

LEG. FINANCE - BILLS 1977 - 1978 611

HCR 34 thru SSHJR 39

611



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James C. Smith
Signature of Camera Operator

2/8/90
Date

Introduced: 3/10/75
Referred: Resources and
Finance

1 IN THE HOUSE

BY FINK

2 HOUSE CONCURRENT RESOLUTION H. 34
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - FIRST SESSION

5 Relating to an oil lease sale in the
6 Beaufort Sea area.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 1. WHEREAS the entire United States is in urgent need of additional energy
9 if our economy is to be maintained; and

10 2. WHEREAS the United States must have additional domestic energy sources
11 if we are to be able to correct the present tremendous imbalance of the inter-
12 national money supply; and

13 3. WHEREAS the State of Alaska is facing the prospect of a cash flow gap
14 between the time we run out of our current money and the time the state will
15 receive additional cash resources stemming from the flow of oil from the
16 North Slope; and

17 ~~4. WHEREAS oil on the North Slope can be extracted with the least amount
18 of environmental degradation as one pipeline is already under construction;
19 and~~

20 5. [WHEREAS the development of offshore land near the North Slope will not
21 damage the state's fishery resources;] and

22 6. WHEREAS there is every indication that the oil industry is extremely
23 anxious to bid on this land and if a lease sale were held would bid sub-
24 stantial amounts of money;

25 - BE IT RESOLVED by the Alaska State Legislature that the Governor is
26 respectfully requested to hold a lease sale involving potential oil land in
27 the offshore areas in the Beaufort Sea [between the Colville River and the
28 Canadian border] at the earliest possible time.
29

#

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST
 Bill No. HCR 34
 Title: Relating to an oil lease sale in the Beaufort Sea area
 Requested by: House Finance Committee Date: March 14, 1975
 Return Date Requested: ASAP
 Agency: Natural Resources Program: NRMEEC

II. FISCAL DETAIL
 Budget Request Unit(s) Affected: Land Management
 A. EXPENDITURES: (Thousands of dollars)

		NONE					
OBJECT		FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100	PERSONAL SERVICES						
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT						
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
TOTAL							

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No direct expenditures anticipated.

IV. ATTACHMENTS

V. DATE: March 14, 1975

PREPARED BY:

William C. Fackler
 William C. Fackler
 Deputy Commissioner

Original: Legislative Finance ✓
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

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PERMANENT/TEMPORARY	/	/	/	/	/	/
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James O. Smith
Signature of Camera Operator

2/8/90
Date

Requesting a comprehensive feasibility study of the extension of state ferry service to Alaska Peninsula and Aleutian Island communities.

COMMITTEE REPORT

4/9/75

HOUSE

Mr. Speaker:

Date 4/19/75

The Committee on FINANCE has had HCR 36

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends: <u>no recommendation</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

[Signature] Chairman

Requesting a comprehensive feasibility study of the extension of state ferry service to Alaska Peninsula and Aleutian Island communities.

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<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends: <u>[Signature]</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

[Signature] Chairman

BY OSTERBACK, MALONE, ANDERSON,
BEIRNE, BROWN, BUCHHOLDT, COTTEN,
DAVIS, DUNCAN, FISCHER, GARDINER,
GRUENING, GUY, HACKNEY, HERSHBERGER,
HUNTINGTON, KELLEY, MILLER, NAUGHTON,
OSTROSKY, PARR AND RHODE

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO. 36

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 Requesting a comprehensive feasibility
6 study of the extension of state ferry
7 service to Alaska Peninsula and Aleutian
8 Island communities.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS residents of Alaska Peninsula and Aleutian Island communities
11 are experiencing skyrocketing costs for delivery of freight from Seattle and
12 for personal transportation by air between Anchorage and these communities;
13 and

14 WHEREAS the air fare, roundtrip, for example, between Anchorage and
15 Sand Point is \$255; furniture is barged to the Alaska Peninsula for 34 cents
16 a pound; the charge for transporting an automobile by barge from Seattle to
17 Cold Bay is \$1,100, and to Sand Point, \$900; the barge freight rate for a
18 mobile home is approximately \$10,000, and for a modular home, \$17,000; all of
19 which have become prohibitively costly to most residents of the area; and

20 WHEREAS, although the United States Navy has a contract with Sea-Land
21 for bimonthly freighter service to Adak Island aboard the SUMMIT, frequently
22 that 590-foot vessel is unable to dock at such ports as Sand Point due to
23 rough weather, thus, because of that ship's undependable schedule, freight
24 accumulates in Seattle for a three to four month period; and

25 WHEREAS extension of state ferry service to Alaska Peninsula and
26 Aleutian Island communities would mean residents would be able to make less
27 expensive grocery and construction material purchases that could be acquired
28 in Anchorage rather than in Seattle, thus retaining more dollars in the
29 Alaska economy; and

1 WHEREAS the M/V TUSTUMENA, the only United States Coast Guard certifi-
2 cated ocean-going vessel in the state ferry system fleet, is more maneuver-
3 able in all weather conditions than the Sea-Land chartered freighter that
4 serves these Alaska Peninsula and Aleutian Island communities because the
5 TUSTUMENA is but half the length of the SUMMIT; and

6 WHEREAS the M/V TUSTUMENA is the state ferry fleet's most versatile
7 vessel: it can put into any port, regardless of tidal conditions, that has
8 a cannery wharf, pier or other standard docking facility because the
9 TUSTUMENA's unique 60-ton elevator lifts vehicular traffic from the ship's
10 hold to any suitable loading platform, thus avoiding the necessity of an
11 elaborate, expensive on-shore system of transfer spans and aprons at each
12 port of call; and

13 WHEREAS the waters in the vicinity of the Alaska Peninsula and Aleutian
14 communities that require state ferry service are ice free the year around and
15 are relatively protected by comparison to those near the Barren Islands in
16 Shelikoff Straits traversed weekly by the M/V TUSTUMENA between Kodiak, Homer
17 and Seward; and

18 WHEREAS there is a marine fueling station in the Aleutian chain port of
19 Dutch Harbor, one of the largest supplies of marine fuels on the West Coast,
20 if not in the entire Pacific Basin, thus permitting the refueling of a ferry
21 at that final stop on an Alaska Peninsula-Aleutian Island route;

22 BE IT RESOLVED by the Alaska State Legislature that the Governor is
23 respectfully requested to direct the Division of Marine Transportation,
24 Department of Public Works, to undertake a comprehensive feasibility study of
25 the extension of the state ferry system into Alaska Peninsula and Aleutian
26 Island communities, including but not limited to a consideration of the
27 following:

28 (1) the need for, and level of service required, in the affected
29 communities, including but not limited to Chignik, Sand Point, Squaw Harbor,

1 King Cove, Cold Bay, False Pass, Ivanoff Bay, Akutan, Dutch Harbor and
2 Unalaska (Captain's Bay);

3 (2) interconnections with other modes of transportation, and
4 comparisons of the cost of using other means of transportation for moving
5 freight, passengers, and vehicles versus extension of the ferry system for
6 this purpose;

7 (3) capital improvement costs including the cost of designing,
8 acquiring, constructing and equipping an appropriate ocean-going certified
9 vessel and docking and terminal facilities where required;

10 (4) operating costs;

11 (5) frequency of service and scheduling, proposed tariffs and
12 charges for service; and be it

13 FURTHER RESOLVED that the department is requested, as a part of the
14 feasibility study, to hold hearings in, and to consult with, the affected
15 communities as to level of service desired; and be it

