

ALASKA LEGISLATURE

1867

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

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year appropriations that lapse into the dividend fund under AS 43.23.045(d)
(C) less the amount necessary to pay prior year dividends from
the dividend fund in the current year under AS 43.23.005(h) and under
AS 43.23.055(3) and (7);

(D) less the amount necessary to pay dividends from the
dividend fund due to eligible applicants who, as determined by the department,
filed for a previous year's dividend by the filing deadline but who were not
included in a previous year's dividend computation;

(E) less appropriations from the dividend fund during the
current year, including amounts to pay costs of administering the dividend
program and the hold harmless provisions of AS 43.23.075;

(2) determining the number of individuals eligible to receive a dividend
payment for the current year and the number of estates and successors eligible to
receive a dividend payment for the current year under AS 43.23.005(h); and

(3) dividing the amount determined under (1) of this subsection by the
amount determined under (2) of this subsection.

* Sec. 6. AS 43.23.025 is amended by adding a new subsection to read:

(c) Notwithstanding (a) of this section, the value of a permanent fund dividend
for a year may not exceed \$1,000.

* Sec. 7. AS 37.13.145(c) and 37.13.145(d) are repealed.

* Sec. 8. TRANSITION. The Alaska Income Account established in AS 37.13.145(a), as
amended in sec. 2 of this Act, is the successor to the earnings reserve account, and the balance
in the earnings reserve account on the effective date of this section shall be retained in the
Alaska Income Account until distributed to the general fund in accordance with
AS 37.13.145(b), as repealed and reenacted in sec. 3 of this Act.

* Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

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HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE HUDSON

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act making a special appropriation from the budget reserve fund under art.
2 IX, sec. 17(c), Constitution of the State of Alaska, to the Alaska Income Account;
3 and providing for an effective date."

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

5 * **Section 1.** The unappropriated balance in the budget reserve fund (art. IX, sec. 17,
6 Constitution of the State of Alaska) on July 2, 1999, is appropriated to the Alaska Income
7 Account (AS 37.13.145). This appropriation is made under art. IX, sec. 17(c), Constitution
8 of the State of Alaska.

9 * **Sec. 2.** This Act takes effect only if a version of a bill establishing the Alaska Income
10 Account in the Alaska permanent fund is passed by the Twenty-First Alaska State Legislature
11 and becomes law.

12 * **Sec. 3.** If this Act takes effect, it takes effect on the effective date of the provisions of
13 the bill described in sec. 2 of this Act that establish the Alaska Income Account in the Alaska
14 permanent fund.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2026
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 30, 1999

SUBJECT: Alaska Income Account (Work Order No. 21-LS0787\D and G)

TO: Representative Bill Hudson
Attn: Melinda Hofstad

FROM: Tamara Brandt Cook
Director *TBC*

Here is the sectional summary you requested for two versions of bill draft 1-LS0787.

Version D

Sec. 1. Deletes the "income available for distribution" formula which is now used to calculate the amount to transfer to the permanent dividend fund. Renames the earnings reserve account the Alaska Income Account.

Sec. 2. Changes name of the earnings reserve account to the Alaska Income Account, but leaves it as a separate account in the permanent fund. Net income from the permanent fund is to be deposited in the account. "Net income" is described in existing law under AS 37.13.140.

Sec. 3. On July 1 each year the permanent fund corporation is directed to transfer from the Alaska Income Account to the general fund an amount based on the fair market value of the permanent fund and the budget reserve fund: 5.25 percent.

Sec. 4. Requires the budget of the permanent fund corporation to come from the Alaska Income Account.

Sec. 5. Bases the amount of the permanent fund dividend on the amount appropriated for that purpose from the general fund. The existing link between the amount of the dividend and the income of the permanent fund is eliminated.

Sec. 6. Sets an upper limit on the value of a permanent fund dividend of \$1,000.

Sec. 7. Repeals provisions relating to inflation proofing and treatment of certain income resulting from litigation.

Representative Bill Hudson

March 30, 1999

Page 2

Sec. 8. Provides that the Alaska Income Account, as the successor to the earnings reserve account, retains the balance that is in the earnings reserve account on the effective date.

Sec. 9. Immediate effective date.

Version G

This is identical to version D except that the \$1,000 permanent fund dividend cap in sec. 6 is eliminated. The amount of the dividend would still depend on the level of appropriations in any given year. Bill sections are renumbered after the deletion of sec. 6.

TBC:jdr

99-172.jdr

LEGAL SERVICES

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Juneau, Alaska 99801-2105

MEMORANDUM

March 30, 1999

SUBJECT: Alaska Income Account (Work Order No. 21-LS0789\D and G)

TO: Representative Bill Hudson
Attn: Melinda Hofstad

FROM: Tamara Brandt Cook
Director *TBC*

Here is the sectional summary you requested for two versions of bill draft 1-LS0789.

Version D

Sec. 1. Deletes the "income available for distribution" formula which is now used to calculate the amount to transfer to the permanent dividend fund. Renames the earnings reserve account the Alaska Income Account.

Sec. 2. Changes name of the earnings reserve account to the Alaska Income Account, but leaves it as a separate account in the permanent fund. Net income from the permanent fund is to be deposited in the account. "Net income" is described in existing law under AS 37.13.140.

Sec. 3. On July 1 each year the permanent fund corporation is directed to transfer from the Alaska Income Account to the general fund an amount based on the fair market value of the permanent fund and the budget reserve fund: 3 percent.

Sec. 4. Requires the budget of the permanent fund corporation to come from the Alaska Income Account.

Sec. 5. Bases the amount of the permanent fund dividend on the amount appropriated for that purpose from the constitutional budget reserve fund. The existing link between the amount of the dividend and the income of the permanent fund is eliminated.

Sec. 6. Sets an upper limit on the value of a permanent fund dividend of \$1,000.

Sec. 7. Repeals provisions relating to inflation proofing and treatment of certain income resulting from litigation.

Representative Bill Hudson

March 30, 1999

Page 2

Sec. 8. Provides that the Alaska Income Account, as the successor to the earnings reserve account, retains the balance that is in the earnings reserve account on the effective date.

Sec. 9. Immediate effective date.

Version G

This is identical to version D except that the \$1,000 permanent fund dividend cap in sec. 6 is eliminated. The amount of the dividend would still depend on the level of appropriations in any given year. Bill sections are renumbered after the deletion of sec. 6.

TBC:jdr
99-174.jdr

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 96
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES ROKEBERG, Phillips, Green

Introduced: 3/5/99

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to deposits to the Alaska permanent fund; and providing for
2 an effective date."

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

4 * Section 1. AS 37.13.010(a) is amended to read:

5 (a) Under art. IX, sec. 15, of the state constitution, there is established as a
6 separate fund the Alaska permanent fund. The Alaska permanent fund consists of

7 (1) 25 percent of all mineral lease rentals, royalties, royalty sale
8 proceeds, net profit shares under AS 38.05.180(f) and (g), 25 percent of [AND]
9 federal mineral revenue sharing payments received by the state from mineral leases
10 [ISSUED ON OR BEFORE DECEMBER 1, 1979], and 25 percent of all bonuses
11 received by the state from mineral leases [ISSUED ON OR BEFORE FEBRUARY 15,
12 1980]; and

13 (2) [50 PERCENT OF ALL MINERAL LEASE RENTALS,
14 ROYALTIES, ROYALTY SALE PROCEEDS, NET PROFIT SHARES UNDER

1 AS 38.05.180(f) AND (g), AND FEDERAL MINERAL REVENUE SHARING
2 PAYMENTS RECEIVED BY THE STATE FROM MINERAL LEASES ISSUED
3 AFTER DECEMBER 1, 1979, AND 50 PERCENT OF ALL BONUSES RECEIVED
4 BY THE STATE FROM MINERAL LEASES ISSUED AFTER FEBRUARY 15,
5 1980;

6 (3)] any other money appropriated to or otherwise allocated by law or
7 former law to the Alaska permanent fund.

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

HOUSE BILL NO. 59

IN THE LEGISLATURE OF THE STATE OF ALASKA
 TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/22/99

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the motor fuel tax; and providing for an effective date."

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

3 * Section 1. AS 43.40.010(a) is amended to read:

4 (a) There is levied a tax of 17 [EIGHT] cents a gallon on all motor fuel sold
 5 or otherwise transferred within the state, except that

6 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

7 (2) the tax on motor fuel used in and on watercraft of all descriptions
 8 is five cents a gallon;

9 (3) the tax on all aviation fuel other than gasoline is three and
 10 two-tenths cents a gallon; and

11 (4) the tax rate on motor fuel that is blended with alcohol is the same
 12 tax rate a gallon as other motor fuel; however,

13 (A) in an area and during the months in which fuel containing
 14 alcohol is required to be sold, transferred, or used in an effort to attain air
 15 quality standards for carbon monoxide as required by federal or state law or

1 regulation, the tax rate on motor fuel that is blended with alcohol is six cents
2 a gallon less than the tax on other motor fuel not described in (1) - (3) of this
3 subsection;

4 (B) notwithstanding (A) of this paragraph, through June 30,
5 2004, the tax on motor fuel sold or otherwise transferred within the state is
6 eight cents a gallon less than the tax on other motor fuel not described in (1)
7 - (3) of this subsection if the motor fuel

8 (i) is at least 10 percent alcohol by volume, has been
9 produced from the processing of lignocellulose derived from wood, and
10 was produced in a facility that processes lignocellulose from wood, but
11 this reduction in the rate of tax applies to motor fuel sold or transferred
12 that contains alcohol that was produced only during the first five years
13 of the facility's processing of lignocellulose from wood; or

14 (ii) is at least 10 percent alcohol by volume, has been
15 produced from the processing of waste seafood, and was produced in
16 a facility that processes alcohol from waste seafood, but this reduction
17 in the rate of tax applies to motor fuel sold or transferred that contains
18 alcohol that was produced only during the first five years of the
19 facility's processing of alcohol from waste seafood.

20 * Sec. 2. AS 43.40.010(b) is amended to read:

21 (b) There is levied a tax of 17 [EIGHT] cents a gallon on all motor fuel
22 consumed by a user, except that

23 (1) the tax on aviation gasoline consumed is four and seven-tenths cents
24 a gallon;

25 (2) the tax on motor fuel used in and on watercraft of all descriptions
26 is five cents a gallon;

27 (3) the tax on all aviation fuel other than gasoline is three and
28 two-tenths cents a gallon; and

29 (4) the tax rate on motor fuel that is blended with alcohol is the same
30 tax rate a gallon as other motor fuel; however,

31 (A) in an area and during the months in which fuel containing

1 alcohol is required to be sold, transferred, or used in an effort to attain air
 2 quality standards for carbon monoxide as required by federal or state law or
 3 regulation, the tax rate on motor fuel that is blended with alcohol is six cents
 4 a gallon less than the tax on other motor fuel not described in (1) - (3) of this
 5 subsection;

6 (B) notwithstanding (A) of this paragraph, through June 30,
 7 2004, the tax on motor fuel consumed by a user within the state is eight cents
 8 a gallon less than the tax on other motor fuel not described in (1) - (3) of this
 9 subsection if the motor fuel

10 (i) is at least 10 percent alcohol by volume, has been
 11 produced from the processing of lignocellulose derived from wood, and
 12 was produced in a facility that processes lignocellulose from wood, but
 13 this reduction in the rate of tax applies to motor fuel consumed by a
 14 user that contains alcohol that was produced only during the first five
 15 years of the facility's processing of lignocellulose from wood; or

16 (ii) is at least 10 percent alcohol by volume, has been
 17 produced from the processing of waste seafood, and was produced in
 18 a facility that processes alcohol from waste seafood, but this reduction
 19 in the rate of tax applies to motor fuel consumed by a user that contains
 20 alcohol that was produced only during the first five years of the
 21 facility's processing of alcohol from waste seafood.

22 * Sec. 3. AS 43.40.010(g) is amended to read:

23 (g) The proceeds of the revenue from the tax on all motor fuels, except as
 24 provided in (e), (f), and (j) of this section, shall be deposited in a special highway
 25 construction and maintenance [HIGHWAY FUEL TAX] account in the state general
 26 fund. The legislature may appropriate money [FUNDS] from the account [IT] for
 27 expenditure by the Department of Transportation and Public Facilities first directly or
 28 as matched with available federal-aid highway money for planning, design, and
 29 [MAINTENANCE OF HIGHWAYS,] construction of highway projects, [AND] ferries,
 30 and ferry terminals included in the program provided for in AS 19.10.150, and
 31 second for secondary road paving and deferred maintenance projects included in

1 **the program provided for in AS 19.10.150. Eligible construction projects include**
 2 [INCLUDING] approaches, appurtenances and related facilities and acquisition of
 3 rights-of-way or easements, and other highway costs including surveys, administration,
 4 and related matters. All departments of the state government authorized to spend
 5 **money** [FUNDS] collected from taxes imposed by this chapter shall perform, **if**
 6 [WHEN] feasible, all construction or reconstruction projects by contract after the
 7 projects have been advertised for competitive bids, except that, when feasible,
 8 arrangements shall be made with political subdivisions to carry out the construction
 9 or reconstruction projects. If it is not feasible for the work to be performed by state
 10 engineering forces, the commissioner of transportation and public facilities may **issue**
 11 **a best interest determination and** contract on a professional basis with private
 12 engineering firms for road design, bridge design, and services in connection with
 13 surveys. If more than one private engineering firm is available for the work, the
 14 contracts shall be entered into on a negotiated basis.

15 * Sec. 4. AS 43.40.010(h) is amended to read:

16 (h) All motor fuel tax receipts shall be paid into the general fund and
 17 distributed to the proper accounts in the general fund. Valid motor fuel tax refund
 18 claims shall be paid from the **highway construction and maintenance** [HIGHWAY
 19 FUEL TAX] account in the general fund.

20 *Sec. 5. AS 43.40.030(a) is amended to read:

21 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
 22 operate an internal combustion engine is entitled to a refund of **13** [SIX] cents a gallon
 23 **if**

24 (1) the tax on the motor fuel has been paid;

25 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
 26 watercraft; and

27 (3) the internal combustion engine is not used in or in conjunction with
 28 a motor vehicle licensed to be operated on public ways.

29 *Sec. 6. AS 43.40.070 is amended to read:

30 **Sec. 43.40.070. Refund warrants.** Upon approval of a refund claim by the
 31 department, a warrant shall be drawn on the **highway construction and maintenance**

1 [HIGHWAY FUEL TAX] account in the general fund in favor of the applicant in the
2 amount of the claim.

3 * Sec. 7. AS 43.40 is amended by adding a new section to read:

4 **Sec. 43.40.087. Civil penalties and enforcement.** (a) Notwithstanding the
5 provisions of AS 43.05.130 or 43.05.220, the department shall assess a civil penalty
6 in accordance with this section for a violation of this chapter or a regulation adopted
7 under this chapter. The department shall establish the amount and other standards for
8 the assessment by regulations adopted under AS 43.05.080, but the maximum penalty
9 assessed under this section may not exceed

10 (1) \$10,000 for the first violation;

11 (2) \$50,000 for each subsequent violation.

12 (b) A civil penalty assessed under (a) of this section is in addition to any
13 criminal penalty imposed under AS 43.05.290.

14 (c) In addition to a civil penalty assessed under (a) of this section, any
15 criminal penalties imposed under AS 43.05.290, interest imposed under this title, and
16 any other remedy or other means of enforcement available under this title, for a
17 violation of this chapter or a regulation under this chapter the department may, in
18 accordance with regulations adopted under AS 43.05.080,

19 (1) revoke a license issued under this chapter; and

20 (2) assess restitution in an amount of up to twice the amount of unpaid
21 tax or unwarranted refund received.

