

**HB**

**312**

<target><bill>HB 312</bill><subject>HB  
312</subject><comm>HFIN26</comm></target>

# FISCAL NOTE

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB312  
( ) Publish Date: \_\_\_\_\_

Identifier (file name): HB312-OOG-DOE-2-3-10 Dept. Affected: OOG  
Title An Act authorizing an advisory vote on use of Alaska RDU Elections  
permanent fund earnings for an in-state natural gas pipeline Component Elections  
Sponsor Representatives Chenault, Ramras  
Requester House Resources Committee Component Number 21

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

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual		1.5						
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts							
1003 GF Match							
1004 GF		1.5					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>0.0</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

The passage of this legislation would require the advisory vote to appear on the 2010 primary or general election ballot. The cost of providing information about the advisory vote in the Official Election Pamphlet, as required by AS 15.58 is \$1.5. Should the addition of this question require printing an 8-1/2 by 18 inch ballot, the cost will increase to \$22.0.

Prepared by: Gail Fenumiai, Director  
Division: Division of Elections  
Approved by: Linda Perez, Director  
Division of Administrative Services

Phone 465-4611  
Date/Time 2/3/10, 9:26am  
Date 2/3/2010

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSHB 312(RES)  
 (H) Publish Date: 2/5/10

Identifier (file name): HB312-REV-TAX-02-02-10 Dept. Affected: Revenue  
 Title: ADVISORY VOTE ON IN-STATE GAS PIPELINE RDU: Treasury and Taxation  
 Component: Tax Division  
 Sponsor: Representative Chenault  
 Requester: House Resources Component Number: 2476

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

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1105 APFC Receipts							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

The advisory vote would have a zero fiscal impact on the Tax Division of the Department of Revenue.

Prepared by: Cherie Nienhuis, Petroleum Economist  
 Division: Tax Division  
 Approved by: Ginger Blaisdell, Director  
Administrative Services Division

Phone 907-269-1019  
 Date/Time 2/2/10  
 Date 2/2/10; 10:24am

# FISCAL NOTE

STATE OF ALASKA  
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 312(RES)  
(H) Publish Date: 2/5/10

Identifier (file name): HB312-REV-APFC-02-01-10 Dept. Affected: Revenue  
Title: ADVISORY VOTE ON IN-STATE GAS PIPELINE RDU: AK Permanent Fund Corporation  
Component: AK Permanent Fund Corporation  
Sponsor: Representative Chenault  
Requester: House Resources Component Number: 109

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

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1105 APFC Receipts								
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

This bill authorizes an advisory vote regarding use of Permanent Fund earnings to help pay the costs of constructing an in-state natural gas pipeline. It would not affect the operations of the APFC.

Prepared by: Laura Achee Phone 907-796-1522  
Division: Alaska Permanent Fund Corporation Date/Time 2/1/10  
Approved by: Ginger Blaisdell, Director Date 2/1/10; 12:39pm  
Administrative Services Division

# Alaska State Legislature

State Capitol, Room 208  
Juneau, Alaska 99801-1182  
Phone: 907-465-3779  
Fax: 907-465-2833  
Toll Free: 800-469-3779



145 Main St. Loop  
Second Floor  
Kenai, Alaska 99611  
Phone: 907-283-7223  
Fax: 907-283-7184

## REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE HOUSE

### SPONSOR STATEMENT

#### COMMITTEE SUBSTITUTE for HOUSE BILL 312 (RES)

**“An Act authorizing an advisory vote on use of Alaska permanent fund earnings for an in-state natural gas pipeline; and providing for an effective date.”**

House Bill 312 places an advisory vote on the primary election ballot the question of using permanent fund earnings, after dividends are paid and the fund is inflation proofed, to help offset the costs of an in-state natural gas pipeline.

I view this option as a potential piece of the puzzle in putting together a financing plan for possible state participation in an in-state gasline. With all the discussion of energy needs throughout the state, it is time that the Legislature and the Administration begin to focus on one or two viable projects. It is my hope that we can focus state funding on one or two of these projects rather than taking a shotgun approach and partially fund a large number of concepts that may or may not bear fruition in the future. Providing natural gas to Alaskans first will be a huge first step in creating jobs, providing a long term source of energy and creating economic opportunities.

This bill was drafted to ensure that dividends are paid and the Permanent Fund is inflation proofed prior to using earnings. That part of the question needs to be particularly emphasized. I do not want Alaskans to believe or think this advisory vote is a raid on the earnings of the Permanent Fund. A positive vote would allow the state to use earnings from the Permanent Fund that is funded from resource development within the state. I believe that future generations of Alaskans will benefit from making an energy investment now while still keeping their benefits from the Permanent Fund.



**Alaska Permanent Fund Corporation**

P. O. Box 115500 Juneau, AK 99811-5500

Tel: (907) 796-1500 Fax: (907) 586-2057

**Permanent Fund Earnings Reserve  
year-end balance by fiscal year  
(in millions)**

1978	\$ 0.0
1979	\$ 0.0
1980	\$ 0.0
1981	\$ 58.7
1982	\$ 243.8
1983	\$ 353.8
1984	\$ 557.3
1985	\$ 763.3
1986	\$ 1,264.4
1987	\$ 529.4
1988	\$ 591.3
1989	\$ 635.4

1990	\$ 604.7
1991	\$ 581.5
1992	\$ 645.2
1993	\$ 965.4
1994	\$ 1,116.6
1995	\$ 1,202.6
1996	\$ 103.4
1997	\$ 107.1
1998	\$ 1,388.9
1999	\$ 2,590.4