16 FURTHER RESOLVED that the department is requested to present its find-
17 ings and recommendations to the Governor and to the Legislature not later
18 than 10 days after the Ninth Legislature, Second Session convenes.
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	<u>ALLOCATIONS</u>	<u>APPROPRIATION ITEMS</u>	<u>APPROPRIATION FUND SOURCES</u>	
			<u>General Fund</u>	<u>Other Funds</u>
Extend existing Kodiak-Iliamna Port and Vessel Study to include Aleutian and Bristol Bay Area.		\$ 50,000	\$ 50,000	
Valdez Airport Upgrading and Maintenance		242,700	242,700	
Supplemental Appropriation (IARF \$904.5; FED \$1,148.5)		2,053,000		\$2,053,000
Terminal Remodeling, Fairbanks (IARF) (page 68)		880,000		880,000
Sewer Outfall Line, Anchorage (IARF) (page 68)		50,000		50,000
Sewer Interceptor, Fairbanks (IARF) (page 69)		50,000		50,000
Lake Hood Sewer, Anchorage (IARF) (page 69)		20,000		20,000
East Side Cargo Area, Fairbanks (IARF \$53.4; FED \$771.6) (page 69)		825,000		825,000
Fire Rescue Vehicle, Fairbanks (IARF \$40.0; FED \$160.0) (page 70)		200,000		200,000
Sand Storage Drying, Fairbanks (IARF) (page 70)		75,000		75,000
Maintenance Equipment (IARF) (page 70)		252,000		252,000
Security Fire/Rescue Equipment, Anchorage (IARF \$317.0; FED \$240.0) (page 71)		557,000		557,000
1970 Airport Construction Bond Fund		9,200	9,200	

NOTE: A revised budget request for International Airports is contained in a letter dated May 23, 1975, from the Chairman of the Budget Committee to the Chairman of the Finance Committee, and should reflect revisions not found in that letter.

FIRST READING AND REFERENCE OF SENATE RESOLUTIONS

SCR SENATE CONCURRENT RESOLUTION NO. 42 by Kerttula

42

Honoring Zoa H. Hazel

was read the first time and referred to the Rules Committee for placement on the calendar.

REPORTS OF STANDING COMMITTEES

HCR 36 The Finance Committee Chairman's report on HOUSE CONCURRENT RESOLUTION NO. 36 (feasibility study, extension of state ferry service to Alaska Peninsula and Aleutian Island) (page 854 of the journal) and HOUSE CONCURRENT RESOLUTION NO. 41 (study, state ferry system into Western Alaska) (page 855 of the journal) appears as follows:

HCR 41

"FINANCE COMMITTEE REPORT

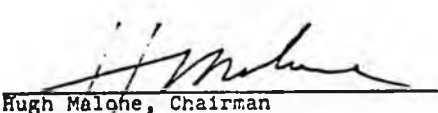
ON

HOUSE CONCURRENT RESOLUTION 36

AND

HOUSE CONCURRENT RESOLUTION 41

The Legislative intent is to reallocate in House Bill 70 this year \$30,000 of the \$300,000 for the Knik Arm Study for the purpose of carrying out the studies under House Concurrent Resolution 36 and House Concurrent Resolution 41. There will not be an additional appropriation.


Hugh Malohe, Chairman
House Finance Committee"

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. House Concurrent Resolution No. 36

Title: Requesting a comprehensive feasibility study of ferry service to Alaska Peninsula

Requested by: House State Affairs Committee Date: 4/8/75 & Aleutian Is.

Return Date Requested: April 8, 1975

Agency: Public Works Program: Marine Transportation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Administration

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		10.0				
200 TRAVEL		8.0				
300 CONTRACTUAL						
400 COMMODITIES		1.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	19.0	0	0	0	0

B. FUNDING: (Thousands of dollars)

GENERAL FUND		19.0				
FEDERAL FUNDS						
OTHER			0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Tentative cost estimate (in-house study)

Personal Services

Engineer	3.5	
Planner	5.0	
Typist	<u>1.5</u>	10.0
Travel		8.0
Commodities		<u>1.0</u>
		19.0

IV. ATTACHMENTS Note: Consultant study estimated at 40.0 to 50.0 based on current Iliamna study.

V. DATE: April 8, 1975

PREPARED BY: W. R. Hudson

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

AMENDMENT #1

OFFERED IN THE HOUSE:

BY: House State Affairs Committee

To: _____ HOUSE BILL No. HR 36

SENATE BILL No. _____

PAGE: 3

LINE: Line

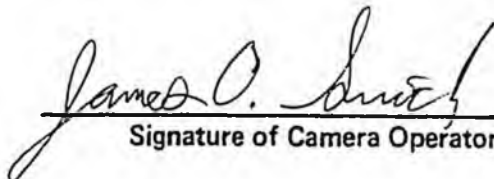
Page 3, Line 9 - After "vessel" insert "of the Tustumena
type"




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Signature of Camera Operator



Date

Original sponsor: Judiciary Committee

Offered: 4/7/75
Referred: Finance

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 SENATE CS FOR HOUSE CONCURRENT RESOLUTION NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 Relating to a revision of AS 11, the
6 substantive criminal law of the state.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the criminal code of the State of Alaska represents a consider-
9 able and vital body of law which has not undergone substantive revision and
10 is consequently vastly out of step with constitutional and social developments
11 of recent decades; and

12 WHEREAS, each year since 1965, a revised criminal code for the state
13 has been before the legislature but has failed to garner the necessary
14 support for passage; and

15 WHEREAS, once again, a criminal code revision which could serve as a
16 basis for study by persons knowledgeable in the varying aspects of the
17 criminal law is contained in the proposed legislation; and

18 WHEREAS it is impossible during the course of a legislative session to
19 devote the necessary man-hours required to refine and digest the proposed
20 revision and to have the necessary expertise available to review the pro-
21 posal;

22 BE IT RESOLVED by the Alaska State Legislature that the Legislative
23 Council in cooperation with the Attorney General is requested to form a
24 "blue ribbon" commission to study, refine, and to submit to the Second
25 Session of the Ninth Legislature a revision of the proposed code the commis-
26 sion recommends be favorably acted upon; and be it

27 FURTHER RESOLVED that the membership of the commission should be repre-
28 sentative of all persons and groups vitally concerned with the administration
29 and enforcement of the state's criminal laws, including but not limited to

1 representatives of the bar, the bench, penologists, correction officers,
2 social workers, and the like; and be it

3 FURTHER RESOLVED that the Legislative Council is authorized to contract
4 with a competent person or firm knowledgeable in the varying aspects of
5 criminal law to oversee and direct the work of the commission.
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Original sponsor: Judiciary Committee

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23 Council in cooperation with the Attorney General is requested to form a
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Original sponsor: Judiciary Committee

Offered: 4/7/75
Referred: Finance

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2 SENATE CS FOR HOUSE CONCURRENT RESOLUTION NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 Relating to a revision of AS 11, the
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Introduced: 3/18/75
Referred: Judiciary

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 HOUSE CONCURRENT RESOLUTION NO. 39 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 Relating to a revision of the substantive
6 criminal law of the state.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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17 criminal law is contained in the proposed legislation; and

18 WHEREAS it is impossible during the course of a legislative session to
19 devote the necessary man-hours required to refine and digest the proposed
20 revision and to have the necessary expertise available to review the proposal;

21 BE IT RESOLVED by the Alaska State Legislature that the Legislative
22 Council is requested to form a "blue ribbon" commission which shall direct
23 the preparation of a comprehensive revision of Alaska's substantive criminal
24 law to be submitted to the Second Session of the Ninth legislature; and let
25 it

26 FURTHER RESOLVED that the membership of the commission should be
27 broadly representative of citizens and groups vitally concerned with the
28 administration and enforcement of the state's criminal laws; and be it

29 FURTHER RESOLVED that the Legislative Council is authorized to contract

1 with a competent person or firm knowledgeable in the varying aspects of
2 criminal law to oversee and direct the commission's work.

