

1/20/99

Budget

Revenue

...

HFIN

FILE

HOUSE FINANCE COMMITTEE
January 20, 1999
1:35 P.M.

TAPE HFC 99 - 1, Side 1.
TAPE HFC 99 - 1, Side 2.

CALL TO ORDER

Co-Chair Therriault called the House Finance Committee meeting to order at 1:35 P.M.

PRESENT

Co-Chair Therriault	Representative Foster
Co-Chair Mulder	Representative Grussendorf
Representative Austerman	Representative Kohring
Representative Bunde	Representative Moses
Representative J. Davies	Representative Williams
Representative G. Davis	

ALSO PRESENT

Representative Mary Kapsner; Representative Harold Smalley; Wilson Condon, Commissioner, Department of Revenue; Dr. Charles Logsdon, Chief Petroleum Economist, Department of Revenue; Brett Fried, Economist, Department of Revenue.

SUMMARY

STATE REVENUE FORECAST PROJECTION

ADJOURNMENT

The meeting adjourned at 3:10 P.M.

(Copies of log notes, meeting tapes and handouts will be on file with the House Finance Committee Secretaries until after the 21st Legislative Session. Contact #465-6814 or #465-2378. After the 21st Legislative Session, log notes, meeting tapes and handouts will be located at the Legislative Library, #465-3808.)

Month/Year

Constitutional Budget Reserve Exhausted

Operating
Budget
Annual
Change

Average ANS Destination Price
\$/barrel

\$12.50 \$13.50 \$14.50 Forecast \$15.50 \$16.50

+2.0%	Apr-02	Jul-02	Oct-02	Sep-02	Jan-03	Jun-03
+1.5%	May-02	Aug-02	Nov-02	Oct-02	Mar-03	Jul-03
+1.0%	Jun-02	Sep-02	Dec-02	Nov-02	Apr-03	Aug-03
+0.5%	Jun-02	Sep-02	Jan-03	Jan-03	May-03	Oct-03
0.0%	Jul-02	Oct-02	Feb-03	Feb-03	Jun-03	Nov-03
-0.5%	Aug-02	Nov-02	Mar-03	Mar-03	Aug-03	Jan-04
-1.0%	Sep-02	Dec-02	Apr-03	Apr-03	Sep-03	Mar-04
Maj. Plan	Oct-02	Jan-03	May-03	Jun-03	Nov-03	May-04

Month/Year

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Budget
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+1.0%	Jun-02	Sep-02	Dec-02	Nov-02	Apr-03	Aug-03
+0.5%	Jun-02	Sep-02	Jan-03	Jan-03	May-03	Oct-03
0.0%	Jul-02	Oct-02	Feb-03	Feb-03	Jun-03	Nov-03
-0.5%	Aug-02	Nov-02	Mar-03	Mar-03	Aug-03	Jan-04
-1.0%	Sep-02	Dec-02	Apr-03	Apr-03	Sep-03	Mar-04
Maj. Plan	Oct-02	Jan-03	May-03	Jun-03	Nov-03	May-04



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

attachment 1

1/20/99

State Capitol
Juneau, Alaska 99801-1182

HOUSE FINANCE COMMITTEE BRIEFING Wednesday, January 20, 1999

TIME:

1:30 (sharp) to 3:30 p.m. (longer if necessary)

If you must be absent or must leave, notify the Co-Chairmen as to your absence, when you will return and if possible, where you can be reached if needed for a vote or to establish a quorum. Members must be present to vote on passage of bills from Committee.

We ask that members please remain present in the Committee room to sign any Committee reports so staff does not have to track you down for a signature.

RULES:

Quorum necessary to vote or take any Committee action is six members. A quorum is the majority of the Committee membership of eleven.

If fewer than eleven members are present, motions to amend may be adopted by a majority of those present, but under no condition will the number of votes required for adoption of an amendment be less than five.

SCHEDULING BILLS BEFORE THE COMMITTEE:

(Memo attached)

NOTICE REQUIREMENTS OF UNIFORM RULE 23(a):

(Memo from Tam Cook is attached and secretaries have copies on file)

Bills receiving at least one hearing in the House prior to finance referral must be noticed on Thursday by 4:00 p.m. to be heard the following Monday.

If HFC is first committee of referral, a bill must be noticed on Wednesday to be heard the following Monday.

Bills held over will follow the Thursday rule noted above and if possible, will be reflected in the schedule under "<Bills previously heard>".

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

January 20, 1999

SUBJECT: Notice requirements of Uniform Rule 23(a)

TO: Representative Gene Therriault, Co-chair
House Finance Committee
Attn: Mike Tibbles

FROM: Tamara Brandt Cook
Director *TBC*

You asked about the notice requirements applicable to standing, special, and joint committee hearings under the Uniform Rules. Subsection (a) of Rule 23 contains two entirely distinct requirements: (1) the preceding Thursday requirement ("Written notice of the time, place and subject matter of all meetings of standing, special, and joint committees during a week shall be provided by the person who chairs the committee to the chief clerk or secretary by 4:00 p.m. on the preceding Thursday."); (2) the five-day notice requirement ("The person who chairs the committee to which a bill or resolution is first referred shall provide to the chief clerk or secretary written notice of the time and place of the first public hearing on the bill or resolution at least five days before the hearing.") Because very few measures leave the house of origin without at least one committee referral, in most cases the five-day requirement will only apply to the house in which the measure is introduced. The preceding Thursday requirement, on the other hand, applies to all committee meetings regardless of whether a measure is heard at the meeting or not.

