

HB

11

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED DATE
MAY 8 2003
SENATE FINANCE
COMMITTEE

DATE: 4/16/03

FURTHER:

DATE TURNED
IN TO OFFICE: 8 May 2003

Finance Committee considered

HOUSE BILL NO. 11

HB 11 DEPOSITS TO THE PERMANENT FUND

"An Act relating to deposits to the Alaska permanent fund from mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), federal mineral revenue sharing payments received by the state from mineral leases, and bonuses received by the state from mineral leases, and limiting deposits from those sources to the 25 percent required under art. IX, sec. 15, Constitution of the State of Alaska; and providing for an effective date."

and recommends:

Senate Bill:

be replaced with _____ CS _____ (_____)

same title

adopt previous _____ CS _____ (_____)

new title

House Bill:

attached amendment(s)

same title

technical title

new: SCR # _____

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

Department	Date	Fiscal	Zero	FN#
Rev-PFDivision	3/11/03		✓	#1
Rev-PFCorp	3/11/03		✓	#2
Rev-Tax Div.	3/11/03		✓	#3

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>				
<i>[Signature]</i>		✓		
<i>[Signature]</i>				
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

MAY 8 2003

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 11
(H) Publish Date: 3/14/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Deposits to the Permanent Fund BRU: Revenue Operations
Component: Permanent Fund Dividend
Sponsor: Representative Rokeberg
Requester: House Resources Committee Component No.: 981

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See Page 2 for analysis.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469
Division: Department of Revenue Date/Time 3/11/03 10:35 AM
Approved by: Larry Persily, Deputy Commissioner Date 3/11/2003
Agency: Department of Revenue

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB11

ANALYSIS CONTINUATION

This legislation would, over time, result in slightly reduced Permanent Fund dividends as less money is deposited into the fund from royalty payments. With the reduced royalty deposits into the fund, there would be less money to invest and fewer investment earnings to distribute through the dividend program.

Based on the Permanent Fund Corporation's December 2002 earnings projections, and the Department of Revenue's Fall 2002 Forecast, we project the following change in dividends under this legislation:

	October 2005	2006	2007	2008	2009	2010	2011	2012
Status Quo	\$719	\$780	\$1,062	\$1,314	\$1,529	\$1,691	\$1,841	\$1,962
HB11	\$718	\$778	\$1,058	\$1,307	\$1,519	\$1,677	\$1,824	\$1,942

FISCAL NOTE

REPORTED DATE

MAY 8 2003

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 11
(H) Publish Date: 3/14/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Deposits to the Permanent Fund BRU Permanent Fund Corp.
Component Permanent Fund Corp.
Sponsor Representative Rokeberg
Requester House Resources Committee Component No. 109

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	(54,232.9)	(45,828.6)	(45,291.9)	(43,050.5)	(37,682.8)	(38,520.0)
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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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The legislation would reduce oil royalty contributions to the Permanent Fund principal.

The bill would have no effect on the operating budget of the Alaska Permanent Fund Corporation.

Prepared by: Robert D. Storer, Executive Director Phone (907)465-2047
Division Alaska Permanent Fund Corporation Date/Time 3/10/2003 1:00: PM
Approved by: Larry Persily, Deputy Commissioner Date 3/11/2003
Agency Department of Revenue

MAY 8 2003

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: HiB 11
(H) Publish Date: 3/14/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Deposits to the Permanent Fund BRU: Revenue Operations
Component: Tax Division
Sponsor: Representative Rokeberg
Requester: House Resources Committee Component No.: 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009

CHANGE IN REVENUES ()	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	54,232.9	45,828.8	45,291.9	43,050.5	37,682.8	38,520.0

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

POSITIONS	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would set all royalty contributions to the Permanent Fund at the constitutionally mandated 25%. This would reduce the contribution rate to the Permanent Fund on royalties from leases issued on or before February 15, 1980 from 50% to 25%.

Based on the Department of Revenue Fall 2002 production and price assumptions, this would increase deposits to the General Fund by approximately \$40 million to \$55 million annually. This legislation would reduce royalty deposits to the Permanent Fund by the same amount.

Prepared by: Chuck Logsdon, Chief Petroleum Economist
Division: Tax Division
Approved by: Larry Persily, Deputy Commissioner
Agency: Department of Revenue

Phone 269-1019
Date/Time 3/11/03 9:10 AM
Date 3/11/2003

ITTEE COPY

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

RULES COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON OIL & GAS, MEMBER
LEGISLATIVE ETHICS COMMITTEE, MEMBER

website: <http://www.akrepublicans.org/rokeberg/>



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SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

Representative Norman Rokeberg

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

SPONSOR STATEMENT FOR HB 11

BY: Representative Norman Rokeberg

Title: An Act relating to deposits to the Alaska permanent fund from mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), federal mineral revenue sharing payments received by the state from mineral leases, and bonuses received by the state from mineral leases, and limiting deposits from those sources to the 25 percent required under art IX, sec. 15, Constitution of the State of Alaska; and providing for an effective date.

This legislation returns the percentage of all mineral lease royalties and bonuses deposited into the Permanent Fund to the constitutionally mandated 25 per cent.

HB 11 proposes changes to a statute – not the Constitution. Article IX, Section 15 of Alaska's Constitution states that "at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund." In 1980, the Legislature recognized excess revenues existed (GF revenues for FY 81 totaled \$3.7 billion) and wisely decided to raise the amount of royalties and bonuses deposited into the Permanent Fund to 50 percent. This surplus situation with state revenues no longer exists today.

It is time for the State to redirect the extra 25% to the General Fund. Passage of this bill would generate an estimated \$42.9 million (average) per year over the next seven years, and \$59.7 million in FY 2004 at an estimate \$25.28 per barrel average.

As the Prudhoe Bay and Kuparuk fields - which currently contribute to the General Fund at a 25 percent rate - diminish, we need to replace that production with the new, smaller satellite fields (for example, Alpine, and North Star) contributing at the same 25 percent rate not at a larger 50 percent rate.

While we can and should continue to make budget reductions, we would be foolish to ignore this source of General Fund revenue in solving our budget problem, as well as planning for the future development of Alaska's resources. Prudent fiscal management requires this statutory change. HB 11 is a small step in the right direction.

I strongly urge you to support this much needed, fiscally-prudent legislation.

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

RULES COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON OIL & GAS, MEMBER
LEGISLATIVE ETHICS COMMITTEE, MEMBER

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Representative Norman Rokeberg

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

April 14, 2003

Dear Colleague:

HB 11 returns the percentage of all mineral lease royalties and bonuses deposited into the Permanent Fund to the constitutionally mandated 25 percent (please see the attached bill packet).

HB 11 would provide Alaska with a source of General Fund revenue while staying true to the purposes of the Permanent Fund and the intent of our constitution. As the table in your bill packet indicates, passing this bill would generate an extra \$42.9 million average per year, plus bonus revenues, over the next seven years.

Governor Murkowski had emphasized resource development as way to solve Alaska's fiscal future. The deposits received from passage of HB 11 would be the equivalent of finding another Northstar-sized field producing approximately 60,000 barrels per day.

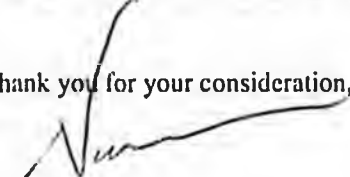
This plan will not only help our present economic situation, it will also allow for prudent management of potential future mineral royalties. As the wealth of older fields such as Prudhoe and Kuparuk diminish, we must look at replacing them with newer fields such as Alpine to ensure continued return to the corpus of the Permanent Fund.

- This plan is only a first step of any plan to fill the fiscal gap.
- Alaska cannot save its way to prosperity.
- Repealing the 1980 legislative action is a TAX avoidance measure.

It is time for the legislature to begin taking steps to help solve our budget problem, and to plan for the potential future development of Alaska's resources. HB 11 can help us succeed on both fronts and I would appreciate your support on this legislation.

Some members have voiced concerns that this bill could be construed as a raid on the Permanent Fund. **It Is Not!** It is a statutory change that recognizes the fiscal reality of our state without raising taxes. Therefore, please get back to me if you need additional information or if I have your support.

Thank you for your consideration,


Norman Rokeberg
State Representative
House District 27

Subject: Re: HB 11-Deposits to the Permanent Fund

Date: Thu, 23 Jan 2003 10:38:20 -0900

From: Charles Logsdon <charles_logsdon@revenue.state.ak.us>

Organization: State of Alaska - Department of Revenue


To: Heather Nobrega <Heather_Nobrega@legis.state.ak.us>

CC: Larry Persily <larry_persily@revenue.state.ak.us>

Heather,

I have updated the spreadsheet that contains the tables and charts for HB 3 using the Departments Fall 2002 production and price assumptions. The tables also include estimates for what the revenue effect would have been for FY 2002 and FY 2003. The higher prices in our latest forecast increase the revenue effect to the general fund from this legislation to over \$50 million next year with an average increase through FY 2010 of over \$40 million per year.