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Introduced: 3/18/75
Referred: Judiciary

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 HOUSE CONCURRENT RESOLUTION NO. 39 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 Relating to a revision of the substantive
6 criminal law of the state.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the criminal code of the State of Alaska represents a consider-
9 able and vital body of law which has not undergone substantive revision and
10 is consequently vastly out of step with constitutional and social developments
11 of recent decades; and

12 WHEREAS, each year since 1965, a revised criminal code for the state
13 has been before the legislature but has failed to garner the necessary
14 support for passage; and

15 WHEREAS once again a criminal code revision which could serve as a
16 basis for study by persons knowledgeable in the varying aspects of the
17 criminal law is contained in the proposed legislation; and

18 WHEREAS it is impossible during the course of a legislative session to
19 devote the necessary man-hours required to refine and digest the proposed
20 revision and to have the necessary expertise available to review the proposal;

21 BE IT RESOLVED by the Alaska State Legislature that the Legislative
22 Council is requested to form a "blue ribbon" commission which shall direct
23 the preparation of a comprehensive revision of Alaska's substantive criminal
24 law to be submitted to the Second Session of the Ninth legislature; and be
25 it

26 FURTHER RESOLVED that the membership of the commission should be
27 broadly representative of citizens and groups vitally concerned with the
28 administration and enforcement of the state's criminal laws; and be it

29 FURTHER RESOLVED that the Legislative Council is authorized to contract

1 with a competent person or firm knowledgeable in the varying aspects of
2 criminal law to oversee and direct the commission's work.

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Introduced: 3/18/75
Referred: Judiciary

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 HOUSE CONCURRENT RESOLUTION NO. 39 am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - FIRST SESSION

5 Relating to a revision of the substantive
6 criminal law of the state.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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29 FURTHER RESOLVED that the Legislative Council is authorized to contract

1 with a competent person or firm knowledgeable in the varying aspects of
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Introduced: 3/18/75
Referred: Judiciary

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 HOUSE CONCURRENT RESOLUTION NO. 39 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 Relating to a revision of the substantive
6 criminal law of the state.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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17 criminal law is contained in the proposed legislation; and

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19 devote the necessary man-hours required to refine and digest the proposed
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21 BE IT RESOLVED by the Alaska State Legislature that the Legislative
22 Council is requested to form a "blue ribbon" commission which shall direct
23 the preparation of a comprehensive revision of Alaska's substantive criminal
24 law to be submitted to the Second Session of the Ninth legislature; and be
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27 broadly representative of citizens and groups vitally concerned with the
28 administration and enforcement of the state's criminal laws; and be it

29 FURTHER RESOLVED that the Legislative Council is authorized to contract

1 with a competent person or firm knowledgeable in the varying aspects of
2 criminal law to oversee and direct the commission's work.

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MEMORANDUM

State of Alaska

TO: James Fennel
Division of Legislative Finance

DATE: March 4, 1975

FILE NO:

TELEPHONE NO:

R.F. Schroeder
FROM: Robert F. Schroeder
Legal Administrator
Department of Law

SUBJECT: Fiscal Information
Re CSSCR 5

It is my understanding that the language of the resolution places the Legislative Council as the lead agency in carrying out the revision of AS 11. It is also my understanding that John M. Elliott, Executive Director, Legislative Affairs Agency, has submitted fiscal information to you which sets forth the estimated whole cost of the revision, including whatever costs would be incurred by the Department of Law's participation. Therefore, the Department of Law has not, nor does it propose to, request funds for a revision of AS 11.

RFS:pg

cc: John M. Elliott
Executive Director
Legislative Affairs Agency

S CS HCR-39

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITAL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

March 1, 1975

MEMORANDUM

TO: James Fennell, Senate Finance
FROM: John M. Elliott, Executive Director
SUBJECT: Fiscal information re CSSCR 5

In reply to your request for the fiscal implications of CSSCR 5 which authorizes the Legislative Council to contract with competent persons or firms to oversee and direct a commission to review the existing Criminal Code of Alaska, the council has not, as of this date, had an opportunity to discuss this matter or to determine what direction the proposed study should take if the proposed study passes. However, it is my feeling and that of the resolution's original sponsor that a sizable amount of money will be included in this agency's budget request in anticipation of the resolution's passage. The maximum amount to be requested, in my judgment, would likely be approximately \$100,000.

If you have any further questions, please do not hesitate to call me.

pmk



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

2/8/90
Date

STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

POUCH SA - JUNEAU 99811

April 2, 1976

The Honorable Kathryn Poland
Chairman
Senate Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK 99801

Dear Senator Poland:

re CSS HJR No. 39 am

Committee Substitute for Sponsor Substitute for House Joint Resolution No. 39 am, proposing an amendment to the Alaska Constitution, establishing an Alaska Permanent fund for certain proceeds derived from non-renewable resources, was introduced in the Senate on March 26, 1976 and was referred to the Senate Resource and Finance Committees.

For the consideration of the Senate Resources Committee, I am enclosing a copy of a Fiscal Note and accompanying memorandums and schedules prepared by Lawrence C. Eppenbach, Deputy Commissioner, Treasury, Department of Revenue advising of impact on the General Fund and costs of administration.

If you or any members of the Senate Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Eppenbach for further information or testimony at a hearing.

Very truly yours,

R.D. Stevenson
Special Assistant

RDS:ib

cc The Honorable Bill Ray
Chairman
Senate Finance Committee

Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. CSSS HJR No. 39 am
 Title: Permanent Fund Resolution
 Requested by: Senate Resources Date: March 30, 1976
 Return Date Requested: _____
 Agency: Department of Revenue Program: State Investment Advisory
Committee

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		75.0				
200 TRAVEL		10.0				
300 CONTRACTUAL		100.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	185.0	-0-	-0-	-0-	-0-

The sum of \$185.0 is to be effective on the day after passage of this resolution.

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	185.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT / TEMPORARY	/	2 / 1	/	/	/	/
MAN MONTHS (P / T)	/	100 / 100	/	/	/	/

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CSSS AIR No. 39 am
 Title: Permanent Fund Resolution
 Requested by: Senate Resources Date: March 30, 1976
 Return Date Requested: _____
 Agency: Department of Revenue Program: State Investment Advisory
 Committee

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		75.0				
200 TRAVEL		10.0				
300 CONTRACTUAL		100.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	185.0	-0-	-0-	-0-	-0-

The sum of \$185.0 is to be effective on the day after passage of this resolution.

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	185.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/ 1	/	/	/	/
MAN MONTHS (P./T.)	/	12/ 6	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See Attached

IV. ATTACHMENTS

Fiscal Note Comments; Department of Revenue Permanent and General Fund Projections; Prior Fiscal Notes

V. DATE: 2 April 76 PREPARED BY: William C. Greenback

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

III. FISCAL NOTE ANALYSIS

This Fiscal Note displays the personal services and contractual research expenses to prepare bills for introduction to the next legislature that would implement the permanent fund. It incorporates the improvements contained in prior fiscal notes. It does not describe the longer term revenue impact of a permanent fund.

Personal services are for the two full-time research assistants and one part-time secretary to be selected by the legislative members of the State Investment Advisory Committee. The anticipated travel is chiefly between Juneau and Anchorage and for a planned meeting with officials of the Alberta Heritage Fund.

The contractual sum is to retain consultants, to be selected by the full Committee, for specialized information and analysis of alternative goals and structuring for the Alaska Permanent Fund. Areas for research are described in an attached memorandum.

