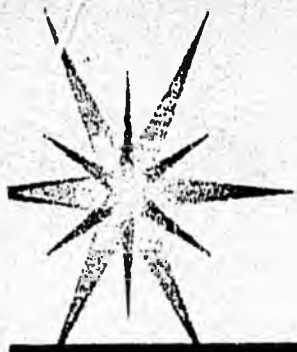


**HB**

**231**

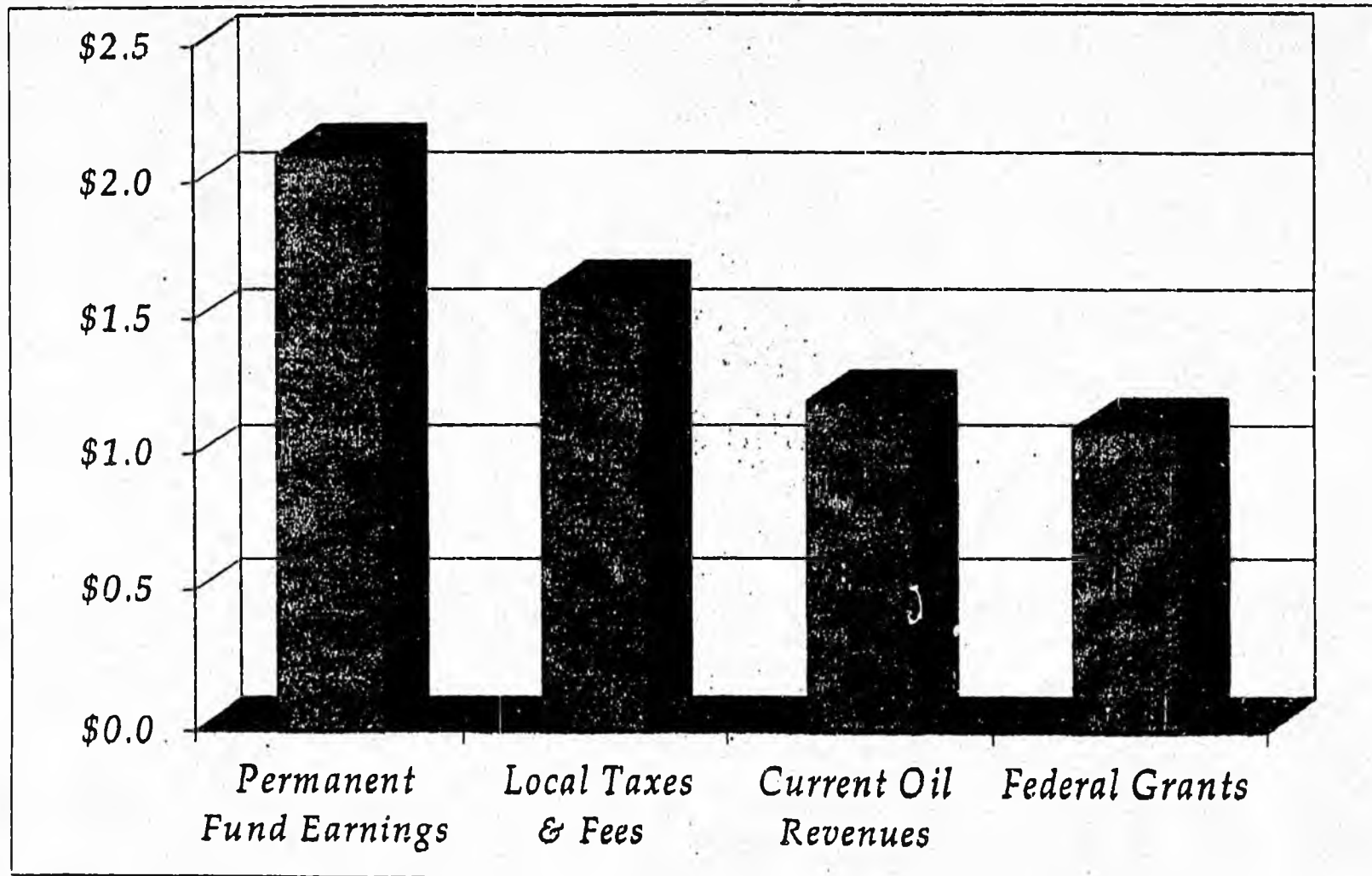
**HFIN**

**FILE**



# Top Alaska Current Revenues

(in \$ billions)





**A Resolution of the Alaska Conference of Mayors  
and the Alaska Municipal League Board of Directors  
Resolution 99-01**

**Urging the Governor and Legislature to Work with  
Local Governments to Develop a State/Local Long-Range Fiscal Plan**

Whereas, a responsible long-range fiscal plan is critical for a strong and sustainable Alaska economy.

Whereas, all Alaskans are both local and state citizens and taxpayers, and local and state elected officials serve the same constituency.

Whereas, there is an urgent need to solve this problem now to avoid depletion of Alaska's critical economic and financial resources.

Whereas, all local officials have pledged their support for a responsible Alaska long range fiscal plan.

**Now, therefore, be it resolved:**

1. That the Governor and Legislature expand the concept of the "state" fiscal plan, to a "state/local" long-range fiscal plan.
2. A "state/local" long range fiscal plan should strongly consider:
  - Use of Permanent Fund/Constitutional Budget Reserve earnings while continuing a reduced Permanent Fund Dividend.
  - Institution of a reasonable statewide income tax that is a fixed percentage of the federal income tax.
  - Endow a Community Development Fund to replace revenue sharing by 2002 and provide a vehicle for negotiating a gradual assumption of additional municipal service responsibilities.
  - Share increased statewide gas taxes with municipalities, as most states do.
  - Allow a local ballot vote to tax alcohol sales at a higher rate than other sales.
  - Fund the Senior/Disabled Veteran exemption or make it a local option.

Adopted May 5, 1999.

# Healthy Alaska Fiscal Plan - Talking Points

Alaska Conference of Mayors and Alaska Municipal League - 5/12/99

1. **Support use of PF earnings:** The Alaska Conference of Mayors and AML support the use of Permanent Fund earnings and other savings account earnings to reduce the fiscal gap while ensuring continued, but lower, Permanent Fund Dividends.
2. **"Unspecified budget cuts" to municipal programs are unnecessary and unhealthy:** This year elimination of all revenue sharing programs was proposed. This would have an unhealthy impact on local taxpayers, services, jobs, and businesses.
  - **Legislative Finance staff demonstrated to House Finance Committee on 5/11 that the \$100 million cuts to the State budget were not necessary to make the Healthy Alaska Plan work.** Therefore, revenue sharing cuts and other municipal program cuts that are unhealthy to communities and local economies must be restored.
  - **Over 80% of municipal budgets provide protected "essential services" specified in the Healthy Alaska Plan.** Unspecified cuts to municipal programs cannot be part of a Healthy Alaska Plan. Per state DCRA reports, 92% of local government budgets are spent on: education (33%); transportation/public works/public facilities/utilities (43%); public safety, health, social services (16%). (8% for parks/recreation/general gov't/other).
3. **Any comprehensive fiscal plan must be a State-Local plan:** Whether taxes are state or local, they have the same impact on taxpayers and the economy. Unhealthy communities create an unhealthy Alaska.
4. **Broad based statewide taxes must be considered.**

## Property tax and revenue sharing facts:

- In FY 97 per DCRA, **Alaska local taxes and fees were over \$1.6 billion**, making local taxes and fees the number one revenue source for government in Alaska, significantly exceeding projected oil revenues.
- Over the past ten years, **Alaska led the nation in increased reliance on property tax** as a percentage of all revenues to fund state and local public services. (Per the National Conference of State Legislatures)
- **3 out of 4 taxpayers (72.3%) oppose cuts to revenue sharing** if it means an increase to property taxes, according to a 4/22/99 poll for Anchorage.
- According the State Assessor's records, local property taxpayers now pay \$201 million more per year than they did in 1986. Since 1986, **cumulative annual state cuts to municipal revenues totaled \$195 million per year in three major programs alone:** municipal revenue sharing; state mandated property tax exemptions; and under-funding state share of school operating cost increases (based on one half of estimated inflation absorbed by municipalities).



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325, Fax (907)-463-548

**A Resolution of the Alaska Conference of Mayors  
and the Alaska Municipal League Board of Directors  
Resolution 99-03**

**Honoring the Statesmanship of all Leaders  
Who Propose Solutions to Alaska's Problems**

Whereas, democracy only works when leaders are willing to begin public debate by proposing options and solutions.

Whereas, the greatest test of a leader is proposing solutions to a problem that must be resolved, knowing that the solution is likely to be criticized by some.

Whereas, Alaska's \$1 billion fiscal gap must be resolved as soon as possible because failure to do so will drain Alaska's reserves and damage the long-term economic well being of Alaska and its citizens.

Whereas, Governor Knowles, Representative Gail Phillips, and a group of members of the House of Representatives, have offered comprehensive proposals for solving Alaska's fiscal gap.

Whereas, Governor Knowles, Representative Gail Phillips, and other legislators who have offered proposals to solve Alaska's problems, have been criticized for their leadership roles.

**Now, therefore, be it resolved,** the Alaska Municipal League and the Alaska Conference of Mayors honor the statesmanship of all leaders who exhibit the courage to propose solutions to Alaska's problems.

**Be it further resolved** that we call on all Alaskans to encourage political leaders in their efforts by thoughtfully examining the ideas rather than condemning the individual.

Adopted May 5, 1999.

## Healthy Alaska Plan

--Comments by Scott Goldsmith

No one will agree with all the assumptions and elements of the Healthy Alaska Plan. But we should support those elements in the plan that make sense and offer constructive criticism in those areas where we see the need for improvement. We need to move forward soon, and this plan suggests a path. We should not take cheap shots at it because it is not perfect.

With the idea that the Healthy Alaska plan is a start, I want to dispel 4 criticisms that have surfaced to try to derail it, identify 7 of its important strengths, and offer some constructive suggestions for improvements, and finally make a few observations about how the Healthy Alaska plan differs from the Governor's Plan.

### First the criticisms

**1. It is a raid on the Permanent Fund.** The corpus of the fund is protected by the constitution and cannot be spent. This plan to change that. The value of the fund would continue to be protected by automatic inflation proofing.

**2. This plan endows a growing state government.** Revenues to pay for government will fall short by over \$1 billion this year (FY 99)--close to half the budget unless we use some of our earnings. That gap will widen as oil revenues continue to fall so some permanent mechanism is needed to help fill it. Unfortunately the earnings will not be large enough to do the job in the out years which is why this plan projects a continued decline in real state spending in spite of population growth. The crafters of this plan want continued budget cuts to be part of the solution.

**3. The burden falls on those with the least ability to pay.** It is true that the immediate impact of rolling back the dividend from the extraordinarily high levels of the last 3 years hits

lower income households the hardest. But if implementing a plan maintains important public services like quality schools, lower income households benefit. And if a rollback in the dividend reduces the inflow of new residents who collect a dividend and use public services without contributing in taxes, lower income households benefit. Most importantly the reality is that the fiscal gap is big enough that all Alaskans will get to share in the burden of filling it, if not now under this plan, then in the near future. This plan is a step toward full sharing of the burden just as was the soon to be finished decade of budget cutting.

4. **Non-residents should be the first to pay.** Aside from the curious notion that when people merely visit Alaska they should pay for the privilege, but when they settle here they should be exempt, the reality is that we would be able to collect a trivial amount from non-residents relative to the size of our gap. Of course it is a good idea to keep an eye on the profits from oil production to make sure we get our fair share. But it is extremely difficult for the government to craft policy for bureaucrats to implement that skims off every dollar of profits without oil companies for is appropriate to continue to monitor our petroleum revenue structure and to get our fair share. I think it is extremely difficult to expect legislators to craft and bureaucrats to implement a tax and royalty structure that manages to skim off every dollar of profit without also taking that extra dollar that convinces the industry to look elsewhere. Is it not better to err on the side of caution--Let the industry walk away with a modest profit rather than go elsewhere with all the profit and all the jobs.

Now let me talk about several things that I see in the Healthy Alaska Plan that are absolutely critical to any strategy for addressing our fiscal problems, things that we need to do today.

1. It sustains the real value of our financial assets. Financial earnings will generate twice the revenues from oil this year and their dominance will continue to grow. Since there is no replacement revenue source on the horizon we would be dead in the water if we let our financial assets waste away. (It does this by inflation proofing the entire portfolio

2. It provides a basis for getting the maximum return on our financial earnings. The portfolio can be managed for maximum long run real return consistent with a predetermined level of risk without the need to assure a constant annual flow of income.

3. It provides a stable, predictable, and growing revenue source from our financial assets. This frees the state for the first time since big oil from the annual uncertainty about how much money will be available to pay for government.

4. It uses a portion of that revenue stream to pay for government. As anticipated when the PF was established falling oil and other revenues are no longer large enough to pay for government and it is time to use PF earnings. We have relied on reserves and budget cuts to reduce the size of the gap. Taxes and economic development will also be necessary. It is time also use a portion of Permanent Fund earnings.

5. It breaks the cycle of unbounded PF Dividend growth. The longer the dividend is allowed to grow above the level that is sustainable, the more difficult it becomes to get our fiscal affairs in order. Re-establishing realistic expectations about the size of dividend Alaska can afford to distribute is critical to any fiscal

6. It recognizes that taxes will be necessary as part of a solution.

7. It puts in place a flexible fiscal structures that can be adjusted as changing conditions warrant.

#### Suggestions

1 Give careful consideration to the mechanism for determining and protecting the annual withdrawal rate from financial assets. It would be the first line of defense against eating into assets and pressure to spend more would concentrate there.

2 Offset declining oil revenues with continued additions to financial assets. Sustaining the value of total state assets, not just our financial assets, requires "depletion proofing" them.

3 Retain a reduced CBR to perform its mandated function of acting as a shock absorber against fluctuating oil prices and to provide a safety valve against pressure to increase the financial asset draw.

4 Periodically sweep inflation proofing into the Permanent Fund Corpus from the Alaska Income Account. The constitutional shelter of the Permanent Fund provides further protection of financial assets.

5 Do not earmark the earnings flow. Let each legislature determine the highest and best current use of available revenues.

6 Explicitly recognize that taxes are necessary part of the solution since inflation and population growth will defeat the budget cutting strategy. Re-establishing the link between economic development and revenues (overcoming the "Alaska disconnect") argues for a personal income tax.

7 Tell your story to the public honestly. Credibility is essential to acceptance. Key information to get out:

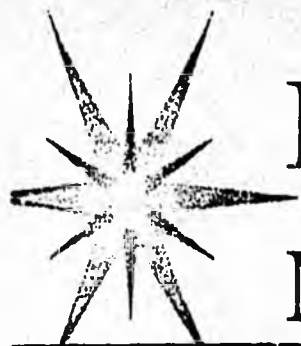
We have cut the budget — the GF is \$1 billion below what it would be today if it had grown with inflation and population. Nominal growth that does not keep pace with inflation is a real cut.

All must share in the burden of closing the gap.

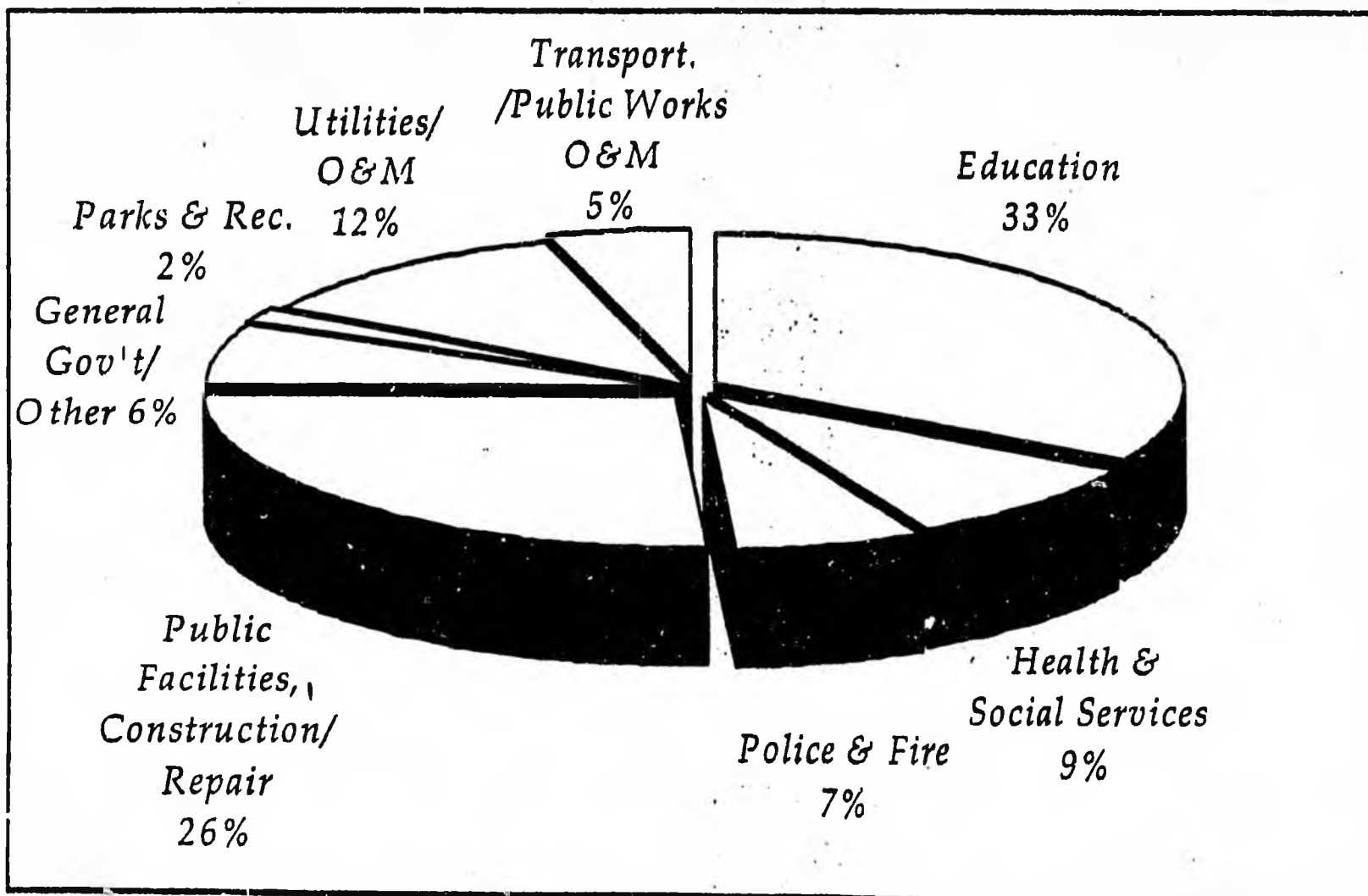
This plan is a critical step toward closing the gap just as were the creation of the CBR and the years of budget cuts, but it is not the entire solution. We will need to continue to work to achieve a Healthy Alaska.

How does the Healthy Alaska plan compare to the Knowles plan

The main difference is that the Knowles plan maintains a higher dividend through the personal income tax. Important similarities are the notion of using fund earnings to pay for government and the goal of sustaining the real value of financial assets. Technical differences are that the Knowles plan is not an endowment, does not inflation proof all financial assets, and retains the CBR with dual functions. It does result in more sharing of the burden through an income tax, and it does not earmark financial earnings for either the dividend or GF spending.



# Local Government - Where the Money Goes - \$2.6 Billion



## **Business Leaders Applaud House Fiscal Plan Announcement** **Call For Implementation of Plan This Session**

For Immediate Release: May 8, 1999

John  
Cyr

Contact: Please see list below

ANCHORAGE - Citing the state's budget crisis as their top priority and the issue that coalesced them into a joint call for action, members of Alaska's business community applauded the formal announcement today of a long-term plan by the House leadership to bring spending in line with recurring revenues and close Alaska's fiscal gap.

Representatives from the Alaska Fiscal Policy Council, Resource Development Council, Alaska Support Industry Alliance, Anchorage Chamber of Commerce, Associated General Contractors and the Alaska Trucking Association called for implementation of a long-term fiscal plan by the end of the session, May 19. All were greatly encouraged by today's news and believe the House leadership plan has the ingredients of a long-term solution.

Ralph Sammuels, Chairman of Anchorage Chamber of Commerce, noted that securing Alaska's future through implementation of a long-term fiscal plan this session has been the focus of all the groups, as well as the Legislature and Administration. "I think the House plan brings us very close to a final solution," said Sammuels.

Marc Langland, President of the Alaska Fiscal Policy Council said all the groups agreed that budget cuts and increases in state efficiencies have helped close the gap. They also agreed however, there is no way the state can realistically cut \$1 billion from the current budget. "Additional reductions may still be possible, but the Legislature and Administration are headed in the right direction by tapping other revenues as part of their plans," said Langland.

"This plan is well balanced in the sense it recognizes the role the dividend plays in the local and state economy while at the same time using the earnings to maintain essential services and government infrastructure," said Frank Dillon of the Alaska Trucking Association.

Ken Freeman, Executive Director of the Resource Development Council, noted that "use of the earnings from Alaska's financial investments is a realistic and a necessary measure." "Combining Permanent Fund earnings and the state's CBR account to create an endowment in the House plan is a good way to bring much needed revenues to the billion dollar deficit," said Freeman.

The groups also noted that in the event budget reductions and expanded use of the Permanent Fund earnings are not enough to close the fiscal gap, there is some support among the business community, as a final step, for the implementation of a broad-based tax.

"Some form of broad-based or increases in consumption tax could be utilized, but only as a last resort," said Henry Springer of the Associated General Contractors. "New or increased taxes on industry are not the answer."

Karen Cowart of the Alliance said that implementation of a fiscal plan sends an important stabilizing message to businesses in Alaska, as well as companies thinking of investing here, that we have our financial house in order.



# NEA-ALASKA

*Affiliated with the National Education Association*

## NEA-ALASKA POSITION STATEMENT PUBLIC SCHOOL FUNDING

Public school teachers, school employees and parents express our thanks to the Finance Committee and to the House Majority for placing a long-range budget plan before the Alaskan public. Teachers, school employees, and parents understand the difficult position the 21<sup>st</sup> Legislature finds itself.

Parents and school employees seek smaller classes for students, greater student proficiency with computers and challenging curriculum. They want their children to attend schools that are safe and are modern. They want schools to implement quality initiatives to improve learning and accountability.

NEA-Alaska has historically lobbied to present the case for funding Alaska's public schools. Preparation of children for the challenges of the new century is critical to the economic development of Alaska and its improved quality of life. Jobs of the future will demand that our people have special technical and academic skills to master new challenges. Public schools are teaching those skills today.

In 2010, today's first graders will have completed twelve years of instruction. Some of today's first graders are children "at risk;" some come from secure loving families, some don't; some require special education, some don't; some suffer from Fetal Alcohol Syndrome, some don't; some come from dysfunctional families, some don't; and some experience domestic violence on a daily basis while some don't. The children in Alaska's public schools are as varied and have as wide a range of needs as the population. The promise and responsibility of our public schools is to educate all children regardless of means or position in life.

Both parents and school employees recognize that problems confronting children in 1999 don't compare to the problems we experienced as children. The school of 1999 has a totally different set of challenges than the school of 1979 or '69 or '59.

In the past we have seen too many expectations demanded of our public schools that were not funded adequately. For the ten-year period 1983-1993, school enrollment in Alaska grew by more than 25,000 or slightly less than 26 percent. Alaska has historically ranked in the top ten states nationally in the percent increase in student enrollment from one year to the next. In 1983 Alaska ranked 8th nationally, and in 1996 we ranked fifteenth nationally in the percent change in public school enrollment from the previous year. In 1995, 22.5 percent of the state's population was 5-17 years old.

JD

my DAD RAN AWAY FROM HOME  
IN OKLA IN 1932 &  
MOVED TO Nome (!)

RF

Public schools in Alaska has employed more teachers to accommodate student growth and to address new instructional priorities including special education and alternative programs. Even though districts hired more teachers, the pupil-teacher ratio increased. Alaska is a young state with many school-aged children. From 1997 to 1998 public school enrollment increased an estimated 1.92%. This represents the fifth largest percentage increase in the nation. Most of this increase was felt in Alaska's urban area. The class size issue will remain a fundamental issue for some time.

During 1987-88 when the new funding formula was put in place the Instructional Unit value was set at \$60,000 -- a level that was itself 8% lower than the rate of state support in the 1985-86 school year. Under that foundation formula the unit was adjusted only one time -- in 1992, an increase of 1.6%. In 1998 a new formula was approved that funds instruction on a per student basis equal to \$3,940 with added funding for school size, district cost factor and special needs factor.

Even with this most recent increase, the costs of over ten years of inflationary have not been offset. For the 1996-97 school year the value of the instructional unit, after adjustment for inflation occurring since 1987 was worth \$45,888 in 1987 purchasing power. Inflation has been a cruel tax on educational opportunity. Even with the new formula the effects of years of financial neglect are being felt.

To address inflation, NEA-Alaska has prioritized the need to inflation-proof funding for K-12 education. Failure to invest in our children will immediately shortchange their future and in time will shortchange our state's future.

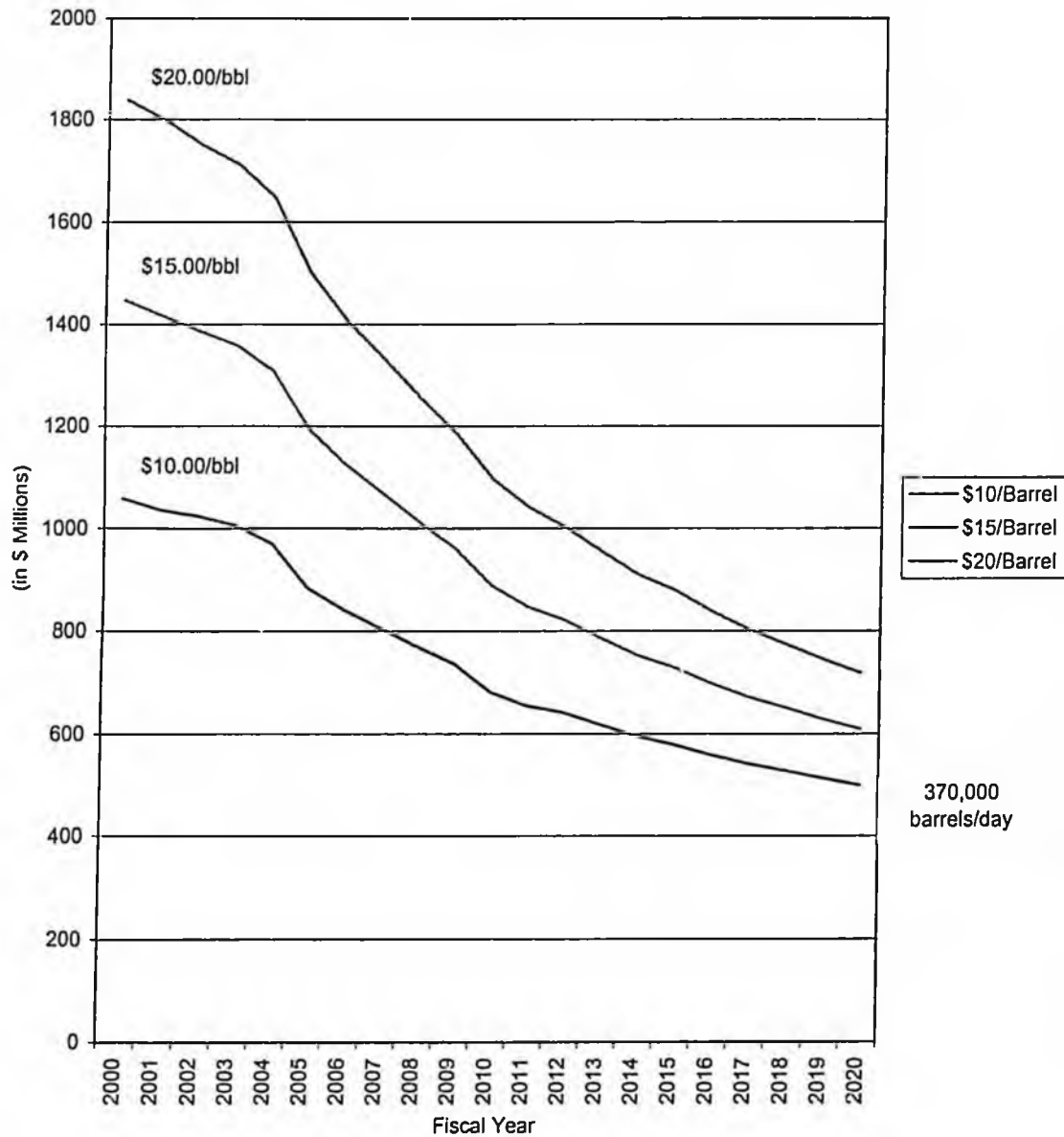
The task of preparing our students for today and for the challenges of the new century is expensive, but the cost of not preparing them is greater. Our public schools, teachers, and school district support employees must continue to be successful in their efforts. By limiting necessary resources, the potential for success for every student is limited. Investment in our most precious resource - children - will cost a lot. However, if we don't spend our money on our public schools, we will be forced to spend even more on welfare, new prisons, jails, and public safety.

**We applaud the courage of the House majority, in light of this difficult time, to recognize the importance of a sound education system for Alaskans.**

(s:\politica\position\99-00\school funding.doc)

### Projected General Fund Revenues at Various Oil Prices

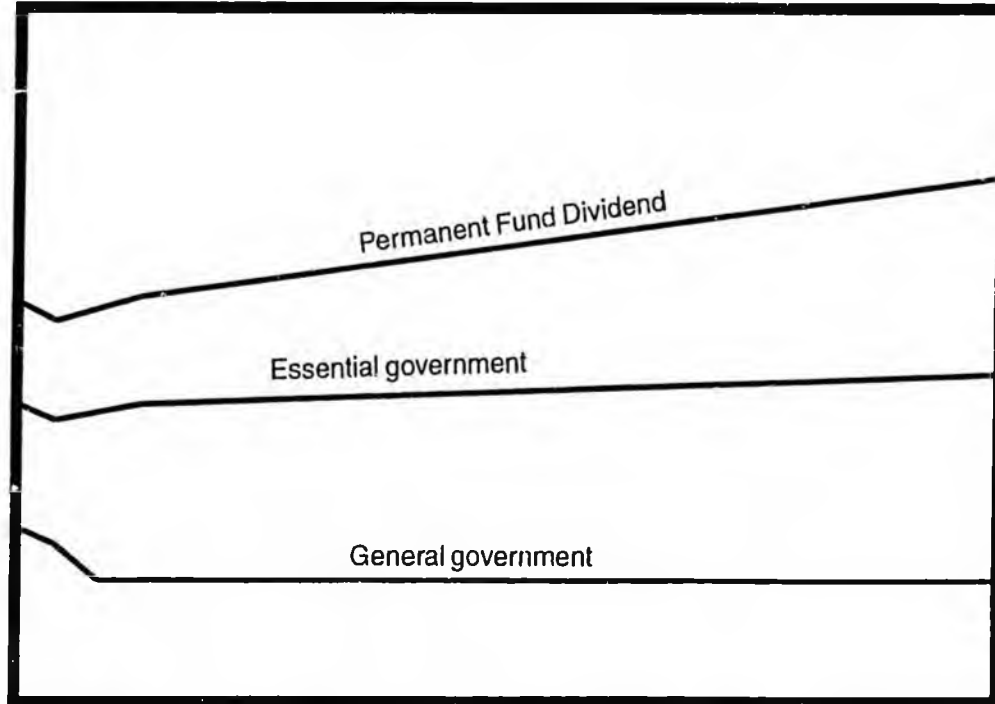
1,177,000  
barrels/day



370,000  
barrels/day

# Healthy Alaska Plan

A proposal by the House Majority to stabilize the Permanent Fund dividend, consolidate the state's savings accounts, and provide a reliable and steady source of funding for the essential functions of government.



Healthy Alaska  
Plan

## DO NOTHING

If we do nothing, within 6 years:

- Our savings accounts, the Constitutional Budget Reserve and the Earnings Reserve, would be gone;
- The dividend program would virtually be eliminated or Alaskans would face an insurmountable budget deficit;
- The corpus of the Permanent Fund would be in jeopardy;
- Large statewide taxes would have to be imposed on individual Alaskans and Alaska businesses.
- Draconian cuts would be required for essential state services such as education, transportation, public safety.

*Healthy Alaska  
Plan*

## HEALTHY ALASKA PLAN

- Closes the fiscal gap;
- Preserves, protects and increases the Permanent Fund;
- Protects the dividend program for today and future generations by endowing the dividend;
- Limits government growth, but provides for a sustainable budget;
- Requires NO statewide taxes;
- Sustains a healthy, statewide economy and a stable business environment; and
- Demonstrates our continued commitment to the Permanent Fund.

*Healthy Alaska  
Plan*

# Dividend Calculation

**The dividend calculation is the lesser of:**

**1)  $\frac{1}{2}$  of 21% of the sum of the last 5 years' realized earnings,**

**or**

**2)  $\frac{1}{2}$  of the earnings reserve account at the end of the current fiscal year.**

Defined in statute: AS 37.13.140 and 37.13.145

*Healthy Alaska  
Plan*

## KEY TO GRAPHS

### #1 Healthy Alaska Plan Total Spending

- This chart shows the growth of spending under the Healthy Alaska Plan. General government expenses are held constant, essential services like education – K-12 and the University, road maintenance and police services grow modestly, and the Permanent Fund Dividend continues to grow into the future.

### #2 The Do Nothing Plan Permanent Fund Dividend

- It grows for a while, but crashes and provides little dividends for our children.

### #3 The Healthy Alaska Plan Permanent Fund Dividend

- It grows into the future, assuring our children and their children a healthy dividend.

### #4 Growth of Our Savings

- This shows how our savings will continue to grow, providing sustainable state revenue.

### #5 Do Nothing Intergenerational Value

- The dotted line shows the amount needed in our savings to maintain its current purchasing power. The solid line shows that the Do Nothing Plan takes value of the fund today and does not preserve its value for future generations.

### #6 Healthy Alaska Plan Intergenerational Value

- The dotted line shows the amount necessary in our savings to maintain its current purchasing power. The solid line shows that the Healthy Alaska Plan maintains the real value of our savings and increases its buying power for future generations.

### #7 Comparison of Alaska's Future Savings

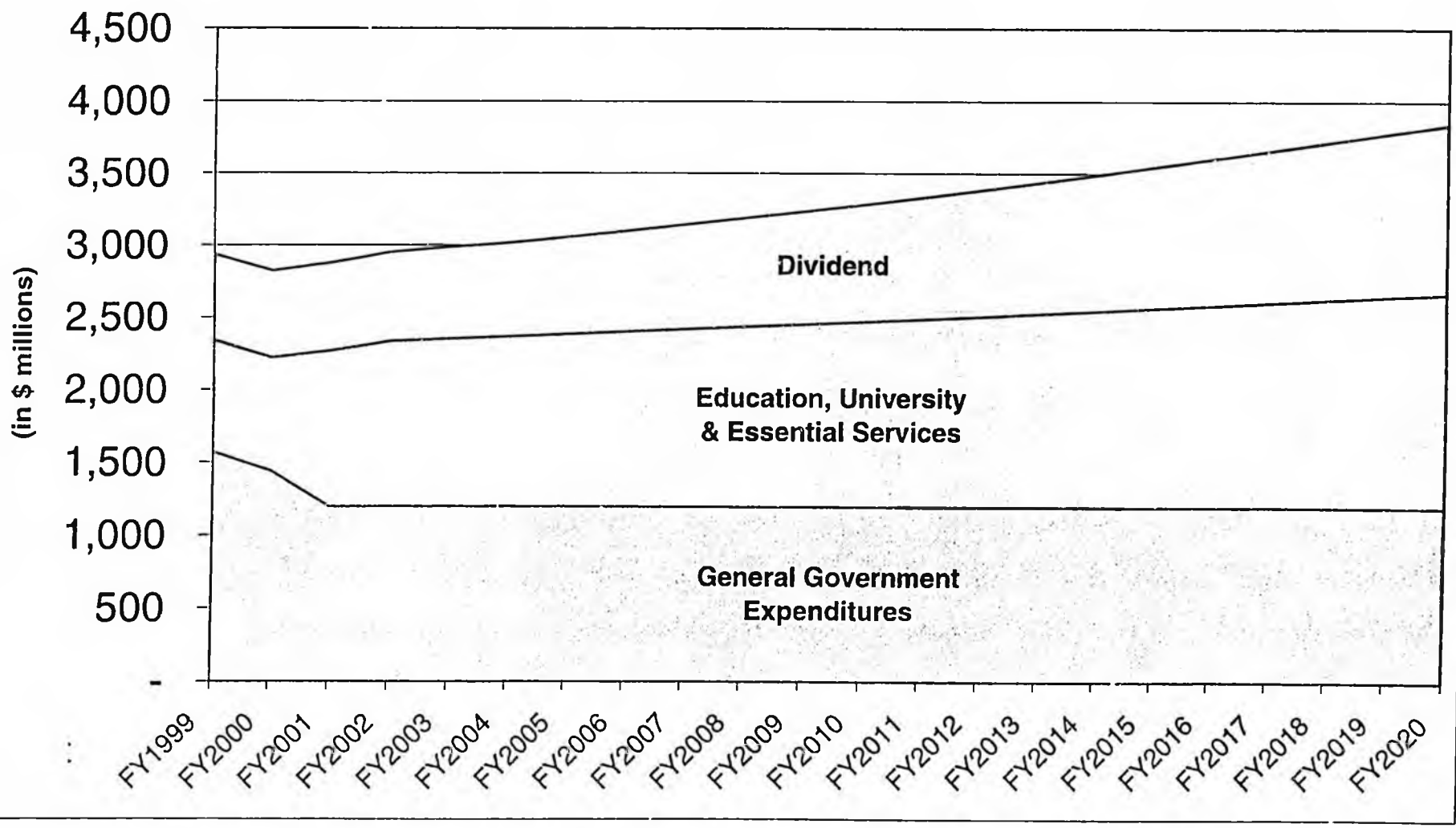
- The dark bars show the growth of our savings as a result of the Healthy Alaska Plan. The lighter bars show the savings if we DO Nothing. There is a difference of \$20 billion.

### #8 Legislative Commitment to the Permanent Fund

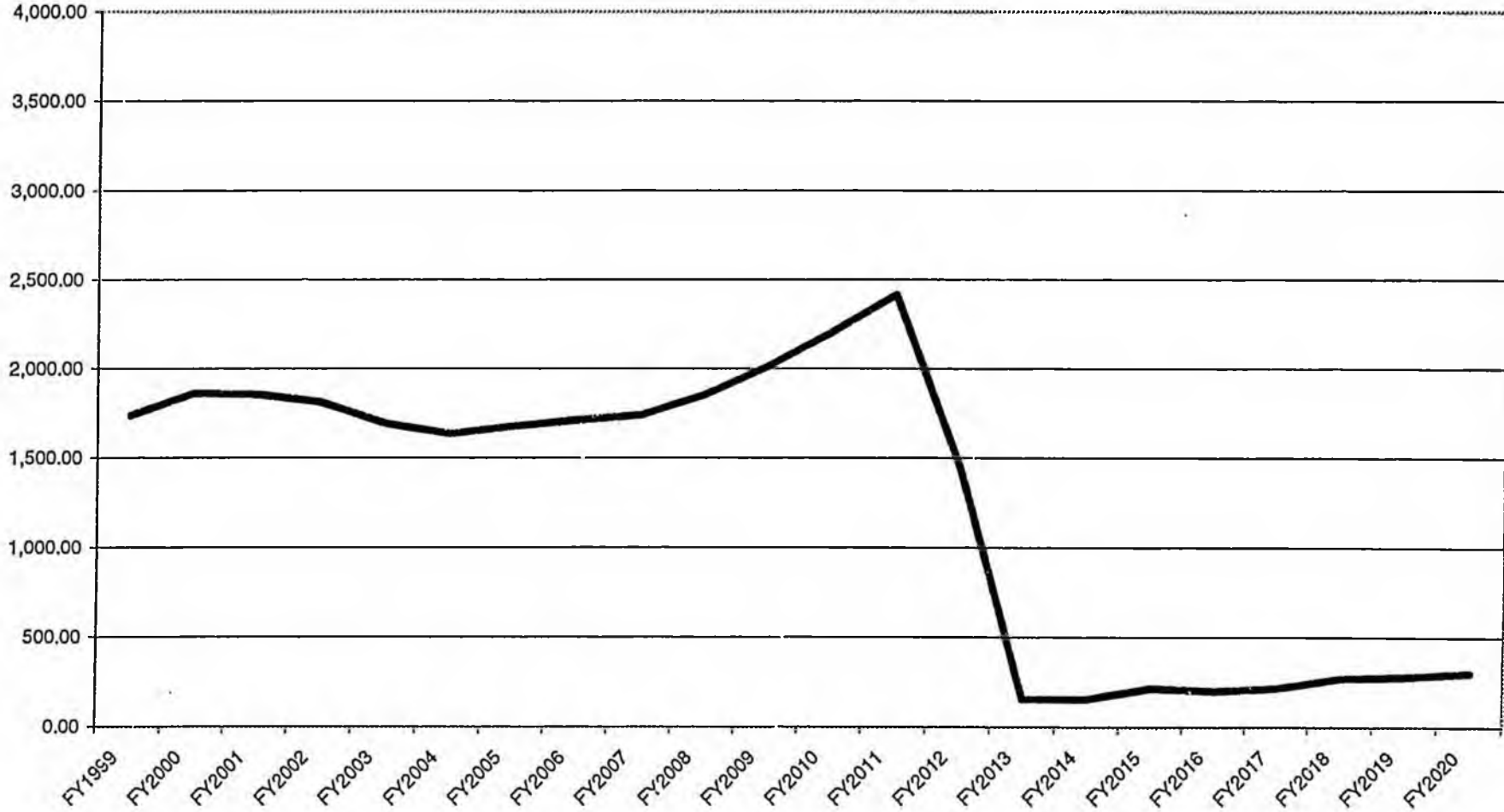
- This graph shows the legislature's historic commitment to the Permanent Fund above the Constitutional requirements.