Chuck Logsdon

 hb 11 updated tables & charts-Jan22,2002.xls	<p>Name: hb 11 updated tables & charts-Jan22,2002.xls</p> <p>Type: EXCEL File (application/msexcel)</p> <p>Encoding: base64</p> <p>Download Status: Not downloaded with message</p>
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To: Representative Norm Rokeberg
From: Chuck Logsdon 269 1019
Date: January 22, 2003
Subject: HB 11

I have updated the charts that were prepared last April for HB 3 based on our Fall 2002 forecast
The higher current and projected oil prices have increased the estimate of the gain from HB 11 to over \$40 million per year through FY 2010

Basically I would summarize the information in the tables and charts in the different worksheets as follows:

1. Over the next 7 years, new leases will account for an average of over 22% of total production.
2. Over the next 7 years HB 11 will contribute on average just over \$40 million per year to the general fund under our current forecast assumptions.
3. Over time as the smaller new fields deplete relative to our old fields like Prudhoe, the gain from HB11 will diminish.
4. Although production from new leases has grown with Alpine and Northstar coming on line
a good chunk of other new production will come from satellite fields that are mostly old leases within existing unitized production.
5. Alpine and Northstar are now approaching peak production. Northstar is all new leases and Alpine is over half new leases. This is a period where the gain from HB 11 is very attractive since in a few years these fields will begin to deplete. Any other major new lease oil is probably 5 to 10 years off or longer.
6. Finally, with respect to ANWR, the federal royalty passthrough may be watered down from 90% to 50%. Assuming leasing in 2004 and a modestly rapid development schedule we would not expect production to commence until after 2010.

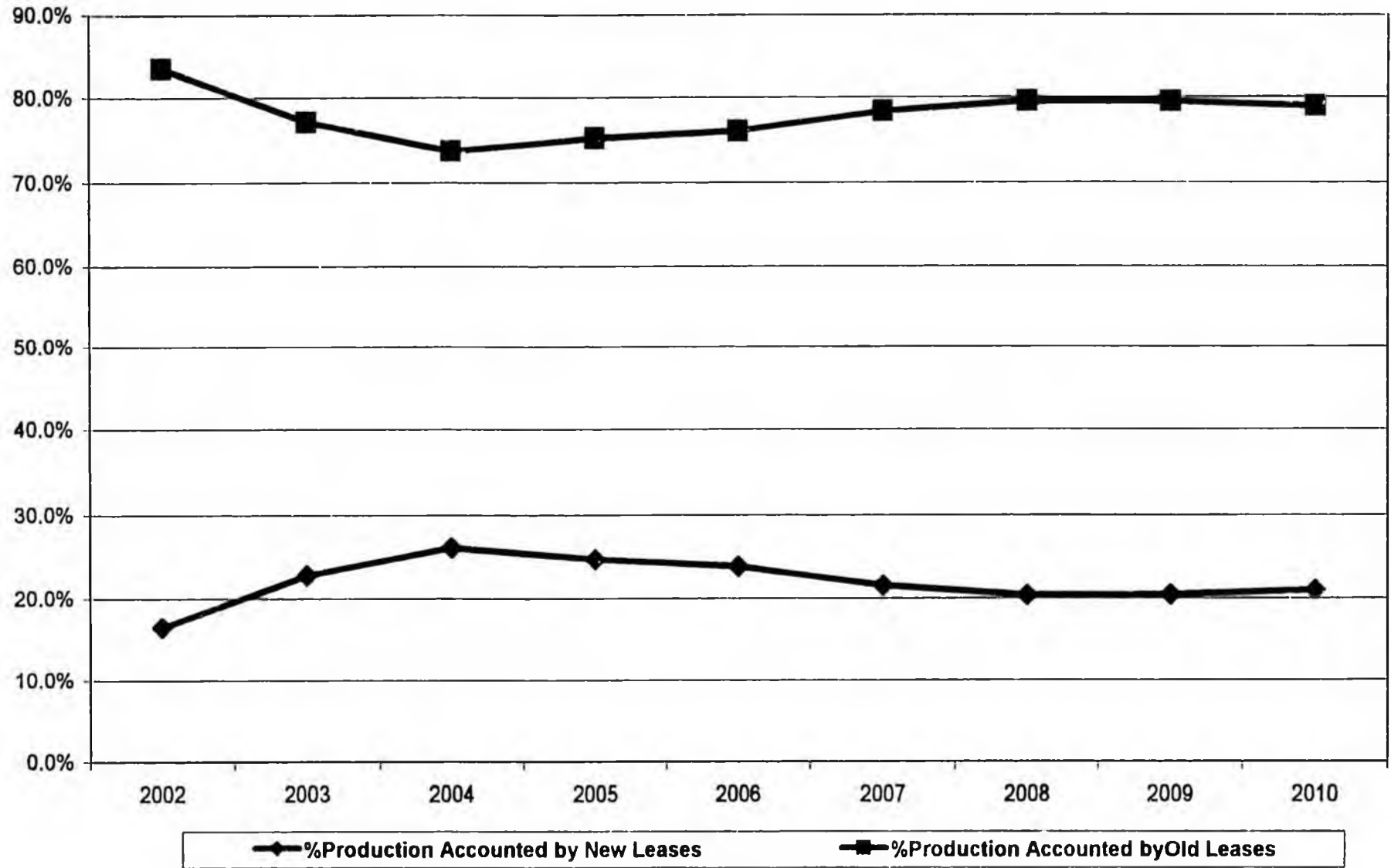
General Fund Gain to HB 11 Millions \$

2004	54.1
2005	45.8
2006	45.3
2007	43.1
2008	37.6
2009	38.5
2010	38.8
Average	43.3

CURRENT PERMANENT FUND CONTRIBUTION RATES FOR NORTH SLOPE OIL FIELDS
ALASKA DEPT. OF REVENUE FALL 2002 FORECAST

25% Contributing Oil Fields	FY 2002	Permanent	Greater than 25% Contributing Oil Fields	FY 2002	Permanent	25%*vol	Other*vol
	Prod. Millions Bbl/Day	Fund Average Contribution		Prod. Millions Bbl/Day	Fund Average Contribution		
PRUDHOE	0.4873	0.25	KUPARUK	0.1754	0.2524	0.121824	0.044275
TABASCO	0.0028	0.25	TARN	0.0273	0.4587	0.00071	0.012526
PBU SATELLITES	0.0260	0.25	MELTWATER	0.00321	0.5000	0.006512	0.001605
EIDER	0.0017	0.25	MILNE POINT	0.0397	0.3696	0.000428	0.014689
WEST SAK	0.0060	0.25	SCHRADER BLUFF	0.0117	0.2901	0.001493	0.003407
LISBURNE	0.0102	0.25	SAG RIVER	0.0007	0.5000	0.00255	0.000362
NIAKUK	0.0191	0.25	ENDICOTT	0.0296	0.3169	0.004784	0.00938
WEST BEACH/NORTH PRUDHOE	0.0000	0.25	BADAMI	0.0017	0.5000	5.19E-06	0.000866
			PT MCINTYRE	0.0454	0.3308		0.015002
			ALPINE	0.0956	0.3950		0.037782
			NORTH STAR	0.0200	0.5000		0.009986
			NPRA	0.0000	0.5000		0
			ANWR	0.0000	0.5000		0
			sum			0.138305	0.149879
							0.287124
							0.707876 =wt avg contribution pf & sf
Total FY 2002 Production	0.5532			0.4505			1.0037
Estimated Total Production (Million Bbl/day)	0.5532			0.4505			1.0037

Alaska North Slope Oil Production from Old (25% to PF) and New (50% to PF) Leases



**Royalties to the General Fund with and without HB11 Based on the Department of Revenue
Fall 2000 Forecast Assumptions**

