

LEG. FINANCE - BILLS 1983 - 1984 2017

SB 87 - SB 92

2017

Mulcahy

WORK DRAFT

Asper
5/9/84 ✓

Original sponsor: Mulcahy

<u>Funding Information</u>	
General Fund	\$25,000,000
Other Funds	-0-
	<u>\$25,000,000</u>

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 87 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL.

6 For an Act entitled: "An Act making a special appropriation to the forest
7 products business loan guarantee fund; reappropriat-
8 ing money from the forest products business loan
9 guarantee fund; and providing for an effective date."

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

11 * Section 1. The sum of \$25,000,000 is appropriated from the reserve
12 for emergency operating expenses account in the general fund (AS 37.05.159)
13 to the forest products business loan guarantee fund (AS 45.94).

14 * Sec. 2. Money from the appropriation made by sec. 1 of this Act that
15 is obligated for the purpose of guaranteeing a forest products business
16 loan is reappropriated to the emergency operating expenses account in the
17 general fund (AS 37.05.159) as the principal of the guaranteed loan is
18 paid, in amounts equal to the percentage of the loan guarantee multiplied
19 by the payments on the principal of the loan.

20 * Sec. 3. The unexpended and unobligated portion of the appropriation
21 made by sec. 1 of this Act lapses into the emergency operating expenses
22 account in the general fund (AS 37.05.159) on the earlier of the following
23 dates:

- 24 (1) one year from the effective date of this Act;
- 25 (2) the date of a proclamation issued by the governor under
26 AS 37.05.159(b)(1) requiring that money in excess of the balance in the
27 emergency operating expenses account be used for operating expenses of
28 state government; the lapse provisions of this paragraph apply only to the
29 extent of the difference between the amount required by the governor's

1 proclamation and the balance of the emergency operating expenses account.

2 * Sec. 4. This Act takes effect on the effective date of an Act that
3 establishes a forest products business loan guarantee program.
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COMMITTEE REPORT

SENATE

FURTHER: FINANCE

1/28/83

Date: March 31, 1983

Mr. President:

The Committee on TRANSPORTATION has had SB 87

Making a special appropriation to the Department of Transportation and Public Facilities for construction of harbor facilities at St. George and St. Paul; eff. date

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- ^{may} do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

CHAIRMAN

Introduced: 1/28/83
Referred: Transportation
and Finance

Funding Information
General Fund \$20,400,000
Other Funds -0-
\$20,400,000

1 IN THE SENATE

BY MULCAHY

2

SENATE BILL NO. 87

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department of Transportation and Public Facilities for construction of harbor facilities at St. George and St. Paul; and providing for an effective date."

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

11 * Section 1. The sum of \$20,400,000 is appropriated from the general
12 fund to the Department of Transportation and Public Facilities for construction of harbor facilities at St. George and St. Paul as follows:

14

St. George boat harbor \$ 8,400,000

15

phase I of St. Paul boat harbor 12,000,000

16

* Sec. 2. The appropriation made by this Act is for a capital project and is subject to AS 37.25.020.

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* Sec. 3. This Act takes effect July 1, 1983.

STATE OF ALASKA
FISCAL NOTE

Revision Date: 11/30/83

I. REQUEST

Bill/Resolution No.: SB 87
 Title: Appropriation to DOT&PF for constr of harbor facilities at St. George & St. Paul
 Sponsor: Senator Mulcahv
 Requestor: Transportation & Finance
 Date of Request: 10/1/83

II. FISCAL DETAIL

Agency Affected: DOT&PF
 Program Category Affected: Transportation
 BRU, Program or Subprogram(s) Affected: Design and Construction

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL OPERATING	* 0.0	* 0.0	* 0.0	* 0.0	* 0.0	* 0.0

* Maintenance and operations of port and harbor facilities is typically the responsibility of the local communities.

CAPITAL	14,000.0	12,900.0	9,000.0	-0-	-0-	-0-
** See Analysis						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	14,000.0	12,900.0	9,000.0	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL	14,000.0	12,900.0	9,000.0	-0-	-0-	-0-

POSITIONS:

FULL TIME						
PART TIME						
TEMPORARY						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

II. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

This information was not provided by the sponsor.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared by: William R. Snell, Director Phone: 266-1462
 Division: Central Region Planning & Programming Date: 11/30/83

Approved by Commissioner: David W. Hauqen Date: 11/30/83

Department: Deputy Commissioner, Central Region

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

9/14/83

1. Analysis of the fiscal impact on existing programs:

The amounting of funding required to complete the construction of the St. George project and Phase I of the St. Paul project may cause the delay in funding of other regional projects.

2. Analysis of the fiscal impact on new programs or activities:

The completion of these projects will accomplish a major step in diversifying the present single source economy of these two communities. These projects will also provide a significant commitment for the State to the expansion of the bottomfishing industry. The projects should provide considerable benefits to the communities of St. George and St. Paul, the Southwest Region, and the State.

The expansion of the bottomfish and existing high value fisheries industry through the completion of these projects would increase the economic base of the State. This may encourage investment by the private sector to continue the expansion of the bottomfish industry in Alaska.

3. Analysis of how the figures in the fiscal note were derived.

St. Paul's total two phase harbor development will cost \$20,000.0. A single phase project could be completed for \$17,500.0. This figure is based on the revised St. Paul Harbor Design. The degree of accuracy in the cost figures is based on a preliminary design estimate, within the range of -15% to +30%.

St. George's harbor development cost estimate is \$15,900.0. This figure has been based on the completed St. George Harbor Design. This cost estimate has been provided by the Buildings and Harbors Section personnel in the Department's Design and Construction Division. The degree of accuracy in the cost figures is based on a bid document ready, design estimate, within the range of -10% to +20%.

4. Additional information necessary to explain the fiscal note:

St. Paul's total two phased harbor development project will cost \$20,000.0. FY'84 (Chapter 107/SLA 83) provided \$7,000.0 for design and construction of Phase I. Although the existing \$7,000.0 will construct a breakwater that will allow the initiation of fisheries operations at St. Paul, an additional \$4,000.0 would permit the construction of a far more usable facility. Assuming that an additional \$4,000.000 is provided for Phase I, the total needed for Phase II would be \$9,000.0. If St. Paul was completed in one contract over two construction seasons, the total cost would be \$17,500.0. This would realize cost savings of \$2,500.0.

St. George's harbor development cannot be phased. The latest cost estimate is \$15,900.0. There is an existing construction fund of \$7,000.0 which includes \$3,395.0 from Chapter 25/SLA 82 supplemental for Chapter 82/81 port projects for the construction of this project. This \$3,395.0 was originally programmed by the Department to supplement the LaTouche Harbor Project until the Governor terminated work on LaTouche. An additional \$8,900.0 is needed to complete construction of this harbor project.

Additional information - see attached.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

CENTRAL REGION PLANNING AND PROGRAMMING

HB 170 and SB 87 POSITION PAPER

PROPOSED ST. PAUL AND ST. GEORGE HARBOR CONSTRUCTION FUNDING

Introduction

DOT/PF has been involved in extensive harbor feasibility and design work in the Pribilof communities of St. Paul and St. George. Work accomplished to date has shown that harbor construction is both engineeringly and economically feasible at both communities. The Pribilof Islands are located in the midst of one of the world's richest yet virtually untapped fisheries. Development of the high value crab fisheries and the initiation of bottomfish industry is the basis for the economic justification of the proposed harbor projects. St. Paul is also studying the possibility of developing a marine service industry as a complement fishing activities.

HB 170 and SB 87 proposed funding the St. Paul Phase I harbor project at \$12.0 million and St. George harbor development at \$8.4 million. This paper will present analysis of these funding levels and the relationship of the two harbor developments to each others.

St. Paul Harbor

The Current Estimate for a two phased construction project is \$20.0 million. A \$7.0 million project will construct approximately 1,000' of breakwater with a 350' spur. If an additional \$4.0 million can be added to the existing \$7.0 million, an 1,800' breakwater could be constructed as Phase I. Phase II would construct a 600' secondary breakwater and an access road on top of the entire main breakwater. The completed harbor will provide a 17 acre mooring basin. The current effort is based on the St. Paul Harbor Design Study. The design program is being managed by the City of St. Paul under a grant from the Department.