*Healthy Alaska  
Plan*

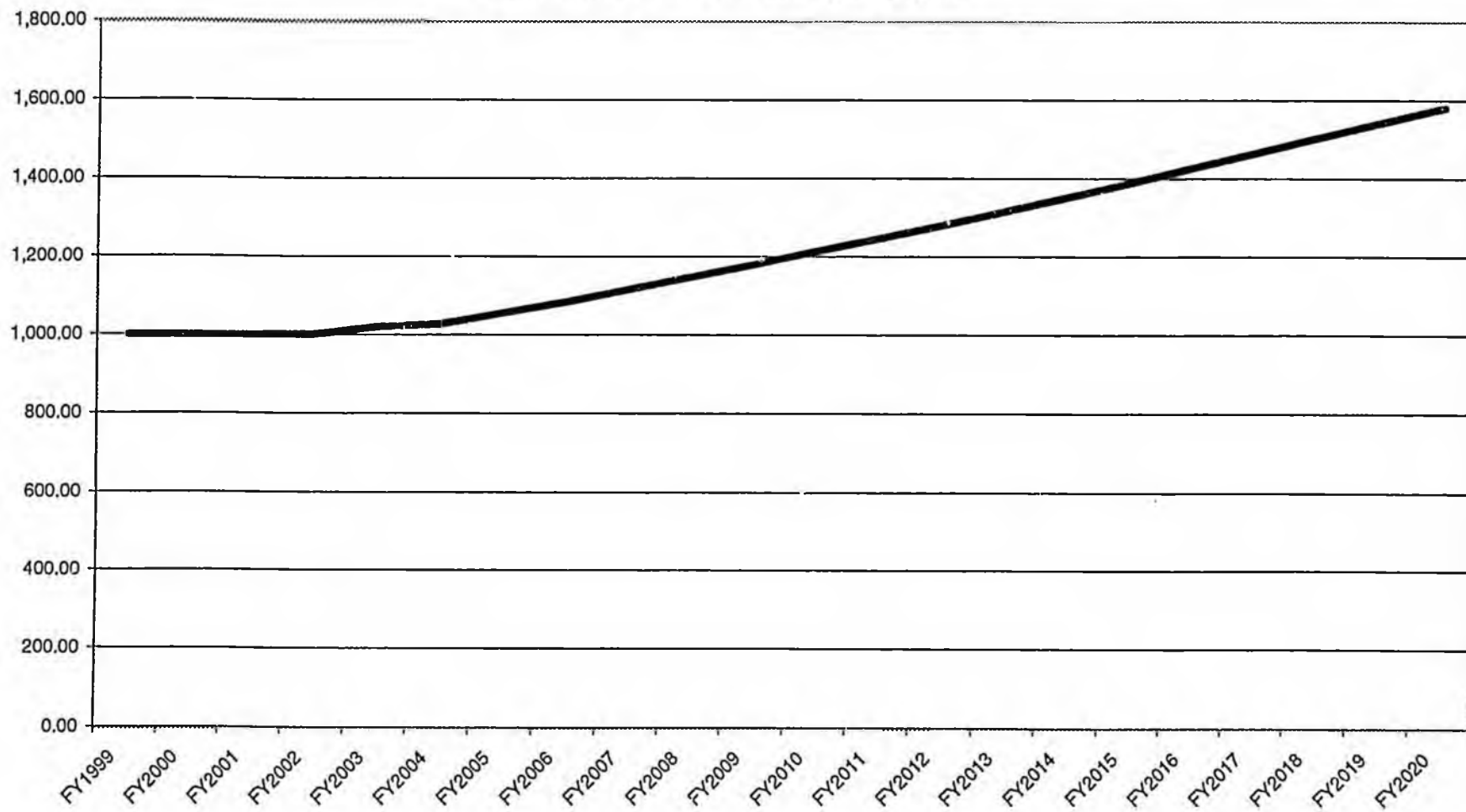
# Healthy Alaska Plan Total Spending



**Do Nothing Plan  
Permanent Fund Dividend per Capita**

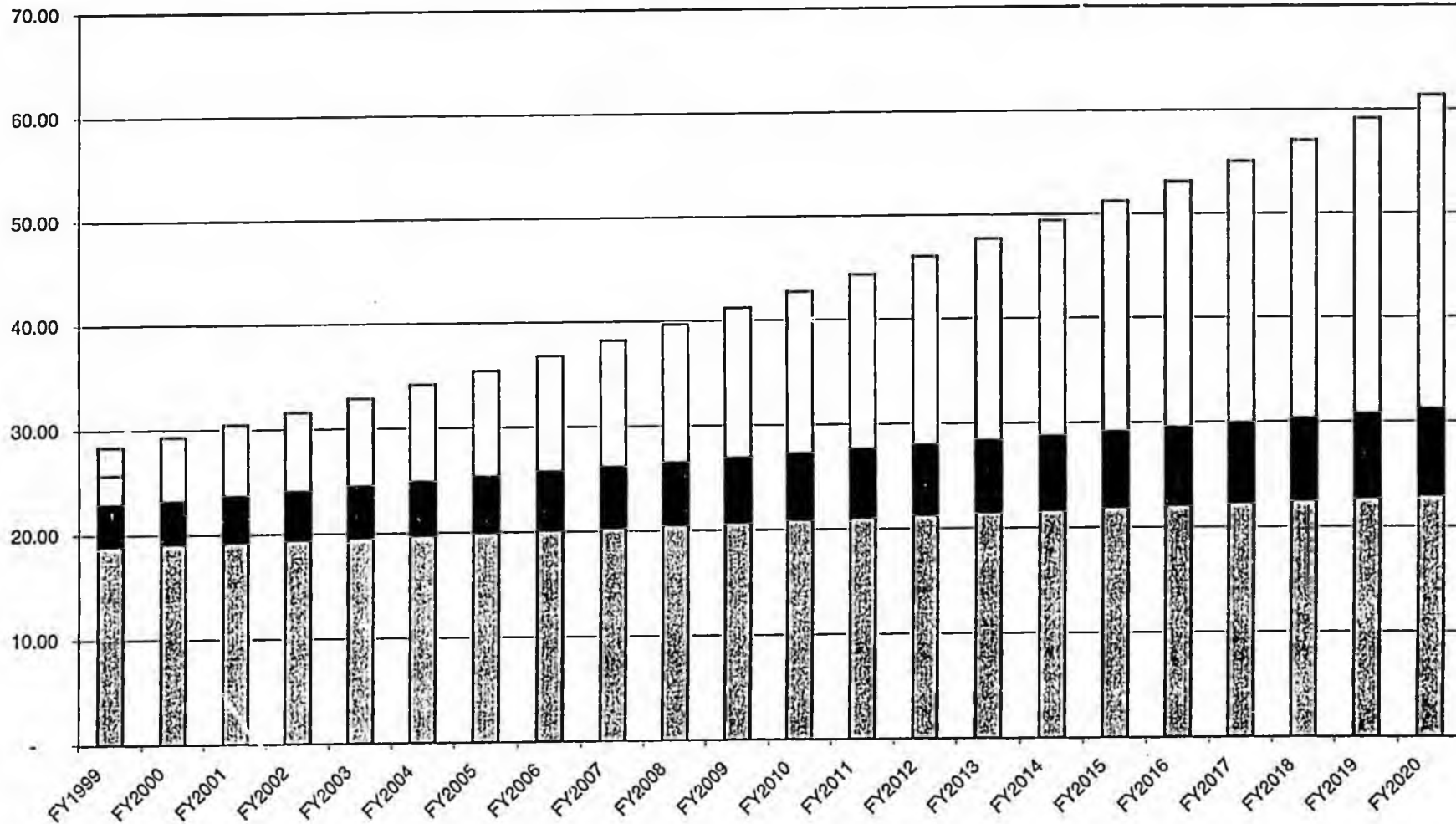


### Healthy Alaska Plan Permanent Fund Dividend per Capita



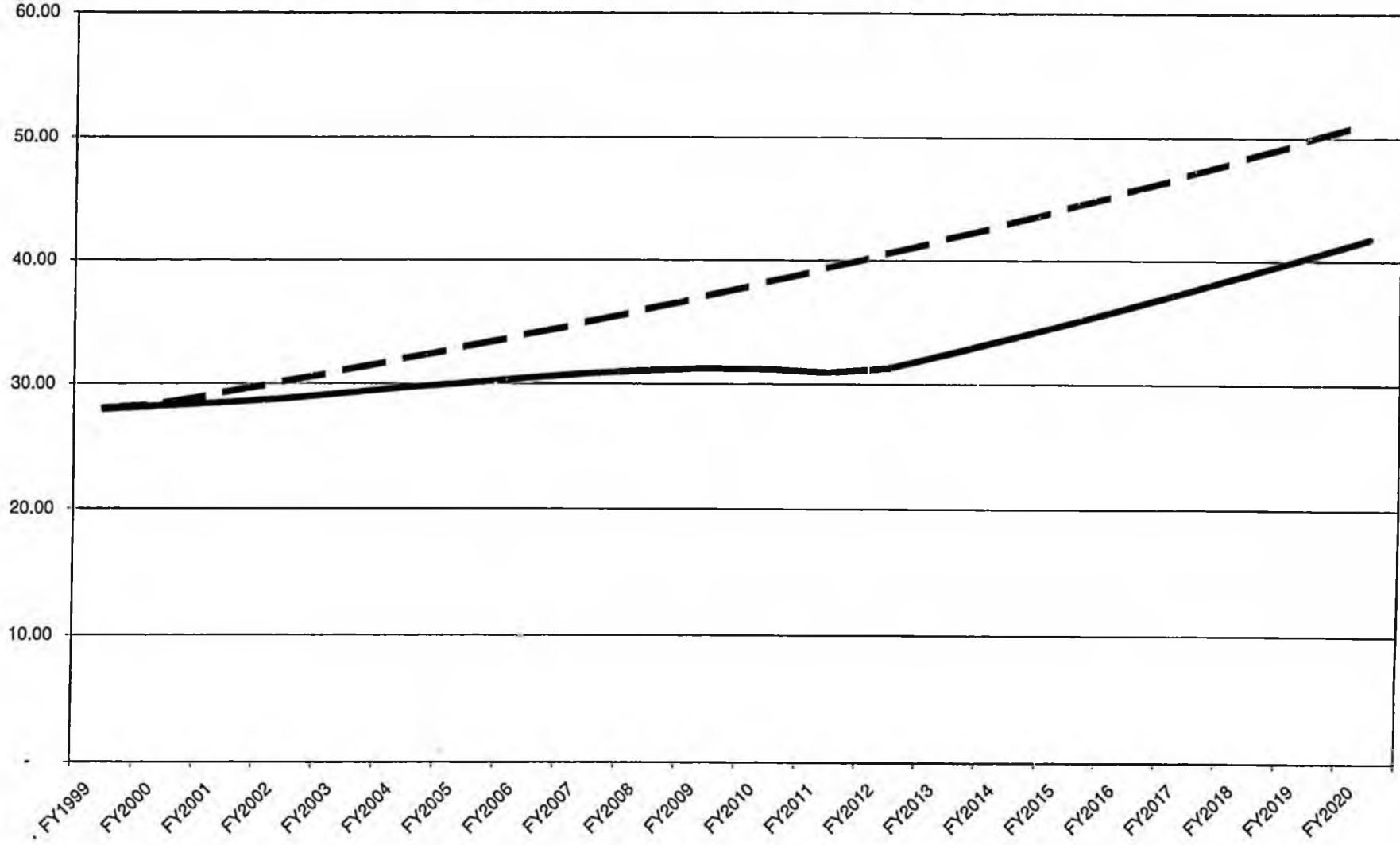
#3

### Healthy Alaska Plan Alaska's Savings Accounts



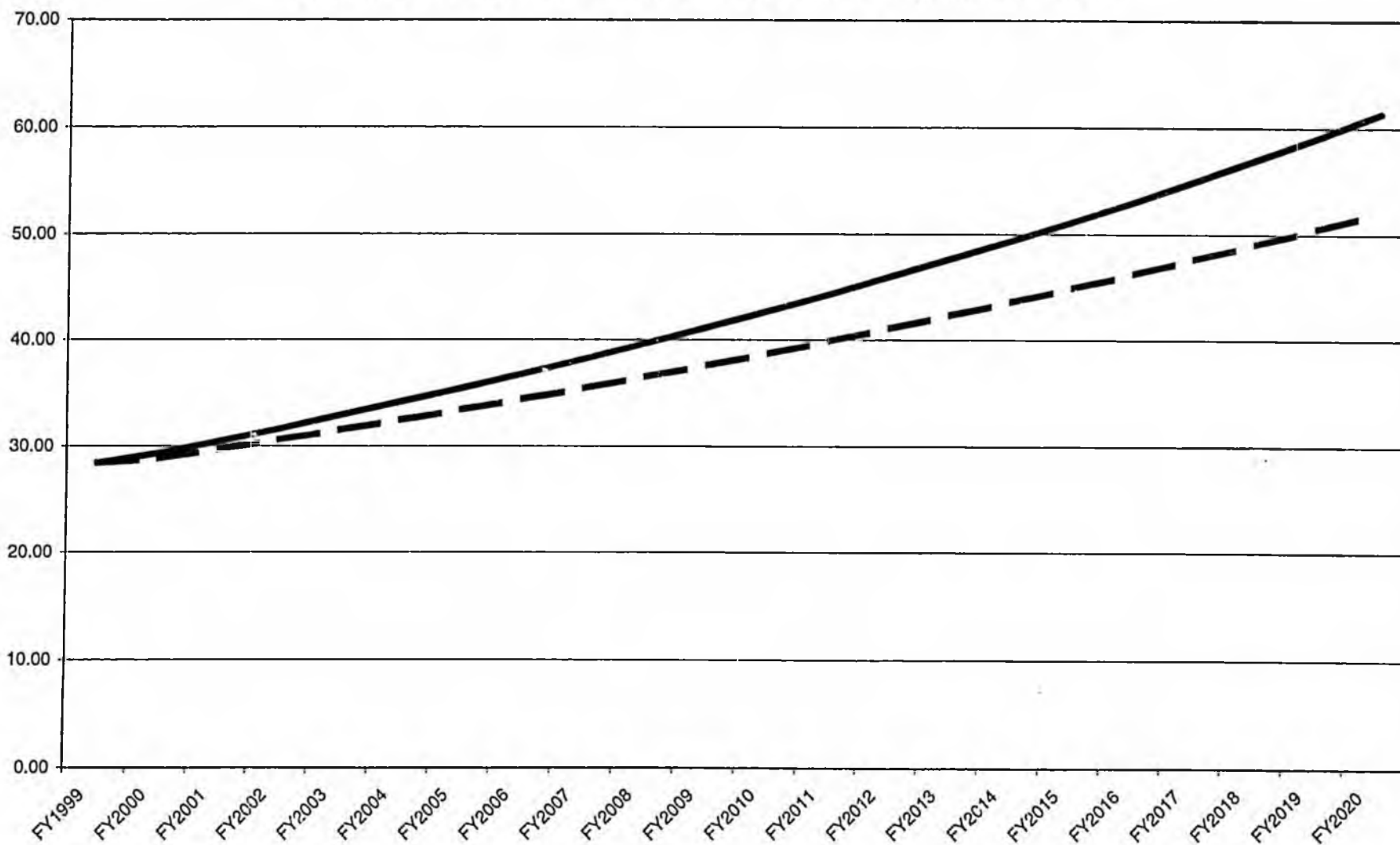
Permanent Fund Principal
  Unrealized Gain
  AK Income Acct
  Constitutional Budget Reserve

**Do Nothing Plan**  
**Projected Savings Account Balance vs Inflation Adjusted Balance**



- - - Inflation Adjusted Savings
— Actual Projected Savings

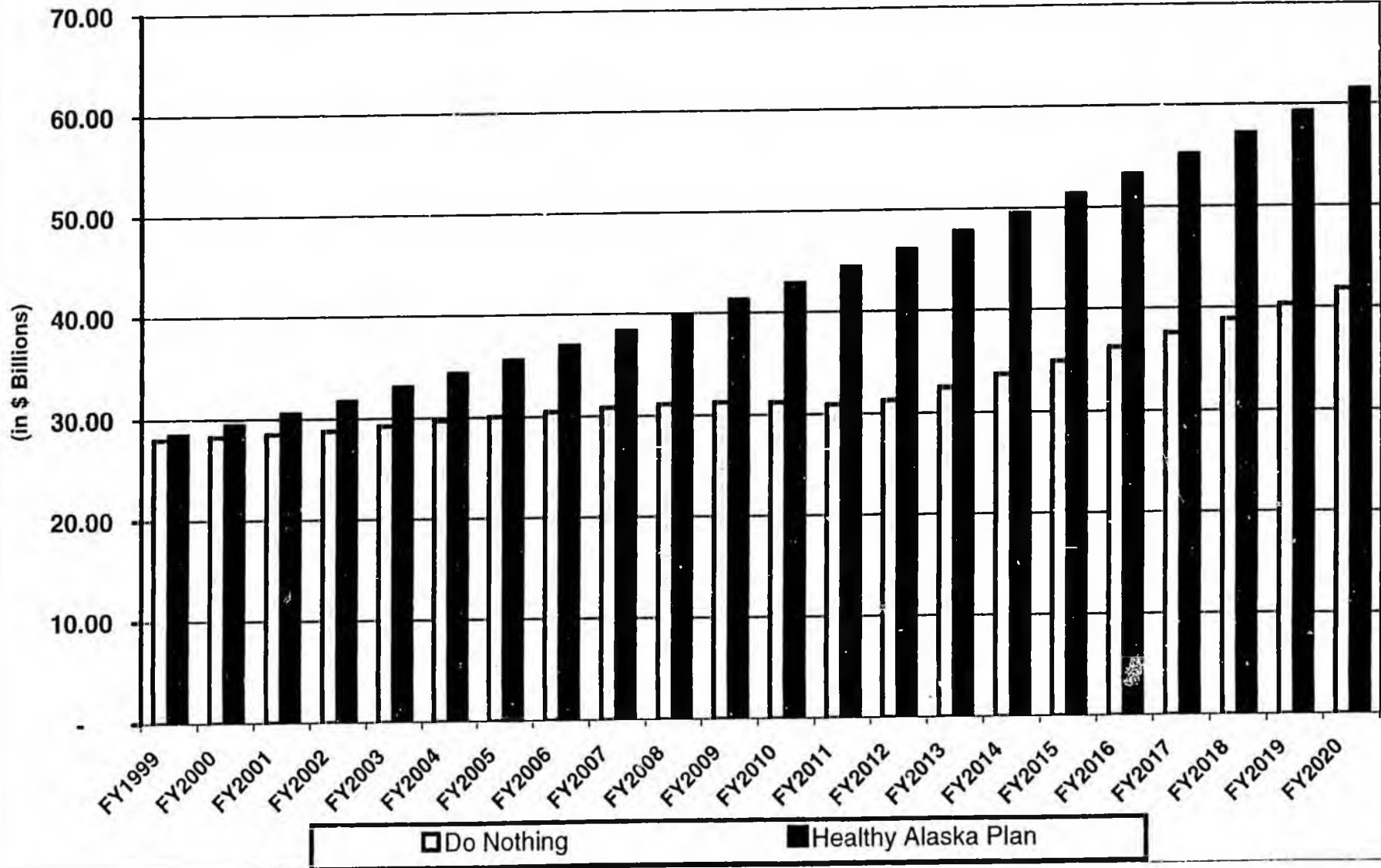
### Healthy Alaska Plan Projected Savings Account Balance vs Inflation Adjusted Balance



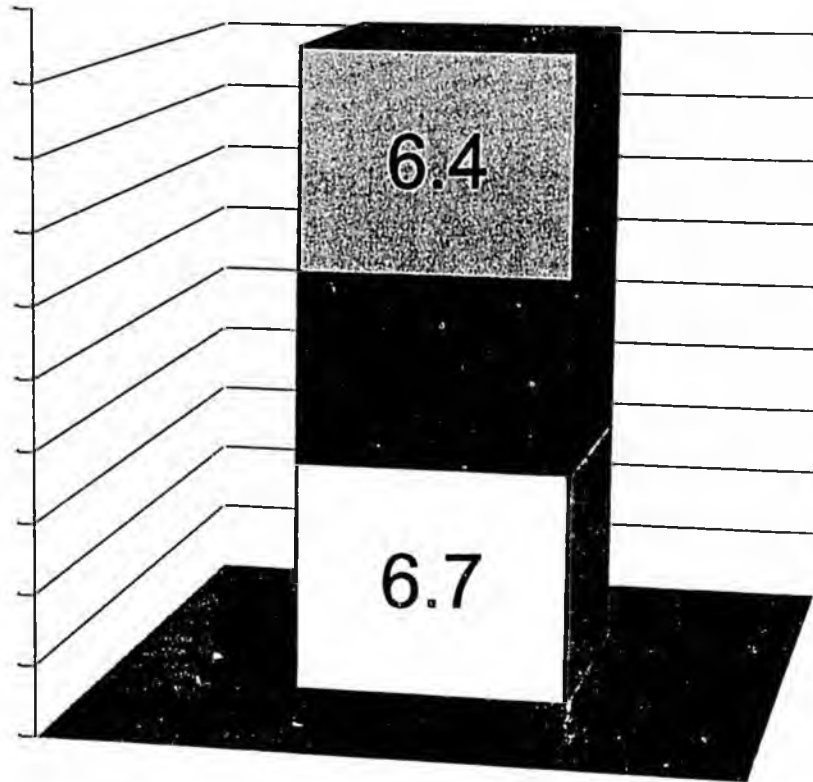
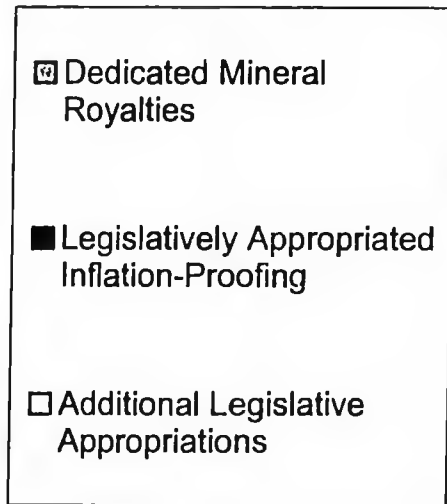
--- Inflation Adjusted Savings

— Actual Projected Savings

## Comparison of Savings Accounts Healthy Alaska Plan vs Do Nothing



# Alaska Permanent Fund Principal



**The Legislature has consistently demonstrated its commitment to the growth and protection of the Permanent Fund. 67% of the current principal is a result of Legislative Inflation-Proofing and Additional Legislative Appropriations.**

**1976 Election Pamphlet**  
**Statement in Favor of Proposition No. 2**  
**Alaskans should Strongly Support the Establishment of a "Permanent Fund"**

Just as a wise and prudent family sets aside money in a savings account for the future, so should Alaska's state government set aside a rainy day fund to benefit this and future generations of Alaskans. In a "Permanent Fund", you--the voter--can prevent a major source of income from being doled out for day-to-day needs or desires of state government by placing up to 25% of all revenue generated from non-renewable resources such as mineral leases, rentals, royalties and federal mineral revenue sharing payments and bonuses into such a fund.

In recent years the state legislature has been spending \$2.00 for every \$1.00 taken in. Authorities estimate that if the present rate of spending continues, Alaska will require a budget in excess of one billion dollars by or before 1980. Establishment of this "Permanent Fund" will provide for the use of the principal for *income-producing investments only* and provide a businesslike approach of permitting the State to meet countless community needs.

Today, as the result of anticipated oil and gas revenues, Alaska stands on the brink of unprecedented prosperity. No one, but no one, argues that these non-renewable resources will last but for a few decades. Similarly, no one should fail to recognize that in those years ahead the cost of state government will continue to spiral upwards. Now is the time to ask ourselves the question: "When the oil and gas is depleted, where will the funds to feed our giant government come from?" The answer is: the "Permanent Fund".

While it is to be hoped that such a fund may contribute to cutting cost or, at least, holding the line on state spending, its major value would be that it would require our elected officials to pause, reflect and research any proposal before blindly authorizing expenditure of taxpayers' monies. This would provide needed time for the press and the public to also be aware of the spending project and its merit, instead of being out of public view and hidden in the spending pattern of normal day-to-day operations. Projects invested in with sources from the "Permanent Fund" could help broaden Alaska's narrow based economy and bring more stability to our State.

We would caution the public that while a "Permanent Fund" could provide a tool for accomplishing real needs for community improvements, it will, in the final analysis, not replace our collective responsibility to elect state administrators and legislators who will use the same reason and restraint in spending the public money as they would their own funds.

Establishment of a "Permanent Fund" is an exciting concept and when approved and properly used can serve long and well the best public interest of Alaskans.

**VOTE "FOR"**  
**THE ESTABLISHMENT OF A "PERMANENT FUND"**  
**Anchorage Chamber of Commerce**

*Healthy Alaska  
Plan*

	A	F	G	H	I	J	K	L	M	N	O	P	Q	R
<b>1</b>	<b>General Fund Budget Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>2</b>	All dollars in millions except oil prices.	Average Oil Price (\$/bbl.) Input	\$12.11	\$13.57	\$14.52	\$15.28	\$16.00	\$16.30	\$16.64	\$18.10	\$18.62	\$19.16	\$19.72	\$20.31
<b>3</b>		Oil Production (MMbbl/day) Input	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.979	0.919	0.871	0.824	0.768
<b>4</b>		DNR Incremental High Case Production - Oil (MMbbl/day) Fixed	0.000	0.000	0.000	0.012	0.035	0.046	0.058	0.064	0.068	0.136	0.210	0.241
<b>5</b>		DNR Incremental High Case Production - Gas (bcf/day) Fixed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000
<b>6</b>	Available Revenues:	April 99 DOR Revenue update for price and production and HB96 passes												
<b>7</b>	General Fund Net Disposable Unrestricted Revenue		1,290.8	1,313.0	1,345.5	1,357.0	1,368.1	1,366.9	1,304.0	1,338.5	1,291.7	1,258.6	1,226.3	1,160.7
<b>8</b>	Revenue Distributed to State Using DNR Incremental High Case Production		0.0	0.0	0.0	5.8	14.2	18.6	22.9	29.7	33.2	78.7	127.9	147.3
<b>9</b>	New Revenue (Increase by 3% starting in FY03)	\$100	0.0	50.0	75.0	100.0	103.0	106.1	109.3	112.6	115.9	119.4	123.0	126.7
<b>11</b>	Constitutional Budget Reserve Fund (CBRF) Earnings		162.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>12</b>	Transfer from the APF (line 46 below)		0.0	890.1	845.6	866.7	860.5	870.8	943.2	915.7	973.0	974.7	972.2	1,032.8
<b>13</b>	Budget Deficit		871.4	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>14</b>	Total General Fund Revenues and CBRF Draw		2,324.3	2,253.1	2,266.1	2,329.5	2,345.8	2,362.4	2,379.3	2,396.4	2,413.8	2,431.5	2,449.3	2,467.5
<b>15</b>		Change Oper Bgt:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>16</b>	Expenditures:		1,477.2	1,477.2	1,437.2	1,407.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2
<b>17</b>	Operating - Agenc, Univ & Form Programs (Medicaid, Aid to Communities, Long Bonus, etc)**		13.6	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
<b>18</b>	Supplemental Budget - Fires, Floods, etc.		0.0	(40.0)	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>19</b>	Decrease or Increase the General Fund Budget (FY00 inc'ludes \$35 M one time only cut)		681.2	691.1	701.1	711.3	1,010.7	1,025.4	1,040.2	1,055.3	1,070.6	1,086.1	1,101.9	1,117.9
<b>20</b>	K-12 Education - FY 2000 estimate, then increase by amount specified	1.45%	46.0	3.5	38.7	41.9	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8
<b>21</b>	Debt Service (Net of non-GF School Fund and AHFC offsets)		85.4	85.4	85.4	135.4	137.4	139.4	141.4	143.4	145.5	147.6	149.8	151.9
<b>22</b>	Capital Budget (add \$50 million in 02, then begin inflationary increase in FY03)	1.45%	20.9	19.4	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
<b>23</b>	State Match for Loan Programs (Water, Sewer, etc.)		2,324.3	2,253.1	2,266.1	2,329.5	2,345.8	2,362.4	2,379.3	2,396.4	2,413.8	2,431.5	2,449.3	2,467.5
<b>24</b>	Total General Fund Expenditures:													
<b>25</b>	** NOTE: Operating agency growth only permitted in University, DOT/IF and Public Safety, \$280 million of operating agency budgets - this money moved to k-12 education line for purposes of modeling		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>26</b>	Budget Deficit													
<b>27</b>	<b>Constitutional Budget Reserve Fund Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>28</b>	CBRF Balance - at Start of Fiscal Year		3,559.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>29</b>	Earnings on the CBRF	8.10%	162.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>30</b>	Transfer from Permanent Fund Earnings Reserve	Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>31</b>	Oil & Gas Tax Dispute Resolutions		56.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>32</b>	Draw from Earnings for Annual Budget		(162.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>33</b>	Draw (or payback) in excess of CBRF Earnings for Annual Budget		(885.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>34</b>	Total Draw (or payback) from CBRF for Annual Budget		(1,048.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>35</b>	CBRF Balance - at End of Fiscal Year		2,729.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>36</b>	<b>Alaska Permanent Fund Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>37</b>	Permanent Fund Principal Balance - at Start of Fiscal Year (Protected by AK Constitution)		18,516	18,981	19,129	19,290	19,459	19,643	19,837	20,026	20,229	20,433	20,651	20,882
<b>38</b>	Now called Alaska Income Account (includes CBRF account at FY99 year end)		5,360	8,639	9,520	10,455	11,468	12,435	13,413	14,488	15,579	16,745	17,995	19,272
<b>39</b>	Market Value of Total Permanent Fund Assets - at Start of Fiscal Year		23,876	27,620	28,649	29,744	30,928	32,078	33,250	34,513	35,809	37,179	38,646	40,154
<b>40</b>	Dedicated Oil Revenue Deposits into principal during Fiscal Year (includes DNR barrels)		138	123	132	139	150	157	149	160	157	167	176	170
<b>41</b>	Total Return of the fund (FY99 is the actual return, and FY00-FY10 is using the rate shown)	8.25%	2,277.2	2,278.8	2,364	2,455	2,553	2,653	2,749	2,854	2,961	3,074	3,196	3,320
<b>42</b>	Less Costs of the fund		(32)	(42)	(43)	(43)	(44)	(45)	(45)	(46)	(47)	(47)	(48)	(49)
<b>43</b>	Amerada Hess - Transfer from ER to Principal		(38)	(26)	(28)	(31)	(34)	(37)	(40)	(43)	(47)	(51)	(55)	(59)
<b>44</b>	Permanent Fund Principal at End of Year		18,981	19,129	19,290	19,459	19,643	19,837	20,026	20,229	20,433	20,651	20,882	21,112
<b>45</b>	Earnings Reserve Balance (after costs, transfers & before payouts) - End of Fiscal Year		9,409	10,245	11,201	12,209	13,306	14,356	15,403	16,552	17,720	18,967	20,305	21,671
<b>46</b>	Ending Market Value		28,390	29,375	30,491	31,668	32,949	34,193	35,429	36,782	38,153	39,618	41,187	42,783
<b>47</b>	% of real rate of return - payout to the Alaska Income Account (start of year convention)	5.25%		(1,440)	(1,465.4)	(1,491)	(1,518)	(1,547)	(1,605)	(1,666)	(1,730)	(1,796)	(1,864)	(1,934)
<b>48</b>	payout to general fund (payout less dividend payout)			(890)	(846)	(867)	(861)	(871)	(943)	(916)	(973)	(975)	(972)	(1,033)
<b>49</b>	payout to dividend (42% of payout)		(598)	(605)	(612)	(626)	(638)	(650)	(674)	(700)	(726)	(754)	(783)	(812)
<b>50</b>	Market Value of Total Permanent Fund Assets - at End of Fiscal Year		28,390	29,375	30,491	31,668	32,949	34,193	35,429	36,782	38,153	39,618	41,187	42,783
<b>51</b>	Projected Dividend Check Per Person		1,000.27	1,000.00	1,000.00	1,013.32	1,020.94	1,029.23	1,057.27	1,086.65	1,117.04	1,148.28	1,180.05	1,212.25
<b>52</b>	Dividend Payable in --		Oct-99	Oct-00	Oct-01	Oct-02	Oct-03	Oct-04	Oct-05	Oct-06	Oct-07	Oct-08	Oct-09	Oct-10
<b>53</b>	Dividend Formula - What's left after funding public services real return * average 5 yr market value of the Fund (phas	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow
<b>54</b>	Total Alaska Savings Accounts (CBRF + AK Perm Fund)		\$28,390	\$29,375	\$30,491	\$31,668	\$32,949	\$34,193	\$35,429	\$36,782	\$38,153	\$39,618	\$41,187	\$42,783

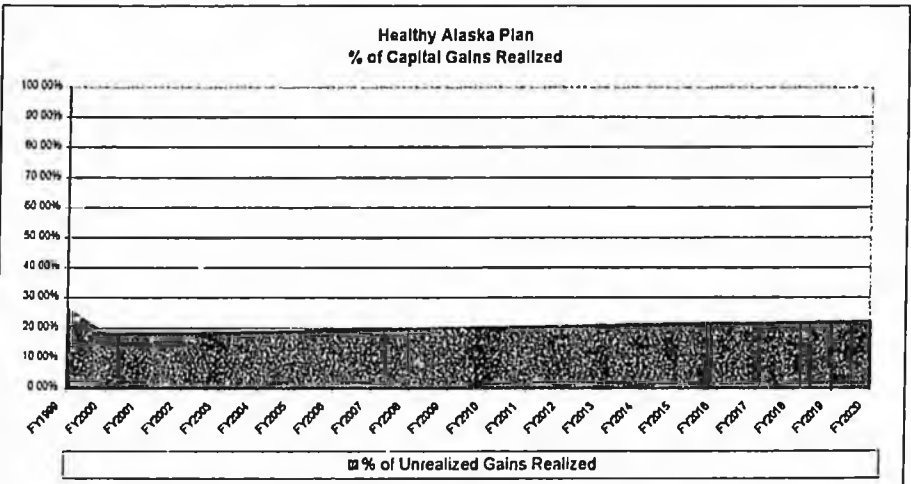
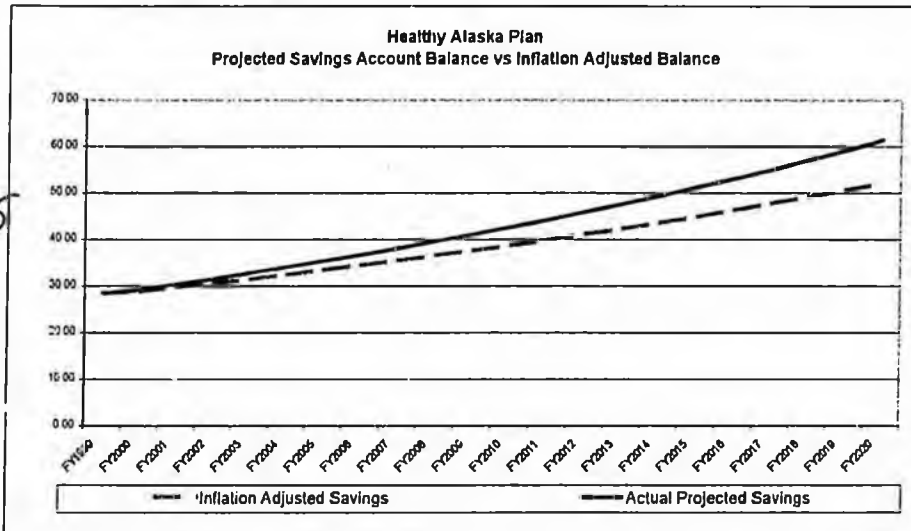
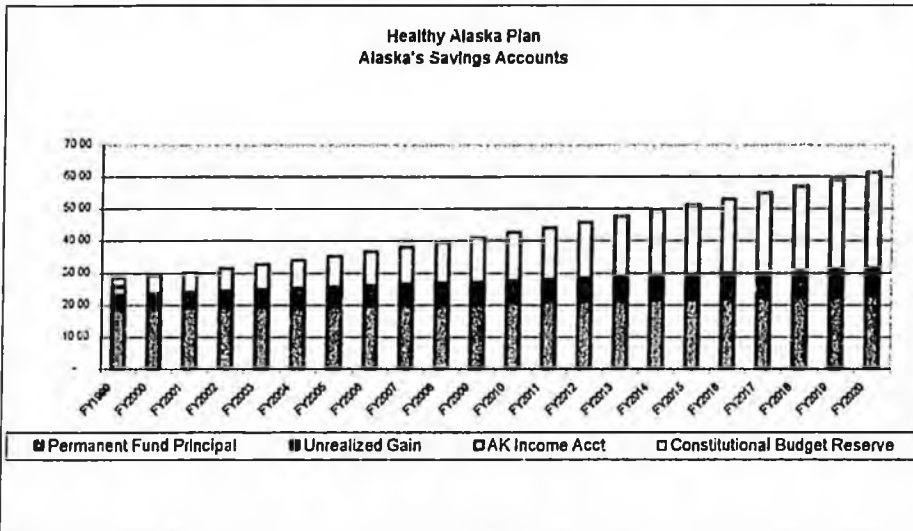
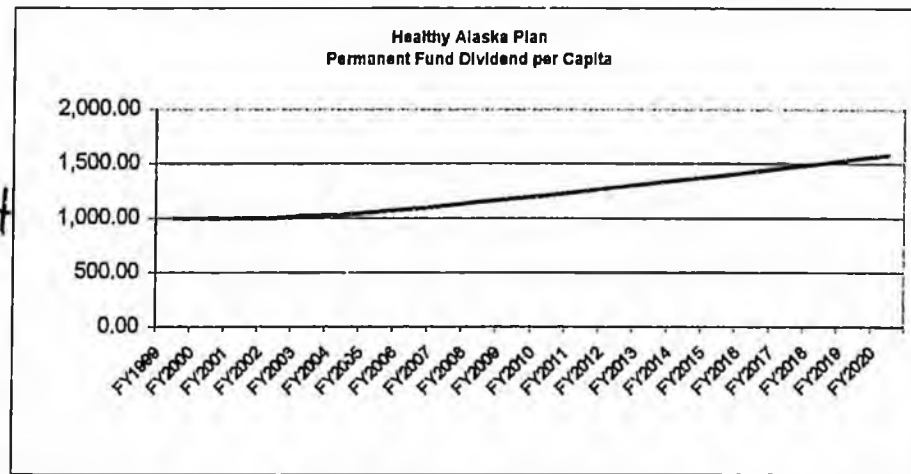
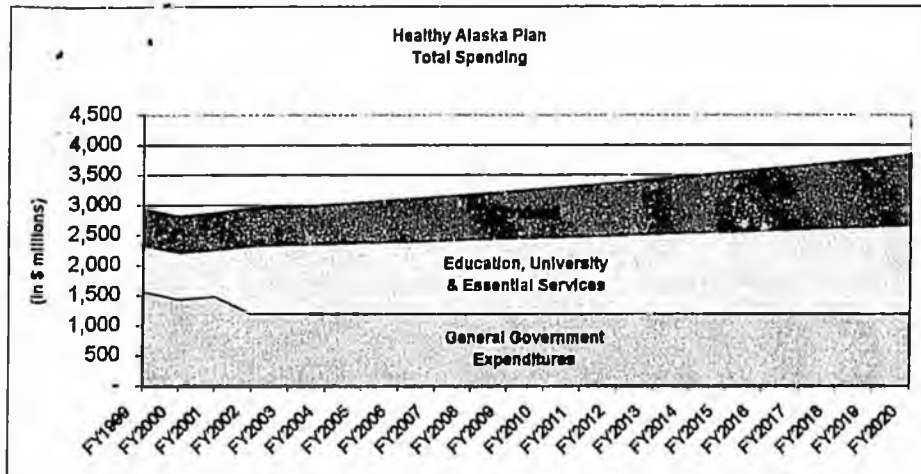
APF endowment method, payout real rate (nominal return - 3%) on 5 year prior ending market value, phased in over 5 years, split to pay dividend, then public services, CBRF rolled into the APF.