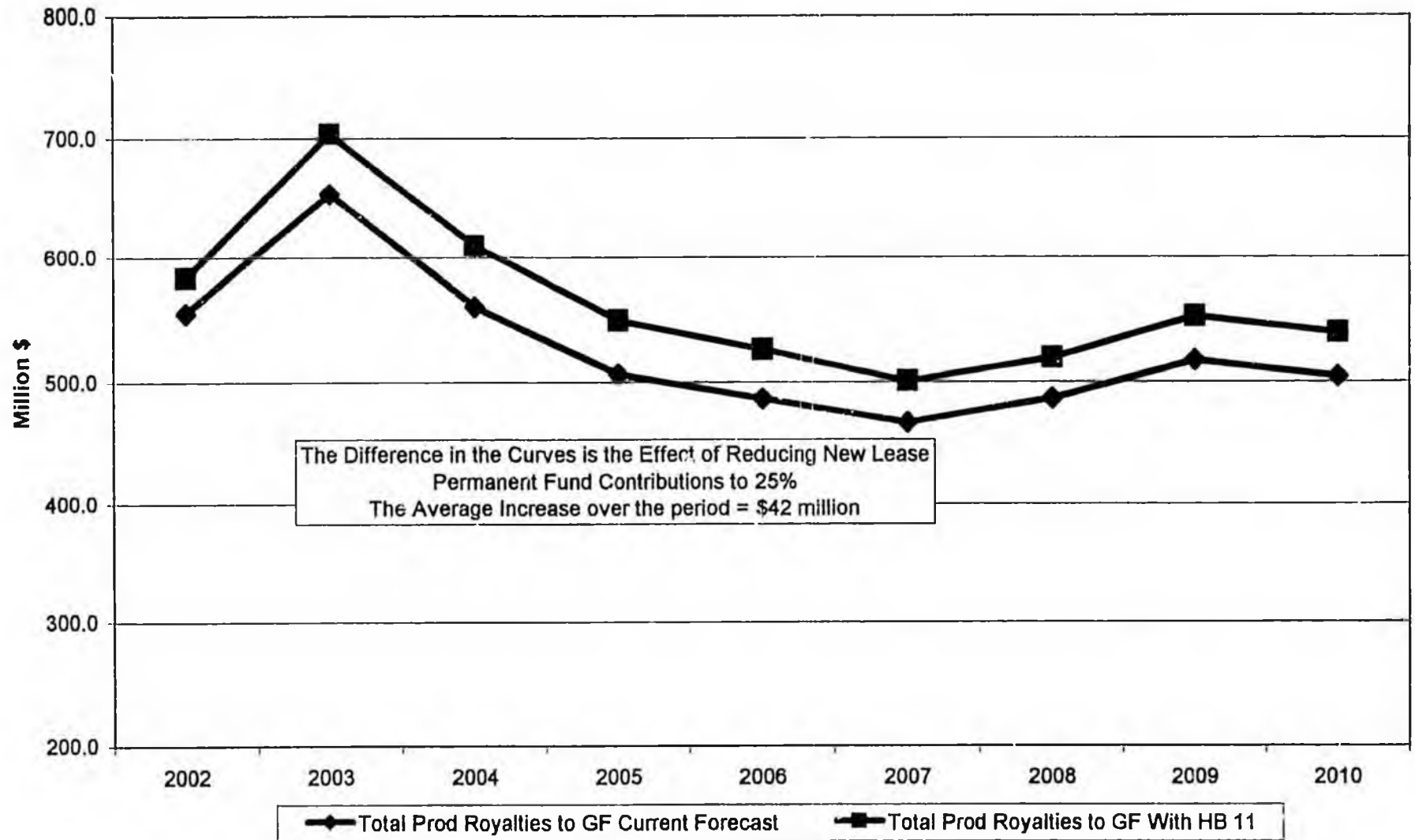


Illustration of the Impact of HB 11 on General Fund Cash Flow--Old Fields and New Fields

Fiscal Year	Perm Fund Factor = Fall 2002- cut)	New Field Extra % to PF	Old Lease Field %	Production	%Production Accounted by New Leases	%Production Accounted byOld Leases	NPRA	Forecast Market Price
2002	0.7079	0.0371	0.25	1.011	16.5%	83.5%		21.78
2003	0.6918	0.0532	0.25	0.994	22.8%	77.2%		25.94
2004	0.6833	0.0617	0.25	0.997	26.1%	73.9%		23.25
2005	0.6870	0.0580	0.25	0.992	24.7%	75.3%		22.00
2006	0.6892	0.0558	0.25	0.971	23.8%	76.2%		22.00
2007	0.6950	0.0500	0.25	0.956	21.6%	78.4%		22.00
2008	0.6980	0.0470	0.25	1.010	20.4%	79.6%	0.030	22.00
2009	0.6978	0.0472	0.25	1.091	20.5%	79.5%	0.065	22.00
2010	0.6964	0.0486	0.25	1.074	21.0%	79.0%	0.090	22.00
2011	0.6972	0.0478	0.25	1.036	20.7%	79.3%	0.095	22.00
2012	0.6996	0.0454	0.25	0.970	19.8%	80.2%	0.088	22.00
2013	0.7017	0.0433	0.25	0.904	18.9%	81.1%	0.079	22.00
2014	0.7036	0.0414	0.25	0.846	18.2%	81.8%	0.071	22.00
2015	0.7058	0.0392	0.25	0.806	17.3%	82.7%	0.064	22.00
2016	0.7065	0.0385	0.25	0.756	17.1%	82.9%	0.058	22.00
2017	0.7078	0.0372	0.25	0.713	16.5%	83.5%	0.052	22.00
2018	0.7089	0.0361	0.25	0.673	16.1%	83.9%	0.047	22.00
2019	0.7100	0.0350	0.25	0.635	15.7%	84.3%	0.042	22.00
2020	0.7112	0.0338	0.25	0.604	15.2%	84.8%	0.038	22.00
Average 2002--2010					21.9%			
Average 2003--2010					22.6%			

Illustration of the Impa

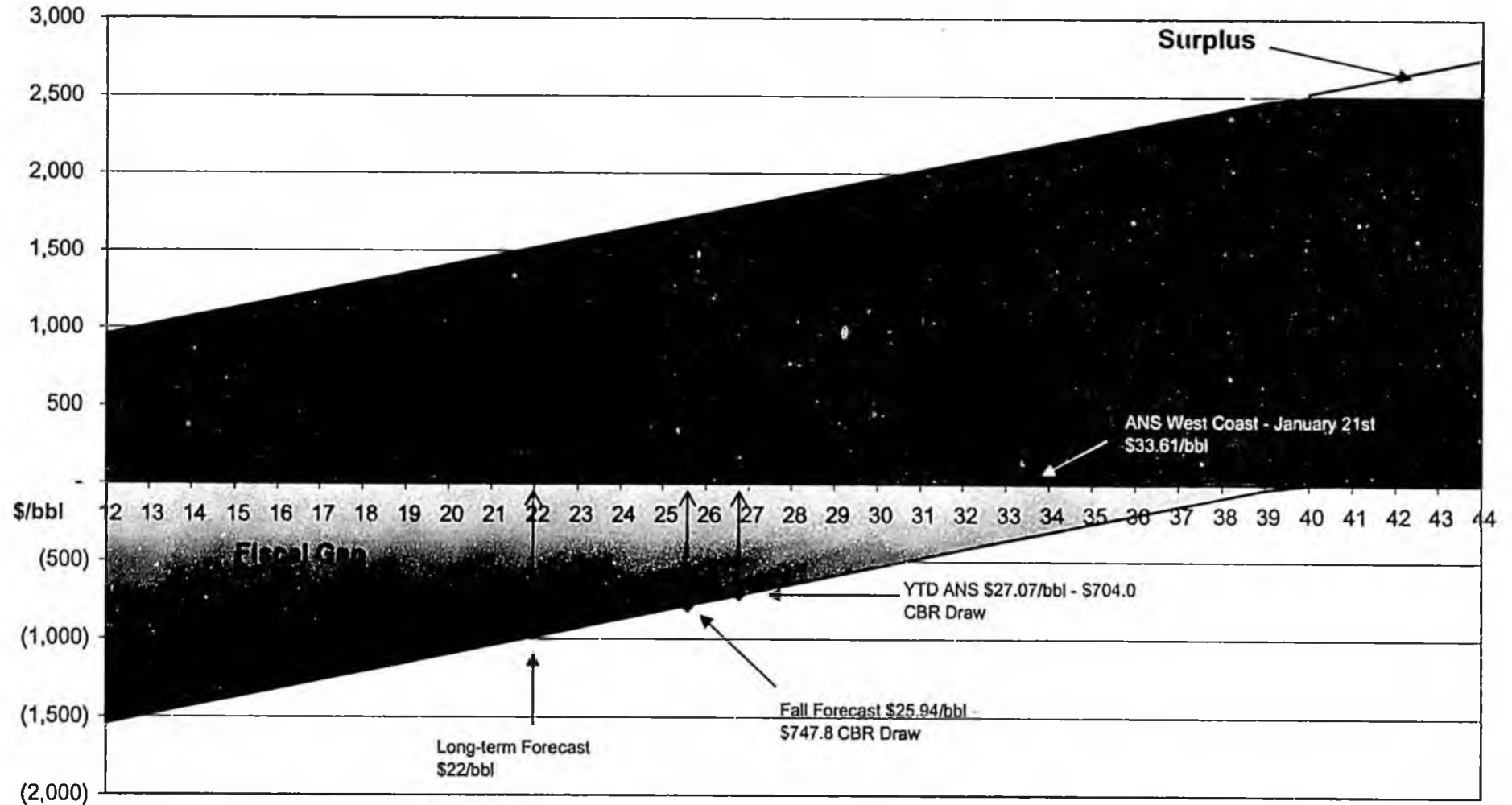
Fiscal Year	Forecast Price Wellhead	Total Prod Royalties to GF Current Forecast	Total Prod Royalties to GF With HB 11	Total Bonus to GF	GF Gain from HB 3
2002	16.80	554.3	583.4		29.1
2003	20.53	653.5	703.8	5.5	53.0
2004	17.88	559.5	609.9	7.2	54.1
2005	16.56	506.2	548.9	6.2	45.8
2006	16.41	486.6	526.0	11.8	45.3
2007	16.30	467.0	500.7	18.8	43.1
2008	16.26	486.4	519.2	9.6	37.6
2009	16.28	517.1	552.1	7.0	38.5
2010	16.17	503.9	539.0	7.3	38.8
2011	16.00	482.9	516.0	6.1	36.1
2012	15.98	455.1	484.6	5.4	32.3
2013	15.78	421.5	447.5	6.0	29.0
2014	15.57	391.5	414.6	6.0	26.1
2015	15.39	371.0	391.6	6.0	23.6
2016	15.17	344.9	363.7	6.0	21.8
2017	14.94	322.2	339.1	6.0	19.9
2018	14.72	301.4	316.8	6.0	18.3
2019	14.48	281.1	295.0	6.0	16.9
2020	14.25	264.3	276.9	6.0	15.6
Average 2002--2010					42.8
Average 2003--2010					