St. Paul harbor development will effect the local, regional, and state-wide economics in a positive manner. The environmental impact should be minimal. With proper land use controls, and other zoning requirements, the impact on St. Paul's socio-cultural environment should not be significant.

St. Paul's existing physical and governmental infrastructure adds to the attractiveness of locating a major harbor facility. St. Paul as a second class city with a full time city manager has the capability to manage and operate a harbor. The community is striving to determine the potential impacts that fisheries development will have on St. Paul and ways to mitigate them. St. Paul has a full time planner that is working with DCRA to develop land use control and zoning regulations that should aid

in controlling adverse socio-cultural impacts. The existing airport is capable of handling fully loaded C-130 cargo planes that could fly fish products to foreign and lower '48 markets.

St. George Harbor

The most recent estimate for the St. George breakwater project is \$15.9 million. This project cannot be phased. There is an existing construction fund of approximately \$7 million. Approximately \$8.9 million more is needed to fund this project. A large recent increase in the St. George cost estimate is the result of design changes required to offset the poorer than expected quality of armor stone actually found on the island. This single phase project would construct two breakwaters without innerharbor facilities. This project would create a useable 6.5 acre boat basin. It would cater to a local fleet and processing operation. St. George fisheries would be of local and regional significance with strong ties to the proposed larger development at St. Paul. The design of the breakwaters should be completed by July, 1983.

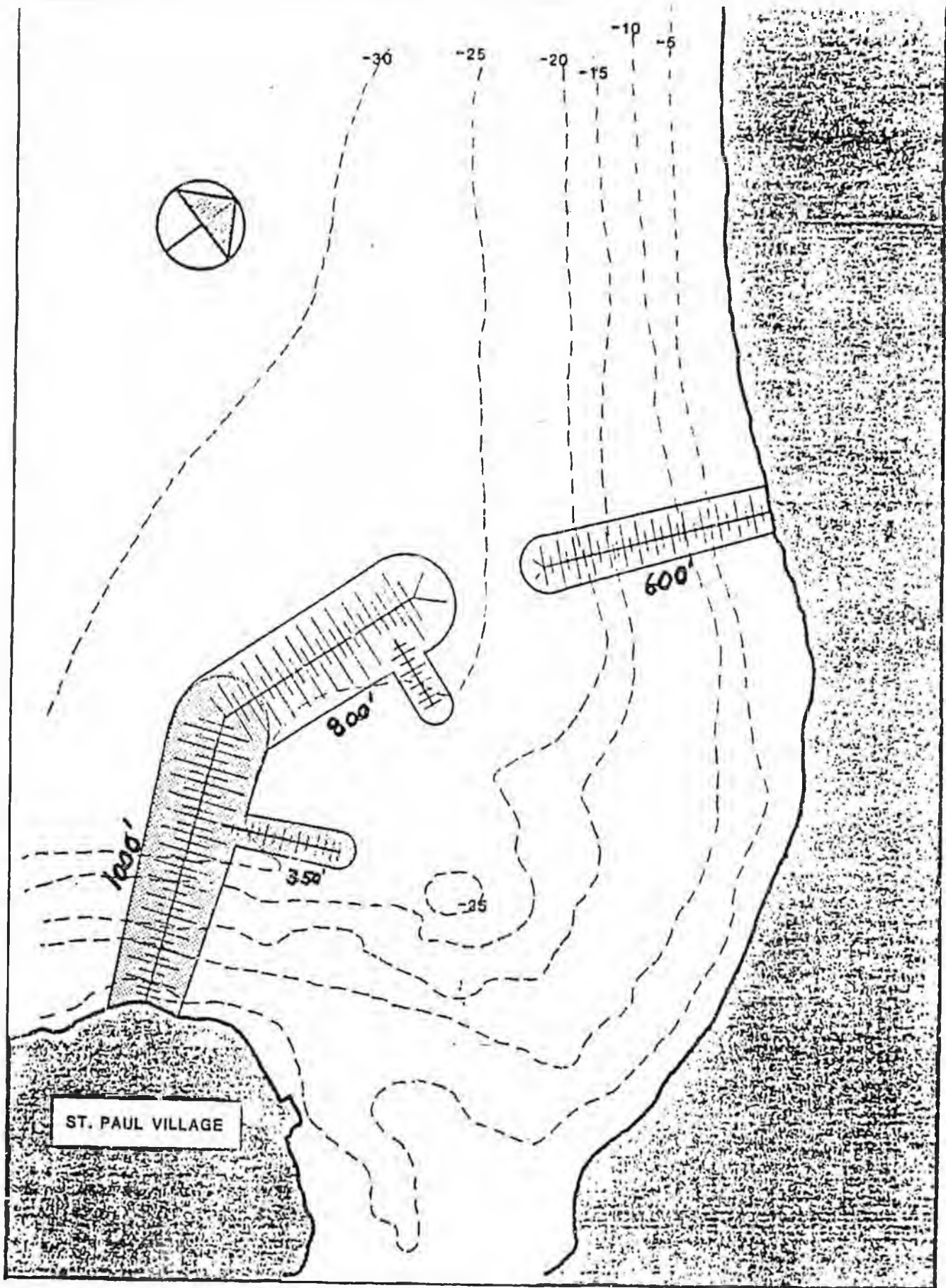
St. George has minimal physical infrastructure. Its existing airport is capable of handling light twin engine aircraft. Construction of an airport capable of handling fully loaded C-130's cargo planes estimated to cost \$17.0 million. Potential environmental impacts of the harbor development are minimal. This development should have a positive effect on St. George's socio-economic makeup.

St. George is an unincorporated community. There is a village council that provides a certain degree of leadership. The Tanaq Village Corporation is taking the lead in pursuing economic development and private investment for shoreside facilities. St. George, however, can not assume maintenance and operation responsibilities of the harbor until the community incorporates.

Conclusions

DOT/PF supports harbor developments in the Pribilofs. An earlier analysis of funding alternatives including private financial and bonding concluded that State funds are needed to initiate these developments. Such funding would act as seed monies that could open doors to alternative financing of subsequent phases and/or encourage private financing of shoreside facilities.

The St. Paul Harbor development is of greater regional and statewide significance than St. George. If a choice must be made between the two projects due to reduced state revenues, the St. Paul project should be given a higher priority than harbor development at St. George.



PHASE 1

ST. PAUL HARBOR BREAKWATER

58 07



NORGAARD CONSULTANTS

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

January 10, 1984

Re: Fiscal Note Transmittal

Distribution

The Department of Transportation and Public Facilities hereby transmits the fiscal note and supporting documentation for the legislation identified below. This transmittal supersedes all previous distributions.

Bill No.: SB 87

Title : "...for construction of harbor facilities at St. George and St. Paul."

Sponsor : Mulcahy

Sincerely,



Ed Cronick
Legislative Liaison
Department of Transportation
& Public Facilities

DISTRIBUTION:

Legislative Finance
Legislative Sponsor
Requestor - N.A.
Office of Management and Budget - Lisa Emerson
Impacted Agency(ies) Attn: Legislative Liaison - N.A.
Regional Directors of Administrative Services - J. Merrill
Regional Director P&P - R. Snell

STATE OF ALASKA
FISCAL NOTE

Revision Date: 11/30/83

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CAPITAL	14,000.0	12,900.0	9,000.0	-0-	-0-	-0-
** See Analysis						
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Prepared by: William R. Snell, Director
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Phone: 266-1462Date: 11/30/83Approved by Commissioner: David W. HaukenDate: 11/30/83Department: Deputy Commissioner, Central Region

