

**HB**

**144**

**HFIN**

**FILE**

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January 24, 2006

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
House Finance Committee, State Capital  
Juneau, AK 99801-1182

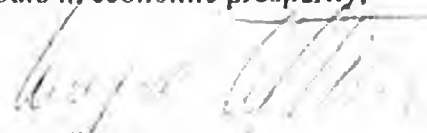
The Honorable Chairmen and Members of the House Finance Committee,

The Alaska State Chamber of Commerce strongly supports a sustainable community dividend program. Providing local revenue sharing is one of the State Chamber's top priorities. Without a revenue sharing program, local communities are often forced to raise property taxes or limit basic public services, which may affect a business's ability to stay profitable or find suitable locations to operate.

We appreciate Representative Thomas's willingness early on to re-start a community dividend program by introducing HB 144; however, the State Chamber feels that HB 144 limits immediate community funding by the advisory vote language within the bill. The legislature has within its power to fund a community dividend program this year using any and all available financing options.

We urge the legislature to pass a bill this year that encompasses a sustainable community dividend. As one of our top priorities, we are hopeful the legislature will find some common ground in creating a sustainable dividend program this year.

Yours in economic prosperity,

  
Wayne Stevens  
President  
Alaska State Chamber of Commerce

**Alaska State Chamber of Commerce  
2006 Priority  
Community Dividend**

The State Chamber urges the Legislature to implement a sustainable community dividend using an endowment management method to provide local tax relief to business and families, and to assist in providing basic public services throughout Alaska.



## REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: [Representative.Bill.Thomas@legis.state.ak.us](mailto:Representative.Bill.Thomas@legis.state.ak.us) webpage: [www.akrebublicans.org/thomas/](http://www.akrebublicans.org/thomas/)

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### HB 144

#### Advisory Vote on Community Dividend

#### Changes Made in House State Affairs Committee

**P.1, line 6 Intent Language**

"It is the intent of the legislature that regulations adopted to implement AS 29.60.140 (b) also be applied to the community dividend program."

This is the statute that spells out the program for providing state aid to unincorporated communities.

P.2, line 3 "Up to" added, "adjusted for inflation" removed.

P.3, line 16 "Up to" added, "adjusted for inflation" removed.

## Sponsor Statement HB 144

**“An act authorizing an advisory vote on whether income of the Alaska permanent fund in the earnings reserve account should be used for a community dividend program”**

Due to the elimination of state revenue sharing and a variety of increasing costs, many Alaskan municipalities are facing budget shortfalls and will be forced to increase local sales and property taxes while also cutting back on basic services. In recent years municipalities have faced a number of cost increases in areas such as education, insurance, PERS/TRS, and regulatory compliance costs. Some state transfer programs have put harbor and road maintenance under local responsibility. Residents who are already paying high sales and property taxes, and whose fees and general cost of living are daunting, are facing even higher costs. This is not only a disincentive for Alaskans to remain in their home state, it inhibits new investment from outside Alaska. But we have another option: The earnings of the Permanent Fund. The time is now to use those earnings to close the budget shortfalls in our communities.

The question posed by HB 144 is: Shall the Legislature appropriate \$150 million annually, adjusted for inflation, from the unreserved earnings of the Permanent Fund to a Community Dividend Program? Under this plan, each municipality would receive a \$50,000 minimum base grant and each unincorporated municipality in the unorganized borough would receive \$25,000. The remaining balance of the \$150 million would be distributed only to incorporated cities and boroughs on a per capita basis. HB 144 calls for an advisory vote of the people on this matter out of respect to the will of the people on issues relating to the Permanent Fund. If the people consent to this program, the legislature should follow suit by passing this plan early in the 2007 legislative session.

The Community Dividend program envisioned by HB 144 recognizes that all of our municipalities have important needs in the provision of services. Urban areas have unique issues, as do rural villages. This plan would uphold the current dividend to individuals while also providing a fair, dependable, long-term distribution of Permanent Fund earnings that would address local government funding as an Alaskan issue. The needs are found statewide; so must the solution be applied.



Alaska Permanent Fund Corporation

Bill Analysis - HB 144

Financial projection comparison of the Alaska Permanent Fund under current statutes versus HB 144, Community Dividend Program.

All \$ values in millions except the per person dividend

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY05-FY15</u>
<b>Current Statutes</b>												<b>Totals</b>
Total market value end of year (after payouts)	29,316	31,169	32,923	34,541	36,180	37,942	39,777	41,682	43,659	45,710	47,836	47,836
Total lump sum dividend appropriation	607	691	886	1,082	1,170	1,168	1,229	1,290	1,352	1,417	1,484	12,378
Per person dividend under current statute	\$ 950	\$ 1,080	\$ 1,380	\$ 1,680	\$ 1,800	\$ 1,780	\$ 1,860	\$ 1,930	\$ 2,000	\$ 2,070	\$ 2,150	\$ 18,680
<b>Current Statutes &amp; Community Dividend</b>												<b>Totals</b>
Total market value end of year (after payouts)	29,316	31,169	32,773	34,231	35,698	37,278	38,922	40,626	42,392	44,223	46,119	46,119
Total lump sum dividend appropriation	607	691	886	1,082	1,168	1,163	1,220	1,276	1,332	1,390	1,451	12,267
Per person dividend under current statute	\$ 950	\$ 1,080	\$ 1,380	\$ 1,680	\$ 1,800	\$ 1,770	\$ 1,840	\$ 1,910	\$ 1,970	\$ 2,040	\$ 2,100	\$ 18,520
Additional lump sum payout - Community Dividend*	0	0	150	150	150	150	150	150	150	150	150	1,350

**Assumptions:**

Callan Associates 2004 Capital Market Assumptions. APFC 2004 asset allocation, Fall 2004 revenue forecast, financial statements through 06/30/04. All payouts are assumed to happen at fiscal year end, all dollar values in millions except the per person dividend, which is rounded to the closest \$10.

\*Community dividend is a lump sum of \$150 million beginning in FY07.