HB 11

Provided by Senator
Wilken 4/28/03

Projected Fiscal Gap/Surplus at Various Year-End Average ANS Crude Prices Given \$2.5 Billion FY03 General Fund Budget

(millions)



*Includes revenues not directly affected by fluctuations in oil prices
*Assumes DOR Fall 2002 Production Projection of .994 million barrels per day



Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, AK 99802-5500

Telephone (907) 465-2047

Facsimile (907) 586-2057

MEMORANDUM

DATE: January 28, 2003

TO: Representative Norman Rokeberg

FROM: Bob Bartholomew, Chief Operating Officer

SUBJECT: **Effect of HB 11 on Oil Contributions**

You have asked about the effect of House Bill 11 on future oil contributions. Based on our financial analysis (see attached), the reduction in oil contributions will total \$372 million from fiscal year 2004 through 2012. The reduction in the amount available for distribution from the fund (calculated under AS 37.13.140 & 145) is \$43 million over the 9 years.

Officials from the Department of Revenue are calculating the effect on the per capita dividend. Please let me know if you have any additional questions.

c: APFC Executive Director
Governor's Legislative Liaison
DOR Deputy Commissioner



Analysis of HB 11
Alaska Permanent Fund Corporation

Based on December 2002 financial projections (\$ in millions)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	Totals
Dedicated mineral revenue status quo	\$322	\$291	\$261	\$256	\$251	\$246	\$248	\$237	\$221	\$206	\$2,539
Dedicated mineral revenue HB 11	\$322	\$237	\$215	\$211	\$208	\$208	\$209	\$198	\$185	\$174	\$2,167
Difference (Status Quo - HB 11)	\$0	\$54	\$46	\$45	\$43	\$38	\$39	\$39	\$36	\$32	\$372
Lump sum distribution to dividend fund per status quo	\$715	\$545	\$455	\$494	\$665	\$820	\$954	\$1,058	\$1,155	\$1,235	\$8,097
Lump sum distribution to dividend fund per HB 11	\$715	\$545	\$455	\$493	\$663	\$816	\$949	\$1,050	\$1,145	\$1,223	\$8,054
Difference (Status quo - HB 11)	\$0	\$0	\$0	\$1	\$2	\$4	\$6	\$8	\$10	\$12	\$43

Note: These projections represent only our best estimate of the median case rate of return; actual annual performance will vary with market volatility. Distributions shown for the Dividend are calculated and booked as payables at fiscal year end and actually paid out the following fiscal year. There may be slight differences due to rounding.

Subject: HB11 dividend projections

Date: Wed, 29 Jan 2003 07:45:31 -0900

From: Larry Persily <Larry_Persily@revenue.state.ak.us>

Organization: Department of Revenue

To: Heather M Nobrega <heather_nobrega@legis.state.ak.us>

CC: bob Bartholomew <bbartholomew@alaskapermfund.com>,
Chris Phillips <cphillips@alaskapermfund.com>

Heather,

We have calculated the projected Permanent Fund dividend through 2012 under the existing royalty deposit percentage in statute and the amended percentage as proposed in Rep. Rokeberg's HB11.

These calculations are based on financial data from the Permanent Fund Corporation as of Dec. 31, 2002, and the Department of Revenue's estimates for the number of future dividend applicants.

These are rounded off to the nearest \$10, so there may be a difference of a few dollars each year that doesn't show up on this chart. However, projecting future dividends down to a single dollar would mistakenly represent a level of precision that does not exist. That's why we round up (or down) to the nearest \$10. The \$10 difference doesn't start to show until the October 2010 dividend.

Please let me know if you need any additional information. We will put this in a formal fiscal note for the first hearing on the bill.

Larry

<u>Status quo dividends</u>	<u>HB11</u>
October 2003 - \$1,170	\$1,170
October 2004 - \$880	\$880
October 2005 - \$720	\$720
October 2006 - \$780	\$780
October 2007 - \$1,060	\$1,060
October 2008 - \$1,310	\$1,310
October 2009 - \$1,530	\$1,530
October 2010 - \$1,690	\$1,680
October 2011 - \$1,840	\$1,820
October 2012 - \$1,960	\$1,940

LEGISLATIVE RESEARCH REPORT

FEBRUARY 12, 2003



REPORT NUMBER 03.101

ESTIMATED IMPACT ON THE GENERAL AND PERMANENT FUNDS IF PERMANENT FUND CONTRIBUTIONS WERE AT 25 PERCENT OF MINERAL INCOME

PREPARED FOR REPRESENTATIVE NORMAN ROKEBERG

BY PATRICIA YOUNG, MANAGER

Alaska Statute 37.13.010 specifies that 25 percent of income from mineral leases issued before December 1, 1979, must be deposited into the permanent fund.¹ For leases issued after December 1, 1979, the required permanent fund contributions are 50 percent of income. You asked us to calculate the effect on the permanent fund and general fund if required deposits to the permanent fund were 25 percent of income from all mineral leases.²

Over the past few years, we have sent you several tables showing actual contributions to the permanent fund from mineral revenues in past years, as well as projected revenues from oil and gas royalties for future years. You asked for an update of material sent to you previously.

Table 1 shows projected future contributions and includes assumptions regarding oil prices and production. Charles Logsdon, petroleum economist at the Alaska Department of Revenue, provided the predictions using data from the department's fall 2002 forecast. As you can see from Table 1, the department's fall 2002 forecasting model predicts that if all deposits to the

¹ This report discusses what happens to state mineral revenues once they are collected. Changes to AS 37.13.010 affect not the amount of revenue collected overall, but how much revenue is deposited into the permanent fund as opposed to the general fund. Deposits to the permanent fund under AS 37.13.010 derive mostly from petroleum (primarily oil royalties), but they also include some revenue from other minerals (mostly coal).

² The majority of mineral income deposited into the permanent fund comes from leases issued before December 1, 1979, and is, therefore, already deposited at the 25 percent rate. Alaska Statute 37.13.010 specifies that the following incomes from leases issued after December 1, 1979, are subject to 50 percent deposits: mineral lease rentals, royalties, royalty sale proceeds, net profit shares, and federal mineral revenue sharing payments. Bonuses received by the state from mineral leases issued after February 15, 1980, are also subject to 50 percent deposits.

permanent fund were at 25 percent of income, additional deposits to the general fund would average about \$41 million annually over the next 11 years.

The Department of Revenue estimates contributions based on production forecasts on a field-by-field basis. As the table indicates, the model predicts oil prices at approximately \$26 per barrel for FY 2003, with decreases thereafter. The oil prices assumed on the spreadsheet can be changed to roughly estimate the revenue impact on the permanent and general funds as oil prices vary.³

It should be noted that the small amount of mineral rent deposited into the state treasury, primarily from coal leases, is not included in the department's forecasting model. Future revenue from currently undiscovered sources of oil are also not included in these projections. **The additional general fund revenues predicted in Table 1, therefore, underestimate deposits to the extent that mineral rents and revenues from as yet undiscovered fields are not included in the figures.**

Table 2 shows actual contributions to the permanent fund from mineral royalties for the years 1990 through 2002. To enable you to look in one place for both past actual deposits and future predictions, Table 2 also repeats (from Table 1) the projected estimated gains to the general fund for the years 2003 through 2013.