	A	F	S	T	U	V	W	X	Y	Z	AA	AB
1	<b>General Fund Budget Projections</b>	<b>FY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
2	All dollars in millions except oil prices.											
3	Average Oil Price (\$/bbl.)	Input	\$20.91	\$21.52	\$22.15	\$22.80	\$23.48	\$24.18	\$24.94	\$25.73	\$26.55	\$27.40
4	Oil Production (MMbbl/day)	Input	0.718	0.669	0.621	0.577	0.550	0.503	0.469	0.437	0.408	0.381
5	DNR Incremental High Case Production - Oil (MMbbl/day)	Fixed	0.292	0.330	0.305	0.298	0.300	0.282	0.272	0.257	0.246	0.231
6	DNR Incremental High Case Production - Gas (bcf/day)	Fixed	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
7	Available Revenues:											
8	General Fund Net Disposable Unrestricted Revenue		1,120.8	1,099.4	1,060.3	1,029.7	1,008.1	982.6	959.8	942.6	923.8	913.1
9	Revenue Distributed to State Using DNR Incremental High Case Production		185.2	226.0	221.6	253.4	274.0	284.3	295.1	306.3	316.2	303.6
10	New Revenue (Increase by 3% starting in FY03)	\$100	130.5	134.4	138.4	142.6	146.9	151.3	155.8	160.5	165.3	170.2
11	Constitutional Budget Reserve Fund (CBRF) Earnings		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Transfer from the APF (line 46 below)		1,049.4	1,044.7	1,103.2	1,117.2	1,133.3	1,163.9	1,191.5	1,213.1	1,237.9	1,277.1
13	Budget Deficit		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Total General Fund Revenues and CBRF Draw		2,485.9	2,504.6	2,523.5	2,542.8	2,562.3	2,582.1	2,602.1	2,622.5	2,643.1	2,664.1
15												
16	Expenditures:	Change Op	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Operating - Agenc, Univ & Form Programs (Medicaid, Aid to Communities, Long Bonus, etc)**		1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2
18	Supplemental Budget - Fires, Floods, etc.		16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
19	Decrease or Increase the General Fund Budget (FY00 Includes \$35 M one time only cut)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	K-12 Education - FY 2000 estimate, then increase by amount specified	1.45%	1,134.1	1,150.5	1,167.2	1,184.1	1,201.3	1,218.7	1,236.4	1,254.3	1,272.5	1,291.0
21	Debt Service (Net of non-GF School Fund and AHFC offsets)		41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8
22	Capital Budget (add \$50 million in 02, then begin inflationary increase in FY03)	1.45%	154.1	156.4	158.6	160.9	163.3	165.6	168.0	170.5	172.9	175.5
23	State Match for Loan Programs (Water, Sewer, etc.)		17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
24	Total General Fund Expenditures:		2,485.9	2,504.6	2,523.5	2,542.8	2,562.3	2,582.1	2,602.1	2,622.5	2,643.1	2,664.1
25	** NOTE: Operating agency growth only permitted in University, DOT/PF and Public Safety, \$280 million of operating											
26	Budget Deficit		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	<b>Constitutional Budget Reserve Fund Projections</b>	<b>FY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
28	CBRF Balance - at Start of Fiscal Year		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Earnings on the CBRF	8.10%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Transfer from Permanent Fund Earnings Reserve	Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Oil & Gas Tax Dispute Resolutions		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Draw from Earnings for Annual Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
33	Draw (or payback) in excess of CBRF Earnings for Annual Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34	Total Draw (or payback) from CBRF for Annual Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	CBRF Balance - at End of Fiscal Year		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36	<b>Alaska Permanent Fund Projections</b>	<b>FY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
37	Permanent Fund Principal Balance - at Start of Fiscal Year (Protected by AK Constitution)		21,112	21,349	21,597	21,841	22,084	22,328	22,571	22,815	23,059	23,307
38	Now called Alaska Income Account (Includes CBRF account at FY99 year end)		20,622	22,069	23,560	25,139	26,810	28,564	30,408	32,354	34,405	36,551
39	Market Value of Total Permanent Fund Assets - at Start of Fiscal Year		41,733	43,418	45,157	46,980	48,894	50,892	52,980	55,169	57,464	59,858
40	Dedicated Oil Revenue Deposits into principal during Fiscal Year (includes DNR barrels)		172	178	168	162	157	149	142	136	131	126
41	Total Return of the fund (FY99 is the actual return, and FY00-FY10 is using the rate shown)	8.25%	3,450	3,589	3,732	3,883	4,040	4,205	4,377	4,557	4,746	4,944
42	Less Costs of the fund		(49)	(50)	(51)	(52)	(53)	(53)	(54)	(55)	(56)	(57)
43	Amerada Hess - Transfer from ER to Principal		(65)	(70)	(76)	(81)	(88)	(94)	(101)	(109)	(117)	(126)
44	Permanent Fund Principal at End of Year		21,349	21,597	21,841	22,084	22,328	22,571	22,815	23,059	23,307	23,559
45	Earnings Reserve Balance (after costs, transfers & before payouts) - End of Fiscal Year		23,114	24,663	26,256	27,943	29,728	31,600	33,567	35,643	37,828	40,116
46	Ending Market Value		44,463	46,260	48,097	50,027	52,056	54,171	56,382	58,702	61,135	63,675
47	% of real rate of return - payout to the Alaska Income Account (start of year convention)	5.25%	(2,007)	(2,084)	(2,165)	(2,250)	(2,339)	(2,432)	(2,529)	(2,631)	(2,736)	(2,849)
48	payout to general fund (payout less dividend payout)		(1,049)	(1,045)	(1,103)	(1,117)	(1,133)	(1,164)	(1,191)	(1,213)	(1,238)	(1,277)
49	payout to dividend (42% of payout)		(843)	(875)	(909)	(945)	(983)	(1,021)	(1,062)	(1,105)	(1,150)	(1,197)
50	Market Value of Total Permanent Fund Assets - at End of Fiscal Year		44,463	46,260	48,097	50,027	52,056	54,171	56,382	58,702	61,135	63,675
51	Projected Dividend Check Per Person		1,245.80	1,280.88	1,317.22	1,355.40	1,395.00	1,435.89	1,478.47	1,522.67	1,568.30	1,615.72
52	Dividend Payable in --		Oct-11	Oct-12	Oct-13	Oct-14	Oct-15	Oct-16	Oct-17	Oct-18	Oct-19	Oct-20
53	Dividend Formula - What's left after funding public services real return * average 5 yr market value of the Fund (phas	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow
54	Total Alaska Savings Accounts (CBRF + AK Perm Fund)		\$44,463	\$46,260	\$48,097	\$50,027	\$52,056	\$54,171	\$56,382	\$58,702	\$61,135	\$63,675

APF endowment method, payout real rate (nominal return - 3%) on 5 year prior ending market value, phased in over 5 years, split to pay dividend, then public services, CBRF rolled into the APF.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	<b>General Fund Budget Projections</b>													
2	All dollars in millions except oil prices.	Average Oil Price (\$/bbl.)	Input	\$12.11	\$13.57	\$14.52	\$15.28	\$16.00	\$16.30	\$16.64	\$18.10	\$18.62	\$19.16	\$20.31
3		Oil Production (MMbbl/day)	Input	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.979	0.919	0.871	0.768
4		DNR Incremental High Case Production - Oil (MMbbl/day)	Fixed	0.000	0.000	0.000	0.012	0.035	0.046	0.058	0.064	0.068	0.136	0.210
5		DNR Incremental High Case Production - Gas (bcf/day)	Fixed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000
6	Available Revenues:	DOR Spring forecast for price and production (April 99) and HB96 passes.												
7	General Fund Net Disposable Unrestricted Revenue (adjusted for treatment of tobacco settlement)			1,290.6	1,313.0	1,345.1	1,357.0	1,368.1	1,366.9	1,304.0	1,338.5	1,291.7	1,258.6	1,226.3
8	Revenue Distributed to State Using DNR Incremental High Case Production			0.0	0.0	0.0	5.8	14.2	18.6	22.9	29.7	33.2	78.7	127.9
9	Alaska Broad Based Tax (Net receipts in millions)	Choose Start FY =	FY00	\$350	0.0	175.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0
11	Constitutional Budget Reserve Fund (CBRF) Earnings (requires 3/4 vote of legislature)			162.1	540.8	540.2	545.8	550.1	549.2	539.5	526.8	511.4	492.0	470.7
12	Projected Draw in excess of CBRF earnings (requires 3/4 vote of legislature)			871.6	224.3	30.8	70.9	63.4	77.6	162.9	151.5	227.5	252.1	274.5
13	Total General Fund Revenues and CBRF Draw			2,324.3	2,253.1	2,266.1	2,329.5	2,345.8	2,362.4	2,379.3	2,396.4	2,413.8	2,431.5	2,449.3
14														
15	Expenditures:	Change Oper Budget:			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Operating - Agencies, Univ & Formula Programs (Medicaid, Aid to Communities, Longevity Bonus, etc)			1,477.2	1,477.2	1,437.2	1,407.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2
17	Supplemental Budget - Fires, Floods, etc.			13.6	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
18	Decrease or Increase the General Fund Budget			0.0	(40.0)	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	K-12 Education - FY 2000 estimate		FY00	1.45%	681.2	691.1	701.1	711.3	1,010.7	1,025.4	1,040.2	1,055.3	1,070.6	1,086.1
20	Debt Service (Net of non-GF School Fund and AHFC offsets)			46.0	3.5	38.7	41.9	41.8	41.8	41.8	41.8	41.8	41.8	41.8
21	Capital Budget			1.45%	85.4	85.4	85.4	135.4	137.4	139.4	141.4	143.4	145.5	147.6
22	State Match for Loan Programs (Water, Sewer, etc.)			20.9	19.4	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
23	Total General Fund Expenditures:			2,324.3	2,253.1	2,266.1	2,329.5	2,345.8	2,362.4	2,379.3	2,396.4	2,413.8	2,431.5	2,449.3
24	<b>Constitutional Budget Reserve Fund Projections</b>													
25	CBRF Balance - at Start of Fiscal Year			3,559.1	6,729.0	6,624.7	6,713.9	6,763.0	6,819.6	6,741.9	6,579.0	6,427.5	6,200.0	5,947.9
26	Earnings on the CBRF	8.25%		162.1	540.8	540.2	545.8	550.1	549.2	539.5	526.8	511.4	492.0	470.7
27	Transfer from Permanent Fund Earnings Reserve (from line 47)	Transfer		4,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	Oil & Gas Tax Dispute Resolutions			56.0	120.0	120.0	120.0	120.0	120.0	0.0	0.0	0.0	0.0	0.0
29	Draw from Earnings for Annual Budget			(162.1)	(540.8)	(540.2)	(545.8)	(550.1)	(549.2)	(539.5)	(526.8)	(511.4)	(492.0)	(470.7)
30	Draw (or payback) in excess of CBRF Earnings for Annual Budget			(886.1)	(224.3)	(30.8)	(70.9)	(63.4)	(77.6)	(162.9)	(151.5)	(227.5)	(252.1)	(274.5)
31	Total Draw (or payback) from CBRF for Annual Budget			(1,048.2)	(765.1)	(571.0)	(616.7)	(613.5)	(626.9)	(702.4)	(678.2)	(738.9)	(744.1)	(745.2)
32	CBRF Balance - at End of Fiscal Year			6,729.0	6,624.7	6,713.9	6,763.0	6,819.6	6,741.9	6,579.0	6,427.5	6,200.0	5,947.9	5,673.4
33	<b>Alaska Permanent Fund Projections</b>													
34	Permanent Fund Principal Balance - at Start of Fiscal Year (Protected by AK Constitution)			18,516	18,983	19,710	20,470	21,262	22,093	22,958	23,844	24,771	25,727	26,726
35	Earnings Reserve Balance - at Start of Fiscal Year	8.25%		5,360	2,292	2,324	2,402	2,557	2,845	3,242	3,677	4,150	4,661	5,211
37	Market Value of Total Permanent Fund Assets - at Start of Fiscal Year			23,876	21,276	22,034	22,873	23,819	24,938	26,200	27,521	28,921	30,388	31,937
38	Dedicated Oil Revenue Deposits into principal during Fiscal Year			138	123	132	139	150	157	149	160	157	167	176
39	Permanent Fund Statutory Income (Dividends, Interest & Realized Capital Gains)			2,293	1,624	1,676	1,733	1,799	1,878	1,966	2,061	2,161	2,269	2,382
40	Unrealized Capital Gains at End of Fiscal Year			3,917	3,981	4,054	4,137	4,228	4,330	4,443	4,568	4,703	4,848	5,003
42	Total Statutory Income			2,293	1,624	1,676	1,733	1,799	1,878	1,966	2,061	2,161	2,269	2,382
43	Earnings Reserve balance before payouts - End of Fiscal Year			7,653	3,917	4,000	4,135	4,356	4,723	5,208	5,738	6,311	6,930	7,593
44	Payout for dividends and dividend program costs			(1,019)	(1,083)	(1,074)	(1,042)	(958)	(915)	(950)	(991)	(1,036)	(1,085)	(1,138)
45	Transfer from Earnings Reserve to Principal (Inflation proofing and other transfers)			(288)	(574)	(596)	(619)	(643)	(669)	(694)	(721)	(749)	(778)	(809)
46	Projected rate for statutory inflation-proofing			1.54%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
47	Transfer a portion of Earnings Reserve to CBRF			4,000	0	0	0	0	0	0	0	0	0	0
48	Market Value of Total Permanent Fund Assets - at End of Fiscal Year			21,276	22,034	22,873	23,819	24,938	26,200	27,521	28,921	30,388	31,937	33,569
49	Projected Dividend Check Per Person			1,740.32	1,834.87	1,799.11	1,726.15	1,567.11	1,477.95	1,521.98	1,572.40	1,629.10	1,691.54	1,758.19
50	Dividend Formula - 5 Year Income or Statutory Earnings Reserve Limit (or Temp Adj)			5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc
51	Total Alaska Savings Accounts (CBRF + AK Perm Fund)			\$28,005	\$28,659	\$29,587	\$30,582	\$31,758	\$32,942	\$34,100	\$35,349	\$36,588	\$37,885	\$39,242

	A	B	O	P	Q	R	S	T	U	V	W	X
		FY	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>1</b>	<b>General Fund Budget Projections</b>											
2	All dollars in millions except oil prices.	Average Oil Price (\$/bbl.)	\$20.91	\$21.52	\$22.15	\$22.80	\$23.48	\$24.18	\$24.94	\$25.73	\$26.55	\$27.40
3		Oil Production (MMbbl/day)	0.718	0.669	0.621	0.577	0.550	0.503	0.469	0.437	0.408	0.301
4		DNR Incremental High Case Production - Oil (MMbbl/day)	0.292	0.330	0.305	0.298	0.300	0.282	0.272	0.257	0.246	0.231
5		DNR Incremental High Case Production - Gas (bcf/day)	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
6	Available Revenues:											
7	General Fund Net Disposable Unrestricted Revenue (adjusted for treatment of tobacco settlement)		1,120.8	1,099.4	1,060.3	1,029.7	1,008.1	982.6	959.8	942.6	923.8	913.1
8	Revenue Distributed to State Using DNR Incremental High Case Production		185.2	226.0	221.6	253.4	274.0	284.3	295.1	306.3	316.2	303.6
9	Alaska Broad Based Tax (Net receipts in millions)	Choose Start FY = <input type="text" value="FY00"/>	\$350	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0
11	Constitutional Budget Reserve Fund (CBRF) Earnings (requires 3/4 vote of legislature)		413.1	715.6	703.4	686.8	667.1	643.4	614.9	581.5	542.9	498.0
12	Projected Draw in excess of CBRF earnings (requires 3/4 vote of legislature)		416.8	113.5	188.2	223.0	263.0	321.7	382.4	442.0	510.2	599.4
13	Total General Fund Revenues and CBRF Draw		2,485.9	2,504.6	2,523.5	2,542.8	2,562.3	2,582.1	2,602.1	2,622.5	2,643.1	2,664.1
14												
15	Expenditures:	Change Op	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Operating - Agencies, Univ & Formula Programs (Medicaid, Aid to Communities, Longevity Bonus, etc)		1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2
17	Supplemental Budget - Fires, Floods, etc.		16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
18	Decrease or Increase the General Fund Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	K-12 Education - FY 2000 estimate	<input type="text" value="FY00"/>	1.45%	1,134.1	1,150.5	1,167.2	1,184.1	1,201.3	1,218.7	1,236.4	1,254.3	1,272.5
20	Debt Service (Net of non-GF School Fund and AHFC offsets)		41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8
21	Capital Budget		1.45%	154.1	156.4	158.6	160.9	163.3	165.6	168.0	170.5	172.9
22	State Match for Loan Programs (Water, Sewer, etc.)		17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
23	Total General Fund Expenditures:		2,485.9	2,504.6	2,523.5	2,542.8	2,562.3	2,582.1	2,602.1	2,622.5	2,643.1	2,664.1
24	<b>Constitutional Budget Reserve Fund Projections</b>	<b>FY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
25	CBRF Balance - at Start of Fiscal Year		5,308.7	8,891.8	8,778.4	8,590.2	8,367.2	8,104.2	7,782.5	7,400.2	6,958.1	6,447.9
26	Earnings on the CBRF	8.25%	413.1	715.6	703.4	686.8	667.1	643.4	614.9	581.5	542.9	498.0
27	Transfer from Permanent Fund Earnings Reserve (from line 47)	Transfer	4,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	Oil & Gas Tax Dispute Resolutions		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Draw from Earnings for Annual Budget		(413.1)	(715.6)	(703.4)	(686.8)	(667.1)	(643.4)	(614.9)	(581.5)	(542.9)	(498.0)
30	Draw (or payback) in excess of CBRF Earnings for Annual Budget		(416.8)	(113.5)	(188.2)	(223.0)	(263.0)	(321.7)	(382.4)	(442.0)	(510.2)	(599.4)
31	Total Draw (or payback) from CBRF for Annual Budget		(829.9)	(829.1)	(891.6)	(909.7)	(930.1)	(965.1)	(997.3)	(1,023.5)	(1,053.2)	(1,097.4)
32	CBRF Balance - at End of Fiscal Year		8,891.8	8,778.4	8,590.2	8,367.2	8,104.2	7,782.5	7,400.2	6,958.1	6,447.9	5,948.5
33	<b>Alaska Permanent Fund Projections</b>	<b>FY</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
34	Permanent Fund Principal Balance - at Start of Fiscal Year (Protected by AK Constitution)		28,839	29,950	31,109	32,297	33,521	34,783	36,081	37,419	38,799	40,224
35	Earnings Reserve Balance - at Start of Fiscal Year	8.25%	6,433	3,108	3,517	3,973	4,484	5,055	5,694	6,386	7,132	7,935
37	Market Value of Total Permanent Fund Assets - at Start of Fiscal Year		35,272	33,058	34,626	36,271	38,005	39,838	41,775	43,805	45,931	48,158
38	Dedicated Oil Revenue Deposits into principal during Fiscal Year		172	178	168	162	157	149	142	136	131	126
39	Permanent Fund Statutory Income (Dividends, Interest & Realized Capital Gains)		2,625	2,559	2,652	2,755	2,867	2,990	3,121	3,260	3,407	3,563
40	Unrealized Capital Gains at End of Fiscal Year		5,344	5,394	5,475	5,582	5,712	5,863	6,035	6,226	6,436	6,663
42	Total Statutory Income		2,625	2,559	2,652	2,755	2,867	2,990	3,121	3,260	3,407	3,563
43	Earnings Reserve balance before payouts - End of Fiscal Year		9,058	5,668	6,169	6,728	7,351	8,045	8,814	9,646	10,539	11,497
44	Payout for dividends and dividend program costs		(1,254)	(1,295)	(1,336)	(1,375)	(1,413)	(1,451)	(1,510)	(1,574)	(1,643)	(1,716)
45	Transfer from Earnings Reserve to Principal (Inflation proofing and other transfers)		(872)	(906)	(941)	(976)	(1,013)	(1,051)	(1,090)	(1,130)	(1,172)	(1,214)
46	Projected rate for statutory inflation-proofing		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
47	Transfer a portion of Earnings Reserve to CBRF		4,000	0	0	0	0	0	0	0	0	4,000
48	Market Value of Total Permanent Fund Assets - at End of Fiscal Year		33,058	34,626	36,271	38,005	39,838	41,775	43,805	45,931	48,158	46,490
49	Projected Dividend Check Per Person		1,902.07	1,947.07	1,988.47	2,027.26	2,064.06	2,099.64	2,164.64	2,235.28	2,310.97	2,391.40
50	Dividend Formula - 5 Year Income or Statutory Earnings Reserve Limit (or Temp Adj)	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc	5 Yr Inc
51	Total Alaska Savings Accounts (CBRF + AK Perm Fund)		\$41,950	\$43,404	\$44,861	\$46,372	\$47,942	\$49,557	\$51,205	\$52,889	\$54,606	\$56,339



	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
<b>Revenue Assumptions</b>												
Oil Price in \$/bbl	12.11	13.57	14.52	15.28	16.00	16.30	16.64	18.10	18.62	19.16	19.72	20.31
Volume in mbb/d	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.979	0.919	0.871	0.824	0.768
HB96 Passes (Y or N) - All Leases @ 25%	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>Market Assumptions</b>												
Perm Fund Total Return	9.510%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%
Yield of Dividends & Interest	4.000%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%
Expected Capital Gains/Losses	5.510%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%
% of Unrealized Gains Realized	26.460%	18.100%	18.260%	18.400%	18.600%	18.850%	19.100%	19.370%	19.620%	19.900%	20.150%	20.400%
CBR Yield	6.080%	8.250%	8.250%	8.250%	8.250%	8.250%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
<i>Annualized Return:</i>	9.510%	8.878%	8.668%	8.564%	8.501%	8.459%	8.429%	8.407%	8.389%	8.375%	8.364%	8.354%
<b>Dividend Assumptions</b>												
Maximum Dividend to \$ per Person	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Calculated Dividend Amount	\$1,000	\$1,000	\$1,000	\$1,000	\$1,019	\$1,027	\$1,055	\$1,084	\$1,114	\$1,146	\$1,179	\$1,212
<b>Inflation Assumptions</b>												
General Inflation Rate - Used for Inflation Proofing	1.540%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Growth of Agency Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of School Expenditures - Inflation	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Growth of Capital Budget - Inflation	0.00%	0.00%	0.00%	0.00%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
<b>Population Growth Assumptions</b>												
Agency Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Formula Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
School Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Capital Budget - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Dividends	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%
<b>Inflation Proofing Assumptions</b>												
Statutory Inflation Proofing Amount	287.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Question: Use the Statutory Method? (Y or N)	Y	N	N	N	N	N	N	N	N	N	N	N
<b>Endowment Assumptions</b>												
Payout %	N/A	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Minimum Dividend	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Split (Y or N)	N/A	N	N	N	N	N	N	N	N	N	N	N
% Split for Dividend	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% Split for General Government	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Graduated 5 Year Smoothing (Y or N)	N/A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Revenue Assumptions</b>										
Oil Price in \$/bbl	20.91	21.52	22.15	22.80	23.48	24.18	24.94	25.73	26.55	27.40
Volume in mbb/d	0.718	0.669	0.621	0.577	0.550	0.503	0.469	0.437	0.408	0.381
HB96 Passes (Y or N) - All Leases @ 25%	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>Market Assumptions</b>										
Perm Fund Total Return	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%
Yield of Dividends & Interest	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%
Expected Capital Gains/Losses	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%
% of Unrealized Gains Realized	20.630%	20.800%	21.000%	21.200%	21.400%	21.600%	21.780%	21.950%	22.100%	22.250%
CBR Yield	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%
<i>Annualized Return</i>	8.346%	8.340%	8.334%	8.328%	8.324%	8.320%	8.316%	8.313%	8.310%	8.307%
<b>Dividend Assumptions</b>										
Maximum Dividend to \$ per Person	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Calculated Dividend Amount	z \$1,246	\$1,281	\$1,317	\$1,353	\$1,389	\$1,426	\$1,464	\$1,503	\$1,542	\$1,582
<b>Inflation Assumptions</b>										
General Inflation Rate - Used for Inflation Proofing	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Growth of Agency Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of School Expenditures - Inflation	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Growth of Capital Budget - Inflation	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
<b>Population Growth Assumptions</b>										
Agency Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Formula Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
School Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Capital Budget - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Dividends	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%
<b>Inflation Proofing Assumptions</b>										
Statutory Inflation Proofing Amount	z 0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Question: Use the Statutory Method? (Y or N)	N	N	N	N	N	N	N	N	N	N
<b>Endowment Assumptions</b>										
Payout %	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Minimum Dividend	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Split (Y or N)	N	N	N	N	N	N	N	N	N	N
% Split for Dividend	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% Split for General Government	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Graduated 5 Year Smoothing (Y or N)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Budget Assumptions	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
<b>Revenues</b>	1,290.6	1,313.0	1,345.1	1,357.0	1,368.1	1,366.9	1,304.0	1,338.5	1,291.7	1,258.6	1,226.3	1,160.7
<i>Petroleum Revenue</i>	669.5	698.2	731.8	739.4	756.1	768.3	711.1	746.4	710.3	687.3	665.6	610.5
<i>Non-petroleum Revenue</i>	621.1	614.8	613.2	617.6	612.0	598.7	592.9	592.1	581.4	571.3	560.7	550.2
Alaska Credit Income Tax (Net receipts in millions)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Oil Revenue	0.0	0.0	0.0	4.5	35.0	51.4	62.7	72.7	76.7	97.9	121.8	124.1
Other New Revenue #1	0.0	50.0	75.0	100.0	103.0	106.1	109.3	112.6	115.9	119.4	123.0	126.7
Other New Revenue #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Revenues</b>	<b>1,290.6</b>	<b>1,363.0</b>	<b>1,420.1</b>	<b>1,461.5</b>	<b>1,506.1</b>	<b>1,524.4</b>	<b>1,476.0</b>	<b>1,523.8</b>	<b>1,484.3</b>	<b>1,475.9</b>	<b>1,471.1</b>	<b>1,411.5</b>
<b>Expenditures</b>												
Agency Operations	1,104.7	1,104.7	1,064.7	749.7	749.7	749.7	749.7	749.7	749.7	749.7	749.7	749.7
Formula Programs	372.5	372.5	372.5	372.5	372.5	372.5	372.5	372.5	372.5	372.5	372.5	372.5
K-12 Education	681.2	691.1	701.1	996.3	1,010.7	1,025.4	1,040.2	1,055.3	1,070.6	1,086.1	1,101.9	1,117.9
Penn Fund Dividends	569.6	576.0	582.2	588.7	606.6	618.0	641.5	666.3	692.8	720.5	749.2	778.8
Penn Fund Hold Harmless	28.49	28.9	29.3	29.7	30.2	30.6	31.1	31.5	32.0	32.4	32.9	33.4
Proposed Budget Cuts #1	0.0	(40.0)	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proposed Budget Cuts #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplemental Budget - Fires, Floods, (Y2K, FY99), etc.	13.6	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
Debt Service (Net of non-GF School Fund and AIFC offsets)	46.0	3.5	38.7	41.9	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.0
Capital Budget	85.4	85.4	85.4	135.4	137.4	139.4	141.4	143.4	145.5	147.6	149.8	151.9
State Match for Loan Programs (Water, Sewer, etc.)	20.9	19.4	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Other #1	14.5	(35.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total General Fund Expenditures:</b>	<b>2,936.9</b>	<b>2,823.0</b>	<b>2,877.7</b>	<b>2,947.9</b>	<b>2,982.5</b>	<b>3,011.0</b>	<b>3,051.8</b>	<b>3,094.3</b>	<b>3,138.6</b>	<b>3,184.4</b>	<b>3,231.5</b>	<b>3,279.6</b>
<b>Budget (Deficit)/Surplus</b>	<b>(1,646.3)</b>	<b>(1,460.0)</b>	<b>(1,457.6)</b>	<b>(1,486.4)</b>	<b>(1,476.4)</b>	<b>(1,486.6)</b>	<b>(1,575.9)</b>	<b>(1,570.5)</b>	<b>(1,654.3)</b>	<b>(1,708.4)</b>	<b>(1,760.4)</b>	<b>(1,868.2)</b>
<b>Total Expenditures</b>	<b>2,937.1</b>	<b>2,823.0</b>	<b>2,879.9</b>	<b>2,958.8</b>	<b>2,992.7</b>	<b>3,034.0</b>	<b>3,077.9</b>	<b>3,121.4</b>	<b>3,165.1</b>	<b>3,211.5</b>	<b>3,258.5</b>	<b>3,307.0</b>
<b>Transfers</b>												
Transfer (to)/from CBR (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (Thru the Year)	1,048.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legislative Appropriations to Penn Fund Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Alaska Income Acct (Beg of Year)	0.0	855.1	846.0	868.0	839.7	838.0	903.3	872.7	929.5	955.5	978.3	1,056.0
Transfer (to)/from Alaska Income Acct (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Alaska Income Acct (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Transfer from Earn Reserve (End of Year)	569.6	576.0	582.2	588.7	606.6	618.0	641.5	666.3	692.8	720.5	749.2	778.8
PFD Transfer from Earn Reserve for Hold Harmless (End of Y.)	28.5	28.9	29.3	29.7	30.2	30.6	31.1	31.5	32.0	32.4	32.9	33.4
<b>Total Transfers</b>	<b>1,646.3</b>	<b>1,460.0</b>	<b>1,457.6</b>	<b>1,486.4</b>	<b>1,476.4</b>	<b>1,486.6</b>	<b>1,575.9</b>	<b>1,570.5</b>	<b>1,654.3</b>	<b>1,708.4</b>	<b>1,760.4</b>	<b>1,868.2</b>
<b>Difference</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Budget Assumptions	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Revenues</b>	1,120.8	1,099.4	1,060.3	1,029.7	1,008.1	982.6	959.8	942.6	923.8	913.1
<i>Petroleum Revenue</i>	581.0	570.0	541.2	515.6	499.1	478.5	460.6	445.4	431.4	420.6
<i>Non-petroleum Revenue</i>	539.7	529.4	519.2	514.1	509.1	504.1	499.2	497.2	492.4	492.5
Alaska Credit Income Tax (Net receipts in millions)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Oil Revenue	141.1	159.1	153.9	154.9	154.8	151.8	151.8	149.8	149.0	141.7
Other New Revenue #1	130.5	134.4	138.4	142.6	146.9	151.3	155.8	160.5	165.3	170.2
Other New Revenue #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Revenues</b>	<b>1,392.3</b>	<b>1,392.9</b>	<b>1,352.6</b>	<b>1,327.2</b>	<b>1,309.8</b>	<b>1,285.7</b>	<b>1,267.4</b>	<b>1,252.9</b>	<b>1,238.0</b>	<b>1,225.1</b>
<b>Expenditures</b>										
Agency Operations	749.7	749.7	749.7	749.7	749.7	749.7	749.7	749.7	749.7	749.7
Formula Programs	372.5	372.5	372.5	372.5	372.5	372.5	372.5	372.5	372.5	372.5
K-12 Education	1,134.1	1,150.5	1,167.2	1,184.1	1,201.3	1,218.7	1,236.4	1,254.3	1,272.5	1,291.0
Perm Fund Dividends	809.5	841.3	874.1	907.9	942.7	978.5	1,015.5	1,053.7	1,093.2	1,134.1
Perm Fund Hold Harmless	33.9	34.3	34.8	35.4	35.9	36.4	36.9	37.4	38.0	38.5
Proposed Budget Cuts #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proposed Budget Cuts #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplemental Budget - Fires, Floods, (Y2K, FY99), etc.	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
Debt Service (Net of non-GF School Fund and AIFC offsets)	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8
Capital Budget	154.1	156.4	158.6	160.9	163.3	165.6	168.0	170.5	172.9	175.5
State Match for Loan Programs (Water, Sewer, etc.)	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Other #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total General Fund Expenditures:</b>	<b>3,329.2</b>	<b>3,380.3</b>	<b>3,432.4</b>	<b>3,406.0</b>	<b>3,540.9</b>	<b>3,596.9</b>	<b>3,654.5</b>	<b>3,713.7</b>	<b>3,774.3</b>	<b>3,836.8</b>
<b>Budget (Deficit)/Surplus</b>	<b>(1,936.9)</b>	<b>(1,987.4)</b>	<b>(2,079.8)</b>	<b>(2,158.8)</b>	<b>(2,231.1)</b>	<b>(2,311.2)</b>	<b>(2,387.1)</b>	<b>(2,460.8)</b>	<b>(2,536.3)</b>	<b>(2,611.7)</b>
	3,357.1	3,407.5	3,459.0	3,512.5	3,566.8	3,622.5	3,679.7	3,738.5	3,798.9	3,861.2
<b>Transfers</b>										
<i>Transfer (to)/from CBR (Beg of Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transfer (to)/from CBR (Thru the Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transfer (to)/from CBR (End of Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legislative Appropriations to Perm Fund Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transfer (to)/from Alaska Income Acct (Beg of Year)</i>	1,093.6	1,111.7	1,170.9	1,215.6	1,252.5	1,296.4	1,334.7	1,369.6	1,405.1	1,439.0
<i>Transfer (to)/from Alaska Income Acct (Thru the Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transfer (to)/from Alaska Income Acct (End of Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>PFD Transfer from Earn Reserve (End of Year)</i>	809.5	841.3	874.1	907.9	942.7	978.5	1,015.5	1,053.7	1,093.2	1,134.1
<i>PFD Transfer from Earn Reserve for Hold Harmless (End of Y)</i>	33.9	34.3	34.8	35.4	35.9	36.4	36.9	37.4	38.0	38.5
<b>Total Transfers</b>	<b>1,936.9</b>	<b>1,987.4</b>	<b>2,079.8</b>	<b>2,158.8</b>	<b>2,231.1</b>	<b>2,311.2</b>	<b>2,387.1</b>	<b>2,460.8</b>	<b>2,536.3</b>	<b>2,611.7</b>
<b>Difference</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**CONSTITUTIONAL BUDGET RESERVE**

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
<b>TOTAL Const Budget Reserve (Reg of Yr)</b>	3,559.1	2,728.3	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil & Gas Tax Dispute Resolutions (Thru the Year)	56.0	120.0	120.0	120.0	120.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (Beg of Year)	0.0	(2,728.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (End of Year)	0.0	(125.0)	(124.9)	(125.0)	(124.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Thru the Year)	(1,048.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings	161.4	5.0	4.9	5.0	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL Const Budget Reserve (End of Yr)</b>	2,728.3	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**ALASKA PERMANENT FUND**

<b>Principal/Corpus</b>	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
<b>TOTAL Principal at Cost (Beg of Yr)</b>	18,516.0	18,980.1	19,131.6	19,291.9	19,459.1	19,637.7	19,824.2	20,004.8	20,198.0	20,390.9	20,587.1	20,785.5
Dedicated Oil Revenues (Thru the Year)	138.1	123.0	132.0	136.6	145.3	150.4	141.5	150.8	147.2	146.7	145.0	135.5
Other Transfers (Amerada Hess) (End of Year)	38.2	28.4	28.2	30.7	33.3	36.1	39.1	42.4	45.8	49.5	53.4	57.6
Legislative Appropriations (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory Inflation Proofing (End of Year)	287.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL Principal at Cost (Ending Bal)</b>	18,980.1	19,131.6	19,291.9	19,459.1	19,637.7	19,824.2	20,004.8	20,198.0	20,390.9	20,587.1	20,785.5	20,978.7

**Alaska Income Account**

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
<b>TOTAL Alaska Income Acct Acct Balance (Beg of Yr)</b>	1,389.0	2,790.2	5,967.7	6,648.3	7,404.5	8,281.4	9,139.6	10,019.1	11,019.1	12,049.1	13,142.9	14,302.8
Transfer (to)/from APFC Principal (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Principal (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Principal (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Beg of Year)	0.0	(855.1)	(846.0)	(868.0)	(839.7)	(838.0)	(903.3)	(872.7)	(929.5)	(955.5)	(978.3)	(1,056.0)
Transfer (to)/from Gen Fund (Thru the Year)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (Beg of Year)	0.0	2,728.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (End of Year)	0.0	0.0	124.9	125.0	124.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Transfer (to) Gen Fund (End of Year)	(569.6)	(576.0)	(582.2)	(588.7)	(606.6)	(618.0)	(641.5)	(666.3)	(692.8)	(720.5)	(749.2)	(778.8)
PFD Transfer (to) Gen Fund for Hold Harmless (End of Year)	(28.5)	(28.9)	(29.3)	(29.7)	(30.2)	(30.6)	(31.1)	(31.5)	(32.0)	(32.4)	(32.9)	(33.4)
Interest Income	z 957.8	1,054.2	1,089.0	1,130.6	1,176.6	1,226.1	1,271.8	1,321.6	1,372.4	1,425.3	1,480.5	1,535.9
Realized Gains	z 1,399.8	925.4	995.2	1,061.0	1,129.0	1,199.4	1,267.9	1,337.1	1,404.3	1,473.8	1,541.3	1,609.4
Statutory Inflation Proofing	(287.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Costs of APFC	(32.2)	(42.0)	(42.6)	(43.3)	(43.9)	(44.6)	(45.2)	(45.9)	(46.6)	(47.3)	(48.0)	(48.7)
Legislative Appropriations for Oil & Gas Litigation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legislative Appropriations for Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less Amerada Hess Settlement Earnings (not inc in div)	z (38.2)	(28.4)	(28.2)	(30.7)	(33.3)	(36.1)	(39.1)	(42.4)	(45.8)	(49.5)	(53.4)	(57.6)
<b>TOTAL Alaska Income Acct Balance (End of Yr)</b>	2,790.2	5,967.7	6,648.3	7,404.5	8,281.4	9,139.6	10,019.1	11,019.1	12,049.1	13,142.9	14,302.8	15,473.6

**Unrealized Gains**

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
<b>Balance of Unrealized Gains (Beg of Year)</b>	3,970.9	3,890.5	4,187.5	4,455.1	4,705.2	4,940.8	5,163.3	5,370.4	5,565.9	5,753.2	5,932.2	6,107.8
Current Year Unrealized Gains	z 1,319.4	1,222.5	1,262.9	1,311.1	1,364.5	1,421.9	1,474.9	1,532.6	1,591.6	1,652.9	1,716.9	1,781.2
Amount of Gains Realized	(1,399.8)	(925.4)	(995.2)	(1,061.0)	(1,129.0)	(1,199.4)	(1,267.9)	(1,337.1)	(1,404.3)	(1,473.8)	(1,541.3)	(1,609.4)
Additional Gains Realized	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Bal Unreal Gain add to Market Value</b>	3,890.5	4,187.5	4,455.1	4,705.2	4,940.8	5,163.3	5,370.4	5,565.9	5,753.2	5,932.2	6,107.8	6,279.7
<b>Balance of Total Savings</b>	28,389.2	29,286.8	30,395.4	31,568.9	32,859.9	34,127.1	35,394.3	36,783.0	38,193.2	39,662.3	41,196.2	42,732.0

**CONSTITUTIONAL BUDGET RESERVE**

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<b>TOTAL Const Budget Reserve (Beg of Yr)</b>	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Oil & Gas Tax Dispute Resolutions (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL Const Budget Reserve (End of Yr)</b>	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

**ALASKA PERMANENT FUND****Principal/Corpus**

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<b>TOTAL Principal at Cost (Beg of Yr)</b>	20,978.7	21,172.1	21,369.6	21,567.1	21,765.6	21,966.6	22,170.0	22,376.8	22,587.9	22,804.2
Dedicated Oil Revenues (Thru the Year)	131.2	130.5	125.3	120.8	117.2	113.1	109.4	106.3	103.4	100.8
Other Transfers (Amerada Hess) (End of Year)	62.2	67.0	72.2	77.8	83.8	90.3	97.3	104.8	112.8	121.5
Legislative Appropriations (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Alaska Income Acct (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory Inflation Proofing (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL Principal at Cost (Ending Bal)</b>	21,172.1	21,369.6	21,567.1	21,765.6	21,966.6	22,170.0	22,376.8	22,587.9	22,804.2	23,026.5

**Alaska Income Account**

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<b>TOTAL Alaska Income Acct Acct Balance (Beg of Yr)</b>	15,473.6	16,694.7	17,983.5	19,303.8	20,672.3	22,099.7	23,582.1	25,126.4	26,738.9	28,421.6
Transfer (to)/from APFC Principal (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Principal (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Principal (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Beg of Year)	(1,093.6)	(1,111.7)	(1,170.9)	(1,215.6)	(1,252.5)	(1,296.4)	(1,334.7)	(1,369.6)	(1,405.1)	(1,439.0)
Transfer (to)/from Gen Fund (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Transfer (to) Gen Fund (End of Year)	(809.5)	(841.3)	(874.1)	(907.9)	(942.7)	(978.5)	(1,015.5)	(1,053.7)	(1,093.2)	(1,134.1)
PFD Transfer (to) Gen Fund for Hold Harmless (End of Year)	(33.9)	(34.3)	(34.8)	(35.4)	(35.9)	(36.4)	(36.9)	(37.4)	(38.0)	(38.5)
Interest Income	z 1,593.1	1,652.9	1,714.1	1,777.1	1,842.4	1,909.9	1,979.9	2,052.8	2,128.7	2,207.9
Realized Gains	z 1,676.6	1,740.4	1,809.1	1,879.7	1,952.4	2,027.4	2,102.8	2,180.2	2,258.8	2,341.3
Statutory Inflation Proofing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Costs of APFC	(49.5)	(50.2)	(51.0)	(51.7)	(52.5)	(53.3)	(54.1)	(54.9)	(55.7)	(56.6)
Legislative Appropriations for Oil & Gas Litigation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legislative Appropriations for Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less Amerada Hess Settlement Earnings (not inc in div)	z (62.2)	(67.0)	(72.2)	(77.8)	(83.8)	(90.3)	(97.3)	(104.8)	(112.8)	(121.5)
<b>TOTAL Alaska Income Acct Balance (End of Yr)</b>	16,694.7	17,983.5	19,303.8	20,672.3	22,099.7	23,582.1	25,126.4	26,738.9	28,421.6	30,181.1

**Unrealized Gains**

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Balance of Unrealized Gains (Beg of Year)</b>	6,279.7	6,450.5	6,627.0	6,805.7	6,986.9	7,171.1	7,358.6	7,551.9	7,752.3	7,962.2
Current Year Unrealized Gains	z 1,847.5	1,916.9	1,987.8	2,060.9	2,136.6	2,214.9	2,296.1	2,380.6	2,468.7	2,560.5
Amount of Gains Realized	(1,676.6)	(1,740.4)	(1,809.1)	(1,879.7)	(1,952.4)	(2,027.4)	(2,102.8)	(2,180.2)	(2,258.8)	(2,341.3)
Additional Gains Realized	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Bal Unreal Gain add to Market Value</b>	6,450.5	6,627.0	6,805.7	6,986.9	7,171.1	7,358.6	7,551.9	7,752.3	7,962.2	8,181.4
<b>Balance of Total Savings</b>	44,317.4	45,980.2	47,676.6	49,424.8	51,237.5	53,110.9	55,055.1	57,079.2	59,188.0	61,389.0

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All the groups thanked the Legislature and the Administration for making a long-range plan the top priority this session and appreciated the cooperative effort expressed by both the Legislature and Administration to address the state's fiscal problems.

The groups stressed action is needed now while Alaska has options, rather than waiting until the state is faced with a tougher dilemma down the road.

Contact:

Fiscal Policy Council, Cheryl Frasca, 258-2331

Resource Development Council, Ken Freeman, 276-0700

Anchorage Chamber, Ralph Samuels, 243-2485

Alaska Support Industry Alliance, Karen Cowart, 563-2226

Alaska General Contractors, Henry Springer, 561-5354

Alaska Trucking Association, Frank Dillion, 276-1149

###



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Founded 1975

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## House Leaders Offer Solid Solution to Alaska's Fiscal Gap Implementation of Fiscal Plan Top RDC Priority

For Immediate Release: May 8, 1999

Contact: Ken Freeman (907) 276-0700

**ANCHORAGE** - Citing the state's budget crisis as its top public policy issue, Resource Development Council Executive Director Ken Freeman applauded the announcement and introduction today of a fiscal plan in the House of Representatives.

"RDC's top legislative priority this year is the implementation of a long-range fiscal plan to close Alaska's fiscal gap," said Ken Freeman. "The state's rising fiscal gap creates an image of fiscal instability which in turn generates uncertainty among potential and existing industry investors."

Freeman said although RDC is still evaluating details of the House leadership plan it looks to be a critical step in addressing the state's fiscal dilemma.

"Combining Permanent Fund earnings and the state's CBR account to create an endowment is a good way to bring much-needed revenues to the billion dollar deficit," said Freeman. "One of the best ways to diversify and stabilize state revenues is through the expanded use of the Permanent Fund earnings."

Freeman said RDC feels strongly that budget cuts and increases in state efficiencies have helped reduce the deficit but there is no way the state can realistically cut \$1 billion from the current budget.

"RDC's message has remained consistent throughout the session. We must see a plan this year and it is time to utilize the earnings of the Permanent Fund. Members of the RDC Executive Committee strongly believe the original intent of the fund was to help pay for some state government services. Given the fluctuating price of oil and declining production, now is the time to begin to use some of those earnings to bring stability to public budgeting."

Freeman noted the state can also bring in new revenues by promoting programs that encourage development of Alaska's economy.

Freeman said RDC also supported the use of some form of broad-based tax to help resolve the fiscal gap issue, but only as a last resort. "New or increased taxes on industry though are not the answer as such an action would shake the confidence of investors and harm a business climate already severely disturbed by current economic events."

"We have seen considerable leadership this session from the Legislature and Governor in addressing this issue. I really commend the Legislature and the Administration for making the budget issue the top priority this session," said Freeman.

###



## **THE ALLIANCE**

... for responsible development of Alaska's Oil, Gas & Mineral Resources

### **Written Testimony by the Alaska Support Industry Alliance to the Alaska State House Majority regarding The Healthy Alaska Plan for a Balanced State Budget**

**May 12, 1999**

**by Karen Cowart, General Manager**

The Alliance is a statewide trade organization formed 20 years ago to provide a collective voice for companies that provide goods and services in support of oil and gas exploration, development and production. Although The Alliance does not include all support businesses in the state, most of the major players are members. Like many trade organizations, we believe our membership reflects the industry as a whole.

The Alliance has 300-plus member businesses, organizations and individuals that operate and work all across the state, from the North Slope to the Kenai Peninsula. Collectively, our membership employs about 25,000 Alaskan residents. While The Alliance is headquartered in Anchorage, we have active chapters and committees in Fairbanks, Kenai and Prudhoe Bay.

The Alaska oil and gas support industry is suffering difficult times in the wake of low oil prices. As difficult as times are, it is critical that we *do not lose sight of the future*, when the economic climate changes and opportunities re-emerge. The most important thing that state government can do *right now* is to ensure that Alaska is

#### **ALASKA SUPPORT INDUSTRY ALLIANCE**

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poised to take advantage of future resource development. And that means balancing the budget, *this year*. Unchecked, the rising fiscal gap between state revenues and expenditures projects an image of an unstable, irresponsible government. It generates uncertainty among potential and existing industry investors. It is critical that oil companies view Alaska as a *stable place to invest*.

The Alliance applauds the House Majority for coming to the table with a sustainable budget plan. While The Alliance Board of Directors has not had the opportunity to study all elements of the plan, there are directions that we approve of in general. For instance, we are gratified to see that the plan takes a conservative approach with regard to oil revenue projections. While oil prices have experienced an increase over the last couple of months, we believe it is prudent to regard this fluctuation with caution. It would be unwise to consider a brief rise in oil prices as the "savior," and a reason to delay development of a long-term fiscal plan to balance our state budget.

The Alliance can also tell you which budget balancing tools are most palatable to support industry businesses. This perspective is based on a mid-March 1999 poll of The Alliance membership, which generated remarkably high response (nearly half faxed back a completed survey).

The vast majority of Alliance members *support continued cuts* in government spending. And most agreed that *spending reductions should occur before any other revenue sources are established*. We have favorably noted the plan's assumption of continued restraint on government, including sustainable reductions over the next two fiscal years.

We agree that cutting the budget must be done in a way that will not cripple the state's economy and infrastructure. The Alliance looks to the leadership in the House, the Senate and the Administration to make thoughtful decisions that will realize greater efficiency in government, whether it be by results-based budgeting, consolidation of government programs, elimination of non-essential services, use of a two-year budget cycle, and/or privatization of some government functions.

I'd like to emphasize that The Alliance has always supported efforts to reduce government spending as the *first and foremost* method of balancing the budget. We still do, but we also realize spending cuts alone will not close the billion-dollar-plus gap. The time has come to consider all options.

We understand that The Healthy Alaska Plan makes use of the Permanent Fund as a revenue source. We believe that this is in line with the fund's purpose. The Alliance membership does not see the Permanent Fund as a sacred cow. Rather we recognize that it was originally established to help fund government in a time of declining oil production and revenue. That time has come, at least for now.

Using some portion of the Permanent Fund's undistributed or unrealized earnings to fund government is acceptable to *eight out of 10* Alliance members. Limiting (or eliminating) the Permanent Fund Dividend, and using the remaining earnings to fund government services, was acceptable to *seven out of 10* of responding Alliance members.

The Alliance also appreciates the fact that your plan does not levy more taxes on the citizens and businesses of the state. Survey results indicate that Alliance members *overwhelmingly opposed a state income tax*; half of our members were

also adamantly opposed to a state sales tax. The Alliance has never taken a position in support of taxes and we will not do so now, especially since there are other viable sources of revenue at the state's disposal.

### **Conclusion**

Alaska oil and gas support industry businesses are taking *immediate measures* to survive in the long term. They are realigning budgets to reflect losses in project revenues and reducing expenditures accordingly. It is imperative that the state does the same. Time IS of the essence.

It is vital that your plan be taken to the next level. We encourage the legislative leadership and the administration to work together to identify a final plan that is good for the people of Alaska, not just for today, but for our tomorrow.