The House has in some years treated the preceding Thursday rule as a minimum notice requirement and has elected to adhere to a stricter preceding Wednesday requirement instead. I do not know whether the House will use the Thursday notice day this year or adopt a Wednesday requirement. Be aware that if notice of a committee meeting is not provided to the Chief Clerk until Thursday, a hearing on a bill that is subject to the five day rule may not occur before Tuesday of the following week.

TBC:glc
99-014.glc



Official Business

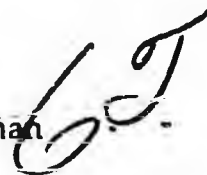
Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

DATE: January 13, 1997

TO: All Legislators

FROM: Representative Gene Therriault, Co-Chairman
House Finance Committee 

SUBJECT: Scheduling bills in the House Finance Committee

The House Finance Committee will adhere to the following procedures for the scheduling of bills.

Bills will be considered for scheduling when a written request is made to my office by the bill's sponsor. The deadline for submitting requests is noon on Wednesday. It is the responsibility of the sponsor to attach to the request:

- (a) a sponsor statement;
- (b) appropriate fiscal notes for the most recent version of the bill;
- (c) a sectional analysis of the bill;
- (d) any position papers from agencies or organizations;
- (e) a frank statement of probable supporters and opponents of the bill;
- (f) a request for teleconference, if needed, including a list of any witnesses or sites you would like to add; and
- (g) any additional pertinent background material.

Any substantial amendments desired by the sponsor should be submitted together with further analysis, statements and updated fiscal notes 24 hours in advance of the scheduled hearing. This will give the members adequate time to review the materials.

Thanks in advance for your cooperation. If you have any questions, please contact committee staff, Mike Tibbles at 465-4797.



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

Official Business

State Capitol
Juneau, Alaska 99801-1182


MEMORANDUM

DATE: January 20, 1999

TO: All House members

FROM: Representative Eldon Mulder, Co-Chair
Representative Gene Therriault, Co-Chair
House Committee on Finance

RE: Capital Budget and Reappropriations for FY00

A handwritten signature in cursive, likely of Representative Eldon Mulder, is written over the "FROM" line.

The offices of both House Finance Co-Chairs will share work on the capital budget and reappropriations for FY00.

Submittal of reappropriation requests will go to Bryan Butcher in Representative Therriault's office, who will be the coordinator for the reappropriations and capital budget. Any additional capital budget information should go to Matt Gill in Representative Mulder's office.

A follow-up memorandum will be distributed to each office later in the session with guidelines for preparation and submittal of reappropriation requests.

If you have any questions, please contact Bryan Butcher in Representative Therriault's office at extension 6876.

FY99/00 FISCAL SUMMARY

(\$ millions)

	FY99 Authorized				FY00 Governor			
	GF/CBRF/ ILTF	Federal	Other	Total	GF/CBRF/ ILTF	Federal	Other	Total
REVENUES								
Unrestricted General Fund Fall 98 Forecast	1,403.8			1,403.8	1,358.4			1,358.4
Revenue Adjustments	-45.5			-45.5	-46.8			-46.8
AHFC Transfer to General Fund				0.0				0.0
AIDEA Transfer to General Fund	16.0			16.0				0.0
From Constitutional Budget Reserve	954.1			954.1	1,066.4			1,066.4
Federal and Other Funds		1,470.2	2,846.6	4,316.8		1,581.0	2,520.2	4,101.2
TOTAL AVAILABLE	2,328.4	1,470.2	2,846.6	6,645.2	2,378.0	1,581.0	2,520.2	6,479.2
EXPENDITURES								
Operating (1)	2,159.4	864.7	1,001.3	4,025.4	2,224.2	924.6	1,046.4	4,195.3
Agency Operations (Non-Formula)	1,095.0	475.1	844.1	2,414.2	1,144.1	508.0	891.5	2,543.5
Formula Programs	1,064.4	389.6	157.3	1,611.2	1,080.2	416.7	155.0	1,651.8
Debt Service	46.0	0.0	30.7	76.7	5.7		21.7	27.4
Capital including Mental Health	85.4	536.4	530.9	1,202.7	112.9	640.9	185.6	939.4
Loan Fund Capitalization	3.8	19.1		23.0	3.1	15.5		18.6
Special Appropriations & Fund Transfers	17.2		9.4	26.6	16.6		14.0	30.6
Permanent Fund Dividends/Inflation Proofing			1,274.3	1,274.3			1,252.5	1,252.5
Supplementals (2)	16.5			16.5	15.4			15.4
TOTAL APPROPRIATIONS (3)	2,328.4	1,470.2	2,846.6 *	6,645.2	2,378.0	1,581.0	2,520.2	6,479.2
Less Duplicated Expenditures								
UNDUPLICATED EXPENDITURES	2,328.4	1,470.2	2,846.6	6,645.2	2,378.0	1,581.0	2,520.2	6,479.2

* includes AHFC BONDS +
Airport BONDS


Revenue Assumptions:	Price \$/BBL	Production MMbd
FY99 Fall 98 Forecast	13.03	1.177
FY00 Fall 98 Forecast	13.27	1.117

Notes:

- (1) Shared Taxes and Fishery Enhancement Tax Receipts are not included-those items are off-budget.
- (2) Supplemental figures are estimates.
- (3) Total appropriation figures do not include RPLs.