ANALYSIS OF PERMANENT FUND - AT 25% CONTRIBUTION RATE
(in millions of current dollars)

<u>FISCAL YEAR</u>	<u>TOTAL UNRESTRICTED GENERAL FUND REVENUE BEFORE CONTRIBUTION</u>	<u>TOTAL REVENUE SUBJECT TO PERMANENT FUND CONTRIBUTION</u>	<u>25% CONTRIBUTION TO PERMANENT FUND PER YEAR</u>	<u>PERMANENT FUND BALANCE</u>	<u>TOTAL UNRESTRICTED GENERAL FUND REVENUE AFTER CONTRIBUTION</u>	<u>TOTAL UNRESTRICTED GENERAL FUND EXPENDITURES + ALASKA NLC</u>	<u>GENERAL FUND SURPLUS (DEFICIT)</u>	<u>GENERAL FUND BALANCE</u>
FY75	333.4	---	---	---	333.4	490.0	(156.6)	379.3
FY76	650.0	68.5	17.2	17.2	632.8	626.4	6.4	385.7
FY77	728.7	63.5	15.9	33.1	712.8	705.9	6.9	392.6
FY78	986.4	688.7	172.2	205.3	814.2	871.6	(57.4)	335.2
FY79	1181.5	874.3	218.6	423.9	962.9	990.8	(27.9)	307.3
FY80	1493.0	1198.9	299.8	723.7	1193.2	1124.6	68.6	375.9
FY81	1871.3	1374.9	343.7	1067.4	1527.6	1240.9	286.7	662.6
FY82	2111.7	1526.4	381.6	1449.0	1730.1	1259.8	470.3	1132.9
FY83	2403.8	1757.1	439.3	1888.3	1964.5	1300.0	664.5	1797.4
FY84	2651.7	1931.0	482.8	2371.1	2168.9	1400.0	768.9	2566.3
FY85	2819.8	2018.5	504.6	2875.7	2315.2	1500.0	815.2	3381.5

ASSUMPTIONS

NATIVE CLAIMS (millions)

FY76 - \$ 6.4	FY77 - \$ 5.9	FY78 - \$ 71.6
FY79 - \$90.8	FY80 - \$124.6	FY81 - \$140.9
FY82 - \$59.8		

This is the payment schedule which is included in State Expenditures.

PROPERTY TAX (millions)

FY76 - \$16.3 + \$70.1 = \$86.4	FY77 - \$70.1 + \$58.1 = \$128.2	
FY78 - \$128.2 + \$23.9 = \$152.1	FY79 - \$152.1 + \$2.3 = \$154.4	
FY 1980 = \$154.4	FY 1981 = \$154.4	FY 1982 = \$148.2

The Petroleum industry property is depreciated at 4% per year from FY81 on.

The aforementioned assumes a move up in the effective payment date from Sept. to June. This is why the additional (+) revenues appear from FY76 to FY79.

BONUS SALES

No Anticipated Bonus Sale Receipts Included

RESERVE TAX CREDIT (millions)

The Permanent Fund is calculated on the total reserve tax before the companies receive credits. This is in conformity with the intent of the bill.

Receipts \$220 in FY76	\$269 in FY77	for a total of \$489
Paybacks \$109.2 in FY78	\$142 in FY79	\$198.4 FY80
\$ 39.4 in FY81		

INTEREST RATES

The Permanent Fund earns 6% on the previous year's balance which is deposited in the General Fund.

The General Fund earns 6% on the previous year's balance which is deposited into the General Fund.

TARIFF RATES

(per barrel)

FY 78 - \$4.88	FY 79 - \$4.83	FY 80 - \$4.05
FY 81 - \$3.80	FY 82 - \$3.55	FY 83 - \$3.34
FY 84 - \$3.22	FY 85 - \$3.18	

WELLHEAD VALUES

(per barrel)

FY 78 - \$9.43	FY 79 - \$8.59	FY 80 - \$10.14
FY 81 - \$10.91	FY 82 - \$11.76	FY 83 - \$12.56
FY 84 - \$13.30	FY 85 - \$14.00	

THRUPUT FORECAST

(000)

FY 78 - 960	FY 79 - 1,360	FY 80 - 1,610
FY 81 - 1,700	FY 82 - 1,800	FY 83 - 1,900
FY 84 - 1,950	FY 85 - 1,950	

COST FACTORS

Capital	\$7.8 billion
Interest	\$1.55 billion
Working Capital	\$100 million

INFLATION

6% per annum during	FY 76 - FY 78
5% per annum during	FY 79 - FY 80
4% per annum during	FY 81 - FY 90

Original sponsor: Rules Committee by
request of the Governor

Offered: 3/24/76
Referred: Rules

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the Alaska Con-
6 stitution, establishing an Alaska Permanent
7 Fund for certain proceeds derived from non-
8 renewable resources.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. Article IX, Section 7, Constitution of the State of Alaska,
11 is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
13 license shall not be dedicated to any special purpose, except as pro-
14 vided in section 15 of this article or when required by the federal
15 government for state participation in federal programs. This provision
16 shall not prohibit the continuance of any dedication for special pur-
17 poses existing upon the date of ratification of this constitution by the
18 people of Alaska.

19 . * Sec. 2. Article IX, Constitution of the State of Alaska, is amended by
20 adding a new section to read:

21 SECTION 15. ALASKA PERMANENT FUND. At least twenty-five per cent
22 of all mineral lease rentals, royalties, ryalty sale proceeds, federal
23 mineral revenue sharing payments, bonuses, and all mineral production
24 taxes received by the state shall be placed in a permanent fund, the
25 principal of which shall be used only for these income producing invest-
26 ments specifically designated by law as eligible for permanent fund
27 investments. The legislature may appropriate additional amounts to the
28 permanent fund which shall become a part of the principal of the fund.
29 All income from the permanent fund shall be deposited in the general

1 fund unless otherwise provided by law.

2 * Sec. 3. The amendments proposed by this resolution shall be placed
3 before the voters at the next general election in conformity with art. XIII,
4 sec. 1, Constitution of the State of Alaska, and the election laws of the
5 state.

6 * Sec. 4. The amendments proposed by this resolution if adopted by the
7 voters at the next general election shall become effective 90 days after the
8 certification of the election returns by the lieutenant governor.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

April 13, 1976

Honorable Kathryn Poland
Chairman
Senate Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: SCS CS SS HJR No. 39

Dear Senator Poland:

Senate CS for CS for Sponsor Substitute for House Joint Resolution No. 39, proposing an amendment to the Alaska Constitution, establishing an Alaska Permanent Fund for certain proceeds derived from nonrenewable resources, was referred to the Senate Resources Committee on April 7, 1976.

For the consideration of the Senate Resources Committee, I am enclosing a copy of a memorandum prepared by Lawrence C. Eppenbach, Deputy Commissioner, Treasury, Department of Revenue advising of effect on Treasury as well as a copy of an earlier Fiscal Note advising of costs of administration.

If you or any members of the Senate Resources Committee have any questions on the material submitted, please telephone the writer and I will contact Mr. Eppenbach for further information or testimony at a hearing.

Very truly yours,



R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Bill Ray
Chairman
Senate Finance Committee

Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: April 13, 1976

FILE NO:

TELEPHONE NO:

FROM: Lawrence C. Eppenbach *LCE*
Deputy Commissioner, Treasury
Department of Revenue

SUBJECT: SCS CS SS HJR 39

I have reviewed the Senate State Affairs amendments to the Permanent Fund Resolution. This amendment adopts the House format but changes the percentage sharing formula from 25% of petroleum revenue to 50% of royalties, bonuses, and rentals. In other words, the severance tax is deleted from the sharing. The following table displays the dollar impact of this change using assumptions consistent with the petroleum revenue estimates attached to the original Fiscal Note:

	Millions of Dollars		
	25% Sharing Rate (includes Severance Tax)	50% Sharing of Royalty	Difference
FY 77	\$ 15.9	\$ 19.4	\$ 3.5
FY 78	172.2	224.1	51.9
FY 79	218.6	284.1	65.5
FY 80	299.8	390.0	90.2
FY 81	343.7	440.7	97.0
FY 82	381.6	500.5	118.9
FY 83	439.3	586.0	146.7
FY 84	482.8	634.7	151.9
FY 85	504.6	667.1	162.5
FY 86	529.4	705.0	175.6
Total 10 Years	<u>\$2,858.5</u>	<u>\$4,451.6</u>	<u>\$1,063.7</u>

A second major change is the provision for required reinvestment of 10% of the earnings of the fund. To illustrate the impact of this reinvestment requirement, we have calculated that beginning with a \$5 billion fund, then 20 years reinvestment of a tenth of a 6% return would increase the fund to \$5.64 billion. If the investment yield were to average 10% then the fund would grow to \$6.10 billion.