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# ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of December 31, 2004

As of Dec. 2004, statutory net income is trending to end the fiscal year more than 25% below the mid case.

Projections will extend ten years, and are based on best available information (\$ in millions)

Reserved Fund Balance - Principal									Unreserved Fund Balance							TOTAL FUND (m) FY-End Balance	
FY	FY-Begin Contrib. Balance	Appropriations	Dedicated State Revenues	Inflation Proofing	FY-End Balance Contributions	Unrealized Gain (Loss) Net Change FY-End Balance		FY-End Reserved Balance	Acct. Net Income (1)	Statutory Net Income (2)	Distributions of Statutory Net Income Dividends Inflation Proofing		Realized Earnings Account General Fund Net Change FY-End Balance				
77-98	0	6,734	6,250	5,533	18,517	3,971	3,971	22,488	20,683	18,667	7,589	5,533	268	1,389	1,389	77-98	23,877
99	18,517	41	155	288	19,001	(430)	3,541	22,542	2,148	2,544	1,045	288	3	1,201	2,590	99	25,132
00	19,001	264	326	423	20,014	(12)	3,529	23,543	2,249	2,222	1,172	423	3	387	2,972	00	26,515
01	20,014	8	339	686	21,047	(2,146)	1,383	22,430	(924)	1,199	1,113	686	4	(588)	2,384	01	24,814
02	21,047	(23) (3)	258	602	21,884	(878)	505	22,389	(617)	257	926	602	5	(1,248)	1,136	02	23,525
03	21,884	354 (3)	398	352	22,988	601	1,106	24,094	963	355	691	352	0	(1,035)	100	03	24,194
04	22,988	(319) (4)	353	524 (4)	23,526	1,909	3,015	26,541	3,434	1,502	581	170 (4)	0	759	859	04	27,400
10% 05	23,526	19	476	624	24,645	(2,996)	19	24,664	(1,509)	1,468	502	624	0	342	1,201	05	25,865
25% 05	23,526	21	476	624	24,647	(2,022)	993	25,640	(94)	1,907 (6)	548	624	0	735	1,594	05	27,233
Mid 05	23,526	27	476	624	24,653	(453)	2,562	27,215	2,048	2,474	608	624	0	1,242	2,101	05	29,316
25% 06	23,526	28	476	624	24,654	1,069	4,084	28,738	4,187	3,090	672	624	0	1,794	2,653	05	31,390
10% 06	23,526	31	476	624	24,657	2,125	5,140	29,796	5,765	3,609	727	624	0	2,259	3,118	05	32,914
06	24,653	21	356	650	25,681	180	2,742	28,423	2,190	1,988	690	650	0	648	2,749	06	31,172
07	25,681	23	312	676	26,691	191	2,924	29,625	2,328	2,114	885	676	0	553	3,302	07	32,927
08	26,691	24	245	700	27,660	202	3,136	30,796	2,457	2,231	1,082	700	0	448	3,750	08	34,546
09	27,660	26	231	725	28,643	212	3,348	31,991	2,578	2,340	1,170	725	0	445	4,195	09	36,186
10	28,643	28	230	751	29,651	223	3,571	33,222	2,701	2,451	1,168	751	0	532	4,727	10	37,949
11	29,651	30	231	777	30,689	234	3,805	34,494	2,834	2,570	1,229	777	0	564	5,291	11	39,785
12	30,689	32	224	804	31,749	246	4,051	35,799	2,972	2,694	1,290	804	0	600	5,891	12	41,690
13	31,749	34	215	831	32,829	258	4,308	37,137	3,114	2,822	1,352	831	0	639	6,531	13	43,678
14	32,829	37	206	859	33,930	270	4,579	38,509	3,263	2,956	1,417	859	0	680	7,210	14	45,719
15	33,930	39	195	887	35,051	284	4,862	39,914	3,417	3,094	1,484	887	0	722	7,933	15	47,846
<b>Cumulative Totals</b>																	
Proj. for 2005-2015		321	2,919	8,284		1,847			29,90*	27,732	12,375	8,284	0	7,074			

Assumptions:	Total Return - Inflation=Total Real Return	Statutory Return
10% FY 2005	-5.26% 2.60% -7.86%	10% 5.31%
25% FY 2005	-0.14% 2.60% -2.74%	25% 8.90%
Mid FY 2005 (3)	7.81% 2.60% 5.01%	Mid (4) 8.95%
25% FY 2005	15.35% 2.60% 12.75%	25% 11.18%
10% FY 2005	20.58% 2.60% 17.98%	10% 13.06%
FY 2006-2015 (5)	7.61% 2.60% 5.01%	7.04% (6)

### Notes to financial results and projections FY77 - FY15:

- (1) Special general fund and earnings reserve appropriations to principal, royalty settlement earnings transferred to principal per AS 37.13.145(d), and other miscellaneous appropriations to principal.
- (2) Final adjustment to principal based on reconciliation of State of AK v. Amerada Hess et al royalty case.
- (3) FY03 Senate Bill 100 transferred \$354 million from realized earnings account to principal.
- (4) Senate Bill 283 defines the FY03 special appropriation of \$354 as pre FY04 inflation proofing and appropriates the remaining \$170 million needed to fully inflation proof contributions and appropriations in FY04. An additional \$15 million in settlement earnings (earnings above inflation) is appropriated to principal per AS 37.13.145(d).
- (5) Statutory inflation proofing for FY04 is based on the inflation rate of 2.28%, or \$524 million (\$354 million pre inflation proofing plus \$170 million FY04 appropriation).
- (6) Accounting net income is statutory net income plus the net change in unrealized gains (losses) and settlement earnings. Statutory net income is realized earnings less settlement earnings and is used to calculate the annual dividend transfer.
- (7) Total Fund equals reserved fund balance plus the realized earnings account.
- (8) Based on 2004 Caltan capital market assumptions and a range of expected returns based on the probability of the return outcomes.
- (9) Based on 2004 Caltan capital market assumptions and median expected returns (the mid case). Actual results will vary from projections.

