

SB

97

<TARGET><BILL>SB 97</BILL><SUBJECT>SB
97</SUBJECT><COMM>SFIN27</COMM></TARGET>

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 3/11/11

FURTHER:

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

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 97

SB 97-COMMUNITY REVENUE SHARING/EDUC FUNDING

"An Act authorizing additional appropriations for public education and for community revenue sharing based on the price of Alaska North Slope crude oil, and adjusting the formula for payments to communities."

and recommends:

- be replaced with CS CS SB 97 (FIN) [] Same Title New Title
- [] adopt previous CS _____ (_____) [] Same Title [] New Title
- [] attached amendment(s)
- [] adopt _____ Letter of Intent
- [] further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

SFIN / CED
SFIN / EED

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
CED		X		
EED		X		

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

[] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
	Thomas	✓			
	Olson	✓			
	Ellis	X			
	Hoffman	✓			
CHAIR:					

CS FOR SENATE BILL NO. 97(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act authorizing additional appropriations for public education and for community**
2 **revenue sharing based on the price of Alaska North Slope crude oil, and adjusting the**
3 **formula for payments to communities; and providing for an effective date."**

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

5 *** Section 1.** AS 14.17 is amended by adding a new section to read:

6 **Sec. 14.17.305. Additional education funding based on oil prices.** (a) The
7 legislature may appropriate to the Department of Education and Early Development
8 for distribution during the following fiscal year as state aid to public school districts,
9 according to the district average daily membership adjusted under
10 AS 14.17.410(b)(1)(A) - (D), an additional amount equal to \$5,000,000 multiplied by
11 the amount, rounded to the nearest whole dollar, that the average price of Alaska
12 North Slope crude oil for each fiscal year exceeds the trigger price for oil for each
13 fiscal year calculated under (b) of this section.

14 (b) For the purpose in (a) of this section, the legislative finance division shall

1 calculate the trigger price of oil for each fiscal year by

2 (1) determining the amount appropriated from the unrestricted general
3 fund for the fiscal year, excluding the amount appropriated

4 (A) for community revenue sharing under AS 29.60.855(d);

5 (B) for additional state aid to public schools under this section;

6 and

7 (C) to the budget reserve fund (AS 37.05.540(a));

8 (2) estimating the price of oil necessary to fund the appropriations
9 under (1) of this subsection using the most recent oil price and production figures
10 available from the Department of Revenue;

11 (3) rounding the price of oil estimated under (2) of this subsection to
12 the nearest whole dollar; and

13 (4) adding \$2 to the estimated price of oil under (3) of this subsection.

14 (c) This section does not create a dedicated fund.

15 * **Sec. 2.** AS 29.60.850(b) is amended to read:

16 (b) Each fiscal year, the legislature may appropriate to the community revenue
17 sharing fund an amount equal to 20 percent of the money received by the state during
18 the previous calendar year under AS 43.55.011(g). The amount may not exceed

19 [(1) \$60,000,000; OR

20 (2)] the amount that, when added to **two-thirds** of the fund balance on
21 June 30 of the previous fiscal year, equals \$180,000,000.

22 * **Sec. 3.** AS 29.60.855(a) is amended to read:

23 (a) The department shall calculate the basic amount used for determining the
24 basic community revenue sharing payment for a fiscal year by applying the following
25 formula: the amount available for payments for that fiscal year under AS 29.60.850(c)
26 **and (d) of this section**, minus 60,000,000, divided by 60,000,000, plus one,
27 multiplied by 384,000. However, if the amount calculated is less than \$220,000, the
28 basic amount for that fiscal year is \$220,000.

29 * **Sec. 4.** AS 29.60.855 is amended by adding a new subsection to read:

30 (d) The legislature may appropriate an additional amount to the Department of
31 Commerce, Community, and Economic Development for community revenue sharing

1 payments equal to \$5,000,000 multiplied by the amount that the average price of
2 Alaska North Slope crude oil, rounded to the nearest whole dollar, for each fiscal year
3 exceeds the trigger price for oil for the fiscal year calculated under this subsection,
4 subject to the following:

5 (1) the legislative finance division, using the most recent oil price and
6 production figures available from the Department of Revenue, shall calculate the
7 trigger price of oil for each fiscal year by

8 (A) determining the amount appropriated from the unrestricted
9 general fund for the fiscal year, excluding the amount appropriated

10 (i) for community revenue sharing under
11 AS 29.60.855(d);

12 (ii) for additional state aid to public schools under
13 AS 14.17.305; and

14 (iii) to the budget reserve fund (AS 37.05.540(a));

15 (B) estimating the price of oil necessary to fund the
16 appropriations under (A) of this paragraph;

17 (C) rounding the price of oil estimated under (B) of this
18 paragraph to the nearest whole dollar; and

19 (D) adding \$2 to the estimated price of oil under (C) of this
20 paragraph;

21 (2) the amount appropriated under this subsection shall be distributed
22 under (a) of this section during the immediately following fiscal year;

23 (3) this subsection does not create a dedicated fund.