DRAFT


NON-PETROLEUM REVENUES

- 
- **FOUR LARGEST NON-PETROLEUM TAX TYPES**
 - Corporation Income
 - Motor Fuel
 - Tobacco
 - Fisheries Business

*Cigarette and Tobacco Products Revenues
Fund Allocations*

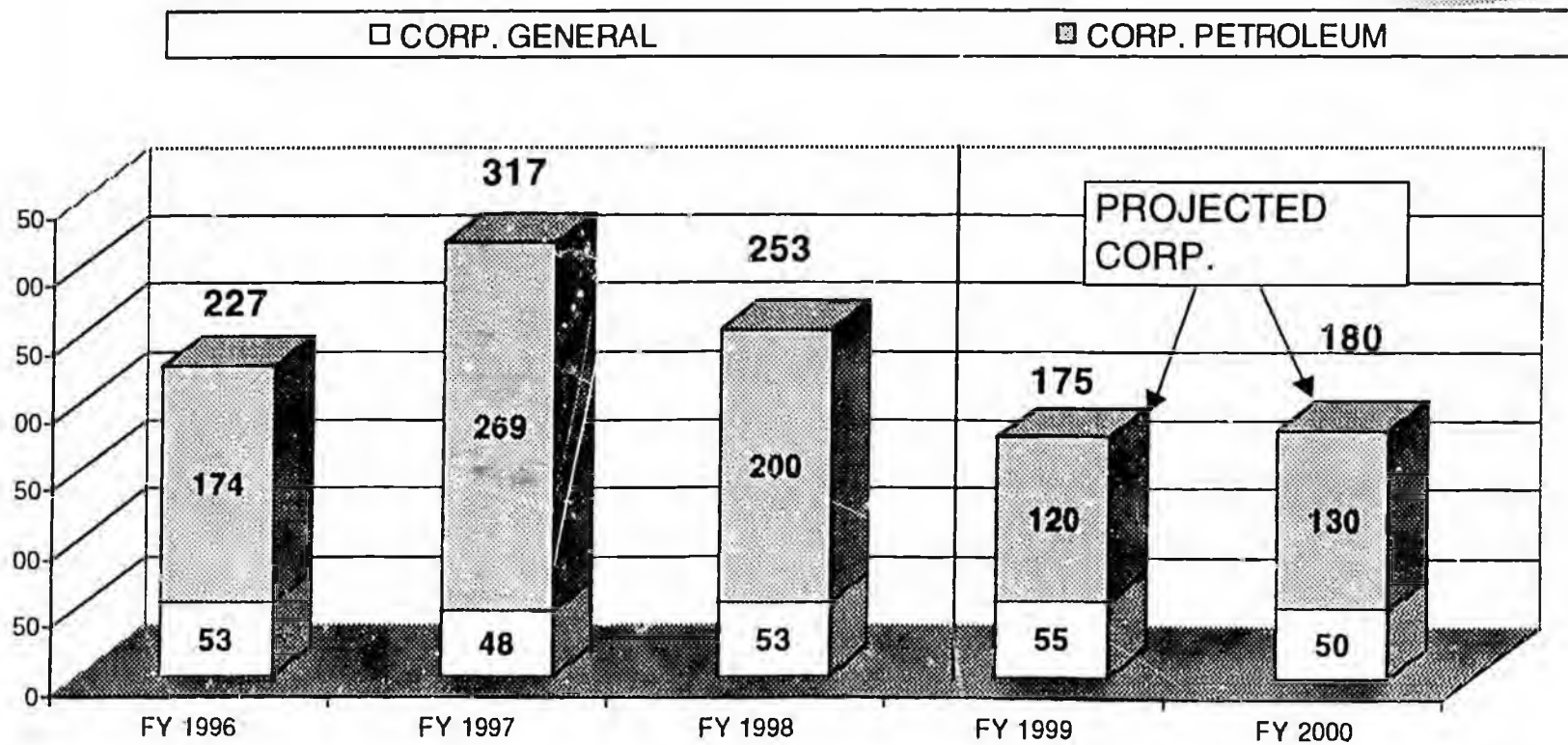
<u>Revenues (\$ millions)</u>	<u>Actuals FY 97</u>	<u>Actuals FY 98</u>	<u>Forecast FY 99</u>	<u>Forecast FY 00</u>
General Fund	13.7	15.4	15.0	15.0
School Fund	<u>2.5</u>	<u>16.4</u>	<u>32.1</u>	<u>32.1</u>
Totals	<u>16.2</u>	<u>31.8</u>	<u>47.1</u>	<u>47.1</u>