### Income year-to-date as of December 31, 2004

FY05 Statutory net income	
Interest, dividends, real estate & other income	\$ 419.4
Realized gains on the sale of invested assets	404.8
Less operating expenses	(22.6)
<b>Statutory net income</b>	<b>\$ 801.6</b>

FY05 GAAP (accounting) net income	
Statutory net income	\$ 801.6
Adjustment for unrealized gains (losses) on invested assets	1,571.6
<b>Accounting net income (loss)</b>	<b>\$ 2,373.2</b>

### PERFORMANCE SUMMARY

	Current	Last 3	Fiscal	Calendar	Last 12	Last 3	Last 5
	Month	Months	Y-T-D	Y-T-D	Months	Years	Years
Alaska CDs	0.18%	0.48%	0.85%	1.55%	1.55%	1.87%	3.12%
Domestic Fixed Income	0.94%	1.01%	4.15%	4.27%	4.27%	6.11%	7.56%
Non-Domestic Fixed Income	1.23%	6.74%	10.69%	9.95%	9.95%	12.55%	8.09%
Domestic Equities	3.57%	10.50%	7.67%	12.12%	12.12%	5.18%	-0.58%
Non-Domestic Equities	4.25%	14.54%	15.22%	17.81%	17.81%	11.55%	-0.74%
Real Estate	3.03%	8.82%	14.12%	20.74%	20.74%	15.87%	14.42%
Absolute Return	N/A	1.90%					
<b>Total Fund</b>	<b>2.77%</b>	<b>8.05%</b>	<b>8.70%</b>	<b>11.39%</b>	<b>11.39%</b>	<b>8.32%</b>	<b>4.56%</b>
<b>Total Fund Return Benchmark</b>	<b>2.67%</b>	<b>7.90%</b>	<b>8.76%</b>	<b>11.64%</b>	<b>11.64%</b>	<b>8.15%</b>	<b>3.93%</b>



# ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of December 31, 2005

\* Fiscal year end results for FY06 are trending to be greater than the mid case.

Projections are for ten years, and are based on best available information (\$ in millions)

FY	Reserved Fund Balance - Principal						Unrealized Gain (Loss)		FY-End Reserved Balance	Unreserved Fund Balance					TOTAL FY-End Balance			
	FY-Begin Contrib. Balance	Appro- p riations <sup>(1)</sup>	Dedicated State Revenues	Inflation Proofing	FY-End Contributions	Net Change	FY-End Balance	Distributions of Statutory Net Income					Realized Earnings					
								Accl. Net Income <sup>(2)</sup>		Statutory Net Income <sup>(3)</sup>	Dividends	Inflation Proofing	Gen. Fund / Other	Net Change		FY-End Balance	FY	
77-98	0	6,734	6,250	5,533	18,517	3,971	3,971	22,488	20,683	18,667	7,589	5,533	268	1,389	1,389	77-98	23,877	
99	18,517	41	155	288	19,001	(420)	3,541	22,542	2,148	2,544	1,045	288	3	1,201	2,590	99	25,132	
00	19,001	264	326	423	20,014	(12)	3,529	23,543	2,249	2,222	1,172	423	3	382	2,972	00	26,515	
01	20,014	8	339	696	21,047	(2,145)	1,383	22,430	(924)	1,199	1,113	686	4	(588)	2,384	01	24,814	
02	21,047	(23) <sup>(7)</sup>	258	602	21,884	(578)	505	22,389	(617)	257	926	602	5	(1,244)	1,136	02	23,525	
03	21,884	354 <sup>(8)</sup>	398	352	22,988	601	1,106	24,094	963	355	691	352	0	(1,075)	100	03	24,194	
04	22,988	(33) <sup>(9)</sup>	353	524 <sup>(4)</sup>	23,526	1,909	3,015	26,541	3,434	1,502	581	170 <sup>(6)</sup>	0	759	859	04	27,400	
05	23,526	0	480	641	24,647	859	3,874	28,522	2,640	1,754	532	641	27 <sup>(10)</sup>	581	1,440	05	29,962	
10% 06	24,647	0	579	855	26,081	(2,930)	894	26,975	(1,704)	1,259	538	855	18	(135)	1,306	06	28,281	10%
25% 06	24,647	0	579	855	26,081	(1,750)	2,124	28,205	(183)	1,545	568	855	22	121	1,562	06	29,767	25%
Mid 06	24,647	0	579	855	26,081	277	4,151	30,232	2,243 *	1,939 *	0	855	28	474	1,914	06	32,146	Mid
25% 06	24,647	0	579	855	26,081	1,749	5,623	31,704	4,178	2,395	658	855	34	882	2,323	06	34,027	25%
10% 06	24,647	0	579	855	26,081	2,921	6,795	32,877	5,765	2,804	701	855	40	1,248	2,638	06	35,565	10%
07	26,081	0	466	690	27,235	359	4,510	31,748	2,408	2,021	795	690	28	536	2,450	07	34,198	
08	27,235	0	366	718	28,322	382	4,892	33,214	2,559	2,150	983	718	28	449	2,900	08	36,113	
09	28,322	0	202	742	29,265	402	5,294	34,559	2,697	2,268	1,064	742	28	462	3,362	09	37,921	
10	29,265	0	198	766	30,229	422	5,716	35,945	2,833	2,383	1,130	766	28	487	3,849	10	39,794	
11	30,229	0	187	791	31,207	443	6,159	37,365	2,973	2,503	1,189	791	28	523	4,372	11	41,738	
12	31,207	0	179	816	32,202	464	6,621	38,825	3,119	2,627	1,253	816	28	558	4,931	12	43,756	
13	32,202	0	169	842	33,212	487	7,110	40,322	3,271	2,757	1,316	842	28	599	5,530	13	45,851	
14	33,212	0	160	868	34,240	510	7,619	41,859	3,428	2,891	1,382	868	28	641	6,171	14	48,030	
15	34,240	0	152	894	35,286	534	8,153	43,440	3,592	3,030	1,450	894	28	686	6,857	15	50,296	
16	35,286	0	160	922	36,367	559	8,713	45,080	3,763	3,176	1,520	922	28	734	7,591	16	52,671	
<b>Cumulative Totals Proj for 2006-2016</b>	<b>0</b>	<b>2,817</b>	<b>8,903</b>	<b>4,838</b>	<b>26,081</b>	<b>4,838</b>	<b>11,651</b>	<b>37,732</b>	<b>32,887</b>	<b>27,745</b>	<b>12,692</b>	<b>8,903</b>	<b>303</b>	<b>6,150</b>	<b>1,914</b>			