Thank you for the opportunity to provide testimony on this important issue.

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: May 8, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/14/99

The FINANCE Committee considered:

HB 231

HOUSE BILL NO. 231

ALASKA INCOME ACCOUNT/PFDS

"An Act relating to income of the Alaska permanent fund, to the Alaska Income Account, and to permanent fund dividends; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 231 (FIN) [ ] the same title [X] a new title

[ ] additional referral to \_\_\_\_\_ Committee [ ] attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date) [X] fiscal note(s) HFC [ ] fiscal note(s)

[ ] zero fiscal note(s) [ ] zero fiscal note(s)

Table with columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Rows include names like Mulder, Therriault, Runde, Austerman, Davies, Grussendorf, Moses, Davis, Williams, Foster, Kohring.

CHAIR'S SIGNATURE [Signature: Elda Hurd] [Signature: Gary Therriault]

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. CSHB 231(FIN)

Title: Alaska Income Account/PFDS  
Sponsor: (H)RLS  
Requestor: House Finance Committee

Dept. Affected: Office of the Governor  
BRU: Elective Operations  
Components: Elections  
Serial # 21

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	150.0					
Travel						
Contractual	660.0					
Supplies	29.0					
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>839.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund	839.0					
Federal Fund						
Other						
<b>TOTAL</b>	<b>839.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

Full-Time	0	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	25	0	0	0	0	0

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

See attached sheet for additional details.

This fiscal note assumes the election will be conducted in person. Contractual services includes: ballot printing (94.0); election boards (334.0); advertising (22.0); shipping and postage (131.0); polling place rental and set-up (21.0); forms (55.0) and microfilming (3.0).

Prepared by: House Finance Committee Date: 05/14/99  
Approved by: Representative Eldon Mulder Phone: 465-2647  
Representative Gene Therriault Phone: 465-4797

## Comparison of Financial Plans

*This comparison looks at the Governor's and House Majority's plans with the limited budget growth numbers, and corrected additional oil revenue; also includes 25% PF dedication*

**Rate of Return: 8.25%**

**Plan: Governor**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2020</u>
Expenditures	\$ 2,324	\$ 2,253	\$ 2,266	\$ 2,329	\$ 2,346	\$ 2,362	\$ 2,379	\$ 2,396	\$ 2,414	\$ 2,431	\$ 2,449	\$ 2,467	\$ 2,486	\$ 2,664
New Revenue	\$ -	\$ 175	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
Dividend	\$ 1,740	\$ 1,835	\$ 1,799	\$ 1,726	\$ 1,567	\$ 1,478	\$ 1,522	\$ 1,572	\$ 1,629	\$ 1,692	\$ 1,758	\$ 1,829	\$ 1,902	\$ 2,391
Value of Assets	\$ 28,005	\$ 28,659	\$ 29,587	\$ 30,582	\$ 31,758	\$ 32,942	\$ 34,100	\$ 35,349	\$ 36,588	\$ 37,885	\$ 39,242	\$ 40,581	\$ 41,950	\$ 56,339

**Plan: House Majority**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2020</u>
Expenditures	\$ 2,324	\$ 2,253	\$ 2,266	\$ 2,329	\$ 2,346	\$ 2,362	\$ 2,379	\$ 2,396	\$ 2,414	\$ 2,431	\$ 2,449	\$ 2,467	\$ 2,486	\$ 2,664
New Revenue	\$ -	\$ 50	\$ 75	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127	\$ 130	\$ 170
Dividend	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,014	\$ 1,022	\$ 1,030	\$ 1,059	\$ 1,088	\$ 1,119	\$ 1,150	\$ 1,182	\$ 1,214	\$ 1,248	\$ 1,619
Value of Assets	\$ 28,390	\$ 29,413	\$ 30,532	\$ 31,712	\$ 32,996	\$ 34,244	\$ 35,483	\$ 36,839	\$ 38,215	\$ 39,684	\$ 41,256	\$ 42,857	\$ 44,542	\$ 63,812

5-14-99 pr



### Comparison of Financial Plans

*This comparison looks at the plans with the limited budget growth numbers used by the House, and corrected additional oil revenue; also includes 25% PF dedication*

**Rate of Return: 8.10%**

**Payout: 5.25% on 5 year look-back rolling average**

**Plan: Governor**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2020</u>
Expenditures (\$M)	\$ 2,324	\$ 2,253	\$ 2,266	\$ 2,320	\$ 2,346	\$ 2,362	\$ 2,379	\$ 2,396	\$ 2,414	\$ 2,431	\$ 2,449	\$ 2,467	\$ 2,664
New Revenue (\$M)	\$ -	\$ 175	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350
Dividend (\$)	\$ 1,740	\$ 1,834	\$ 1,796	\$ 1,720	\$ 1,556	\$ 1,462	\$ 1,501	\$ 1,547	\$ 1,598	\$ 1,656	\$ 1,718	\$ 1,784	\$ 2,279
Value of Assets (\$M)	\$ 28,005	\$ 28,617	\$ 29,500	\$ 30,447	\$ 31,571	\$ 32,701	\$ 33,803	\$ 34,992	\$ 36,168	\$ 37,397	\$ 38,683	\$ 39,945	\$ 54,946

**Plan: House Majority**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2020</u>
Expenditures (\$M)	\$ 2,324	\$ 2,253	\$ 2,266	\$ 2,329	\$ 2,346	\$ 2,362	\$ 2,379	\$ 2,396	\$ 2,414	\$ 2,431	\$ 2,449	\$ 2,467	\$ 2,664
New Revenue (\$M)	\$ -	\$ 50	\$ 75	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 120	\$ 127	\$ 170
Dividend (\$)	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,013	\$ 1,020	\$ 1,027	\$ 1,054	\$ 1,081	\$ 1,110	\$ 1,139	\$ 1,168	\$ 1,198	\$ 1,565
Value of Assets (\$M)	\$ 28,390	\$ 29,333	\$ 30,403	\$ 31,529	\$ 32,753	\$ 33,934	\$ 35,101	\$ 36,378	\$ 37,668	\$ 39,044	\$ 40,515	\$ 42,005	\$ 61,206
Amount out of balance (\$M)	\$ -	\$ (55)	\$ 8	\$ (2)	\$ 19	\$ 25	\$ (15)	\$ 46	\$ 24	\$ 59	\$ 99	\$ 76	\$ 325

**Plan: Senate Majority (with their own expenditures and revenues, and no 25% PF dedication change)**

Expenditures (\$M)	\$ 2,324	\$ 2,248	\$ 2,256	\$ 2,305	\$ 2,307	\$ 2,313	\$ 2,320	\$ 2,327	\$ 2,334	\$ 2,341	\$ 2,349	\$ 2,357	\$ 2,550
New Revenue (\$M)	\$ -	\$ 35	\$ 100	\$ 103	\$ 106	\$ 109	\$ 113	\$ 116	\$ 119	\$ 123	\$ 127	\$ 230	\$ 291
Dividend (\$)	\$ 1,730	\$ 1,710	\$ 1,258	\$ 1,256	\$ 1,257	\$ 1,261	\$ 1,281	\$ 1,305	\$ 1,332	\$ 1,360	\$ 1,388	\$ 1,417	\$ 1,793
Value of Assets (\$M)	\$ 27,974	\$ 28,463	\$ 29,350	\$ 30,274	\$ 31,294	\$ 32,266	\$ 33,219	\$ 34,275	\$ 35,335	\$ 36,462	\$ 37,664	\$ 38,978	\$ 55,383
Amount out of balance (\$M)	\$ -	\$ (486)	\$ (132)	\$ (155)	\$ (131)	\$ (127)	\$ (167)	\$ (110)	\$ (130)	\$ (96)	\$ (58)	\$ 20	\$ 149

Gov 8.10%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	X
	FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2020	
<b>General Fund Budget Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2020</b>	
1		\$12.11	\$13.57	\$14.52	\$15.28	\$16.00	\$16.30	\$16.64	\$18.10	\$18.62	\$19.16	\$19.72	\$20.31	\$27.40	
2	Average Oil Price (\$/bbl.)	Input													
3	Oil Production (MMbbl/day)	Input	1.166	1.047	1.064	1.075	1.049	1.076	1.031	0.979	0.919	0.871	0.824	0.768	
4	DNR Incremental High Case Production - Oil (MMbbl/day)	Fixed	0.000	0.000	0.000	0.012	0.035	0.046	0.058	0.064	0.068	0.136	0.210	0.241	
5	DNR Incremental High Case Production - Gas (bct/day)	Fixed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	
6	Available Revenues:	DOR Spring forecast for price and production (April 99) and HB96 passes													
7	General Fund Net Disposable Unrestricted Revenue (adjusted for treatment of tobacco settlement)		1,290.6	1,313.0	1,345.1	1,357.0	1,368.1	1,366.9	1,304.0	1,338.5	1,291.7	1,258.6	1,226.3	1,160.7	
8	Revenue Distributed to State Using DNR Incremental High Case Production		0.0	0.0	0.0	5.8	14.2	18.6	22.9	29.7	33.2	78.7	127.9	147.3	
9	Alaska Broad Based Tax (Net receipts in millions)	Choose Start FY =	0.0	175.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	
10	Constitutional Budget Reserve Fund (CBRF) Earnings (requires 3/4 vote of legislature)	FY00	162.1	530.4	528.9	533.5	536.7	534.7	524.0	510.2	493.8	473.3	450.8	423.7	
11	Projected Draw in excess of CBRF earnings (requires 3/4 vote of legislature)		871.6	234.7	42.1	83.2	76.9	92.2	178.5	168.0	245.2	270.9	294.4	385.8	
12	Total General Fund Revenues and CBRF Draw		2,324.3	2,253.1	2,266.1	2,329.5	2,345.8	2,362.4	2,379.3	2,396.4	2,413.8	2,431.5	2,449.3	2,467.5	
13															
14	Expenditures:														
15	Operating - Agencies, Univ & Formula Programs (Medicaid, Aid to Communities, Longevity Bonus, etc)		1,477.2	1,477.2	1,437.2	1,407.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	
16	Supplemental Budget - Fires, Floods, etc.		13.6	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	
17	Decrease or Increase the General Fund Budget		0.0	(40.0)	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
18	K-12 Education - FY 2000 estimate	FY00	681.2	691.1	701.1	711.3	1,010.7	1,025.4	1,040.2	1,055.3	1,070.6	1,086.1	1,101.9	1,117.9	
19	Debt Service (Net of non-GF School Fund and AHFC offsets)		46.0	3.5	38.7	41.9	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	
20	Capital Budget		85.4	85.4	85.4	135.4	137.4	139.4	141.4	143.4	145.5	147.6	149.8	151.9	
21	State Match for Loan Programs (Water, Sewer, etc.)		20.9	19.4	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	
22	Total General Fund Expenditures:		2,324.3	2,253.1	2,266.1	2,329.5	2,345.8	2,362.4	2,379.3	2,396.4	2,413.8	2,431.5	2,449.3	2,467.5	
23															
24	<b>Constitutional Budget Reserve Fund Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	
25	CBRF Balance - at Start of Fiscal Year		3,559.1	6,729.0	6,614.3	6,692.2	6,729.0	6,772.1	6,680.0	6,501.5	6,333.4	6,088.3	5,817.4	5,523.0	
26	Earnings on the CBRF	8.10%	162.1	530.4	528.9	533.5	536.7	534.7	524.0	510.2	493.8	473.3	450.8	423.7	
27	Transfer from Permanent Fund Earnings Reserve (from line 47)	Transfer	4,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
28	Oil & Gas Tax Dispute Resolutions		56.0	120.0	120.0	120.0	120.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
29	Draw from Earnings for Annual Budget		(162.1)	(530.4)	(528.9)	(533.5)	(536.7)	(534.7)	(524.0)	(510.2)	(493.8)	(473.3)	(450.8)	(423.7)	
30	Draw (or payback) in excess of CBRF Earnings for Annual Budget		(886.1)	(234.7)	(42.1)	(83.2)	(76.9)	(92.2)	(178.5)	(168.0)	(245.2)	(270.9)	(294.4)	(385.8)	
31	Total Draw (or payback) from CBRF for Annual Budget		(1,048.2)	(765.1)	(571.0)	(616.7)	(613.5)	(626.9)	(702.4)	(678.2)	(738.9)	(744.1)	(745.2)	(809.5)	
32	CBRF Balance - at End of Fiscal Year		6,729.0	6,614.3	6,592.2	6,729.0	6,772.1	6,589.0	6,501.5	6,333.4	6,088.3	5,817.4	5,523.0	5,137.3	
33	<b>Alaska Permanent Fund Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	
34	Permanent Fund Principal Balance - at Start of Fiscal Year (Protected by AK Constitution)		18,516	18,983	19,710	20,470	21,262	22,092	22,956	23,842	24,769	25,724	26,721	27,761	
35	Earnings Reserve Balance - at Start of Fiscal Year	8.10%	5,360	2,292	2,292	2,338	2,456	2,707	3,065	3,459	3,890	4,356	4,859	5,398	
36	Market Value of Total Permanent Fund Assets - at Start of Fiscal Year		23,876	21,276	22,002	22,808	23,718	24,799	26,021	27,301	28,658	30,080	31,579	33,159	
37	Dedicated Oil Revenue Deposits into principal during Fiscal Year		138	123	132	139	150	157	149	160	157	167	176	170	
38	Permanent Fund Statutory Income (Dividends, Interest & Realized Capital Gains)		2,293	1,619	1,664	1,714	1,775	1,848	1,930	2,019	2,113	2,215	2,321	2,434	
39	Unrealized Capital Gains at End of Fiscal Year		3,917	3,955	4,004	4,066	4,138	4,221	4,317	4,425	4,545	4,673	4,813	4,963	
40	Total Statutory Income		2,293	1,619	1,664	1,714	1,775	1,848	1,930	2,019	2,113	2,215	2,321	2,434	
41	Earnings Reserve balance before payouts - End of Fiscal Year		7,653	3,911	3,956	4,052	4,231	4,556	4,995	5,479	6,003	6,571	7,180	7,832	
42	Payout for dividends and dividend program costs		(1,019)	(1,083)	(1,072)	(1,038)	(952)	(905)	(938)	(975)	(1,017)	(1,063)	(1,113)	(1,166)	
43	Transfer from Earnings Reserve to Principal (inflation proofing and other transfers)		(288)	(574)	(596)	(619)	(643)	(669)	(694)	(721)	(749)	(778)	(809)	(840)	
44	Projected rate for statutory inflation-proofing	1.54%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
45	Transfer a portion of Earnings Reserve to CBRF		4,000	0	0	0	0	0	0	0	0	0	0	0	
46	Market Value of Total Permanent Fund Assets - at End of Fiscal Year		21,276	22,002	22,808	23,718	24,799	26,021	27,301	28,658	30,080	31,579	33,159	34,808	
47	Projected Dividend Check Per Person		1,740.32	1,833.83	1,795.89	1,719.70	1,556.45	1,462.11	1,501.04	1,546.53	1,598.43	1,656.13	1,718.06	1,783.68	
48	Dividend Formula - 5 Year Income or Statutory Earnings Reserve Limit (or Temp Adj)	5 Yr Inc	\$28,005	\$28,617	\$29,500	\$30,447	\$31,571	\$32,701	\$33,803	\$34,992	\$36,168	\$37,397	\$38,683	\$39,945	
49	Total Alaska Savings Accounts (CBRF + AK Perm Fund)														
50															
51															

House 8.10 ~ 5.25%

	A	F	G	H	I	J	K	L	M	N	O	P	Q	R	AB	
1	<b>General Fund Budget Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2020</b>	
2	All dollars in millions except oil prices.	Average Oil Price (\$/bbl.)	Input	\$12.11	\$13.57	\$14.52	\$15.28	\$16.00	\$16.30	\$16.64	\$18.10	\$18.62	\$19.16	\$19.72	\$20.31	\$27.40
3		Oil Production (MMbbl/day)	Input	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.970	0.919	0.871	0.824	0.768	0.381
4		DNR Incremental High Case Production - Oil (MMbbl/day)	Fixed	0.000	0.000	0.000	0.012	0.035	0.046	0.058	0.067	0.068	0.136	0.210	0.241	0.231
5		DNR Incremental High Case Production - Gas (bcf/day)	Fixed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	2.000
6	Available Revenues:	April 99 DOR Revenue update for price and production and HB96 passes														
7	General Fund Net Disposable Unrestricted Revenue		1,290.8	1,313.0	1,345.5	1,357.0	1,368.1	1,366.9	1,304.0	1,338.5	1,291.7	1,258.6	1,226.3	1,110.7	913.1	
8	Revenue Distributed to State Using DNR Incremental High Case Production		0.0	0.0	0.0	5.8	14.2	18.6	22.9	29.7	33.2	78.7	127.9	147.3	303.6	
9	New Revenue (Increase by 3% starting in FY03)	\$100	0.0	50.0	75.0	100.0	103.0	106.1	109.3	112.6	115.9	119.4	123.0	126.7	170.2	
11	Constitutional Budget Reserve Fund (CBRF) Earnings		162.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
12	Transfer from the APF (line 46 below)		0.0	890.1	845.6	866.7	860.5	870.8	943.2	915.7	973.0	974.7	972.2	1,032.8	1,277.1	
13	Budget Deficit		871.4	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
14	Total General Fund Revenues and CBRF Draw		2,324.3	2,253.1	2,266.1	2,329.5	2,345.8	2,362.4	2,379.3	2,396.4	2,413.8	2,431.5	2,449.3	2,467.5	2,664.1	
15																
16	Expenditures:	Change Oper Bgt:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
17	Operating - Agenc, Univ & Form Programs (Medicaid, Aid to Communities, Long Bonus, etc)**		1,477.2	1,477.2	1,437.2	1,407.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	1,122.2	
18	Supplemental Budget - Fires, Floods, etc.		13.6	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	
19	Decrease or Increase the General Fund Budget (FY00 includes \$35 M one time only cut)		0.0	(40.0)	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
20	K-12 Education - FY 2000 estimate, then increase by amount specified	1.45%	681.2	691.1	701.1	711.3	1,010.7	1,025.4	1,040.2	1,055.3	1,070.6	1,086.1	1,101.9	1,117.9	1,291.0	
21	Debt Service (Net of non-GF School Fund and AHFC offsets)		46.0	3.5	38.7	41.9	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	
22	Capital Budget (add \$50 million in 02, then begin inflationary increase in FY03)	1.45%	85.4	85.4	85.4	135.4	137.4	139.4	141.4	143.4	145.5	147.6	149.8	151.9	175.5	
23	State Match for Loan Programs (Water, Sewer, etc.)		20.9	19.4	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	
24	Total General Fund Expenditures:		2,324.3	2,253.1	2,266.1	2,329.5	2,345.8	2,362.4	2,379.3	2,396.4	2,413.8	2,431.5	2,449.3	2,467.5	2,664.1	
25	** NOTE: Operating agency growth only permitted in University, DOT/PPF and Public Safety, \$280 million of operating agency budgets - this money moved to k-12 education line for purposes of modeling															
26	Budget Deficit			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
27	<b>Constitutional Budget Reserve Fund Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2020</b>	
28	CBRF Balance - at Start of Fiscal Year		3,559.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
29	Earnings on the CBRF	8.10%	162.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
30	Transfer from Permanent Fund Earnings Reserve	Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
31	Oil & Gas Tax Dispute Resolutions		56.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
32	Draw from Earnings for Annual Budget		(162.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
33	Draw (or payback) in excess of CBRF Earnings for Annual Budget		(885.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
34	Total Draw (or payback) from CBRF for Annual Budget		(1,048.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
35	CBRF Balance - at End of Fiscal Year		2,729.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
36	<b>Alaska Permanent Fund Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2020</b>	
37	Permanent Fund Principal Balance - at Start of Fiscal Year (Protected by AK Constitution)		18,516	18,981	19,129	19,289	19,459	19,642	19,835	20,024	20,226	20,430	20,647	20,876	23,276	
38	Now called Alaska Income Account (Includes CBRF account at FY99 year end)		5,360	8,639	9,478	10,367	11,330	12,240	13,156	14,162	15,179	16,264	17,425	18,606	34,348	
39	Market Value of Total Permanent Fund Assets - at Start of Fiscal Year		23,876	27,620	28,608	29,657	30,788	31,882	32,991	34,185	35,405	36,693	38,071	39,482	57,624	
40	Dedicated Oil Revenue Deposits into principal during Fiscal Year (Includes DNR barrels)		138	123	132	139	150	157	149	160	157	167	176	170	126	
41	Total Return of the fund (FY99 is the actual return, and FY00-FY10 is using the rate shown)	8.10%	2,277.2	2,237.3	2,318	2,403	2,495	2,589	2,678	2,775	2,874	2,979	3,091	3,205	4,673	
42	Less Costs of the fund		(32)	(42)	(43)	(43)	(44)	(45)	(45)	(46)	(47)	(47)	(48)	(49)	(57)	
43	Amerada Hess - Transfer from ER to Principal		(38)	(26)	(28)	(31)	(33)	(36)	(39)	(43)	(46)	(50)	(54)	(58)	(122)	
44	Permanent Fund Principal at End of Year		18,981	19,129	19,289	19,459	19,642	19,835	20,024	20,226	20,430	20,647	20,876	21,104	23,524	
45	Earnings Reserve Balance (after costs, transfers & before payouts) - End of Fiscal Year		9,409	10,204	11,114	12,070	13,110	14,099	15,077	16,152	17,238	18,397	19,638	20,901	37,682	
46	Ending Market Value		28,390	29,333	30,403	31,529	32,753	33,934	35,101	36,378	37,668	39,044	40,515	42,005	61,206	
47	% of real rate of return - payout to the Alaska Income Account (start of year convention)	5.25%		(1,440)	(1,465)	(1,490)	(1,517)	(1,544)	(1,600)	(1,658)	(1,719)	(1,782)	(1,846)	(1,912)	(2,763)	
48	payout to general fund (payout less dividend payout)			(890)	(846)	(867)	(861)	(871)	(943)	(916)	(973)	(975)	(972)	(1,033)	(1,277)	
49	payout to dividend (42% of payout)		(598)	(605)	(612)	(626)	(637)	(649)	(672)	(697)	(722)	(748)	(775)	(803)	(1,160)	
50	Market Value of Total Permanent Fund Assets - at End of Fiscal Year		28,390	29,333	30,403	31,529	32,753	33,934	35,101	36,378	37,668	39,044	40,515	42,005	61,206	
51	Projected Dividend Check Per Person		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,013	\$ 1,020	\$ 1,027	\$ 1,054	\$ 1,081	\$ 1,110	\$ 1,139	\$ 1,168	\$ 1,198	\$ 1,565	
52	Dividend Payable in -		Oct-99	Oct-00	Oct-01	Oct-02	Oct-03	Oct-04	Oct-05	Oct-06	Oct-07	Oct-08	Oct-09	Oct-10	Oct-20	
53	Dividend Formula - What's left after funding public services real return * average 5 yr market value of the Fund (phased in over 5 years, split to pay dividend, then public services, CBRF rolled into the APF.)	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	
54	Total Alaska Savings Accounts (CBRF + AK Perm Fund)		\$28,390	\$29,333	\$30,403	\$31,529	\$32,753	\$33,934	\$35,101	\$36,378	\$37,668	\$39,044	\$40,515	\$42,005	\$61,206	
55	Amount taken (over)/under amount available for distribution		0	\$ (55)	\$ 8	\$ (2)	\$ 19	\$ 25	\$ (15)	\$ 46	\$ 24	\$ 59	\$ 99	\$ 76	\$ 325	

Senate 8.10% → 5.25%

	A	F	G	H	I	J	K	L	M	N	O	P	Q	R	AB	
		FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2020	
<b>1</b>	<b>General Fund Budget Projections</b>															
<b>2</b>	All dollars in millions except oil prices.															
<b>3</b>	Average Oil Price (\$/bbl.)	Input	\$12.11	\$13.57	\$14.52	\$15.28	\$16.00	\$16.30	\$16.64	\$18.10	\$18.62	\$19.16	\$19.72	\$20.31	\$27.40	
<b>4</b>	Oil Production (MMbb/day)	Input	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.979	0.919	0.871	0.824	0.768	0.381	
<b>5</b>	DNR Incremental High Case Production - Oil (MMbb/day)	Fixed	0.000	0.000	0.000	0.012	0.035	0.046	0.058	0.064	0.068	0.136	0.210	0.241	0.231	
<b>6</b>	DNR Incremental High Case Production - Gas (bcf/day)	Fixed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	2.000	
<b>7</b>	Available Revenues:															
<b>8</b>	General Fund Net Disposable Unrestricted Revenue		1,290.8	1,300.6	1,331.7	1,342.4	1,347.6	1,340.5	1,280.1	1,313.2	1,269.1	1,236.3	1,204.6	1,140.7	900.5	
<b>9</b>	Revenue Distributed to State Using DNR Incremental High Case Production		0.0	0.0	0.0	5.8	14.2	18.6	22.9	29.7	33.2	78.7	127.9	147.3	303.6	
<b>10</b>	New Revenue (Increase by 3% starting in FY03)	\$100	0.0	35.0	100.0	103.0	106.1	109.3	112.6	115.9	119.4	13.0	126.7	130.5	175.4	
<b>11</b>	New Resource Revenue (starting in FY10, growing at 1.45%)	1.45%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>12</b>	Constitutional Budget Reserve Fund (CBRF) Earnings		0.0	912.7	824.8	853.7	839.0	844.7	904.2	867.8	912.1	903.1	889.6	838.0	1,054.9	
<b>13</b>	Transfer from the APF (line 46 below)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>14</b>	Budget Deficit		871.4	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>15</b>	Total General Fund Revenues and CBRF Draw		2,324.3	2,248.3	2,256.5	2,304.8	2,306.8	2,313.2	2,319.8	2,326.6	2,333.7	2,341.1	2,348.7	2,356.5	2,549.9	
<b>16</b>	Expenditures:															
<b>17</b>	Operating - Agenc, Univ & Form Programs (Medicaid, Aid to Communities, Long Bonus, etc)**	Change Oper Bgt:	1,477.2	1,477.2	1,437.2	1,407.2	1,112.2	1,102.2	1,092.2	1,082.2	1,072.2	1,062.2	1,052.2	1,042.2	1,032.2	
<b>18</b>	Supplemental Budget - Fires, Floods, etc.		13.6	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	
<b>19</b>	Decrease or Increase the General Fund Budget (FY00 Includes \$35 M one time only cut)		0.0	(40.0)	(30.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	0.0	
<b>20</b>	K-12 Education - FY 2000 estimate, then increase by amount specified	1.45%	681.2	686.3	691.5	696.6	691.7	1,006.1	1,020.7	1,035.5	1,050.5	1,065.8	1,081.2	1,095.9	1,266.7	
<b>21</b>	Debt Service (Net of non-GF School Fund and AHFC offsets)		46.0	3.5	38.7	41.9	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	
<b>22</b>	Capital Budget (add \$50 million in 02, then begin inflationary increase in FY03)	1.45%	85.4	85.4	85.4	135.4	137.4	139.4	141.4	143.4	145.5	147.6	149.8	151.9	175.5	
<b>23</b>	State Match for Loan Programs (Water, Sewer, etc.)		20.9	19.4	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	
<b>24</b>	Total General Fund Expenditures:		2,324.3	2,248.3	2,256.5	2,304.8	2,306.8	2,313.2	2,319.8	2,326.6	2,333.7	2,341.1	2,348.7	2,356.5	2,549.9	
<b>25</b>	** NOTE: Operating agency growth only permitted in University, DOTAF and Public Safety, \$280 million of operating agency budgets - this money moved to k-12 education line for purposes of modeling															
<b>26</b>	Budget Deficit		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>27</b>	<b>Constitutional Budget Reserve Fund Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2020</b>	
<b>28</b>	CBRF Balance - at Start of Fiscal Year		3,559.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>29</b>	Earnings on the CBRF	8.10%	162.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>30</b>	Transfer from Permanent Fund Earnings Reserve	Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>31</b>	Oil & Gas Tax Dispute Resolutions		56.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>32</b>	Draw from Earnings for Annual Budget		(162.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>33</b>	Draw (or payback) in excess of CBRF Earnings for Annual Budget		(885.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>34</b>	Total Draw (or payback) from CBRF for Annual Budget		(1,048.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>35</b>	CBRF Balance - at End of Fiscal Year		2,729.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>36</b>	<b>Alaska Permanent Fund Projections</b>	<b>FY</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2020</b>	
<b>37</b>	Permanent Fund Principal Balance - at Start of Fiscal Year (Protected by AK Constitution)		18,516	19,981	19,142	19,316	19,498	19,698	19,912	20,118	20,337	20,555	20,775	20,997	23,226	
<b>38</b>	Now called Alaska Income Account (Includes CBRF account at FY99 year end)		5,360	8,201	8,617	9,300	10,057	10,751	11,450	12,233	13,025	13,877	14,797	15,829	29,175	
<b>39</b>	Market Value of Total Permanent Fund Assets - at Start of Fiscal Year		23,876	27,181	27,759	28,616	29,555	30,450	31,362	32,351	33,363	34,432	35,572	36,826	52,401	
<b>40</b>	Dedicated Oil Revenue Deposits into principal during Fiscal Year (Includes DNR barrels)		138	135	146	151	166	177	165	176	170	169	167	156	113	
<b>41</b>	Total Return of the fund (FY99 is the actual return, and FY00-FY10 is using the rate shown)	9.10%	2,277.2	2,202.3	2,250	2,319	2,396	2,474	2,547	2,628	2,709	2,795	2,888	2,989	4,249	
<b>42</b>	Less Costs of the fund		(32)	(42)	(43)	(43)	(44)	(45)	(45)	(46)	(47)	(47)	(48)	(49)	(57)	
<b>43</b>	Amerada Hess - Transfer from ER to Principal		(38)	(26)	(29)	(31)	(34)	(37)	(40)	(44)	(47)	(51)	(55)	(60)	(128)	
<b>44</b>	Permanent Fund Principal at End of Year		18,981	19,142	19,316	19,498	19,698	19,912	20,118	20,337	20,555	20,775	20,997	21,212	23,468	
<b>45</b>	Earnings Reserve Balance (after costs, transfers & before payouts) - End of Fiscal Year		8,994	9,322	10,033	10,776	11,596	12,354	13,101	13,937	14,780	15,687	16,667	17,766	31,916	
<b>46</b>	Ending Market Value		27,974	28,463	29,350	30,274	31,294	32,266	33,219	34,275	35,335	36,462	37,664	38,978	55,383	
<b>47</b>	% of real rate of return - payout to the Alaska Income Account (start of year convention)	5.25%	(1,440)	(1,454)	(1,468)	(1,486)	(1,486)	(1,507)	(1,547)	(1,592)	(1,642)	(1,694)	(1,747)	(1,801)	(2,527)	
<b>48</b>	payout to general fund (payout less dividend payout)		(913)	(825)	(854)	(839)	(845)	(845)	(904)	(868)	(912)	(903)	(890)	(838)	(1,055)	
<b>49</b>	payout to dividend (2.75% of total return)		(1,014)	(1,014)	(762)	(769)	(778)	(789)	(810)	(834)	(860)	(887)	(915)	(944)	(1,324)	
<b>50</b>	Market Value of Total Permanent Fund Assets - at End of Fiscal Year		27,974	28,463	29,350	30,274	31,294	32,266	33,219	34,275	35,335	36,462	37,664	38,978	55,383	
<b>51</b>	Projected Dividend Check Per Person		\$ 1,730	\$ 1,710	\$ 1,258	\$ 1,256	\$ 1,257	\$ 1,281	\$ 1,305	\$ 1,332	\$ 1,360	\$ 1,388	\$ 1,417	\$ 1,493	\$ 1,793	
<b>52</b>	Dividend Payable In --		Oct-99	Oct-00	Oct-01	Oct-02	Oct-03	Oct-04	Oct-05	Oct-06	Oct-07	Oct-08	Oct-09	Oct-10	Oct-20	
<b>53</b>	Dividend Formula - What's left after funding public services real return * average 5 yr market value of the Fund (phased)	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	Endow	
<b>54</b>	Total Alaska Savings Accounts (CBRF + AK Perm Fund)		\$27,974	\$28,463	\$29,350	\$30,274	\$31,294	\$32,266	\$33,219	\$34,275	\$35,335	\$36,462	\$37,664	\$38,978	\$55,383	
<b>55</b>	Amount taken (over)/under amount available for distribution		0	\$(486)	\$(132)	\$(155)	\$(131)	\$(127)	\$(167)	\$(110)	\$(130)	\$(96)	\$(58)	20	149	

APF endowment method, payout real rate (nom return - 3%) on 5 year prior ending market value, phased in over 5 years, split to pay dividend, then public services, CBRF rolled into the APF.

1-LS0960VH  
Cook  
5/14/99

**CS FOR HOUSE BILL NO. 231(FIN)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to deposits to the Alaska permanent fund from mineral lease  
2 rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f)  
3 and (g), federal mineral revenue sharing payments received by the state from  
4 mineral leases, and bonuses received by the state from mineral leases, and  
5 limiting deposits from those sources to the 25 percent required under art. IX,  
6 sec. 15, Constitution of the State of Alaska; relating to income of the Alaska  
7 permanent fund, to the Alaska Income Account, and to permanent fund dividends;  
8 authorizing an advisory vote on the Healthy Alaska Plan, a long term financial  
9 plan for the state; and providing for an effective date."

10 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

11 \* Section 1. AS 37.05.550(b) is amended to read:

12 (b) The legislature may appropriate to the fund money received by the state

1 as Alaska marine highway system program receipts or from a settlement or final  
2 judicial determination of the Dinkum Sands case (United States v. Alaska) and the  
3 North Slope royalty case (State v. Amerada Hess, et al.) and not deposited into the  
4 Alaska permanent fund under AS 37.13.010(a)(1) [AS 37.13.010(a)(1) or (2)] or into  
5 the public school trust fund under AS 37.14.150.

6 \* Sec. 2. AS 37.13.010(a) is amended to read:

7 (a) Under art. IX, sec. 15, of the state constitution, there is established as a  
8 separate fund the Alaska permanent fund. The Alaska permanent fund consists of

9 (1) 25 percent of all mineral lease rentals, royalties, royalty sale  
10 proceeds, net profit shares under AS 38.05.180(f) and (g), 25 percent of [AND]  
11 federal mineral revenue sharing payments received by the state from mineral leases  
12 [ISSUED ON OR BEFORE DECEMBER 1, 1979], and 25 percent of all bonuses  
13 received by the state from mineral leases [ISSUED ON OR BEFORE FEBRUARY 15,  
14 1980]; and

15 (2) [50 PERCENT OF ALL MINERAL LEASE RENTALS,  
16 ROYALTIES, ROYALTY SALE PROCEEDS, NET PROFIT SHARES UNDER  
17 AS 38.05.180(f) AND (g), AND FEDERAL MINERAL REVENUE SHARING  
18 PAYMENTS RECEIVED BY THE STATE FROM MINERAL LEASES ISSUED  
19 AFTER DECEMBER 1, 1979, AND 50 PERCENT OF ALL BONUSES RECEIVED  
20 BY THE STATE FROM MINERAL LEASES ISSUED AFTER FEBRUARY 15,  
21 1980;

22 (3)] any other money appropriated to or otherwise allocated by law or  
23 former law to the Alaska permanent fund.

24 \* Sec. 3. AS 37.13.140 is repealed and reenacted to read:

25 **Sec. 37.13.140. Income.** All income of the fund shall be deposited in the  
26 Alaska Income Account established under AS 37.13.145. The balance of the Alaska  
27 Income Account shall be determined according to generally accepted accounting  
28 principles. Income of the fund includes income of the Alaska Income Account.

29 \* Sec. 4. AS 37.13.145 is repealed and reenacted to read:

30 **Sec. 37.13.145. Disposition of income.** (a) The Alaska Income Account is  
31 established as a separate account in the fund. Subject to (c) of this section, following

1 the end of each fiscal year, an amount shall be transferred from the account to the  
2 general fund that is equal to 5.25 percent of the average of the quarter-end market  
3 value of the last 20 fiscal year quarters before the fiscal year just ended of

4 (1) the fund, including the Alaska Income Account; and

5 (2) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
6 of Alaska).

7 (b) After the transfer under (a) of this section, the commissioner of revenue  
8 shall transfer from the general fund to the dividend fund, (AS 43.23.045) 42 percent  
9 of the amount transferred to the general fund under (a) of this section.

10 (c) A transfer following the end of a fiscal year that is required under (a) of  
11 this section shall be made during the next fiscal year and may consist of separate  
12 installments transferred on different days; however, all installments must be transferred  
13 during the same fiscal year. A transfer following the end of a fiscal year that is  
14 required under (a) of this section may not exceed the entire balance that is in the  
15 Alaska Income Account during the fiscal year in which the installments are transferred.

16 \* Sec. 5. AS 37.13.300(c) is amended to read:

17 (c) Net income from the mental health trust fund may not be included in the  
18 [COMPUTATION OF NET] income of the Alaska permanent fund [AVAILABLE  
19 FOR DISTRIBUTION] under AS 37.13.140.

20 \* Sec. 6. AS 37.17.020(b) is amended to read:

21 (b) The endowment shall be held and invested by the Alaska Permanent Fund  
22 Corporation subject to AS 37.13.120; however, net income from the endowment shall  
23 be distributed under AS 37.17.010 - 37.17.110 and 37.17.225. Net income from the  
24 endowment may not be included in the [COMPUTATION OF NET] income of the  
25 Alaska permanent fund [AVAILABLE FOR DISTRIBUTION] under AS 37.13.140.

26 \* Sec. 7. AS 37.17.440(b) is amended to read:

27 (b) The principal and income of the endowment shall be held and invested by  
28 the Alaska Permanent Fund Corporation subject to AS 37.13.120; however, net income  
29 from the endowment and subsequent income earned on net income from the  
30 endowment shall be held in a separate account until appropriated by the legislature.  
31 Net income from the endowment may not be included in the [COMPUTATION OF

1 NET] income of the Alaska permanent fund [AVAILABLE FOR DISTRIBUTION]  
2 under AS 37.13.140.

3 \* Sec. 8. 1999 PERMANENT FUND DIVIDENDS. Notwithstanding AS 37.13.145(b) and  
4 AS 43.23.025, the amount of each permanent fund dividend for 1999 is \$1,000.

5 \* Sec. 9. TRANSITION. (a) The Alaska Income Account established in AS 37.13.145(a),  
6 as repealed and reenacted in sec. 4 of this Act, is the successor to the earnings reserve  
7 account, and the balance in the earnings reserve account on the effective date of this section  
8 shall be retained in the Alaska Income Account until distributed in accordance with  
9 AS 37.13.145, as repealed and reenacted in sec. 4 of this Act.

10 (b) Notwithstanding AS 37.13.145(b), as repealed and reenacted in sec. 4 of this Act,  
11 and AS 43.23.025, the amount of each permanent fund dividend for 2000 and each permanent  
12 fund dividend for 2001 is \$1,000.

13 (c) Notwithstanding AS 37.13.145(a), as repealed and reenacted in sec. 4 of this Act,  
14 a transfer from the Alaska Income Account to the general fund is not required following the  
15 end of fiscal year 1999 and the amount transferred from the Alaska Income Account to the  
16 general fund following the end of

17 (1) fiscal year 2000 is equal to 5.25 percent of the average of the quarter-end  
18 market value for the last eight fiscal year quarters before the fiscal year just ended of

19 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the  
20 State of Alaska), including the Alaska Income Account; and

21 (B) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
22 of Alaska);

23 (2) fiscal year 2001 is equal to 5.25 percent of the average of the quarter-end  
24 market value for the last 12 fiscal year quarters before the fiscal year just ended of

25 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the  
26 State of Alaska), including the Alaska Income Account; and

27 (B) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
28 of Alaska);

29 (3) fiscal year 2002 is equal to 5.25 percent of the average of the quarter-end  
30 market value for the last 16 quarters before the fiscal year just ended of

31 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the

1 State of Alaska), including the Alaska Income Account; and  
 2 (B) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
 3 of Alaska).

4 \* Sec. 10. At a special election to be held on September 14, 1999, in substantial  
 5 compliance with the election laws of the state including absentee voting, the lieutenant  
 6 governor shall place before the qualified voters of the state a question advisory to the  
 7 legislature and the governor. The question shall appear on the ballot in the following form:

QUESTION

8  
 9 Summary of the Healthy Alaska Plan: This long-range plan requires further *Limitations*  
 10 ~~state spending reductions and a state spending limit~~ *Reductions* In addition, dividends will  
 11 be guaranteed at a particular rate. The plan also has no personal income tax  
 12 or sales tax. In more detail, the plan would provide as follows:

13 (1) Spending Reductions: State general fund spending would be reduced  
 14 at least \$100,000,000 over fiscal years 2000 and 2001;

15 ~~(2) Spending Limit: A spending limit for the State of Alaska would be~~  
 16 ~~enacted;~~

17 (3) Alaska Income Account: The constitutional budget reserve and the  
 18 permanent fund earnings reserve will be transferred to the Alaska  
 19 Income Account;

20 (4) Permanent Fund: The corpus of the permanent fund remains  
 21 untouched; the entire Alaska permanent fund is inflation-proofed to  
 22 protect the value of the fund for all Alaskans, including future  
 23 generations;

24 (5) Permanent Fund Dividends: *Annual* A guaranteed dividend is paid to qualified  
 25 Alaska residents of \$1,000 ~~for distributions and dividends~~  
 26 a rate not lower than 42 percent of the ~~revenue~~ *Amount transferred* from the fund's  
 27 investments after inflation-proofing;

28 (6) Operations of State Government: After inflation-proofing the  
 29 permanent fund and paying dividends, additional earnings of the Alaska  
 30 Income Account would be used to fund education, public safety, and  
 31 transportation functions of state government; other functions of state

*delete*

*Adopt*

1 government would be funded at a flat level unless changed by the  
2 legislature;

3 (7) New Revenues: No new statewide taxes are enacted as part of this  
4 plan.

5 SHOULD THE STATE IMPLEMENT THE HEALTHY ALASKA PLAN?

6 Yes [ ] No [ ]

7 \* Sec. 11. Sections 3 - 7 and 9 of this Act take effect July 2, 1999.

8 \* Sec. 12. Sections 1, 2, 8, and 10 of this Act take effect immediately under  
9 AS 01.10.070(c).

1-LS0960H.1/  
Cook  
5/14/99

adopted

1100 013

#1

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE MULDER

TO: CSHB 231(FIN), Draft Version "H"

1 Page 6, line 4:

2 Delete "."

3 Insert ";

4 Page 6, following line 4:

5 Insert a new paragraph to read:

6 "(8) Accountability: Expenditures from the Alaska Income Account will be  
7 fully disclosed for public review in the annual permanent fund  
8 dividend application."

Amendment  
# 3

withdrawn

5-14-99

TC

~~§~~

CSHB 231 (FIN)

DANIELS

p. 5, line 30 after fund:

insert ~~§ 12~~ "public school"

after education,:

insert 3 the University of Alaska,

# 2 adopted  
\* amendment pg 5 Line 26

1-LS0960VH-  
Cook  
5/14/99

# 4 Delete subsection #2 pg 5 line 15:16  
adopted / NO OBJ

**CS FOR HOUSE BILL NO. 231(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: # 5 - # pg 5, line 10  
Referred:

# 6 pg 5, line 25

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to deposits to the Alaska permanent fund from mineral lease  
2 rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f)  
3 and (g), federal mineral revenue sharing payments received by the state from  
4 mineral leases, and bonuses received by the state from mineral leases, and  
5 limiting deposits from those sources to the 25 percent required under art. IX,  
6 sec. 15, Constitution of the State of Alaska; relating to income of the Alaska  
7 permanent fund, to the Alaska Income Account, and to permanent fund dividends;  
8 authorizing an advisory vote on the Healthy Alaska Plan, a long term financial  
9 plan for the state; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. AS 37.05.550(b) is amended to read:

12 (b) The legislature may appropriate to the fund money received by the state

1 as Alaska marine highway system program receipts or from a settlement or final  
2 judicial determination of the Dinkum Sands case (United States v. Alaska) and the  
3 North Slope royalty case (State v. Amerada Hess, et al.) and not deposited into the  
4 Alaska permanent fund under AS 37.13.010(a)(1) [AS 37.13.010(a)(1) or (2)] or into  
5 the public school trust fund under AS 37.14.150.

