B



Alaska Debt Retirement Fund Prior Debt Payments and New Capital Outlays

Case 2 - Revenue Scenario A



Alaska Debt Retirement Fund

5/2/91

Case #1

Revenue Scenario B

Assumptions

Revenue Forecast: Spring 1991, Scenario B
 FY 91 Deposit (Projected): \$314 million
 Earnings Rate (Avg. Balance) 8.0%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Fiscal Year	Beginning Balance	Prior Year Budget Surplus	Dedicated Resource Revenue	Prior Debt Service Payments	Capital Project and Now Debt Service Outlays	Ending Earnings Base	Annual Earnings	Ending Balance
92	314.0	314.0		209.2		104.8	16.8	121.6
93	121.6		141.8	185.6	75.0	2.8	5.0	7.7
94	7.7		304.6	142.6	150.0	19.7	1.1	20.8
95	20.8		321.1	121.4	200.0	20.5	1.7	22.2
96	22.2		327.3	103.9	200.0	45.6	2.7	48.3
97	48.3		353.9	76.9	250.0	75.3	4.9	80.2
98	80.2		348.7	71.5	250.0	107.4	7.5	114.9
99	114.9		328.8	63.7	250.0	130.0	9.8	139.8
00	139.8		307.9	46.6	250.0	151.1	11.6	162.8
01	162.8		289.7	28.7	250.0	173.8	13.5	187.2
02	187.2		278.7	17.4	250.0	198.5	15.4	214.0
03	214.0		267.3	13.5	250.0	217.8	17.3	235.0
04	235.0		260.4	13.5	250.0	231.9	18.7	250.6
05	250.6		252.5	13.3	250.0	239.8	19.6	259.4
06	259.4		238.8	10.4	250.0	237.8	19.9	257.7
07	257.7		224.5	5.2	250.0	227.0	19.4	246.4
08	246.4		216.2	4.1	250.0	208.5	18.2	226.7
09	226.7		205.5	0.3	250.0	181.9	16.3	198.3
10	198.3		193.8	0.3	250.0	141.8	13.6	155.4
Total:			4,861.5	1,128.1	4,125.0			

Note D - Equivalent to dedications to the Permanent Fund (Spring 1991 Revenue Forecast). FY 93 dedication is 50% (6 months).

Note E - Includes G.O. debt, school debt, lease purchases, and ASHA debt payments.

Note H - Earnings are on the Fund's average balance (Beginning Balance plus Ending Earnings Base, divided by two).

Office of the Governor, Office of Management and Budget

Alaska Debt Retirement Fund

5/2/91

Case #2

Revenue Scenario A

Assumptions

Revenue Forecast: Spring 1991, Scenario A
 FY 91 Deposit (Projected): \$314 million
 Earnings Rate (Avg. Balance) 8.0%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Fiscal Year	Beginning Balance	Prior Year Budget Surplus	Dedicated Resource Revenue	Prior Debt Service Payments	Capital Project and New Debt Service Outlays	Ending Earnings Base	Annual Earnings	Ending Balance
92	351.0	314.0		209.2		141.8	19.7	161.5
93	161.5		96.0	185.6	50.0	21.9	7.3	29.2
94	29.2		210.7	142.6	50.0	47.3	3.1	50.4
95	50.4		222.3	121.4	100.0	51.3	4.1	55.3
96	55.3		225.6	103.9	100.0	77.0	5.3	82.3
97	82.3		221.5	76.9	150.0	76.9	6.4	83.3
98	83.3		216.0	71.5	150.0	77.8	6.4	84.2
99	84.2		199.8	63.7	150.0	70.3	6.2	76.5
00	76.5		184.3	46.6	150.0	64.2	5.6	69.8
01	69.8		203.7	28.7	150.0	94.8	6.6	101.4
02	101.4		192.6	17.4	150.0	126.6	9.1	135.7
03	135.7		183.0	13.5	150.0	155.2	11.6	166.9
04	166.9		177.9	13.5	150.0	181.3	13.9	195.2
05	195.2		170.6	13.3	150.0	202.5	15.9	218.4
06	218.4		160.0	10.4	150.0	218.0	17.5	235.5
07	235.5		125.0	5.2	150.0	205.3	17.6	222.9
08	222.9		117.6	4.1	150.0	186.4	16.4	202.8
09	202.8		109.0	0.3	150.0	161.5	14.6	176.1
10	176.1		99.5	0.3	150.0	125.3	12.1	137.3
Total:			3,115.1	1,128.1	2,400.0			

Note D - Equivalent to dedications to the Permanent Fund (Spring 1991 Revenue Forecast). FY 93 dedication is 50% (6 months).