Assumptions:	Total Return - Inflation	Total Real Return	Statutory Return		
10% FY 2006	-5.95%	3.39%	-9.34%	10%	4.22%
25% FY 2006	-0.46%	3.39%	-3.85%	25%	5.18%
Mid FY 2006 <sup>(11)</sup>	7.60%	3.39%	4.21%	Mid <sup>(11)</sup>	6.50%
25% FY 2006	15.29%	3.39%	11.90%	25%	8.03%
10% FY 2006	21.71%	3.39%	18.32%	10%	9.40%
<b>FY 2007-2016 <sup>(12)</sup></b>	<b>7.61%</b>	<b>2.60%</b>	<b>5.01%</b>		<b>6.50% <sup>(11)</sup></b>

### Notes to financial history and projections FY77 - FY16:

- <sup>(1)</sup> Appropriations include special general fund and earnings reserve appropriations to principal, royalty settlement earnings transferred to principal through FY04 per AS 37.13.145(d), and other miscellaneous appropriations to principal.
- <sup>(2)</sup> Represents a final adjustment to principal based on reconciliation of State of AK v. Amerasia Hess et al royalty case.
- <sup>(3)</sup> FY03 Senate Bill 100 transferred \$354 million from realized earnings account to principal.
- <sup>(4)</sup> Senate Bill 283 defines the FY03 special appropriation of \$354 as pro FY04 inflation proofing and appropriates the remaining \$170 million needed to fully inflation proof contributions and appropriations in FY04. An additional \$15 million in settlement earnings (earnings above inflation) is appropriated to principal per AS 37.13.145(d).
- <sup>(5)</sup> Statutory inflation proofing for FY04 is based on the inflation rate of 2.28%, or \$524 million (\$354 million pre-inflation proofing plus \$170 million FY01 appropriation).
- <sup>(6)</sup> Accounting net income is statutory net income plus the net change in unrealized gains (losses) and settlement earnings. Statutory net income is realized earnings less settlement earnings and is used to calculate the annual dividend transfer.
- <sup>(7)</sup> Total Fund equity received fund balance plus the realized earnings balance.
- <sup>(8)</sup> Based on 2005 Calmar capital market assumptions and a range of expected returns based on the probability of the return outcomes.
- <sup>(9)</sup> Based on 2005 Calmar capital market assumptions and median expected returns (the mid case). Actual results will vary from projections.
- <sup>(10)</sup> Am Hess settlement earnings transferred to Alaska Capital Income Fund as per HB # 167 & SB # 46.

### Income year-to-date as of December 31, 2005

FY06 Statutory net income	
Interest, dividends, real estate & other income	\$ 596.3
Realized gains on the sale of invested assets	789.0
Less operating exp / Legis. appropriations	(27.8)
Less AK Capital Inc. Fund committed realized earnings	(18.5)
<b>Statutory net income</b>	<b>\$ 1,338.0</b>

FY06 GAAP (accounting) net income	
Statutory net income	\$ 1,338.0
Adjustment for unrealized gains (losses) on invested assets	621.2
AK Capital Inc. Fund committed realized earnings	16.5
<b>GAAP (accounting) net income</b>	<b>\$ 1,977.7</b>

PERFORMANCE SUMMARY (preliminary as of December 31, 2005)	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
Alaska CDs	0.32%	0.93%	1.77%	3.13%	3.13%	2.05%	2.65%
Domestic Fixed Income	0.88%	0.64%	0.17%	2.70%	2.70%	3.90%	5.86%
Non-Domestic Fixed Income	0.86%	-1.31%	-1.18%	-1.69%	-1.69%	6.87%	7.09%
Domestic Equities	0.17%	2.91%	7.42%	6.75%	6.95%	15.94%	2.10%
Non-Domestic Equities	4.91%	4.72%	16.15%	16.29%	16.29%	23.41%	5.65%
Real Estate	0.76%	2.51%	7.40%	15.06%	15.06%	20.49%	15.26%
Absolute Return	1.56%	2.86%	5.56%	7.32%	7.32%		
<b>Total Fund</b>	<b>1.39%</b>	<b>2.44%</b>	<b>6.71%</b>	<b>7.99%</b>	<b>7.99%</b>	<b>13.35%</b>	<b>6.22%</b>
Total Fund Return Benchmark	1.29%	1.95%	5.83%	7.27%	7.27%	13.16%	5.56%



## ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS USER GUIDE

**Reserved Fund Balance:** The portion of the Fund that may not be spent. Contains all contributions into the Fund and all unrealized gains (losses) as of the date shown.

**Fiscal Year (FY):** The State of Alaska's fiscal year begins on July 1 of the previous calendar year and ends on June 30.

**FY - Begin, Contrib. Balance:** The sum of all historical contributions to the Fund's principal on the first day of the fiscal year. This includes constitutionally mandated mineral revenues, inflation proofing transfers from income and other appropriations to principal.

**Appropriations:** Legislative appropriations to principal for the fiscal year.

**Dedicated State Revenues:** Constitutionally and statutorily mandated mineral revenues for the fiscal year (currently 25% of the total mineral revenue received by the state).

**Inflation Proofing:** The inflation proofing transfer from realized earnings to principal for the fiscal year.

**FY-End Balance Contributions:** The sum of the first four columns at each June 30; fiscal year-end (sum of all dedicated state revenues, other appropriations into the Fund and all inflation proofing transfers).

**Unrealized Gain (Loss) Net Change:** The change in net unrealized gains (losses) over the previous fiscal year-end value.

**Unrealized Gain (Loss) FY-End Balance:** The balance of net unrealized gains (losses) on invested assets at the end of the fiscal year.