2000	\$ 2,972.5
2001	\$ 2,383.8
2002	\$ 1,135.8
2003	\$ 100.0
2004	\$ 858.6
2005	\$ 1,439.8
2006	\$ 2,584.7
2007	\$ 4,131.6
2008	\$ 5,320.7
2009	\$ 420.0

**Helen Phillips**

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**From:** Tom Wright  
**Sent:** Friday, February 05, 2010 10:00 AM  
**To:** House Finance Legislation  
**Attachments:** Sponsor Statement.pdf; HB312-OOG-DOE-2-3-10.pdf; HB312-REV-APFC-02-01-10 Advisory Vote on In-State Gas.pdf; HB312-REV-TAX-02-02-10 Advisory Vote on In-State Gas.pdf; ERA balance.pdf; Perm Fund Balances.pdf; Hearing Request-FIN.pdf

The only person that I am aware that may testify is Laura Achée from the Permanent Fund Corporation. Please call me if you need additional materials or have any questions regarding this request.

*Tom Wright*  
Staff, Speaker's Office  
Speaker of the House Mike Chenault  
465-6618

*Director of  
Communications,  
APFC*

*Donnie*

*FYI  
for TODAY*

Alaska Permanent Fund - Historical Totals

Fiscal Year	Growth of Fund Principal (Contributions & Appropriations)										Total Fund Value			
	All dollars in millions										Unrealized Earnings Balance	Realized Earnings Balance	Total Ending Market Value	
	State Mineral Revenues	Other	Special App Front Gen Fund	Special App Transfer From	Settlement Earnings	Inflation Transfer	8G Escrow Principal	Total Principal	Unrealized Earnings Balance	Realized Earnings Balance				Total Ending Market Value
1978	54.5										138.5	0.0	0.0	54.5
1979	83.8	0.2									179.5	(0.7)	0.0	137.9
1980	344.4								0.3		483.2	10.6	0.0	493.8
1981	385.1		900.0						0.2		1,768.6	19.5	58.7	1,846.8
1982	400.5		800.0						0.0		2,969.1	68.4	243.8	3,281.3
1983	421.0		400.0						231.2		4,021.2	54.3	353.8	4,429.4
1984	366.2		300.0						150.9		4,838.3	(351.0)	557.3	5,044.7
1985	368.0	0.0	300.0						234.6		5,740.9	250.0	763.3	6,754.2
1986	323.4	0.0							216.4		6,280.8	937.0	1,264.4	8,482.1
1987	170.6	0.0		1,264.4					148.1		7,863.9	532.5	529.4	8,925.7
1988	417.9	0.0							302.9	15.8	8,600.4	297.5	591.3	9,489.3
1989	228.4	0.0							360.2		9,189.7	746.8	635.4	10,572.0
1990	267.1	0.0							454.0		9,912.3	970.5	604.7	11,487.6
1991	435.0								558.8		10,907.8	967.5	581.5	12,456.8
1992	337.8								476.9		11,724.4	2,385.9	645.2	14,755.4
1993	315.3				4.6				362.5		12,408.6	2,090.4	965.4	15,464.5
1994	209.6				5.6				372.3		12,998.4	1,108.3	1,116.6	15,223.3
1995	318.1				6.1				347.6		13,672.3	1,706.5	1,202.6	16,581.4
1996	263.7			1,842.1	18.4				407.1		16,205.6	2,084.0	103.4	18,393.1
1997	308.4			803.0	21.4				485.6		17,827.6	3,169.0	107.1	21,103.6
1998	210.5				31.3				422.7		18,516.0	3,971.4	1,388.9	23,876.3
1999	155.5				36.1				288.2		19,000.9	3,540.8	2,590.4	25,132.2
2000	310.5	15.8		276.4	30.3				422.9		20,014.6	3,528.8	2,972.5	26,516.0
2001	339.3			0.0	7.7				685.9	(15.8)	21,047.6	1,383.6	2,383.8	24,815.0
2002	257.7				17.1				602.3		21,884.2	505.2	1,135.8	23,525.2
2003	397.6			354.2					352.1		22,988.0	1,106.3	100.0	24,194.3
2004	353.1				14.7				524.1	0.0	23,525.7	3,015.5	858.6	27,395.8
2005	480.5				0.0				641.0		24,647.2	3,874.6	1,439.8	29,961.5
2006	601.1								855.9		26,104.2	4,220.7	2,584.7	32,909.6
2007	532.3								860.4		27,496.9	6,197.6	4,131.6	37,826.1
2008	844.3								807.7		29,148.9	2,064.3	5,320.7	36,533.9
2009	651.4								1,144.3		30,944.7	(1,448.6)	420.0	29,916.0
Subtotal Grand Total	\$14,172.8	\$16.0	\$2,700.0	\$4,185.9	\$152.9	\$12,717.1	\$0.0	\$0.0	\$12,717.1	\$0.0	\$30,944.7	-\$1,448.6	\$420.0	\$29,916.0
	\$11,188.8			\$7,038.8		\$12,717.1			\$12,717.1		\$30,944.7	-\$1,448.6	\$420.0	\$29,916.0

Note: Total year end market values from FY78 - FY96 are unaudited. Financial statements were not required to record unrealized gains and losses until FY97. Total ending market values do not include other small funds (ASTF, ITBE, ANHTA) under management.

Note: In FY03 the legislature made a special appropriation from realized earnings reserve to principal of \$354.2 million. In FY04 this will be reclassified as pre FY04 inflation proofing according to the FY04 supplemental budget bill. Note: slight differences due to rounding

Sources of Principal Summary since Inception		
Mineral revenue	11,188.8	36.2%
Special appropriations	7,038.8	22.7%
Inflation proofing	12,717.1	41.1%
<b>Total</b>	<b>30,944.7</b>	<b>100.0%</b>