22 * Sec. 8. AS 43.40.100(2) is amended to read:

23 (2) "motor fuel" means fuel used in an engine for the propulsion of a
24 motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a
25 stationary engine, machine, or mechanical contrivance that is run by an internal
26 combustion motor; "motor fuel" does not include

27 (A) fuel consigned to foreign countries;

28 (B) fuel sold for use in jet propulsion aircraft operating in
29 flights

30 (i) to foreign countries; or

31 (ii) that continue from foreign countries, unless

1 exemption of the motor fuel from taxation is disallowed because of the
2 refiner's failure to comply with the provisions of a voluntary agreement
3 under AS 43.40.092 in conjunction with expansion of refinery capacity;

4 (C) fuel used in stationary power plants operating as public
5 utility plants and generating electrical energy for sale to the general public;

6 (D) fuel used by nonprofit power associations or corporations
7 for generating electric energy for resale;

8 (E) fuel used by charitable institutions approved under
9 26 U.S.C. 501(c)(3);

10 (F) fuel sold or transferred between qualified dealers;

11 (G) fuel sold to federal, state, and local government agencies
12 for official use;

13 (H) fuel used in stationary power plants that generate electrical
14 energy for private residential consumption;

15 (I) fuel used to heat private or commercial buildings or
16 facilities;

17 (J) fuel used for other nontaxable purposes as prescribed by
18 regulations adopted by the department;

19 (K) fuel used in stationary power plants of 100 kilowatts or less
20 that generate electrical power for commercial enterprises not for resale; or

21 (L) residual fuel oil used in and on watercraft if the residual
22 fuel oil is sold or transferred in the state or consumed by a user; for purposes
23 of this subparagraph, "residual fuel oil" means the heavy refined hydrocarbon
24 known as number 6 fuel oil that is the residue from crude oil after refined
25 petroleum products have been extracted by the refining process and that may
26 be consumed or used only when sufficient heat is provided to the oil to reduce
27 its viscosity rated by kinetic unit and to give it fluid properties sufficient for
28 pumping and combustion;

29 * Sec. 9. This Act takes effect July 1, 1999.

HOUSE JOINT RESOLUTION NO. 30
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE JAMES

Introduced: 3/19/99

Referred: Judiciary, Finance

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska repealing**
2 **provisions relating to the constitutional budget reserve fund and providing that the**
3 **balance in the fund be deposited into the budget reserve fund established by**
4 **statute.**

5 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1.** Article XV, Constitution of the State of Alaska, is amended by adding a new
7 section to read:

8 **Section 30. Disposition of Constitutional Budget Reserve Fund Balance.**

9 On the effective date of the 2000 amendment repealing provisions relating to the
10 constitutional budget reserve fund (art. IX, sec. 17), the balance in the fund shall be
11 deposited into the budget reserve fund established by statute.

12 *** Sec. 2.** Article IX, sec. 17, Constitution of the State of Alaska, is repealed.

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

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130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 30, 1999

SUBJECT: Appropriation to the Alaska Income Account (Work Order No. 21-LS0788\D)

TO: Representative Bill Hudson
Attn: Melinda Hofstad

FROM: Tamara Brandt Cook
Director *TBC*

Here is a sectional summary that you requested.

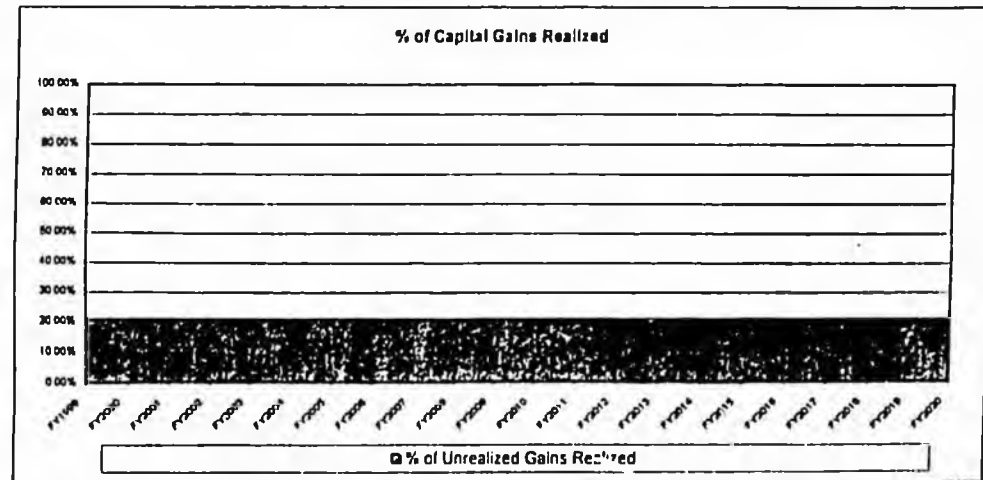
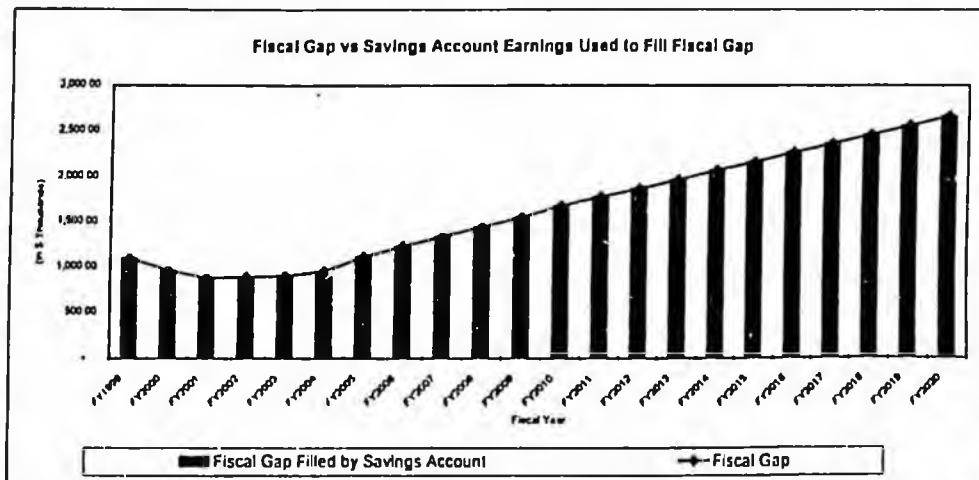
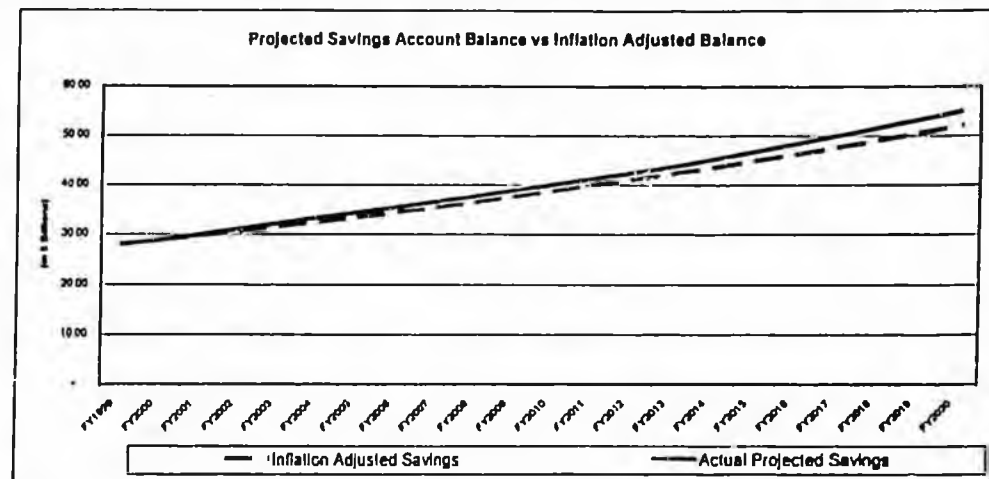
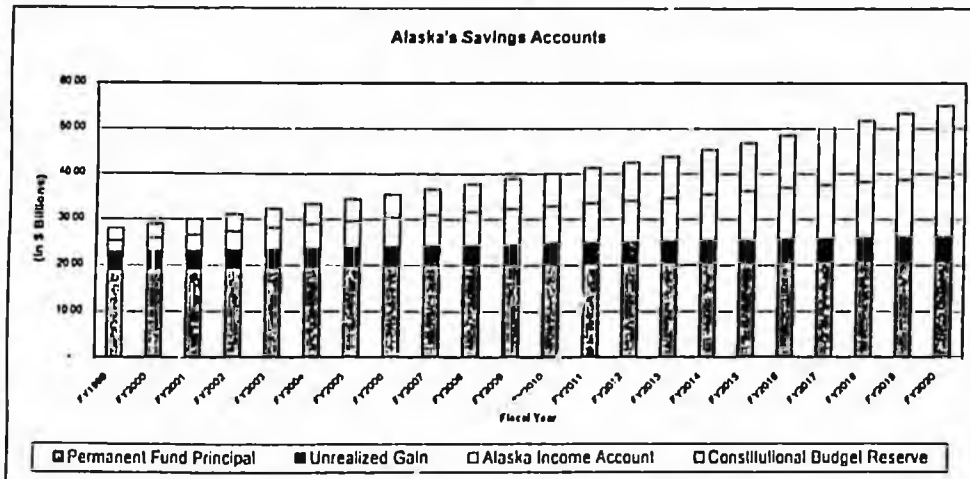
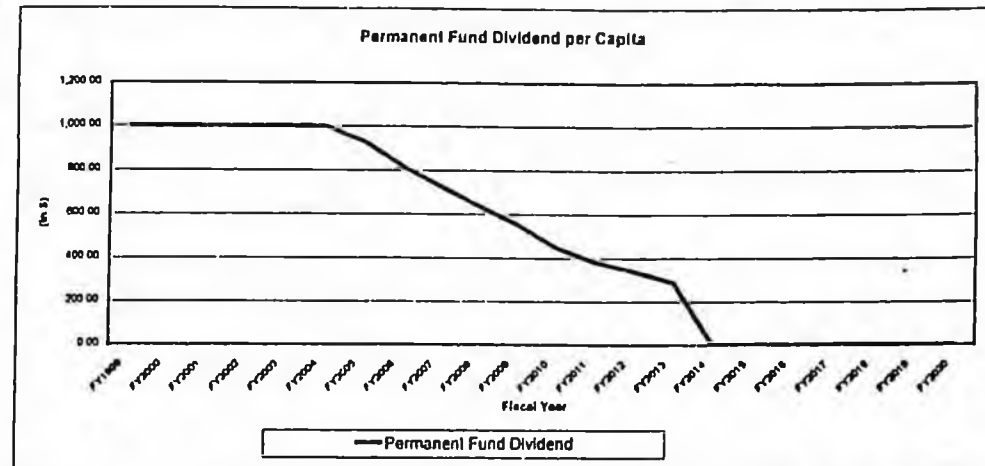
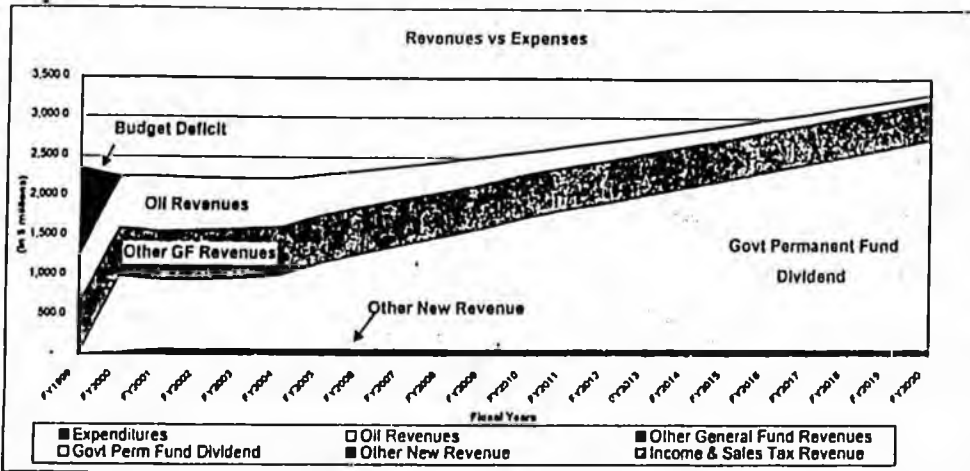
Sec. 1. Appropriates the balance in the budget reserve fund on July 2, 1999 to the Alaska Income Account. The July 2 date is intended to accommodate the possibility that money may be appropriated from the budget reserve fund in the FY 2000 budget, hopefully, with an effective date of July 1. This appropriation requires the 3/4 vote under the state constitution.

Sec. 2. This appropriation bill will take effect only if a substantive bill is enacted establishing the Alaska Income Account.

Sec. 3. If it takes effect, the effective date will coincide with the effective date of provisions of substantive law establishing the account.

TBC:pl:glc
98-041.plm

V. SPREAD SHEET RUNS



Average Rate of Return 8.23% Payout Rate 5.00% Dividend Goes Away After \$ 250.00

INPUTS

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Estimated Inflation Rate (%)	1.54%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Growth in Non-Oil Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Growth of Agency Expenditures - Inflation	1.54%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Growth of Agency Expenditures - Population	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Growth of Formula Expenditures - Population	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of School Expenditures - Inflation	1.54%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Growth of School Expenditures - Population	0.00%	2.13%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Growth of Capital Budget - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Growth of Capital Budget - Population	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Population Growth for Dividends	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Permanent Fund Est. Total Rate of Return (%)	7.91%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
CBR Estimated Yield (%) (Div + Interest)	6.08%	5.50%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%
Inflation Proof <u>JUST</u> Beginning Balance - Yes or No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
% of Unrealized Capital Gain Realized	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
Limit Dividend to Fixed \$ Per Person	1,000.00	1,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Oil Price (\$/bbl.)	11.58	12.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
Oil Production (MMbbl/day)	1.18	1.12	1.15	1.18	1.18	1.14	1.08	0.99	0.93	0.96	0.80	0.75	0.70	0.85	0.60	0.56	0.53	0.48	0.45	0.42	0.38	0.37

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Permanent Fund & Earnings Reserve (Beg of Yr)	23,876.83	25,243.88	25,834.83	26,348.60	27,296.99	28,076.01	28,652.96	29,544.92	30,228.66	30,904.93	31,570.23	32,222.65	32,854.16	33,468.36	34,066.20	34,641.43	35,429.90	36,183.15	36,894.33	37,558.08	38,169.82	38,728.77
+ Dedicated Oil Revenues	110.78	123.82	136.57	149.13	162.44	177.94	192.45	207.23	222.79	238.67	254.61	270.76	287.16	303.84	320.84	338.19	355.94	374.14	392.74	411.79	431.24	451.09
+ Interest	1,079.34	1,141.17	1,167.92	1,200.07	1,233.74	1,262.81	1,303.47	1,334.49	1,365.20	1,395.53	1,425.38	1,454.93	1,484.87	1,510.31	1,537.34	1,563.42	1,599.89	1,632.81	1,664.69	1,694.43	1,722.02	1,747.15
+ Unrealized Gains(Losses)	813.70	946.33	968.32	993.18	1,023.13	1,052.19	1,080.92	1,106.65	1,132.11	1,157.27	1,182.02	1,206.19	1,229.70	1,252.62	1,274.87	1,296.49	1,325.91	1,354.04	1,380.47	1,405.14	1,428.02	1,449.85
- Dividend	(603.61)	(613.97)	(628.59)	(641.46)	(654.61)	(668.03)	(681.43)	(694.70)	(707.13)	(719.56)	(731.91)	(744.13)	(756.13)	(767.84)	(779.34)	(790.69)	(801.84)	(812.84)	(823.64)	(834.19)	(844.54)	(854.74)
- Operating Expenses & Oil Litigation Expenses	(31.16)	(31.64)	(32.59)	(33.56)	(34.57)	(35.61)	(36.68)	(37.78)	(38.91)	(40.08)	(41.28)	(42.52)	(43.81)	(45.13)	(46.48)	(47.85)	(49.25)	(50.77)	(52.29)	(53.84)	(55.41)	(57.14)
+/- Transfers (to)/from CBR	-	(9.30)	(13.80)	(18.30)	(23.40)	(28.30)	(33.00)	(37.40)	(41.30)	(44.60)	(47.30)	(49.40)	(50.90)	(51.80)	(52.10)	(51.80)	(50.90)	(49.40)	(47.30)	(44.60)	(41.30)	(37.40)
+/- Transfers (to)/from General Fund	-	(965.26)	(884.25)	(822.65)	(790.75)	(755.09)	(716.77)	(674.14)	(627.49)	(576.84)	(522.13)	(464.31)	(403.32)	(343.07)	(283.54)	(225.72)	(169.61)	(115.11)	(62.22)	(10.06)	41.74	104.43
Permanent Fund & Earnings Reserve (End of Yr)	25,243.88	25,834.83	26,348.60	27,296.99	28,076.01	28,652.96	29,544.92	30,228.66	30,904.93	31,570.23	32,222.65	32,854.16	33,468.36	34,066.20	34,641.43	35,429.90	36,183.15	36,894.33	37,558.08	38,169.82	38,728.77	39,228.66