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

³ Although possible, the Department of Revenue notes that the daily production numbers on the spreadsheet cannot be as easily changed. Changes to production figures depend on what fields are assumed to change from the baseline and would have to be re-estimated by the department.

TABLE 1

Projected Contributions to the Permanent and General Funds

If All Oil & Gas Leases Contributed to the Permanent Fund at 25 Percent of Income, FY 2003 - FY 2013

Fiscal Year	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	ANS West Coast Price	TAPS, Marine, Other Allowable Costs	Royalty Wellhead Price	Daily Production	Annual Value of Production for Royalties	Average Royalty Rate	North Slope Current Gross Royalties	Current Average Permanent Fund Contribution Rate	Current			If Permanent Fund Contributions @ 25%			
									Contribution to the Permanent Fund from North Slope Oil Royalties	Contribution to the General Fund from North Slope Oil Royalties	Contribution to the General Fund from North Slope Oil Bonuses	Contribution to the Permanent Fund from North Slope Oil Royalties	Contribution to the General Fund from North Slope Oil Royalties	Estimated Gain to the General Fund from Oil Royalties	Estimated Gain to the General Fund from Royalties & Bonuses
									Millions of Dollars	Millions of Dollars	Millions of Dollars	Millions of Dollars	Millions of Dollars	Millions of Dollars	Millions of Dollars
Dollars	Dollars	Dollars	Millions of Barrels/Day	Millions of Dollars	Percent	Millions of Dollars	Percent	G*H	G-I		G*25%	G-L	M-J	N+(.5*K)	
		A-B		C*D*365		E*F									
2003	\$25.94	\$5.41	\$20.53	0.994	\$7,444.9	13%	\$944.6	30%	\$286.4	\$658.3	\$4.0	\$236.2	\$708.5	\$50.2	\$53.0
2004	\$23.25	\$5.37	\$17.88	0.997	\$6,526.1	13%	\$821.0	31%	\$255.9	\$565.1	\$4.0	\$205.2	\$615.7	\$50.6	\$54.2
2005	\$22.00	\$5.44	\$16.56	0.992	\$5,996.3	12%	\$736.8	31%	\$226.9	\$509.9	\$4.0	\$184.2	\$552.6	\$42.7	\$45.8
2006	\$22.00	\$5.59	\$16.41	0.971	\$5,816.9	12%	\$706.1	31%	\$215.9	\$490.1	\$4.0	\$176.5	\$529.5	\$39.4	\$45.3
2007	\$22.00	\$5.70	\$16.30	0.956	\$5,685.1	12%	\$672.0	30%	\$201.6	\$470.4	\$4.0	\$168.0	\$504.0	\$33.6	\$43.1
2008	\$22.00	\$5.74	\$16.26	1.010	\$6,011.6	12%	\$698.8	30%	\$207.6	\$491.2	\$4.0	\$174.7	\$524.1	\$32.9	\$37.7
2009	\$22.00	\$5.72	\$16.28	1.091	\$6,479.3	11%	\$741.1	30%	\$220.3	\$520.8	\$4.0	\$185.3	\$555.8	\$35.0	\$38.5
2010	\$22.00	\$5.83	\$16.17	1.074	\$6,340.8	11%	\$723.5	30%	\$216.0	\$507.5	\$4.0	\$180.9	\$542.7	\$35.1	\$38.8
2011	\$22.00	\$6.00	\$16.00	1.036	\$6,050.5	11%	\$692.6	30%	\$206.2	\$486.3	\$4.0	\$173.1	\$519.4	\$33.1	\$36.1
2012	\$22.00	\$6.02	\$15.98	0.970	\$5,659.1	11%	\$650.5	30%	\$192.2	\$458.3	\$4.0	\$162.6	\$487.9	\$29.6	\$32.3
2013	\$22.00	\$6.22	\$15.78	0.904	\$5,207.1	12%	\$600.6	29%	\$176.1	\$424.5	\$4.0	\$150.2	\$450.5	\$26.0	\$29.0

NOTES: Alaska Statute 37.13.010 specifies that 50 percent of income from mineral leases issued after December 1, 1979, must be deposited into the Permanent Fund. For leases issued before December 1, 1979, required Permanent Fund contributions are 25 percent of income. This table projects future deposits to the Permanent and General Funds if contributions to the Permanent Fund from all leases were at 25 percent of income. Projections are based on the Alaska Department of Revenue's fall 2002 revenue forecast. Figures include oil and gas royalties and bonuses but the relatively small amount of rent from mineral leases is not included.

SOURCE: Alaska Department of Revenue, Tax Division (Charles Logsdon).

TABLE 2
Contributions to the Permanent and General Funds
from Mineral Lease Income
(millions of dollars)

FISCAL YEAR	Current Deposits to the Permanent Fund From Mineral Leases			If PF Contributions @ 25%	
	Contributing at 25%	Contributing at 50%	TOTAL	Contributions to the Permanent Fund	Gain to the General Fund
1990 (a)	\$261.8	\$8.4	\$270.2	\$266.0	\$4.2
1991 (a)	\$431.0	\$16.7	\$447.7	\$439.3	\$8.4
1992 (a)	\$304.2	\$14.8	\$319.0	\$311.6	\$7.4
1993 (a)	\$269.6	\$13.2	\$282.8	\$276.2	\$6.6
1994 (a)	\$202.3	\$9.1	\$211.3	\$206.8	\$4.5
1995 (a)	\$267.8	\$10.6	\$278.4	\$273.1	\$5.3
1996 (a)	\$236.1	\$18.2	\$254.3	\$245.2	\$9.1
1997 (a)	\$281.2	\$39.4	\$320.6	\$300.9	\$19.7
1998 (a)	\$217.2	\$30.8	\$248.0	\$232.6	\$15.4
1999 (a)	\$136.6	\$21.4	\$158.0	\$147.3	\$10.7
2000 (a)	\$227.9	\$45.2	\$273.1	\$250.5	\$22.6
2001 (a)	\$295.9	\$55.0	\$351.0	\$323.5	\$27.5
2002 (a)	\$187.7	\$63.3	\$251.0	\$219.3	\$31.7
2003 (b)			\$286.4	\$236.2	\$50.2
2004 (b)			\$255.9	\$205.2	\$50.6
2005 (b)			\$226.9	\$184.2	\$42.7
2006 (b)			\$215.9	\$176.5	\$39.4
2007 (b)			\$201.6	\$168.0	\$33.6
2008 (b)			\$207.6	\$174.7	\$32.9
2009 (b)			\$220.3	\$185.3	\$35.0
2010 (b)			\$216.0	\$180.9	\$35.1
2011 (b)			\$206.2	\$173.1	\$33.1
2012 (b)			\$192.2	\$162.6	\$29.6
2013 (b)			\$176.1	\$150.2	\$26.0

NOTES:

(a) Actual deposits--data compiled from actual transfers to the Permanent Fund that were listed in the state's accounting system (AKSAS) and in the "Additional Due the Permanent Fund for Post Chapter 13 Leases" reports. **Included are all mineral royalties, rents, interest, and bonus bids.**

(b) Projected deposits--based on the Alaska Department of Revenue's fall 2002 revenue forecast (same data as presented in Table 1). **Included are oil and gas royalties and bonuses.**

SOURCES:

(a) Alaska Department of Natural Resources, SSD/FSS (Cathy Poulos).

(b) Alaska Department of Revenue, Oil & Gas Audit Division (Charles Logsdon).



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

Submitted by Kevin
Ritchie 4/28/03

April 25, 2003

Governor Frank Murkowski
P.O. Box 110001
Juneau, Alaska 99811

Dear Governor Murkowski,

Please find attached, a resolution adopted by the Alaska Municipal League (AML) Board of Directors at the 10th Annual AML Spring Legislative Conference on April 24, 2003 in Juneau. For the past several years, AML has advocated for the development of a long-range revenue and spending plan for the State of Alaska as the top legislative priority of municipalities.

AML members have always been concerned about the short amount of time left before the depletion of the Constitution Budget Reserve impacts communities and local taxpayers. In a recent presentation to AML members, Cheryl Frasca, Director of the Office of Management and Budget (OMB), indicated that the reserves will be gone by February 2006, or less than three years from now. This information has caused AML members to grow even more concerned.

The attached resolution offers support for (1) cooperation between state and municipal officials in generating economic development activities and (2) the adoption of various revenue measures currently before the Legislature.