MOTOR FUEL REVENUES

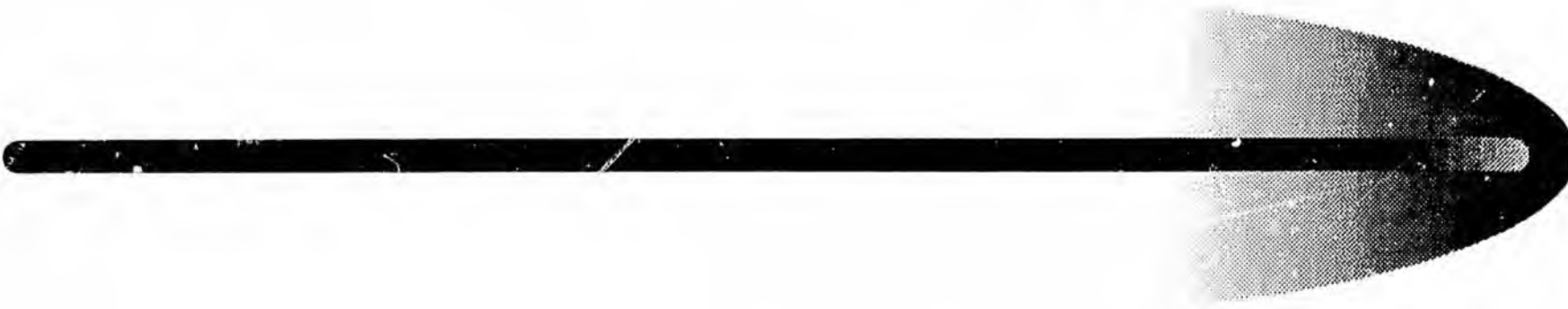


<u>Revenues (\$ millions)</u>	<u>Actuals</u> <u>FY 96</u>	<u>Actuals</u> <u>FY 97</u>	<u>Actuals</u> <u>FY 98</u>	<u>Forecast</u> <u>FY 99</u>	<u>Forecast</u> <u>FY 00</u>
Motor Fuel - Aviation	8.2	8.1	5.3	5.4	5.4
Motor Fuel - Highway	21.0	19.9	24.0	24.2	24.5
Motor Fuel - Marine	<u>8.5</u>	<u>7.3</u>	<u>6.3</u>	<u>6.4</u>	<u>6.4</u>
Totals	<u>37.7</u>	<u>35.3</u>	<u>35.6</u>	<u>36.0</u>	<u>36.3</u>

HISTORICAL AND PROJECTED CORPORATION INCOME TAX REVENUES (\$ Millions)



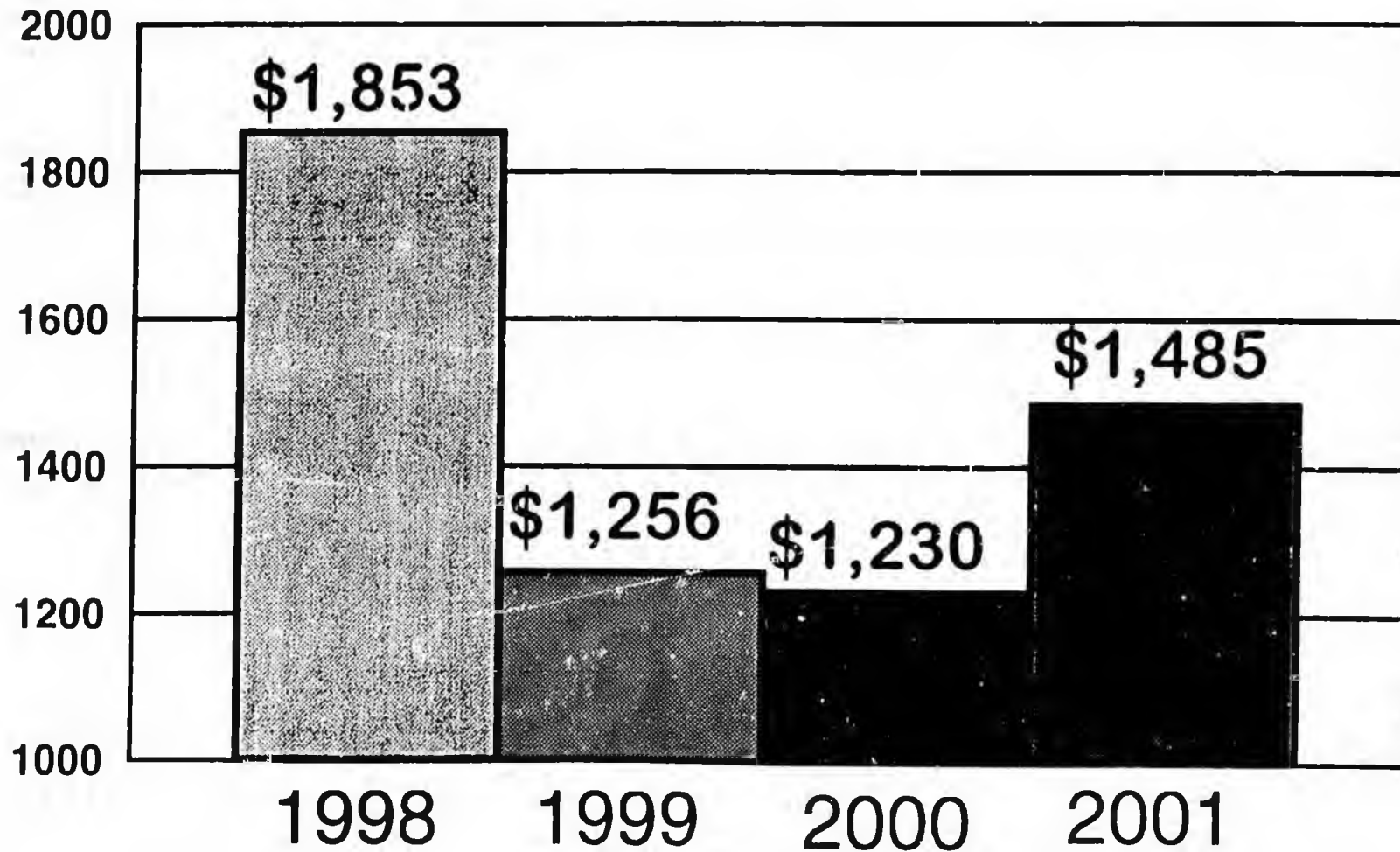
FISHERIES BUSINESS REVENUES



<u>Revenues (\$ millions)</u>	<u>Actuals</u> <u>FY 96</u>	<u>Actuals</u> <u>FY 97</u>	<u>Actuals</u> <u>FY 98</u>	<u>Forecast</u> <u>FY 99</u>	<u>Forecast</u> <u>FY 00</u>
Halibut	1.7	2.1	3.1	2.0	2.0
Salmon	18.0	14.1	11.0	11.0	11.0
Herring	2.0	2.3	.7	.5	.5
Shellfish	8.8	5.7	6.6	7.8	4.4
Groundfish	<u>7.7</u>	<u>6.8</u>	<u>7.1</u>	<u>6.7</u>	<u>7.1</u>
Totals	<u>38.2</u>	<u>31.0</u>	<u>28.5</u>	<u>28.0</u>	<u>25.0</u>