24 * **Sec. 5.** This Act takes effect July 1, 2012.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSSB 97
 () Publish Date _____

Identifier (file name) _____ Dept. Affected DCCED
 Title "An act authorizing additional appropriation for public education Appropriation Community and Regional Affairs
 Allocation Community and Regional Affairs
 Sponsor Senate Finance Committee
 Requester Senate Finance Committee OMB Component Number 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	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								
Other (please identify)								
TOTAL	0.0	0.0	**	**	**	**	**	**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Darwin Peterson, Senate Finance Committee staff
 Senator Bert Stedman, Co-Chair Senate Finance Committee
 Senator Lyman Hoffman, Co-Chair Senate Finance Committee

Phone 465-3873
 Date/Time 3/30/11 10:32 AM
 Date 3/30/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSSB 97
 () Publish Date _____

Identifier (file name) _____ Dept. Affected DEED
 Title "An act authorizing additional appropriation for public education Appropriation K-12 Support
 Allocation Foundation Program
 Sponsor Senate Finance Committee
 Requester Senate Finance Committee OMB Component Number 141

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	**	**	**	**	**

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

CHANGE IN REVENUES								
---------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
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1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL		0.0	0.0	**	**	**	**	**

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time								
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 Senator Bert Stedman, Co-Chair Senate Finance Committee
 Senator Lyman Hoffman, Co-Chair Senate Finance Committee

Phone 465-3873
 Date/Time 3/30/11 10:32 AM
 Date 3/30/2011

Goal: Increase Community Revenue Sharing when there is a GF Surplus

Dollars in millions unless otherwise noted

- 1 Enter price of oil from March through June in Plan sheet to determine avg price for the year (highlighted in col A)
- 2 Enter supplemental spending in Plan sheet to determine FY11 surplus
- 3 The numbers chosen for 1 and 2 determine the breakeven price of oil
- 4 Enter the spread between breakeven and trigger price of oil
- 5 Enter the amount of supplemental revenue sharing for each dollar the avg price exceeds the trigger price

\$110.00	1,153.2		\$ 2.00	5.00					
\$92.74									
A	B	C	D	E	F	G	H	I	J
Average Price of Oil for the Fiscal Year	Surplus after Supplemental Spending shown above (from 2-year Plan)	Breakeven Price of Oil (depends on spending shown in 2-year plan)	Trigger Price (enter amount above Breakeven Price)	Supplemental Revenue Sharing (enter \$million for each dollar avg price is above trigger price)	Base Revenue Sharing under Current Law	Total Revenue Sharing Available under Proposed Trigger	Supplemental Revenue Sharing as a Percent of Surplus	Basic Amount of Revenue Sharing under Proposed Trigger	Increase in Basic Amount (from Current Law)
\$ 75	(1,591.8)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 76	(1,482.0)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 77	(1,372.2)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 78	(1,262.4)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 79	(1,152.6)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 80	(1,042.8)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 81	(901.4)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 82	(760.0)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 83	(618.6)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 84	(477.2)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 85	(335.8)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 86	(184.2)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 87	(32.6)	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 88	119.0	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 89	270.6	\$ 87	\$ 89	0.0	60.0	60.0	0.0%	0.384	0.000
\$ 90	422.2	\$ 87	\$ 89	5.0	60.0	65.0	1.2%	0.416	0.032
\$ 91	585.2	\$ 87	\$ 89	10.0	60.0	70.0	1.7%	0.448	0.064
\$ 92	748.2	\$ 87	\$ 89	15.0	60.0	75.0	2.0%	0.480	0.096
\$ 93	911.2	\$ 87	\$ 89	20.0	60.0	80.0	2.2%	0.512	0.128
\$ 94	1,074.2	\$ 87	\$ 89	25.0	60.0	85.0	2.3%	0.544	0.160
\$ 95	1,237.2	\$ 87	\$ 89	30.0	60.0	90.0	2.4%	0.576	0.192
\$ 96	1,411.6	\$ 87	\$ 89	35.0	60.0	95.0	2.5%	0.608	0.224
\$ 97	1,586.0	\$ 87	\$ 89	40.0	60.0	100.0	2.5%	0.640	0.256
\$ 98	1,760.4	\$ 87	\$ 89	45.0	60.0	105.0	2.6%	0.672	0.288
\$ 99	1,934.8	\$ 87	\$ 89	50.0	60.0	110.0	2.6%	0.704	0.320
\$ 100	2,109.2	\$ 87	\$ 89	55.0	60.0	115.0	2.6%	0.736	0.352