Sincerely,

Kevin Ritchie
Executive Director

Cc: Jim Clark
Cheryl Frasca
Bill Corbus
Edgar Blatchford
Legislature



**A Resolution of the Alaska Municipal League Board of Directors
Supporting Specific State Revenue Generating Measures and a Regional
Economic Development Strategy**

WHEREAS, for the past five years the Alaska Municipal League and Alaska Conference of Mayors have joined many Alaskan organizations in calling for the adoption of a state "balanced long-range revenue and spending plan" as its top legislative priority. The "balanced long-range revenue and spending plan" includes:

1. Economic development of Alaska's resources,
2. Sound fiscal policies including a reasonable and flexible state spending limit,
3. Structural budget changes and efficiencies,
4. New state revenues, other than a state sales tax, and
5. Provisions to maintain sustainable communities.

WHEREAS, according to the Governor's Office of Management and Budget (OMB), the balance of the State's Constitutional Budget Reserve is estimated to be **zero in February, 2006, or in less than three years.**

WHEREAS, if the state does not implement a reasonable long-range revenue and spending plan, the State revenue shortfall estimated by OMB will **require devastating budget cuts for the Fiscal Year starting July 1, 2005, two years and two months from now. It is urgent that we solve the problem this year and next** because a year or more is required to develop and implement new revenue measures.

WHEREAS, such cuts would almost certainly eliminate all state programs that benefit communities and local taxpayers, and make devastating cuts to State funding for schools, the University, and the remaining state agencies and programs.

NOW, THEREFORE BE IT RESOLVED, as part of the State-Municipal partnership, that municipal leaders support proposals of Governor Murkowski and the Legislature consistent with AML Policy to develop the economy and generate some initial revenue measures to avoid the devastating impacts of a fiscal disaster in less than three years. The AML and the Alaska Conference of Mayors specifically support:

1. A statewide economic development strategy that includes immediate implementation of all pending projects that create sustainable jobs for Alaskans and an **administrative order by the Governor to strengthen regional economic development efforts** to ensure that all opportunities to create jobs are implemented as efficiently and as soon as possible.

2. A statutory change that reduces new revenue **contributions to the Permanent Fund to the amount of twenty-five percent specified by voters** in the amendment to the Alaska Constitution adopted November 2, 1976.
3. A moderate increase in **motor vehicle registration fees** for the maintenance of State roads.
4. A **moderate fee on the sales of tires** for the maintenance of State roads.
5. An increase in the **motor vehicle fuel tax for the maintenance of State and municipal roads** to at least the national average, with a sharing of \$.06 to municipal governments allocated according to miles of road maintained by the municipality.
6. A graduated increase in **business license fees** based on the number of employees.
7. An **employment tax for education** provided all working people pay, including sole proprietor, partners, Limited Liability Companies, etc.
8. A **State-Municipal partnership** in the development and implementation of **additional elements of a comprehensive state long range revenue and spending plan** including, development of Alaska's resources, sound fiscal policies, structural budget changes and efficiencies, additional State revenues, and provisions to maintain sustainable communities.

Adopted 4/24/03

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Approved

Date: 4/15/03

Submitted by: Assemblymember Fairclough
Prepared by: Department of Assembly
For reading: April 15, 2003

ANCHORAGE, ALASKA
AR NO. 2003-100

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING PASSAGE OF HOUSE BILL 11, "AN ACT RELATING TO DEPOSITS TO THE ALASKA PERMANENT FUND FROM MINERAL LEASE RENTALS, ROYALTIES, ROYALTY SALE PROCEEDS, NET PROFIT SHARES UNDER AS 38.05.180(F) AND (G), FEDERAL MINERAL REVENUE SHARING PAYMENTS RECEIVED BY THE STATE FROM MINERAL LEASES, AND BONUSES RECEIVED BY THE STATE FROM MINERAL LEASES, AND LIMITING DEPOSITS FROM THOSE SOURCES TO THE 25 PERCENT REQUIRED UNDER ART. IX, SEC. 15, CONSTITUTION OF THE STATE OF ALASKA; AND PROVIDING FOR AN EFFECTIVE DATE"

WHEREAS, Article IX, Section 15 of Alaska's Constitution states that "at least 25% of all mineral lease rentals, royalties, royalty sale proceeds, Federal mineral revenue sharing payments, and bonuses received by the State shall be placed in a permanent fund;" and

WHEREAS, in 1980, the Legislature recognized excess revenues existed and raised the amount of royalties and bonuses deposited into the Permanent Fund to 50% to insure greater savings of future revenues; and

WHEREAS, the surplus situation with State revenues no longer exists today and it is time to revert to the constitutionally mandated 25% and redirect the excess to the General Fund to be used to fund essential services for the citizens of Alaska; and

WHEREAS, passage of House Bill 11 would generate an estimated \$43.3 million (average) per year over the next seven years, and \$54.1 million in Fiscal Year 2003-2004 at an estimated \$23.25 per barrel average; and

WHEREAS, according to estimates from the State of Alaska Department of Revenue, the Permanent Fund Dividend Program would not be impacted at all through year 2009, by only a \$10 reduction in individual dividend amounts for years 2010 and 2011, and by a \$20 dividend reduction in year 2012.

NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

Section 1: That this body supports passage of House Bill 11 which limits deposits to the Alaska Permanent Fund from all mineral lease rentals, royalties, royalty sale proceeds, Federal mineral revenue sharing payments and bonuses to the constitutionally mandated 25%.

Section 2: That copies of this resolution be sent to Governor Murkowski and the Alaska State Legislature upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2003

Chair

ATTEST:

Municipal Clerk



Alaska State Legislature

Please enter into the record my testimony to the _____ SENATE FINANCE _____
committee name

Committee on _____ HB 11 _____, dated _____ 4-28-03 _____
bill # / subject public hearing date

April 28, 2003

To Whom it May concern:

I am opposed to House Bill 11. Please do not pass out of committee. Thank You.

Sharon D. Miller
PO Box 603
Soldotna, AK 99669

Sharon D. Miller

Signed: _____

Testifier

Representing (optional)

Address

Phone number



Alaska State Legislature

Please enter into the record my testimony to the SENATE FINANCE
committee name

Committee on HB 11, dated 4-28-03
bill # / subject public hearing date

April 28, 2003

To Whom it May concern:

I am opposed to House Bill 11. Please do not pass out of committee. Thank You.
Dallas F. Miller
PO Box 603
Soldotna, AK 99669

A handwritten signature in cursive script that reads "Dallas F. Miller".

Signed: _____
Testifier

Representing (optional)

Address

Phone number



Alaska State Legislature

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

Committee on HB 11, dated 4/28/03
bill # / subject public hearing date

I am opposed to this bill because it is not going to help this government balance the budget. which is the main problem ++ ^{This Bill is -} ~~Other~~ high way robbery of the permanent fund --- Please consider that 83% of the people said don't touch the permanent fund --- ^{without a vote} ~~Donna Montross~~ ^{Mulkowski} also said in his campaign - "He would not touch the permanent fund --- (over) -->

Signed: Petria Falckenberg
Testifier

Myself + all Alaskans
Representing (optional)

Box 3293 Kenai, Alaska 99611
Address

(907) 283-7858
Phone number

How much demand has there been
from the public to pass HB 11?

How ~~many~~ many have been actually
opposed to HB 11?

Where is HJR 3? Why isn't
there support for it?

Thank you,

SENATE FINANCE
COMMITTEE;

28 April 03

Ladies and Gentlemen,

I have been accused of telling it like it is.

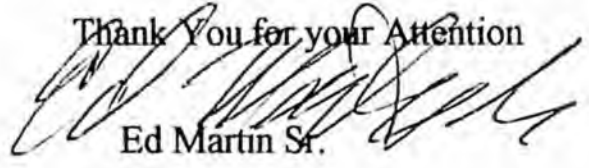
I know you are surrounded by special interests that would have you take our money and feed their greed, after all it's our money and they want it! Does it matter that the state is, and has been overspending more than it's income? That the economy is low, layoffs are prevalent? I believe it does, also 83% of the Alaskans voters said "don't touch the PFD with our their vote!!" What part of NO don't you understand. This HB11 is an out and out a raid on the fund. It takes from the fund and gives to the government to spend as it wishes----- this is wrong!!

The Alaskan voters elected YOU to represent THEM, this bill does not, you know it and I know it and also the public knows this. I believe a very heavy political price will be paid by those who support this bill or other bills that will touch that fund. Until you get the state spending cuts to fit it's income, the voters want the fund " OFF THE TABLE", if you don't believe me, pass this bill and the prudent citizen rule will be applied at the ballot box!

Oppose this bill and you will represent the people and command their respect as one who did the job you were elected to do!!

Their is no substitute for trust-----Earn it!

Thank You for your Attention



Ed Martin Sr.