**FY-End Reserved Balance:** The sum of the FY-end balance of contributions and net unrealized gains (losses) at the end of the fiscal year. This value represents the protected assets at fiscal year-end.

**Unreserved Fund Balance:** Also referred to as realized earnings; this represents the portion of the Fund that may be appropriated (spent) by the Legislature.

**Acct. Net Income:** Income of the Fund as determined using Generally Accepted Accounting Principals, including net unrealized gains (losses).

**Statutory Net Income:** Income of the Fund as determined using Alaska State Statutes. Statutory net income is only the realized income of the Fund, (with minor adjustments) and is used in determining the annual dividend payment. Realized earnings consist primarily of interest, dividends, real estate income and net gains (losses) on the sale of invested assets. Realized income is reduced by the costs to manage the Fund assets, and other Fund related expenses.

**Distributions of Statutory Net Income:** The three columns below this heading represent all money appropriated (spent) by the Legislature from the Permanent Fund's earnings.

**Dividends:** The lump sum recorded for the annual Permanent Fund Dividend for the fiscal year and subsequently transferred to the Permanent Fund Dividend Division.

**Inflation Proofing:** The inflation proofing transfer made from realized earnings to principal for the fiscal year.

**General Fund/Other:** Earnings transferred to the State's General Fund and other incidental appropriations from the Fund.

**Realized Earnings Net Change:** The change in the realized earnings balance over the previous fiscal year-end value.

**Realized Earnings FY-End Balance:** The balance of realized earnings after accounting for fiscal year end distributions.

**Total Fund FY-End Balance:** The sum of the FY-End Reserved Fund Balance and the Realized Earnings FY-End Balance at the end of the fiscal year.

**FY06 projections:** The current fiscal year shows the possible realized and unrealized gains (losses) for the fiscal year based on the assumptions listed in the box to the bottom left of the projection table on the prior page. The median expectation is not the most likely, but rather the mid-point in the array of statistically likely outcomes. For more information see [www.apfc.org](http://www.apfc.org) or AS 37.13.140 and

Community Dividend Estimates @ \$150 Million  
 Distribution Formula: \$50,000 Base Amount for Municipalities  
 \$25,000 Base Amount for Unincorporated Communities  
 Balance of Funds Distributed on a Per Capita Basis to Municipalities

Municipalities	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Adak	69	\$50,000	\$15,151.61	\$65,152
Akhiok	56	\$50,000	\$12,297	\$62,297
Akiak	367	\$50,000	\$80,589	\$130,589
Akutan	771	\$50,000	\$169,303	\$219,303
Alakanuk	667	\$50,000	\$146,466	\$196,466
Aleknagik	219	\$50,000	\$48,090	\$98,090
Aleutians East Borough	76	\$50,000	\$16,689	\$66,689
Allakaket	90	\$50,000	\$19,763	\$69,763
Ambler	274	\$50,000	\$60,167	\$110,167
Anaktuvuk Pass	300	\$50,000	\$65,877	\$115,877
Anchorage	277,498	\$50,000	\$60,935,384	\$60,985,384
Anderson	344	\$50,000	\$75,538	\$125,538
Angoon	481	\$50,000	\$105,622	\$155,622
Aniak	532	\$50,000	\$116,821	\$166,821
Anvik	101	\$50,000	\$22,178	\$72,178
Atka	92	\$50,000	\$20,202	\$70,202
Atkasuk	247	\$50,000	\$54,238	\$104,238
Barrow	4,351	\$50,000	\$955,430	\$1,005,430
Bethel	5,888	\$50,000	\$1,292,937	\$1,342,937
Bettles	31	\$50,000	\$6,807	\$56,807
Brevig Mission	319	\$50,000	\$70,049	\$120,049
Bristol Bay Borough	1,096	\$50,000	\$240,669	\$290,669
Buckland	437	\$50,000	\$95,960	\$145,960
Chefornak	439	\$50,000	\$96,399	\$146,399
Chevak	899	\$50,000	\$197,410	\$247,410
Chignik	92	\$50,000	\$20,202	\$70,202
Chuathbaluk	105	\$50,000	\$23,057	\$73,057
Clark's Point	62	\$50,000	\$13,614	\$63,614
Coffman Cove	177	\$50,000	\$38,867	\$88,867
Cold Bay	89	\$50,000	\$19,543	\$69,543
Cordova	2,298	\$50,000	\$504,614	\$554,614
Craig	1,127	\$50,000	\$247,476	\$297,476
Deering	145	\$50,000	\$31,840	\$81,840
Delta Junction	984	\$50,000	\$216,075	\$266,075
Denali Borough	1,498	\$50,000	\$328,944	\$378,944
Dillingham	2,422	\$50,000	\$531,843	\$581,843
Diomede	141	\$50,000	\$30,962	\$80,962
Eagle	115	\$50,000	\$25,253	\$75,253
Eek	292	\$50,000	\$64,120	\$114,120
Egegik	76	\$50,000	\$16,689	\$66,689