**FY11 and FY12 Fiscal Summary
Unrestricted General Funds Only**

Revised 3/11/11

		FY11	FY12		FY11&12
1	Fall 2010 Forecast	5,395.2	5,732.4	enter oil price for rest of FY11	11,127.6
2	Update (enter oil price)	2,187.3		\$110.00	2,187.3
3	Available Revenue	7,582.5	5,732.4	\$92.74	13,314.9
4	Spending				
5	Agency Operations	3,711.6	3,838.8	House	7,550.3
6	Statewide Operating Items	1,036.4	1,155.0	House	2,191.4
7	Total Operating	4,747.9	4,993.8		9,741.7
8	Capital Projects	549.7	691.7	Governor (less \$19 million)	549.7
9	Total Before Transfers	5,297.6	5,685.5		10,983.1
10	Available before Transfers	2,284.8	46.9		2,331.8
11	2010 Session Transfers				0.0
12	PEF Savings	16.7	0.0		16.7
13	Railbelt Energy Fund		0.0		0.0
14	AHCC Savings	0.0	0.0		0.0
15	Other Operating Transfers	10.6	0.0		10.6
16	Power Project Fund	10.0	0.0		10.0
17	Renewable Energy Fund	25.0	0.0		25.0
18	Subtotal	62.2	0.0		62.2
19					0.0
20	Total Budget w/ Transfers	5,359.8	5,685.5		11,045.3
21	Available after 2010 Transfers	2,222.6	46.9		2,269.6
24	2011 Session Appropriations				0.0
25	Supplemental Operating	50.5	50.0	FY11 is Gov + FMAP	100.5
26	Transfers				
27	PEF Savings	0.0	(33.3)	House	(33.3)
28	Railbelt Energy Fund	0.0	(65.7)	Gov	(65.7)
29	AHCC Savings	0.0	(292.3)	Gov Amd	(292.3)
30	Other Operating Transfers	82.7	9.9		92.6
31	Power Equalization Endowment	400.0	0.0		400.0
32	Renewable Energy Fund	0.0	25.0	Gov	25.0
33	Other	0.0			0.0
34	Total	533.2	(306.5)		226.8
35	Deposit to SBR	1,000.0			
36	Available before Appropriations totaled on line 46	689.4	353.4		1,042.8
38	Potential Appropriations				
39					0.0
40	Fiscal Notes	20.0		a guess	20.0
41	Governor's Capital Amendments				0.0
42	Senate Capital Projects				0.0
43	House Capital Projects				0.0
44	Savings				0.0
45	Sup Community Revenue Sharing	20.0		assumes passage of SB97	
46	K-12 Supplemental Aid	20.0		assumes passage of SB97	
47	Other	600.0			600.0
48	Total	660.0	0.0		660.0
49	Total Budget	6,553.1	5,379.0		11,932.1
50	Surplus	29.4	353.4		382.8

Goal: Increase Community Revenue Sharing when oil prices are high

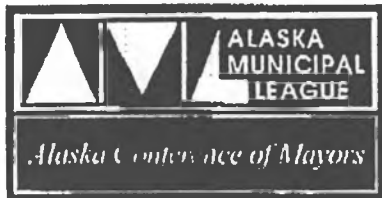
Options:

- 1 Deposit money in the fund
only one third of the fund balance is distributed each year so the option is relatively expensive and does not adjust to the price of oil
- 2 Appropriate money to DCCED to be distributed on a per capita basis under AS 29.60.860
not a statutory fix
- 3 Revise law to include a temporary trigger so the amount distributed increases with the price of oil
statutory but temporary, amount computed by formula and is dependent on the price of oil each year

The table below is for option 3, with trigger points and the amount added by the trigger determined by these cells