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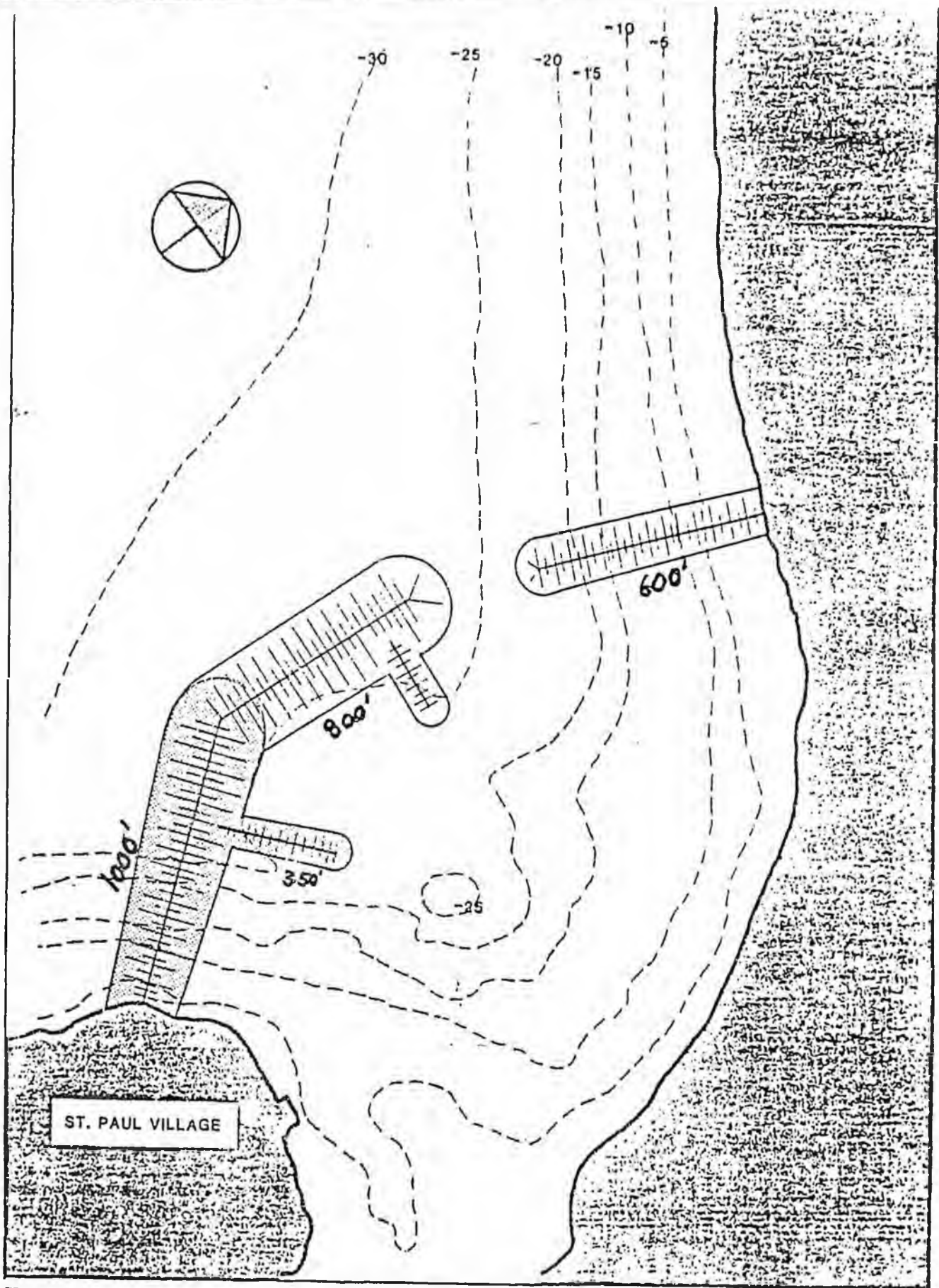
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Conclusions

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PHASE 1

ST. PAUL HARBOR BREAKWATER



NORGAARD CONSULTANTS

108

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH 2
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

January 10, 1984

Re: Fiscal Note Transmittal

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Title : "...for construction of harbor facilities at St. George and St. Paul."

Sponsor : Mulcahy

Sincerely,



Ed Cronick
Legislative Liaison
Department of Transportation
& Public Facilities

DISTRIBUTION:

Legislative Finance
Legislative Sponsor
Requestor - N.A.
Office of Management and Budget - Lisa Emerson
Impacted Agency(ies) Attn: Legislative Liaison - N.A.
Regional Directors of Administrative Services - J. Merrill
Regional Director P&P - R. Snell

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB87 Date on Bill: January 28, 1983
 Title: Approp. for construction of harbor facilities at St. George & St. Paul.
 Sponsor: _____
 Requestor: Mulcahy

1. Estimate fiscal impact on:

a. Expenditures:

(Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87
Capital	20,400			
Operating				
Total	20,400	0.0*	0.0*	

b. Revenues:

Revenue							
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2. Source of funds to offset fiscal impact of bill:

* Daily maintenance of port and harbor facilities is typically the responsibility of the local communities.

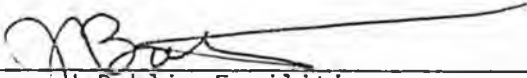
Not identified by sponsor

3. Assumptions: See attached Analysis.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefor does not represent the final estimate of fical impact.

Prepared By: Wayne Weeks Phone: 465-4060
 Division: DOT/PF, Planning & Programmng Date: _____

Approved by Commissioner:  Date: _____
 Department: Transportation and Public Facilities

5. Distribution:
 Original to Legislative Finance
 Copy to OMB
 Copy to Sponsor
 Copy to Requestor

2/15/83

FISCAL NOTE: SB 87

III. ANALYSIS (cont'd)

A \$12.0 million allocation should be sufficient to construct the interim facility at St. Paul.

- The proposed \$8.4 million, combined with the \$3.66 million remaining from earlier appropriations, should be sufficient to construct the St. George breakwater, which is currently estimated at \$12.7 million. This figure is based on the assumption that suitable armor stone is available on St. George. A reevaluation of the quarry is currently being undertaken to confirm this. If an off-island quarry is needed for suitable armor stone, the price of the project will increase. The reevaluation of the armor stone and readjusted cost estimates if necessary, should be available by the end of March, 1983.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB87 Date on Bill: January 28, 1983
 Title: Approp. for construction of harbor facilities at St. George & St. Paul.
 Sponsor: _____
 Requestor: Mulcahy

1. Estimate fiscal impact on:

a. Expenditures:

(Thousands of Dollars)

			FY 84	FY 85	FY 86	FY 87		
Capital			20,400					
Operating								
Total			20,400	0.0*	0.0*			

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

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 Prepared By: Wayne Weeks Phone: 465-4060
 Division: DOT/PF, Planning & Programmg Date: _____

Approved by Commissioner:  Date: _____
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FISCAL NOTE: SB 87

III. ANALYSIS (cont'd)

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COMMITTEE REPORT
HOUSE

(11)

FURTHER:

5/22/84

Date: 5-25-84

The Committee on FINANCE has had CSSB 87(Fin)

"An Act making a special appropriation to the forest products business loan guarantee fund; reappropriating money from the forest products business loan guarantee fund; and providing for an effective date."

under consideration and recommends:

do pass [] do not pass

[] do pass with attached amendments(s)

[] replace with CS for _____ [] same title [] new title

and recommends _____

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation [] Zero Fiscal Note Attached

[] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten signatures]

MILO HARTZ

[Handwritten signature]

CHAIRMAN

Offered: 5/16/84
Referred: Rules

Original sponsor: Mulcahy

Funding Information

General Fund	\$25,000,000
Other Funds	-0-
	<u>\$25,000,000</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 87 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act making a special appropriation to the forest
7 products business loan guarantee fund; reappropriat-
8 ing money from the forest products business loan
9 guarantee fund; and providing for an effective date."

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

11 * Section 1. The sum of \$25,000,000 is appropriated from the reserve
12 for emergency operating expenses account in the general fund (AS 37.05.159)
13 to the forest products business loan guarantee fund (AS 45.94).

14 * Sec. 2. Money from the appropriation made by sec. 1 of this Act that
15 is obligated for the purpose of guaranteeing a forest products business
16 loan is reappropriated to the emergency operating expenses account in the
17 general fund (AS 37.05.159) as the principal of the guaranteed loan is
18 paid, in amounts equal to the percentage of the loan guarantee multiplied
19 by the payments on the principal of the loan.

20 * Sec. 3. The unexpended and unobligated portion of the appropriation
21 made by sec. 1 of this Act lapses into the emergency operating expenses
22 account in the general fund (AS 37.05.159) on the earlier of the following
23 dates:

24 (1) one year from the effective date of this Act;

25 (2) the date of a proclamation issued by the governor under
26 AS 37.05.159(b)(1) requiring that money in excess of the balance in the
27 emergency operating expenses account be used for operating expenses of
28 state government; the lapse provisions of this paragraph apply only to the
29 extent of the difference between the amount required by the governor's

1 proclamation and the balance of the emergency operating expenses account.