Community Dividend Estimates @ \$150 Million  
 Distribution Formula: \$50,000 Base Amount for Municipalities  
 \$25,000 Base Amount for Unincorporated Communities  
 Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Ekwok	127	\$50,000	\$27,888	\$77,888
Elim	318	\$50,000	\$69,829	\$119,829
Emmonak	762	\$50,000	\$167,326	\$217,326
Fairbanks	29,954	\$50,000	\$6,577,556	\$6,627,556
Fairbanks North Star Borough	53,493	\$50,000	\$11,746,451	\$11,796,451
False Pass	62	\$50,000	\$13,614	\$63,614
Fort Yukon	594	\$50,000	\$130,436	\$180,436
Galena	717	\$50,000	\$157,445	\$207,445
Gambell	648	\$50,000	\$142,293	\$192,293
Golovin	160	\$50,000	\$35,134	\$85,134
Goodnews Bay	236	\$50,000	\$51,823	\$101,823
Grayling	182	\$50,000	\$39,965	\$89,965
Gustavus	473	\$50,000	\$103,865	\$153,865
Haines Borough	2,245	\$50,000	\$492,976	\$542,976
Holy Cross	206	\$50,000	\$45,235	\$95,235
Homer	5,332	\$50,000	\$1,170,846	\$1,220,846
Hoonah	841	\$50,000	\$184,674	\$234,674
Hooper Bay	1,124	\$50,000	\$246,818	\$296,818
Houston	1,368	\$50,000	\$300,397	\$350,397
Hughes	72	\$50,000	\$15,810	\$65,810
Huslia	269	\$50,000	\$59,069	\$109,069
Hydaburg	349	\$50,000	\$76,636	\$126,636
Juneau	30,966	\$50,000	\$6,799,779	\$6,849,779
Kachemak	475	\$50,000	\$104,305	\$154,305
Kake	663	\$50,000	\$145,587	\$195,587
Kaktovik	284	\$50,000	\$62,363	\$112,363
Kaltag	211	\$50,000	\$46,333	\$96,333
Kasaan	60	\$50,000	\$13,175	\$63,175
Kenai	6,809	\$50,000	\$1,495,178	\$1,545,178
Kenai Peninsula Borough	31,794	\$50,000	\$6,981,598	\$7,031,598
Ketchikan	7,691	\$50,000	\$1,688,856	\$1,738,856
Ketchikan Gateway Borough	4,948	\$50,000	\$1,086,524	\$1,136,524
Kiana	394	\$50,000	\$86,518	\$136,518
King Cove	723	\$50,000	\$158,763	\$208,763
Kivalina	388	\$50,000	\$85,200	\$135,200
Klawock	848	\$50,000	\$186,211	\$236,211
Kobuk	128	\$50,000	\$28,107	\$78,107
Kodiak	6,199	\$50,000	\$1,361,229	\$1,411,229
Kodiak Island Borough	6,494	\$50,000	\$1,426,008	\$1,476,008
Kotlik	588	\$50,000	\$129,118	\$179,118

**Community Dividend Estimates @ \$150 Million**  
**Distribution Formula: \$50,000 Base Amount for Municipalities**  
**\$25,000 Base Amount for Unincorporated Communities**  
**Balance of Funds Distributed on a Per Capita Basis to Municipalities**

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Kotzebue	3,130	\$50,000	\$687,312	\$737,312
Koyuk	348	\$50,000	\$76,417	\$126,417
Koyukuk	109	\$50,000	\$23,935	\$73,935
Kupreanof	38	\$50,000	\$8,344	\$58,344
Kwethluk	695	\$50,000	\$152,614	\$202,614
Lake & Peninsula Borough	882	\$50,000	\$193,677	\$243,677
Larsen Bay	96	\$50,000	\$21,081	\$71,081
Lower Kalskag	262	\$50,000	\$57,532	\$107,532
Manokotak	405	\$50,000	\$88,933	\$138,933
Marshall	358	\$50,000	\$78,613	\$128,613
Matanuska-Susitna Borough	57,474	\$50,000	\$12,620,633	\$12,670,633
McGrath	367	\$50,000	\$80,589	\$130,589
Mekoryuk	198	\$50,000	\$43,479	\$93,479
Metlakatla	1,370	\$50,000	\$300,836	\$350,836
Mountain Village	769	\$50,000	\$168,864	\$218,864
Napakiaik	360	\$50,000	\$79,052	\$129,052
Napaskiak	436	\$50,000	\$95,741	\$145,741
Nenana	394	\$50,000	\$86,518	\$136,518
New Stuyahok	477	\$50,000	\$104,744	\$154,744
Newhalen	183	\$50,000	\$40,185	\$90,185
Nightmute	232	\$50,000	\$50,945	\$100,945
Nikolai	121	\$50,000	\$26,570	\$76,570
Nome	3,473	\$50,000	\$762,631	\$812,631
Nondalton	205	\$50,000	\$45,016	\$95,016
Noorvik	609	\$50,000	\$133,729	\$183,729
North Pole	1,532	\$50,000	\$336,410	\$386,410
North Slope Borough	235	\$50,000	\$51,603	\$101,603
Northwest Arctic Borough	708	\$50,000	\$155,469	\$205,469
Nuiqsut	430	\$50,000	\$94,423	\$144,423
Nulato	320	\$50,000	\$70,268	\$120,268
Nunam Iqua	172	\$50,000	\$37,769	\$87,769
Nunapitchuk	527	\$50,000	\$115,723	\$165,723
Old Harbor	196	\$50,000	\$43,039	\$93,039
Ouzinkie	187	\$50,000	\$41,063	\$91,063
Palmer	5,197	\$50,000	\$1,141,202	\$1,191,202
Pelican	118	\$50,000	\$25,911	\$75,911
Petersburg	3,123	\$50,000	\$685,775	\$735,775
Pilot Point	75	\$50,000	\$16,469	\$66,469
Pilot Station	559	\$50,000	\$122,750	\$172,750
Platinum	39	\$50,000	\$8,564	\$58,564