(907)252-9390



Alaska State Legislature

Please enter into the record the following testimony to the Senate Finance Committee on HB 11 / Deposits to the Permanent Fund Date:

ALASKA VOTERS ORGANIZATION RESOLUTION 2003-11

A Resolution to the 23rd Alaska State Legislature in OPPOSITION to HB 11, which over time would reduce Permanent Fund dividends as less money is deposited into the fund from royalty payments. With reduced royalty deposits into the fund, there would be less money to invest and fewer investment earnings to distribute through the dividend program.

WHEREAS, during the special statewide election held in 1999, the voters of Alaska expressed overwhelming opposition to the Legislature's proposed "Balanced Budget Plan" by a margin of over 4 to 1; and

WHEREAS, the Legislature put this clear question on the 1999 ballot: "After paying annual dividends to residents and inflation-proofing the permanent fund; should a portion of permanent fund earnings be used to help balance the state budget?"; 83% of Alaskan voters answered with a resounding NO; and

WHEREAS, most candidates elected in November 2002 promised they would not touch the Permanent Fund, without a vote of the people; and

WHEREAS, the Legislature and Governor are considering appropriations from the Permanent Fund, which is in opposition to the results of the 1999 advisory vote and election promises of the 2002 election; and

WHEREAS, HB 11 will reduce certain royalty payments made to the Permanent Fund from 50% to 25%, with the proceeds going into the general fund; and

WHEREAS, fiscal notes attached to HB 11 clearly understate potential loss to the Permanent Fund at between \$40 and \$55 million dollars a year. These estimates are based on projected revenues from existing oil royalties and do not reflect potential revenue from other sources such as ANWR, NPR, North Slope gas production, new mineral development, timber sales, or other new resource development, any of which could make impact to the Permanent Fund considerably more than the suggested \$55 million dollars a year, and

WHEREAS, any reduction of royalties being deposited in the Permanent Fund, as a direct result of HB 11, will cause the fund's value to grow slower, and dividends paid to the people will be smaller, in direct opposition to the 1999 special statewide advisory election, and campaign promises of the 2002 election; and

WHEREAS, government spending in Alaska now exceeds the average 1980's budget level, when the North Slope was at peak oil production; and

WHEREAS, North Slope oil production is currently only 50% of the 1980's peak, with oil royalty payments to the state reduced proportionally; and

WHEREAS, the legislature has failed to recognize the direct correlation between increased state spending and reduced oil royalty payments as being the underlying reason for the growing budget deficit; and

WHEREAS, the legislature has continued to fund our state government at an unsustainable level, by making annual withdrawals from the Constitutional Budget Reserve; and

WHEREAS, the legislature continues to deplete our Constitutional Budget Reserve while failing to submit any plan to repay this "rainy day account", as required by the Alaska Constitution; and

WHEREAS, by continually failing to address the overspending problem, the legislature must soon choose between tapping the Permanent Fund or making the cuts necessary to reduce the size and cost of state government to a sustainable level that corresponds directly to income available and population level; and

WHEREAS, the Permanent Fund dividend is the only direct benefit most people realize as a result of Alaska's oil wealth; and

WHEREAS, many Alaskans live outside "safety nets" provided by organized municipalities and must rely on the Permanent Fund dividend to survive the harsh winter; and

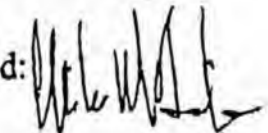
WHEREAS, the annual Permanent Fund dividend has become a huge economic engine that most business owners rely on each winter; and

WHEREAS, 83% of voters in the 1999 special election clearly said they could spend their dividend better than the state government;

NOW, THEREFORE, BE IT RESOLVED by the Alaska Voters Organization, Board of Directors, that HB 11 be soundly defeated by all those who promised during previous election campaigns to defend and protect the Permanent Fund for all present and future Alaskans;

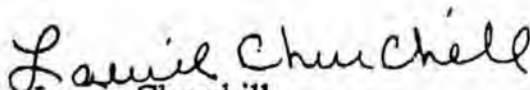
Adopted by the Alaska Voters Organization Board of Directors; this 22nd day of April 2003.

Signed:



Michael McBride,
Board President

Attest:



Laurie Churchill,
Board Secretary

Alaska Voters Organization, Inc.
P. O. Box 2016
Kenai, Alaska
99611-2016
(907) 776-8008
akvoters@gci.net

I am asking legislators to vote NO on HB 11. Vote Yes on HJR 3.

It is past time to redefine our state economic reality as what it really is ---

NOT revenue "shortfall" but instead "spending excess".

The party is OVER guys. Time to wake up - as the working people have had to do.

Like the U.N. has recently done -- so the Alaska legislature is doing -- proving

itself to be irrelevant because it refuses to live in the here and now. You can

still make yourself relevant by making REAL and MEANINGFUL budget cuts as we have

had to do in our personal budget. Let's get with the program.

Susan Gibson
P.O Box 2325
Soldotna, AK 99669
907-252-9329

A handwritten signature in cursive script, appearing to read "Susan Gibson". The signature is written in dark ink and is positioned below the typed name and address.

On behalf of my husband and myself, I ask you to vote No on HB 11. The legislature of Alaska needs to make real cut in the budget just as we have been required to do in our family budget these last few years. The big spending days are over for everyone -- including the state.

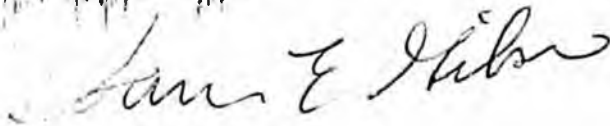
Do not touch the permanent fund. Quit rearranging the chairs on the deck of the Titanic and get serious about RESPONSIBLE management of what resources we have instead of looking for more to mismanage. NO ON HB 11. THANKS.

Mr. and Mrs. Everett Collins
P.O. Box 225
Sterling, AK. 99672
907-262-4092

Jackie Collins

I oppose HB 11 and urge each legislator to oppose it as well. As a small business owner, I have had to downsize as the times require - and NOW is the time. The times now require the state government to downsize substantially and make meaningful cuts. I also urge you to support HJR 3.
LET'S ROLL !!

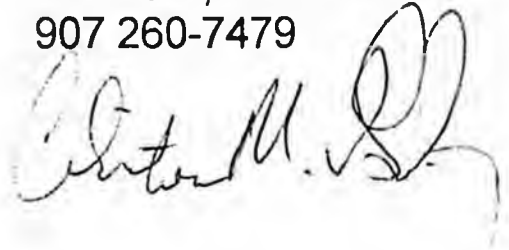
Sam Gibson
P.O. Box 2325
Soldotna, AK 99669
907-262-1840

A handwritten signature in cursive script that reads "Sam E. Gibson".

I strongly urge all legislators to vote NO on HB 11 and Vote YES on HJR 3 instead.

As a person who works for a small but profitable business, I realize that we remain profitable by adjusting to the economic requirements of the times. We have had to downsize over the last years because that is what was required to remain solvent. I strongly suggest that the State of Alaska is NOW required to do the same. Let's see responsible behavior on the part of legislators. Make the cuts where required NOW. Stop looking for MORE money to spend and CUT the budget.

Christopher Galbraith
P.O. Box 3362
Soldotna, AK 99669
907 260-7479

A handwritten signature in cursive script, appearing to read "Christopher Galbraith", written in dark ink over the typed name and address.

From: Richard C. deMello
51296 Biscayan DR.
Kenai, AK. 99611

Compensation - NOT HANDOUT!

The way I see it, there seems to be a very strong drive by members of the Legislature to get a bigger share of the pie, the PFD, and by those who even promised to keep their hands off of it, are right there amongst the rest of the grabbers. I'm not very good at using politically correct words.

There's a story that goes back to the very start of the P.F. As I hear the story, it goes, people had to register with the State, to maintain their underground soft-mineral rights. Some were able to hire their own lawyer. For those who couldn't, the State had provided an attorney, but oddly enough, the list of names gathered by the attorney, didn't make it to the registration in time, so goes the story. If true, it would seem to me perhaps there was a possible conspiracy there. And as the story continues, one of the homesteaders got angry and at gunpoint, forced the clerk at the office of registration the next day, to register his name on the list of those who wanted to keep his land rights.

So, if there is merit to this story, then the least that we can learn is that we are receiving the PFD as COMPENSATION, and not as a hand out, as our people in office would want us to believe. And that! is what they are trying very hard to do. Some are saying that it is a gift, some say its a right, and others are saying that this is a socialist thing. They act and seem to ~~be~~ think that its the property of the legislature - thats what they feel is their property!! I cannot stand by and allow that falsehood to perpetuate itself like a plague. Its compensation - pure & simple.

Our State is not supposed to be a for-profit corp. Once in a while, I hear a statement on the radio made by some esteemed legislative person saying that the "biggest mistake the state ever made, was to give us the P.F." What a fool! The state didn't give it, they bought it, and now they're trying to renege on it.

