

SB

35

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/16/07

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

State Affairs Committee considered SENATE BILL NO. 35

SB 35 APPROP: FUNDS

"An Act making an appropriation to the public education fund; making an appropriation to the earnings reserve account of the Alaska permanent fund; making an appropriation to the Alaska housing finance revolving fund; making an appropriation to the constitutional budget reserve fund; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 35 (STA)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____


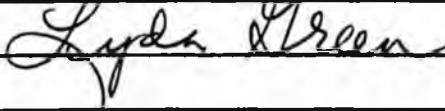

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO NOT PASS	DO NOT PASS	NO REC	AMEND
	French			x	
				✓	
CHAIR: 	McGuire	✓			

Alaska State Legislature

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Senator Lesil McGuire

Chair, Senate State Committee

Fax

To: Leg Legal, Brian Kane **From:** Shalon Szymanski, SSTA Committee Aide

Fax: 2029 **Pages:**

Phone: **Date:** February 22, 2007

Re: Final CS Request (SB 35) **CC:**

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

● **Comments:**

SB 35 moved out of SSTA today.

If you have any questions, please feel free to contact me at 4522.

ALASKA STATE LEGISLATURE

Sen. Lesil McGuire, Chair
Sen. Gary Stevens, Vice-Chair
Sen. Lyda Green
Sen. Hollis French
Sen. Con Bunde



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SENATOR LESIL McGUIRE
CHAIR, STATE AFFAIRS

Memorandum

To: Leg. Legal
From: Shalon Szymanski, Committee Aide
Senate State Affairs Committee
Date: February 22, 2007
Re: Final CS Request (SB 35)

Please create a Final Committee Substitute (STA) for work order # 25-LS0271\C, mirroring # 25-LS0271\C but also including the following:

- 1 Amendment (25-LS0271\C.1)

SB 35 did move out of committee today.

Thank you!

PASSED

25-LS0271\C.1
Kane
2/21/07

AMENDMENT # 1

OFFERED IN THE SENATE
TO: SB 35

BY SENATOR WILKEN

1 Page 1, line 3:

2 Delete "housing finance revolving fund"

3 Insert "Housing Finance Corporation"

4

5 Page 2, lines 1 - 5:

6 Delete all material and insert:

7 "* Sec. 3. ALASKA HOUSING FINANCE CORPORATION. The sum of \$250,000,000 is
8 appropriated to the Alaska Housing Finance Corporation for the purpose of funding capital
9 projects, including financing expenses, from the general fund available after all other
10 appropriations for the fiscal year ending June 30, 2007, are accounted for, but before the
11 deposit required under art. IX, sec. 17(d), Constitution of the State of Alaska, is made. It is the
12 intent of the legislature that the Alaska Housing Finance Corporation may transfer this money
13 and the earnings to a subsidiary of the Alaska Housing Finance Corporation on or after July 1,
14 2007, under AS 18.56.086."

GARY WILKEN
SENATOR
Fairbanks



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SPONSOR STATEMENT

Senate Bill 35 Appropriation of Funds

"Bank a Billion"

The December revenue forecast by the Department of Revenue predicts record revenues for the current fiscal year due to the new Petroleum Profits Tax. Although this year's total revenue will not be officially known until March 31, 2007 or later, it is expected that Alaska will enjoy a revenue surplus of \$1.35 billion (*David Teal, Director, Division of Legislative Finance*). Senate Bill 35 saves this revenue surplus in four separate accounts, each with a distinctive focus.

To live within its financial means, the State of Alaska must *Bank a Billion* for the time when a reduction in oil production and lower crude oil prices may decrease our State revenue. Senate Bill 35 makes the following appropriations from the general fund on June 30, 2007 to our four savings accounts:

- \$250 million to the Public Education Fund,
- \$250 million to the Alaska Housing Finance Corporation capital account,
- \$250 million to the Permanent Fund Earnings Reserve Account, and
- \$250 million to the Constitutional Budget Reserve Account

The deposit of a billion dollars in four separate, unique accounts forces the Legislature to save for the future, a time when our State's financial picture might be different than today. I respectfully request your support.

A handwritten signature in black ink, appearing to read "Gary Wilken".

February 21, 2007



Alaska State Legislature
Senate Republican Minority
Web: www.aksenateminority.com

Sponsor: Senator Gary Wilken
Contact: Sheila Peterson, 465-3709
Bill Version: SB 35

Fact Sheet for: Senate Bill 35

Short Title: APPROPRIATION: FUNDS

Summary:

- Makes the following appropriations from the general fund on June 30, 2007:
 - \$250 million to the Public Education Fund
 - \$250 million to the earnings reserve account of the permanent fund
 - \$250 million to the Alaska Housing Finance Corporation revolving fund
 - \$250 million to the constitutional budget reserve account
- Reduces the appropriations in proportion to the amount of the shortfall if the amount of money in the general fund is less than \$1 billion on June 30, 2007.

Benefits:

- Saves this year's surplus revenue in four separate accounts, each with a unique focus.
- Allows the State to live within its means by saving surplus revenue for a time when lower oil and gas prices result in decreased revenue.
- Gives the Legislature access to the funds if specific needs arise.

Background:

- The December revenue forecast by the Department of Revenue predicts record revenues for the current fiscal year due to the new Petroleum Profits Tax, followed by an expected long term revenue decline because of decreasing oil production and lower crude oil prices. Although the total revenue tally will not be official until March 31, 2007, it is estimated that Alaska may enjoy a \$1.2 billion surplus for the 2007 fiscal year.

To live within its financial means, the State must save the surplus for the time when lower oil and gas prices decrease State revenue. The "Bank a Billion" legislation saves this year's surplus revenue in four separate accounts, each with its own unique focus. Although set aside for future use, the money could be accessed by the legislature for specific needs such as K-12 public education, and general capital construction projects.

Half of the surplus, \$500 million, is appropriated to two separate funds that are more politically protected and, therefore, more difficult to access. The legislature has the use of these savings, but the financial need must be proven to the satisfaction of the public before the legislature will respond.