Dollars in millions unless otherwise noted

		\$ 30.00	\$ 92.50		0.622		\$ 89	Trigger Point				
		0.4%	0.1%		227		2.00	Additional Distribution (\$ millions)				
A	B	C	D	E	F	G	H	I	J	K	L	
Approximate Price of Oil associated with the Level of Profit in Column B	Profit per Barrel of Oil	Progressive Tax Rate under AS 43.55.011(g)(1)	Progressive Tax Rate under AS 43.55.011(g)(2)	Progressive Tax Rate	Approximate Revenue due to Progressive Tax	Approximate Amount Available for Revenue Sharing under Current Law	Additional Revenue Sharing Available under Proposed Trigger	Total Revenue Sharing Available under Proposed Trigger	Revenue Sharing as a Percent of Revenue due to Progressive Taxation of Oil	Basic Amount of Revenue Sharing under Proposed Trigger	Increase in Basic Amount (from Current Law)	
\$ 85	\$ 55	10.0%		10.0%	1,249	60.0	-	60.0	4.8%	0.384	0.000	
\$ 86	\$ 56	10.4%		10.4%	1,322	60.0	-	60.0	4.5%	0.384	0.000	
\$ 87	\$ 57	10.8%		10.8%	1,398	60.0	-	60.0	4.3%	0.384	0.000	
\$ 88	\$ 58	11.2%		11.2%	1,475	60.0	-	60.0	4.1%	0.384	0.000	
\$ 89	\$ 59	11.6%		11.6%	1,554	60.0	-	60.0	3.9%	0.384	0.000	
\$ 90	\$ 60	12.0%		12.0%	1,635	60.0	2.0	62.0	3.8%	0.397	0.013	
\$ 91	\$ 61	12.4%		12.4%	1,717	60.0	4.0	64.0	3.7%	0.410	0.026	
\$ 92	\$ 62	12.8%		12.8%	1,802	60.0	6.0	66.0	3.7%	0.422	0.038	
\$ 93	\$ 63	13.2%		13.2%	1,888	60.0	8.0	68.0	3.6%	0.435	0.051	
\$ 94	\$ 64	13.6%		13.6%	1,976	60.0	10.0	70.0	3.5%	0.448	0.064	
\$ 95	\$ 65	14.0%		14.0%	2,066	60.0	12.0	72.0	3.5%	0.461	0.077	
\$ 96	\$ 66	14.4%		14.4%	2,158	60.0	14.0	74.0	3.4%	0.474	0.090	
\$ 97	\$ 67	14.8%		14.8%	2,251	60.0	16.0	76.0	3.4%	0.486	0.102	
\$ 98	\$ 68	15.2%		15.2%	2,347	60.0	18.0	78.0	3.3%	0.499	0.115	
\$ 99	\$ 69	15.6%		15.6%	2,444	60.0	20.0	80.0	3.3%	0.512	0.128	
\$ 100	\$ 70	16.0%		16.0%	2,543	60.0	22.0	82.0	3.2%	0.525	0.141	
\$ 101	\$ 71	16.4%		16.4%	2,644	60.0	24.0	84.0	3.2%	0.538	0.154	
\$ 102	\$ 72	16.8%		16.8%	2,746	60.0	26.0	86.0	3.1%	0.550	0.166	
\$ 103	\$ 73	17.2%		17.2%	2,851	60.0	28.0	88.0	3.1%	0.563	0.179	
\$ 104	\$ 74	17.6%		17.6%	2,957	60.0	30.0	90.0	3.0%	0.576	0.192	
\$ 105	\$ 75	18.0%		18.0%	3,065	60.0	32.0	92.0	3.0%	0.589	0.205	