6 \* Sec. 2. AS 37.13.010(a) is amended to read:

7 (a) Under art. IX, sec. 15, of the state constitution, there is established as a  
8 separate fund the Alaska permanent fund. The Alaska permanent fund consists of

9 (1) 25 percent of all mineral lease rentals, royalties, royalty sale  
10 proceeds, net profit shares under AS 38.05.180(f) and (g), 25 percent of [AND]  
11 federal mineral revenue sharing payments received by the state from mineral leases  
12 [ISSUED ON OR BEFORE DECEMBER 1, 1979], and 25 percent of all bonuses  
13 received by the state from mineral leases [ISSUED ON OR BEFORE FEBRUARY 15,  
14 1980]; and

15 (2) [50 PERCENT OF ALL MINERAL LEASE RENTALS,  
16 ROYALTIES, ROYALTY SALE PROCEEDS, NET PROFIT SHARES UNDER  
17 AS 38.05.180(f) AND (g), AND FEDERAL MINERAL REVENUE SHARING  
18 PAYMENTS RECEIVED BY THE STATE FROM MINERAL LEASES ISSUED  
19 AFTER DECEMBER 1, 1979, AND 50 PERCENT OF ALL BONUSES RECEIVED  
20 BY THE STATE FROM MINERAL LEASES ISSUED AFTER FEBRUARY 15,  
21 1980;

22 (3)] any other money appropriated to or otherwise allocated by law or  
23 former law to the Alaska permanent fund.

24 \* Sec. 3. AS 37.13.140 is repealed and reenacted to read:

25 **Sec. 37.13.140. Income.** All income of the fund shall be deposited in the  
26 Alaska Income Account established under AS 37.13.145. The balance of the Alaska  
27 Income Account shall be determined according to generally accepted accounting  
28 principles. Income of the fund includes income of the Alaska Income Account.

29 \* Sec. 4. AS 37.13.145 is repealed and reenacted to read:

30 **Sec. 37.13.145. Disposition of income.** (a) The Alaska Income Account is  
31 established as a separate account in the fund. Subject to (c) of this section, following

1 the end of each fiscal year, an amount shall be transferred from the account to the  
2 general fund that is equal to 5.25 percent of the average of the quarter-end market  
3 value of the last 20 fiscal year quarters before the fiscal year just ended of

4 (1) the fund, including the Alaska Income Account; and

5 (2) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
6 of Alaska).

7 (b) After the transfer under (a) of this section, the commissioner of revenue  
8 shall transfer from the general fund to the dividend fund, (AS 43.23.045) 42 percent  
9 of the amount transferred to the general fund under (a) of this section.

10 (c) A transfer following the end of a fiscal year that is required under (a) of  
11 this section shall be made during the next fiscal year and may consist of separate  
12 installments transferred on different days; however, all installments must be transferred  
13 during the same fiscal year. A transfer following the end of a fiscal year that is  
14 required under (a) of this section may not exceed the entire balance that is in the  
15 Alaska Income Account during the fiscal year in which the installments are transferred.

16 \* Sec. 5. AS 37.13.300(c) is amended to read:

17 (c) Net income from the mental health trust fund may not be included in the  
18 [COMPUTATION OF NET] income of the Alaska permanent fund [AVAILABLE  
19 FOR DISTRIBUTION] under AS 37.13.140.

20 \* Sec. 6. AS 37.17.020(b) is amended to read:

21 (b) The endowment shall be held and invested by the Alaska Permanent Fund  
22 Corporation subject to AS 37.13.120; however, net income from the endowment shall  
23 be distributed under AS 37.17.010 - 37.17.110 and 37.17.225. Net income from the  
24 endowment may not be included in the [COMPUTATION OF NET] income of the  
25 Alaska permanent fund [AVAILABLE FOR DISTRIBUTION] under AS 37.13.140.

26 \* Sec. 7. AS 37.17.440(b) is amended to read:

27 (b) The principal and income of the endowment shall be held and invested by  
28 the Alaska Permanent Fund Corporation subject to AS 37.13.120; however, net income  
29 from the endowment and subsequent income earned on net income from the  
30 endowment shall be held in a separate account until appropriated by the legislature.  
31 Net income from the endowment may not be included in the [COMPUTATION OF

1 NET] income of the Alaska permanent fund [AVAILABLE FOR DISTRIBUTION]  
2 under AS 37.13.140.

3 \* **Sec. 8.** 1999 PERMANENT FUND DIVIDENDS. Notwithstanding AS 37.13.145(b) and  
4 AS 43.23.025, the amount of each permanent fund dividend for 1999 is \$1,000.

5 \* **Sec. 9.** TRANSITION. (a) The Alaska Income Account established in AS 37.13.145(a),  
6 as repealed and reenacted in sec. 4 of this Act, is the successor to the earnings reserve  
7 account, and the balance in the earnings reserve account on the effective date of this section  
8 shall be retained in the Alaska Income Account until distributed in accordance with  
9 AS 37.13.145, as repealed and reenacted in sec. 4 of this Act.

10 (b) Notwithstanding AS 37.13.145(b), as repealed and reenacted in sec. 4 of this Act,  
11 and AS 43.23.025, the amount of each permanent fund dividend for 2000 and each permanent  
12 fund dividend for 2001 is \$1,000.

13 (c) Notwithstanding AS 37.13.145(a), as repealed and reenacted in sec. 4 of this Act,  
14 a transfer from the Alaska Income Account to the general fund is not required following the  
15 end of fiscal year 1999 and the amount transferred from the Alaska Income Account to the  
16 general fund following the end of

17 (1) fiscal year 2000 is equal to 5.25 percent of the average of the quarter-end  
18 market value for the last eight fiscal year quarters before the fiscal year just ended of

19 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the  
20 State of Alaska), including the Alaska Income Account; and

21 (B) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
22 of Alaska);

23 (2) fiscal year 2001 is equal to 5.25 percent of the average of the quarter-end  
24 market value for the last 12 fiscal year quarters before the fiscal year just ended of

25 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the  
26 State of Alaska), including the Alaska Income Account; and

27 (B) the budget reserve fund (art IX, sec. 17, Constitution of the State  
28 of Alaska);

29 (3) fiscal year 2002 is equal to 5.25 percent of the average of the quarter-end  
30 market value for the last 16 quarters before the fiscal year just ended of

31 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the

1 State of Alaska), including the Alaska Income Account; and  
 2 (B) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
 3 of Alaska).

4 \* **Sec. 10.** At a special election to be held on September 14, 1999, in substantial  
 5 compliance with the election laws of the state including absentee voting, the lieutenant  
 6 governor shall place before the qualified voters of the state a question advisory to the  
 7 legislature and the governor. The question shall appear on the ballot in the following form:

8 QUESTION

9 ~~Summary of the Healthy Alaska Plan: This long-range plan requires further~~  
 10 ~~reductions: limitations~~ ~~limitations~~ ~~state spending reductions and a state spending limit.~~ In addition, dividends will  
 11 be guaranteed at a particular rate. The plan also has no personal income tax  
 12 or sales tax. In more detail, the plan would provide as follows:

13 (1) Spending Reductions: State general fund spending would be reduced  
 14 at least \$100,000,000 over fiscal years 2000 and 2001;

15 #4 (2) Spending Limit: A spending limit for the State of Alaska would be  
 16 enacted;

17 (3) Alaska Income Account: The constitutional budget reserve and the  
 18 permanent fund earnings reserve will be transferred to the Alaska  
 19 Income Account;

20 (4) Permanent Fund: The corpus of the permanent fund remains  
 21 untouched; the entire Alaska permanent fund is inflation-proofed to  
 22 protect the value of the fund for all Alaskans, including future  
 23 generations;

24 (5) Permanent Fund Dividends: A guaranteed dividend is paid to qualified  
 25 Alaska residents of \$1,000 ~~annual distribution in~~ <sup>FOR DISTRIBUTION</sup> in 1999, 2000, and 2001, and thereafter at  
 26 a rate not lower than 42 percent of the ~~revenue~~ <sup>annual payment amount transferred</sup> from the fund's  
 27 investments after inflation-proofing;

28 (6) Operations of State Government: After inflation-proofing the  
 29 permanent fund and paying dividends, additional earnings of the Alaska  
 30 Income Account would be used to fund education, public safety, and  
 31 transportation functions of state government; other functions of state

1 government would be funded at a flat level unless changed by the  
2 legislature;

3 (7) New Revenues: No new statewide taxes are enacted as part of this  
4 plan.

5 SHOULD THE STATE IMPLEMENT THE HEALTHY ALASKA PLAN?

6 Yes [ ] No [ ]

7 \* Sec. 11. Sections 3 - 7 and 9 of this Act take effect July 2, 1999.

8 \* Sec. 12. Sections 1, 2, 8, and 10 of this Act take effect immediately under  
9 AS 01.10.070(c).

**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**

May 8, 1999

**SUBJECT:** Alaska Income Account - sectional summary  
(Work Order No. 21-LS0960\A)

**TO:** Representative Eldon Mulder  
Co-chair, House Finance Committee  
Attn: Denny DeWitt

**FROM:** Tamara Brandt Cook  
Director

TBC

**Sec. 1.** Requires all income of the permanent fund to be deposited in the Alaska Income Account.

**Sec. 2.** Establishes the Alaska Income Account in the permanent fund. Requires transfers to the general fund from the account each fiscal year based on the average market values of both the permanent fund and the constitutional budget reserve fund. The commissioner of revenue is to transfer 42 percent of the amount transferred to the general fund each year to the dividend fund.

**Sec. 3 - 5.** Technical conforming amendments to reflect changes made in AS 37.13.140, dealing with permanent fund income.

**Sec. 6.** Establishes the amount of the 1999 permanent fund dividend at \$1,000.

**Sec. 7.** Provides that the Alaska Income Account created in this bill is the successor to the earning reserve account. Establishes the amount of permanent fund dividends for the year 2000 and for 2001 at \$1,000. Contains special calculations to base the transfers from the account to the general fund for fiscal years 2000, 2001, 2002.

**Sec. 8.** Most of the bill takes effect on July 2, 1999, but the provision setting 1999 dividends at \$1,000 takes effect immediately.

TBC:lmb  
99-070.lmb

# 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

May 8, 1999

**SUBJECT:** Special appropriation - sectional summary  
(Work Order No. 21-LS0961\A)

**TO:** Representative Eldon Mulder  
Co-chair, House Finance Committee  
Attn: Denny DeWitt

**FROM:** Tamara Brandt Cook  
Director *TBC*

**Sec. 1.** Appropriates the unappropriated balance of the constitutional budget reserve fund to the Alaska Income Account. The appropriation requires approval by three-fourths of the members of each house.

**Sec. 2.** This Act takes effect only if a substantive bill is enacted establishing the Alaska Income Account in the permanent fund.

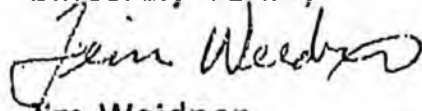
**Sec. 3.** If it takes effect, this Act takes effect on the effective date of the substantive bill establishing the Alaska Income Account.

TBC:lmb  
99-071.lmb

(7) To reduce the cost of living for all state residents by promoting large and small scale business growth in a competitive economic environment.

**Because the political process can not be trusted and we are continuously harassed by nitwit schemes, I support a Constitutional Amendment guaranteeing Permanent fund Earnings will be used for inflation proofing and dividends only (approximately 50/50 with exact amount set by law), and another use would require a 2/3 vote of registered votes.**

Sincerely Yours,



Jim Weidner

907-488-6366



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Finance  
(committee name)  
 committee on #231 #232 dated 5-13-99  
(bill/subject)

Dear Finance Committee I support Bills #232 & #231. I want the maximum amount of Permanent Fund transfer to the Alaska Income Account & support the House in using a portion of the Fund.

Also I want the state to pass an income tax. When I came to AK 32 years ago I paid an income tax & a school tax. We need to have a \$200/taxpayer school tax.

Signed:

Terry S. Dixon  
(Testifier)

Terry S. Dixon  
(Representing / Optional)

Box 1058 Seward, AK 99664  
(Address)

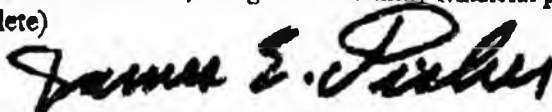
(907) 224-5844  
(Phone No.)

I agree with Karl from Fairbanks! I waited 45 min. to talk. Thanks Gail & Gary!

5/13/99

TO: House Finance Committee

Re: HB 231 & 232, designated a healthy financial plan (which I question as incomplete)



From: James E. Fisher, 171 Farnsworth, Soldotna, 99699  
Fax: 262-9641 ph: 262-9601

The debate over HB 231 and 232, leaves, me as a most concerned Alaskan, with a feeling of great apprehension that they project only a patchwork for a "healthy Alaska plan".

While the Legislature deserves credit for courage in proposed use of earnings of the Permanent Fund, it seems an apparent wimp-out in its failure to consider other revenues, i.e. the reasonable gasoline tax proposed or state income tax reinstatement. Time remains for enactment of both, or either, measure since such bills are presently before the Legislature.

Until the Legislature asks we residents of Alaska to assume more direct financial responsibility for the many essential state services benefiting our daily lives, the state's financial condition will remain precarious. For example, if a gas pipeline were to be authorized tomorrow, Alaska would have no way to recover the very heavy costs resulting from the wave of job seekers and their families.

In closing, I strongly urge the Committee, and the Legislature, to do a complete job of structuring a complete financial plan for Alaska, that should include new, or enhanced revenues, as recommended above.



# Alaska State Legislature

Please enter into the record my testimony to the House Finance committee name

Committee on HB 231 & HB 232, dated May 13, 1999  
bill # / subject

*HB 231 & HB 232 is not the problem or solution. Bad management & too many staff employees at the top are the problem, as well as wages being too high. The ~~legislators~~ legislators do not need \$18<sup>00</sup> per diem.*

Signed: Howard Hughes  
Testifier

Self  
Representing (optional)

Po Box 8365 NIKISKI, AK 99635  
Address

907 776 5500  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the House Finance  
committee name

Committee on HB 231 & HB 232, dated May 13, 1999  
bill # / subject

Law dead set against HB 231 and  
HB 232. I believe this whole action  
is just another attempt to expand  
state Government at the expense  
of the people. any action on  
the PFD must require a vote  
of the State Residents

Signed: Erl F. Capeland 13 May 99  
Testifier

Self  
Representing (optional)

1503 Stellar Dr. Kenai AK 99611  
Address

907 283 8168  
Phone number

Dear Legislator:

I would like to speak to the Healthy Alaska Plan which is before the Finance Committee. I am adamantly opposed to limiting the Permanent Fund Dividend in any way. In fact I am so opposed to the plan that I will actively work to make sure that any legislator who votes for it is not elected again.

The dividend is the most equitable distribution of funds that exists. Alaska is an example to the world in how the government can actively give the people an ownership in their state. To mess with this is to go contrary to the will of the people and is basically a dishonest sleazebag move. You would impoverish the rural areas of our state during a time when we bear a disproportionate portion of the costs of living in Alaska and during a time when our economies are

STRUGGLING

I urge you to return to the  
people and do not pass this  
year. Give us some reason  
to have faith in your intentions

Sincerely,

Brian Benedict

P.O. Box 234

DILLINGHAM AK 99576

Post-It® Fax Note 7671		Date 5-13-99	# of pages 2
To Home Finance	From Dillingham LID		
Co./Dept. TC 90755	Co.		
Phone # written testimony	Phone # 842-5319		
Fax # 465-6813	Fax # 842-5105		

May 12, 1999  
5479 C.H.S.R  
Fairbanks, Alaska  
99712

Chairman and Members of the House Finance committee.  
Juneau, Alaska

Subject: HB 231 Raiding the Permanent Fund and Increasing the Dividend tax from 50 dollars per person to 750 dollars per person or 3,000 dollars for hold of 4.

Dear Members.

1) The PFD is our money and it is the only way **each** Alaska Resident benefits fairly and equally from our public wealth.

2) Anyone who wants to cap their dividends can send THEIR portion to the state government. I would suggest a check off box be placed the dividend application form.

3) We have 14,508 state workers costing us 750 million dollars! Because we have triple staffing and double wages compared to comparable states such as Montana and Wyoming!

4) We pay 650 million to employees in the education business. And, we have 2 1/2 times the number of people working in the education business at more than double wages of comparable states such as Montana and Wyoming.

Here in Fairbanks a private sector school teacher makes 20-25 thousand per year, including benefits. A public school teacher makes 35-70 per year including benefits and the average is around 55 thousand per year!!

In some cases we spend more than 480 thousand dollars on one child's education. It would take him 240 working years to pay us back at the rate of 2,000 per year.

5) If you take the '69 Alaska State budget and adjust it for inflation the state's operating budget should be around 900 million NOT 2 billion

plus!

6) When oil jack pot started, we were warned DO NOT bloat the economy by hiring un-need employees, expanding wages, starting useless programs because the oil money would run out ----just like the gold in Nome!

The last crash was caused by over spending and economic miss management by the Legislature and Governor when the economy was bloated. Our current problem is simple: cut the oil induced waste. This means a Reduction In Force including wages and benefits. We can no longer afford 3 times the needed state work force at double wages. Nor can we afford 2 1/2 times the number employees in the education business at double wages.

7) Greedy self-seving interest groups have helped themselves to 10s of billions of oil dollars; and, what do we have to show for the oil wealth.. bicycle paths, a space port, radio/tv entertainment, 12 copies of the lowest ranked university in the United States, and Matinuska Milk Maid milking!

8) Although, the money is running dry, there is enough to run this state for many years to come at a reasonable level ---- but, not at boom level.

Raiding the PF is not good for our developing state economy because it under mines ~~economic~~ real economic development, increases poverty for no other purpose than to maintain oil bloat!

Here are some reasons why the Permanent Fund was established and it's objectives.

-----

**What is the Purpose of The Permanent Fund?**

The Permanent Fund is a device to convert temporary income from the sale of state property (such as oil gas, timber, coal) into a renewable and sustainable source of income for the purpose of paying cash dividends, resulting from it's successful management, to eligible residents of Alaska.

The dividend program is established for the public purpose:  
of implementing, in a known and measurable way, our state's constitutional (Article VIII Sec. 2) requirement to maximize the benefits of Alaska's natural resources for all the people.

The Permanent Dividend achieves the following public purposes:

- (1) To equally distribute our public wealth, without regard to age, sex, race, creed, color, economic status, geographic location or political power affiliation.
- (2) To establish a stable state wide economic floor which would not otherwise exist in all areas of the state.
- (3) To minimize the historic boom/bust economic cycle resulting in economic "poverty", welfare dependency, related economic stress causing multiple social problems, such as violence, alcoholism, child abuse, and criminal behavior.
- (4) To maximize individual responsibility for the management of each person's own portion of their public wealth and that of their dependents. By allowing each individual the personal freedom to invest their money in their education, their housing, their medical care and their other needs as each individual sees fit based upon that person's attitudes, values and cultural heritage.
- (5) To reduce government paternalism, uneven wealth distribution, and government waste inherent in the political system.
- (6) To promote conversion of the Alaskan economy from a self serving paternalistic system benefiting a very few, into an economy where each individual directly benefits in a known and measurable way from their public wealth.

**MARGARET DOWLING**  
Attorney at Law

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PO BOX 210427 ANCHORAGE, ALASKA 99521 (907) 789-7491

May 13, 1999  
Sent by Facsimile only

Honorable Eldon Mulder  
Chair - House Finance  
State Capitol  
Juneau, AK 99801-1182

RE: Healthy Alaska Plan

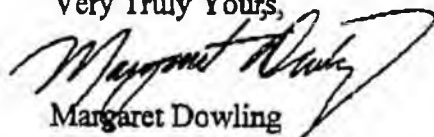
Dear Representative Mulder:

I am writing in support of the House Majority's Healthy Alaska Plan. While no one likes to see budget cuts, the proposal affords Alaskans a sustainable budget, wisely financed by utilizing some of the investment earnings (not the corpus) of the Permanent Fund. Best of all, it accomplishes this task without imposing a state income tax or burdening any Alaskan resident. The Permanent Fund was expressly designed to sustain state functioning when oil resources, production, or revenue declined. We are facing such a time.

Undoubtedly you are hearing from citizens who treat their Permanent Fund dividend as a public entitlement and therefore object to the Healthy Alaska Plan. They call the temporary cap on the dividend a "tax". Calculating this "tax" on last year's dividend of \$1,500, they say the Healthy Alaska Plan imposes a \$2,000 "tax" on a family of four, regardless of family income. This demonstrates that they have forgotten the reason for which the Permanent Fund was created and reveals that they see the gift of the dividend as a right. Furthermore, their calculation is off. The average Permanent Fund dividend over the last 15 years has been \$985. Capping the dividend at \$1,000 for three years should cause no undue hardship on any family.

I hope you can ignore these and other criticisms and move forward with this fiscal plan.

Very Truly Yours,

  
Margaret Dowling

# FACSIMILE TRANSMITTAL

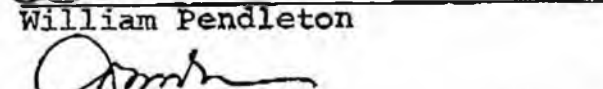
Telephone No.: 1-907-249-8224

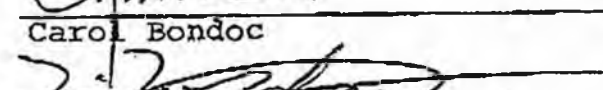
DATE: 5/13/99	DESTINATION: Ak State House of Rep.
FROM: Ak Rent A Car Inc.	TO: Rep Eldon Mulder/House Finance Committee Chair
FAX NO: 1 907 249 8247	FAX NO: 1 907 465 3518
If any page of this facsimile is not readable please call:	No. of pages (including this page): One

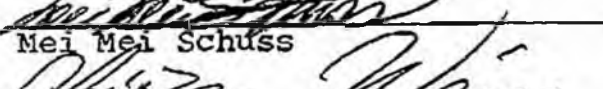
TO WHOM IT MAY CONCERN:

Our company is very supportive of the Healthy Alaska Plan and applaud the legislature for devising a sane, responsible budget plan.

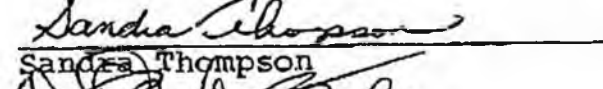
  
Gary Zimmerman

  
William Pendleton

  
Carol Bondoc

  
Mei Mei Schuss

  
Chazzen Weiss

  
Sandra Thompson

  
B. M. Brady

Don Burford

CONCRETE PRODUCTS

MEMO

P.O. BOX 210189 • ANCHORAGE, ALASKA 99521  
Bus. (907) 780-4636 • Home (907) 789-9376

TO Representative Eldon Mulder

DATE May 13 1999 4:10PM

SUBJECT Healthy Alaska Plan

MESSAGE Rep Mulder - You are on the right track it needs some modification - but you are the only group to come up with a plan - Refine it & keep the public informed take the publicity away from the other groups. Get the spin working for you -

SIGNED

**JOHN E. HAVELOCK**  
608 W. 4TH AVENUE, SUITE 27  
ANCHORAGE, AK 99501  
PHONE (907) 276-1916  
FAX (907) 258-9053

May 13, 1999

Hon. Eldon Mulder  
House of Representatives  
Juneau, Alaska 99801  
fax: 465-3518

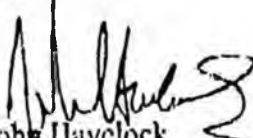
RE: State Budget Plan

Dear Representative Mulder,

I think it is a terrible idea to attempt to balance the budget out of funds taken largely from the Permanent Fund. Whatever the legislature calls it, the budget plan establishes a heavy tax on every Alaskan, falling disproportionately on families with children, by cutting income without regard to ability to pay. At the least, this is an anti-family policy.

I appreciate that you have cut the government operating budgets to the bone. Now that you are down to the bone, like other members of my family, I am prepared to pay taxes to keep the government going. In the negotiations to come, please leave the permanent fund dividend level alone. If we must pay more to sustain our government, we should pay it in taxes.

Sincerely,

  
John Havelock

5/11/99 pm

To: Jim Kelly  
From: Michael J. O'Leary CFA  
Re: Legislation  
Date: May 10, 1999

As you know, I have asked Greg Allen to model the proposed statute so that we can have a concrete understanding of the financial implications under a variety of financial market conditions. Greg was traveling today so I have yet to speak with him although I have left voice and e-mail messages. He, of course, will respond as quickly as possible.

Pending this analysis, I want to provide my initial impressions of the proposal.

- 1) Moving to a percentage of market value distribution approach is a sound approach to meeting long term objectives of achieving consistency in distributions and long term preservation of purchasing power.
- 2) Shifting to a GAAP from a statutory income approach appears to be an appropriate action.
- 3) Using a five-year averaging approach should reduce the volatility of distributions.
- 4) The transition approach appears to be very reasonable (phasing in the five-year period).
- \* 5) Incorporating a one-year lag improves planning flexibility and also will tend, over the long term, to reduce the magnitude of the 5.25% distribution when related to current market value. This should make the distribution level more consistent with preservation of fund purchasing power than would otherwise be the case.
- 6) Limiting fiscal 1999 distributions to the \$1,000 dividend will definitely enhance the probability of maintaining sufficient future balances to fund operations in accordance with constitutional requirements.
- 7) Including the CBRF balance in the new Alaska Income Fund will similarly improve the probability of the program working within Constitutional limits.
- 8) The future dividend mechanism appears workable.
- 9) Clearly, liberalization of the maximum equity limitation is essential to the attainment of the return objectives that are essential for achievement of both distribution and purchasing power objectives.
- 10) It is clearly possible, although hopefully improbable, that a protracted period of weak financial market returns would undermine the plan or any alternative plan based on distributed earnings.
- 11) The distribution percentage (5.25%) initially appears aggressive and warrants careful analysis. As noted earlier, the averaging and lagging features incorporated in the proposal moderate the magnitude of the distribution percentage. However, it leaves little if any margin for error.

Naturally, I want to emphasize that these views reflect our preliminary reactions. I also want to stress that our comments pertain to the investment aspects of the proposal and should not be interpreted as opinions regarding either the appropriateness of the magnitude of fund distributions or the use of fund earnings. We separate the public policy questions from the investment issues implicit in the proposal.

I hope that this is helpful to you and will inform you as soon as I succeed in reaching Greg.

# What do others do?

## Endowment Long Term Spending Goals

*Endowments (194) (205) (229) (243)*

Percent of Assets	Endowments			
	1995	1996	1997	1998
None	1%	2%	0%	0%
1%	0	0	0	1
2%	1	1	0	0
3%	0	2	4	9
4.0-4.3%	31	27	13	17
4.4-4.7%	0	0	21	23
4.8-5.0%	61	59	44	42
5.1-5.3%	0	0	6	6
5.4-5.7%	0	0	7	7
5.8-5.9%	0	0	0	0
6%	6	9	2	1
7%	0	0	2	0
8%	0	0	1	0
9%	0	0	0	0
10%	0	0	0	0
Over 10%	0	1	0	0
Mean	4.7	4.8	4.8	4.7
Median	5.0	5.0	4.9	4.9

Note: Means and medians exclude "None."

*Alaska Permanent Fund Simulation Model  
(Mother of Models, All - or MOMA)*

HB 231 Analysis

May 11, 1999

Gregory C. Allen  
EVP, Callan Associates Inc.

# *Asset Allocation Assumptions*

<b>Percent Equity</b>	<b>48%</b>	<b>53%</b>	<b>58%</b>
Large Cap Equity	26%	31%	36%
Small Cap Equity	8%	8%	8%
International Equity	14%	14%	14%
Domestic Fixed	40%	35%	30%
International Fixed	2%	2%	2%
Real Estate	10%	10%	10%
<b>Expected Gross Return</b>	<b>7.75%</b>	<b>7.96%</b>	<b>8.13%</b>
<b>Expected Net Rtn</b>	<b>7.59%</b>	<b>7.80%</b>	<b>7.97%</b>

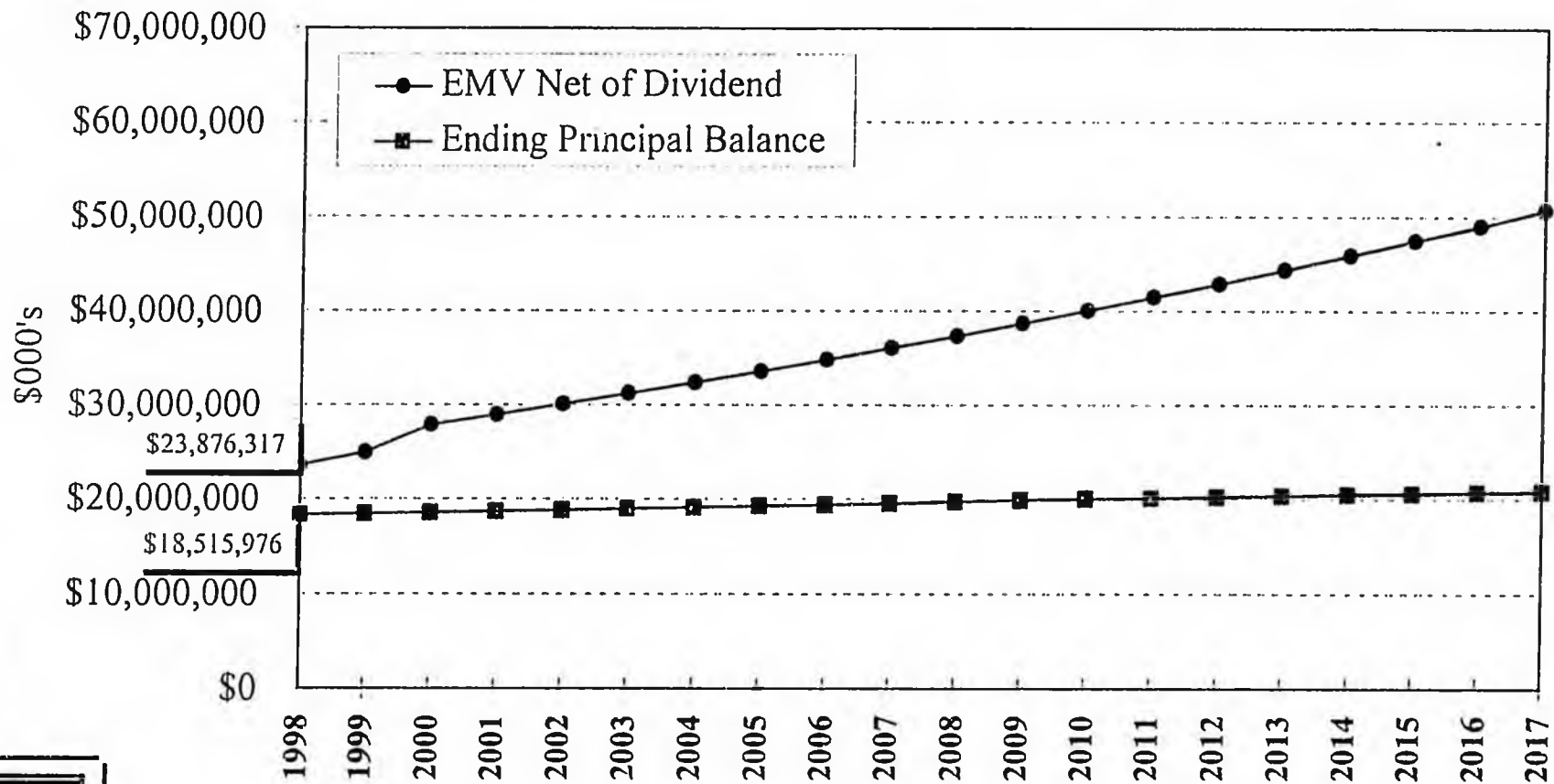
# *HB 231, 5.25% Distribution*

- Actual results through March 1999.
- 1999 Callan capital market assumptions.
- Asset Allocation: 48% equity moving to 58% equity by end of FY 2000.
- \$1.873B Contribution to ER in FY 2000.
- Distributed Income: 5.25% of graduated 5 year average market value, starting in FY 2000.
- Dividend: \$1,000 per applicant in 1999, 2000, and 2001. 42% of distributed income thereafter.
- Earnings Reserve limitation: GAAP.
- Oil Revenues: HB96 passes for FY00 - FY03.

# Fund Value vs Principal Balance

## HB 231, 5.25% Distribution

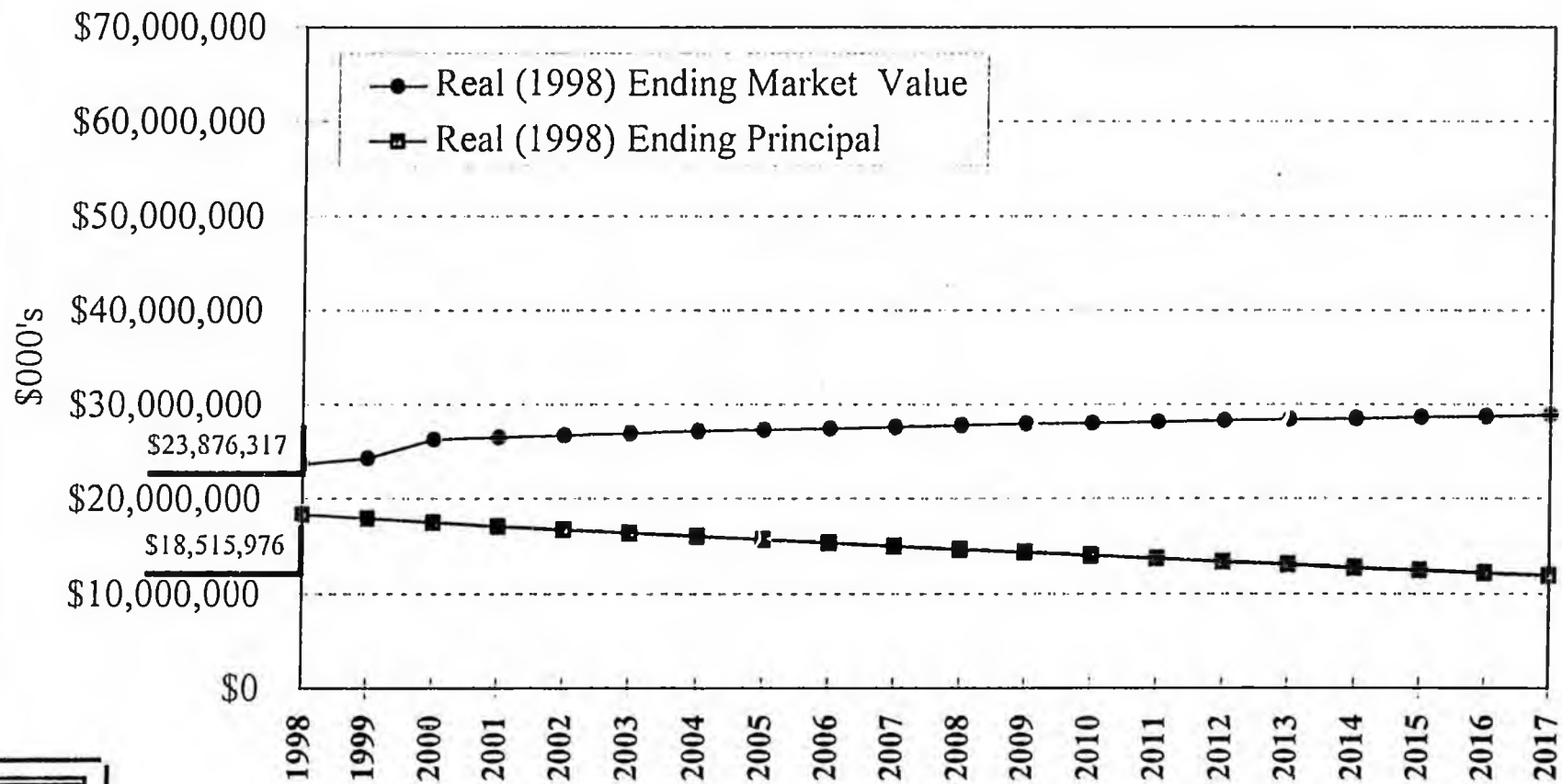
Ending Market Value vs Ending Principal Balance



# Real Fund Value and Principal

## HB 231, 5.25% Distribution

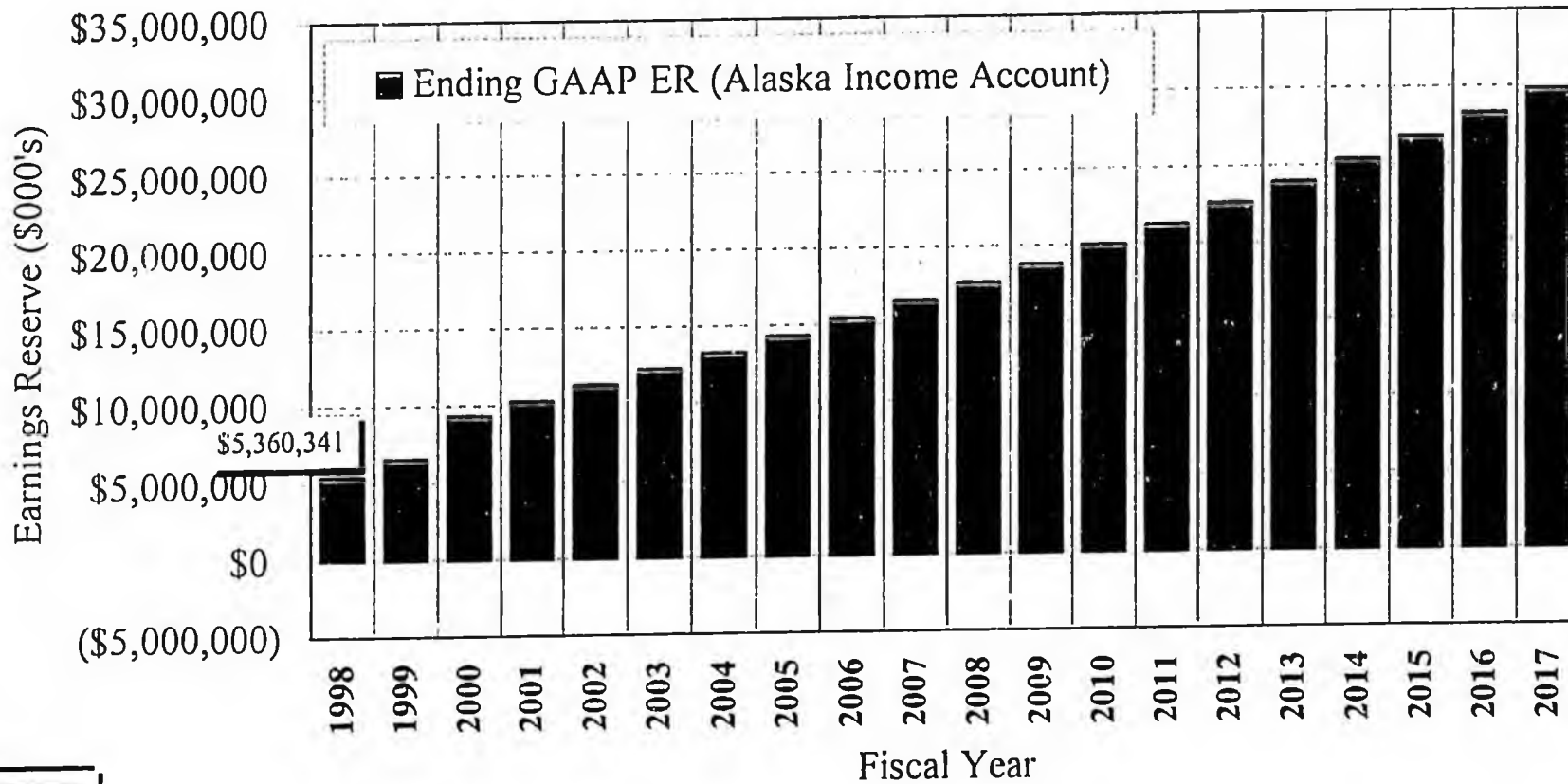
Real Ending Market Value vs Real Ending Principal Balance



# *Alaska Income Account*

## *HB 231, 5.25% Distribution*

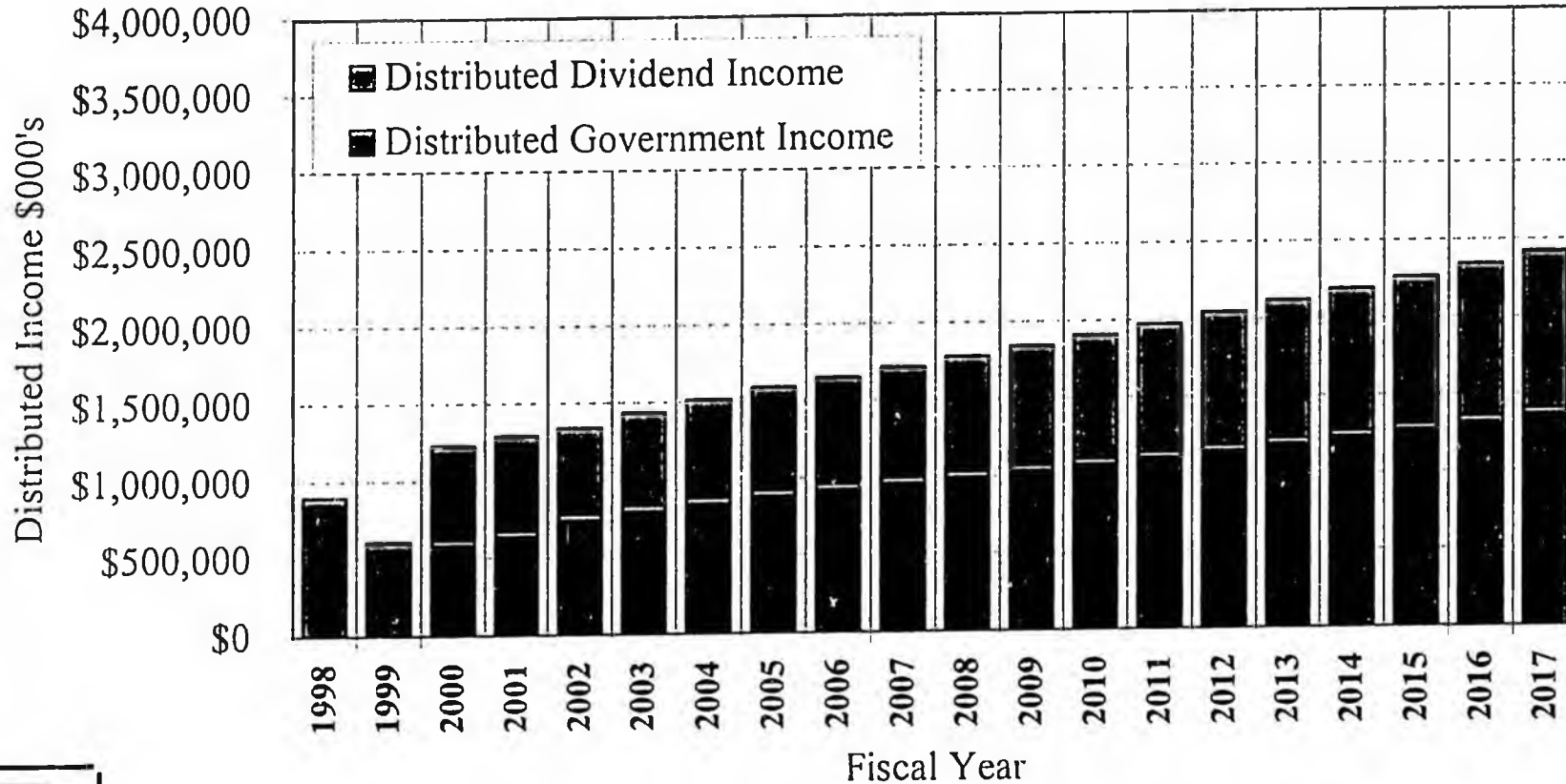
**Alaska Income Account - Ending Balance**