Net Disposable General Fund Unrestricted Revenue

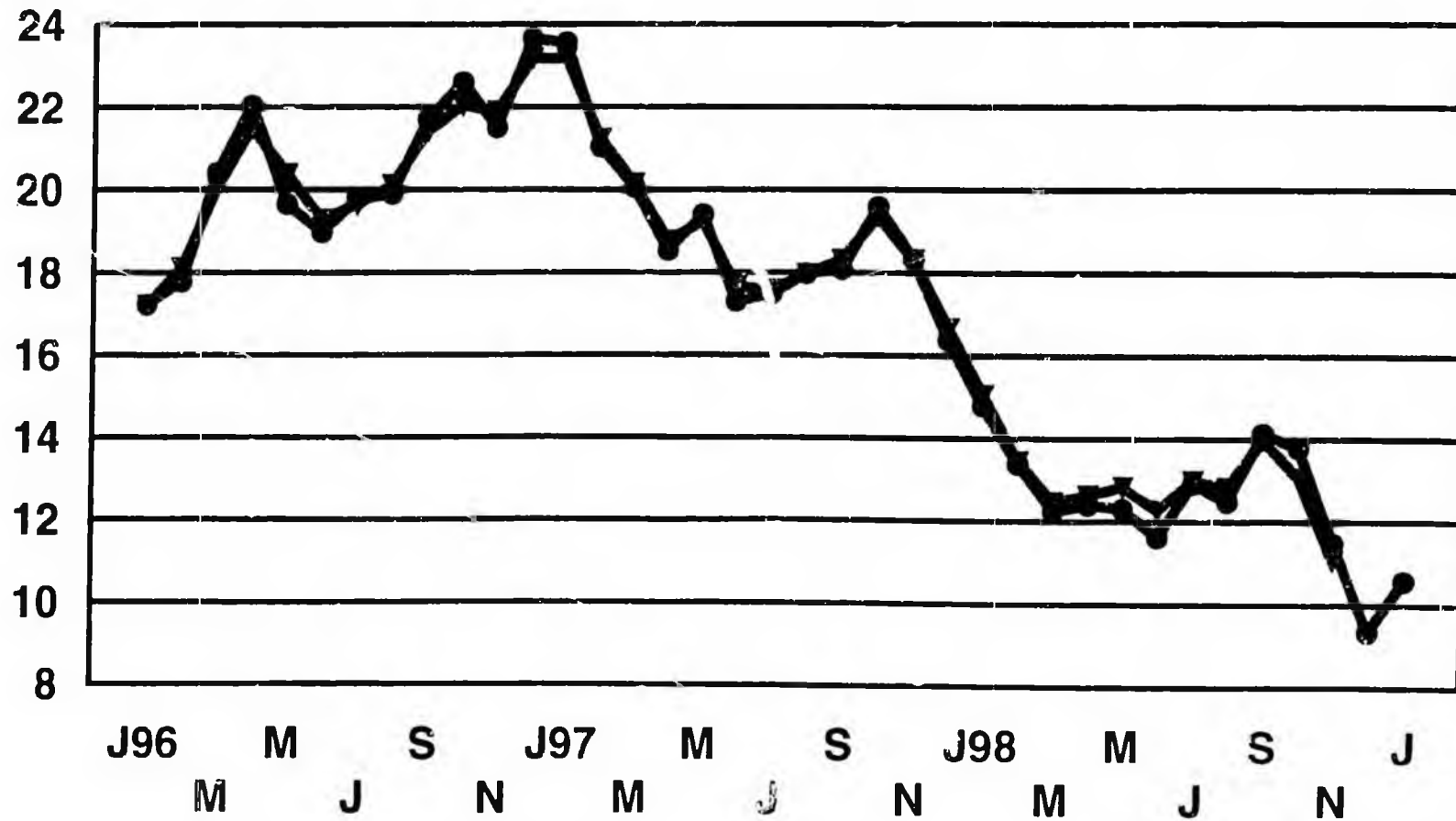
million \$ (nominal)