The amounts become more significant as the term of reinvestment increases. For example, the same conditions for 50 years would increase the fund to \$6.74 billion at 6% and \$8.22 billion at 10%.

Lastly, the State Affairs version of the Permanent Fund Resolution provides for additional legislative "dedication" of revenue without limitation. This is a massive change in the degree of authority to dedicate funds from that being sought in the original HJR 39. It may not even be what its author had intended. In any case, its effect cannot be measured.

LCE:ge

THE LEGISLATURE OF THE STATE OF ALASKA

FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CSSS HJR No. 39 am
 Title: Permanent Fund Resolution
 Requested by: Senate Resources Date: March 30, 1976
 Return Date Requested: _____
 Agency: Department of Revenue Program: State Investment Advisory
 Committee

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		75.0				
200 TRAVEL		10.0				
300 CONTRACTUAL		100.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	185.0	-0-	-0-	-0-	-0-

The sum of \$185.0 is to be effective on the day after passage of this resolution.

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	185.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/ 1	/	/	/	/
MAN MONTHS (P./T.)	/	12/ 6	/	/	/	/

III ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See Attached

IV. ATTACHMENTS

Fiscal Note Comments; Department of Revenue Permanent and General Fund Projections; Prior Fiscal Notes

V. DATE: 2 April 76 PREPARED BY: William C. Gjenlach

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

III. FISCAL NOTE ANALYSIS

This Fiscal Note displays the personal services and contractual research expenses to prepare bills for introduction to the next legislature that would implement the permanent fund. It incorporates the improvements contained in prior fiscal notes. It does not describe the longer term revenue impact of a permanent fund.

Personal services are for the two full-time research assistants and one part-time secretary to be selected by the legislative members of the State Investment Advisory Committee. The anticipated travel is chiefly between Juneau and Anchorage and for a planned meeting with officials of the Alberta Heritage Fund.

The contractual sum is to retain consultants, to be selected by the full Committee, for specialized information and analysis of alternative goals and structuring for the Alaska Permanent Fund. Areas for research are described in an attached memorandum.

FILES: W/0016 RES

CC: EPPENBACH

GILLIGHER-

Original sponsor: Rules Committee by Offered: 4/7/76
request of the Governor Referred: Resources

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the Alaska Con-
6 stitution, establishing an Alaska Perma-
7 nent Fund for certain proceeds derived
8 from nonrenewable resources.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. Article IX, Section 7, Constitution of the State of Alaska,
11 is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
13 license shall not be dedicated to any special purpose, except as pro-
14 vided in section 15 of this article or when required by the federal
15 government for state participation in federal programs. This provision
16 shall not prohibit the continuance of any dedication for special pur-
17 poses existing upon the date of ratification of this constitution by the
18 people of Alaska.

19 * Sec. 2. Article IX, Constitution of the State of Alaska, is amended by
20 adding a new section to read:

21 SECTION 15. ALASKA PERMANENT FUND. Fifty per cent of all the pro-
22 ceeds from mineral lease rentals, royalties, royalty sales, revenue
23 sharing payments and bonuses received by the state and ten per cent of
24 the income from the permanent fund shall be placed in a permanent fund,
25 the principal of which shall be used only for those income producing
26 investments specifically designated by law as eligible for permanent
27 fund investments. The legislature may dedicate additional proceeds both
28 as to source and percentage which shall become a part of the principal
29 of the fund. Any additional dedication may be revoked by the legisla-

1 ture, but revocation may not make the principal amount in the permanent
2 fund subject to appropriation. Other income from the permanent fund
3 shall be deposited in the general fund.

4 * Sec. 3. The amendments proposed by this resolution shall be placed
5 before the voters at the next general election in conformity with art. XIII,
6 sec. 1, Constitution of the State of Alaska, and the election laws of the
7 state.

8 * Sec. 4. The amendments proposed by this resolution if adopted by the
9 voters at the next general election shall become effective 90 days after the
10 certification of the election returns by the lieutenant governor.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST

~~*****~~ Joint Resolution - Permanent Fund

Title: _____

Requested by: Governor

Date: January 12, 1976

Return Date Requested: _____

Agency: Revenue

Program: State Investment Advisory
Committee

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		150,000				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		150,000				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		150,000				
FEDERAL FUNDS						
OTHER						

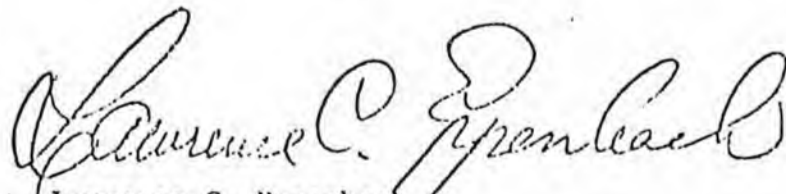
C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This fiscal note displays the reasonable minimum in research expenses to draft bills for introduction in the 1977 legislative session to implement the permanent fund. It does not describe the longer term revenue impact of such a fund.

IV. ATTACHMENTS



V. DATE: January 12, 1976 PREPARED BY: Lawrence C. Eppenbach

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

MEMORANDUM

TO: [

Sterling Gallagher
Commissioner
Department of Revenue

DATE : January 12, 1976

FROM:

Lawrence C. Eppenbach
Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

SUBJECT: Fiscal Note Comments -
Permanent Fund Concept

The proposed Constitutional initiative would establish a permanent fund composed of 10 percent of all mineral lease revenue and production taxes received by the State. The amendment calls for the fund to be invested in income yielding projects and investments, with the income transferred to the general fund.

The amendment language is broad in nature and a comprehensive piece of enabling legislation will be required to make the concept work. Many topics will have to be addressed by this enabling legislation such as the investment objectives, the creation of development financing institutions, new loan programs, and even the organizational framework. To study these questions and to have draft legislation ready for introduction at the beginning of the 1977 session will require research to commence right away. In addition, since the success of this fund will hinge on the quality of management personnel work must also proceed in identifying and recruiting qualified managers.

This fiscal note assumes that the present State Investment Advisory Committee will research and draft this legislation and that it will be completed by January 15, 1977. This Committee is presently responsible for advising the Commissioner of Revenue with respect to investments and its membership (legislative, executive, and public) is broadly representative of Alaskan interests.

The State Investment Advisory Committee does not have a permanent staff; this fiscal note would provide funds for securing the necessary research capability. In addition, new members may be appointed to the Committee to enhance its ability to undertake this responsibility. Even though the approach taken ultimately will be up to the Committee, the following outline might represent a typical plan. It divides the work into four phases:

1. Preliminary/Conceptual Research: Typical assignments would include a study of the experience of similar funds in other states; a thorough cataloging of Alaska's renewable and non-renewable resources; an examination of the need for credit expansion in Alaska; the evaluation of present loan programs; the identification of alternative administrative frameworks for the fund; and background data gathering on the State's financial position.

2. Economic Research: Work in this area might consist of the classification of present and potential revenue sources into recurring and non-recurring components; the identification of possible recurring revenue increments related to development activity, and the identification of environmental costs associated with that activity. This should provide a ranking of potential economic projects with respect to long term net economic benefit to Alaskans. Careful coordination with the development plans of Native Regional and Village Corporations, State authorities, municipal, and private sector corporations will be required.

3. Financial Research: Here the detail work begins in identifying alternative investments that may qualify for permanent fund participation. Each project would have to be ranked according to its ability to stimulate net recurring revenue benefits to the entire State. Measurements of the impact of fund operation on State budget expenditures would also have to be made.