They're playing these mind and word games with us, hoping that if they all say it in unison, and say it long enough, that maybe we, as a people, will begin to believe it.

I say we clear out all those who have put their support against us, out of office, without any retirement benefits too. Why not? 'cause they've been living high off the hog

for a long time, including the biggest lie of them all, our good-ole-boy Gov. M. If \$800 a month is too expensive for our government to keep their word to our senior citizens, then \$7,500.00 a month for our legislature is way-way-way too too much to be paying our legislators ~~for~~ especially when they don't represent us nor keep their promises, like our governor. We should also take away their retirement benefits of those who have gone before, because they didn't keep their promises also. THAT would be an even keel with their having not kept their promises. In fact, I think that our past legislators should also, with those in office now, who are veterans, should foot the bill for our deficit. They put us there, they all should show some fiscal responsibility. Isn't that what they're telling us to do! Sounds drastic? Well, they're asking us to take drastic measures, I think that they should too. I don't feel good about taking medication and food and shelter away from our senior citizens, and at the same time maintain huge payoffs for our Gov. M. and our legislators.

It seems that all the burdens are being left to the people, while people in office haven't lost a penny - kinda like the people in Iraq - you

Know - no food for the people of Iraq, but lots of money and french wine for Saddam and his ole boys.

Well, point made - Don't touch our compensation (PFD) and get off your cluffs and lets equalize the burdens here. You give some + then I'll give some. Sacrifices shouldn't be made on the backs of the poor. ALL the Barons should share it too. If \$1800. of longevity bonus represents 25% of a seniors income (or whatever % it is) then cut your income by the same.

The End
Richard C. Melby



Alaska State Legislature


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

Committee on HB 11 Deposits to Permanent Fund, dated 4-28-03
 bill # / subject public hearing date

RE: HB11

I do not support HB11. This bill is designed to take Permanent fund money designated for the citizens of Alaska and give Alaska State government access to it. The people of Alaska have already voted to not allow the State of Alaska to touch these Permanent Fund monies without a vote of the people. We, the citizens of the State of Alaska have the legal right to protect these monies.

NAME: SARAH STOKES
 (print name)

SIGNATURE: 

MAILING ADDRESS: P.O. Box 39676
 (optional) Nealechik, Ak 99639



Alaska State Legislature

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NAME: SHELLEY SELF
(print name)

SIGNATURE: *Shelley G. Self*

MAILING ADDRESS: P.O. Box 39721
(optional) Niinicuk, AK 99639



Alaska State Legislature

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 committee name

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NAME: Ivan Z. Encelewski
 (print name)

SIGNATURE: Ivan Z

MAILING ADDRESS: P.O. Box 593
 (optional) Niialehik, AK 99639



Alaska State Legislature

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NAME: Bruce Dickkopf
(print name)

SIGNATURE: *Bruce Dickkopf*

MAILING ADDRESS: P.O. Box 39313
(optional) Niwilchik AK 99639



Alaska State Legislature

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committee name

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bill # / subject public hearing date

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NAME: DEBRA L. OSKOLKOFF
(print name)

SIGNATURE: Debra L. Oskolkoff

MAILING ADDRESS: PO Box 228
(optional) Similakik, AK 99639



Alaska State Legislature

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

Committee on HB 11 Deposits to Permanent Fund, dated 4-28-03
 bill # / subject public hearing date

RE: HB11

I do not support HB11. This bill is designed to take Permanent fund money designated for the citizen^s of Alaska and give Alaska State government access to it. The people of Alaska have already voted to not allow the State of Alaska to touch these Permanent Fund monies without a vote of the people. We, the citizens of the State of Alaska have the legal right to protect these monies.

NAME: Marla A. Kvasnikoff
 (print name)

SIGNATURE: Marla A. Kvasnikoff

MAILING ADDRESS: PO. Box 39263
 (optional)

Ninilchik Ak. 99659



Alaska State Legislature

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 committee name

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 bill # / subject public hearing date

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NAME: JACK KUASNIKOFF JR.
 (print name)

SIGNATURE: *Jack Kuasnikoff Jr.*

MAILING ADDRESS: Box 39263
 (optional) Niwlchik AK
99639



Alaska State Legislature

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 committee name

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NAME: Christina Demitoff
(print name)

SIGNATURE: Christina Demitoff

MAILING ADDRESS: PO Box 137
(optional) Niinicuk, AK
99639



Alaska State Legislature

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

Committee on HB 11 Deposits to Permanent Fund, dated 4-28-03
bill # / subject public hearing date

Hi my name is Darrell Knackstedt I'm a local voter in Soldotna I am opposed to HB 11
thank you for listening..



Alaska State Legislature

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NAME: Maria Goins
(print name)

SIGNATURE: Maria Goins

MAILING ADDRESS:
(optional)

PO Box 599
Unilchik AK 99639



Alaska State Legislature

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NAME: MARION E. OSKOLKOFF
(print name)

SIGNATURE: Marion E. Oskolkoff

MAILING ADDRESS: P.O. Box 39008
(optional) Mail Chieft, AK
99639



Alaska State Legislature

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committee name

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NAME: HENRY LEODORE
(print name)

SIGNATURE: *Henry Leodore*

MAILING ADDRESS: POB 39675
(optional) Winalchik AK
99639



Alaska State Legislature

Please enter into the record my testimony to the

Senate Finance
committee name

Committee on HB 11 Deposits to Permanent Fund, dated
bill # / subject

4-28-03

public hearing date

RE: HB11

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NAME: ERIC KUASNIKOFF
(print name)

SIGNATURE: Eric Kuasnikoff

MAILING ADDRESS: Box 464
(optional) NINILCHIK, AK 99639



Alaska State Legislature

Please enter into the record my testimony to the

Senate Finance
committee name

Committee on HB 11 Deposits to Permanent Fund, dated
bill #7 subject

4-28-03
public hearing date

April 29 - 2003

To

Senate Finance Com.

Vote NO on H-8-11 - Do not
move it out of Senate
Finance Com.

Sherley M. Johnson

230 N FERN

Kenai, Alaska 99611

907-283-7648

04-29-08

To Senate Finance Com.

Write no on H. B. 11

Don't move it out of Senate Finance

Dale F. Johnson

230 N. Fern St.

Kenai AK 99611 907 283 7648

April 29 - 2003

To

Senate Finance Com.

Vote NO on H-B-11 - Do not
make it out of Senate
Finance Com.

Shirley M. Johnson

230 N. FERN

Kenai, Alaska 99611

907-283-7648

No New Taxes

SENATE FINANCE COMMITTEE

SIGN-IN

SB 73-AIDEA: BONDS & MUNICIPAL TAX EXEMPTION

NAME: Mike Barry Subject/Bill No: 73
Co./Dept./Title: AIDEA Ch. q BOD Phone: (907) 223 1614
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SITE: Offnets

COMMITTEE: SFIN

DATE: 5/8/03

SUBJECT OF MEETING:

HB203 & SB73

UPDATE #:



PLEASE SIGN IN

PLEASE PRINT:

DO YOU WANT

NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

TO TESTIFY?

Y or N

Applegate & Weiner		AIDEA	Ans. ?'s

SENATE FINANCE COMMITTEE

SIGN-IN

HB 11-DEPOSITS TO THE PERMANENT FUND

NAME: Bob Bartholomew Subject/Bill No: HB 11
Co./Dept./Title: Permanent Fund Corp Phone: 465-3663
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

✓ NAME: Kevin Ritchie Subject/Bill No: HB 11
Co./Dept./Title: AK Municipal League Phone: 586-1325
Address: 217 2nd St Zip: 99801

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

SITE: Kenai LIO

COMMITTEE: Senate Finance

DATE: 4-28-03

SUBJECT OF MEETING:

HB 11 Deposits to the Permanent Fund

UPDATE #:

PLEASE SIGN IN

<u>P R I N T</u> YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	TESTIFYING? Y OR N
✓ Ed Martin, Sr.	44332 Sterling Hwy #36 Soldotna, AK 99669	Self	Y
✓ Email address:			HB 11
✓ Lenore Jones	5125 Silver Salmon Dr Kenai, AK 99611	Self	Y
✓ Email address:			HB 11
✓ Laurie Churchill	PO Box 7043 Nikiski, AK 99635	Self	Y
✓ Email address:	sweettartak@hotmail.com		HB 11
✓ Petria Falkenberg	PO Box 3293 Kenai, AK 99611	Self	Y
✓ Email address:	pet_rainbow@yahoo.com		HB 11
✓ Linda Hordeman	PO Box 763 Kenai, AK 99611	Self	Y
✓ Email address:			HB 11
✓ Susan Gibson	PO Box 2325 Soldotna, AK 99669	Self	Y
✓ Email address:			HB 11
✓ Email address:			
✓ Email address:			