ANS Prices

—●— west coast —▼— average market

\$ per barrel



ANS Market Price

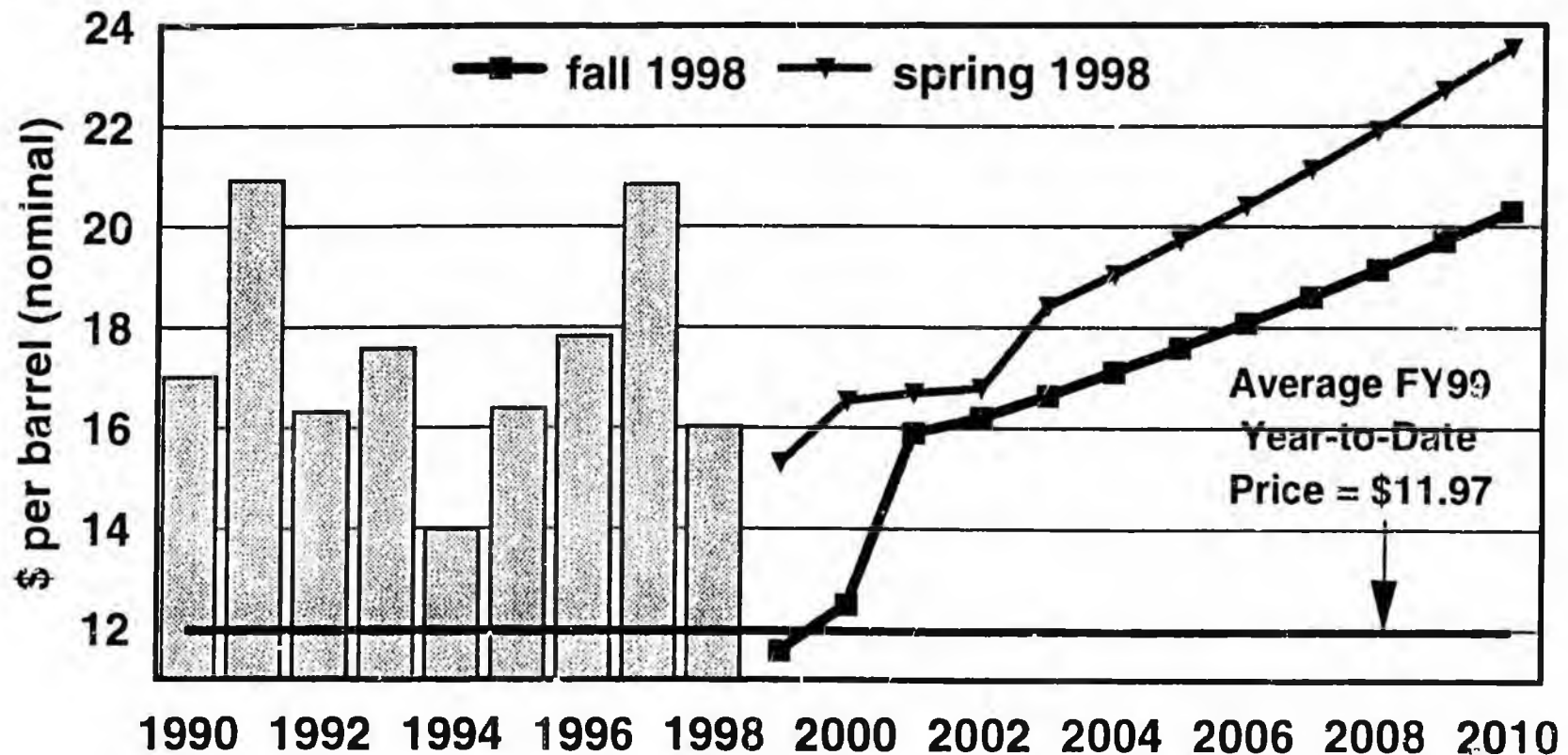
Fall 1998 vs. Spring 1998

short term:

- x price to remain low
- ✓ slow Asian economic recovery
- ✓ OPEC muddies through
- ✓ oil stocks remain high

long term:

- x healthy global economy
- x OPEC increases its market share
- x price drifts up steadily



