

SB

1777

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 30, 1997

FURTHER REFERRALS:

Date of Committee Action: 5/2/97

The FINANCE Committee considered:

SB 177

SENATE BILL NO. 177

INTL TRADE AND BUSINESS ENDOWMENT

“An Act relating to the international trade and business endowment; and providing for an effective date.”

recommends it be replaced the same title
 with the following committee substitute SB 177 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

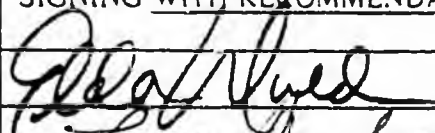
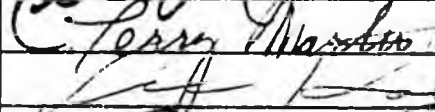
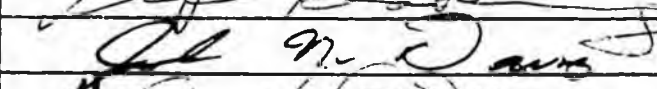
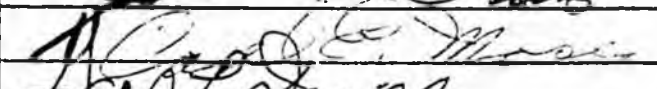
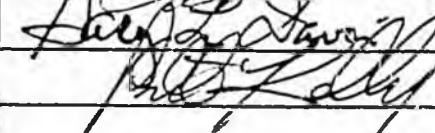
fiscal note(s) STATE DE

fiscal note(s) Revenue 4/28/97

DOED 4/22/97

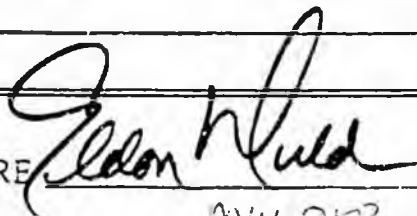
zero fiscal note(s)

zero fiscal note(s)

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
 Mulder			✓	
 Martin	✓			
 J. Davis			X	X
 G. Davis			X	
 Kelly	✓			✓

ACTING

CHAIR'S SIGNATURE


 Edon Mulder

FISCAL NOTE

No. _____
 Bill Version: SB177
 (S) Publish Date: 4/22/97

STATE OF ALASKA
 1997 LEGISLATIVE SESSION

Revision Date: _____ Department: Commerce and Economic Dev.
 Title: An Act relating to the international trade BRU: Trade and Development
and business endowment... Component: Trade and Development
 Sponsor: Senate Finance
 Requestor: Senate Finance COMPONENT SERIAL 2056

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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	
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CHANGE IN REVENUES	350.0	350.0	350.0	350.0	350.0	350.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
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 (FY 97) cost: \$ _____

POSITIONS

FULL-TIME	
PART-TIME	
TEMPORARY	

ANALYSIS: (Attach a separate page if necessary)
 This fiscal note assumes that the International Trade and Business Endowment will be capitalized with a \$4,950.0 reappropriation (SCS CS HB 75(FIN), Section 33). Using the Permanent Fund Corporation's projected FY 98 rate of return of 15%, the endowment will produce an annual income of approximately \$350.0. No expenditure information is included in this fiscal note since it is already incorporated in SCS CS HB 75(FIN).

Prepared by: Guy Bell, Director Phone: 465-2505
 Division: Administrative Services Date: April 21, 1997
 Approved by Commissi William L. Hensley Date: April 21, 1997
 Agency: Commerce and Economic Development

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to the International trade & business BRU: Alaska Permanent Fund Corporation
endowment; and providing for an effective date. Component: Alaska Permanent Fund Corporation
 Sponsor: Finance
 Requestor: (S) RLS COMPONENT SERIAL NO. 109

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	17.5	18.0	18.6	19.1	19.9	20.7
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	17.5	18.0	18.6	19.1	19.9	20.7
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other-Corporate Receipts	17.5	18.0	18.6	19.1	19.9	20.7
TOTAL	17.5	18.0	18.6	19.1	19.9	20.7

Estimate of any current year (FY97) cost \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
 SB177 provides for the management of the assets of the International Trade & Business Endowment by the Alaska Permanent Fund Corporation (APFC). The APFC would hold and invest the principal & income of the Endowment and provide audited annual reports. All earnings of the Endowment are available for distribution each year. Please note: This differs from the permanent fund dividend payout which is based on 21% of five years' income. The Endowment will pay the corporation a management fee to cover the costs of managing these assets.
 The projected costs above are calculated based on a 3-4% inflation rate and a fund value of \$5 million. The management fee represents a pro-rata share of the APFC operating expenses which includes investment manager & custody fees and administrative costs for accounting, reporting, communications and other support.