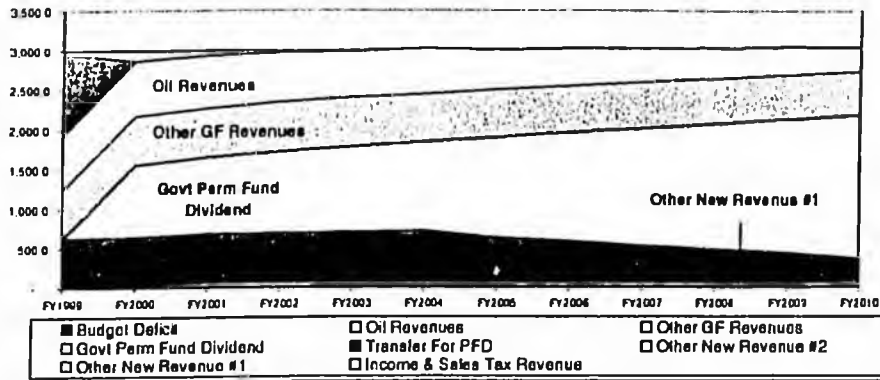
Permanent Fund Dividend	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	910.03	816.74	727.01	636.08	554.39	466.64	382.69	340.93	286.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Constitutional Budget Reserve (Beg of Yr)	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
	3,559.10	2,780.22	3,042.03	3,198.74	3,784.34	4,201.16	4,541.45	4,909.31	5,306.97	5,736.83	6,201.31	6,703.84	7,246.85	7,833.84	8,468.38	9,154.32	9,893.82	10,697.38	11,563.87	12,500.54	13,513.09	14,607.63
+ Interest	219.62	153.83	230.70	279.59	310.82	310.29	367.86	397.63	429.86	464.68	502.22	543.01	586.99	634.54	685.94	741.50	801.56	866.49	936.67	1,012.54	1,094.54	1,183.22
+ Oil & Gas Tax Dispute Resolutions	106.00	106.00	106.00	106.00	106.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
+/- Transfers (to)/from Permanent Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
+/- Transfers (to)/from General Fund	(1,104.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Constitutional Budget Reserve (End of Yr)	2,780.22	3,042.03	3,398.74	3,784.34	4,201.16	4,541.45	4,909.31	5,306.97	5,736.83	6,201.31	6,703.84	7,246.85	7,833.84	8,468.38	9,154.32	9,893.82	10,697.38	11,563.87	12,500.54	13,513.09	14,607.63	15,790.87

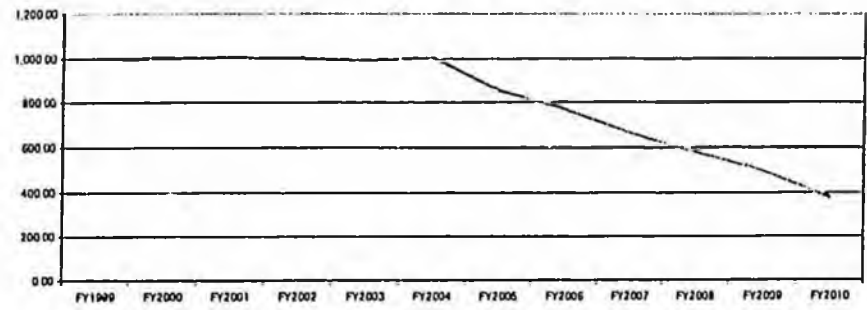
Total of Alaska's Savings Accounts	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
	28,026.10	28,876.87	29,947.34	31,021.32	32,277.17	33,394.47	34,454.23	35,535.63	36,641.76	37,771.75	38,926.48	40,101.01	41,302.40	42,534.58	43,795.75	45,232.72	46,832.53	48,458.20	50,056.60	51,682.90	53,336.41	55,019.33

Revenues & Expenditures	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Oil Revenues	623.6	649.9	694.9	656.4	632.8	604.3	503.7	455.4	417.6	376.2	339.4	302.3	253.3	236.9	213.7	189.9	174.0	151.6	132.3	114.6	91.4	83.8
Other General Fund Revenues	632.6	602.3	607.4	621.3	620.4	602.5	593.8	582.3	572.3	562.9	553.3	544.2	536.2	529.2	515.8	510.3	503.3	500.6	499.3	499.3	493.3	492.2
Income & Sales Tax Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other New Revenue	-	32.3	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6	64.6
Transfers	1,104.50	963.3	884.3	822.7	807.7	833.1	1,116.8	1,234.1	1,339.3	1,449.1	1,555.8	1,684.5	1,785.3	1,872.5	1,971.1	2,071.8	2,164.5	2,161.3	2,364.4	2,461.0	2,560.6	2,660.4
Total Revenues and Transfers	2,360.7	2,249.9	2,251.1	2,234.9	2,225.6	2,216.5	2,210.8	2,216.6	2,219.9	2,452.8	2,313.4	2,273.6	2,219.1	2,201.2	2,272.7	2,842.0	2,913.4	2,986.7	3,062.0	3,139.3	3,219.1	3,301.0
Agency Operations	1,104.7	1,104.7	1,05																			

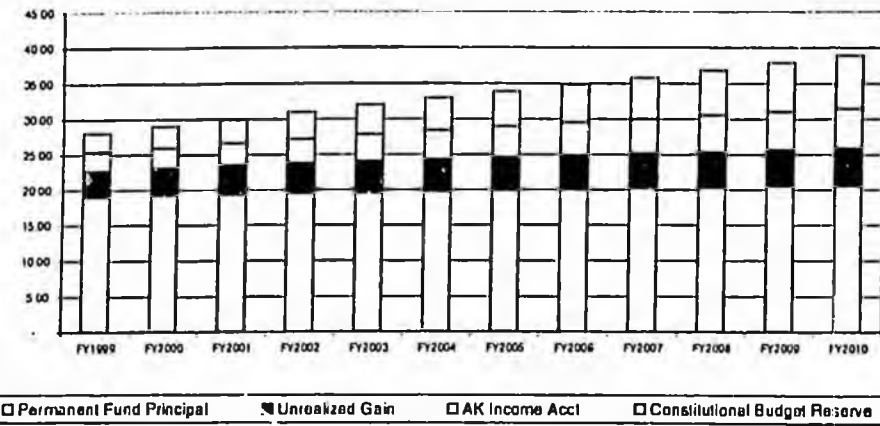
Revenues vs Expenses



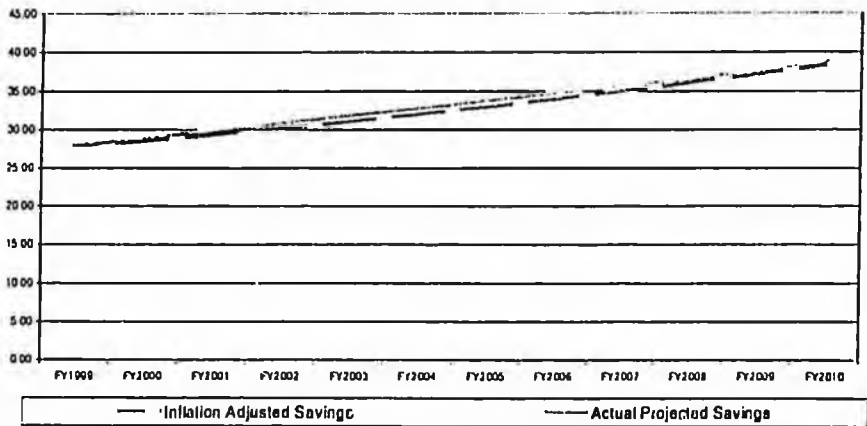
Permanent Fund Dividend per Capita



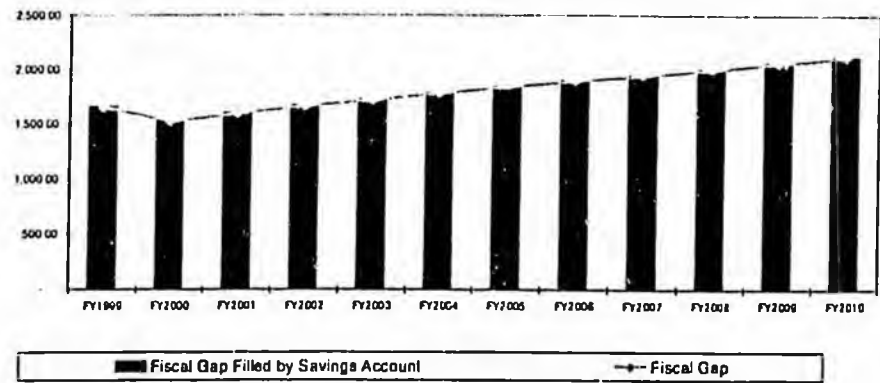
Alaska's Savings Accounts



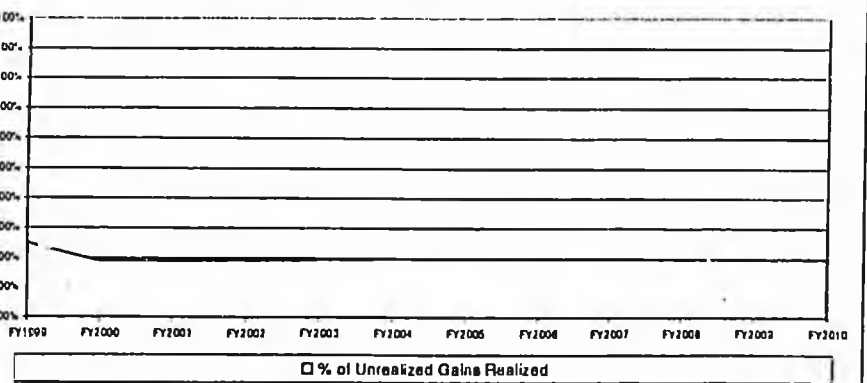
Projected Savings Account Balance vs Inflation Adjusted Balance



Fiscal Gap vs Savings Account Earnings Used to Fill Fiscal Gap



% of Capital Gains Realized



	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Revenue Assumptions													
Oil Price in \$/bbl	12.11	13.57	14.52	15.28	16.00	16.30	16.64	18.10	18.62	19.16	19.72	20.31	20.91
Volume in mbb/d	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.979	0.919	0.871	0.824	0.768	0.718
HB96 Passes (Y or N) - All Leases @ 25%	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Market Assumptions													
Perm Fund Total Return	7.910%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%
Yield of Dividends & Interest	4.000%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%	3.820%
Expected Capital Gains/Losses	3.910%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%	4.430%
% of Unrealized Gains Realized	24.820%	18.750%	18.900%	19.000%	19.230%	19.460%	19.460%	19.460%	19.460%	19.460%	19.460%	19.460%	19.460%
CBR Yield	6.080%	5.500%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%	8.250%
Annualized Return	XXXX												
Dividend Assumptions													
Limit Dividend to \$ per Person	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Calculated Dividend Amount	x \$1,000	\$1,001	\$1,005	\$1,002	\$993	\$1,004	\$855	\$771	\$667	\$581	\$500	\$377	\$0
Inflation Assumptions													
General Inflation Rate - Used for Inflation Proofing	1.540%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Growth of Agency Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Growth of School Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Growth of Capital Budget - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Population Growth Assumptions													
Agency Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Formula Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
School Expenditures - Population	1.500%	2.642%	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%
Capital Budget - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Dividends	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%	1.600%
Inflation Proofing Assumptions													
Statutory Inflation Proofing Amount	x 287.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Question: Use the Statutory Method? (Y or N)	Y	N	N	N	N	N	N	N	N	N	N	N	N
Endowment Assumptions													
Payout %	N/A	5.55%	5.69%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.25%
Minimum Dividend		\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Split (Y or N)	N/A	N	N	N	N	N	N	N	N	N	N	N	N
% Split for Dividend	N/A												
% Split for General Government	N/A												

Budget Assumptions

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Revenues													
<i>Petroleum Revenue</i>	677.6	692.9	657.2	615.5	588.9	581.9	511.5	471.1	427.4	393.8	362.9	302.6	270.0
<i>Non-petroleum Revenue</i>	621.1	614.8	613.2	617.6	612.0	598.7	592.9	592.1	581.4	571.3	560.7	550.2	539.7
Alaska Credit Income Tax (Net receipts in millions)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Alaska Sales Tax (1% = \$60 million, exempts food & health)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other New Revenue #1	0.0	32.3	64.6	64.6	64.6	64.6	65.9	67.2	68.6	69.9	71.3	72.8	74.2
Other New Revenue #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenues	1,298.7	1,340.0	1,335.0	1,297.7	1,265.5	1,245.2	1,170.2	1,130.4	1,077.4	1,035.0	994.9	925.5	883.9
Expenditures													
Agency Operations	1,104.7	1,104.7	1,104.7	1,104.7	1,104.7	1,104.7	1,126.8	1,149.3	1,172.3	1,195.8	1,219.7	1,244.1	1,269.0
Formula Programs	372.5	372.5	372.5	372.5	372.5	372.5	380.0	387.5	395.3	403.2	411.3	419.5	427.9
K-12 Education	681.2	699.2	709.7	720.3	731.1	742.1	768.1	795.0	822.8	851.6	881.4	912.2	944.2
Perm Fund Dividends	601.1	582.3	593.7	601.8	605.8	622.0	538.6	493.3	433.3	383.4	335.2	257.0	0.0
Perm Fund Hold Harmless	28.6	29.2	29.8	30.4	31.0	31.6	32.3	32.9	33.6	34.2	34.9	35.6	0.0
Proposed Budget Cuts #1	0.0	(50.0)	(40.0)	(30.0)	(20.0)	(10.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proposed Budget Cuts #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplemental Budget - Fires, Floods, (Y2K, FY99), etc.	13.6	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
Debt Service (Net of non-GF School Fund and AIFC off)	46.0	3.5	38.7	41.9	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8
Capital Budget	85.4	85.4	85.4	85.4	85.4	85.4	87.1	88.9	90.6	92.4	94.3	96.2	98.1
State Match for Loan Programs (Water, Sewer, etc.)	20.9	19.4	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Other #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total General Fund Expenditures:	2,954.0	2,862.7	2,928.2	2,830.7	2,986.1	3,023.8	3,008.3	3,022.3	3,023.4	3,036.2	3,052.2	3,040.1	2,814.6
Budget (Deficit)/Surplus	(1,655.3)	(1,522.6)	(1,593.2)	(1,663.0)	(1,720.6)	(1,778.6)	(1,838.1)	(1,891.9)	(1,946.1)	(2,001.2)	(2,057.3)	(2,114.6)	(1,930.7)
Transfers													
<i>Transfer (to)/from CBR (Beg of Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transfer (to)/from CBR (Thru the Year)</i>	1,025.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transfer (to)/from CBR (End of Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legislative Appropriations to Perm Fund Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transfer (to)/from Earnings Reserve (Beg of Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Transfer (to)/from Earnings Reserve (Thru the Year)</i>	0.0	911.2	969.7	1,030.8	1,083.8	1,125.0	1,267.2	1,365.8	1,479.2	1,563.5	1,687.2	1,821.9	1,930.7
<i>Transfer (to)/from Earnings Reserve (End of Year)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>PFD Transfer from Earn Reserve (End of Year)</i>	601.1	582.3	593.7	601.8	605.8	622.0	538.6	493.3	433.3	383.4	335.2	257.0	0.0
<i>PFD Transfer from Earn Reserve for Hold Harmless</i>	28.6	29.2	29.8	30.4	31.0	31.6	32.3	32.9	33.6	34.2	34.9	35.6	0.0
Total Transfers	1,655.3	1,522.6	1,593.2	1,663.0	1,720.6	1,778.6	1,838.1	1,891.9	1,946.1	2,001.2	2,057.3	2,114.6	1,930.7
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CBR Balance	2,781.9	3,037.1	3,412.6	3,819.1	4,259.2	4,610.5	4,990.9	5,402.7	5,848.4	6,330.9	6,853.2	7,418.5	8,030.6
Earnings Reserve Balance	2,576.7	2,854.4	3,137.2	3,418.1	3,711.7	4,013.2	4,303.8	4,587.0	4,860.6	5,122.0	5,368.1	5,595.7	6,043.6
Unrealized Gains	3,689.1	3,909.0	4,103.4	4,278.1	4,428.7	4,558.5	4,683.8	4,804.5	4,921.2	5,034.0	5,143.1	5,248.4	5,349.7
Unrealized Gains Realized %	24.820%	18.750%	18.900%	19.000%	19.230%	19.460%	19.460%	19.460%	19.460%	19.460%	19.460%	19.460%	19.460%
Continued Deficit													