ANS Production

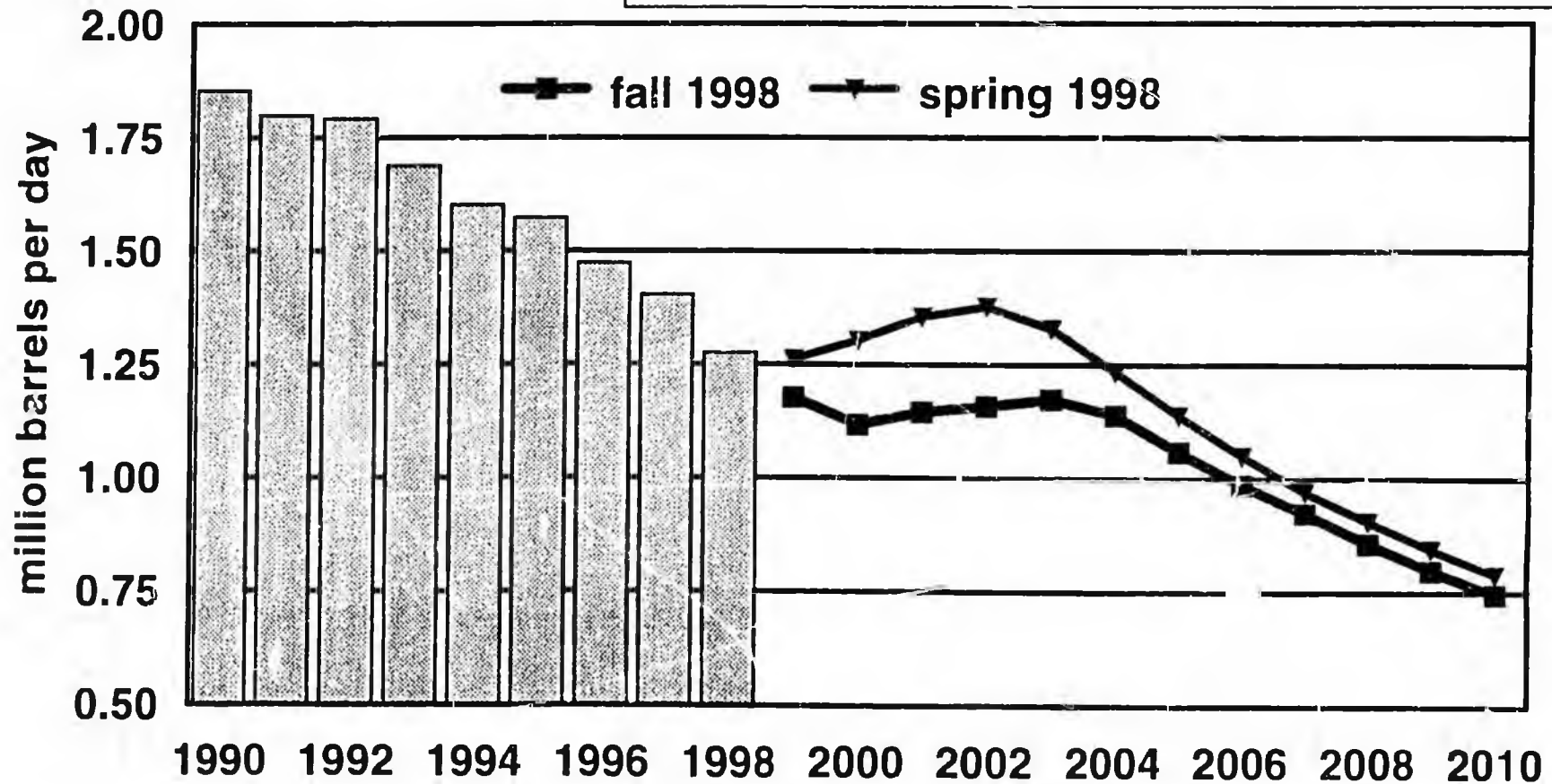
Fall 1998 vs. Spring 1998

forecast adjustments:

