

HB

89

REPRESENTATIVE
TERRY MARTIN
CHAIRMAN
BUDGET & AUDIT COMMITTEE
MEMBER
HOUSE FINANCE COMMITTEE

Alaska State Legislature



MAY 15 - JAN 15 258-8169
716 W. 4TH, SUITE 650
ANCHORAGE, AK 99504
JAN 15 - MAY 15 465-3783
STATE CAPITOL
JUNEAU, AK 99801-1132
HOME 333-6990
355 DONNA DRIVE, #11
ANCHORAGE, AK 99504

SPONSOR STATEMENT *HB 89*

Appropriating the unappropriated balance of the Earnings Reserve Account to the principal of the Permanent Fund.

HB89 is straightforward and very important. The Permanent Fund Earnings Reserve Account was created by statute. It is into this account which the balance of the Permanent Fund Corporation's net income is deposited upon payment of dividends and inflation proofing. The intent of the bill is to deposit the approximately \$1,146,000,000 (as of June 30, 1995) into the corpus of the Permanent Fund, escalating the total to approximately \$14,146,000,000.

We must save this revenue in the most secure account. The Permanent Fund is untouchable by the legislature, hence no special interests can infiltrate the fund and Alaskans will prosper in the future with a solid savings account yielding a return of almost 9% this year.

If the Earnings Reserve is not appropriated to the Permanent Fund Corpus by July 1st, 1995, there is a strong potential that the Court may direct it to be used as partial payback to the Constitutional Budget Reserve. From this account it can easily be spent with a simple majority of the House and Senate.

HB89 is intended to send a message to Alaska's public, that the Legislature is willing and able to save money for future generations. While there are currently annual projected budget deficits, this legislation makes the statement that we are willing to deal with the situation through budgetary reductions or other means, but certainly not by spending these earnings - simply because they are there.

Your support of this legislation will send a signal to the voters that we as a body recognize the fiscal crisis as well as the need to save for future shortfalls.



**STATEMENTS OF CHANGES IN PRINCIPAL
AND EARNINGS RESERVE**

Years Ended June 30, 1994 and 1993

	TOTAL	PRINCIPAL	PRINCIPAL HELD IN ESCROW	EARNINGS RESERVE
Balance, June 30, 1992	\$12,369,569,000	11,702,942,000	21,430,000	645,197,000
Escrow earnings	-	-	1,870,000	(1,870,000)
Appropriation to the Department of Law	(4,950,000)	-	-	(4,950,000)
Dedicated State revenues	315,304,000	315,304,000	-	-
Net income	1,226,036,000	-	-	1,226,036,000
Dividends	(531,890,000)	-	-	(531,890,000)
Inflation-proofing	-	362,451,000	-	(362,451,000)
Settlement earnings	-	4,641,000	-	(4,641,000)
Balance, June 30, 1993	\$13,374,069,000	12,385,338,000	23,300,000	965,431,000
Escrow earnings	-	-	2,225,000	(2,225,000)
Appropriation to the Department of Law	(10,613,000)	-	-	(10,613,000)
Dedicated State revenues	209,636,000	209,636,000	-	-
Net income	1,097,585,000	-	-	1,097,585,000
Dividends	(555,595,000)	-	-	(555,595,000)
Inflation-proofing	-	372,304,000	-	(372,304,000)
Settlement earnings	-	5,620,000	-	(5,620,000)
Balance, June 30, 1994	\$14,115,082,000	12,972,898,000	25,525,000	1,116,659,000

See notes to financial statements.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 89

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act making a special appropriation to the BRU: APFC
principal of the permanent fund; and providing for an effective date. Component: APFC
 Sponsor: Representative Martin
 Requester: House State Affairs COMPONENT SERIAL NO. 109

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: Martin R. Pihl, Acting Executive Director *Martin R. Pihl* Phone: 465-2047
 Division: Alaska Permanent Fund Corporation Date: 2/22/95
 Approved by: _____
 Commissioner: Deborah Voigt *Deborah Voigt* Date: 2/22/95
 Agency: Revenue

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FISCAL NOTE

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CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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ALASKA STATE LEGISLATURE
HOUSE BILL NO. 89

HISTORY IN THE HOUSE

1995

1/17

Read first time and referred to:

STA Jud FIN

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN _____ Previous FN

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN _____ Previous FN

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN _____ Previous FN

Read second time
CS() Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

_____ Intent adopted

Reconsideration
Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

_____ Intent adopted

Reported correctly engrossed
Signed by Speaker, to the Senate

Chief Clerk of the House

HISTORY IN THE SENATE

19

Read first time and referred to:

_____ RPT() CS _____ DP _____ NR _____ DNP _____ AM
New Title _____ Same Title _____ Previous FN
_____ FN _____ OFN _____ To _____

_____ RPT() CS _____ DP _____ NR _____ DNP _____ AM
New Title _____ Same Title _____ Previous FN
_____ FN _____ OFN _____ To _____

_____ RPT() CS _____ DP _____ NR _____ DNP _____ AM
New Title _____ Same Title _____ Previous FN
_____ FN _____ OFN _____ To _____

_____ Rules Calendar() CS _____ AM _____ Other
New Title _____ Same Title _____ Previous FN
_____ FN _____ OFN _____

Read second time

_____ CS Adopted () _____ New Title
_____ Amended _____ Advanced

Read third time

_____ Letter of Intent adopted
_____ Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by President, to the House

Secretary of the Senate

HOUSE-SENATE HISTORY Continued

19

Received from the Senate _____

Concur in Senate amendment
 Y ___ N ___ E ___ A ___
 _____ Efd same or Y ___ N ___ E ___ A ___

Failed to concur Senate amendment, ask Senate recede
 Y ___ N ___ E ___ A ___

Senate failed to \ receded from amendment
 Y ___ N ___ E ___ A ___

CC appointed by House _____ Chair

CC appointed by Senate _____ Chair

(H) Granted Limited Powers of Free Conference

(S) Granted Limited Powers of Free Conference

19

(H) Adopted CC Rpt _____
 Y ___ N ___ E ___ A ___
 _____ Efd same or Y ___ N ___ E ___ A ___

(S) Adopted CC Rpt _____
 Y ___ N ___ E ___ A ___
 _____ Efd same or Y ___ N ___ E ___ A ___

To enrolling
 Reported enrolled and sent to Governor

_____ By Governor

Chapter Number _____

Filed with Lieutenant Governor