\$ 106	\$ 76	18.4%		18.4%	3,175	60.0	34.0	94.0	3.0%	0.602	0.218	
\$ 107	\$ 77	18.8%		18.8%	3,286	60.0	36.0	96.0	2.9%	0.614	0.230	
\$ 108	\$ 78	19.2%		19.2%	3,400	60.0	38.0	98.0	2.9%	0.627	0.243	
\$ 109	\$ 79	19.6%		19.6%	3,515	60.0	40.0	100.0	2.8%	0.640	0.256	
\$ 110	\$ 80	20.0%		20.0%	3,632	60.0	42.0	102.0	2.8%	0.653	0.269	
\$ 111	\$ 81	20.4%		20.4%	3,751	60.0	44.0	104.0	2.8%	0.666	0.282	
\$ 112	\$ 82	20.8%		20.8%	3,872	60.0	46.0	106.0	2.7%	0.678	0.294	
\$ 113	\$ 83	21.2%		21.2%	3,995	60.0	48.0	108.0	2.7%	0.691	0.307	
\$ 114	\$ 84	21.6%		21.6%	4,119	60.0	50.0	110.0	2.7%	0.704	0.320	
\$ 115	\$ 85	22.0%		22.0%	4,245	60.0	52.0	112.0	2.6%	0.717	0.333	
\$ 116	\$ 86	22.4%		22.4%	4,374	60.0	54.0	114.0	2.6%	0.730	0.346	
\$ 117	\$ 87	22.8%		22.8%	4,503	60.0	56.0	116.0	2.6%	0.742	0.358	
\$ 118	\$ 88	23.2%		23.2%	4,635	60.0	58.0	118.0	2.5%	0.755	0.371	
\$ 119	\$ 89	23.6%		23.6%	4,769	60.0	60.0	120.0	2.5%	0.768	0.384	
\$ 120	\$ 90	24.0%		24.0%	4,904	60.0	62.0	122.0	2.5%	0.781	0.397	
\$ 121	\$ 91	24.4%		24.4%	5,041	60.0	64.0	124.0	2.5%	0.794	0.410	
\$ 122	\$ 92	24.8%		24.8%	5,180	60.0	66.0	126.0	2.4%	0.806	0.422	
\$ 123	\$ 93	25.0%	0.0%	25.0%	5,250	60.0	67.0	127.0	2.4%	0.813	0.429	
\$ 123	\$ 93	25.0%	0.1%	25.1%	5,278	60.0	68.0	128.0	2.4%	0.819	0.435	
\$ 124	\$ 94	25.0%	0.2%	25.2%	5,335	60.0	70.0	130.0	2.4%	0.832	0.448	
\$ 125	\$ 95	25.0%	0.3%	25.3%	5,392	60.0	72.0	132.0	2.4%	0.845	0.461	
\$ 126	\$ 96	25.0%	0.4%	25.4%	5,449	60.0	74.0	134.0	2.5%	0.858	0.474	
\$ 127	\$ 97	25.0%	0.5%	25.5%	5,505	60.0	76.0	136.0	2.5%	0.870	0.486	
\$ 128	\$ 98	25.0%	0.6%	25.6%	5,562	60.0	78.0	138.0	2.5%	0.883	0.499	
\$ 129	\$ 99	25.0%	0.7%	25.7%	5,619	60.0	80.0	140.0	2.5%	0.896	0.512	
\$ 130	\$ 100	25.0%	0.8%	25.8%	5,676	60.0	82.0	142.0	2.5%	0.909	0.525	
\$ 131	\$ 101	25.0%	0.9%	25.9%	5,733	60.0	84.0	144.0	2.5%	0.922	0.538	
\$ 132	\$ 102	25.0%	1.0%	26.0%	5,789	60.0	86.0	146.0	2.5%	0.934	0.550	
\$ 133	\$ 103	25.0%	1.1%	26.1%	5,846	60.0	88.0	148.0	2.5%	0.947	0.563	
\$ 134	\$ 104	25.0%	1.2%	26.2%	5,903	60.0	90.0	150.0	2.5%	0.960	0.576	
\$ 135	\$ 105	25.0%	1.3%	26.3%	5,960	60.0	92.0	152.0	2.6%	0.973	0.589	