CONSTITUTIONAL BUDGET RESERVE	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
TOTAL Const Budget Reserve (Beg of Yr)	3,559.1	2,761.9	3,037.1	3,412.6	3,819.1	4,250.2	4,610.5	4,990.9	5,402.7	5,848.4	6,330.9	6,853.2	7,418.5
Oil & Gas Tax Dispute Resolutions (Thru the Year)	56.0	120.0	120.0	120.0	120.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Earnings Reserve (Beg of Yr)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Earnings Reserve (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Earnings Reserve (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Thru the Year)	(1,025.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings	172.4	155.2	255.5	286.5	320.0	351.4	380.4	411.7	445.7	482.5	522.3	565.4	612.0
TOTAL Const Budget Reserve (End of Yr)	2,761.9	3,037.1	3,412.6	3,819.1	4,259.2	4,610.5	4,990.9	5,402.7	5,848.4	6,330.9	6,853.2	7,418.5	8,030.6

ALASKA PERMANENT FUND

Principal/Corpus

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
TOTAL Principal at Cost (Beg of Yr)	18,516.0	18,971.9	19,121.3	19,270.3	19,417.5	19,567.3	19,721.2	19,866.3	20,008.9	20,148.7	20,288.2	20,427.2	20,559.4
Dedicated Oil Revenues (Thru the Year)	130.0	122.2	119.2	114.8	114.6	115.4	103.6	97.5	91.2	86.9	82.2	70.7	64.8
Other Transfers (Amerada Hess) (End of Year)	38.2	27.3	29.8	32.4	35.3	38.5	41.6	45.0	48.6	52.6	56.9	61.5	66.5
Legislative Appropriations (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Earnings Reserve (Beg of Yr)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Earnings Reserve (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Earnings Reserve (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory Inflation Pooling (End of Year)	287.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL Principal at Cost (Ending Bal)	18,971.9	19,121.3	19,270.3	19,417.5	19,567.3	19,721.2	19,866.3	20,008.9	20,148.7	20,288.2	20,427.2	20,559.4	20,690.7

Earnings Reserve

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
TOTAL Earnings Reserve Acct Balance (Beg of Yr)	1,389.0	2,576.7	2,854.4	3,137.2	3,418.1	3,711.7	4,013.2	4,303.8	4,587.0	4,860.6	5,122.0	5,368.1	5,595.7
Transfer (to)/from APFC Principal (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Principal (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from APFC Principal (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from Gen Fund (Thru the Year)	(0.0)	(911.2)	(969.7)	(1,030.8)	(1,083.8)	(1,125.0)	(1,167.2)	(1,365.8)	(1,479.2)	(1,583.5)	(1,687.2)	(1,821.9)	(1,930.7)
Transfer (to)/from Gen Fund (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (Beg of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (Thru the Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (to)/from CBR (End of Year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Transfer (to) Gen Fund (End of Year)	(601.1)	(582.3)	(593.7)	(601.8)	(605.8)	(622.0)	(538.6)	(493.3)	(433.3)	(303.4)	(335.2)	(257.0)	0.0
PFD Transfer (to) Gen Fund for Hold Harmless (E x	(28.6)	(29.2)	(29.8)	(30.4)	(31.0)	(31.6)	(32.3)	(32.9)	(33.6)	(34.2)	(34.9)	(35.6)	0.0
Interest Income x	957.6	967.5	992.2	1,016.0	1,039.0	1,061.7	1,083.9	1,105.2	1,125.9	1,146.1	1,165.6	1,184.3	1,201.9
Realized Gains x	1,217.9	902.1	956.3	1,003.5	1,054.4	1,101.4	1,131.7	1,160.9	1,189.1	1,216.3	1,242.7	1,268.1	1,292.6
Statutory Inflation Pooling	(287.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Costs of APFC	(32.2)	(42.0)	(42.6)	(43.3)	(43.9)	(44.6)	(45.2)	(45.9)	(46.6)	(47.3)	(48.0)	(48.7)	(49.5)
Legislative Appropriations for Oil & Gas Litigation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Legislative Appropriations for Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less Amerada Hess Settlement Earnings (not inc x	(38.2)	(27.3)	(29.8)	(32.4)	(35.3)	(38.5)	(41.6)	(45.0)	(48.6)	(52.6)	(56.9)	(61.5)	(66.5)
TOTAL Earnings Reserve Acct Balance (End of Yr)	2,576.7	2,854.4	3,137.2	3,418.1	3,711.7	4,013.2	4,303.8	4,587.0	4,860.6	5,122.0	5,368.1	5,595.7	6,043.6

Unrealized Gains

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Balance of Unrealized Gains (Beg of Year)	3,970.9	3,689.1	3,909.0	4,103.4	4,278.1	4,428.7	4,558.5	4,683.8	4,804.5	4,921.2	5,034.0	5,143.1	5,248.4
Current Year Unrealized Gains	936.1	1,122.0	1,150.6	1,178.2	1,204.9	1,231.3	1,256.9	1,281.7	1,305.7	1,329.1	1,351.8	1,373.4	1,393.9
Amount of Gains Realized	(1,217.9)	(902.1)	(956.3)	(1,003.5)	(1,054.4)	(1,101.4)	(1,131.7)	(1,160.9)	(1,189.1)	(1,216.3)	(1,242.7)	(1,268.1)	(1,292.6)
Additional Gains Realized	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bal Unreal Gain add to Market Value	3,689.1	3,909.0	4,103.4	4,278.1	4,428.7	4,558.5	4,683.8	4,804.5	4,921.2	5,034.0	5,143.1	5,248.4	5,349.7

25,237.7

	Permanent Fund			CBR	Total Endowment	Payout Rate	Amount for Govt & PFD's
	Corpus/ Principal	Unrealized Gains	Alaska Inc Acct				
Balance @ 6/30/98	18,516	3,971	1,389	3,559	27,435	5.55%	1,523
Dedicated Revenues	130			56			
Interest Income			958	172			
Unrealized Capital Gains		936					
Realized Capital Gains		(1,218)	1,218				
Transfer to General Govt			(0)	(1,026)			
Perm Fund Dividends			(630)				
Inflation Proofing & Other Expenses	326		(326)				
			(32)				
Balance @ 6/30/99	10,972	3,689	2,577	2,762	28,000	5.69%	1,593
Dedicated Revenues	122			120			
Interest Income			968	158			
Unrealized Capital Gains		1,122					
Realized Capital Gains		(902)	902				
Transfer to General Govt			(911)	0			
Perm Fund Dividends			(611)				
Inflation Proofing & Other Expenses	27		(27)				
			(42)				
Balance @ 6/30/00	19,121	3,909	2,854	3,037	28,922	5.75%	1,663
Dedicated Revenues	119			120			
Interest Income			992	258			
Unrealized Capital Gains		1,151					
Realized Capital Gains		(956)	956				
Transfer to General Govt			(970)	0			
Perm Fund Dividends			(624)				
Inflation Proofing & Other Expenses	30		(30)				
			(43)				
Balance @ 6/30/01	19,270	4,103	3,137	3,413	29,924	5.75%	1,721
Dedicated Revenues	115			120			
Interest Income			1,016	266			
Unrealized Capital Gains		1,178					
Realized Capital Gains		(1,004)	1,004				
Transfer to General Govt			(1,031)	0			
Perm Fund Dividends			(632)				
Inflation Proofing & Other Expenses	32		(32)				
			(43)				
Balance @ 6/30/02	19,417	4,278	3,418	3,819	30,933	5.75%	1,779

	Permanent Fund			CBR	Total Endowment	Payout Rate	Amount for Govt & PFD's
	Corpus/ Principal	Unrealized Gains	Alaska Inc Acct				
Balance @ 6/30/98	18,516	3,971	1,389	3,559	27,435	5.55%	1,523
Dedicated Revenues	130			56			
Interest Income			958	172			
Unrealized Capital Gains		936					
Realized Capital Gains		(1,218)	1,218				
Transfer to General Govt			(0)	(1,026)			
Perm Fund Dividends			(630)				
Inflation Proofing & Other Expenses	326		(326)				
			(32)				
Balance @ 6/30/99	18,972	3,689	2,577	2,762	28,000	5.69%	1,593
Dedicated Revenues	122			120			
Interest Income			968	155			
Unrealized Capital Gains		1,122					
Realized Capital Gains		(902)	902				
Transfer to General Govt			(911)	0			
Perm Fund Dividends			(27)	(611)			
Inflation Proofing & Other Expenses	27		(27)				
			(42)				
Balance @ 6/30/00	19,121	3,909	3,466	2,426	28,922	5.75%	1,663
Dedicated Revenues	119			120			
Interest Income			992	256			
Unrealized Capital Gains		1,151					
Realized Capital Gains		(956)	956				
Transfer to General Govt			(970)	0			
Perm Fund Dividends			(30)	(624)			
Inflation Proofing & Other Expenses	30		(30)				
			(43)				
Balance @ 6/30/01	19,270	4,103	4,372	2,178	29,924	5.75%	1,721
Dedicated Revenues	115			120			
Interest Income			1,016	286			
Unrealized Capital Gains		1,178					
Realized Capital Gains		(1,004)	1,004				
Transfer to General Govt			(1,031)	0			
Perm Fund Dividends			(32)	(632)			
Inflation Proofing & Other Expenses	32		(32)				
			(43)				
Balance @ 6/30/02	19,417	4,278	5,285	1,952	30,933	5.75%	1,779

The Case for Increased Investment Flexibility: HB 156



**APFC Presentation to House State Affairs
April 15, 1999**

Need for HB 156

- **Modernizes statutes, responsive to current market opportunities and challenges**
- **Requested change is conservative and maintains the legal list approach**
- **Allows your Fund managers to add incremental value**
- **Improves total portfolio risk management**



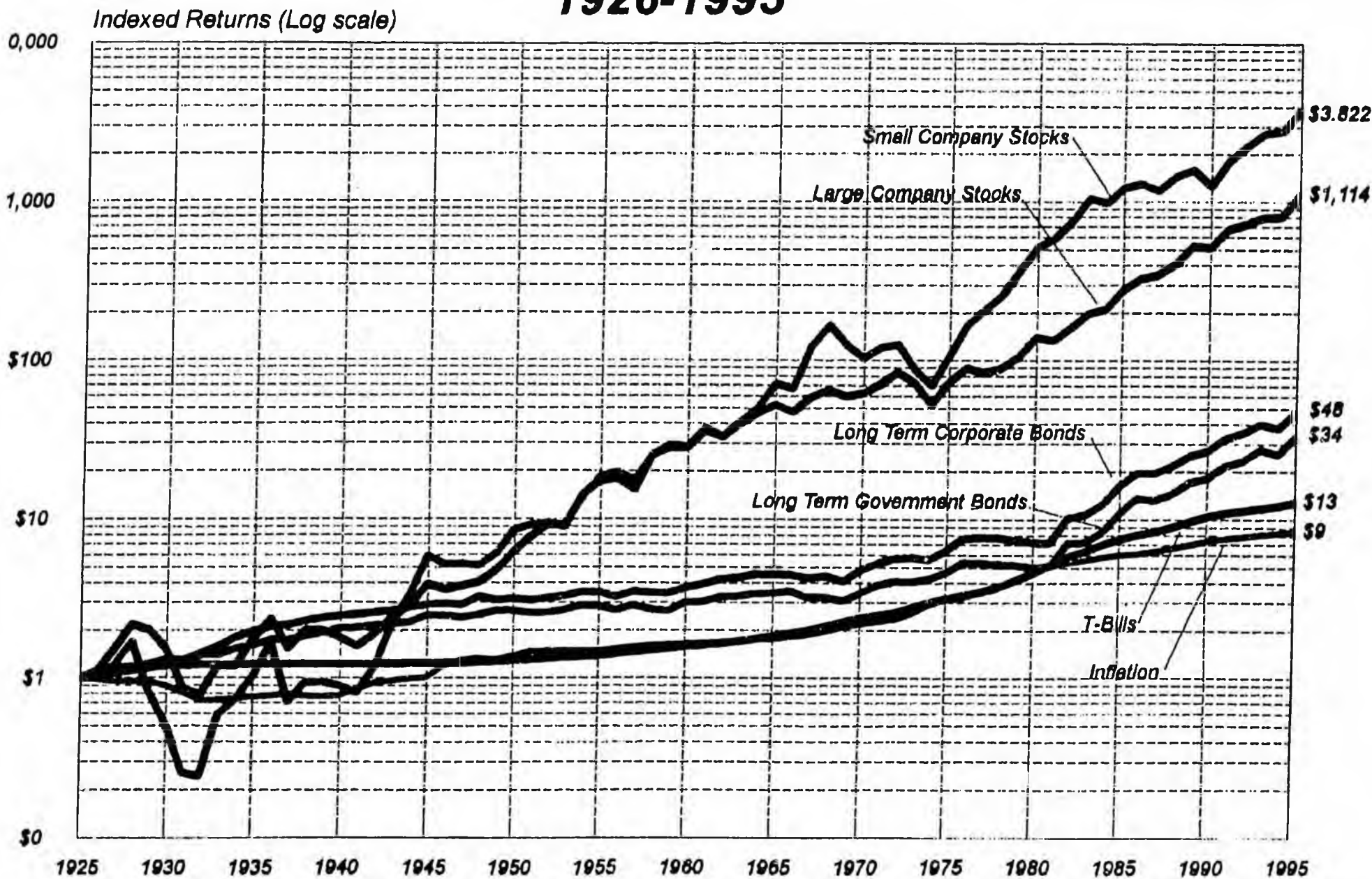
Long-term perspective

Asset class performance

Consider the growth of \$1.00 invested in various U.S. asset classes from Dec. 31, 1925 to Dec. 31, 1995:

◆ Inflation	\$	9
◆ Treasury bills		13
◆ Treasury bonds		34
◆ Large company stocks		1,114
◆ Small company stocks		3,822

Cumulative Growth of Investments in U.S. Stocks, Bonds and Treasury Bills 1926-1995