# *Distributed Income*

## *HB 231, 5.25% Distribution*

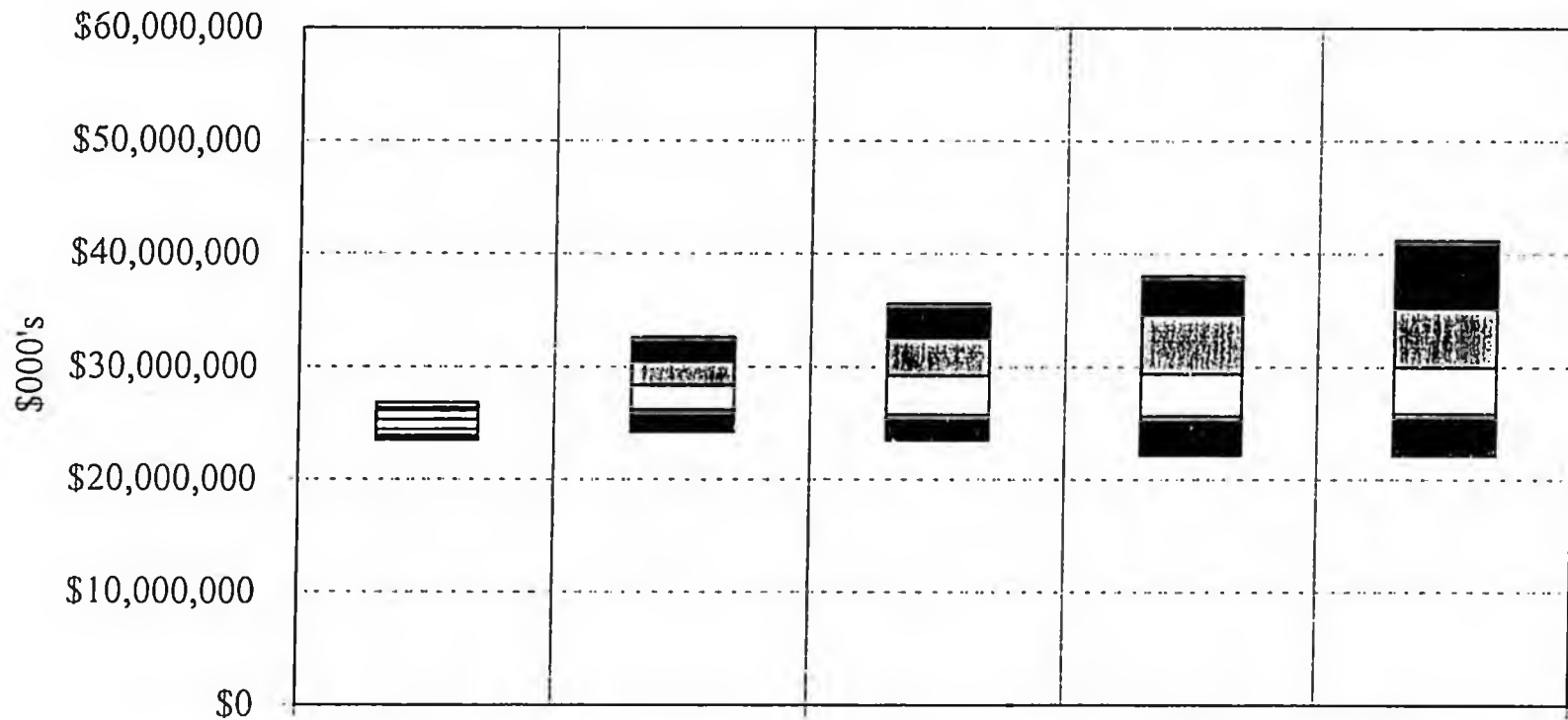
**Distributed Income**



# Range of Fund Value

## HB 231, 5.25% Distribution

Range of Ending Market Value



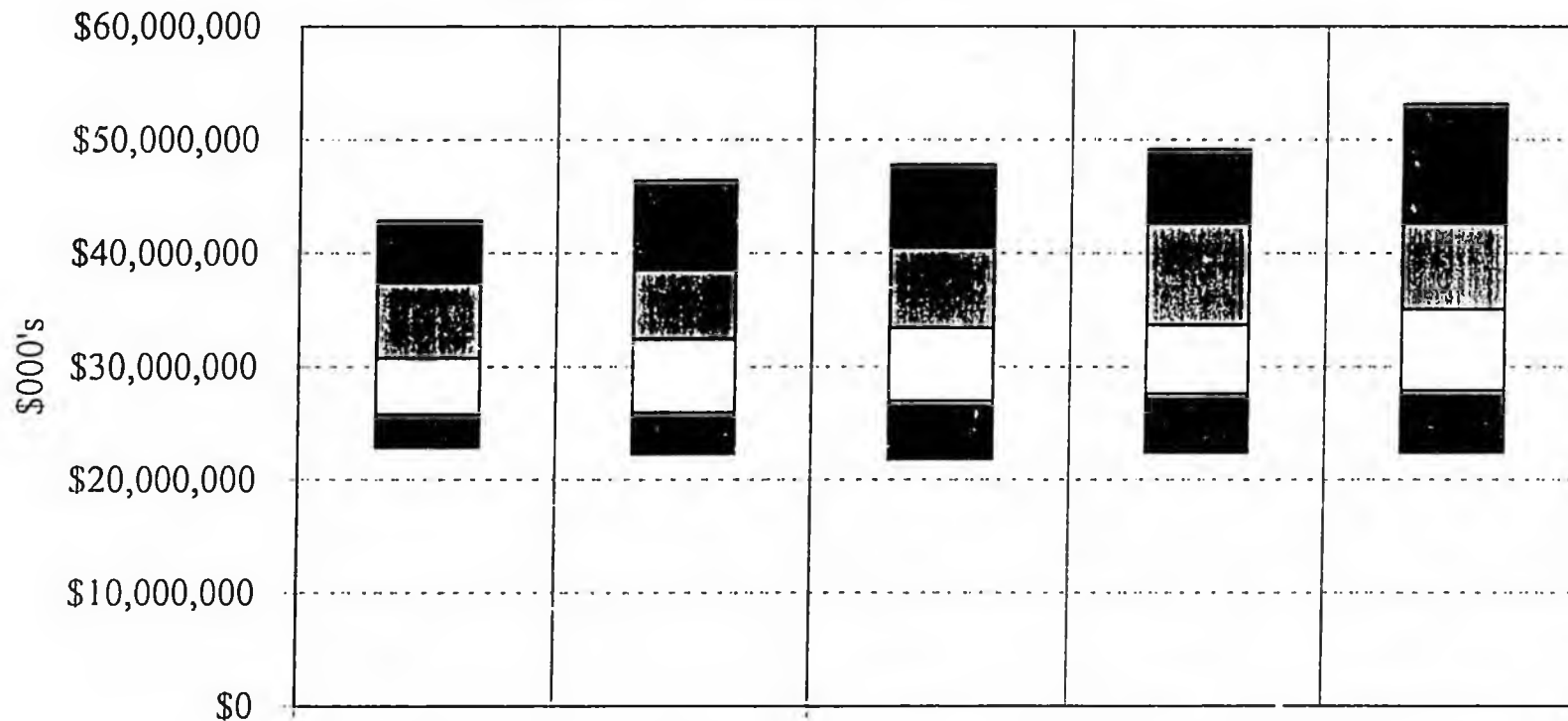
	1999	2000	2001	2002	2003
10%	\$26,822,757	\$32,559,778	\$35,597,569	\$38,036,096	\$41,192,190
25%	\$26,098,057	\$30,427,095	\$32,501,739	\$34,575,149	\$35,213,936
50%	\$25,321,911	\$28,360,083	\$29,223,807	\$29,417,960	\$29,949,742
75%	\$24,416,707	\$26,150,637	\$25,759,764	\$25,628,764	\$25,863,897
90%	\$23,501,150	\$24,250,585	\$23,525,549	\$22,153,295	\$22,148,427



# Range of Fund Value

## HB 231, 5.25% Distribution

Range of Ending Market Value



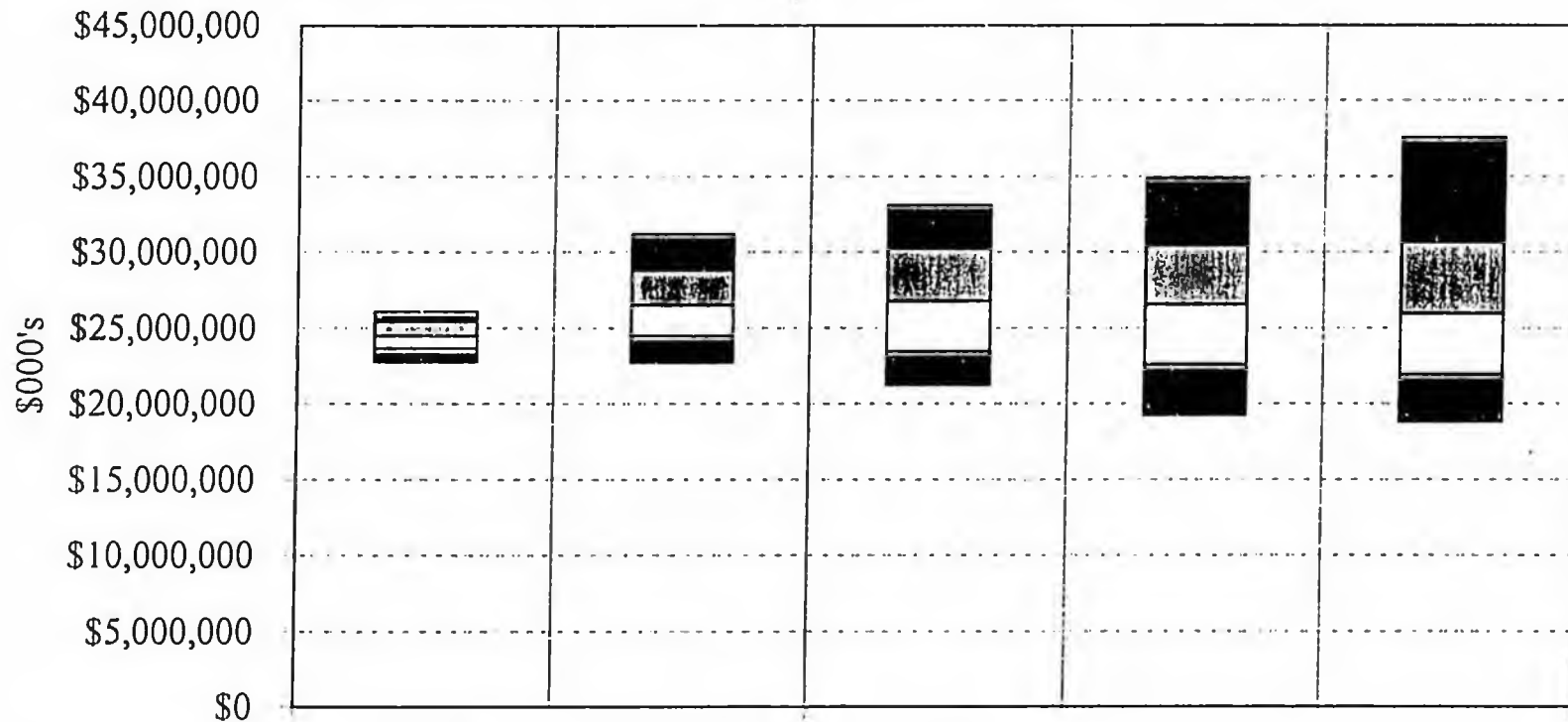
	2004	2005	2006	2007	2008
10%	\$42,827,340	\$46,354,713	\$47,782,057	\$49,141,594	\$53,120,089
25%	\$37,362,396	\$38,514,490	\$40,454,795	\$42,606,987	\$42,590,500
50%	\$30,721,152	\$32,370,993	\$33,384,438	\$33,693,963	\$35,081,176
75%	\$25,759,272	\$25,952,404	\$26,981,920	\$27,621,596	\$27,886,257
90%	\$22,850,529	\$22,315,908	\$21,847,278	\$22,402,071	\$22,379,345



# Range of Real Fund Value

## HB 231, 5.25% Distribution

Range of Real Ending Market Value (1998 Dollars)



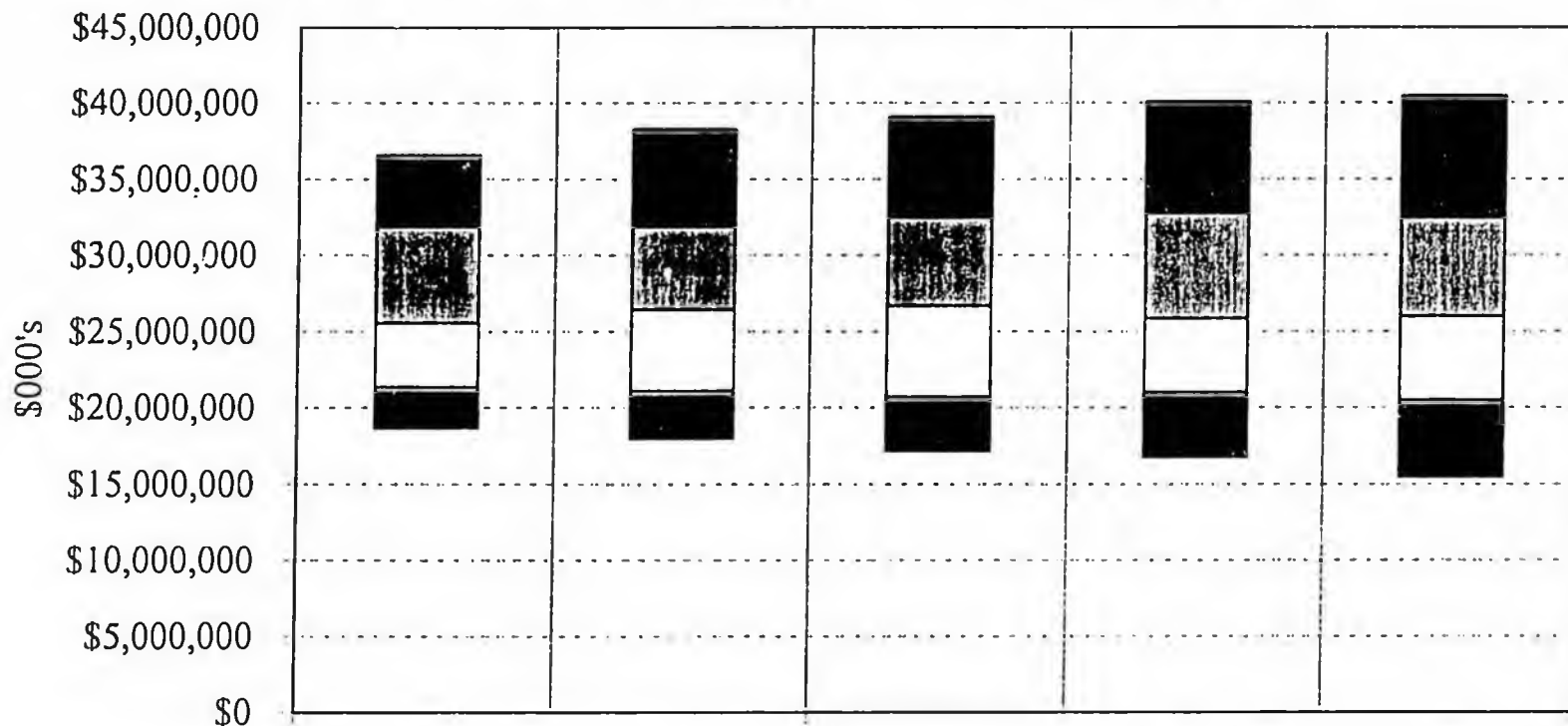
	1999	2000	2001	2002	2003
10%	\$26,069,830	\$31,188,617	\$33,073,537	\$34,879,455	\$37,537,577
25%	\$25,415,543	\$28,821,642	\$30,249,240	\$30,449,990	\$30,671,036
50%	\$24,486,089	\$26,524,847	\$26,778,087	\$26,568,092	\$25,952,459
75%	\$23,644,632	\$24,475,507	\$23,432,178	\$22,562,954	\$21,910,528
90%	\$22,778,704	\$22,725,464	\$21,263,065	\$19,290,538	\$18,846,748



# Range of Real Fund Value

## HB 231, 5.25% Distribution

Range of Real Ending Market Value (1998 Dollars)



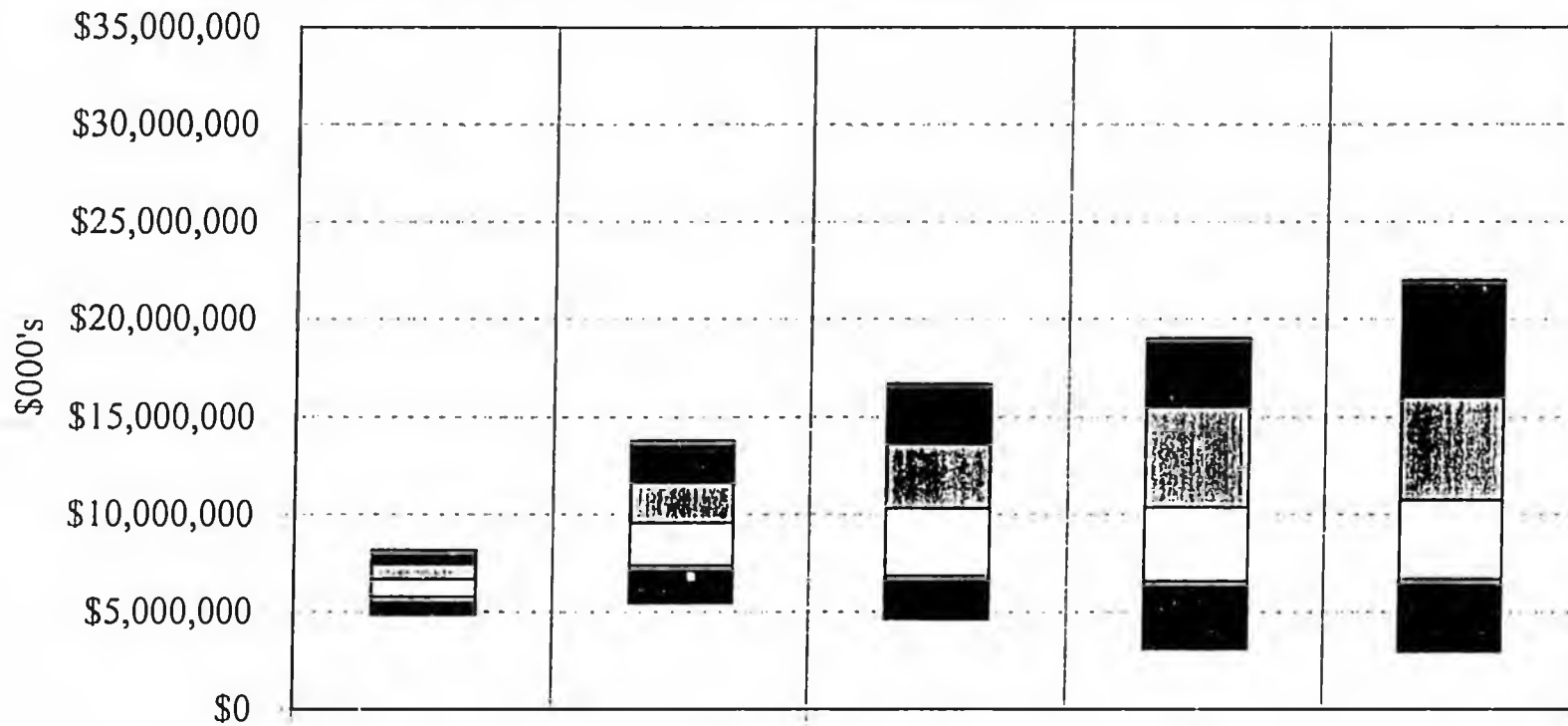
	2004	2005	2006	2007	2008
10%	\$36,554,091	\$38,231,656	\$39,061,328	\$40,064,778	\$40,439,785
25%	\$31,857,604	\$31,867,948	\$32,477,952	\$32,796,818	\$32,473,906
50%	\$25,554,157	\$26,437,121	\$26,661,038	\$25,843,566	\$26,005,945
75%	\$21,373,666	\$21,104,088	\$20,723,046	\$21,024,458	\$20,478,263
90%	\$18,729,372	\$18,025,630	\$17,201,231	\$16,796,786	\$15,499,149



# Range of Ending AIA Balance

## HB 231, 5.25% Distribution

Range of Ending Alaska Income Account Balance



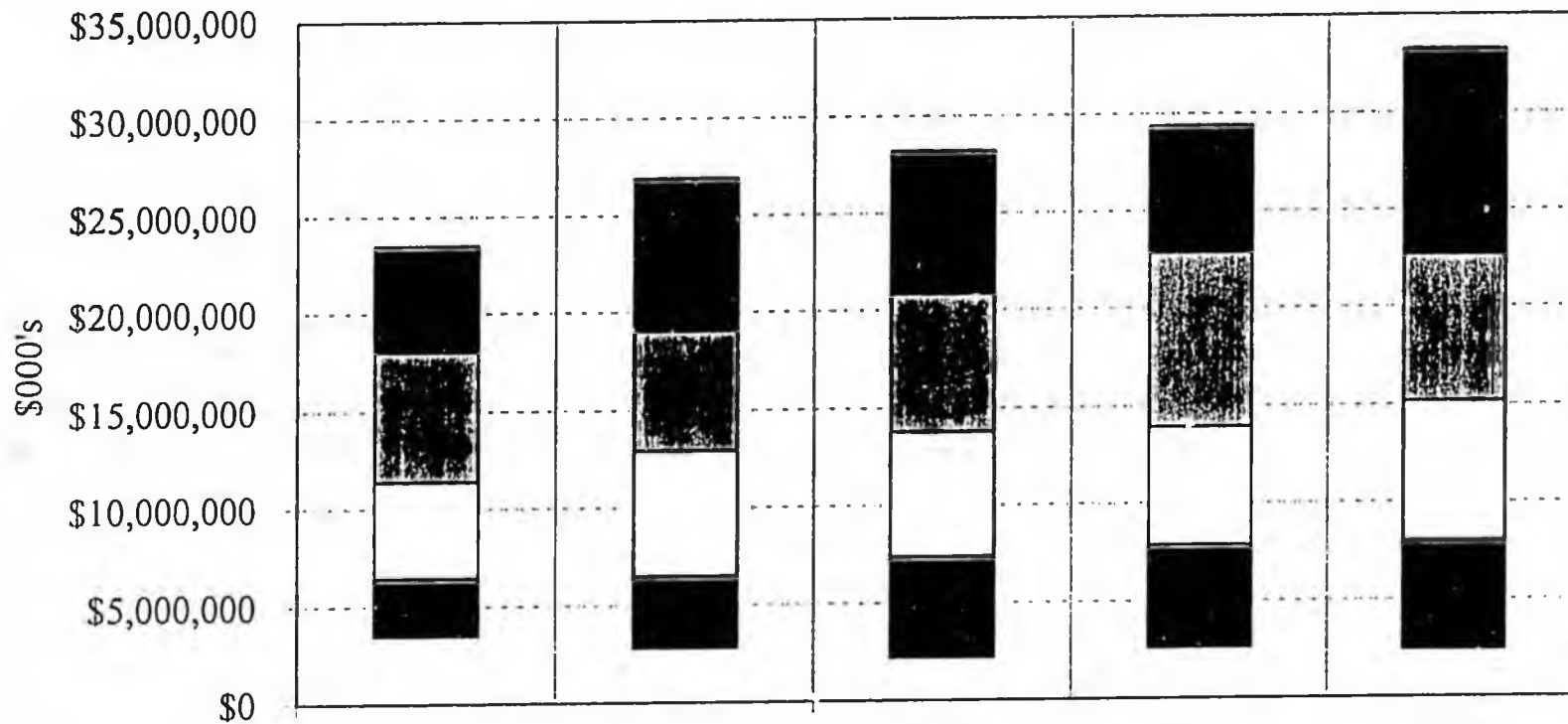
	1999	2000	2001	2002	2003
10%	\$8,168,681	\$13,782,662	\$16,688,412	\$18,990,371	\$22,001,173
25%	\$7,443,981	\$11,649,979	\$13,592,582	\$15,529,425	\$16,022,919
50%	\$6,667,836	\$9,582,968	\$10,314,650	\$10,372,236	\$10,758,725
75%	\$5,762,631	\$7,373,521	\$6,850,607	\$6,583,040	\$6,672,880
90%	\$4,847,075	\$5,473,470	\$4,616,392	\$3,107,571	\$2,957,410



# Range of Ending AIA Balance

## HB 231, 5.25% Distribution

Range of Ending Alaska Income Account Balance



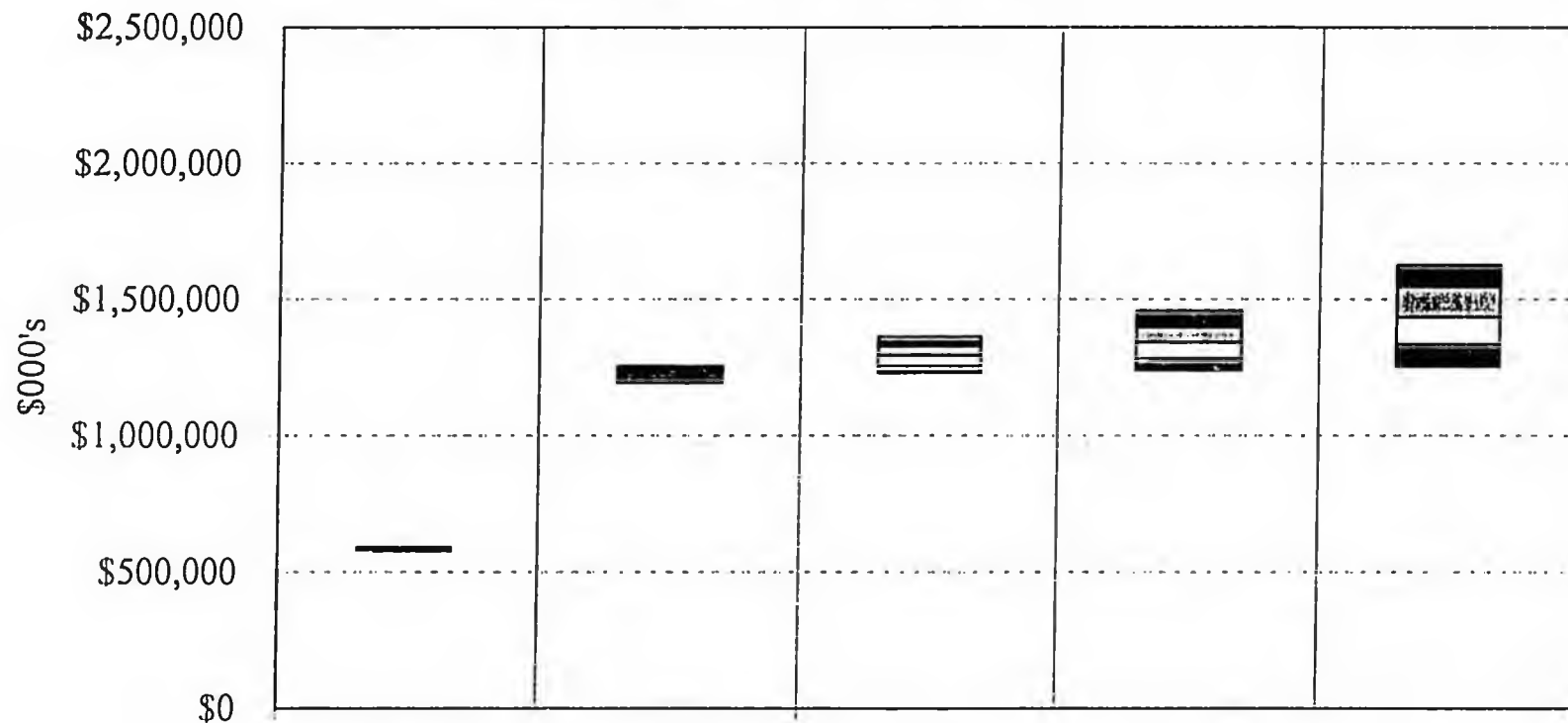
	2004	2005	2006	2007	2008
10%	\$23,485,947	\$26,871,778	\$28,148,295	\$29,360,665	\$33,192,465
25%	\$18,021,003	\$19,031,555	\$20,821,032	\$22,826,057	\$22,662,876
50%	\$11,379,758	\$12,888,058	\$13,750,676	\$13,913,034	\$15,153,552
75%	\$6,417,879	\$6,469,468	\$7,348,157	\$7,840,667	\$7,958,632
90%	\$3,509,136	\$2,832,972	\$2,213,516	\$2,621,142	\$2,451,721



# Range Distributed Income

## HB 231, 5.25% Distribution

Range of Distributed Income



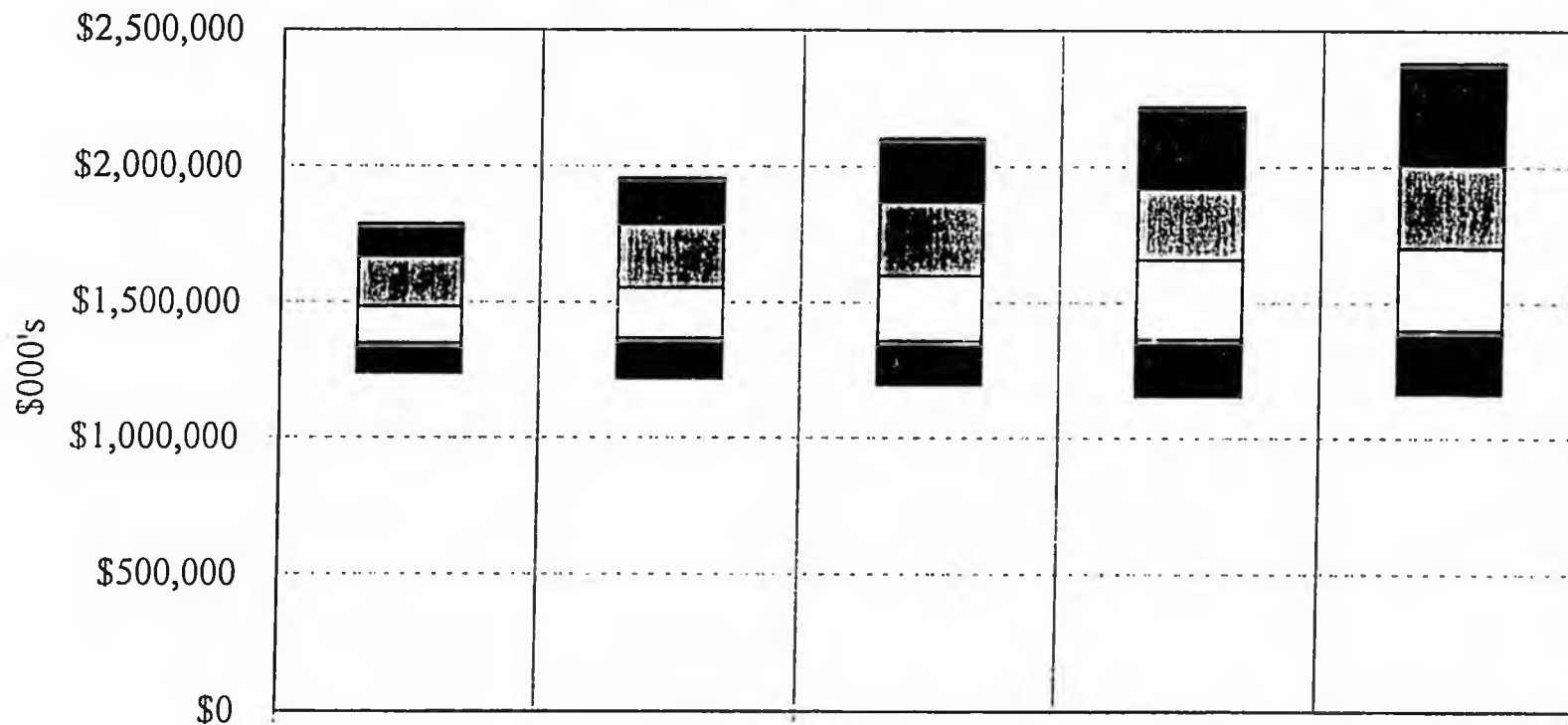
	1999	2000	2001	2002	2003
10%	\$599,922	\$1,254,325	\$1,360,510	\$1,455,546	\$1,625,330
25%	\$599,922	\$1,241,643	\$1,324,975	\$1,396,377	\$1,544,543
50%	\$599,922	\$1,227,745	\$1,291,336	\$1,340,755	\$1,434,436
75%	\$599,922	\$1,212,062	\$1,256,971	\$1,279,805	\$1,333,339
90%	\$599,922	\$1,195,322	\$1,231,769	\$1,241,014	\$1,255,598



# Range of Distributed Income

## HB 231, 5.25% Distribution

Range of Distributed Income



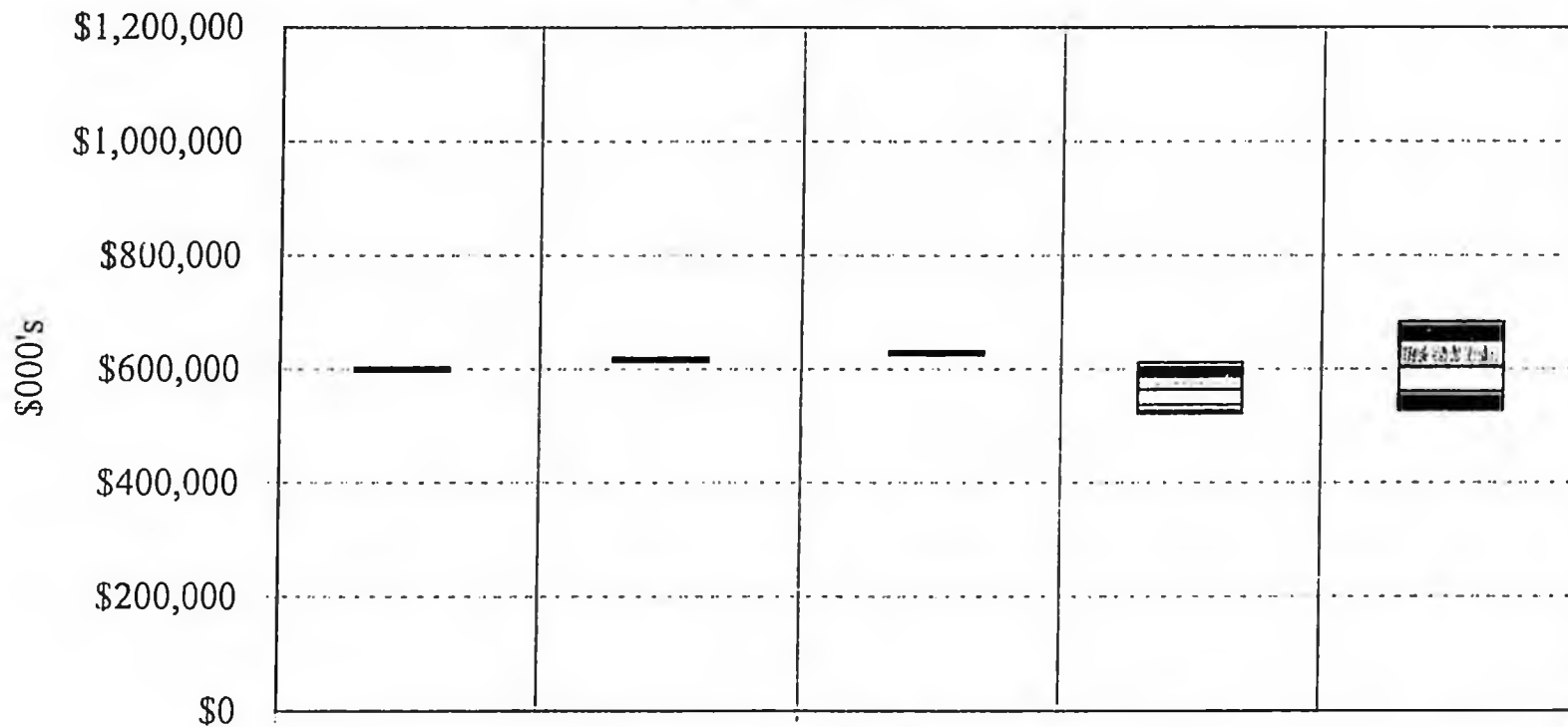
	2004	2005	2006	2007	2008
10%	\$1,784,666	\$1,953,528	\$2,101,278	\$2,217,414	\$2,379,361
25%	\$1,667,438	\$1,785,314	\$1,868,387	\$1,920,447	\$2,009,558
50%	\$1,483,141	\$1,552,167	\$1,598,810	\$1,658,938	\$1,701,345
75%	\$1,348,576	\$1,366,201	\$1,356,246	\$1,364,704	\$1,397,871
90%	\$1,239,856	\$1,219,609	\$1,197,388	\$1,156,444	\$1,166,251



# *Range Distributed Income - Div*

## *HB 231, 5.25% Distribution*

**Range of Distributed Income For Dividend**



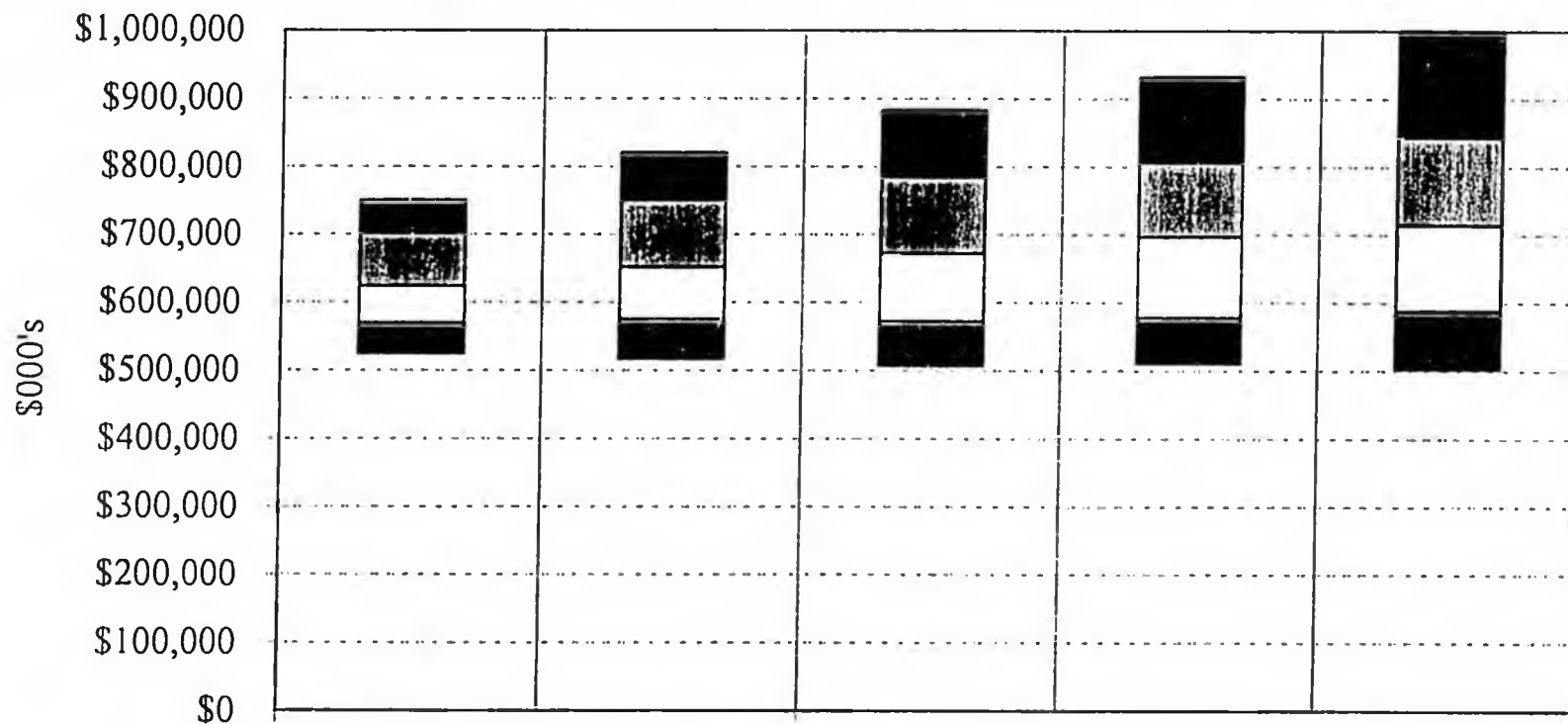
	1999	2000	2001	2002	2003
10%	\$599,922	\$606,795	\$613,748	\$611,329	\$682,638
25%	\$599,922	\$606,795	\$613,748	\$586,478	\$648,708
50%	\$599,922	\$606,795	\$613,748	\$563,117	\$602,463
75%	\$599,922	\$606,795	\$613,748	\$537,518	\$560,003
90%	\$599,922	\$606,795	\$613,748	\$521,788	\$527,376



# Range Distributed Income - Div

## HB 231, 5.25% Distribution

Range of Distributed Income for Dividend



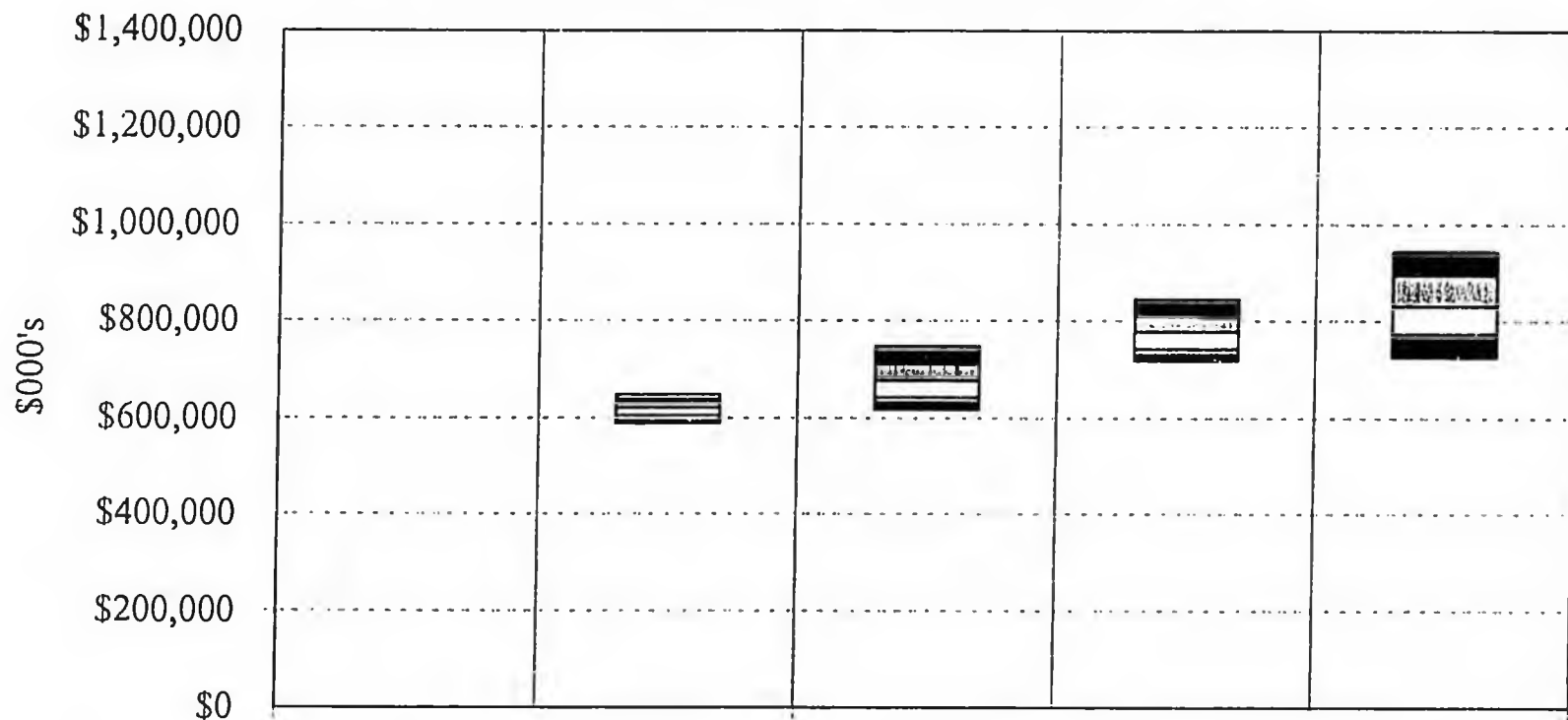
	2004	2005	2006	2007	2008
10%	\$749,560	\$820,482	\$882,537	\$931,314	\$999,332
25%	\$700,324	\$749,832	\$784,723	\$806,588	\$844,014
50%	\$623,615	\$651,910	\$671,586	\$696,754	\$714,565
75%	\$569,216	\$574,786	\$571,648	\$577,249	\$587,106
90%	\$525,638	\$517,687	\$507,738	\$512,253	\$504,034