2 * Sec. 4. This Act takes effect on the effective date of an Act that

3 establishes a forest products business loan guarantee program.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 24, 1984

SUBJECT: Sectional Analysis of CSSB 87 (Rules)

TO: Representative Al Adams
Chairman, House Finance Committee

FROM: Linn H. Asper *LHA LMB*
Legislative Counsel

You have asked for a sectional analysis of CSSB 87 (Rules) relating to appropriations to and from the forest products business loan guarantee fund.

Section 1 appropriates \$25,000,000 from the reserve for emergency operating expenses account in the general fund (rainy day account) to the forest products business loan guarantee fund.

Section 2 reappropriates money used for forest products business loan guarantees from the forest products business loan guarantee fund to the rainy day account as the guaranteed loans are paid off.

Section 3 lapses money not used for forest products loan guarantees from the forest products business loan guarantee fund back into the rainy day account after one year or if the governor declares an emergency and needs the rainy day account money back, whichever occurs first.

Section 4 makes the act effective when the forest products business loan guarantee program is established.

LHA:lmb
L3/015

Offered: 5/16/84
Referred: Rules

Original sponsor: Mulcahy

Funding Information
General Fund \$25,000,000
Other Funds -0-
\$25,000,000

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 87 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act making a special appropriation to the forest
7 products business loan guarantee fund; reappropriat-
8 ing money from the forest products business loan
9 guarantee fund; and providing for an effective date."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
11 * Section 1. The sum of \$25,000,000 is appropriated from the reserve
12 for emergency operating expenses account in the general fund (AS 37.05.159)
13 to the forest products business loan guarantee fund (AS 45.94).
14 * Sec. 2. Money from the appropriation made by sec. 1 of this Act that
15 is obligated for the purpose of guaranteeing a forest products business
16 loan is reappropriated to the emergency operating expenses account in the
17 general fund (AS 37.05.159) as the principal of the guaranteed loan is
18 paid, in amounts equal to the percentage of the loan guarantee multiplied
19 by the payments on the principal of the loan.
20 * Sec. 3. The unexpended and unobligated portion of the appropriation
21 made by sec. 1 of this Act lapses into the emergency operating expenses
22 account in the general fund (AS 37.05.159) on the earlier of the following
23 dates:
24 (1) one year from the effective date of this Act;
25 (2) the date of a proclamation issued by the governor under
26 AS 37.05.159(b)(1) requiring that money in excess of the balance in the
27 emergency operating expenses account be used for operating expenses of
28 state government; the lapse provisions of this paragraph apply only to the
29 extent of the difference between the amount required by the governor's

1 proclamation and the balance of the emergency operating expenses account.

2 * Sec. 4. This Act takes effect on the effective date of an Act that

3 establishes a forest products business loan guarantee program.

Introduced: 1/28/83
Referred: Transportation
and Finance

Funding Information
General Fund \$20,400,000
Other Funds -0-
\$20,400,000

1 IN THE SENATE

BY MULCAHY

2

SENATE BILL NO. 87

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department of Transportation and Public Facilities for construction of harbor facilities at St. George and St. Paul; and providing for an effective date."

7

8

9

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

11 * Section 1. The sum of \$20,400,000 is appropriated from the general
12 fund to the Department of Transportation and Public Facilities for construction of harbor facilities at St. George and St. Paul as follows:

14

St. George boat harbor \$ 8,400,000

15

phase I of St. Paul boat harbor 12,000,000

16

* Sec. 2. The appropriation made by this Act is for a capital project and is subject to AS 37.25.020.

17

18

* Sec. 3. This Act takes effect July 1, 1983.

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

5/18/83

Date:

5-30-83

Mr. Speaker:

The Committee on FINANCE has had SB 92

"An Act repealing an appropriation made to the Alaska permanent fund; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Introduced: 1/31/83
Referred: Finance

1 IN THE SENATE

BY SACKETT AND MULCAHY

2

SENATE BILL NO. 92

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act repealing an appropriation made to the Alaska permanent fund; and providing for an effective date."

7

8

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

9

* Section 1. Section 1, ch. 61, SLA 1981, is amended to read:

10

Sec. 1. The sum of \$1,200,000,000 [\$1,800,000,000] is

11

appropriated from the general fund to the Alaska permanent fund (art.

12

IX, sec. 15, Constitution of the State of Alaska, AS 37.13.010).

13

* Sec. 2. Section 2, ch. 61, SLA 1981, as amended by sec. 68, ch. 92,

14

SLA 1981 and sec. 16, ch. 101, SLA 1982, is amended to read:

15

Sec. 2. Beginning July 1, 1981, the commissioner of revenue

16

shall make monthly deposits to the Alaska permanent fund of the appro-

17

priation made by sec. 1 of this Act. A monthly deposit to the Alaska

18

permanent fund shall be in an amount determined by the commissioner of

19

revenue to be in excess of the general fund revenues necessary to

20

finance state government operation for the month in which the deposit

21

is made. [NO LESS THAN \$800,000,000 SHALL BE DEPOSITED TO THE ALASKA

22

PERMANENT FUND IN FISCAL YEAR 1982.]

23

* Sec. 3. This Act takes effect immediately in accordance with AS 01.-

24

10.070(c).

Introduced: 1/31/83
Referred: Finance

1 IN THE SENATE

BY SACKETT AND MULCAHY

2

SENATE BILL NO. 92

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act repealing an appropriation made to the Alaska
7 permanent fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. Section 1, ch. 61, SLA 1981, is amended to read:

10 Sec. 1. The sum of \$1,200,000,000 [\$1,800,000,000] is
11 appropriated from the general fund to the Alaska permanent fund (art.
12 IX, sec. 15, Constitution of the State of Alaska, AS 37.13.010).

13 * Sec. 2. Section 2, ch. 61, SLA 1981, as amended by sec. 68, ch. 92,
14 SLA 1981 and sec. 16, ch. 101, SLA 1982, is amended to read:

15 Sec. 2. Beginning July 1, 1981, the commissioner of revenue
16 shall make monthly deposits to the Alaska permanent fund of the appro-
17 priation made by sec. 1 of this Act. A monthly deposit to the Alaska
18 permanent fund shall be in an amount determined by the commissioner of
19 revenue to be in excess of the general fund revenues necessary to
20 finance state government operation for the month in which the deposit
21 is made. [NO LESS THAN \$800,000,000 SHALL BE DEPOSITED TO THE ALASKA
22 PERMANENT FUND IN FISCAL YEAR 1982.]

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

The following individuals may testify on SB 92:

Commissioner Bob Heath, Department of Revenue

Max Gifford, Aide to Senator Sackett, will be available
to answer questions

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

February 16, 1983

MEMORANDUM

TO: Hon. John Sackett
Co-Chairman - Senate Finance Committee

FROM: Milt Barker, ^{MB} Fiscal Analyst
Legislative Finance Division

SUBJECT: FY 1983 Deficit

The subject of the FY 83 deficit has become of concern for two purposes. One is whether there are sufficient funds to deposit the remaining amounts appropriated to the Permanent Fund. The other is whether a deficit exists which would allow the Governor to invoke AS 37.07.080(g)(2) to reduce or withhold appropriations.

I would agree with Attachment #1 to Senator Rodey's letter in which the Department of Revenue states that the unrestricted General Fund balance available for appropriation as of June 30, 1983 will be \$196 million in deficit.

Permanent Fund Contributions

The entire Permanent Fund contribution could be deposited in FY 83 by two means:

- 1) by adjusting FY 84 general fund spending plans as suggested by Mr. Bushre's memo attached to Sen. Rodey's letter, since the deficit does not arise on a cash flow basis until FY 84 (because of capital project and other appropriations not requiring funds until after FY 83);
- 2) appropriating some of the \$670.1 million in undistributed Permanent Fund earnings that is estimated to accrue by the end of FY 83 and repealing a like amount of general fund appropriations to the Permanent Fund;

Of course, this decision is not likely to be made without regard to other spending plans. For this reason, it is more useful to look at Attachment #2 to Sen. Rodey's letter, which gives a more comprehensive look at the fiscal situation for both FY 83 and FY 84.

Although, as Senator Rodey notes, Attachment #2 shows a positive balance available for appropriation at the end of FY 83, this balance includes amounts from the Rainy Day Fund and/or Permanent Fund undistributed income. These amounts have not been appropriated for any FY 83 or prior years' programs or projects. Absent enactment of an appropriation, amounts from these other funds cannot be considered as cash which could be deposited in the Permanent Fund.