Note E - Includes G.O. debt, school debt, lease purchases, and ASHA debt payments.

Note H - Earnings are on the Fund's average balance (Beginning Balance plus Ending Earnings Base, divided by two).



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669
PHONE (907) 262-4441

DON GILMAN
MAYOR

ALASKA DEBT RETIREMENT FUND POSITION PAPER HB 251, 252 & HJR 38

The Kenai Peninsula Borough supports the Governor's proposal for a Debt Retirement Fund.

Full funding of the state's obligation for school construction debt reimbursement has been the borough's number one legislative priority for the past four years, and will most likely to continue to be until the debt is paid off.

The economic boom in the early 1980's had a major impact on the boroughs and school districts in Alaska. Many areas experienced severe overcrowding in their school systems and, as a result, new schools were built through the sale of bonds eligible for reimbursement per AS 14.11.100. These bonds were sold with the expectation that they would be reimbursed at the level of entitlement prescribed in statute at the time of the sales.

For KPB, the school construction debt payment for FY '92 is \$26,999,010. This represents approximately 49% of the borough funds for education and 39% of the total borough general fund budget. The borough's entitlement from the state for this year is \$24,529,190. With such a large percentage of potential revenue subject to an annual appropriation by the legislature, the borough and all municipalities are forced to develop their budgets without knowing what their revenues are until the last minute.

In FY '92, Governor Cowper did not make his veto of this program until after the June 15 deadline for establishing the mill levy. The borough was forced to use the bulk of the remaining "fund balance" to make up for the lost revenue. Passage of a debt retirement fund would make known ahead of time the amount of state reimbursement of entitlement.

KENAI POSITION PAPER

Debt Retirement Program
KPB Position Paper
Page Two

The Kenai Peninsula Borough, along with many other municipalities, worked diligently for the past three years with the legislature and the Governor to pass legislation which eliminated the former school construction funding program, and implemented a single grant program. The impetus for this change was to cap the state's liability for future debt, and create a single equitable funding program. One of the motivations for participation by the municipalities was the assurance that the remaining entitlement for school construction debt would be fully funded. This legislation would fulfill that promise.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

WALTER J. HICKEL, GOVERNOR

P.O. BOX AM
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

September 18, 1991

The Honorable Gene Kubina
Chairman, House State Affairs Committee
P.O. Box 1969
Valdez, Alaska 99686

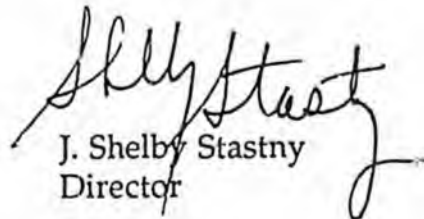
Dear Representative Kubina:

I understand that the House State Affairs Committee will be meeting in Anchorage on September 30 to consider several proposed constitutional amendments, and will also be meeting in Fairbanks in November.

I would like to request on behalf of Governor Hickel that the Committee include in your hearing schedule HJR 38, establishing a Constitutional Debt Retirement Fund. As I indicated in my letter of July 17, this legislation is one of the Governor's key priorities, and we would appreciate a hearing at the earliest possible date. Given the importance of this legislation, we would like to have HJR 38 heard in both Anchorage and Fairbanks if feasible.

Please contact me or Jack Kreinheder in my office if you need any additional information on this legislation.

Sincerely,



J. Shelby Stastny
Director

cc: Annie Damitio, Rep. Kubina's Juneau Office

Governor's Office
Bruce Geraghty, Legislative Liaison
Don Stolworthy, Scheduling & Research

Alaska State Legislature

Chairman
State Affairs
Committee

Legislative Council

Transportation
Committee



Representative Eugene Kubina

During Session:
State Capitol
P.O. Box V
Juneau, Alaska 99811
(907) 465-4859

During Interm:
P.O. Box 2463
Valdez, Alaska 99686
(907) 835-2111

September 19, 1991

J. Shelby Stastny, Director
Office of Management and Budget
Office of the Governor
P.O. Box AM
Juneau, AK 99811-0199

Dear Shelby,

Thank you for your recent letter requesting that HJR 38 relating to the Constitutional Debt Retirement Fund be heard at the House State Affairs Committee meeting on September 30 in Anchorage.

After reviewing the agenda for the meeting, I have decided to add HJR 38 to the list. Having already scheduled the times for the other bills and resolutions to be heard, HJR 38 must be placed at the end of the agenda. The meeting is scheduled to run from 10:00 a.m. until 3:00 p.m., so I would assume that HJR 38 would be heard sometime after the short break for lunch.