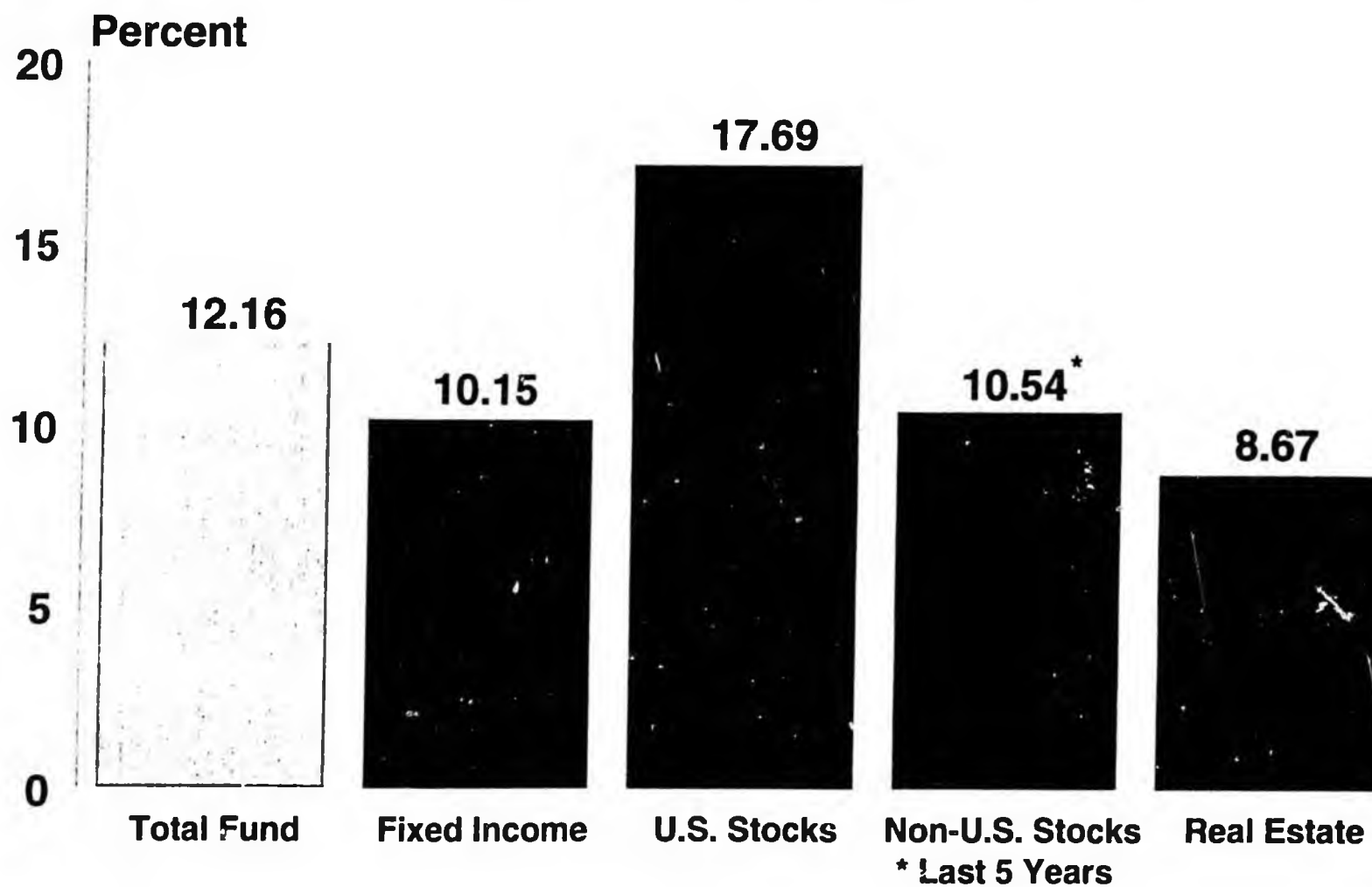


APFC performance



Long-term total returns

15 years ended December 31, 1998



Opportunity Cost: 1997-1998

APFC Actual Rates of Return

	<u>Fixed Income</u>	<u>U.S. Stocks</u>	<u>Difference</u>
1997	9.52%	31.00%	21.48%
1998	9.90	23.62	13.72

	<u>10% of Fund</u>	<u>Returns</u>	<u>Increased Income</u>
1997	\$2.07 billion	21.48%	\$324 million
1998	\$2.36 billion	13.72%	\$444 million

Total: \$770 million



Key assumptions

Long-term

Increased volatility in capital markets

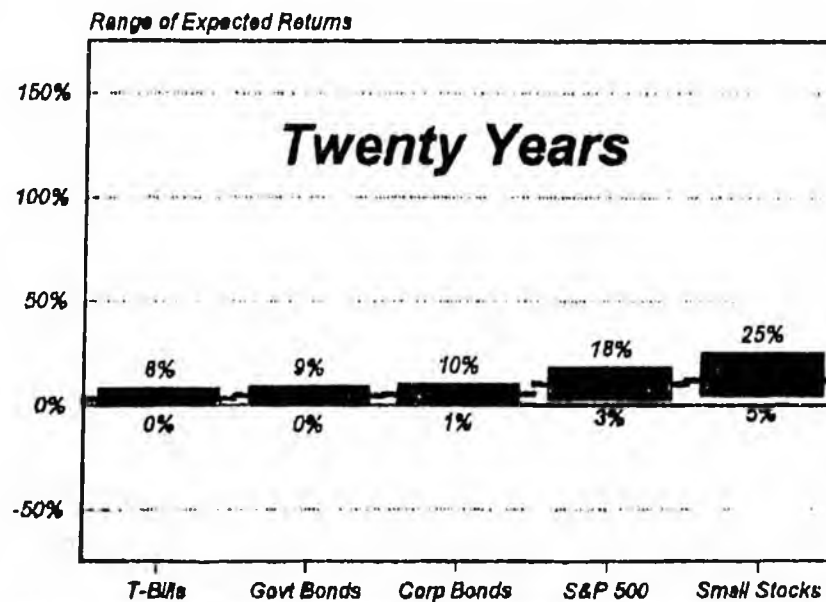
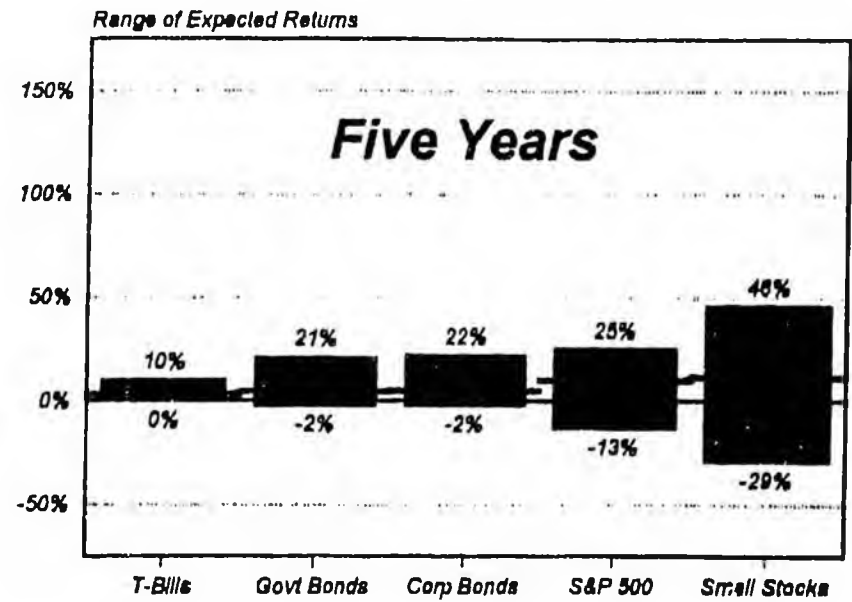
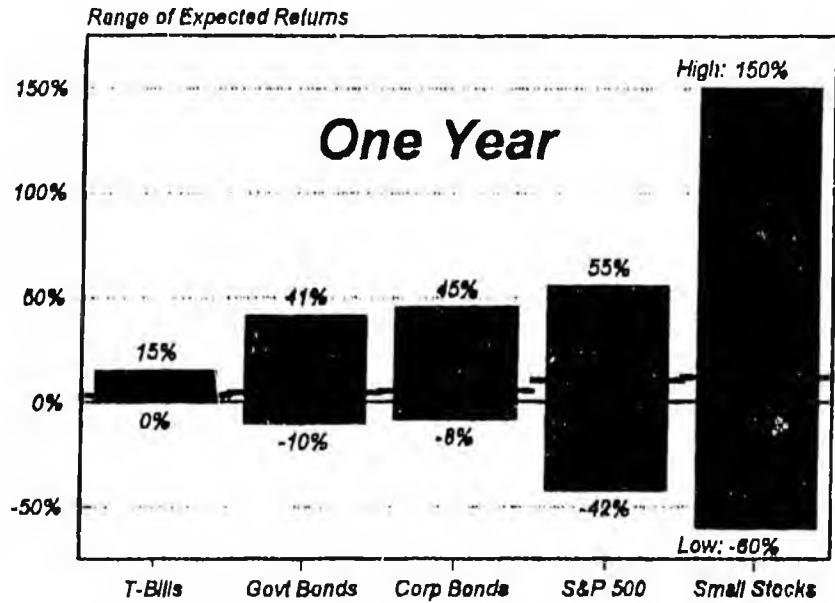
Asset Class	Index	Expected Return			Expected Risk		
		1998	1999	Change	1998	1999	Change
Equities							
Large Cap	S&P 500	9.10	9.00	-0.10	13.30	15.00	1.70
Small Cap	CAI Small	10.10	11.20	1.10	19.10	25.30	6.20
International	MSCI EAFE	9.60	10.00	0.40	18.50	21.50	3.00
Fixed Income							
Domestic	LB Agg	6.60	5.60	-1.00	5.50	5.30	-0.20
International	SB Non-US	6.55	5.60	-0.95	11.20	11.00	-0.20
Other							
Real Estate	CRES	8.25	8.00	-0.25	14.50	16.50	2.00
Alternatives	Veco 100	12.30	12.30	0.00	35.00	36.00	1.00
Cash Equiv.	90-day T-bill	4.80	4.40	-0.40	1.00	0.70	-0.30
Inflation	CPI-U	3.40	3.00	-0.40	0.95	1.75	0.80

LONG-TERM RETURNS

LONG-TERM RISK



Risk Diminishes Over Time



Percent Of Market Value distribution of income

Another way to manage risk is a POMV distribution of income:

- **Provides more predictability and stability in annual distributions**
- **Disconnects investment decisions from short-term spending considerations**
- **Spending provision becomes part of long-term investment strategy rather than tactical response to market cycles**

Key assumptions



Projected PF Realized and Total Rates of Return Based on the Fund's 1998 Asset Allocation and the 1999 Callan Capital Market Assumptions

ASSET CLASS	CAPITAL MARKET ASSUMPTIONS			PERMANENT FUND		
	INCOME RETURN	EXPECTED GROWTH	TOTAL RETURN	ASSET ALLOCATION	PROJECTED REALIZED RETURN	PROJECTED TOTAL RETURN
Domestic Equities:						
Passively Managed	1.80%	7.60%	9.40%	14.62%	1.10%	1.37%
Actively Managed	1.80%	7.60%	9.40%	19.38%	1.82%	1.82%
Sub-Total				34.00%	2.92%	3.20%
International Equities:						
Passively Managed	1.50%	8.50%	10.00%	4.90%	0.39%	0.49%
Actively Managed	1.50%	8.50%	10.00%	9.10%	0.91%	0.91%
Sub-Total				14.00%	1.30%	1.40%
Bonds:						
Domestic	5.60%	0.00%	5.60%	40.00%	2.24%	2.24%
International	5.60%	0.00%	5.60%	2.00%	0.11%	0.11%
Sub-Total				42.00%	2.35%	2.35%
Real Estate:	6.50%	1.50%	8.00%	10.00%	0.76%	0.80%
					7.33%	7.75%
<i>NOTE: Permanent Fund projected realized returns assume that, over a five-year period, active managers will realize 100% of the income return and 100% of the expected growth (capital gains) and that passive managers and real estate will realize 100% of the income return and 75% of the expected growth. Permanent Fund total returns assume all managers will realize 100% of income return and 100% of the expected growth. Capital market assumptions are provided by Callan Associates, Inc.</i>					Minus 3.00% Inflation = Real Rates of Return	
					4.33%	4.75%

Key assumptions



Projected PF Realized and Total Rates of Return Based on the Fund's 1998 Asset Allocation and the 1999 Callan Capital Market Assumptions

ASSET CLASS	CAPITAL MARKET ASSUMPTIONS			PERMANENT FUND		
	INCOME RETURN	EXPECTED GROWTH	TOTAL RETURN	ASSET ALLOCATION	PROJECTED REALIZED RETURN	PROJECTED TOTAL RETURN
Domestic Equities:						
Passively Managed	1.80%	7.60%	9.40%	16.77%	1.26%	1.58%
Actively Managed	1.80%	7.60%	9.40%	22.23%	2.09%	2.09%
Sub-Total				39.00%	3.35%	3.57%
International Equities:						
Passively Managed	1.50%	8.50%	10.00%	4.90%	0.39%	0.49%
Actively Managed	1.50%	8.50%	10.00%	9.10%	0.91%	0.91%
Sub-Total				14.00%	1.30%	1.40%
Bonds:						
Domestic	5.60%	0.00%	5.60%	40.00%	2.24%	2.24%
International	5.60%	0.00%	5.60%	2.00%	0.11%	0.11%
Sub-Total				37.00%	2.35%	2.35%
Real Estate:	6.50%	1.50%	8.00%	10.00%	0.76%	0.80%
					7.76%	8.22%
<i>NOTE: Permanent Fund projected realized returns assume that, over a five-year period, active managers will realize 100% of the income return and 100% of the expected growth (capital gains) and that passive managers and real estate will realize 100% of the income return and 75% of the expected growth. Permanent Fund total returns assume all managers will realize 100% of income return and 100% of the expected growth. Capital market assumptions are provided by Callan Associates, Inc.</i>					Minus 3.00% Inflation = Real Rates of Return	
					4.76%	5.22%

Key assumptions



Projected PF Realized and Total Rates of Return Based on the Fund's 1998 Asset Allocation and the 1999 Callan Capital Market Assumptions

ASSET CLASS	CAPITAL MARKET ASSUMPTIONS			PERMANENT FUND		
	INCOME RETURN	EXPECTED GROWTH	TOTAL RETURN	ASSET ALLOCATION	PROJECTED REALIZED RETURN	PROJECTED TOTAL RETURN
Domestic Equities:						
Passively Managed	1.80%	7.60%	9.40%	18.92%	1.42%	1.78%
Actively Managed	1.80%	7.60%	9.40%	25.08%	2.36%	2.36%
Sub-Total				44.00%	3.78%	4.14%
International Equities:						
Passively Managed	1.50%	8.50%	10.00%	4.90%	0.39%	0.49%
Actively Managed	1.50%	8.50%	10.00%	9.10%	0.91%	0.91%
Sub-Total				14.00%	1.30%	1.40%
Bonds:						
Domestic	5.60%	0.00%	5.60%	40.00%	2.24%	2.24%
International	5.60%	0.00%	5.60%	2.00%	0.11%	0.11%
Sub-Total				32.00%	2.35%	2.35%
Real Estate:	6.50%	1.50%	8.00%	10.00%	0.76%	0.80%
					8.19%	8.69%
<i>NOTE: Permanent Fund projected realized returns assume that, over a five-year period, active managers will realize 100% of the income return and 100% of the expected growth (capital gains) and that passive managers and real estate will realize 100% of the income return and 75% of the expected growth. Permanent Fund total returns assume all managers will realize 100% of income return and 100% of the expected growth. Capital market assumptions are provided by Callan Associates, Inc.</i>					Minus 3.00% Inflation = Real Rates of Return	
					5.19%	5.69%

Key assumptions



GASB Income

Fund Value



GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.
 Per Department of Revenue's January update of the Fall 1998 Revenue Forecast.
 Earnings reserve appropriated to principal.

STATUS QUO WITH 7.75%



GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.
 Per Department of Revenue's January update of the Fall 1998 Revenue Forecast.
 Earnings reserve appropriated to principal.

STATUS QUO WITH 8.22%



GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.
 Per Department of Revenue's January update of the Fall 1998 Revenue Forecast.
 Earnings reserve appropriated to principal.