You may note that the concluding balance in the Senate column of Attachment #2 exceeds \$600 million. This might make repeal of Permanent Fund contributions unnecessary. However, no allowance has been made for supplementals and other elements of spending plans are undoubtedly still preliminary. With budgets as sketched out in the Senate column, deposit of the additional \$600 million to the Permanent Fund would eliminate the Rainy Day Fund (\$14 million a year is being transferred from the Rainy Day Fund for fire suppression and disaster relief).

Executive Impoundment

For purposes of AS 37.07.080(g)(2), amounts in the Rainy Day Fund and Permanent Fund undistributed income account probably cannot be counted as "estimated receipts and surpluses" since no appropriations have been made from these funds.

Thus, the deficit of \$196 million in the General Fund might permit executive impoundment.

However, the language attached to the Permanent Fund appropriation decreeing monthly deposits only "in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made" and the Governor's apparent intent not to make more than an additional \$100 million in deposits in essence may mean that receipts and surpluses will be sufficient to provide for all other appropriations and that no further impoundments may be made (e.g., Seward grain terminal).

In other words, the Permanent Fund contributions have to be impounded first which in this case removes the deficit. More exactly, it would seem deposits could only be impounded to the extent necessary to avoid a deficit. Thus, an additional \$504 million would have to be deposited in FY 83 (\$700 million less \$196 million deficit) if no supplementals were passed and FY 84 appropriations did not increase the deficit.

Cash Flow Basis

One could argue that both AS 37.07.080(g)(2) and/or the language attached to the Permanent Fund contributions operate on a cash flow basis. That is, they require comparison of receipts only to expenditures for the current month or at best not beyond the end of the current fiscal year.

In that case, since there are significant amounts of capital projects and other appropriations that won't be expended until succeeding years, no impoundments can be made in FY 83 and all \$700 million must be deposited in the Permanent Fund in FY 83.

However, it may be the intent and possibly the legal mandate of these two pieces of law to look beyond the end of the fiscal year to all amounts appropriated and possibly even reasonably anticipated to be appropriated. Then we're back to the analysis preceding the "cash flow basis" section of this memo.

MBB/pw

Attachments

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2306

February 14, 1983

The Honorable John C. Sackett
Senator
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: SB 92 Background

Dear Senator Sackett:

At the request of your aide Max Gifford, I am providing a brief history of the \$1.8 billion dollar appropriation to the Permanent Fund. (1) In Chapter 61, SLA 1981, the Legislature appropriated \$1.8 billion from the General Fund to the Permanent Fund. In this appropriation the Commissioner of Revenue was directed to make monthly deposits as long as the operating requirements of state government could be met, in his judgment. (2) In Chapter 92, SLA 1981, the Legislature amended this appropriation. By June 20, 1982, no less than \$1.4 billion of the appropriation was to be deposited to the Permanent Fund and by June 30, 1982, the balance remaining was to be deposited to the Permanent Fund. (3) During the first half of FY 82, transfers to the Permanent Fund on a monthly basis in accordance with the schedule attached, until a total of \$800 million had been deposited by December 1981. Thomas K. Williams, who was commissioner at that time, suspended monthly deposits after December 31, 1981, because of significant declines in revenue projections. (4) In SCSHB 148 (Fin.) the 1982 Legislature amended the previous amendment. By June 30, 1982, the Commissioner of Revenue was to deposit \$800 million (already committed) of the appropriation to the Alaska Permanent Fund; any reference to the balance remaining was removed.

The 1982 action of the Legislature was prompted by a significant decline in the state's anticipated revenues from petroleum, but it did not remove our responsibility to transfer the original amount appropriated. During the 1982 session, the Legislature considered a bill to repeal the appropriation, but decided against it. Failure to repeal Chapter 61 SLA 1981 created a technical deficit in the 1983 fiscal year of, depending on the amount of revenue projected, as much as \$906 million.

The Honorable John C. Sackett
February 14, 1983
Page 2

The revenue picture improved during the first quarter of FY 83, however, and on November 12, 1982, Commissioner Williams directed the deposit of an additional \$300 million in the Permanent Fund, leaving a balance of \$700 million still to be transferred. Based upon the Department of Revenue forecast dated January 1983, the general fund is still technically in deficit by \$196 million. It should be noted, however, that this deficit includes continuing programs which will be disbursed in future years. On a cash flow basis, the shortfall appears in late FY 84.

An opinion of the Attorney General dated August 24, 1982 (also attached), has concluded that the appropriation remains in effect until the entire balance has been transferred to the Permanent Fund. Governor Sheffield in his Budget Address committed to paying the balance over the coming years.

Sincerely,



Robert D. Heath
Commissioner of Revenue

RDH:JKD:jas

Enclosure

FY 82
 \$1,800,000
 Permanent Fund Appropriation

<u>TRF Amount</u>	<u>Date TRF'd</u>	<u>Total TRF'd To Date</u>
\$50,000,000	7-24-81	\$50,000,000
\$50,000,000	7-29-81	\$100,000,000
\$25,000,000	8-06-81	\$125,000,000
\$25,000,000	8-13-81	\$150,000,000
\$50,000,000	8-25-81	\$200,000,000
\$50,000,000	9-10-81	\$250,000,000
\$100,000,000	9-15-81	\$350,000,000
\$86,000,000	9-25-81	\$436,000,000
\$14,000,000	9-30-81	\$450,000,000
\$50,000,000	10-26-81	\$500,000,000
\$100,000,000	11-05-81	\$600,000,000
\$75,000,000	11-25-81	\$675,000,000
\$25,000,000	11-30-81	\$700,000,000
\$100,000,000	12-15-81	\$800,000,000

<u>Balance carried forward</u>	<u>FY 83</u>	<u>Payments</u>
\$300,000,000	11-16-82	\$1,100,000,000

Chapter 61

AN ACT

Making a special appropriation to the Alaska permanent fund, and making appropriations to the Department of Administration and the Department of Community and Regional Affairs for aid to municipalities and unincorporated communities; and providing for an effective date.

* Section 1. The sum of \$1,800,000,000 is appropriated from the general fund to the Alaska permanent fund (art. IX, sec. 13, Constitution of the State of Alaska, AS 37.13.010).

* Sec. 2. Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by sec. 1 of this Act. A monthly deposit to the Alaska permanent fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made.

* Sec. 3. The sum of \$380,000,000 is appropriated from the general fund to the Department of Administration for payment of entitlements to qualified municipalities for the fiscal year ending June 30, 1982, in accordance with legislation authorizing the payments.

* Sec. 4. The sum of \$24,967,000 is appropriated from the general fund to the Department of Community and Regional Affairs for payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1982, in accordance with legislation authorizing

Chapter 61

1 the payments.

2 * Sec. 5. The sum of \$73,800 is appropriated from the general fund to
3 the Department of Administration for costs of administering the entitlements
4 for which an appropriation is made by sec. 3 of this Act.

5 * Sec. 6. The sum of \$252,800 is appropriated from the general fund to
6 the Department of Community and Regional Affairs for costs of administering
7 the entitlements for which an appropriation is made by sec. 4 of this Act.

8 * Sec. 7. The appropriation made by sec. 1 of this Act is not a one-year
9 appropriation and it does not lapse under AS 37.25.010.

10 * Sec. 8. This Act takes effect on the effective date of a version of
11 Senate Bill No. 166 entitled "An Act relating to state assistance for
12 municipalities and unincorporated communities; and providing for an effective
13 date."
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Chapter 92

small scale marketing support \$350,000

(2) to the Department of Education for the Alaska

career information system 160,000

(3) to the Department of Health and Social Ser-

vices, office of alcohol and drug abuse, for

alcohol abuse grants 628,613

Sec. 67. The unexpended and unobligated portions of the appropriations in sec. 51, ch. 120, SLA 1980, page 36, line 8 (alcohol and drug abuse) in secs. 89 and 95, ch. 50, SLA 1980, lapse into the general fund in 1982. The amounts carried forward by this section shall be included in the alcohol and drug abuse budget base used to establish the continuation of the alcohol and drug abuse budget for the fiscal year 1983 budget of the Department of Health and Social Services.

Sec. 68. Section 2, Free Conference CS for House Bill No. 1 (Twelfth Legislature - First Session) is amended to read:

Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by sec. 1 of this Act. A monthly deposit to the Alaska permanent fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. At least \$1,400,000.000 shall be deposited to the Alaska permanent fund in fiscal year 1982, and the entire amount shall be deposited no later than June 30, 1983.