Knowing that HJR 38 is one of Governor Hickel's key priorities, it is my hope that you or someone from your office will be able to address the committee in person at the meeting.

Thank you again for your letter. I look forward to seeing you in Anchorage.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gene Kubina".

Representative Gene Kubina, Chairman
House State Affairs Committee

— DISTRICT SIX —

• Chenega Bay • Chitina • Cooper Landing • Cordova • Hope • Moose Pass • Seward • Tatitlek • Valdez • Whittier •



Sectional Analysis HB 251, HB 252, and HJR 38 Relating to the Alaska Debt Retirement Fund

Governor Hickel's proposal to establish the Alaska Debt Retirement Fund includes two bills and a joint resolution: HB 235, establishing the Fund; HB 236, appropriating the FY 91 general fund surplus to the Fund; and HJR 38, proposing a constitutional amendment to incorporate the fund in the Constitution and dedicate a stream of future revenues to the Fund.

HB 251

Section 1. States legislative findings that a mechanism is needed to ensure a long-term source of money for state and local debt service, and to strengthen the economy of the state. The section also states legislative intent that the Alaska Debt Retirement Fund be established to help meet the general fund debt obligations of the state and local governments, and to finance capital projects with money remaining after debt obligations are paid.

Section 2. Establishes the Alaska Debt Retirement Fund, to consist of all money appropriated to or otherwise allocated by law to the Fund. Requires the Fund to be invested by the Department of Revenue at competitive market rates. Authorizes money to be appropriated from the Fund for: (1) payment of debt service on the state's general obligation debt; (2) reimbursement of municipalities for debt service on school construction bonds; and (3) if funds remain after (1) and (2), financing the design and construction of capital projects.

Section 3. Amends the state bonding act (AS 37.15.012) to provide that annual appropriations for the state's general obligation debt service are made from the Alaska Debt Retirement Fund, rather than the General Fund. However, if the balance of the Debt Retirement Fund is insufficient to fully pay the state's debt service, the additional amounts required are appropriated from the General Fund.

Section 4. Adds three new requirements to the public notice which the state bond committee must publish prior to an election that includes a general obligation bond issue. The notice would be required to contain: (1) the projected unobligated debt service capacity available in the Debt Retirement Fund; (2) the estimated debt service requirements for the bond issue appearing on the ballot; and (3) whether the bond issue will be repaid with amounts from the Debt Retirement Fund.

Section 5. Amends AS 37.15.170 to change the date when the state bond committee is required to determine the state's general obligation debt service requirements, from January 1 to December 1. Also requires the bond committee to include reimbursements for municipal school debt in this determination.

Section 6. Defines the terms "fund" and "debt service capacity."

Section 7. This section would replace the provisions of Section 2 to reflect approval by the voters of the constitutional amendment establishing the Debt Retirement Fund. The section references the constitutional amendment and provides that money dedicated to the Fund shall be deposited into the fund when at least \$5 million has accumulated, and at least once each month.

Section 8. Makes sections 1-6 of the bill effective immediately.

Section 9. Makes section 7 effective when the constitutional amendment establishing the Debt Retirement Fund is approved by the voters.

HB 252

Section 1. Appropriates all surplus revenue at the end of fiscal year 1991 from the general fund to the Alaska Debt Retirement Fund.

Section 2. Provides that the appropriation made by this bill does not lapse.

Section 4. Repeals a 1990 appropriation of the FY 91 general fund surplus to the statutory budget reserve fund.

Section 4. Makes the act effective on the effective date of an act establishing the Debt Retirement Fund.

HJR 38

Section 1. Amends the Alaska Constitution to establish the Alaska Debt Retirement Fund and dedicate revenues to the fund. The revenues which would be dedicated to the Debt Retirement Fund match those now going to the Alaska Permanent Fund. This section also provides that appropriations from the fund may be made only for (1) payment of debt service on the state's general obligation debt; (2) reimbursement of municipalities for debt service on municipal general obligations, if the reimbursement is authorized by law; and (3) if funds remain after (1) and (2), financing the design and construction of capital projects.

Section 2. Amends Article IX, sec. 7 of the Alaska Constitution to exclude the Alaska Debt Retirement Fund from the prohibition on dedicated funds.

Section 3. Provides that the amendments proposed by the resolution shall be placed on the next general election ballot.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX C
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

July 9, 1991

The Honorable Gene Kubina
Chairman
House State Affairs Committee
P.O. Box 2463
Valdez, AK 99686

Dear Mr. Chairman:

This letter is sent in response to your letter of June 28, 1991, requesting information on HJR 38, the Constitutional Debt Retirement Fund.