x low price effect on investment

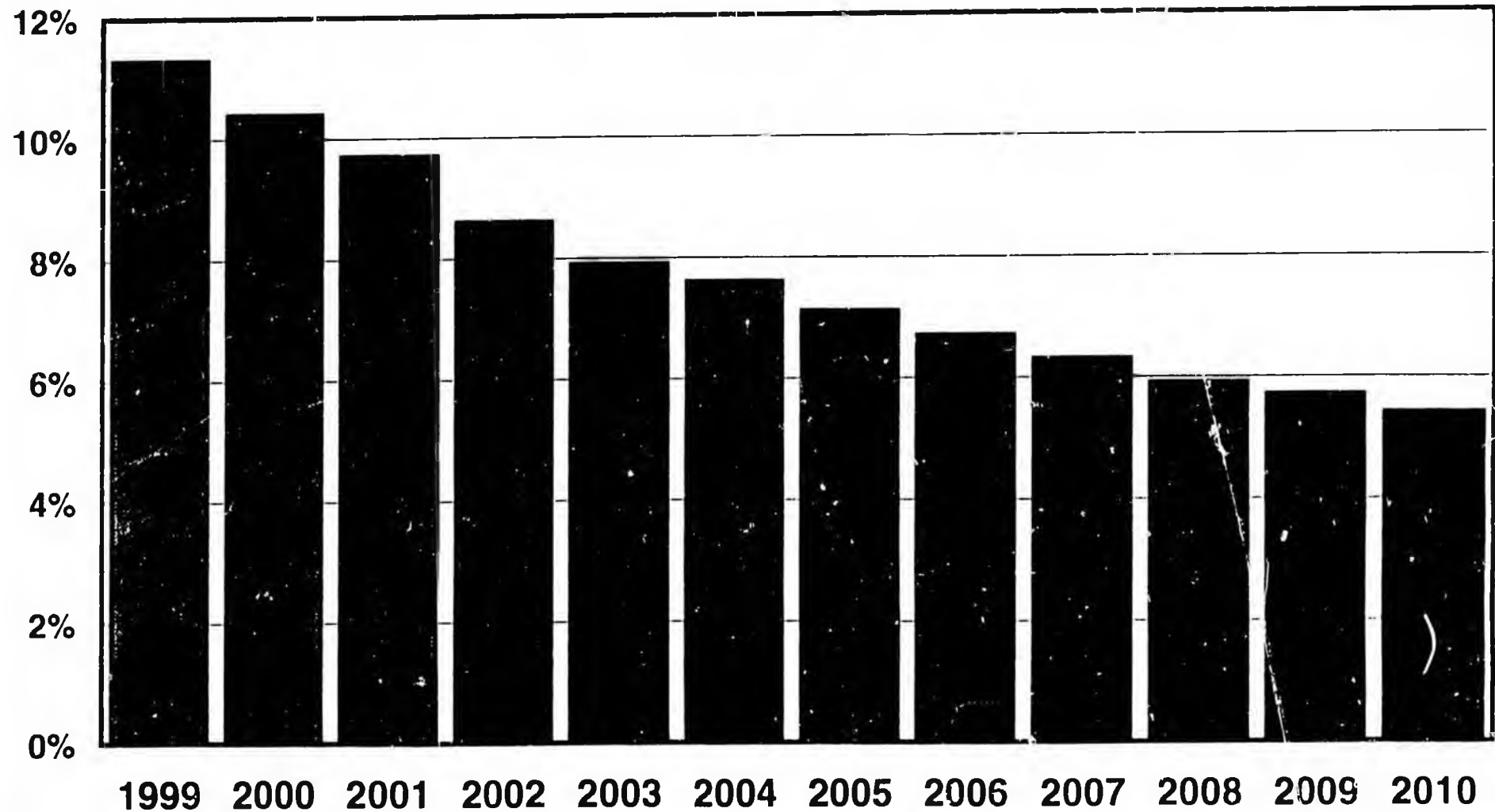
x warm weather

x poorer than expected reservoir performance



Average ANS Severance Tax Rate

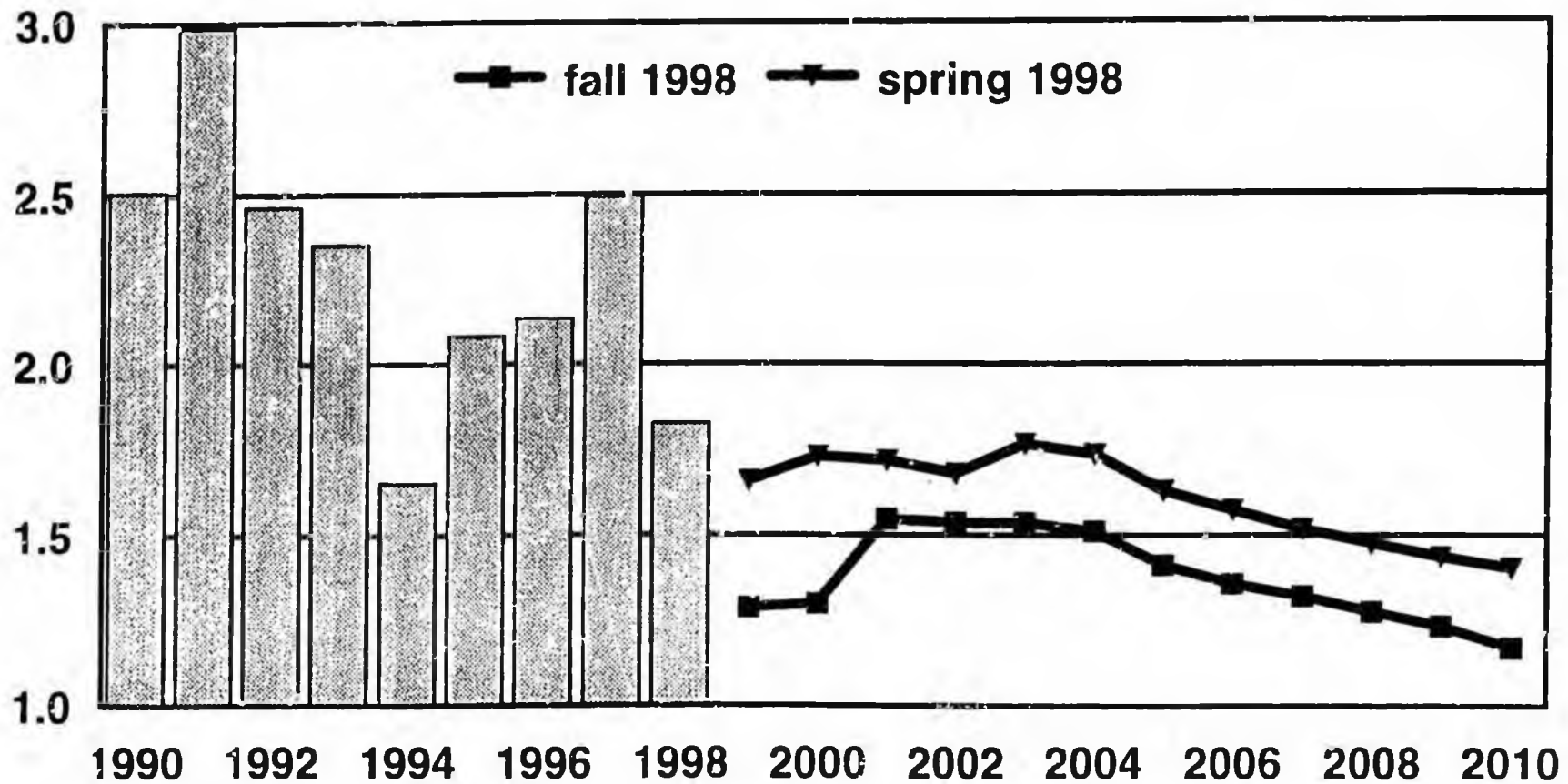
Severance Tax Yield (Percent)



General Fund Unrestricted Revenue

Fall 1998 vs. Spring 1998

billion \$ (nominal)



FY 1999

General Fund Unrestricted Revenue Sensitivity Matrix

		Oil production (million barrels per day)				
		1.05	1.10	1.15	1.20	1.25
Oil market price (\$ per barrel)	\$ 9	1,111	1,125	1,139	1,152	1,166
	\$10	1,146	1,162	1,179	1,195	1,211
	\$11	1,188	1,208	1,227	1,246	1,266
	\$12	1,257	1,281	1,306	1,330	1,355
	\$13	1,325	1,355	1,385	1,414	1,444
	\$14	1,394	1,429	1,464	1,499	1,534

FY 2000

General Fund Unrestricted Revenue Sensitivity Matrix

	Oil production (million barrels per day)				
	1.05	1.10	1.15	1.20	1.25
\$ 9	1,042	1,059	1,075	1,092	1,108
\$10	1,092	1,111	1,129	1,148	1,167
\$11	1,161	1,183	1,206	1,228	1,250
\$12	1,231	1,256	1,282	1,307	1,333
\$13	1,300	1,329	1,358	1,386	1,415
\$14	1,369	1,401	1,434	1,466	1,498