Sec. 69. Section 1, Free Conference CS for Senate Bill No. 26 (Twelfth Legislature - First Session) is repealed and reenacted to read:

Section 1. (a) The sum of \$263,900,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.63.400 -

30, 1983, is
No. 1 (Twelfth
is appropriate
and Regional
communities in
30, 1983, is
general fund
payment of
mixed borrow
with interest
general fund by
debts and obliga-
of a claim to
special master
represents
e. appropriations
assessments to
ment (1981) to
spent balance
and are necessary

Chapter 101

payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1983, in accordance with legislation authorizing the payments.

* Sec. 12. Section 4, ch. 51, SLA 1981, as amended by sec. 64, ch. 92, SLA 1981, is amended by adding a new subsection to read:

(c) The sum of \$3,000,000 is appropriated from the general fund to the Department of Community and Regional Affairs for the payment of rural development assistance under AS 44.47.130 for the fiscal year ending June 30, 1983.

* Sec. 13. The sum of \$6,200,000 is appropriated from the general fund to the Department of Commerce and Economic Development for a small grain market-
ing system.

* Sec. 14. The appropriations made in ch. 120, SLA 1981 and ch. 10, SLA 1982 are repealed.

* Sec. 15. Section 53, ch. 120, SLA 1980, page 80, as amended by sec. 21, ch. 52, SLA 1981, is amended to read:

The unexpended and unobligated portion of \$18,000,000 of the above appropriation of \$20,000,000 to the Renewable Resources Development Corporation lapses into the general fund June 30, 1981. The remaining \$2,000,000 of the above appropriation to the Renewable Resources Development Corporation may be used (ONLY) for a purpose [PROJECTS EXPRESSLY] approved by the governor and any unexpended and unobligated balance of that part of the appropriation lapses into the general fund June 30, 1983 [1982].

* Sec. 16. Section 2, ch. 61, SLA 1981, as amended by sec. 68, ch. 92, SLA 1981, is amended to read:

Sec. 2. Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by sec. 1 of this Act. A monthly deposit to the Alaska permanent

Chapter 101

fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. If less than \$800,000,000 [\$1,400,000,000] shall be deposited to the permanent fund in fiscal year 1982 [, AND THE ENTIRE AMOUNT SHALL BE DEPOSITED NO LATER THAN JUNE 30, 1983].

* Sec. 17. The following appropriations made to the Department of Revenue for the purpose of making permanent fund dividend payments are reappropriated to the Department of Revenue for the purpose of making permanent fund payments for 1979 and 1980:

(1) \$25,330,300 appropriated in sec. 52, ch. 120, SLA 1978, page 69, line 6, and continued by sec. 42, ch. 92, SLA 1981;

(2) \$149,961,600 appropriated in sec. 28, ch. 82, SLA 1977, page 106, line 7; and

(3) \$12,500,000 appropriated in sec. 50, ch. 92, SLA 1981.

* Sec. 18. The sum of \$150,400,000 is appropriated from the general fund to the Department of Revenue for the purpose of making permanent fund payments for 1981.

* Sec. 19. If the United States Supreme Court decides that AS 43.23.050 for any reason invalid, the appropriations and reappropriations made by sections 17 and 18 of this Act are appropriated for and may be expended to make permanent fund dividend payments under any bill passed by the State Legislature for that purpose and enacted into law.

* Sec. 20. The loans from the general fund to the dividend fund in accordance with AS 43.23.050(c) for the purpose of paying permanent fund dividends for 1979, 1980, and 1981 are forgiven. These loans are subject to the following appropriations:

(1) Section 52, ch. 120, SLA 1980, page 69, line 6, continued by sec. 42, ch. 92, SLA 1981;

Alaska State Legislature

HOME ADDRESS
P.O. BOX 65
JUNEAU, ALASKA 99741

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
TELEPHONE 465-3753



SENATOR

John C. Sackett

CHAIRMAN
SENATE FINANCE COMMITTEE
MEMBER
BUDGET & AUDIT COMMITTEE

Senate

Thursday, February 3, 1983

The Honorable Bill Sheffield
Office of the Governor
Capitol Building
Juneau, Alaska 99811

Dear Governor Sheffield:

As you know, in 1981, Governor Hammond sought and won approval from the legislature a general fund appropriation depositing \$1.8 billion into the Alaska Permanent Fund. Later in 1981, the appropriation was amended to provide that at least \$1.4 billion was to be appropriated in fiscal year 1982, and the entire amount to be deposited no later than June 30, 1983. In 1982, the legislature again amended the permanent fund appropriation reducing the amount to be deposited during fiscal year 1982, to \$800 million and eliminating the requirement that the full \$1.8 billion be deposited by the end of fiscal year 1983.

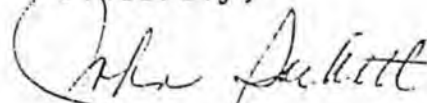
Currently there remains \$700 million yet to be deposited to the permanent fund to meet the full \$1.8 billion required by law in 1981. The remainder of the deposit represents approximately one-fifth, or 20%, of the estimated general fund revenues available for appropriation for fiscal year 1984. Although we are no longer bound by statute to deposit the remaining money to the permanent fund within a certain time frame the debt or obligation remains on our books and reflects poorly on our standing with the nation's financial and banking communities.

As Governor, you have indicated that you desire to place \$100 million into the permanent fund which would reduce the remaining obligation to \$600 million. I am proposing that we clear the remaining deficit by amending the \$1.8 billion requirement and reducing it to \$1.2 billion. Such action would leave room to deposit the \$100 million you proposed in your budget address to the legislature and free the state from any further obligations as a result of the 1981 action. Additional deposits to the permanent fund through legislative action could be considered as future revenues may be available.

I am proposing that we clear the remaining deficit by amending the original \$1.8 billion deposit requirement and reducing it to \$1.2 billion. Such action would leave room to deposit \$100 million to the permanent fund this year as the Governor suggested he would like to do during his budget address to the legislature. This action would bring the total deposit to the permanent fund to \$1.2 billion and free the state from any further obligations under the 1981 appropriation act. Additional deposits to the permanent fund from the general fund could be considered depending on the revenue picture in the years ahead.

As co-chairman of the Senate Finance Committee I plan to hold hearings on my proposal in the near future and would greatly appreciate your thoughts and response to this idea as soon as possible.

Sincerely,



John C. Sackett

JCS:jac

Alaska State Legislature

SENATOR

John C. Sackett

CO-CHAIRMAN

SENATE FINANCE COMMITTEE

MEMBER

COMMUNITY & REGIONAL AFFAIRS COMMITTEE

LABOR & COMMERCE COMMITTEE

BUDGET & AUDIT COMMITTEE

REGULATION REVIEW COMMITTEE



Senate

HOME ADDRESS
PO BOX 11
RUBY, ALASKA 99766

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99801
TELEPHONE 465-375

February 3, 1983

George W. Rogers / TRUSTEE / P. F. Corp. BOARD
1790 Evergreen Avenue
Juneau, Alaska 99801

Dear Mr. Rogers:

As you know, in 1981, Governor Hammond sought and won approval from the legislature a general fund appropriation depositing \$1.8 billion into the Alaska Permanent Fund. Later in 1981, the appropriation was amended to provide that at least \$1.4 billion was to be appropriated in fiscal year 1982, and the entire amount to be deposited no later than June 30, 1983. In 1982, the legislature again amended the permanent fund appropriation reducing the amount to be deposited during fiscal year 1982, to \$800 million and eliminating the requirement that the full \$1.8 billion be deposited by the end of fiscal year 1983.

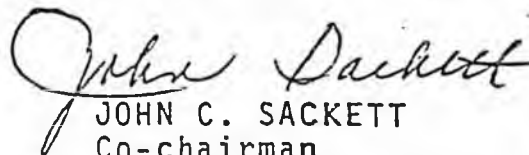
At this time \$1.1 billion has been deposited to the permanent fund leaving \$700 million yet to be deposited to meet the full amount required by law. The remainder of the deposit represents approximately one-fifth, or 20%, of the estimated general fund revenues available for appropriation for fiscal year 1984. Although we are no longer bound by statute to deposit the remaining money to the permanent fund within a certain time frame the debt or obligation remains on our books and reflects poorly on our standing with the nation's banking and financial institutions.