Community Dividend Estimates @ \$150 Million  
 Distribution Formula: \$50,000 Base Amount for Municipalities  
 \$25,000 Base Amount for Unincorporated Communities  
 Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Point Hope	726	\$50,000	\$159,421	\$209,421
Port Alexander	69	\$50,000	\$15,152	\$65,152
Port Heiden	90	\$50,000	\$19,753	\$69,763
Port Lions	238	\$50,000	\$52,262	\$102,262
Quinhagak	612	\$50,000	\$134,388	\$184,388
Ruby	190	\$50,000	\$41,722	\$91,722
Russian Mission	331	\$50,000	\$72,684	\$122,684
Saint George	137	\$50,000	\$30,084	\$80,084
Saint Mary's	539	\$50,000	\$118,358	\$168,358
Saint Michael	409	\$50,000	\$89,812	\$139,812
Saint Paul	494	\$50,000	\$108,477	\$158,477
Sand Point	908	\$50,000	\$199,386	\$249,386
Savoonga	710	\$50,000	\$155,908	\$205,908
Saxman	391	\$50,000	\$85,859	\$135,859
Scammon Bay	486	\$50,000	\$106,720	\$156,720
Selawik	829	\$50,000	\$182,039	\$232,039
Seldovia	263	\$50,000	\$57,752	\$107,752
Seward	2,540	\$50,000	\$557,755	\$607,755
Shageluk	132	\$50,000	\$28,986	\$78,986
Shaktolik	209	\$50,000	\$45,894	\$95,894
Shishmaref	591	\$50,000	\$129,777	\$179,777
Shungnak	264	\$50,000	\$57,971	\$107,971
Sitka	8,805	\$50,000	\$1,933,477	\$1,983,477
Skagway	870	\$50,000	\$191,042	\$241,042
Soldotna	3,767	\$50,000	\$827,190	\$877,190
Stebbins	586	\$50,000	\$128,679	\$178,679
Tanana	304	\$50,000	\$66,755	\$116,755
Teller	241	\$50,000	\$52,921	\$102,921
Tenakee Springs	105	\$50,000	\$23,057	\$73,057
Thorne Bay	497	\$50,000	\$109,136	\$159,136
Togiak	805	\$50,000	\$176,769	\$226,769
Toksook Bay	561	\$50,000	\$123,189	\$173,189
Unalakleet	728	\$50,000	\$159,860	\$209,860
Unalaska	4,366	\$50,000	\$958,724	\$1,008,724
Upper Kalskag	263	\$50,000	\$57,752	\$107,752
Valdez	3,749	\$50,000	\$823,237	\$873,237
Wainwright	531	\$50,000	\$116,602	\$166,602
Wales	152	\$50,000	\$33,377	\$83,377
Wasilla	6,109	\$50,000	\$1,341,466	\$1,391,466
White Mountain	213	\$50,000	\$46,772	\$96,772
Whittier	172	\$50,000	\$37,769	\$87,769
Wrangell	2,023	\$50,000	\$444,228	\$494,228
Yakutat	680	\$50,000	\$149,320	\$199,320
<b>Municipal Sub Totals</b>	<b>637,556</b>	<b>\$8,150,000</b>	<b>\$140,000,000</b>	<b>\$148,150,000</b>

Community Dividend Estimates @ \$150 Million  
 Distribution Formula: \$50,000 Base Amount for Municipalities  
 \$25,000 Base Amount for Unincorporated Communities  
 Balance of Funds Distributed on a Per Capita Basis to Municipalities

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
<b>Unincorporated Communities</b>				
Akiachak		\$25,000		\$25,000
Alatna		\$25,000		\$25,000
Arctic Village		\$25,000		\$25,000
Atmautluak		\$25,000		\$25,000
Beaver		\$25,000		\$25,000
Birch Creek		\$25,000		\$25,000
Chenega Bay		\$25,000		\$25,000
Central		\$25,000		\$25,000
Chalkyitsik		\$25,000		\$25,000
Chistochina		\$25,000		\$25,000
Chitina		\$25,000		\$25,000
Circle		\$25,000		\$25,000
Copper Center		\$25,000		\$25,000
Crooked Creek		\$25,000		\$25,000
Deltana		\$25,000		\$25,000
Dot Lake		\$25,000		\$25,000
Dry Creek		\$25,000		\$25,000
Eagle Village		\$25,000		\$25,000
Edna Bay		\$25,000		\$25,000
Elfin Cove		\$25,000		\$25,000
Evansville		\$25,000		\$25,000
Four Mile Road		\$25,000		\$25,000
Gakona		\$25,000		\$25,000
Glennallen		\$25,000		\$25,000
Goldstream		\$25,000		\$25,000
Gulkana		\$25,000		\$25,000
Healy Lake		\$25,000		\$25,000
Hollis		\$25,000		\$25,000
Hyder		\$25,000		\$25,000
Kasigluk		\$25,000		\$25,000
Kenny Lake		\$25,000		\$25,000
Kipnuk		\$25,000		\$25,000
Klukwan		\$25,000		\$25,000
Koliganek		\$25,000		\$25,000
Kongiganak		\$25,000		\$25,000
Kwigillingok		\$25,000		\$25,000
Lake Minchumina		\$25,000		\$25,000
Lime Village		\$25,000		\$25,000
Manley Hot Springs		\$25,000		\$25,000
McCarthy		\$25,000		\$25,000

**Community Dividend Estimates @ \$150 Million**  
**Distribution Formula: \$50,000 Base Amount for Municipalities**  
**\$25,000 Base Amount for Unincorporated Communities**  
**Balance of Funds Distributed on a Per Capita Basis to Municipalities**

	2004 Population	Base Amount	Per Capita Payment	Community Dividend
Mentasta		\$25,000		\$25,000
Minto		\$25,000		\$25,000
Naukati		\$25,000		\$25,000
Nelchina/Mendeltna		\$25,000		\$25,000
Newtok		\$25,000		\$25,000
Nikolski		\$25,000		\$25,000
Northway		\$25,000		\$25,000
Oscarville		\$25,000		\$25,000
Paxson		\$25,000		\$25,000
Pitka's Point		\$25,000		\$25,000
Point Baker		\$25,000		\$25,000
Port Protection		\$25,000		\$25,000
Rampart		\$25,000		\$25,000
Red Devil		\$25,000		\$25,000
Silver Springs		\$25,000		\$25,000
Slana		\$25,000		\$25,000
Sleetmute		\$25,000		\$25,000
Stevens Village		\$25,000		\$25,000
Stony River		\$25,000		\$25,000
Takotna		\$25,000		\$25,000
Tanacross		\$25,000		\$25,000
Tatitlek		\$25,000		\$25,000
Tazlina		\$25,000		\$25,000
Tetlin		\$25,000		\$25,000
Tok		\$25,000		\$25,000
Tolsona		\$25,000		\$25,000
Tuluksak		\$25,000		\$25,000
Tuntutuliak		\$25,000		\$25,000
Tununak		\$25,000		\$25,000
Twin Hills		\$25,000		\$25,000
Venetic		\$25,000		\$25,000
Whale Pass		\$25,000		\$25,000
Whitestone		\$25,000		\$25,000
Wiseman		\$25,000		\$25,000
<b>Unin. Community Sub Totals</b>		<b>\$1,850,000</b>		<b>\$1,850,000</b>
<b>Grand Totals</b>		<b>\$10,000,000</b>	<b>\$140,000,000</b>	<b>\$150,000,000</b>



Alaska Permanent Fund Corporation

Bill Analysis - HB 144

Financial projection comparison of the Alaska Permanent Fund under current statutes versus HB 144, Community Dividend Program.