# Range Distributed Income - Gov

## HB 231, 5.25% Distribution

Range of Distributed Income For Government



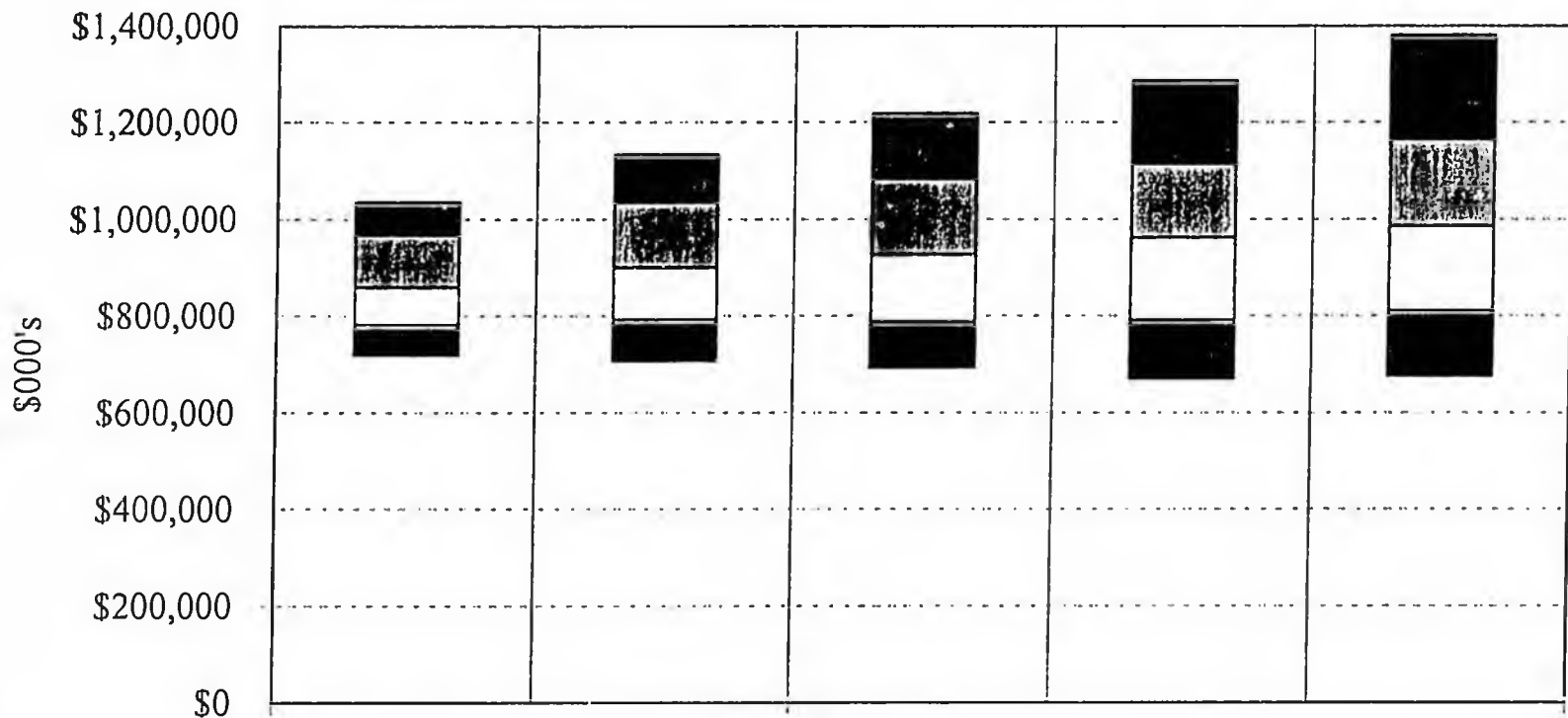
	1999	2000	2001	2002	2003
10%	\$0	\$647,530	\$746,762	\$844,217	\$942,691
25%	\$0	\$634,848	\$711,227	\$809,899	\$895,835
50%	\$0	\$620,951	\$677,588	\$777,638	\$831,973
75%	\$0	\$605,268	\$643,223	\$742,287	\$773,337
90%	\$0	\$588,528	\$618,021	\$719,788	\$728,247



# Range Distributed Income - Gov

## HB 231, 5.25% Distribution

Range of Distributed Income for Government



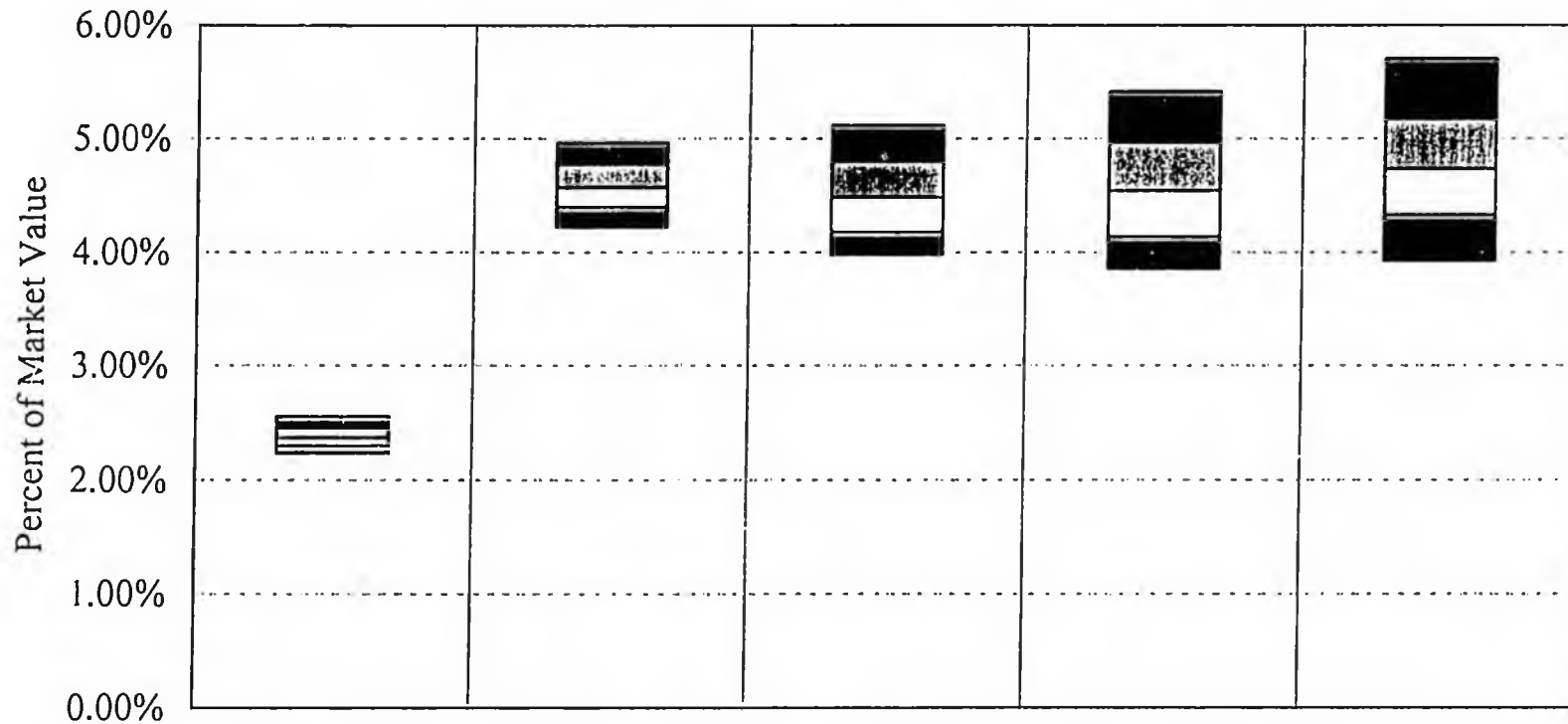
	2004	2005	2006	2007	2008
10%	\$1,035,106	\$1,133,046	\$1,218,741	\$1,286,100	\$1,380,030
25%	\$967,114	\$1,035,482	\$1,083,664	\$1,113,859	\$1,165,544
50%	\$860,222	\$900,257	\$927,310	\$962,184	\$986,780
75%	\$782,174	\$792,397	\$786,623	\$791,528	\$810,765
90%	\$719,116	\$707,264	\$693,575	\$670,737	\$676,426



# Range of Effective Payout Rate

## HB 231, 5.25% Distribution

Range of Effective Payout Rate



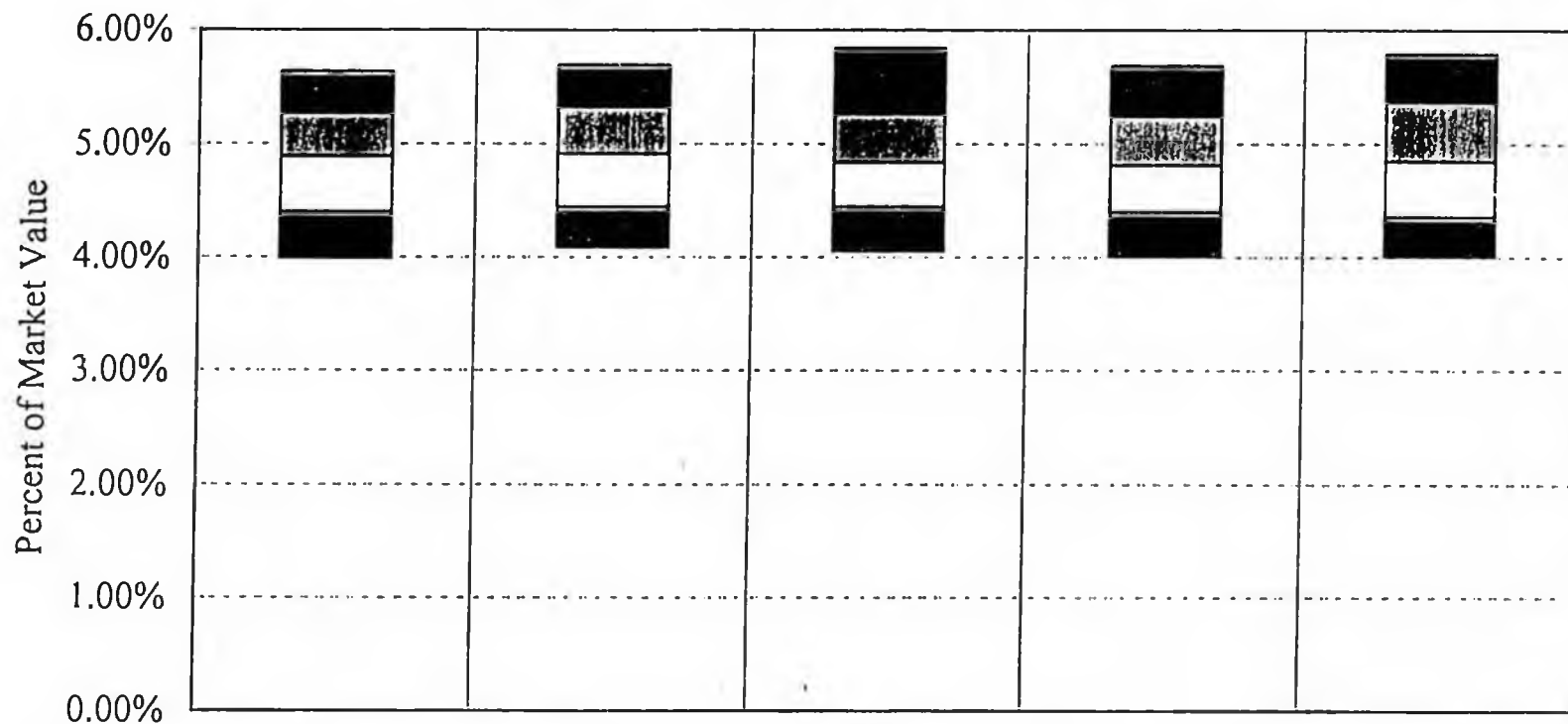
	1999	2000	2001	2002	2003
10%	2.55%	4.96%	5.12%	5.41%	5.70%
25%	2.46%	4.77%	4.80%	4.97%	5.18%
50%	2.37%	4.57%	4.49%	4.55%	4.74%
75%	2.30%	4.40%	4.18%	4.14%	4.33%
90%	2.23%	4.23%	3.98%	3.86%	3.94%



# Range of Effective Payout Rate

HB 231, 5.25% Distribution

Range of Effective Payout Rate



	2004	2005	2006	2007	2008
10%	5.63%	5.69%	5.84%	5.69%	5.79%
25%	5.27%	5.32%	5.26%	5.24%	5.37%
50%	4.89%	4.92%	4.84%	4.81%	4.85%
75%	4.40%	4.45%	4.45%	4.40%	4.36%
90%	4.00%	4.10%	4.06%	4.01%	4.02%





# ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1999 - 2020

as of March 31, 1999

(In millions)

PRINCIPAL (AT COST)					
FY	FY Begin Balance	Appropriations	Dedicated		FY End Balance
			State Revenues <sup>(2)</sup>	Inflation-Proofing	
77-96	0	5,854	5,727	4,624	16,205
97	16,205	829 <sup>(3)</sup>	308	486	17,828
98	17,828	35	230	423	18,516
99	18,516	41 <sup>(4)</sup>	138	288	18,984
00	18,984	27	135	574	19,720
01	19,720	29	146	597	20,492
02	20,492	31	151	620	21,294
03	21,294	33	166	645	22,138
04	22,138	36	177	671	23,021
05	23,021	38	165	697	23,922
06	23,922	41	176	724	24,863
07	24,863	44	170	752	25,830
08	25,830	47	169	781	26,827
09	26,827	51	167	811	27,856
10	27,856	55	156	842	28,909
11	28,909	59	150	874	29,991
12	29,991	63	149	906	31,109
13	31,109	68	143	940	32,260
14	32,260	73	138	974	33,444
15	33,444	78	133	1,010	34,665
16	34,665	84	128	1,046	35,923
17	35,923	90	124	1,084	37,220
18	37,220	96	120	1,123	38,560
19	38,560	103	117	1,163	39,944
20	39,944	111	113	1,205	41,373
Cumulative Totals					
Projected for 1999 - 2020:			3,231	18,328	41,373

INCOME						
GASB Net Income <sup>(1)</sup>	Statutory Net Income	Distributions of Statutory Income		Earnings Reserve		
		Dividends	Inflation-Proofing	General Fund	Add (Delete) FY End Balance	
16,153	14,034	5,993	4,624	223	104	104
3,149	2,036	747	486	1	3	107
3,435	2,595	893	423		1,282	1,389
2,281	2,294	1,019	288		987	2,376
1,922	1,789	1,101	574		113	2,489
1,996	1,857	1,110	597		150	2,639
2,076	1,930	1,099	620		210	2,849
2,163	2,010	1,037	645		328	3,177
2,263	2,102	1,017	671		414	3,592
2,372	2,203	1,061	697		445	4,037
2,486	2,308	1,108	724		475	4,512
2,606	2,418	1,159	752		506	5,018
2,730	2,532	1,214	781		537	5,555
2,860	2,651	1,272	811		568	6,123
2,995	2,775	1,332	842		601	6,724
3,135	2,903	1,394	874		636	7,360
3,280	3,037	1,459	906		672	8,032
3,432	3,176	1,527	940		709	8,741
3,590	3,320	1,597	974		749	9,490
3,754	3,470	1,670	1,010		790	10,280
3,925	3,626	1,746	1,046		834	11,114
4,103	3,788	1,825	1,084		879	11,993
4,288	3,956	1,907	1,123		926	12,919
4,481	4,132	1,992	1,163		976	13,895
4,682	4,314	2,081	1,205		1,028	14,923
67,419	62,589	30,727	18,328			14,923

UNREALIZED GAINS	
Net Change	FY End Balance
2,084	2,084
1,085	3,169
802	3,971
(54)	3,917
106	4,023
110	4,134
115	4,249
120	4,368
125	4,493
131	4,624
137	4,761
144	4,905
151	5,056
158	5,213
165	5,378
173	5,551
181	5,731
189	5,920
197	6,117
206	6,324
216	6,539
225	6,765
235	7,000
246	7,246
257	7,503
3,532	7,503

TOTAL FUND At Market	
(6)	FY
18,393	77-96
21,104	97
23,876	98
25,276	99
26,233	00
27,264	01
28,392	02
29,684	03
31,106	04
32,583	05
34,137	06
35,753	07
37,438	08
39,193	09
41,011	10
42,902	11
44,873	12
46,921	13
49,051	14
51,269	15
53,576	16
55,978	17
58,479	18
61,085	19
63,799	20
63,799	

Rate of Return Assumptions				
	Total	- Inflation	= Real	Realized
FY 99	9.51%	1.54%	7.97%	11.03%
FY 2000-20 <sup>(5)</sup>	7.75%	3.00%	4.75%	7.33%

<sup>(1)</sup> GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

<sup>(2)</sup> Per Department of Revenue's Spring 1999 Forecast.

<sup>(3)</sup> Earnings reserve appropriated to principal.

<sup>(4)</sup> Settlement earnings transferred to principal per AS 37.13.145(d).

<sup>(5)</sup> Based on 1999 Callan capital market and inflation assumptions.

<sup>(6)</sup> Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.

STATUS QUO



# ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 1999 - 2020

as of March 31, 1999

(in millions)

PRINCIPAL (AT COST)						INCOME						TOTAL FUND At Market	
FY	FY Begin Balance	Appro- riations	Dedicated		FY End Balance	GASB Net Income <sup>(1)</sup>	Distributions of Income			Alaska Income Account		(6)	FY
			State Revenues <sup>(2)</sup>	Inflation- Proofing			Dividends	Inflation- Proofing	General Fund	Add (Delete)	FY End Balance		
77-96	0	5,854	5,727	4,624	16,205	16,153	5,993	4,624	223	2,188	2,188	18,393	77-96
97	16,205	829 <sup>(3)</sup>	308	486	17,828	3,149	747	486	1	1,088	3,276	21,104	97
98	17,828	35	230	423	18,516	3,435	893	423		2,084	5,360	23,876	98
<b>99</b>	<b>18,516</b>	<b>41 <sup>(4)</sup></b>	<b>130</b>	<b>288</b>	<b>18,975</b>	<b>2281</b>	<b>613</b>	<b>288</b>		<b>3,212 <sup>(7)</sup></b>	<b>8,572</b>	<b>27,547</b>	<b>99</b>
00	18,975		123		19,098	2150	630		719	800	9,372	28,471	00
01	19,098		132		19,230	2277	649		750	879	10,251	29,482	01
02	19,230		137		19,367	2359	603		833	924	11,175	30,542	02
03	19,367		145		19,512	2445	617		852	976	12,151	31,663	03
04	19,512		150		19,663	2536	651		900	985	13,136	32,798	04
05	19,663		142		19,804	2627	675		932	1,021	14,157	33,961	05
06	19,804		151		19,955	2721	699		965	1,058	15,214	35,169	06
07	19,955		147		20,102	2819	724		1,000	1,095	16,310	36,412	07
08	20,102		147		20,249	2919	750		1,035	1,134	17,443	37,692	08
09	20,249		145		20,394	3022	776		1,072	1,174	18,617	39,011	09
10	20,394		136		20,529	3128	804		1,110	1,215	19,832	40,361	10
11	20,529		131		20,660	3237	832		1,149	1,256	21,089	41,749	11
12	20,660		131		20,791	3349	861		1,189	1,299	22,388	43,179	12
13	20,791		125		20,916	3465	891		1,230	1,344	23,732	44,648	13
14	20,916		121		21,037	3583	921		1,272	1,389	25,121	46,158	14
15	21,037		117		21,154	3705	953		1,316	1,436	26,557	47,711	15
16	21,154		113		21,267	3830	985		1,361	1,484	28,041	49,308	16
17	21,267		109		21,376	3959	1,019		1,407	1,534	29,574	50,951	17
18	21,376		106		21,483	4092	1,053		1,454	1,585	31,159	52,641	18
19	21,483		103		21,586	4228	1,088		1,503	1,637	32,796	54,382	19
20	21,585		101		21,687	4369	1,125		1,553	1,691	34,487	56,174	20
<b>Cumulative Totals</b>													
<b>Projected for 1999 - 2020:</b>						<b>2,841</b>	<b>288</b>	<b>23,600</b>		<b>34,487</b>		<b>56,174</b>	

Rate of Return Assumptions			
	Total	Inflation	Real
FY 1999	9.51%	1.54%	7.97%
FY 2000	7.94%	3.00%	4.94%
FY 2001-20 <sup>(5)</sup>	8.13%	3.00%	5.13%

<sup>(1)</sup> GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings;

<sup>(2)</sup> Per Department of Revenue's Spring 1999 Forecast and passage of HB 96.

<sup>(3)</sup> Earnings reserve appropriated to principal.

<sup>(4)</sup> Settlement earnings transferred to principal per AS 37.13.145(d).

per HB 231

<sup>(5)</sup> Based on 1999 Callan capital market and inflation assumptions.

<sup>(6)</sup> Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gains.

<sup>(7)</sup> Includes \$1,873 million transferred from the Constitutional Budget Reserve transferred on July 2, 1999

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MEMORANDUM

To: Jim Kelly, APFC

From: Ron Lorensen, STS&L 

Date: May 11, 1999

Re: HB 231 and HB 232, relating to the Alaska Income Account  
Our File No.: 846.6

---

At your request, I have reviewed HB 231 and HB 232. If passed, these bills would implement a percent of market value (POMV) distribution mechanism for the income of the Alaska Permanent Fund (the Fund) very similar to that proposed by the Board's Investment Policy Options Committee. This memo describes these two bills.

I. HB 232.

In order to understand how HB 231 works, HB 232 needs to be described first. HB 232 is an appropriations bill that would deposit the entire unappropriated balance of the constitutional budget reserve fund (CBRF) as of July 2, 1999 into the Fund's income account. This account is presently known as the "earnings reserve account," but under HB 231, it is renamed the "Alaska Income Account." HB 232 will only take effect, however, if a bill like HB 231, establishing the Alaska Income Account, is passed.

II. HB 231.

Section 1. In addition to renaming the Fund's income account the "Alaska Income Account," section 1 of the bill addresses the statutory issues recently identified by Morrison & Foerster relating to determination of the Fund's income according to generally accepted accounting principles and GASB 31, in particular. Under this provision, all income of the Fund is deposited into the Alaska Income Account, with the Fund's balance determined according to generally accepted accounting principles. Former distinctions between "realized" and "unrealized" income are eliminated.

Jim Kelly, APFC  
May 11, 1999  
Page 2

Section 2. Section 2 is the heart of the bill. It establishes the Alaska Income Account ("Account") as a separate account of the Fund. It then sets out the POMV distribution rule. Under the bill, the distribution is determined based on the average of the quarter-end market value of the Fund and the CBRF, combined, over the last 20 fiscal year quarters, not counting the fiscal year just ended. The amount to be transferred from the Account to the general fund in a fiscal year is set at 5.25 percent of that 20 quarter average. The method for determining quarter-end market value looks to the combined value of the Fund and the CBRF in preceding years because of the transfer of the CBRF into the Fund made by HB 232.

In addition to setting the POMV distribution rule, Section 2 also establishes the mechanism for determining how much of each annual distribution amount is to be used for the Permanent Fund Dividend program ("PFD's"). As drafted, the bill calls for 42 percent of each distribution to be paid into the special dividend fund established by AS 43.23.045.

Section 3, 4, and 5. These sections amend statutes relating to the Mental Health Trust Fund, the Alaska Science and Technology Foundation, and the International Trade and Business Endowment, respectively, to make it clear that the income earned by the Alaska Permanent Fund Corporation that is attributable to each of these funds is not included in the Alaska Income Account.

Sections 6 and 7. These temporary sections provide for a phasing-in of the permanent provisions of the bill--both the computation of the payout from the Alaska Income Account and the amount to be paid as PFD's. Under these provisions, for the years 1999, 2000, and 2001, the PFD is fixed at \$1,000. With respect to the calculation of the POMV distribution, the applicable period over which the quarter-end market value of the Fund and the CBRF, combined, will be determined is phased in for FY 2001, FY 2002, and FY 2003 rather than using a full 20 quarter period for those years. As written, the quarter-end market value applicable to the FY 2001 payout will be based on eight quarters, the value applicable to the FY 2002 payout will be averaged over 12 quarters, and the value applicable to the FY 2003 payout will be averaged over 16 quarters. This means that the first fiscal year for which a full 20 quarter average will be used will be the payout determined for FY 2004.

Sections 8 and 9. These are effective date provisions. Except for Section 6, which establishes the PFD amount for 1999 at \$1,000, all provisions of the bill take effect on July 2, 1999. Section 6 takes effect immediately.

Attachment

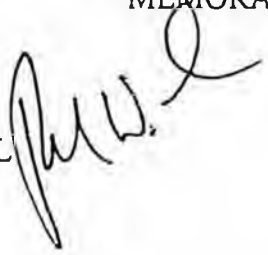
cc: Board of Trustees, APFC  
Byron I. Mallott, Executive Director, APFC  
Peter Bushre, Chief Financial Officer, APFC

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MEMORANDUM

To: Jim Kelly, APFC  
From: Ron Lorensen, STS&L   
Date: May 11, 1999  
Re: Proposed amendments to HB 231  
Our File No.: 846.6

---

At your request I have drafted the attached amendments to HB 231. The purpose of the eight proposed amendments is as follows:

1. Amendments 1 and 2.

As you have pointed out, HB 231 does not specifically address what would happen if the amount calculated for distribution to the general fund in a fiscal year under the bill's percent of market value ("POMV") approach exceeds the amount available in the Alaska Income Account ("the Account") during that fiscal year. Presumably, in the absence of specific direction, at any time that the Account balance is insufficient to cover a planned transfer, the transfer would be limited to the amount of the Account's balance. However, because of the underlying constitutional limitation that the principal of the Fund is not subject to appropriation, it would probably be prudent to add a provision to the bill that expressly states how a shortfall in the Account will be handled.

Also, as drafted, the bill does not set a time limit for making the required transfer for a fiscal year. Without a time limit--and if the aggregate balance in the Account is insufficient to pay the computed transfer for that fiscal year--it could happen that any shortfall in the amount transferred that fiscal year would be carried over for payment in the next fiscal year and essentially "compete" for payment with the POMV transfer calculated for that following year.

Proposed amendments 1 and 2 to HB 231 would address these issues.

Jim Kelly, APFC  
May 11, 1999  
Page 2

2. Amendments 3 and 4.

In reviewing the provisions of HB 231, it is not clear whether or how a POMV transfer from the Account to the general fund in FY 2000 should be determined. Under the bill's transitional provisions at (c) of Section 7, the phased-in approach for determining the average quarter-end market value on which the transfer is based first applies to the transfer to be made in FY 2001 ("the amount transferred . . . following the end of . . . fiscal year 2000"). Since the POMV distribution provision of the bill takes effect on July 2, 1999, in the absence of a transitional provision indicating otherwise, it appears that the permanent, long-term averaging formula that looks to the last 20 quarters before the fiscal year that just ended would apply in FY 2000. Given the care taken in the bill to phase in the averaging period for POMV distributions in Fiscal Years 2001, 2002, and 2003, it is doubtful that this result was intended. Instead, as I understand it, the legislative plan for Fiscal Year 2000 simply calls for a one-time appropriation of a fixed amount from the Account.

Proposed amendments 3 and 4 would address this question by making it clear that the POMV distribution provision is not to be applied in Fiscal Year 2000.

Attachment

**Proposed amendments to HB 231:**

1. at page 2, line 4, insert the following:

(b) The transfer to the general fund of the amount required under (a) of this section shall be completed before the end of the fiscal year in which the transfer is to be made. A transfer under (a) may not exceed the balance in the Alaska Income Account at the time of the transfer. Notwithstanding (a), if the aggregate balance in the Alaska Income Account during the fiscal year in which the transfer to the general fund under (a) is to be made is less than the amount required to be transferred under (a), the transfer amount for that fiscal year is limited to the aggregate balance of the Alaska Income Account during the fiscal year.

2. re-letter existing subsec. (b) at page 2, line 4 as (c)

3. at page 3, line 4, insert the following:

(c) Notwithstanding AS 37.13.145(a), as repealed and reenacted in sec. 2 of this Act, AS 37.13.145 does not apply to require a transfer to the general fund in fiscal year 2000.

4. re-letter existing subsec. (c) at page 3, line 4 as (d)

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. HB 232

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affect Revenue \_\_\_\_\_  
 Title: An Act making a special appropriation from the BRU Revenue Operations  
 budget reserve fund to the Alaska income account Component Alaska Permanent Fund Corporation  
 Sponsor House Rules Committee  
 Requester House Finance Committee Component Serial No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual	1,404.8	3,073.6	3,362.5	3,678.6	4,024.4	4,402.7
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1,404.8</b>	<b>3,073.6</b>	<b>3,362.5</b>	<b>3,678.6</b>	<b>4,024.4</b>	<b>4,402.7</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>101,693.7</b>	<b>109,820.2</b>	<b>114,095.2</b>	<b>119,001.0</b>	<b>124,347.6</b>	<b>129,888.0</b>
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**FUND SOURCE** (Thousands of Dollars)


1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other Corporate Receipts	1,404.8	3,073.6	3,362.5	3,678.6	4,024.4	4,402.7
<b>TOTAL</b>	<b>1,404.8</b>	<b>3,073.6</b>	<b>3,362.5</b>	<b>3,678.6</b>	<b>4,024.4</b>	<b>4,402.7</b>

Estimate of current year (FY99) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** This fiscal note assumes an increase in costs and revenues associated with a \$1.873 billion increase in public equity investments.

Prepared by Peter A. Bushre  Phone 465-2301  
 Division Alaska Permanent Fund Corporation Date/Time \_\_\_\_\_  
 Approved by \_\_\_\_\_ Date \_\_\_\_\_  
 Commissioner Wilson L. Condon  
 Agency Department of Revenue

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HOUSE BILL NO. 231

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST

Introduced: 5/8/99

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to income of the Alaska permanent fund, to the Alaska Income  
2 Account, and to permanent fund dividends; and providing for an effective date."

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

4 \* Section 1. AS 37.13.140 is repealed and reenacted to read:

5           Sec. 37.13.140. **Income.** All income of the fund shall be deposited in the  
6 Alaska Income Account established under AS 37.13.145. The balance of the Alaska  
7 Income Account shall be determined according to generally accepted accounting  
8 principles. Income of the fund includes income of the Alaska Income Account.

9 \* Sec. 2. AS 37.13.145 is repealed and reenacted to read:

10           Sec. 37.13.145. **Disposition of income.** (a) The Alaska Income Account is  
11 established as a separate account in the fund. Following the end of each fiscal year,  
12 an amount shall be transferred from the account to the general fund that is equal to  
13 5.25 percent of the average of the quarter-end market value of the last 20 fiscal year  
14 quarters before the fiscal year just ended of

1 (1) the fund, including the Alaska Income Account; and  
2 (2) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
3 of Alaska).

4 (b) After the transfer under (a) of this section, the commissioner of revenue  
5 shall transfer from the general fund to the dividend fund, (AS 43.23.045) 42 percent  
6 of the amount transferred to the general fund under (a) of this section.

7 \* Sec. 3. AS 37.13.300(c) is amended to read:

8 (c) Net income from the mental health trust fund may not be included in the  
9 [COMPUTATION OF NET] income of the Alaska permanent fund [AVAILABLE  
10 FOR DISTRIBUTION] under AS 37.13.140.

11 \* Sec. 4. AS 37.17.020(b) is amended to read:

12 (b) The endowment shall be held and invested by the Alaska Permanent Fund  
13 Corporation subject to AS 37.13.120; however, net income from the endowment shall  
14 be distributed under AS 37.17.010 - 37.17.110 and 37.17.225. Net income from the  
15 endowment may not be included in the [COMPUTATION OF NET] income of the  
16 Alaska permanent fund [AVAILABLE FOR DISTRIBUTION] under AS 37.13.140.

17 \* Sec. 5. AS 37.17.440(b) is amended to read:

18 (b) The principal and income of the endowment shall be held and invested by  
19 the Alaska Permanent Fund Corporation subject to AS 37.13.120; however, net income  
20 from the endowment and subsequent income earned on net income from the  
21 endowment shall be held in a separate account until appropriated by the legislature.  
22 Net income from the endowment may not be included in the [COMPUTATION OF  
23 NET] income of the Alaska permanent fund [AVAILABLE FOR DISTRIBUTION]  
24 under AS 37.13.140.

25 \* Sec. 6. 1999 PERMANENT FUND DIVIDENDS. Notwithstanding AS 37.13.145(b) and  
26 AS 43.23.025, the amount of each permanent fund dividend for 1999 is \$1,000.

27 \* Sec. 7. TRANSITION. (a) The Alaska Income Account established in AS 37.13.145(a),  
28 as repealed and reenacted in sec. 2 of this Act, is the successor to the earnings reserve  
29 account, and the balance in the earnings reserve account on the effective date of this section  
30 shall be retained in the Alaska Income Account until distributed in accordance with  
31 AS 37.13.145, as repealed and reenacted in sec. 2 of this Act.

1 (b) Notwithstanding AS 37.13.145(b), as repealed and reenacted in sec. 2 of this Act,  
2 and AS 43.23.025, the amount of each permanent fund dividend for 2000 and each permanent  
3 fund dividend for 2001 is \$1,000.

4 (c) Notwithstanding AS 37.13.145(a), as repealed and reenacted in sec. 2 of this Act,  
5 the amount transferred from the Alaska Income Account to the general fund following the end  
6 of

7 (1) fiscal year 2000 is equal to 5.25 percent of the average of the quarter-end  
8 market value for the last eight fiscal year quarters before the fiscal year just ended of

9 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the  
10 State of Alaska), including the Alaska Income Account; and

11 (B) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
12 of Alaska);

13 (2) fiscal year 2001 is equal to 5.25 percent of the average of the quarter-end  
14 market value for the last 12 fiscal year quarters before the fiscal year just ended of

15 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the  
16 State of Alaska), including the Alaska Income Account; and

17 (B) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
18 of Alaska);

19 (3) fiscal year 2002 is equal to 5.25 percent of the average of the quarter-end  
20 market value for the last 16 quarters before the fiscal year just ended of

21 (A) the Alaska permanent fund (art. IX, sec. 15, Constitution of the  
22 State of Alaska), including the Alaska Income Account; and

23 (B) the budget reserve fund (art. IX, sec. 17, Constitution of the State  
24 of Alaska).

25 \* Sec. 8. Sections 1 - 5 and 7 of this Act take effect July 2, 1999.

26 \* Sec. 9. Section 6 of this Act takes effect immediately under AS 01.10.070(c).

**HOUSE BILL NO. 232**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST

Introduced: 5/8/99

Referred: Finance

**A BILL****FOR AN ACT ENTITLED**

1 "An Act making a special appropriation from the budget reserve fund under art.  
2 IX, sec. 17(c), Constitution of the State of Alaska, to the Alaska Income Account;  
3 and providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* **Section 1.** The unappropriated balance in the budget reserve fund (art. IX, sec. 17,  
6 Constitution of the State of Alaska) on July 2, 1999, is appropriated to the Alaska Income  
7 Account (AS 37.13.145). This appropriation is made under art. IX, sec. 17(c), Constitution  
8 of the State of Alaska.

9 \* **Sec. 2.** This Act takes effect only if a version of a bill establishing the Alaska Income  
10 Account in the Alaska permanent fund is passed by the Twenty-First Alaska State Legislature  
11 and becomes law.

12 \* **Sec. 3.** If this Act takes effect, it takes effect on the effective date of the provisions of  
13 the bill described in sec. 2 of this Act that establish the Alaska Income Account in the Alaska  
14 permanent fund.



WORKING TO PROMOTE  
ALASKA'S LONG-TERM  
FISCAL CERTAINTY

# FISCAL SENSE

AN UPDATE ON CLOSING ALASKA'S FISCAL GAP • ISSUE #7 • WEEK OF MAY 10, 1999

## House proposes "Healthy Alaska" Plan

Earlier this legislative session, the Governor proposed a "Balanced Budget" plan as a way to get Alaska's fiscal house in order. While the bad news was that it was pronounced dead on arrival because it reimposed a state income tax, the good news was it broke new ground by proposing to tap Permanent Fund earnings to pay for government services and the Legislature was able to react.

Next came the "All Alaska" plan which was advanced by a cadre of House Majority members. While there was no income tax, it took the bold step and said Permanent Fund (PF) dividends would no longer have "first call" on PF earnings. Instead, money to pay dividends would compete for the same dollars that could pay for traditional state services.

Last Saturday a compromise was introduced in the House. Called the "Healthy Alaska" plan, it proposes to set up an annual stream of Permanent Fund earnings to offset less revenues from decreased oil production and low prices. A major difference from the "All Alaska" plan is that it earmarks some Fund earnings for dividends and then the balance pays for government programs.

### How it works

The "Healthy Alaska" plan's key provisions are incorporated in House Bill 231. As proposed, the plan:

- Renames the Permanent Fund's Earnings Reserve Account (ERA) to the "Alaska Income Account" (AIA). (*Currently all PF earnings go into the ERA from which dividends and inflation-proofing are paid. Leftover earnings have*

*no specified purpose. Currently the ERA is invested as part of the PF, so in a way it contributes to higher earnings and therefore higher dividends. This is why some suggest that using these leftover earnings is a "raid" on the PF itself, even though it's not.);*

- Transfers the Constitutional Budget Reserve balance (about \$2.8 billion) to the AIA;
- Future PF earnings will go into the AIA;
- Each year 5.25% will be withdrawn from the AIA based on a five-year average of the market value of the PF and AIA. Using a prescribed payout automatically inflation-proofs the AIA;
- 42% of this draw will be paid out in dividends; the remainder will go into the state's general fund to pay for government services. During a three-year transition, however, the annual dividend will be \$1,000; and
- Spending is cut by \$70 million over two years.

### Testing against the Council's criteria

The Fiscal Policy Council has developed a criteria by which it evaluates proposals to close the gap (past issues of *FISCAL SENSE* describe the criteria and can be found on the Council's web page: [www.fiscalak.org](http://www.fiscalak.org)). It also uses a model developed by Dr. Scott Goldsmith of UAA's Institute for Social and Economic Research.

### The plan's strengths

The most important criteria in evaluating a plan is whether it sustains the value of Alaska's financial assets. Will the value of Alaska's financial assets (Permanent Fund, Earnings Reserve Ac-

"Healthy Alaska" plan proposed (continued . . .)

count, Constitutional Budget Reserve, and the general fund revenues) be at least the same in 10 or 20 years? This is most important because for the foreseeable future, Alaska's financial assets will be the state's primary source of revenues. As a result, protecting their value is the highest priority.

The "Healthy Alaska" plan meets this test and has a number of other strengths, which include:

- A prescribed payout rate enables the Permanent Fund to be managed to maximize its long-run real rate of return;
- A new stable, predictable, and growing stream of financial earnings will be available to help fund state services;
- Curbs the dividend's current inflated growth rate which cannot be sustained;
- Easy to implement because no voter approval is required.

**Concerns**

The Council suggests, however, that there are some concerns, which include:

- Because the withdrawal rate is set by law and not by a Constitutional amendment, it can be changed by a future Legislature. If a higher rate is withdrawn, it

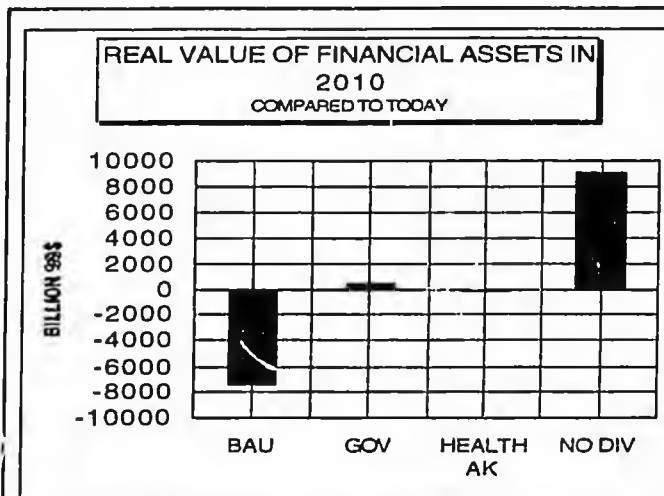
would erode the future value of the state's financial assets;

- Instead of the current practice of putting inflation-proofing dollars into the Permanent Fund, and therefore being constitutionally-protected against being spent, the plan puts these dollars in the AIA

and as a result, they could be spent;

- Unlike the "All Alaska" plan which did not prescribe how much is to be paid in dividends, the new plan earmarks a percentage for dividends. While this may achieve a politically desirable goal, it reduces flexibility in meeting future demands for state services;

- Even though the value of Alaska's financial assets is maintained, revenues from other sources such as oil, will continue to decline. This means that revenues from a broad-based tax may be necessary to sustain the prescribed level of dividends or pay for state services. Under the plan, the capacity to tax is not yet utilized, and remains a future option by which a connection between growth in the economy and revenues to the state treasury could be realized.



The model shows that under the "Healthy Alaska" plan, the value of the state's financial assets would be slightly less (\$768 million) in 2010 than today. Unlike previous graphs that showed a loss in value under the Governor's proposal, the above shows an increase because the House's proposed reduced level of spending is applied. If the Governor's plan spent less as proposed in the "Healthy Alaska" plan, asset value would grow instead of decrease. Unlike the House proposal, the Governor's plan also collects \$350 million through personal income taxes.

**About the model's key assumptions:**

- Incorporates "Healthy Alaska" plan's proposed \$70 million in cuts; spending is then flat except for K-12 education that grows at 1.5%
- Rate of return
 

	Real	Nominal
Long:	4.5%	7.6%
Short:	2.5%	5.6%
- Oil revenues ADOR April 1999 forecast
- Non-oil revenues Grow \$10 million/year

Further details about the model can be found in the April 12, 1999 issue of FISCAL SENSE at [www.fiscalak.org](http://www.fiscalak.org).

The Fiscal Policy Council of Alaska, Inc. is a nonpartisan, nonprofit, member-supported organization dedicated to promoting the state's long-term fiscal certainty through research and providing objective information about Alaska's finances. "FISCAL SENSE" is written by FPCA board member Cheryl Frasca, a longtime budget-watcher. The Council can be reached by calling (907)258-2331; fax 258-2332; [exdir@fiscalak.org](mailto:exdir@fiscalak.org); [www.fiscalak.org](http://www.fiscalak.org)

**Incremental Revenue From High Case Forecast of:**

- 1) New Discoveries of Oil and Gas, and**
- 2) Development of Discovered Oil and Gas Not  
Currently Scheduled for Development**

Table 1- base Line ALASKA  
Production from DOR spring 1999  
FORECAST

## **Table 1**

### **Base Line Alaska Production from Department of Revenue Spring 1999 Forecast in Millions of Barrels Per Day**

The Table on the following three pages reflects the Department of Revenue's spring oil production forecast for FY2000 through FY2020.