The Honorable Bill Sheffield
Office of the Governor
February 3, 1983
Page Two

I would very much welcome your thoughts about this matter and
would appreciate your response as soon as possible.

Thank you very much.

Sincerely,



JOHN C. SACKETT
Co-chairman
Senate Finance Committee

JCS/mg

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: Dec. 16, 1983

REQUEST

Bill/Resolution No: SB 92
 Title: An Act Repealing an
Appropriation made to the Alaska
Permanent Fund
 Sponsor: Sen. Sackett & Sen. Mulcahy
 Requestor: House Rules
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: Revenue
Collection & Management
 BRU, Program of Subprogram(s) Affected:
Treasury Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Cathy A. Poe
 Division: Treasury

Phone: 465-2350
 Date: 12/01/83

Approved by Commissioner: _____
 Agency: Revenue

Date: 12/20/83

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

(H) Rules
 RD - 12/23/83

IV. ANALYSIS (SB 92)

This bill would leave in the General Fund the \$400 million balance due to the Permanent Fund.

Introduced: 1/31/83
Referred: Finance

1 IN THE SENATE

BY SACKETT AND MULCAHY

2

SENATE BILL NO. 92

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act repealing an appropriation made to the Alaska
7 permanent fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. Section 1, ch. 61, SLA 1981, is amended to read:

10 Sec. 1. The sum of \$1,200,000,000 [\$1,800,000,000] is
11 appropriated from the general fund to the Alaska permanent fund (art.
12 IX, sec. 15, Constitution of the State of Alaska, AS 37.13.010).

13 * Sec. 2. Section 2, ch. 61, SLA 1981, as amended by sec. 68, ch. 92,
14 SLA 1981 and sec. 16, ch. 101, SLA 1982, is amended to read:

15 Sec. 2. Beginning July 1, 1981, the commissioner of revenue
16 shall make monthly deposits to the Alaska permanent fund of the appro-
17 priation made by sec. 1 of this Act. A monthly deposit to the Alaska
18 permanent fund shall be in an amount determined by the commissioner of
19 revenue to be in excess of the general fund revenues necessary to
20 finance state government operation for the month in which the deposit
21 is made. [NO LESS THAN \$800,000,000 SHALL BE DEPOSITED TO THE ALASKA
22 PERMANENT FUND IN FISCAL YEAR 1982.]

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

SB 92: Background:

1981: \$1.8 billion dollar appropriation to the Permanent Fund;
(Ch 61, SLA 1981)

The original appropriation required the deposit of \$1.4 billion dollars in the Permanent Fund during FY 82, with a final deadline of June 30th, 1983.

1982: In 1982 the legislature reduced the required deposit for FY 82 to \$800 million dollars and eliminated the June 30th 1983 deadline. (Section 16, Ch 101, SLA 1982)

1983: Presently, \$1.1 billion dollars have been deposited in the permanent fund. SB 92 would reduce the original appropriation to \$1.2 billion dollars and effectively repeal \$600 million of the undeposited \$700 million.



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

Unrestricted Revenues: (\$Millions)

FY 1982:

Revenue Estimates: Jan 81- \$4,955.1

(Dept of Rev) Mar 81- 5,175.7

FY 81 Year End General Fund Balance: \$821.1

FY 82 Unrestricted G.F. Appropriations: \$5,663.1

(enacted)

FY 82 Unrestricted G.F. Revenues: \$4,108.4

FY 1983:

Revenue Estimates: Jan 82- \$4,133.7

(Dept of Rev) Mar 82- 2,747.7

FY 82 Year End General Fund Balance: (\$1,442.1) deficit

FY 83 Unrestricted G.F. Appropriations: \$2,875.3

(enacted)

AN ACT

Making a special appropriation to the Alaska permanent fund, and making appropriations to the Department of Administration and the Department of Community and Regional Affairs for aid to municipalities and unincorporated communities, and providing for an effective date.

* Section 1. The sum of \$1,800,000,000 is appropriated from the general fund to the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska, AS 37.13.010).

* Sec. 2. Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by sec. 1 of this Act. A monthly deposit to the Alaska permanent fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made.

* Sec. 3. The sum of \$380,000,000 is appropriated from the general fund to the Department of Administration for payment of entitlements to qualified municipalities for the fiscal year ending June 30, 1982, in accordance with legislation authorizing the payments.

* Sec. 4. The sum of \$24,987,000 is appropriated from the general fund to the Department of Community and Regional Affairs for payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1982, in accordance with legislation authorizing

Chapter 61

1 the payments.

2 * Sec. 5. The sum of \$73,800 is appropriated from the general fund to
3 the Department of Administration for costs of administering the entitlements
4 for which an appropriation is made by sec. 3 of this Act.

5 * Sec. 6. The sum of \$252,800 is appropriated from the general fund to
6 the Department of Community and Regional Affairs for costs of administering
7 the entitlements for which an appropriation is made by sec. 4 of this Act.

8 * Sec. 7. The appropriation made by sec. 1 of this Act is not a one-year
9 appropriation and it does not lapse under AS 37.25.010.

10 * Sec. 8. This Act takes effect on the effective date of a version of
11 Senate Bill No. 166 entitled "An Act relating to state assistance for
12 municipalities and unincorporated communities; and providing for an effective
13 date."
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Chapter 92

- small scale marketing support \$350,000
- (2) to the Department of Education for the Alaska career information system 160,000
- (3) to the Department of Health and Social Services, office of alcohol and drug abuse, for alcohol abuse grants 628,613

* Sec. 67. The unexpended and unobligated portions of the appropriations in sec. 51, ch. 120, SLA 1980, page 36, line 8 (alcohol and drug abuse) in secs. 89 and 95, ch. 50, SLA 1980, lapse into the general fund on 30, 1982. The amounts carried forward by this section shall be included in the alcohol and drug abuse budget base used to establish the continuation of the fiscal year 1983 budget of the Department of Health and Social Services.

* Sec. 68. Section 2, Free Conference CS for House Bill No. 1 (Twelfth Legislature - First Session) is amended to read:

Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by sec. 1 of this Act. A monthly deposit to the Alaska permanent fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. No less than \$1,400,000.000 shall be deposited to the Alaska permanent fund in fiscal year 1982, and the entire amount shall be deposited no later than June 30, 1983.

* Sec. 69. Section 1, Free Conference CS for Senate Bill No. 26 (Twelfth Legislature - First Session) is repealed and reenacted to read:

* Section 1. (a) The sum of \$263,900,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 -

Chapter 101

payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1983, in accordance with legislation authorizing the payments.

* Sec. 12. Section 4, ch. 61, SLA 1981, as amended by sec. 64, ch. 92, 1981, is amended by adding a new subsection to read:

(c) The sum of \$3,000,000 is appropriated from the general fund to the Department of Community and Regional Affairs for the payment of rural development assistance under AS 44.47.130 for the fiscal year ending June 30, 1983.

* Sec. 13. The sum of \$8,200,000 is appropriated from the general fund to the Department of Commerce and Economic Development for a small grain market-
ing system.

* Sec. 14. The appropriations made in ch. 120, SLA 1981 and ch. 10, SLA 1982 are repealed.

* Sec. 15. Section 53, ch. 120, SLA 1980, page 80, as amended by sec. 21, ch. 62, SLA 1981, is amended to read:

The unexpended and unobligated portion of \$18,000,000 of the above appropriation of \$20,000,000 to the Renewable Resources Development Corporation lapses into the general fund June 30, 1981. The remaining \$2,000,000 of the above appropriation to the Renewable Resources Development Corporation may be used [ONLY] for a purpose [PROJECTS EXPRESSLY] approved by the governor and any unexpended and unobligated balance of that part of the appropriation lapses into the general fund June 30, 1983 [1982].

* Sec. 16. Section 2, ch. 61, SLA 1981, as amended by sec. 68, ch. 92, SLA 1981, is amended to read:

Sec. 2. Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by sec. 1 of this Act. A monthly deposit to the Alaska permanent

Handwritten notes on the right margin: a vertical line with an upward-pointing arrow and the number 186285872 written vertically next to it.

Chapter 101

→ fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operation for the month in which the deposit is made. If less than \$800,000,000 [\$1,400,000,000] shall be deposited to the Alaska permanent fund in fiscal year 1982, AND THE ENTIRE AMOUNT SHALL BE DEPOSITED NO LATER THAN JUNE 30, 1983).