All \$ values in millions except the per person dividend.

Current Statutes	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY06-FY16 Totals
Total market value end of year (after payouts)	32,145	34,197	36,112	37,919	39,792	41,736	43,754	45,849	48,027	50,293	52,666	52,666
Total lump sum dividend appropriation	610	795	983	1,064	1,130	1,189	1,253	1,317	1,382	1,450	1,521	12,693
Per person dividend under current statute	\$ 960	\$ 1,260	\$ 1,550	\$ 1,660	\$ 1,750	\$ 1,820	\$ 1,900	\$ 1,970	\$ 2,050	\$ 2,130	\$ 2,210	\$ 19,260

Current Statutes & Community Dividend of \$150 million per year	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY06-FY16 Totals
Total market value end of year (after payouts)	32,145	34,197	35,962	37,608	39,310	41,071	42,896	44,788	46,753	48,794	50,932	50,932
Total lump sum dividend appropriation	610	795	983	1,063	1,128	1,185	1,245	1,304	1,365	1,427	1,492	12,597
Per person dividend	\$ 960	\$ 1,260	\$ 1,550	\$ 1,660	\$ 1,740	\$ 1,810	\$ 1,890	\$ 1,960	\$ 2,030	\$ 2,100	\$ 2,170	\$ 19,130
Additional lump sum payout - Community Dividend*	0	0	150	150	150	150	150	150	150	150	150	1,350

Current Statutes & Community Dividend of \$75 million per year	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY06-FY16 Totals
Total market value end of year (after payouts)	32,145	34,197	36,037	37,764	39,551	41,404	43,325	45,319	47,390	49,544	51,799	51,799
Total lump sum dividend appropriation	610	795	983	1,064	1,129	1,187	1,249	1,310	1,374	1,439	1,506	12,645
Per person dividend	\$ 960	\$ 1,260	\$ 1,550	\$ 1,660	\$ 1,740	\$ 1,820	\$ 1,890	\$ 1,960	\$ 2,040	\$ 2,110	\$ 2,190	\$ 19,180
Additional lump sum payout - Community Dividend*	0	0	75	75	75	75	75	75	75	75	75	675

Assumptions:

Callan Associates 2005 Capital Market Assumptions, APFC 2005 asset allocation, Fall 2005 revenue forecast, financial statements through 0/30/05. All payouts are assumed to happen at fiscal year end, all dollar values in millions except the per person dividend, which is rounded to the closest \$10.

\*Community dividend is a lump sum of \$150 or \$75 million beginning in FY08.

3 AAC 130.093 COMMERCE, COMMUNITY, AND EC. DIV. 3 AAC 130.098

(h) The department will determine the full and true value of property for a second class city as described in AS 29.60.030(e)(3), using the procedures set out in 3 AAC 130.095 — 3 AAC 130.097.

(i) The full value of property determined under (a) — (d) of this section constitutes the full and true value of property for the purposes of AS 29.60.030(d) and (e) unless

(1) the full and true value of property is determined under (h) of this section; or

(2) the computed assessed value of a utility must be included in the full and true value of property, as determined in (g) of this section. (Eff. 10/18/87, Register 104; am 12/1/2002, Register 164)

Authority: AS 29.60.030  
AS 29.60.070

AS 29.60.180

AS 29.60.290

3 AAC 130.098. ~~Definition of social unit.~~ (a) Persons residing in a place in the unorganized borough are considered to be a social unit for the purposes of state aid to unincorporated communities under AS 29.60.140 if the following criteria are met:

(1) the geographic area in which the persons reside is not disproportionate in size to that number of persons; in determining whether this standard has been met the director will consider the physical topography of the area, the use of the land, land ownership patterns, and other factors that could affect population density; an area with a population density of at least 14 persons per square mile is considered to have met this standard;

(2) persons residing in that area are a discrete and identifiable unit in determining whether this standard has been met, the director will consider school enrollment, sources of employment, voter registration, and the permanency of dwelling units; if the area has at least one commercial establishment, and if persons residing in the area do so in permanent dwelling units and their children are enrolled in an operating school in or near the area, this standard is considered to have been met.

(b) Persons residing in the following places in the unorganized borough are not considered to be a social unit for purposes of eligibility for an entitlement under AS 29.60.140:

(1) a place where public access is restricted, including restrictions on the right to move to the place and reside there;

(2) a place that is contiguous to a municipality and is dependent upon the municipality to the extent that it exists only because the municipality exists;

(3) a place provided by an employer which is populated totally by persons who are required to reside there as a condition of their employment and who do not consider the place to be their permanent place of residence. (Eff. 10/18/87, Register 104)

## Comparison of Municipal Dividend Payments CSHB 144 (STA)

\*Remember, boroughs and cities are both considered municipalities

<u>Entity</u>	<u>Payment</u>
<b>Borough</b> (Fairbanks North Star Borough)	\$50,000 base + Per Capita
(This per capita is based on the total borough population less the population of any <u>organized</u> municipalities within the borough)	
<b>City</b> (City of Fairbanks)	\$50,000 base + Per Capita
<b>Unified Municipality</b> (Anchorage, Juneau, Sitka) (There are no separate municipalities in this example, so there would be no deductions in the per capita distribution, as there are in boroughs)	\$50,000 base + Per Capita
<b>Unincorporated community within a Borough</b> (The borough receives a per capita dividend <u>including</u> the population of unincorporated communities within its boundaries. This is the same method used under the previous municipal revenue sharing program)	\$0
<b>Unincorporated community outside municipal boundaries</b> (ie not in a borough)	\$25,000