Prepared by: Byron I. Mailott Phone: 465-3172
 Division: Alaska Permanent Fund Corporation Date: April 23, 1997
 Approved by Commissioner: Wilson L. Condon Date: April 23, 1997
 Agency: Revenue

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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 177

Revision Date:
Title: An Act relating to the international trade and
business endowment
Sponsor:
Requestor:

Department Affected: University of Alaska
BRU: UAA
Component: Anchorage Campus

COMPONENT SERIAL NO. #753

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	(315.0)	(315.0)	(315.0)	(315.0)	(315.0)	(315.0)
TOTAL OPERATING	(315.0)	(315.0)	(315.0)	(315.0)	(315.0)	(315.0)

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)	FY98	FY99	FY00	FY01	FY02	FY03
1002 FEDERAL FUNDS						
1003 GF MA						
1004 GENER. ND						
1006 GFMHTLA						
1048 - UA Receipts	(315.0)	(315.0)	(315.0)	(315.0)	(315.0)	(315.0)
TOTAL FUNDING	(315.0)	(315.0)	(315.0)	(315.0)	(315.0)	(315.0)

POSITIONS:	FY98	FY99	FY00	FY01	FY02	FY03
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

Analysis: The 1987 and 1988 legislatures appropriated approximately \$5 million through the University of Alaska to the University Foundation, an entity separate and independent from the University of Alaska, for establishment of an endowment for the Alaska Center for International Business (ACIB). Since FY88, earnings from that endowment, which are received and accounted for as University Receipts, have supported the operations of ACIB, with the balance invested back into the endowment itself. In FY96, \$313.4 was transferred to ACIB, and a similar amount is expected to be transferred in FY97. This fiscal note assumes that the effect of this bill would be to eliminate the ACIB endowment as such, and that the expenditure and revenue authority associated with the transfer from the endowment to ACIB will no longer be needed.

Prepared by: Marvlou Burton
Division: Statewide Budget Office

Phone: 463-3086
Date: 4/22/97

Approved by: *MB* Marvlou Burton, Director
Agency: Statewide Budget Office

Date: 4/22/97

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agencies



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement
for
Senate Bill 177
An Act relating to the International Trade and Business
Endowment

This legislation establishes an International Trade and Business Endowment in the Alaska Science and Technology Foundation. The principal and income of the endowment will be invested by the Permanent Fund Corporation, and net income from the endowment will be held in a separate account, subject to appropriation by the legislature.

The intended purpose of the endowment income is to cover a portion of the state's annual expenditure on international trade promotion. In the Senate version of the FY98 budget, it is envisioned that the Department of Commerce and Economic Development, Division of Trade and Tourism's international trade staff and offices and the World Trade Center will receive support from the endowment income.

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

APR 21 1997

P.O. BOX 110800
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500
FAX: (907) 465-5442
TDD: (907) 465-5437

April 21, 1997

The Honorable Drue Pearce, Co-chair
The Honorable Bert Sharp, Co-chair
Senate Finance Committee
Alaska State Senate
State Capital
Juneau, Alaska 99801-1182

Dear Senator Pearce and Senator Sharp:

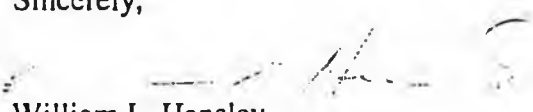
I am writing to voice our strong support of Senate Bill 177, which would use the current Alaska Center for International Business endowment to support a consolidated and more focused trade effort.

This bill will go a long way in giving the state the overall structure it needs to help Alaskans competing in the global marketplace. Currently, many talented individuals and well-run organizations work daily to assist Alaskans businesses and communities interested in attracting foreign investors or marketing their products and services abroad. Unfortunately, these efforts are not as coordinated or cost-effective as they might be, due to fractured lines of authority and split funding.

This bill puts a priority on coordination. Research now performed at the University of Alaska will be directly tied to trade initiatives undertaken by the state. It will be focused to meet the needs of exporters. By directing grants to the World Trade Center Alaska through my department, this bill will make sure this vitally important membership organization remains a healthy and key player in providing trade services to its private sector members. Finally, by keeping my department's trade specialists and overseas offices fully funded, this bill makes sure we maintain our longstanding links with key trading partners in Asia, the Russian Far East and elsewhere.

This is a good and important bill. I urge the Senate Finance Committee to support this bill.

Sincerely,


William L. Hensley
Commissioner



ALASKA SCIENCE & TECHNOLOGY FOUNDATION
— Putting Innovation to Work for Alaska —

April 21, 1997

Senator Druce Pearce
Room 518 State Capitol
Juneau, Alaska 99801

Dear Senator Pearce:


ASTF has no objections to administering the transferred UA endowment funds to support trade and export activities beneficial to the state.

I have had conversations with the Permanent Fund about implementing draft bill SB 177. Basically the Permanent Fund would create a separate endowment fund whose earnings would be separated from the ASTF endowment and earnings reserve. The legislature would make an annual appropriations from those earnings on that separate endowment and ASTF would transfer funds on a quarterly or otherwise periodic basis in response to the request from the agency or organization with appropriation authority. It would be clear that the agency receiving these funds, not ASTF, has the responsibility for the proper expenditure.

This process would be consistent with ASTF administering legislative appropriated funds for other organizations with the only difference being the Permanent Fund maintaining a separate endowment for these activities.

If there are any questions on this please contact me.

Sincerely,


Jamie Kenworthy
Executive Director