* Sec. 17. The following appropriations made to the Department of Revenue for the purpose of making permanent fund dividend payments are reappropriated to the Department of Revenue for the purpose of making permanent fund dividend payments for 1979 and 1980:

(1) \$129,330,300 appropriated in sec. 52, ch. 120, SLA 1981, page 69, line 6, and continued by sec. 42, ch. 92, SLA 1981;

(2) \$149,961,800 appropriated in sec. 28, ch. 82, SLA 1981, page 106, line 7; and

(3) \$12,500,000 appropriated in sec. 50, ch. 92, SLA 1981.

* Sec. 18. The sum of \$150,400,000 is appropriated from the general fund to the Department of Revenue for the purpose of making permanent fund dividend payments for 1981.

* Sec. 19. If the United States Supreme Court decides that AS 43.23.050(c) for any reason invalid, the appropriations and reappropriations made in sections 17 and 18 of this Act are appropriated for and may be expended to make permanent fund dividend payments under any bill passed by the Alaska State Legislature for that purpose and enacted into law.

* Sec. 20. The loans from the general fund to the dividend fund in accordance with AS 43.23.050(c) for the purpose of paying permanent fund dividends for 1979, 1980, and 1981 are forgiven. These loans are made from the following appropriations:

(1) Section 52, ch. 120, SLA 1980, page 69, line 6, and continued by sec. 42, ch. 92, SLA 1981;

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Development
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Department o
Department o
State Faci
10. (A)

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

February 14, 1983

The Honorable John C. Sackett
Senator
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: SB 92 Background

Dear Senator Sackett:

At the request of your aide Max Gifford, I am providing a brief history of the \$1.8 billion dollar appropriation to the Permanent Fund. (1) In Chapter 61, SLA 1981, the Legislature appropriated \$1.8 billion from the General Fund to the Permanent Fund. In this appropriation the Commissioner of Revenue was directed to make monthly deposits as long as the operating requirements of state government could be met, in his judgment. (2) In Chapter 92, SLA 1981, the Legislature amended this appropriation. By June 20, 1982, no less than \$1.4 billion of the appropriation was to be deposited to the Permanent Fund and by June 30, 1982, the balance remaining was to be deposited to the Permanent Fund. (3) During the first half of FY 82, transfers to the Permanent Fund on a monthly basis in accordance with the schedule attached, until a total of \$800 million had been deposited by December 1981. Thomas K. Williams, who was commissioner at that time, suspended monthly deposits after December 31, 1981, because of significant declines in revenue projections. (4) In SCSHB 148 (Fin.) the 1982 Legislature amended the previous amendment. By June 30, 1982, the Commissioner of Revenue was to deposit \$800 million (already committed) of the appropriation to the Alaska Permanent Fund; any reference to the balance remaining was removed.

The 1982 action of the Legislature was prompted by a significant decline in the state's anticipated revenues from petroleum, but it did not remove our responsibility to transfer the original amount appropriated. During the 1982 session, the legislature considered a bill to repeal the appropriation, but decided against it. Failure to repeal Chapter 61 SLA 1981 created a technical deficit in the 1983 fiscal year of, depending on the amount of revenue projected, as much as \$906 million.

The Honorable John C. Sackett
February 14, 1983
Page 2

The revenue picture improved during the first quarter of FY 83, however, and on November 12, 1982, Commissioner Williams directed the deposit of an additional \$300 million in the Permanent Fund, leaving a balance of \$700 million still to be transferred. Based upon the Department of Revenue forecast dated January 1983, the general fund is still technically in deficit by \$196 million. It should be noted, however, that this deficit includes continuing programs which will be disbursed in future years. On a cash flow basis, the shortfall appears in late FY 84.

An opinion of the Attorney General dated August 24, 1982 (also attached), has concluded that the appropriation remains in effect until the entire balance has been transferred to the Permanent Fund. Governor Sheffield in his Budget Address committed to paying the balance over the coming years.

Sincerely,



Robert D. Heath
Commissioner of Revenue

RDH:JKD:jas

Enclosure

William E. Williams, Commissioner
Department of Revenue

DATE AUGUST 25, 1982

FILE NO 365-111-82

ATTORNEY Peter A. Bushra
Deputy Commissioner

RESPONSE NO 365-111-82

HOWARD L. GARDNER
ATTORNEY GENERAL

SUBJECT: Lapsing of permanent
fund appropriation

By: *[Signature]*
LEWIS J. CARLIS
Assistant Attorney General

This responds to your request of June 8, 1982, and confirms our oral advice to Anselm Staack. The appropriation of \$1.8 billion to the Alaska Permanent Fund made by § 1, ch. 61, SLA 1981, as amended by § 68, ch. 91, SLA 1981, was not a one-year appropriation and does not lapse according to AS 37.25.010. The appropriation remains in effect until it is satisfied, by virtue of § 7, ch. 61, SLA 1981.

The provision requiring monthly deposits should be implemented to the extent that it is consistent with your long-term projections of anticipated revenues and expenditures. It may not preclude the governor's authority under AS 37.07.080(g)(2) to withhold or reduce appropriations at any time during the fiscal year when it appears that estimated receipts and surpluses will be insufficient to provide for appropriations.

Regarding your duty to disclose items on an official statement on the sale of general obligation bonds, AS 37.15.215 requires that you comply with the guidelines of the Municipal Finance Officers' Association, or other nationally recognized guidelines. Please let us know if you need assistance in interpreting those guidelines.

LLD/pjg

RECEIVED

AUG 25 1982

ALASKA DEPARTMENT OF REVENUE
TREASURY DIVISION
JUNEAU

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SB 92 Date on Bill: 1/31/83
 Title: An act repealing an appropriation made to the Alaska Permanent Fund
 Sponsor: Sen. Sackett & Sen. Mulcahy
 Requestor: Senate Finance

1. Estimated fiscal impacts on:

a. Expenditures:

Millions
(THOUSANDS of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			-0-					
Operating								
Total			-0-					

b. Revenues:

Revenue								
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

This releases \$600 million from the Permanent Fund and replaces it into the General Fund.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Mary Rebered - Special Asst.
 Division: Commissioner's Office
 Approved by Commissioner: [Signature]
 Department: _____

Phone: 465-2300
 Date: 2/1/83

Date: _____

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

FY 82
\$1,800,000
Permanent Fund Appropriation

<u>TRF Amount</u>	<u>Date TRF'd</u>	<u>Total TRF'd To Date</u>
\$50,000,000	7-24-81	\$50,000,000
\$50,000,000	7-29-81	\$100,000,000
\$25,000,000	8-06-81	\$125,000,000
\$25,000,000	8-13-81	\$150,000,000
\$50,000,000	8-25-81	\$200,000,000
\$50,000,000	9-10-81	\$250,000,000
\$100,000,000	9-15-81	\$350,000,000
\$86,000,000	9-25-81	\$436,000,000
\$14,000,000	9-30-81	\$450,000,000
\$50,000,000	10-26-81	\$500,000,000
\$100,000,000	11-05-81	\$600,000,000
\$75,000,000	11-25-81	\$675,000,000
\$25,000,000	11-30-81	\$700,000,000
\$100,000,000	12-15-81	\$800,000,000

<u>Balance carried forward</u>	<u>FY 83</u>	<u>Payments</u>
\$300,000,000	11-16-82	\$1,100,000,000

2/14/83

SENATE BILL 105 (Amending an appropriation made in Chapter 90, SLA 1981, making an appropriation to the Alaska Power Authority for the Snettisham Power Project; and providing for an effective date)

2-02-83 Introduced by Senator Ray
Ref: Senate Finance

Summary: Would repeal a \$4.5 million appropriation made in 1981 for the Snettisham power project near Juneau and reappropriates the money to the Alaska Power Authority for "feasibility studies, preconstruction design, engineering, and construction at the Snettisham (Crater Lakes) power project". The 1981 appropriation, contained in Ch. 90, SLA 1981, Sec. 6(7), was part of a \$37,300,000 allocation to the Power Authority for "feasibility projects, preconstruction design, and engineering" for various projects around the state (specifically did not include "construction").

Appropriation is for capital project and is subject to AS 37.25.020 (it does not lapse).

Immediate effective date.

Note: Identical bill introduced January 28 in House.