As you know, this issue is one of Governor Hickel's highest priorities. The legislature passed and the Governor signed HB 251 which created the statutory Debt Retirement Fund. In order to fully achieve the benefits of the Debt Retirement Fund, the constitutional amendment is essential.

I have enclosed a copy of the briefing packet that was prepared for the committee during the session. This packet provides fiscal projections for the Debt Retirement Fund if the constitutional amendment is approved at the 1992 general election. The revenue streams are based on the current Spring Department of Revenue forecast.

The objective of the Alaska Debt Retirement Fund is to establish a long-term source of revenue to pay for debt service and to finance capital projects that will broaden Alaska's economic base. The constitutional amendment will dedicate a percentage of Alaska's mineral lease rentals, royalties, and royalty sale proceeds to the Debt Retirement Fund. This stream of revenue will equal the current annual deposits to the Alaska Permanent Fund.

We believe that the state must broaden its economic base and reduce its dependence on petroleum revenue. This constitutional amendment will provide the means to finance responsible expansion of the state's infrastructure, enhancing the viability and competitiveness of Alaska's industries and providing additional revenue to the state.

We also believe that future state capital projects will have to utilize general obligation debt. We believe that establishing a source of debt retirement will enable the state and local governments to continue to expand their capital assets in a responsible manner utilizing voter approved bonding as needed.

I look forward to being able to provide more information to the committee as well as receive your comments and suggestions.

Sincerely,


Millett Keller
Commissioner

MK/nl
Enclosure

STATE OF ALASKA

OFFICE OF THE GOVERNOR
OFFICE OF MANAGEMENT AND BUDGET

WALTER J. HICKEL, GOVERNOR

P.O. BOX AM
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

July 17, 1991

The Honorable Gene Kubina
Chairman, House State Affairs Committee
P.O. Box 2463
Valdez, AK 99686

Dear Representative Kubina:

Thank you for your letter of June 28 regarding public hearings on HJR 38, Governor Hickel's proposal for a Constitutional Debt Retirement Fund. This legislation is one of the Governor's priority bills, and we look forward to working with your committee on the legislation.

We are also very interested in participating in the public hearings which you are planning for the fall. We would appreciate receiving a schedule of the hearing locations and dates as soon as it is available, as well as an invitation to attend the hearings.

With regard to background information on HJR 38, your bill file should contain a briefing packet which we provided to your staff during the legislative session. This packet includes the proposed amendment, the Governor's transmittal letter, a sectional analysis, and projections of the fiscal effects of the amendment. The information in this packet is still current.

I have enclosed a copy of SB 235, which was passed by the 1991 Legislature and established the Debt Retirement Fund in statute. This legislation created the

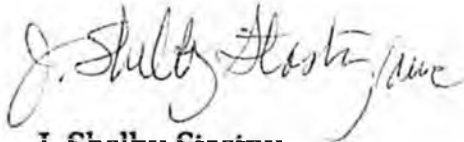
Representative Kubina
Chairman, House State Affairs Committee
Page 2

July 17, 1991

statutory framework for the Debt Retirement Fund. The Constitutional amendment proposed by HJR 38 is necessary to protect the Debt Retirement Fund and provide a long-term source of funds to retire debt and finance capital projects.

Please contact me or Jack Kreinheder in my office if you have any questions or comments about this legislation.

Sincerely,



J. Shelby Stastny
Director

JSS/JK/dmc/91-473

Enclosure

cc: Governor's Office
Legislative Office
Don Stolworthy, Scheduling & Research
Jack Kreinheder, Senior Analyst, OMB



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SCLDOTNA, ALASKA 99669
PHONE (907) 262-4441

DON GILMAN
MAYOR

ALASKA DEBT RETIREMENT FUND POSITION PAPER HB 251, 252 & HJR 38

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Full funding of the state's obligation for school construction debt reimbursement has been the borough's number one legislative priority for the past four years, and will most likely to continue to be until the debt is paid off.

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Debt Retirement Program
KPB Position Paper
Page Two

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House State Affairs Committee

Representative Gene Kubina, Chair

DATE: May 3, 1991

PLACE: Capitol, Room 102

SUBJECT OF MEETING:

*HB 251-Relating to Debt Retirement Fund
 *HB 252-Relating to Approp: Debt Retirement
 *HJR 38-Relating to Constitutional Debt Retirement Fund

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
JACK KREINHEDER	GOV.	BOX AM			3568	(Y) N	HB 251, HB 252 HJR 38
SHELBY SPASTNY	GOV.	BOX AM			3568	(Y) N	"
Scott Burgess	AML	Juneau			G-1325	(Y) Y N	"
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	