STATUS QUO WITH 8.69%



Key assumptions



Daily Unaudited Position

as of April 13, 1999

Fixed Income	\$10,752,900,000	41%
U.S. Equities	\$9,727,800,000	37%
Non-U.S. Equities	\$3,560,700,000	14%
Real Estate	\$2,035,100,000	8%
<u>Alaskan CDs</u>	<u>\$190,000,000</u>	<u>1%</u>
TOTAL	\$26,266,500,000	100%

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 156

Revision Date/Time (Note if correction) _____ Dept. Affects Revenue _____
 Title An Act relating to investments by the Alaska RRU Revenue Operations
Permanent Fund Corporation Component Alaska Permanent Fund Corporation
 Sponsor _____
 Requester House State Affairs Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual	1,577.3	3,087.9	3,217.2	3,365.7	3,527.5	3,695.2
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1,577.3	3,087.9	3,217.2	3,365.7	3,527.5	3,695.2

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	49,067.5	51,016.9	53,154.4	55,607.3	58,280.6	61,050.8
-------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other Corporate Receipts	1,577.3	3,087.9	3,217.2	3,365.7	3,527.5	3,695.2
TOTAL	1,577.3	3,087.9	3,217.2	3,365.7	3,527.5	3,695.2

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *This fiscal note assumes an increase in costs and revenues associated with a 5% increase in public equity investments. It is likely over the 5 year period of this fiscal note that the APFC will use this increased investment flexibility in other asset types as well, e.g., real estate, fixed-income, and alternative investments such as private equity. The new investments would be entered into in order to add incremental value to a very large asset base. Investments with the potential to add significant value may require significant increased costs. All new investments will be reviewed by the Board of Trustees prior to implementation and presented to the APFC's oversight committee, the Legislative Budget & Audit Committee, for review and comment.*

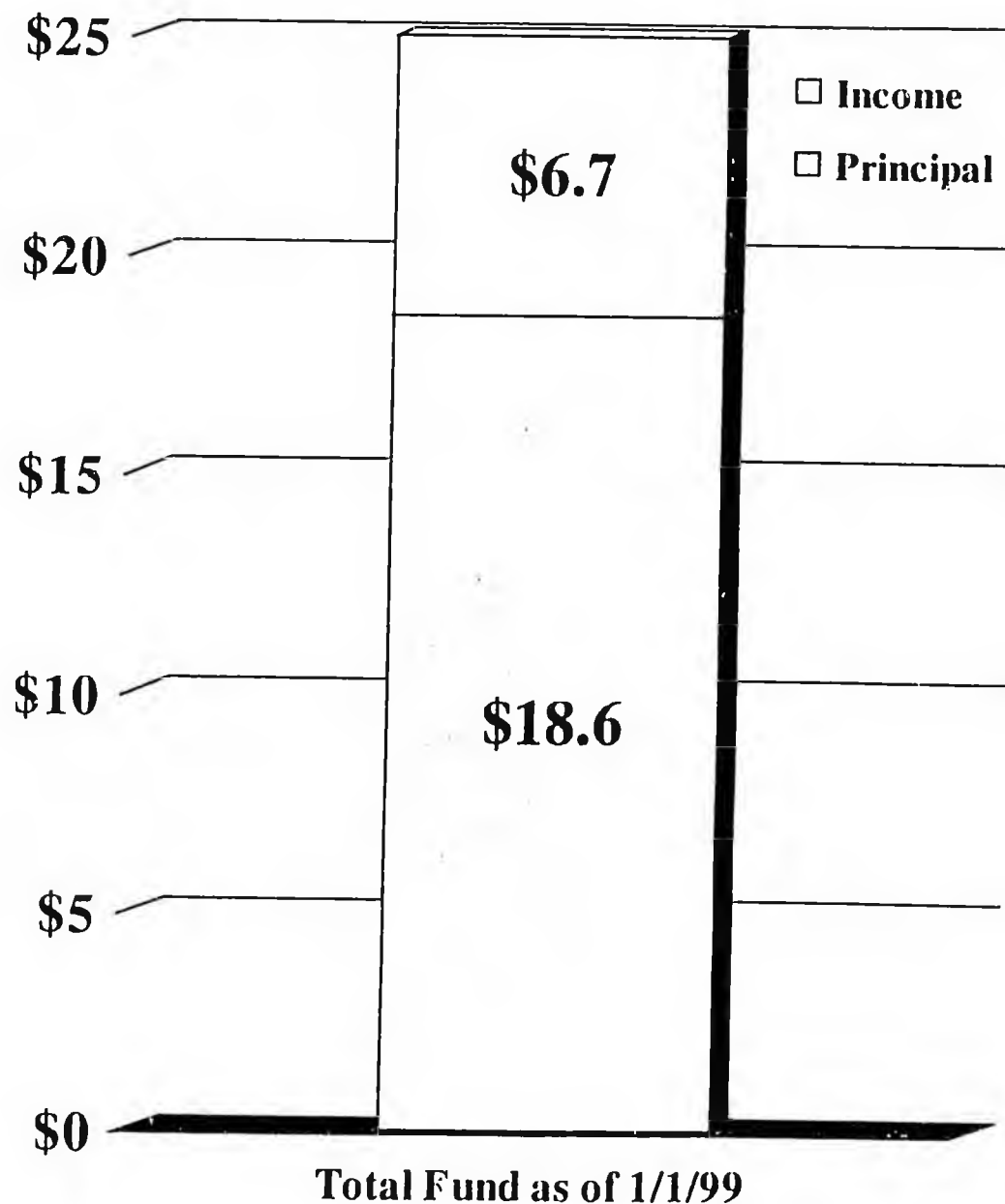
Prepared by Peter A. Bushre *Peter A. Bushre* Phone 465-2301
 Division Alaska Permanent Fund Corporation Date/Time _____
 Approved by _____
 Commissioner William J. London *William J. London* Date 4/14/99
 Agency Department of Revenue

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Alaska Permanent Fund

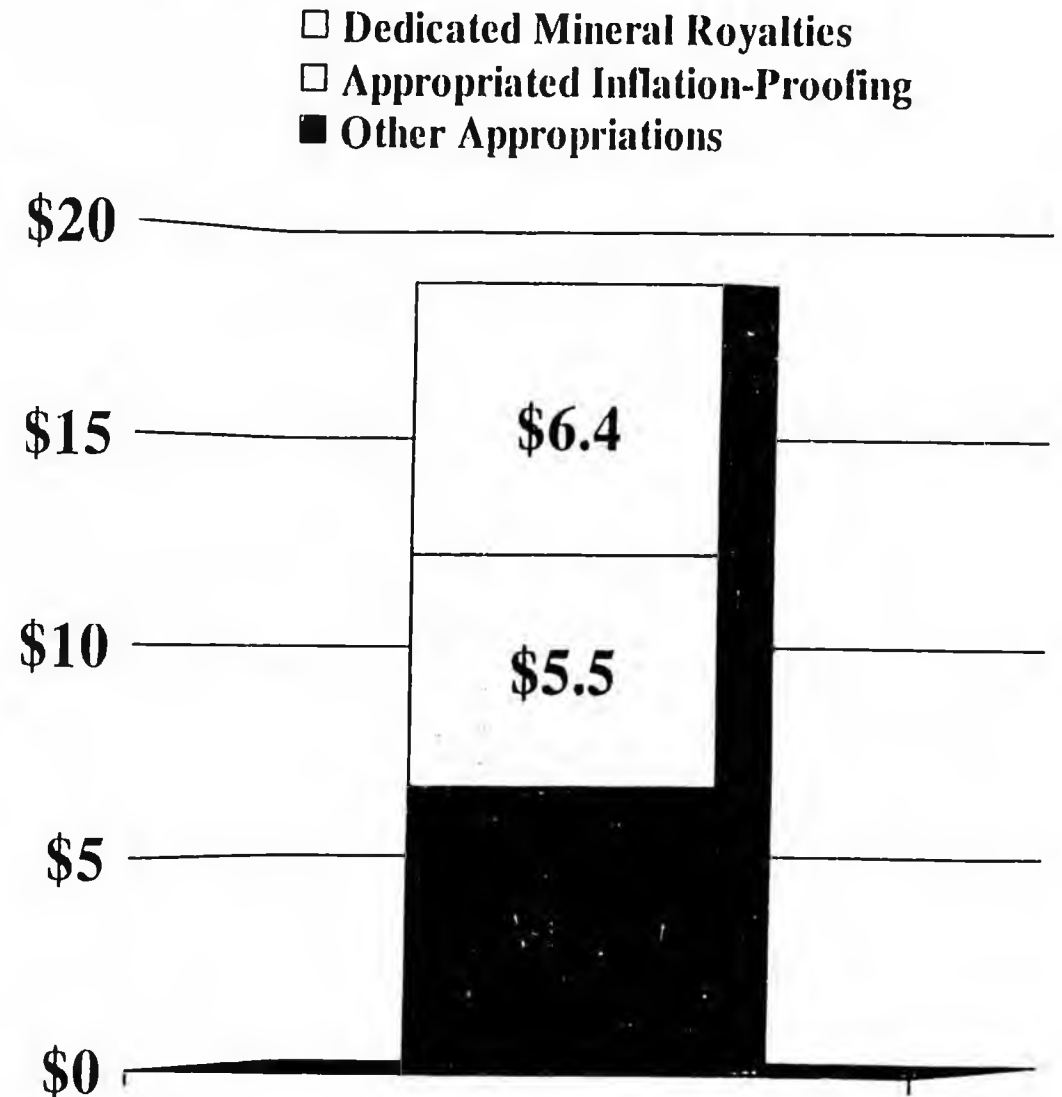
The market value of the Permanent Fund was \$25.3 billion on January 1, 1999.

- **What did it consist of?**



Alaska Permanent Fund Principal

- **The Alaska Permanent Fund principal is protected by the Alaska Constitution.**
- **The Legislature may not spend it.**
- **The principal consists of:**
 1. **Dedicated mineral royalties;**
 2. **Money the Legislature has appropriated to inflation-proof the principal; and**
 3. **Other money the Legislature has appropriated into the principal.**



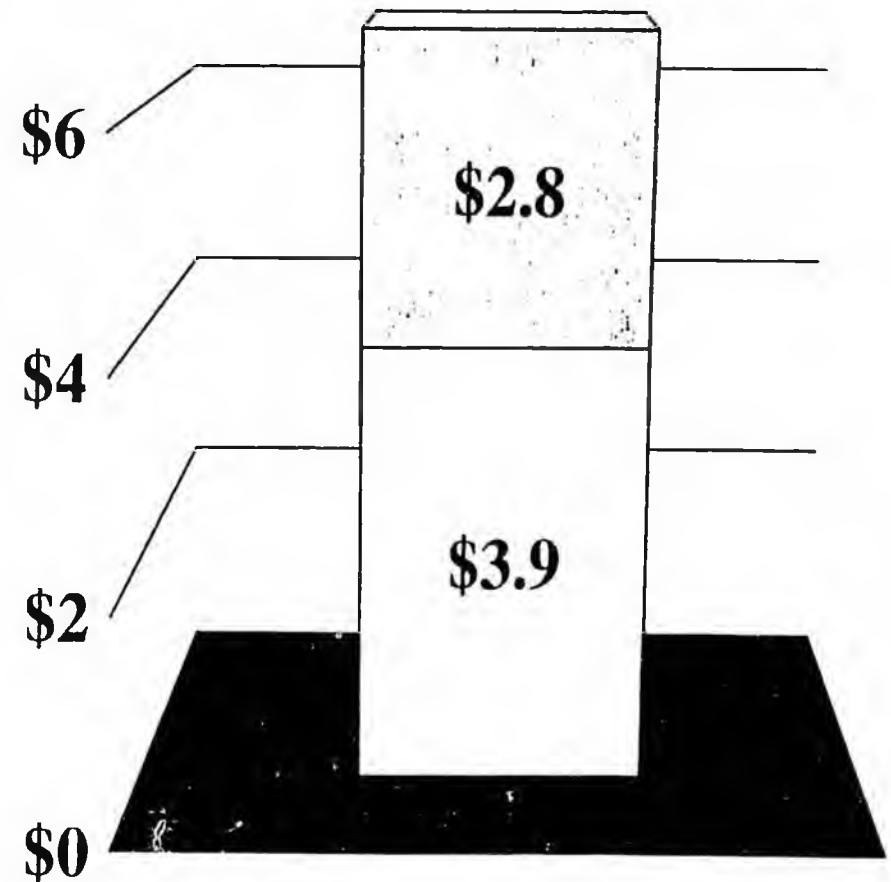
Principal Total \$18.6 Billion
(as of 1/1/99)

Permanent Fund Income

- All income from the Permanent Fund's investments is retained by the Fund until appropriated by the Legislature.
- "Realized Income," which includes interest, dividends and profits resulting from the sale of assets, is used to calculate the annual Permanent Fund Dividend.
- "Unrealized Income" is the market value over the purchase price of the assets currently held by the fund which become realized income only when the asset is sold.

☐ Realized Income

☐ Unrealized Income



Total Income \$6.7 billion

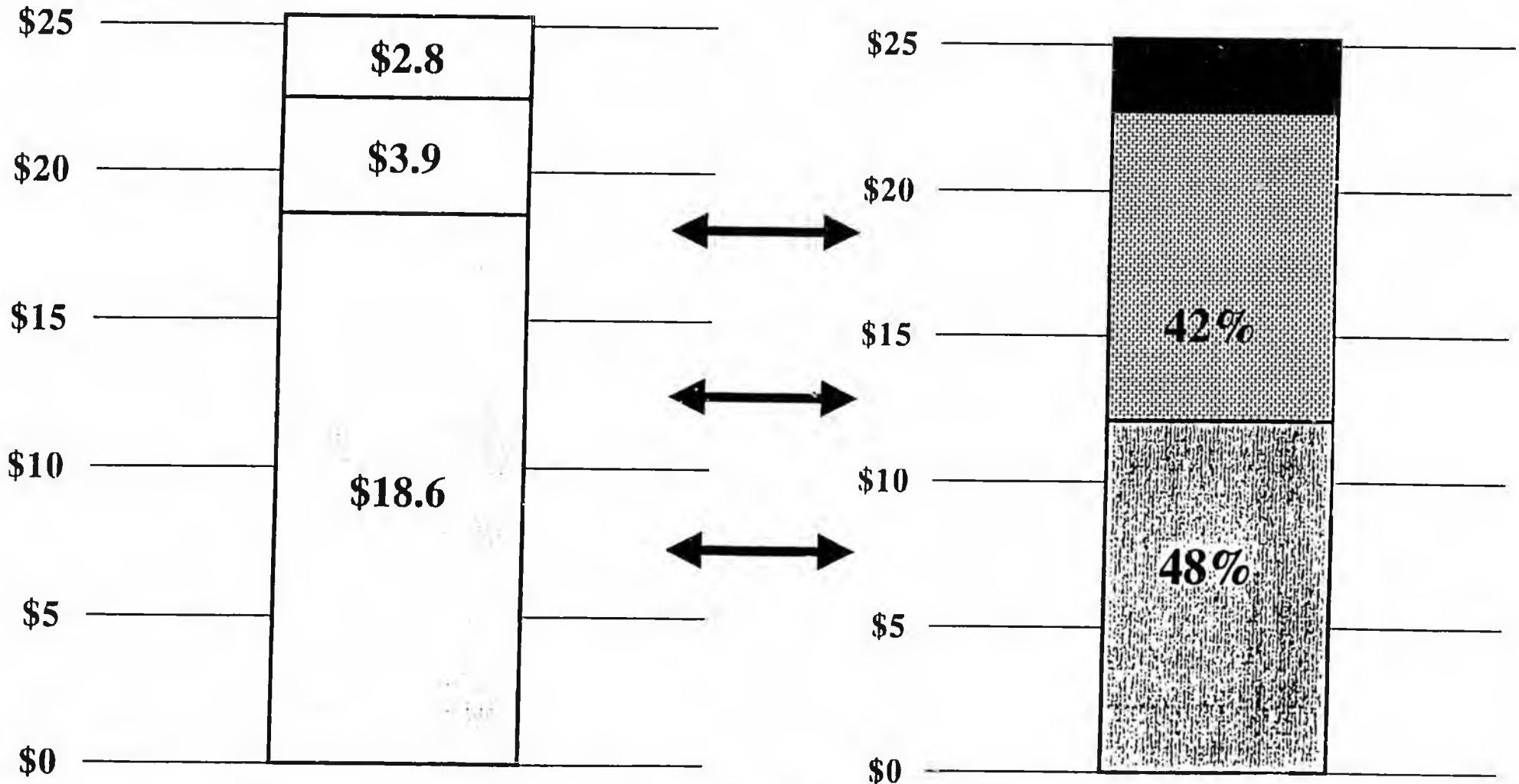
(as of 1/1/99)

Permanent Fund Investments

The principal and income of the Fund are
invested together in all asset classes

- Realized Gains
- Unrealized Gains
- Principal

- Real Estate 10%
- ▨ Bonds 42%
- Stocks 48%



Total fund 1/1/99 = \$25.3 billion

Annual Permanent Fund Dividend

How is it calculated?

