

SUR 26

SENATE FINANCE COMMITTEE REPORT

DATE: 5/5/92

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered SENATE JOINT RESOLUTION NO. 26

Proposing amendments to the Constitution of the State of Alaska creating a debt retirement fund.

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____ (_____)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ letter of intent

further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

DO PASS:

1. _____

Co-Chair: Signature/Recommendation

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

OTHER RECOMMENDATIONS:

2. _____

Co-Chair: Signature/Recommendation

SENATE JOINT RESOLUTION NO. 26
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/3/91
Referred: Judiciary, Finance

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska creating a debt
2 retirement fund.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. Article IX, Constitution of the State of Alaska, is amended by adding a new section to
5 read:

6 SECTION 18. ALASKA DEBT RETIREMENT FUND. (a) The following revenue not
7 dedicated to the permanent fund under section 15 of this article or the budget reserve fund under
8 section 17 of this article shall be placed in a separate Alaska debt retirement fund in the state
9 treasury:

10 (1) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net
11 profit shares, and federal mineral revenue sharing payments received by the state from mineral
12 leases issued on or before December 1, 1979, and 25 percent of all bonuses received by the state
13 from mineral leases issued on or before February 15, 1980; and

14 (2) 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net
15 profit shares, and federal mineral revenue sharing payments received by the state from mineral
16 leases issued after December 1, 1979, and 50 percent of all bonuses received by the state from
17 mineral leases issued after February 15, 1980.

1 (b) Interest earned by the state on money described in (a)(1) and (2) of this section
2 before that money is deposited in the fund accrues to the fund. Interest earned on amounts in
3 the fund accrues to the fund.

4 (c) Appropriations from the fund may be made only for

5 (1) the annual payment of principal, interest, and redemption premium on state
6 general obligations;

7 (2) the reimbursement of municipalities for the annual payment of principal and
8 interest on municipal general obligations, if the reimbursement is authorized by law; and

9 (3) if a balance remains after the payments authorized in (1) and (2) of this
10 subsection, to finance the design and construction of capital projects.

11 * Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska, is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or license shall not
13 be dedicated to any special purpose, except as provided in Sections [SECTION] 15, 17, and 18
14 of this article or when required by the federal government for state participation in federal
15 programs. This provision shall not prohibit the continuance of any dedication for special
16 purposes existing upon the date of ratification of this section by the people of Alaska.

17 * Sec 3. The amendments proposed by this resolution shall be placed before the voters of the state
18 at the next general election in conformity with art. XIII, sec. 1, Constitution of the State of Alaska, and
19 the election laws of the state.

STATE OF ALASKA
1991 LEGISLATIVE SESSION

FISCAL NOTE

No. 1

Bill Version: SJR 26

(S) 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
Requestor: 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

Phone: 465 - 2350

Division: Treasury

Date: _____

Approved by Commissioner: [Signature]

Agency: _____

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

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%

(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

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: SJR 26

(S) 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						
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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).

FISCAL NOTE

No. 3

Bill Version: SJR 26

(S) 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, OMB, & Impacted Agency(ies).

MAY 4 '92 8:16

DIRECTOR OF ELECTIONS, JUNEAU
FISCAL NOTE

No. 4

Bill Version: SJR 26

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. (S) Publish Date: 5-5-92

Revision Date: 01/13/92
Title: Amendment to the Constitution RE: Constitutional Debt Retirement
Fund:
Sponsor: Senate Rules Committee by Request of the Governor
Requestor: Senate Judiciary Committee

Department Affected: Office of the Governor-Elections
BRU: Division of Elections
Component: II-Primary and General Elections

COMPONENT SERIAL NO.

0 1 2 3

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: 55.4.

Changes in (SSR 26) (SUD)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.

5/5/92 6253
date Comte Aide (initial)

Prepared by: Elizabeth Ziegler, Deputy Director
Division: Elections

Phone: 465-4611
Date: 01/13/92

Approved by Commissioner: [Signature]
Agency: Office of the Governor

Enter: 11-12-92

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

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 3, 1991

5972 26

The Honorable Richard I. Eliason
President of the Senate
P.O. Box V
Juneau, AK 99811

Dear President Eliason:

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 black ink that reads "Walter J. Hickel".

Walter J. Hickel
Governor