4. Legal Research: Reviews of legal investments, the legal status of investing in quasi-public institutions, and the actual writing of proposed legislation would logically fall into this category.

LCF je
Enclosure

Proposing an amendment to the Alaska Constitution, establishing a permanent fund for certain proceeds derived from non-renewable resources.

COMMITTEE REPORT

1/15/76

HOUSE

JUDICIARY

Mr. Speaker:

Date _____

The Committee on FINANCE has had SSHJR 39

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

(x) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

HJR 31

I. REQUEST

~~*****~~ Joint Resolution - Permanent Fund

Title: _____

Requested by: Governor _____

Date: January 12, 1976

Return Date Requested: _____

Agency: Revenue _____

Program: State Investment Advisory _____

Committee _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		150,000				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		150,000				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		150,000				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This fiscal note displays the reasonable minimum in research expenses to draft bills for introduction in the 1977 legislative session to implement the permanent fund. It does not describe the longer term revenue impact of such a fund.

IV. ATTACHMENTS

Lawrence G. Spennack

V. DATE: January 12, 1976 PREPARED BY: Lawrence G. Spennack

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

TO: Sterling Gallagher
Commissioner
Department of Revenue

DATE: January 12, 1976

FROM: *Lawrence C. Eppenbach*
Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

SUBJECT: Fiscal Note Comments -
Permanent Fund Concept

The proposed Constitutional initiative would establish a permanent fund composed of 10 percent of all mineral lease revenue and production taxes received by the State. The amendment calls for the fund to be invested in income yielding projects and investments, with the income transferred to the general fund.

The amendment language is broad in nature and a comprehensive piece of enabling legislation will be required to make the concept work. Many topics will have to be addressed by this enabling legislation such as the investment objectives, the creation of development financing institutions, new loan programs, and even the organizational framework. To study these questions and to have draft legislation ready for introduction at the beginning of the 1977 session will require research to commence right away. In addition, since the success of this fund will hinge on the quality of management personnel work must also proceed in identifying and recruiting qualified managers.

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4. Legal Research: Reviews of legal investments, the legal status of investing in quasi-public institutions, and the actual writing of proposed legislation would logically fall into this category.

LCE:ge
Enclosure

ANALYSIS OF PERMANENT FUND - AT 25% CONTRIBUTION RATE
(in millions of current dollars)

ISCAL YEAR	TOTAL UNRESTRICTED GENERAL FUND REVENUE BEFORE CONTRIBUTION	TOTAL REVENUE SUBJECT TO PERMANENT FUND CONTRIBUTION	25% CONTRIBUTION TO PERMANENT FUND PER YEAR	PERMANENT FUND BALANCE	TOTAL UNRESTRICTED GENERAL FUND REVENUE AFTER CONTRIBUTION	TOTAL UNRESTRICTED GENERAL FUND EXPENDITURES + ALASKA NLC	GENERAL FUND SURPLUS (DEFICIT)	GENERAL FUND BALANCE
FY75	333.4	---	---	---	333.4	490.0	(156.6)	379.3
FY76	650.0	68.6	17.2	17.2	632.8	626.4	6.4	385.7
FY77	728.7	63.5	15.9	33.1	712.8	705.9	6.9	392.6
FY78	986.4	688.7	172.2	205.3	814.2	871.6	(57.4)	335.2
FY79	1181.5	874.3	218.6	423.9	962.9	990.8	(27.9)	307.3
FY80	1493.0	1198.9	299.8	723.7	1193.2	1124.6	68.6	375.9
FY81	1871.3	1374.9	343.7	1067.4	1527.6	1240.9	286.7	662.6
FY82	2111.7	1526.4	381.6	1449.0	1730.1	1259.8	470.3	1132.9
FY83	2403.8	1757.1	439.3	1888.3	1964.5	1300.0	664.5	1797.4
FY84	2651.7	1931.0	482.8	2371.1	2168.9	1400.0	768.9	2566.3
FY85	2819.8	2018.5	504.5	2875.7	2315.2	1500.0	815.2	3381.5

ASSUMPTIONS

NATIVE CLAIMS (millions)

FY76 - \$ 6.4	FY77 - \$ 5.9	FY78 - \$ 71.6
FY79 - \$90.8	FY80 - \$124.6	FY81 - \$140.9
FY82 - \$59.8		

This is the payment schedule which is included in State Expenditures.

PROPERTY TAX (millions)

FY76 - \$16.3 + \$70.1 = \$86.4	FY77 - \$70.1 + \$58.1 = \$128.2	
FY78 - \$128.2 + \$23.9 = \$152.1	FY79 - \$152.1 + \$2.3 = \$154.4	
FY 1980 = \$154.4	FY 1981 = \$154.4	FY 1982 = \$148.2

The Petroleum industry property is depreciated at 4% per year from FY81 on.

The aforementioned assumes a move up in the effective payment date from Sept. to June. This is why the additional (+) revenues appear from FY76 to FY79.

BONUS SALES

No Anticipated Bonus Sale Receipts Included

RESERVE TAX CREDIT (millions)

The Permanent Fund is calculated on the total reserve tax before the companies receive credits. This is in conformity with the intent of the bill.

Receipts \$220 in FY76	\$269 in FY77	for a total of \$489
Paybacks \$109.2 in FY78	\$142 in FY79	\$198.4 FY80
\$ 39.4 in FY81		

INTEREST RATES

The Permanent Fund earns 6% on the previous year's balance which is deposited in the General Fund.

The General Fund earns 6% on the previous year's balance which is deposited into the General Fund.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Hugh Malone

JAY S. HAMMOND, GOVERNOR

POUCH K - STATE CAPITOL
JUNEAU 99511

January 3, 1976

M E M O R A N D U M

TO: The Honorable Jay S. Hammond
Governor

FROM: Avrum M. Gross *by AMG*
Attorney General

RE: Proposed joint resolution calling for a
constitutional amendment establishing a
permanent fund.

Attached is the proposed joint resolution calling for a constitutional amendment to establish a permanent fund to which mineral leasing revenues would be dedicated.

In contrast to HJR 39 which you introduced last year, the attached resolution would establish a constitutional permanent fund into which 10 percent of all mineral leasing revenue and mineral production taxes would automatically be dedicated without further legislative action. Last year's resolution would simply have given the legislature the authority to establish a permanent fund by law which could be changed or repealed by subsequent legislatures.

The revenues that would be dedicated include mineral leasing rentals, royalties and bonuses. Questions do arise, however, as to some special circumstances. For example, what is to occur when the state takes its royalty in kind? Should 10 percent of the proceeds from the sale of royalties taken in kind be dedicated to the fund? I have assumed that this would be the case and have included language in the draft transmittal letter to clarify our intent in this respect.

Also, what is to occur if the state changes its leasing policy from the traditional bonus bidding with a 1/8 or 1/6 royalty to a royalty bidding arrangement with a nominal cash bonus with the state instead receiving a larger royalty share such as 50 percent? Again I have assumed that you have intended that a full 10% of this larger royalty

The Honorable Jay S. Hammond
Governor

January 3, 1976

- 2 -

share would be dedicated to the fund, and I have included language in the transmittal letter to state your position on this.

Also, what is to occur with respect to the revenue sharing which the state receives from federal mineral leasing? If this revenue is to be included, we should add some appropriate language in the resolution and in the transmittal letter to accomplish it.

Other revenue that would be dedicated to the fund would include mineral production taxes. I have assumed that this would only include the state's oil and gas properties production tax ("severance tax"), the oil and gas conservation tax (conservation tax), and the mining license tax regardless what form they may take in the future. Taxes that have not been included are the oil and gas exploration, production and pipeline property tax (20-mil property tax) and the oil and gas reserves ad valorem tax (reserve tax). If it is intended that these taxes should also be dedicated then the resolution and draft transmittal letter should be changed accordingly.