**Table 1**

**Base Line Alaska Oil Production from Department of Revenue Spring 1999 Forecast  
in Millions of Barrels Per Day**

(Millions of Barrels/Day)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Cook Inlet Production	0.026178	0.023666	0.021483	0.019573	0.017890	0.016399	0.015069	0.013879	0.012809
North Slope Production	1.047244	1.064177	1.035166	1.049343	1.075915	1.031404	0.979237	0.919186	0.871074
Total Baseline Production	1.073422	1.087843	1.056650	1.068916	1.093805	1.047803	0.994307	0.933066	0.883883

**Table 1**

**Base Line Alaska Oil Production from Department of Revenue Spring 1999 Forecast  
in Millions of Barrels Per Day**

(Millions of Barrels/Day)	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cook Inlet Production	0.011842	0.010966	0.010170	0.009445	0.008782	0.007999	0.007469	0.006978	0.006526
North Slope Production	0.823612	0.768417	0.717556	0.669089	0.620841	0.576938	0.549714	0.503174	0.468908
Total Baseline Production	0.835454	0.779383	0.727726	0.678533	0.629623	0.584937	0.557183	0.510153	0.475433

**Table 1**

**Base Line Alaska Oil Production from Department of Revenue Spring 1999 Forecast  
in Millions of Barrels Per Day**

(Millions of Barrels/Day)	2018	2019	2020
Cook Inlet Production	0.006107	0.005718	0.005383
North Slope Production	0.437333	0.408164	0.380664
Total Baseline Production	0.443439	0.413882	0.386046

CHART 1 - High CASE Technically  
Recoverable oil Production not  
Reflected in DOR Spring 1999 Forecast.

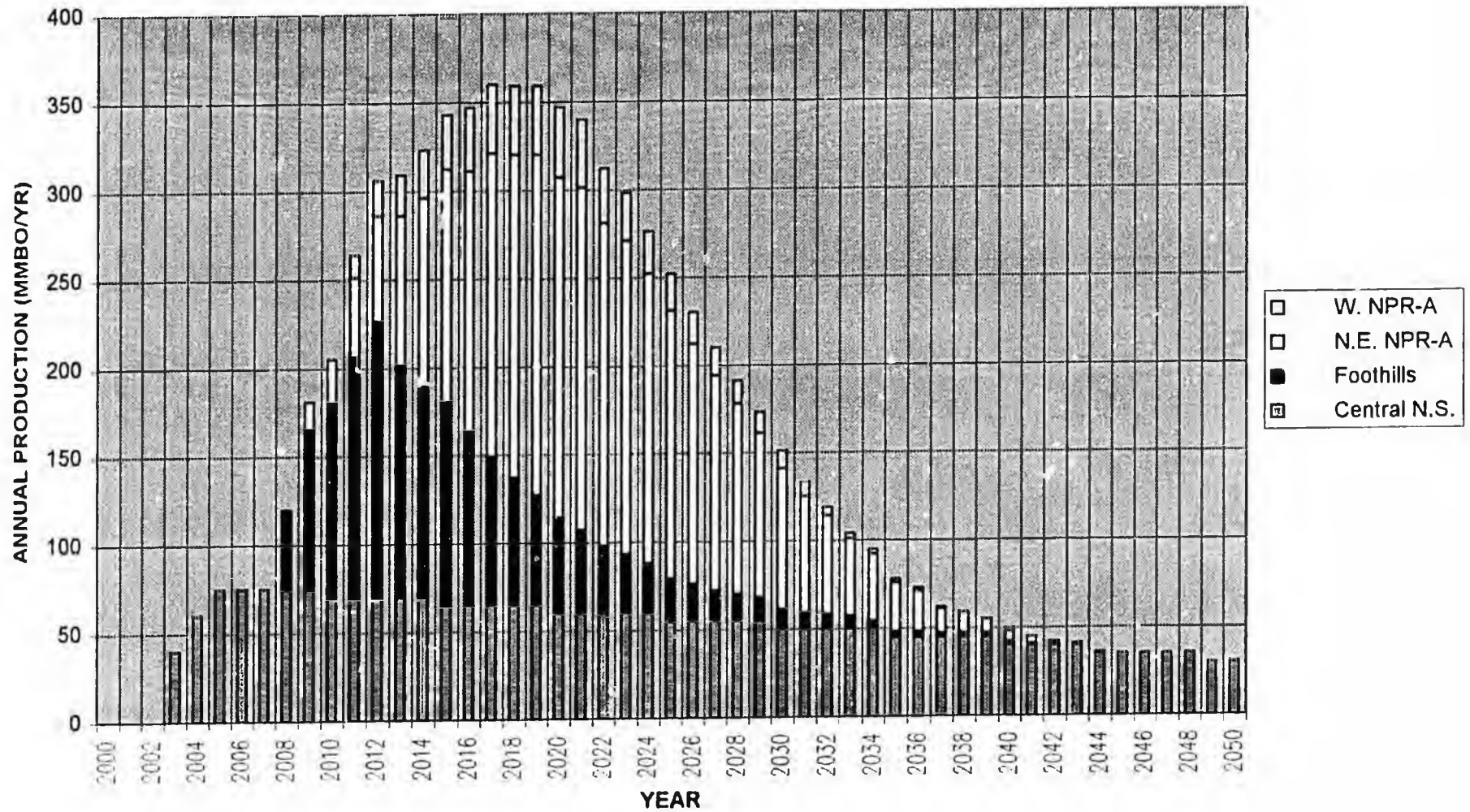
## **Chart 1**

### **High Case Technically Recoverable Oil Production Not Reflected in the Department of Revenue's Spring Forecast**

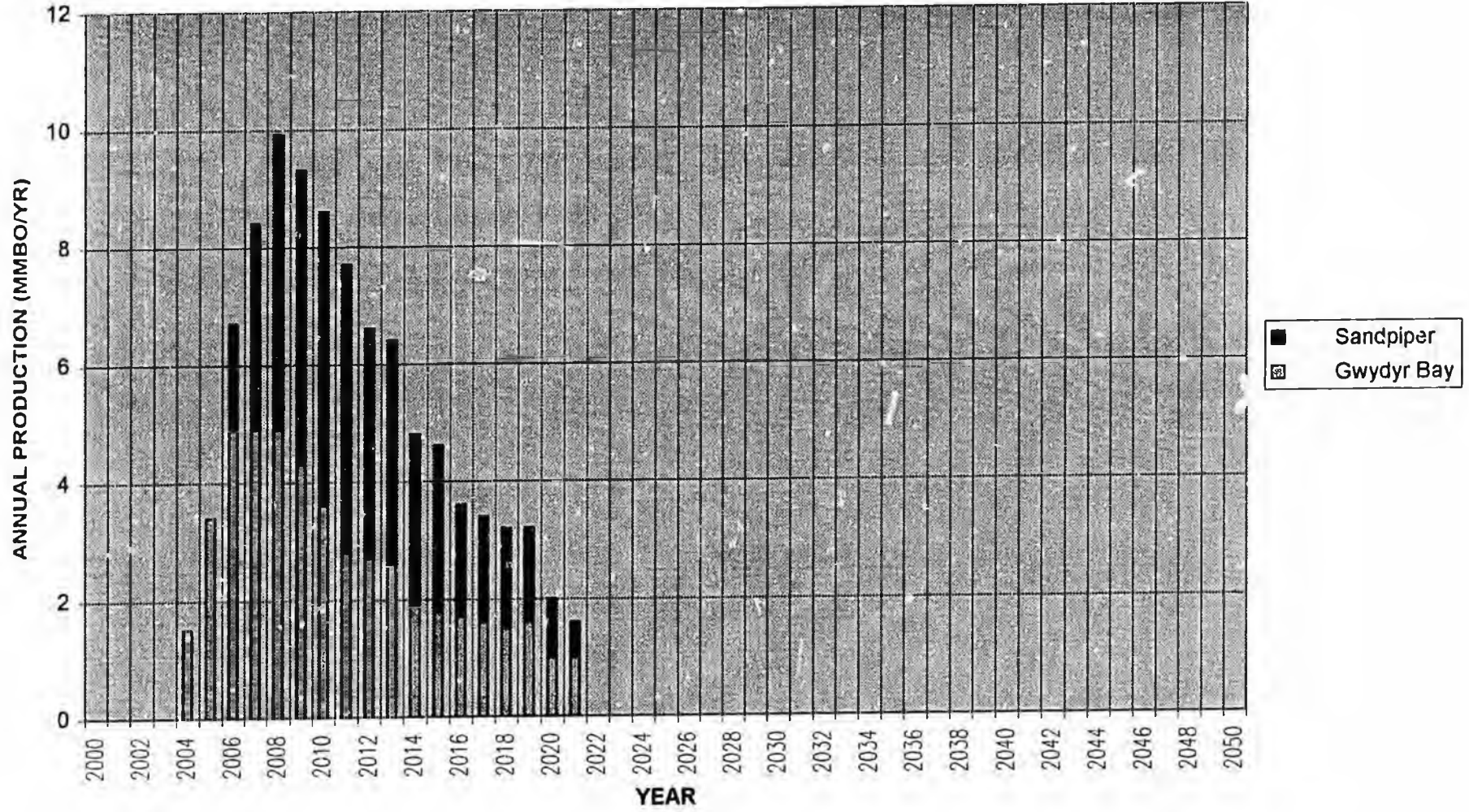
This chart reflects the production in the Department of Natural Resources "High Case Production Scenario" that is not reflected in the Department of Revenue's Spring Revenue Forecast. The volumes in this chart are expressed in millions of barrels per year. These predicted volumes, if discovered, might be "technically recoverable". That means that if the price was high enough, these volumes, if discovered, could be recovered under currently available technology. An adjustment must be made to these volumes to reflect the amount that might be "economically recoverable" under likely oil prices. That adjustment is reflected in Table 3.



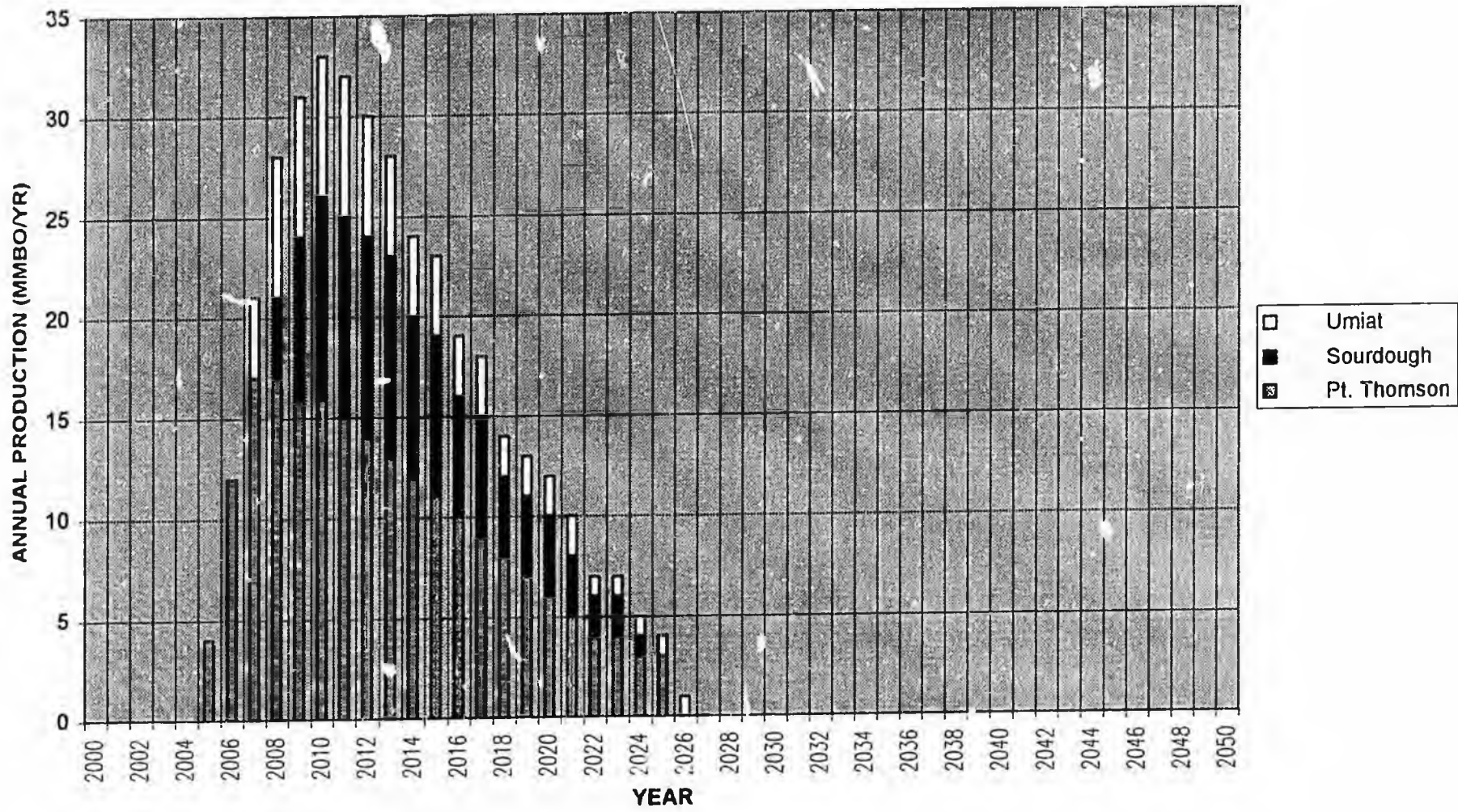
**FUTURE PRODUCTION, 2000-2050  
UNDISCOVERED OIL (ONSHORE)  
ALASKA NORTH SLOPE**



**FUTURE PRODUCTION 2000-2050  
DISCOVERED OIL (OFFSHORE)  
ALASKA NORTH SLOPE**



**FUTURE PRODUCTION 2000-2050  
DISCOVERED OIL. (ONSHORE)  
ALASKA NORTH SLOPE**



**FUTURE PRODUCTION 2000-2050  
DISCOVERED OIL  
COOK INLET**

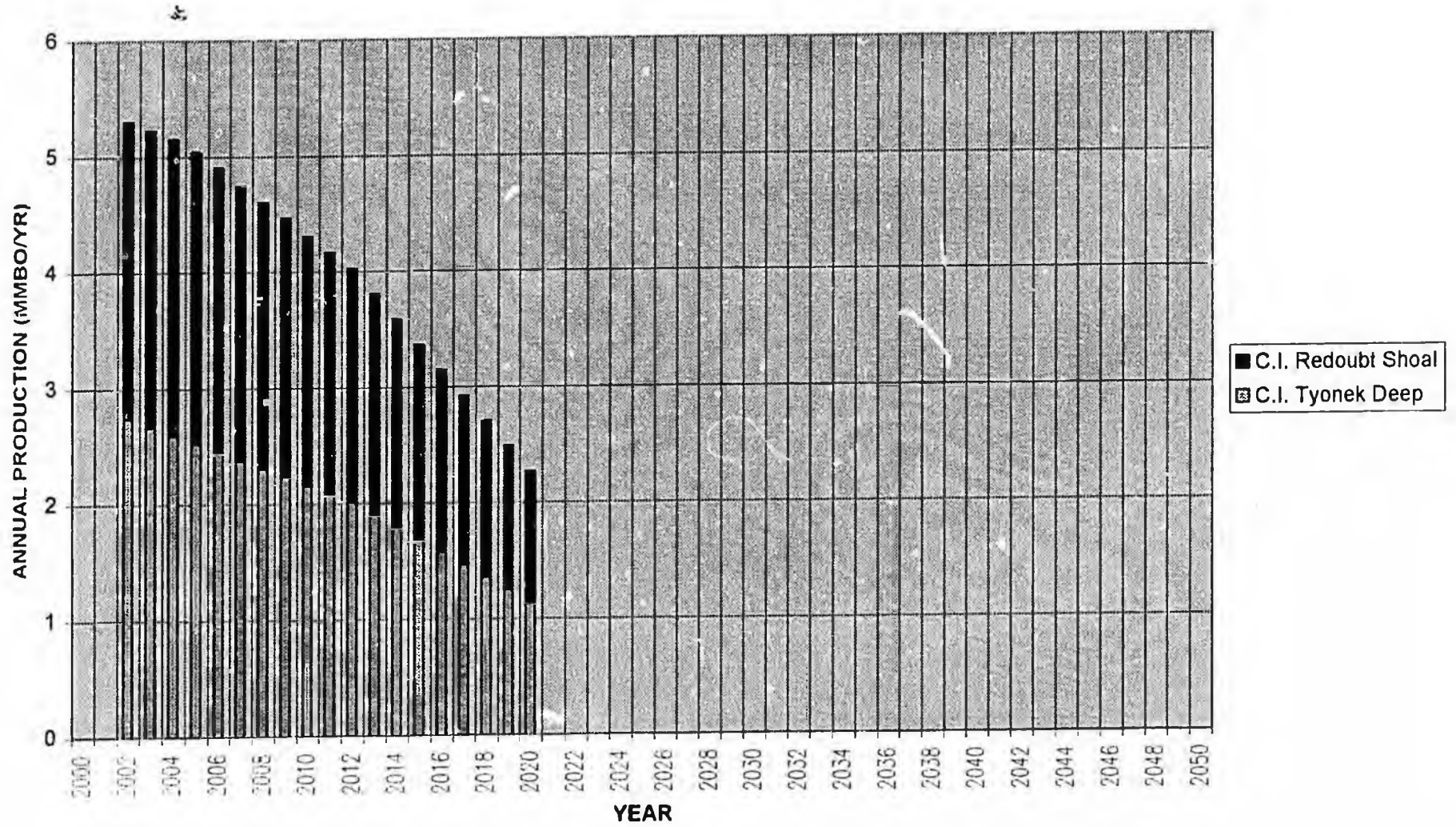


Table 2 - DNR Technically  
Recoverable Incremental  
Production 2000 - 2020

**Table 2**  
**DNR High Case Technically Recoverable Incremental Production**  
**2000 to 2020**  
**in Millions of Barrels or BCF per Year**

The table on the following three pages reflects the projected production depicted in Chart 1. This production, if developed, would be above and beyond the production projected in the Department of Revenue's Spring Forecast. The volumes in this table are in millions of barrels per year.

Table 2

**DNR Technically Recoverable Incremental Production  
2000 to 2020  
in Millions of Barrels or BCF per Year**

FIELD / AREA	STATUS	2000	2001	2002	2003	2004	2005	2006	2007	2008
C.I. Tyonek Deep	Leased			3	3	3	3	2	2	2
C.I. Redoubt Shoal	Leased			3	3	3	3	2	2	2

**Discovered Oil**

Pt. Thomson	Leased						4	12	17	17
Sourdough	Leased									4

**Undiscovered Oil**

Central N.S. & Satellites	Ls'd&Unls'd				40	60	75	75	75	75
Foothills	Unleased									45
N.E. NPR-A	Unleased									
W. NPR-A	Unleased									

TOTAL INCREMENTAL MID CASE OIL PRODUCTION (MMBO/YR)		0	0	5	45	65	84	92	97	146
TOTAL INCREMENTAL MID CASE GAS PRODUCTION (BCF/YR)		0	0	0	0	0	0	0	0	0

Table 2

**DNR Technically Recoverable Incremental Production  
2000 to 2020  
in Millions of Barrels or BCF per Year**

FIELD / AREA	2009	2010	2011	2012	2013	2014	2015	2016	2017
C.I. Tyonek Deep	2	2	2	2	2	2	2	2	1
C.I. Redoubt Shoal	2	2	2	2	2	2	2	2	1

**Discovered Oil**

Pt. Thomson	16	16	15	14	13	12	11	10	9
Sourdough	8	10	10	10	10	8	8	6	6

**Undiscovered Oil**

Central N.S. & Satellites	75	70	70	70	70	70	65	65	65
Foothills	90	110	136	156	131	121	115	98	84
N.E. NPR-A	16	25	45	60	85	105	132	148	172
W. NPR-A			13	20	23	27	31	36	39

TOTAL INCREMENTAL MID CASE OIL PRODUCTION (MMBO/YR)	209	235	293	334	336	347	365	366	378
TOTAL INCREMENTAL MID CASE GAS PRODUCTION (BCF/YR)	0	730	730	730	730	730	730	730	730

Table 2

**DNR Technically Recoverable Incremental Production  
2000 to 2020  
in Millions of Barrels or BCF per Year**

FIELD / AREA	2018	2019	2020
C.I. Tyonek Deep	1	1	1
C.I. Redoubt Shoal	1	1	1

**Discovered Oil**

Pt. Thomson	8	7	6
Sourdough	4	4	4

**Undiscovered Oil**

Central N.S. & Satellites	65	65	60
Foothills	72	62	54
N.E. NPR-A	183	193	193
W. NPR-A	39	39	40

<b>TOTAL INCREMENTAL MID CASE OIL PRODUCTION (MMBO/YR)</b>	<b>374</b>	<b>372</b>	<b>359</b>
<b>TOTAL INCREMENTAL MID CASE GAS PRODUCTION (BCF/YR)</b>	<b>730</b>	<b>730</b>	<b>730</b>

TABLE 3 - DNR Economically  
Recoverable Incremental  
Production 2000 - 2020

## **Table 3**

### **DNR High Case Economically Recoverable Incremental Production 2000 to 2020 in Barrels or MCF per Day**

The table on the following three pages converts the volumes expressed in Table 2 (DNR Incremental Production 2000-2020 in Millions of Barrels per Year) to barrels per day and adjusts those volumes to the amount that, if discovered and developed, would be recoverable at the oil prices forecast in the Department of Revenue's most recent revenue forecast.

Table 3

Economically Recoverable Incremental Production  
2000 to 2020  
in Barrels or MCF per Day

	Econ Risk Factor	2000	2001	2002	2003	2004	2005	2006	2007
C.I. Tyonek Deep	84.0%	0	0	6,306	6,122	5,961	5,799	5,638	5,454
C.I. Redoubt Shoal	84.0%	0	0	5,892	5,892	5,892	5,799	5,638	5,454
<b>Discovered Oil</b>									
Pt. Thomson		0	0	0	0	0	3,397	10,192	14,438
Sourdough	31.0%	0	0	0	0	0	0	0	0
Central N.S. & Satellites	20.8%	0	0	0	22,795	34,192	42,740	42,740	42,740
Foothills	52.4%	0	0	0	0	0	0	0	0
N.E. NPR-A	16.5%	0	0	0	0	0	0	0	0
W. NPR-A	16.5%	0	0	0	0	0	0	0	0
<b>TOTAL INCREMENTAL MID CASE OIL PRODUCTION (Bbls/Day)</b>		0	0	12,197	34,808	46,044	57,736	64,208	68,087
<b>TOTAL INCREMENTAL MID CASE GAS PRODUCTION (MCF/Day)</b>		0	0	0	0	0	0	0	0

Oil Economic Risk Factors were taken from analysis done by USGS, 1995, 1996 & BLM 1998

Gas not economically risked.

Table 3

Economically Recoverable Incremental Production  
2000 to 2020  
in Barrels or MCF per Day

	2008	2009	2010	2011	2012	2013	2014	2015	2016
C.I. Tyonek Deep	5,293	5,132	4,948	4,787	4,626	4,373	4,119	3,866	3,613
C.I. Redoubt Shoal	5,293	5,132	4,948	4,787	4,626	4,373	4,119	3,866	3,613
Discovered Oil									
Pt. Thomson	14,438	13,589	13,589	12,740	11,890	11,041	10,192	9,342	8,493
Sourdough	3,397	6,795	8,493	8,493	8,493	8,493	6,795	6,795	5,096
Central N.S. & Satellites	42,740	42,740	39,890	39,890	39,890	39,890	39,890	37,041	37,041
Foothills	64,603	129,205	157,918	195,244	223,956	188,066	173,710	165,096	140,690
N.E. NPR-A	0	7,218	11,279	20,301	27,068	38,347	47,370	59,551	66,769
W. NPR-A	0	0	0	5,865	9,023	10,376	12,181	13,985	16,241
TOTAL INCREMENTAL MID CASE OIL PRODUCTION (Bbls/Day)	135,764	209,811	241,065	292,107	329,573	304,959	298,376	299,543	281,557
TOTAL INCREMENTAL MID CASE GAS PRODUCTION (MCF/Day)	0	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

Table 3

Economically Recoverable Incremental Production  
2000 to 2020  
in Barrels or MCF per Day

	2017	2018	2019	2020
C.I. Tyonek Deep	3,360	3,107	2,854	2,601
C.I. Redoubt Shoal	3,360	3,107	2,854	2,601

Discovered Oil

Pt. Thomson	7,644	6,795	5,945	5,096
Sourdough	5,096	3,397	3,397	3,397

Central N.S. & Satellites	37,041	37,041	37,041	34,192
Foothills	120,592	103,364	89,008	77,523
N.E. NPR-A	77,596	82,559	87,070	87,070
W. NPR-A	17,595	17,595	17,595	18,046

TOTAL INCREMENTAL MID CASE OIL PRODUCTION (Bbls/Day)	272,283	256,964	245,764	230,525
TOTAL INCREMENTAL MID CASE GAS PRODUCTION (MCF/Day)	2,000,000	2,000,000	2,000,000	2,000,000

Table 4 SEVERANCE TAX AND  
Royalty Fraction contributing to  
STATE REVENUE

## **Table 4**

### **Severance Tax and Royalty Fraction Contributing to State of Alaska Revenue**

The table on the following three pages reflects the combined royalty and severance tax rate payable to the State of Alaska pertaining to the High Case Incremental Production Reflected in Tables 2 and 3.

Table 4

Severance Tax and Royalty Fraction Contributing to State of Alaska Revenue

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Combined State Revenue Rate (Severance &amp; Income Taxes)</b>									
C.I. Tyonek Deep	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
C.I. Redoubt Shoal	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
<b>Discovered Oil</b>									
Pt. Thomson	0.125	0.125	0.125	0.125	0.125	0.186	0.186	0.186	0.186
Sourdough	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
<b>Undiscovered Oil</b>									
Central N.S. & Satellites	0.126	0.126	0.126	0.126	0.126	0.126	0.126	0.126	0.126
Foothills	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.186
N.E. NPR-A	0.083	0.083	0.083	0.083	0.083	0.083	0.083	0.083	0.083
W. NPR-A	0.063	0.063	0.063	0.063	0.063	0.063	0.063	0.063	0.063
North Slope Gas	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225

Table 4

Severance Tax and Royalty Fraction Contributing to State of Alaska Revenue

	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Combined State Revenue Rate</b>									
C.I. Tyonek Deep	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
C.I. Redoubt Shoal	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
<b>Discovered Oil</b>									
Pt. Thomson	0.186	0.162	0.150	0.137	0.126	0.126	0.125	0.125	0.125
Sourdough	0.125	0.127	0.127	0.127	0.127	0.125	0.125	0.125	0.125
<b>Undiscovered Oil</b>									
Central N.S. & Satellites	0.126	0.126	0.126	0.126	0.126	0.126	0.126	0.126	0.126
Foothills	0.186	0.186	0.186	0.186	0.186	0.186	0.186	0.186	0.186
N.E. NPR-A	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
W. NPR-A	0.063	0.063	0.099	0.099	0.099	0.099	0.099	0.099	0.099
North Slope Gas	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225	0.225

Table 4

Severance Tax and Royalty Fraction Contributing to State of Alaska Revenue

	2018	2019	2020
<b>Combined State Revenue Rate</b>			
C.I. Tyonek Deep	0.125	0.125	0.125
C.I. Redoubt Shoal	0.125	0.125	0.125
<b>Discovered Oil</b>			
Pt. Thomson	0.125	0.125	0.125
Sourdough	0.125	0.125	0.125
<b>Undiscovered Oil</b>			
Central N.S. & Satellites	0.126	0.126	0.126
Foothills	0.186	0.186	0.186
N.E. NPR-A	0.120	0.120	0.120
W. NPR-A	0.099	0.099	0.099
North Slope Gas	0.225	0.225	0.225

Table 5 - REVENUE from  
Incremental Production Estimates

## **Table 5**

### **Revenue from Incremental High Case Production Estimates in Dollars**

The table on the following three pages reflects the total additional projected revenue the State might derive from the high case production reflected in Table 3 (DNR Incremental High Case Production 2000-2020) based on the prices forecast in the Department of Revenue's Spring Forecast. Some of this potential revenue would go to the General Fund; some would go to the NPRA Fund; and some would go to the Permanent Fund. See Table 6.

Table 5

**Revenue from Incremental Oil and Gas Production Estimates  
in Dollars**

Wellhead Price (\$ per barrel)	9.26	9.94	10.62	11.29	11.53	11.17	12.45	12.83	13.23
	2000	2001	2002	2003	2004	2005	2006	2007	2008
C.I. Tyonek Deep	\$0	\$0	\$3,976,014	\$4,047,057	\$4,005,824	\$3,802,302	\$4,025,963	\$3,989,066	\$3,967,845
C.I. Redoubt Shoal	\$0	\$0	\$3,714,816	\$3,894,912	\$3,959,424	\$3,802,302	\$4,025,963	\$3,989,066	\$3,967,845
<b>Discovered Oil</b>									
Pt. Thomson	\$0	\$0	\$0	\$0	\$0	\$2,351,865	\$7,905,988	\$11,557,802	\$11,934,277
Sourdough	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,965,400
<b>Undiscovered Oil</b>									
Central N.S. & Satellites	\$0	\$0	\$0	\$11,055,596	\$16,961,004	\$20,493,235	\$23,010,639	\$23,757,993	\$24,544,681
Foothills	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,556,283
N.E. NPR-A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
W. NPR-A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL INCREMENTAL MID CASE OIL PRODUCTION REVENUE (Using DOR Spring price forecast)</b>	\$0	\$0	\$7,690,830	\$18,997,565	\$24,926,252	\$30,449,705	\$38,968,552	\$43,293,925	\$98,936,332
<b>TOTAL INCREMENTAL MID CASE GAS PRODUCTION REVENUE</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL INCREMENTAL MID CASE PRODUCTION REVENUE</b>	\$0	\$0	\$7,690,830	\$18,997,565	\$24,926,252	\$30,449,705	\$38,968,552	\$43,293,925	\$98,936,332

Table 5

**Revenue from Incremental Oil and Gas Production Estimates  
in Dollars**

Wellhead Price (\$ per barrel)	13.66	13.48	13.82	14.59	14.93	15.29	15.72	16.08	16.48
	2009	2010	2011	2012	2013	2014	2015	2016	2017
C.I. Tyonek Deep	\$3,947,769	\$3,765,510	\$3,717,168	\$3,754,580	\$3,616,935	\$3,475,196	\$3,337,488	\$3,178,308	\$3,016,944
C.I. Redoubt Shoal	\$3,947,769	\$3,765,510	\$3,717,168	\$3,754,580	\$3,616,935	\$3,475,196	\$3,337,488	\$3,178,308	\$3,016,944
<b>Discovered Oil</b>									
Pt. Thomson	\$11,613,166	\$10,078,870	\$9,035,999	\$8,269,832	\$7,274,983	\$6,883,487	\$6,466,213	\$6,017,875	\$5,555,588
Sourdough	\$4,071,070	\$5,096,303	\$5,230,312	\$5,533,805	\$5,667,814	\$4,577,237	\$4,710,765	\$3,610,725	\$3,703,725
<b>Undiscovered Oil</b>									
Central N.S. & Satellites	\$25,390,371	\$23,367,271	\$23,991,377	\$25,404,794	\$26,028,900	\$26,689,719	\$25,516,241	\$26,129,859	\$26,811,655
Foothills	\$108,734,233	\$131,044,450	\$166,345,876	\$202,049,710	\$173,838,141	\$164,644,535	\$161,108,029	\$140,593,672	\$123,653,255
N.E. NPR-A	\$3,903,751	\$6,012,887	\$11,118,060	\$15,714,449	\$22,819,099	\$28,916,784	\$37,446,411	\$43,012,186	\$51,313,054
W. NPR-A	\$0	\$0	\$2,556,946	\$4,179,623	\$4,931,413	\$5,944,229	\$7,037,668	\$8,379,682	\$9,327,042
<b>TOTAL INCREMENTAL MID CASE OIL PRODUCTION REVENUE (Using DOR Spring price forecast)</b>	\$161,608,129	\$183,130,801	\$225,712,907	\$268,661,372	\$247,794,221	\$244,606,381	\$248,960,303	\$234,100,614	\$226,398,206
<b>TOTAL INCREMENTAL MID CASE GAS PRODUCTION REVENUE</b>	\$0	\$3,000,000	\$10,000,000	\$19,000,000	\$36,000,000	\$74,000,000	\$96,000,000	\$122,000,000	\$144,000,000
<b>TOTAL INCREMENTAL MID CASE PRODUCTION REVENUE</b>	\$161,608,129	\$186,130,801	\$235,712,907	\$287,661,372	\$283,794,221	\$318,606,381	\$344,960,303	\$356,100,614	\$370,398,206

Table 5

Revenue from Incremental Oil and Gas Production Estimates  
in Dollars

Wellhead Price (\$ per barrel)	16.89	17.30	17.72
	2018	2019	2020
C.I. Tyonek Deep	\$2,847,758	\$2,669,100	\$2,482,158
C.I. Redoubt Shoal	\$2,847,758	\$2,669,100	\$2,482,158
<b>Discovered Oil</b>			
Pt. Thomson	\$5,065,400	\$4,543,438	\$3,992,025
Sourdough	\$2,532,700	\$2,596,250	\$2,661,350
<b>Undiscovered Oil</b>			
Central N.S. & Satellites	\$27,510,497	\$28,209,338	\$26,700,208
Foothills	\$108,751,078	\$96,025,645	\$85,757,704
N.E. NPR-A	\$56,040,686	\$60,628,018	\$62,190,212
W. NPR-A	\$9,582,321	\$9,837,601	\$10,358,058
<b>TOTAL INCREMENTAL MID CASE OIL PRODUCTION REVENUE (Using DOR Spring price forecast)</b>	\$215,178,197	\$207,178,489	\$196,623,873
<b>TOTAL INCREMENTAL MID CASE GAS PRODUCTION REVENUE</b>	\$167,000,000	\$186,000,000	\$183,000,000
<b>TOTAL INCREMENTAL MID CASE PRODUCTION REVENUE</b>	\$382,178,197	\$393,178,489	\$379,623,873

Table 6 - Unrestricted Revenue  
to State using DOR baseline and  
DNR incremental production

## **Table 6**

### **Unrestricted Revenue to State Using DOR baseline and DNR High Case Incremental Production in Dollars**

The Table on the following three pages reflects the distribution of the potential additional State revenue from the DNR High Case Production forecast.

The green highlighted lines reflect:

1. The additional general fund revenue that might result from the Department of Natural Resources High Case Incremental Production forecast;
2. The total projected oil and gas revenue from the Department of Revenue's Spring Forecast; and
3. The total general fund revenue that would result from the sum of 1 and 2.

The blue highlighted line reflects the revenue to the NPRA Fund that might result from the Department of Natural Resources Incremental High Case Production forecast.

The pink highlighted line reflects the revenue that might be deposited into the Permanent Fund and the Public School Trust Fund resulting from the Department of Natural Resources Incremental High Case Production Forecast.

Table 6

Revenue Distributed to State Using DOR Baseline and DNR Incremental High Case Production  
in Dollars

Wellhead Price (\$ per barrel)	9.26	9.94	10.62	11.29	11.53	11.17	12.45	12.83	13.23
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General Fund

	2000	2001	2002	2003	2004	2005	2006	2007	2008
C.I. Tyonek Deep	\$0	\$0	\$2,962,130	\$3,015,057	\$2,984,339	\$2,832,715	\$2,999,342	\$2,971,854	\$2,956,045
C.I. Redoubt Shoal	\$0	\$0	\$2,767,538	\$2,901,709	\$2,949,771	\$2,832,715	\$2,999,342	\$2,971,854	\$2,956,045

Discovered Oil

Pt. Thomson	\$0	\$0	\$0	\$0	\$0	\$1,932,110	\$6,494,946	\$9,494,992	\$9,804,275
Sourdough	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,464,223

Undiscovered Oil

Central N.S. & Satellites	\$0	\$0	\$0	\$8,260,388	\$12,672,720	\$15,311,890	\$17,192,814	\$17,751,213	\$18,339,001
Foothills	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43,176,159
N.E. NPR-A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
W. NPR-A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

TOTAL INCREMENTAL MID CASE OIL REVENUE (Additional General Fund)	\$0	\$0	\$5,729,668	\$14,177,155	\$18,606,829	\$22,009,430	\$29,686,443	\$33,189,912	\$78,695,747
TOTAL INCREMENTAL MID CASE GAS REVENUE (Additional General Fund)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

DOR Forecast (Unrestricted only)

DOR Cook Inlet Forecast	\$40,993,839	\$42,051,018	\$43,025,909	\$44,065,156	\$44,963,384	\$45,970,437	\$47,673,157	\$48,977,235	\$50,406,920
DOR North Slope Forecast	\$631,211,985	\$661,604,517	\$666,828,796	\$676,162,116	\$681,717,148	\$626,215,205	\$657,519,883	\$622,792,739	\$598,804,843
TOTAL DOR FORECAST	\$672,205,824	\$703,655,535	\$709,854,706	\$720,227,272	\$726,680,532	\$672,185,641	\$705,193,040	\$671,769,975	\$649,211,763

Total General Fund Revenue from DOR Baseline + Incremental Mid Case from DNR	\$672,205,824	\$703,655,535	\$715,584,374	\$734,404,426	\$745,287,361	\$695,095,071	\$734,879,483	\$704,959,887	\$727,907,510
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NPRA Fund Revenue

REVENUE TO NPRA FUND	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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Permanent Fund and School Fund Revenue

REVENUE TO PERMANENT FUND & SCHOOL FUND	\$0	\$0	\$1,961,162	\$4,820,410	\$6,319,422	\$7,540,275	\$9,282,108	\$10,104,013	\$20,240,584
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Table 6

**Revenue Distributed to State Using DOR Baseline and DNR Incremental High Case Production  
in Dollars**

Wellhead Price (\$ per barrel)	13.66	13.48	13.82	14.59	14.93	15.29	15.72	16.08	16.48
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**General Fund**

	2009	2010	2011	2012	2013	2014	2015	2016	2017
C.I. Tyonek Deep	\$2,941,088	\$2,805,305	\$2,769,290	\$2,797,162	\$2,694,617	\$2,589,021	\$2,486,429	\$2,367,839	\$2,247,623
C.I. Redoubt Shoal	\$2,941,088	\$2,805,305	\$2,769,290	\$2,797,162	\$2,694,617	\$2,589,021	\$2,486,429	\$2,367,839	\$2,247,623

**Discovered Oil**

Pt. Thomson	\$9,540,475	\$8,034,637	\$7,069,136	\$6,327,574	\$5,427,782	\$5,135,691	\$4,817,328	\$4,483,317	\$4,138,913
Sourdough	\$3,034,724	\$3,818,657	\$3,919,071	\$4,146,477	\$4,246,890	\$3,412,040	\$3,511,577	\$2,689,990	\$2,759,275

**Undiscovered Oil**

Central N.S. & Satellites	\$18,970,874	\$17,459,278	\$17,925,590	\$18,981,650	\$19,447,962	\$19,941,705	\$19,064,920	\$19,523,395	\$20,032,812
Foothills	\$89,327,598	\$107,655,939	\$136,656,849	\$165,988,345	\$142,811,911	\$135,259,159	\$132,353,840	\$115,500,838	\$101,583,907
N.E. NPR-A	\$1,123,622	\$1,730,698	\$3,200,126	\$4,523,111	\$6,568,053	\$8,323,157	\$10,778,252	\$12,380,256	\$14,769,506
W. NPR-A	\$0	\$0	\$908,633	\$1,485,265	\$1,752,420	\$2,112,333	\$2,500,896	\$2,977,792	\$3,314,444

TOTAL INCREMENTAL MID CASE OIL REVENUE (Additional General Fund)	\$127,879,169	\$144,309,819	\$175,217,985	\$207,046,745	\$185,644,252	\$179,362,126	\$177,999,670	\$162,291,267	\$151,004,104
TOTAL INCREMENTAL MID CASE GAS REVENUE (Additional General Fund)	\$0	\$3,000,000	\$10,000,000	\$19,000,000	\$36,000,000	\$74,000,000	\$96,000,000	\$122,000,000	\$144,000,000

**DOR Forecast (Unrestricted only)**

DOR Cook Inlet Forecast	\$51,913,164	\$53,623,143	\$55,404,660	\$57,278,412	\$59,333,656	\$61,369,310	\$63,707,652	\$66,172,536	\$68,738,767
DOR North Slope Forecast	\$576,237,605	\$521,409,495	\$491,282,297	\$478,820,555	\$449,178,978	\$422,451,217	\$404,505,991	\$382,746,489	\$362,964,753
<b>TOTAL DOR FORECAST</b>	<b>\$628,150,769</b>	<b>\$575,032,638</b>	<b>\$546,686,957</b>	<b>\$536,098,966</b>	<b>\$508,512,634</b>	<b>\$483,820,527</b>	<b>\$468,213,644</b>	<b>\$448,919,025</b>	<b>\$431,703,520</b>

<b>Total General Fund Revenue from DOR Baseline + Incremental Mid Case from DNR</b>	<b>\$756,030,238</b>	<b>\$722,342,457</b>	<b>\$731,904,942</b>	<b>\$762,145,711</b>	<b>\$730,156,886</b>	<b>\$737,182,653</b>	<b>\$742,213,313</b>	<b>\$733,210,292</b>	<b>\$726,797,624</b>
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**NPRA Fund Revenue**

REVENUE TO NPRA FUND	\$2,780,129	\$4,282,190	\$9,566,247	\$13,885,696	\$19,430,040	\$24,425,522	\$31,204,932	\$36,033,820	\$42,556,145
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**Permanent Fund and School Fund Revenue**

REVENUE TO PERMANENT FUND & SCHOOL FUND	\$30,948,531	\$34,538,792	\$40,928,675	\$47,728,931	\$42,719,929	\$40,818,733	\$39,755,702	\$35,775,527	\$32,747,957
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**Revenue Distributed to State Using DOR Baseline and DNR Incremental High Case Production  
in Dollars**

Wellhead Price (\$ per barrel)	16.89	17.30	17.72
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**General Fund**

	2018	2019	2020
C.I. Tyonek Deep	\$2,121,579	\$1,988,480	\$1,849,208
C.I. Redoubt Shoal	\$2,121,579	\$1,988,480	\$1,849,208

**Discovered Oil**

Pt. Thomson	\$3,773,723	\$3,334,861	\$2,974,059
Sourdough	\$1,886,862	\$1,934,206	\$1,982,706

**Undiscovered Oil**

Central N.S. & Satellites	\$20,554,964	\$21,077,116	\$19,949,542
Foothills	\$89,341,437	\$78,887,209	\$70,451,867
N.E. NPR-A	\$16,130,267	\$17,450,645	\$17,900,294
W. NPR-A	\$3,405,160	\$3,495,876	\$3,680,825

TOTAL INCREMENTAL MID CASE OIL REVENUE (Additional General Fund)	\$139,335,571	\$130,206,873	\$120,637,707
TOTAL INCREMENTAL MID CASE GAS REVENUE (Additional General Fund)	\$167,000,000	\$186,000,000	\$183,000,000

**DOR Forecast (Unrestricted only)**

DOR Cook Inlet Forecast	\$71,521,916	\$74,445,408	\$77,610,285
DOR North Slope Forecast	\$345,692,274	\$329,505,016	\$316,543,643
<b>TOTAL DOR FORECAST</b>	<b>\$417,214,190</b>	<b>\$403,950,425</b>	<b>\$394,153,928</b>

Total General Fund Revenue from DOR Baseline + Incremental Mid Case from DNR	\$723,549,762	\$720,157,297	\$697,791,635
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**NPRA Fund Revenue**

REVENUE TO NPRA FUND	\$46,087,580	\$49,519,098	\$50,967,152
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**Permanent Fund and School Fund Revenue**

REVENUE TO PERMANENT FUND & SCHOOL FUND	\$29,755,046	\$27,452,519	\$25,019,014
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