- You add the realized income for the last five years.
- Take 10.5% of that total.
- That amount of money (with some small adjustments) is divided by the eligible applicants.

Realized Income

FY94	\$1,088.74 million
FY95	\$1,001.80 million
FY96	\$1,790.60 million
FY97	\$2,035.43 million
FY98	<u>\$2,619.16 million</u>
	\$8,535.73 million

multiply by **0.105 = \$896.25 million**
then divide by eligible applicants =
1998 dividend per person = **\$1,540.88**

Fact: Since inception, the AK Permanent Fund Dividend Program has paid out \$14,777.55 in total to applicants who were eligible for every year the program has existed.

Inflation-Proofing

How is inflation-proofing done?

- **Determine the % change in the CPI over the last calendar year.**
- **Multiply that rate times the principal value of the fund at the next June 30.**
- **Transfer this amount from earnings reserve to principal via an accounting entry.**
- **Assets do not really move.**

- **1.54% = change in CPI for calendar year 1998;**

- **Principal at June 30 is approximately \$18.6 billion;**

- **Fund principal value of \$18.6 billion x 0.0154 CPI = \$286 million;**

- **\$286 million is appropriated to the principal by an accounting transfer from earnings reserve.**

**Alaska's
Public
Finances**

Alaska's Public Finances

We have a problem!

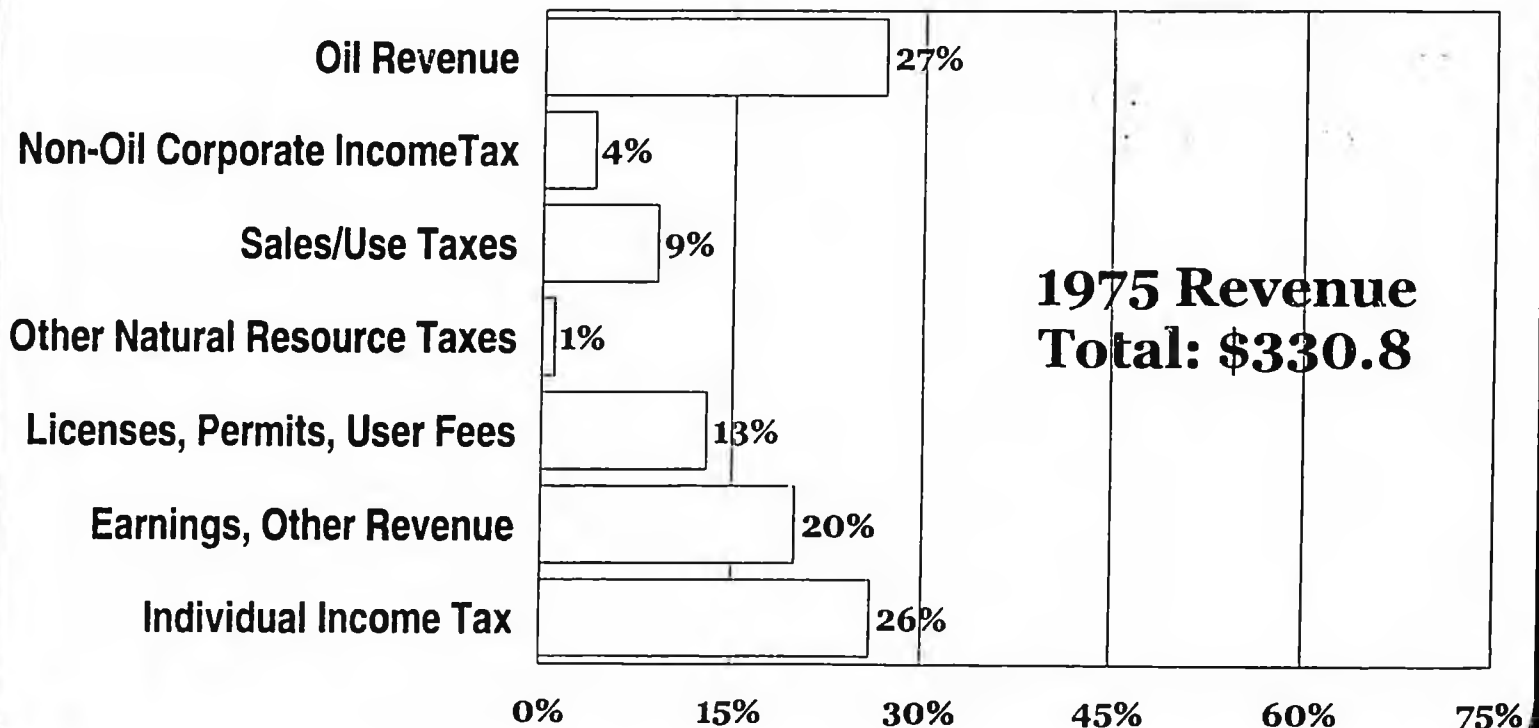
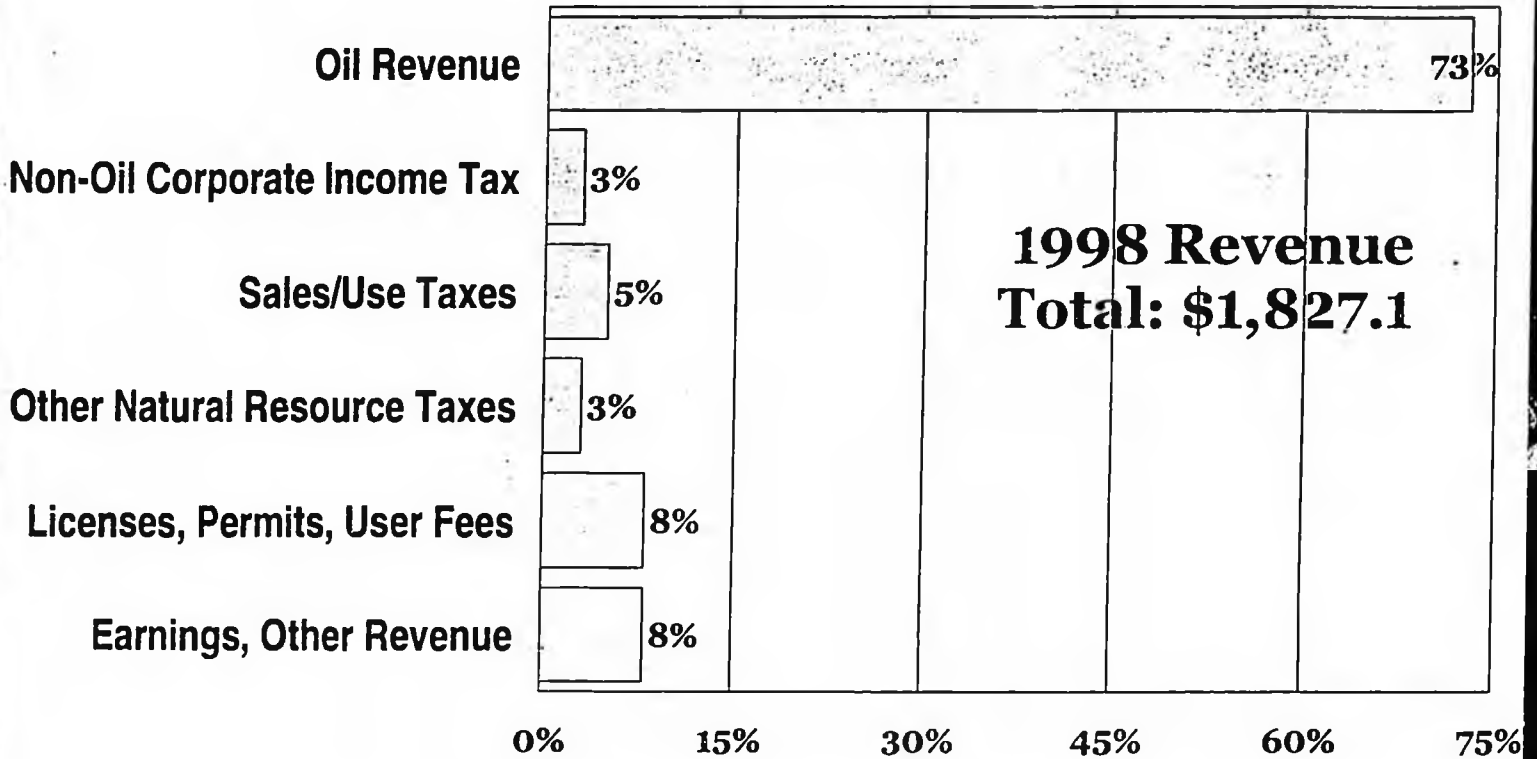
How did we get here?

Alaska's Public Finances

General Fund Revenue

Now and Then

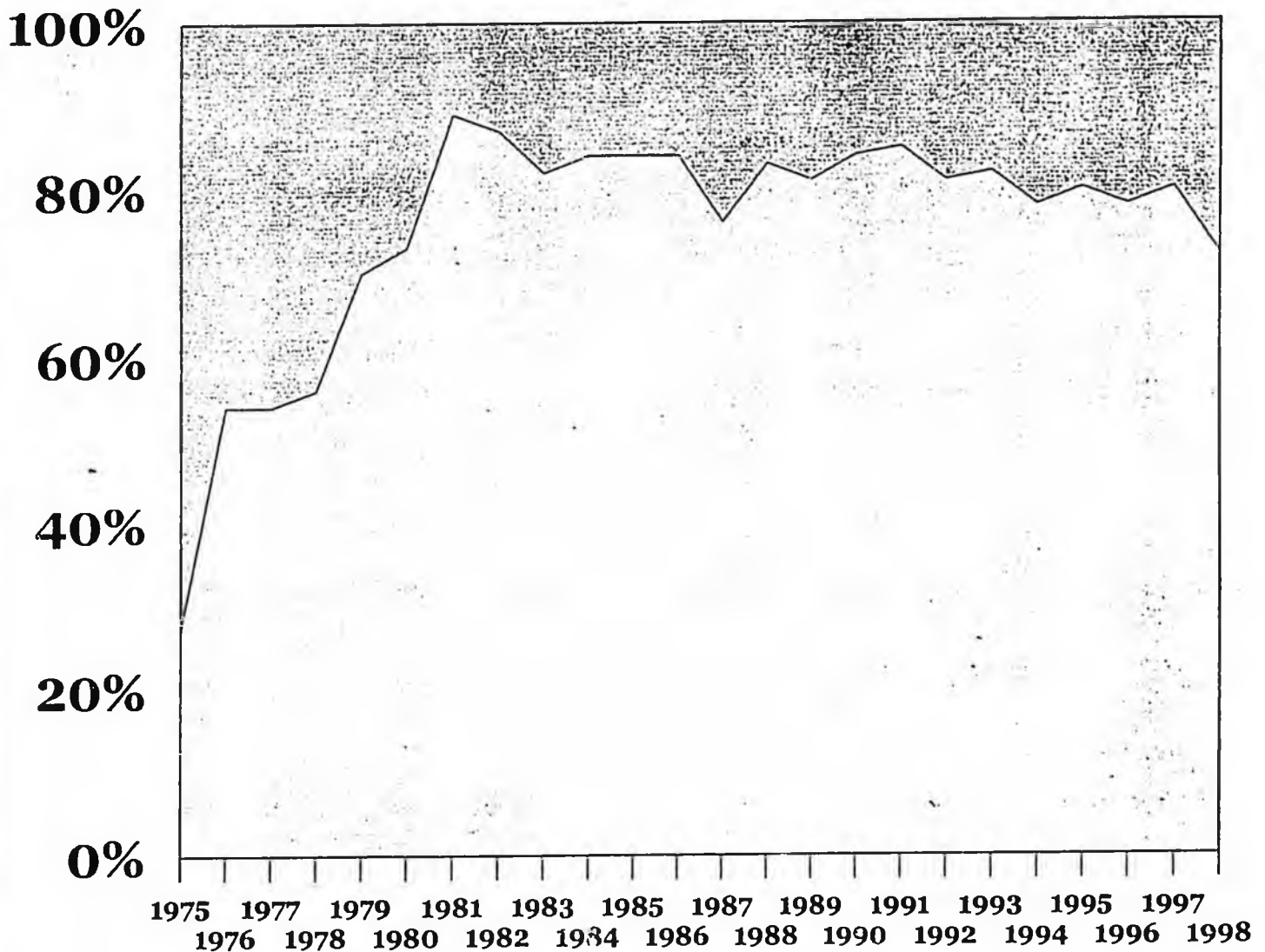
(\$ millions)



Alaska's Public Finances

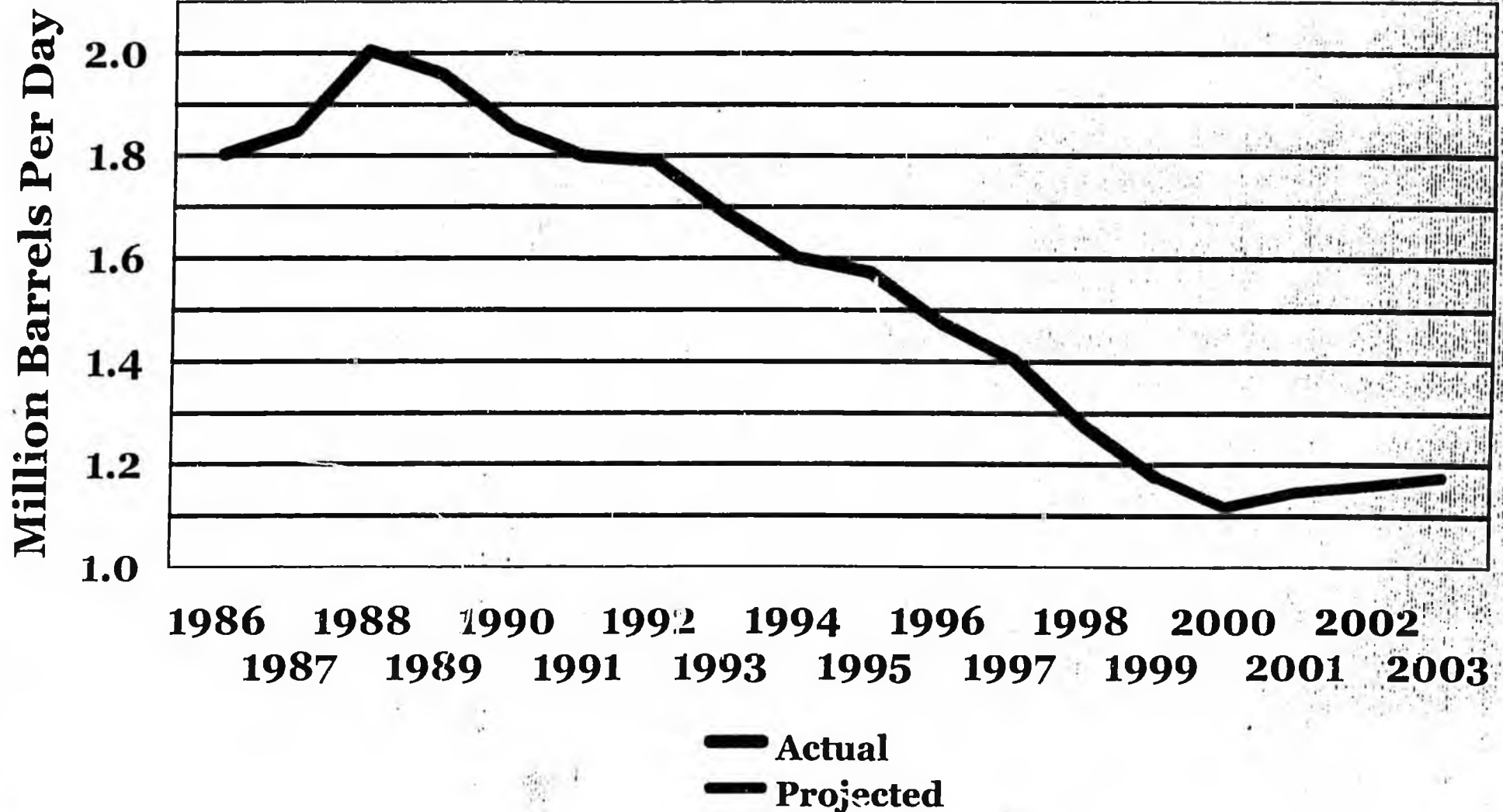
Oil Revenue as a Percentage of Total General Fund Revenue