A question can be raised as to what amount of tax should be dedicated. For example, what is to occur with respect to any production taxes which the state must transmit to the Native Fund? Should 10 percent of taxes which the state receives and then transmits to the Native Fund be dedicated? I have assumed not and have so stated in the draft transmittal letter.

Also, what is to occur with respect to the production taxes which the state does not receive in cash but in effect receives through the application of accumulated "reserve tax" credits? For example, a taxpayer having a production tax liability of \$100,000 may credit his accumulated reserve tax against the production tax up to \$50,000 and only pay the remaining amount. Again, I have assumed that the production tax paid by the reserve tax credit would not be dedicated. If it is intended that more than just the net amount of cash tax revenue received by the state should be dedicated, then some additional changes should be made to the transmittal letter.

The resolution specifies that the fund will be used for investment only, with the legislature specifying the types of investment. A question has arisen whether the

The Honorable Jay S. Hammond
Governor

January 3, 1976

- 3 -

fund should be used to purchase obligations financing capital expenditures. For example, may the fund be used to purchase bonds issued to finance relocation of the capital? I have assumed this was not intended and have so stated in the transmittal letter.

If you wish to acknowledge, or go to the extent of withdrawing, the currently pending HJR 39, you may wish to add a comment on it in the transmittal letter to the legislature.

AMG:md:JRM

HOUSE JOURNAL

*Ann
Pharis*

JOINT CHAIRMANS' REPORT ON
CS SSHJR 39

The Finance and Judiciary Committees of the House have each considered individually SS HJR 39, transmitted to the House by the Governor on January 15, 1976. The House Judiciary Committee, in unanimously adopting and reporting out a Judiciary Committee Substitute, incorporated amendments adopted by both the Finance and Judiciary Committees. CS SSHJR 39 is addressed in this joint report so that the intent of the constitutional amendment proposed by the resolution is clear.

The proposed constitutional amendment, which both committees view as of vital importance to the state, would establish an Alaska Permanent Fund into which 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, bonuses and all mineral production taxes would automatically be placed.

The committee substitute raises from 15 to 25 the percentage of nonrenewable resource revenue to be dedicated. This change was made after the committees' concurrence with the Governor that the 25 percent level of funding would allow flexibility in future budgeting of state expenditures even if the most conservative case for future state revenue projections proves true. On the other hand, sufficient income would be accumulated in the Alaska Permanent Fund to allow diversification of Alaska's economy and to insure that future generations receive benefits from development of the State's nonrenewable resources.

The word "all" has been added before the words "mineral production taxes" in sec. 15 of the proposed constitutional amendment so that it is clear that all future taxes measured by mineral production or severance are included in this provision of the Constitution. The addition of the word "all" does not include property taxes. Examples of taxes included under sec. 15 include Oil and Gas Property Production Tax, AS 43.55 and the Oil and Gas Regulation and Conservation Tax, AS 43.57. Taxes which are not included are Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes, AS 43.56 and Oil and Gas Reserves Ad Valorem Tax, AS 43.58.

In regard to both mineral leasing and mineral production taxes, the amount to be placed in the Fund would be based upon the gross amount to be received by the state. Accordingly, twenty-five percent of the gross amount of these revenues would be paid into the fund even though a portion of these revenues will be paid into the Alaska Native Fund as required by law.

HOUSE JOURNAL

Joint Chairmans' Report on CS SSHJR 39

Page 2

In the event royalties are taken in kind, 25 percent of the proceeds from their sale would be placed in the fund. Also, revenue sharing payments which the state receives from federal mineral leasing would be dedicated.

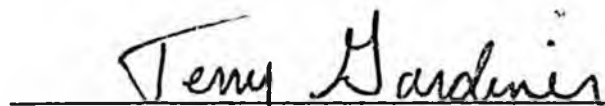
The principal of the Fund would be used only for investment in income-producing investments which the legislative would establish and change from time to time to meet the needs of the state. The Fund would come into existence and accumulate 25 percent of all nonrenewable source revenues received by the state 90 days after the certification of the 1976 election returns by the lieutenant governor. It is the purpose of the delayed effective date to allow the legislature to provide by law for an investment structure for the Alaska Permanent Fund.

The purpose of the language in the last sentence of the resolution is to give future legislatures the maximum flexibility in using the Fund's earnings -- ranging from adding to Fund principal to paying out a dividend to resident Alaskans.

The fiscal note provides for an interim study and development of alternative investment goals and structures for the Fund to be performed jointly by executive and legislative staff under the direction of the State Investment Advisory Committee.



HUGH MALONE
Chairman House Finance Committee



TERRY GARDINER
Chairman House Judiciary Committee

AMENDMENT

OFFERED IN THE HOUSE:

By: FINANCE COMMITTEE

To: _____ HOUSE BILL No. SSLR 39
SENATE BILL No. _____

1) PAGE: 1

LINE: Title

after "establishing" insert:

an ALASKA PERMANENT FUND *11-11*

2) 1

22

before PERMANENT FUND insert:

ALASKA

before "per cent" delete:

Ten

insert:

Twenty-five *11-11*

3) 1

23

before "revenue" insert:

federal mineral *11-11*

4) 1

26

after "investments" insert:

which shall be established
by law *11-11*

5) 1

29

after "fund" add:

unless otherwise provided
by law *11-11*

6) 3

5

add another section:

* Sec. 4. The amendments
proposed by this resolution
if adopted by the voters at
the next general election
shall become effective 90 days
after the certification of
the election returns by the
lieutenant governor.

AMENDMENT

OFFERED IN THE HOUSE:

BY: FINNEN COMMITTEE

To: _____ HOUSE BILL No. 2225

SENATE BILL No. _____

PAGE: 1

LINE: 1010

after "established" insert:

the words "and the" after "and the"

Section 1 of the Act shall read:

Section 1. The Act shall read:

Section 2 of the Act shall read:

Section 2. The Act shall read:

Section 3 of the Act shall read:

Section 3. The Act shall read:

Section 4 of the Act shall read:

Section 4. The Act shall read:

Section 5 of the Act shall read:

Section 5. The Act shall read:

Section 6 of the Act shall read:

Section 6. The Act shall read:

Section 7 of the Act shall read:

Section 7. The Act shall read:

Section 8 of the Act shall read:

Section 8. The Act shall read:

Section 9 of the Act shall read:

Section 9. The Act shall read:

Section 10 of the Act shall read:

Section 10. The Act shall read:

Introduced: 1/15/76
Referred: Finance and
Judiciary

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the
6 Alaska Constitution, establishing
7 a permanent fund for certain pro-
8 ceeds derived from non-renewable
resources.

10 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. Article IX, Section 7, Constitution of the State of Alaska,
12 is amended to read:

13 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
14 license shall not be dedicated to any special purpose, except as pro-
15 vided in section 15 and except when required by the federal government
16 for state participation in federal programs. This provision shall not
17 prohibit the continuance of any dedication for special purposes exist-
18 ing upon the date of ratification of this constitution by the people
19 of Alaska.

20 * Sec. 2. Article IX, Constitution of the State of Alaska, is amended
21 by adding a new section to read:

22 SECTION 15. PERMANENT FUND. Ten per cent of all mineral lease
23 rentals, royalties, royalty sale proceeds, revenue sharing payments,
24 bonuses, and mineral production taxes received by the state shall be
25 placed in a permanent fund, the principal of which shall be used only
26 for income investments. The legislature may appropriate additional
27 amounts to the permanent fund which shall become a part of the principal
28 of the fund. All income from the permanent fund shall be deposited in
29 the general fund.

1 * Sec. 3. The amendments proposed by this resolution shall be placed
2 before the voters at the next general election in conformity with art.
3 XIII, sec. 1, Constitution of the State of Alaska, and the election laws of
4 the state.