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MAR 14 2011

March 14, 2011

Senator Bert Stedman
Senator Lyman Hoffman
Senate Finance
Juneau, Alaska 99811

Dear Senators Stedman and Hoffman,

This is just a quick note to thank you both for your introduction of SB97. While we understand there may be changes and/or even pushback, we certainly appreciate your willingness to help municipalities as they realize the financial ramifications that high oil prices bring with regards to their ability to provide basic services.

I think you would agree that municipalities are much healthier than they were before Revenue Sharing was reinstated by the leadership of your committee (and specifically, the two of you). All of the municipalities acknowledge and realize that you have done much to improve their condition and quality of life.

The rising cost of fuel, however, makes every dollar worth far less than it was previously. Also, as municipalities often see mandatory property tax exemption bills introduced, other means of revenue must be identified to make up the difference.

Again, we appreciate your willingness to introduce this bill and promise to do all possible to see this bill succeed. We will be in contact with you and take your lead as to what you might need from us.

Thank you so much for your support for Alaska's municipalities.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version SB 97
 () Publish Date _____

Identifier (file name): SB097-EED-ESS-3-20-11
 Title "An Act authorizing additional appropriation for public education and for community revenue sharing based on the price of..."
 Sponsor Senate Finance Committee
 Requester Senate Finance Committee
 Dept. Affected EED
 Appropriation K-12 Support
 Allocation Foundation Program
 OMB Component Number 141

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants	22,000.0							
Miscellaneous								
TOTAL OPERATING	22,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
---------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	22,000.0							
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL	22,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the initial version.

Prepared by Elizabeth Nudelman, Director
 Division School Finance
 Approved by Mike Hanley, Commissioner

Phone 465-8679
 Date/Time 3/20/11 4:36 PM
 Date 3/20/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 97

Analysis

Senate Bill 97 would provide additional funding for public education, allocated on the adjusted average daily membership and to communities through the Community Revenue Sharing program based on the price of oil that exceeds \$89 a barrel on July 1 of the fiscal year multiplied by \$2,000,000.

The fiscal note assumes a July 1 oil price of \$100 per barrel and the cost is calculated as follows:

$$\$100 - \$89 = 11 * \$2,000,000 = \$22 \text{ million.}$$

Under this estimate, the cost of SB97 is \$22 million for public education. The Department of Education & Early Development does not expect any additional costs to administer the program.

Under this estimate, the total cost of SB97 with an oil price of \$100 on July 1 is \$44 million - \$22 million for public education and \$22 million for communities.

If the program were implemented as of March 17, 2011, with the closing price of oil at \$114 per barrel, the total cost would be \$100 million - \$50 million for education and \$50 million for communities.

$$\$114 - \$89 = 25 * \$2,000,000 = \$50 \text{ million.}$$

Listed below are the calculations for what the appropriation to public education would be at various oil price levels.

<u>Price of Oil on July 1</u>	<u>Amount Over \$89</u>	<u>Multiplier</u>	<u>Total Amount For Education</u>
95	6	2,000,000	12,000,000
100	11	2,000,000	22,000,000
105	16	2,000,000	32,000,000
110	21	2,000,000	42,000,000
115	26	2,000,000	52,000,000
120	31	2,000,000	62,000,000
125	36	2,000,000	72,000,000

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version SB 97
() Publish Date _____

Identifier (file name) SB097-CCED-DCRA-03-19-11
Title Community Revenue Sharing Formula
Sponsor Senate Finance Committee
Requester Senate Finance Committee
Dept. Affected DCCED
Appropriation Community and Regional Affairs
Allocation Community and Regional Affairs
OMB Component Number 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants	22,000.0							
Miscellaneous								
TOTAL OPERATING	22,000.0	0.0	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	22,000.0							
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL	22,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Scott Ruby, Director
Division Community and Regional Affairs
Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 269-4569
Date/Time 3/20/11 4:30 PM
Date 3/20/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 97

Analysis

Senate Bill 97 would provide additional funding for public education allocated on the adjusted average daily membership and to communities through the Community Revenue Sharing program based on the price of oil that exceeds \$89 a barrel on July 1 of the fiscal year multiplied by \$2,000,000.

The Department of Commerce, Community, and Economic Development administers the Community Revenue Sharing Program and does not expect any additional costs to administer the program.

The fiscal note assumes a July 1 oil price of \$100 per barrel and the costs is calculated as follows:
 $\$100 - \$89 = 11 * \$2,000,000 = \22 million

Under this estimate, the total cost of SB97 with an oil price of \$100 on July 1 is \$44 million - \$22 million for education and \$22 million for communities.

If the program were implemented as of March 17, 2011, with the closing price of oil at \$114 per barrel, the total cost would be \$100 million - \$50 million for education and \$50 million for communities.
 $\$114 - \$89 = 25 * \$2,000,000 = \50 million.

Listed below is the calculation of the cost of the Community Revenue Sharing program at various oil prices.

Price of Oil on July 1	Amount above \$89	Multiplier	Total Amount *
95	6	2,000,000	12,000,000
100	11	2,000,000	22,000,000
105	16	2,000,000	32,000,000
110	21	2,000,000	42,000,000
115	26	2,000,000	52,000,000
120	31	2,000,000	62,000,000
125	36	2,000,000	72,000,000

*the total amount would be doubled to include the allocations under Education and Community Revenue Sharing.