

HB

312

Alaska State Legislature

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REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE HOUSE

SPONSOR STATEMENT HOUSE BILL 312

"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 either the primary or general 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 create economic opportunities.

This bill was drafted to ensure that dividends are paid and the Permanent Fund is inflation proofed prior to the use of earnings. That part of the question needs to be particularly emphasized. I do not want Alaskans to believe or think that 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 which was initially developed 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.

CS FOR HOUSE BILL NO. 312(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Ramras, Peggy Wilson, Neuman, Olson, Johnson

A BILL
FOR AN ACT ENTITLED

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

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

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **ADVISORY VOTE.** At the next statewide primary election, in substantial compliance
7 with the election laws of the state, the lieutenant governor shall place before the qualified
8 voters of the state a question advisory to the legislature and the governor. Notwithstanding
9 AS 15.60.005 and other laws relating to preparation of the ballot proposition, the question
10 shall appear on the ballot in the following form:

11 **QUESTION**

12 After paying annual dividends to residents and inflation-proofing the Alaska
13 permanent fund, should permanent fund investment earnings be appropriated
14 to help pay the costs of constructing an in-state natural gas pipeline?

1
2

Yes [] No []

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

#1

26-LS1123A.2
Cook
2/3/10

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 312

- 1 Page 1, line 6:
- 2 Delete "or general"



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

Alaska Permanent Fund - Historical Totals

Growth of Fund Principal (Contributions & Appropriations)							Total Fund Value					
<i>All dollars in millions</i>												
Fiscal Year	State		Special appropriations			Inflation Transfer	SG Escrow Principal		Total Principal	Unrealized Earnings Balance	Realized Earnings Balance	Total Ending Market Value
	Mineral Revenues	Other	Special App From Gen Fund	Transfer From Realized ER	Settlement Earnings		Principal	Earnings				
1978	54.5							54.5	(0.0)	0.0	54.5	
1979	83.8	0.2						138.5	(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	1.5	9,912.3	970.5	604.7	11,487.6	
1991	435.0					558.8	1.6	10,907.8	967.5	581.5	12,456.8	
1992	337.8					476.9	1.8	11,724.4	2,385.9	645.2	14,755.4	
1993	315.3				4.6	362.5	1.9	12,408.6	2,090.4	965.4	15,464.5	
1994	209.6				5.6	372.3	2.2	12,998.4	1,108.3	1,116.6	15,223.3	
1995	318.1				6.1	347.6	2.0	13,672.3	1,706.5	1,202.6	16,581.4	
1996	263.7			1,842.1	18.4	407.1	1.9	16,205.6	2,084.0	103.4	18,393.1	
1997	308.4			803.0	21.4	485.6	3.5	17,827.6	3,169.0	107.1	21,103.6	
1998	230.5				31.3	422.7	4.0	18,516.0	3,971.4	1,388.9	23,876.3	
1999	155.5				36.1	288.2	5.2	19,000.9	3,540.8	2,590.4	25,132.2	
2000	310.5	15.8		276.4	30.3	422.9	(15.8)	20,014.6	3,528.8	2,972.5	26,516.0	
2001	339.3			0.0	7.7	685.9		21,047.6	1,383.6	2,383.8	24,815.0	
2002	257.7				(23.4)	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			(354.2)	14.7	524.1	0.0	23,525.7	3,015.5	858.6	27,399.8	
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	\$11,172.8	\$16.0	\$2,700.0	\$4,185.9	\$152.9	\$12,717.1	\$0.0	\$30,944.7	-\$1,448.6	\$420.0	\$29,916.0	
Grand Total	\$11,188.8		\$7,038.8			\$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, AMHTA) under management.

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%
Total	30,944.7	100.0%

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

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 312
 () Publish Date: _____

Identifier (file name): HB312-REV-APFC-02-01-10
 Title: ADVISORY VOTE ON IN-STATE GAS PIPELINE
 Sponsor: Representative Chenault
 Requester: House Resources
 Dept. Affected: Revenue
 RDU: AK Permanent Fund Corporation
 Component: AK Permanent Fund Corporation
 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
OPERATING EXPENDITURES								
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	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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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								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

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
 Division: Alaska Permanent Fund Corporation
 Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone 907-796-1522
 Date/Time 2/1/10
 Date 2/1/10; 12:39pm

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 312
 () Publish Date: _____

Identifier (file name): HB312-REV-TAX-02-02-10
 Title: ADVISORY VOTE ON IN-STATE GAS PIPELINE
 Sponsor: Representative Chenault
 Requester: House Resources
 Dept. Affected: Revenue
 RDU: Treasury and Taxation
 Component: Tax Division
 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
OPERATING EXPENDITURES								
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	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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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								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

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

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REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE HOUSE

MEMORANDUM

TO: Representative Craig Johnson, Co-Chair
Representative Mark Neuman, Co-Chair
House Resources Committee

FROM: Representative Mike Chenault 
Speaker of the House

DATE: January 25, 2010

RE: Request for Hearing-house Bill 312

Please consider this request to schedule House Bill 312: Advisory Vote: Permanent Fund Earnings for In-State Gasline, before your committee at your earliest possible convenience.

Your committee aides will receive the back-up for this bill shortly.

Thank you for your consideration of my request.