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MAR 09 1976

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 8, 1976

The Honorable Hugh Malone
Chairman
House Finance Committee
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Chairman:

I recently evaluated information which enables me to make a recommendation on a percentage amount I consider appropriate to devote to the Permanent Fund. The figure I suggest is 25 per cent of nonrenewable resource revenues as described in Section 15 of the Sponsor Substitute for House Joint Resolution Number 39. At this juncture it should be noted that this figure is based on the most conservative case for revenue projections. This excludes future development of new oil, gas, and mineral discoveries.

I recommend this figure for the following reasons:

1. It allows flexibility in terms of State expenditure levels for the years ahead. The budget can be varied to adequately take care of the needs of Alaska.
2. It provides sufficient funding for major projects the State might wish to undertake.
3. It promotes the goal of economic diversification. The diversification of the economy would foster a broader tax base. The State's financial viability would be much improved.
4. It insures that future generations would benefit from the expected revenue situation.

My analysis is enclosed for your review.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

Enclosure

cc: The Honorable Chancy Croft
President of the Senate

The Honorable Mike Bradner
Speaker of the House

AMENDMENT

#4

OFFERED IN THE HOUSE:

By: Smith

To: SSS H.R. 39 HOUSE BILL No. _____

SENATE BILL No. _____

PAGE: 1

LINE: 21

Delete "Twenty-five" & substitute "Seventy-five"

Line 23 insert "and" before "bonuses" & delete
all after "bonuses,"

Smith

AMENDMENT ~~117~~

OFFERED IN THE HOUSE:

By: Specking

To: CS SS HOUSE BM/L/No/ JR 39

SENATE BILL No. _____

PAGE: 1

LINE: 21

After "FUND." insert the words, "At least" and change "T" to "t".

Adopted

AMENDMENT

#3

OFFERED IN THE HOUSE:

By: URION

To: CSSS HJR 39 HOUSE BILL No. _____

SENATE BILL No. _____

PAGE: 1

LINE: 25

after "income producing investments" insert

which have a guaranteed rate of return and are

Urion

AMENDMENT #3

OFFERED IN THE HOUSE:

BY: URION

TO: CSSS HJR 39 HOUSE BILL No. _____

SENATE BILL No. _____

PAGE: _____

LINE: _____

page 1, line 29

after "general fund" insert a period (.) and
delete unless otherwise provided by law. on

page 2, line 1

Urion

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CSSS HJR No. 39 am
 Title: Permanent Fund Resolution
 Requested by: Senate Resources Date: March 30, 1976
 Return Date Requested: _____
 Agency: Department of Revenue Program: State Investment Advisory
 Committee

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		75.0				
200 TRAVEL		10.0				
300 CONTRACTUAL		100.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	185.0	-0-	-0-	-0-	-0-

The sum of \$185.0 is to be effective on the day after passage of this resolution.

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	185.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/ 1	/	/	/	/
MAN MONTHS (P./T.)	/	12/ 6	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See Attached

IV. ATTACHMENTS

Fiscal Note Comments; Department of Revenue Permanent and General Fund Projections; Prior Fiscal Notes

V. DATE: 2 April 76 PREPARED BY: Lawrence C. Greenback

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

III. FISCAL NOTE ANALYSIS

This Fiscal-Note displays the personal services and contractual research expenses to prepare bills for introduction to the next legislature that would implement the permanent fund. It incorporates the improvements contained in prior fiscal notes. It does not describe the longer term revenue impact of a permanent fund.

Personal services are for the two full-time research assistants and one part-time secretary to be selected by the legislative members of the State Investment Advisory Committee. The anticipated travel is chiefly between Juneau and Anchorage and for a planned meeting with officials of the Alberta Heritage Fund.

The contractual sum is to retain consultants, to be selected by the full Committee, for specialized information and analysis of alternative goals and structuring for the Alaska Permanent Fund. Areas for research are described in an attached memorandum.

10. [

Sterling Gallagher
Commissioner
Department of Revenue

DATE January 12, 1976

FROM:

Lawrence C. Eppenbach
Lawrence C. Eppenbach
Deputy Commissioner, Treasury
Department of Revenue

SUBJECT: Fiscal Note Comments -
Permanent Fund Concept

The proposed Constitutional initiative would establish a permanent fund composed of 10 percent of all mineral lease revenue and production taxes received by the State. The amendment calls for the fund to be invested in income yielding projects and investments, with the income transferred to the general fund.

The amendment language is broad in nature and a comprehensive piece of enabling legislation will be required to make the concept work. Many topics will have to be addressed by this enabling legislation such as the investment objectives, the creation of development financing institutions, new loan programs, and even the organizational framework. To study these questions and to have draft legislation ready for introduction at the beginning of the 1977 session will require research to commence right away. In addition, since the success of this fund will hinge on the quality of management personnel work must also proceed in identifying and recruiting qualified managers.

This fiscal note assumes that the present State Investment Advisory Committee will research and draft this legislation and that it will be completed by January 15, 1977. This Committee is presently responsible for advising the Commissioner of Revenue with respect to investments and its membership (legislative, executive, and public) is broadly representative of Alaskan interests.

The State Investment Advisory Committee does not have a permanent staff; this fiscal note would provide funds for securing the necessary research capability. In addition, new members may be appointed to the Committee to enhance its ability to undertake this responsibility. Even though the approach taken ultimately will be up to the Committee, the following outline might represent a typical plan. It divides the work into four phases:

1. Preliminary/Conceptual Research: Typical assignments would include a study of the experience of similar funds in other states; a thorough cataloging of Alaska's renewable and non-renewable resources; an examination of the need for credit expansion in Alaska; the evaluation of present loan programs; the identification of alternative administrative frameworks for the fund; and background data gathering on the State's financial position.

2. Economic Research: Work in this area might consist of the classification of present and potential revenue sources into recurring and non-recurring components; the identification of possible recurring revenue increments related to development activity, and the identification of environmental costs associated with that activity. This should provide a ranking of potential economic projects with respect to long term net economic benefit to Alaskans. Careful coordination with the development plans of Native Regional and Village Corporations, State authorities, municipal, and private sector corporations will be required.

3. Financial Research: Here the detail work begins in identifying alternative investments that may qualify for permanent fund participation. Each project would have to be ranked according to its ability to stimulate net recurring revenue benefits to the entire State. Measurements of the impact of fund operation on State budget expenditures would also have to be made.

4. Legal Research: Reviews of legal investments, the legal status of investing in quasi-public institutions, and the actual writing of proposed legislation would logically fall into this category.

Enclosure

ASSUMPTIONS

NATIVE CLAIMS (millions)

FY76 - \$ 6.4	FY77 - \$ 5.9	FY78 - \$ 71.6
FY79 - \$90.8	FY80 - \$124.6	FY81 - \$140.9
FY82 - \$59.8		

This is the payment schedule which is included in State Expenditures.

PROPERTY TAX (millions)

FY76 - \$16.3 + \$70.1 = \$86.4	FY77 - \$70.1 + \$58.1 = \$128.2	
FY78 - \$128.2 + \$23.9 = \$152.1	FY79 - \$152.1 + \$2.3 = \$154.4	
FY 1980 = \$154.4	FY 1981 = \$154.4	FY 1982 = \$148.2

The Petroleum industry property is depreciated at 4% per year from FY81 on.

The aforementioned assumes a move up in the effective payment date from Sept. to June. This is why the additional (+) revenues appear from FY76 to FY79.

BONUS SALES

No Anticipated Bonus Sale Receipts Included

RESERVE TAX CREDIT (millions)

The Permanent Fund is calculated on the total reserve tax before the companies receive credits. This is in conformity with the intent of the bill.

Receipts \$220 in FY76	\$269 in FY77	for a total of \$489
Paybacks \$109.2 in FY78	\$142 in FY79	\$198.4 FY80
\$ 39.4 in FY81		

INTEREST RATES

The Permanent Fund earns 6% on the previous year's balance which is deposited in the General Fund.

The General Fund earns 6% on the previous year's balance which is deposited into the General Fund.