- Non-Oil Revenue
- Oil Revenue



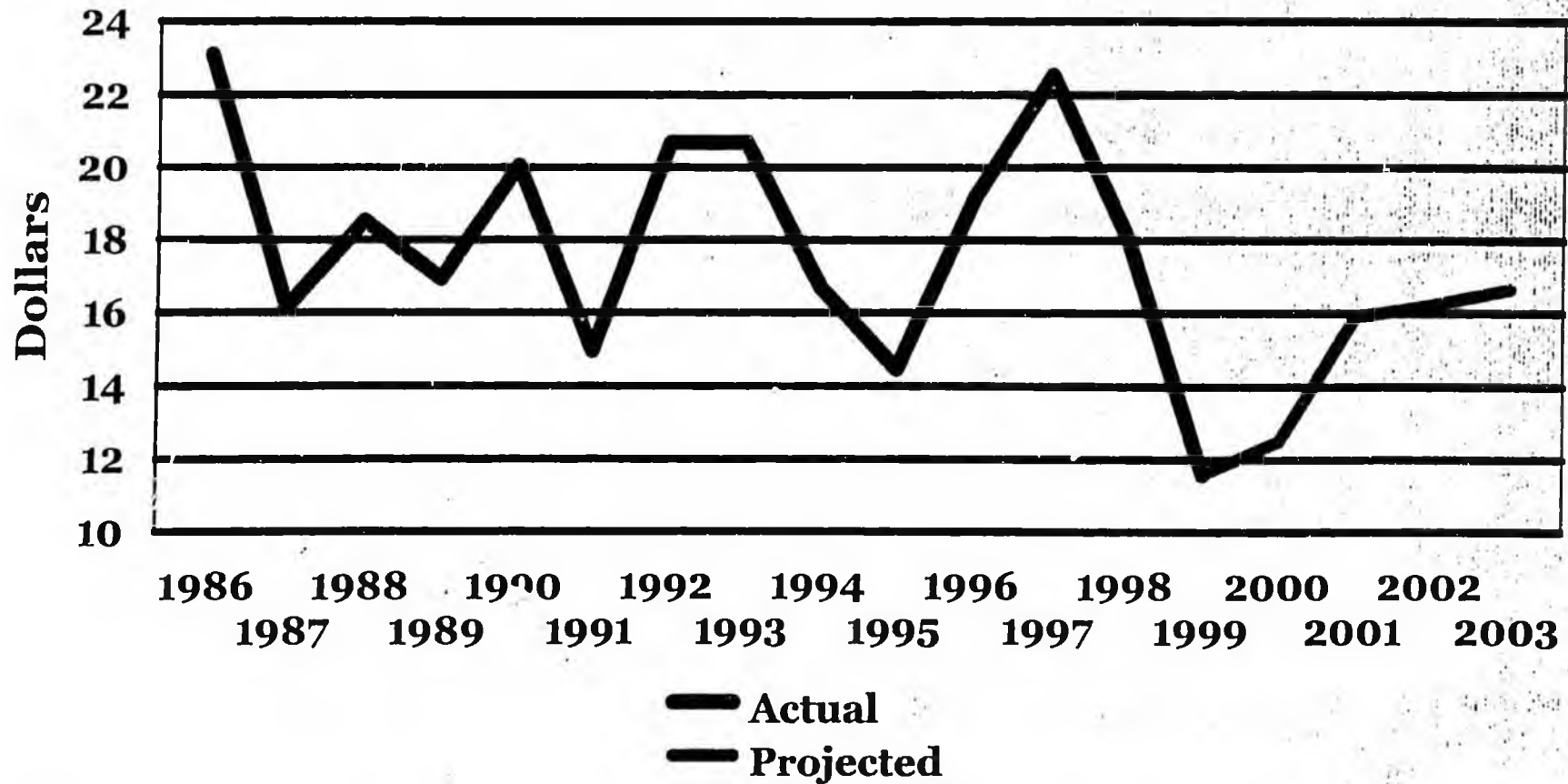
Alaska's Public Finances

Alaska North Slope Production Volume



Alaska's Public Finances

Alaska North Slope Destination Price (\$ per barrel)



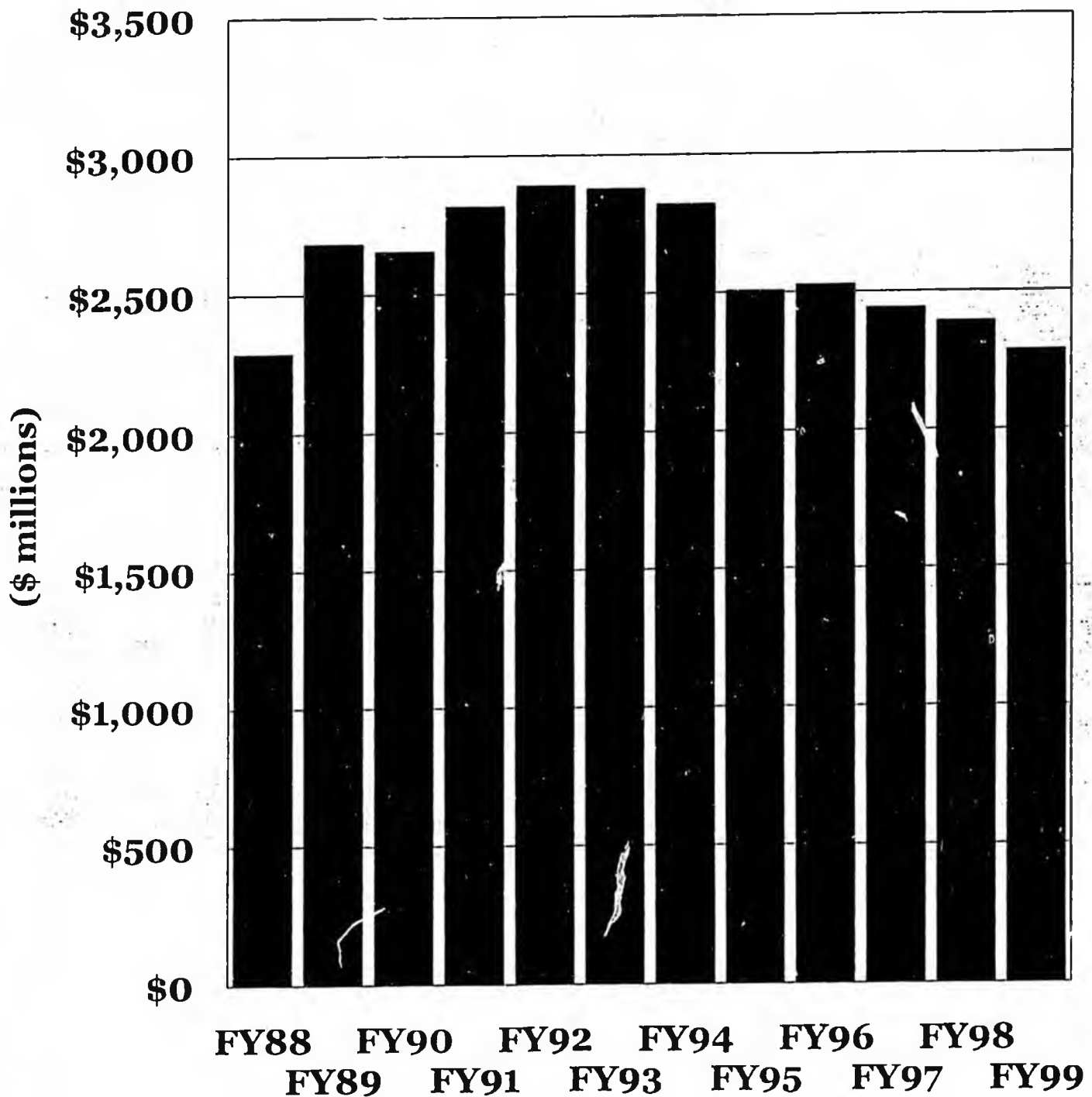
Alaska's Public Finances General Fund Revenue

Oil Revenue	1998	1999
Property Tax	\$51.2	\$49.2
Corporate Income Tax	200.1	120.0
Severance Tax	577.8	337.4
Royalties	480.4	295.5
Bonuses and Rentals	23.0	33.7
Total Oil Revenue	\$1,332.6	\$835.8
Non-Oil Revenue	1998	1999
Sales/Use Taxes	\$98.9	\$93.1
Corporate Income Tax	53.4	55.0
Natural Resources Tax	43.8	45.9
Estate Tax	5.5	1.7
Charitable Gaming Tax	2.1	1.9
Non-Tax Revenue	290.9	261.6
Total Non-Oil	\$494.5	\$459.2
Total GF Revenue	\$1,827.1	\$1,295.0

Alaska's Public Finances

General Fund Budgets

(\$ millions)



Alaska's Public Finances

CBRF Settlement Contributions

(\$ millions)

Production Tax	\$2,105
-----------------------	----------------

Corporate Income Tax (AS 43.20)	1,162
--	--------------

Corporate Income Tax (AS 43.21)	843
--	------------

Royalties	820
------------------	------------

Property Tax	1
---------------------	----------

Total:	\$4,931
---------------	----------------

Alaska's Public Finances
Constitutional Budget Reserve Fund
Opiate of the '90s
(\$ millions)

	Settlement Contributions	Investment Income	Net Loans to General Fund	Balance Available to Loan GF at Year-End
FY91	\$291	\$6	-----	\$297
FY92	247	19	-----	563
FY93	914	57	<849>	685
FY94	437	61	<569>	614
FY95	1,543	122	<285>	1,994
FY96	586	111	<173>	2,518
FY97	570	167	<83>	3,172
FY98	343	369	<325>	3,559
FY99 (Proj)	106	220	<1,104>	2,780
FY00 (Proj)	106	130	<1,080>	1,940
FY01 (Proj)	106	88	<865>	1,269
FY02 (Proj)	106	50	<888>	536
FY03 (Proj)	106	8	<899>	<248>
Total:	\$5,461	\$1,408	<\$7,120 >	-----

Millions

\$3,000.0

\$2,500.0

\$2,000.0

\$1,500.0

\$1,000.0

\$500.0

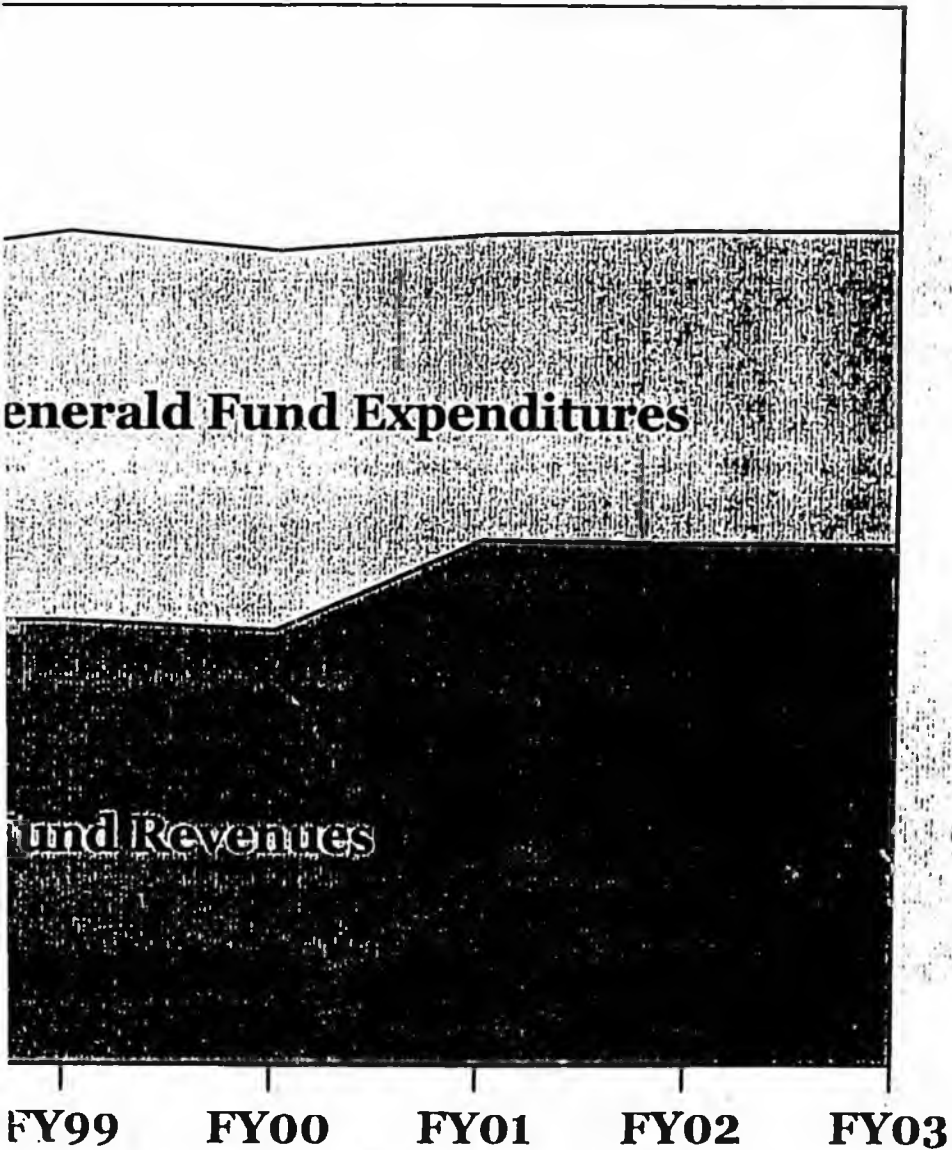
\$0.0

FY96



Public Finances

Budget Gap



Alaska's Public Finances

Constitutional Budget Reserve Exhausted Month/Year

**Operating
Budget
Annual
Change**

**Average ANS Destination Price
\$/barrel**

	\$10.50	\$11.50	\$12.50	\$13.50	\$14.50	Forecas †	\$15.50	\$16.50
+2.0%	Dec-01	Feb-02	Apr-02	Jul-02	Oct-02	Sep-02	Jan-03	Jun-03
+1.5%	Dec-01	Feb-02	May-02	Aug-02	Nov-02	Oct-02	Mar-03	Jul-03
+1.0%	Jan-02	Mar-02	Jun-02	Sep-02	Dec-02	Nov-02	Apr-03	Aug-03
+0.5%	Jan-02	Apr-02	Jun-02	Sep-02	Jan-03	Jan-03	May-03	Oct-03
0.0%	Feb-02	Apr-02	Jul-02	Oct-02	Feb-03	Feb-03	Jun-03	Nov-03
-0.5%	Feb-02	May-02	Aug-02	Nov-02	Mar-03	Mar-03	Aug-03	Jan-04
-1.0%	Mar-02	May-02	Sep-02	Dec-02	Apr-03	Apr-03	Sep-03	Mar-04
Maj. Plan	Apr-02	Jun-02	Oct-02	Jan-03	May-03	Jun-03	Nov-03	May-04

Alaska's Public Finances

Principles

- **Balance the budget on a sustainable basis.**
- **Budget reductions must be responsible.**
- **Maintain a healthy Permanent Fund dividend.**
- **Grow the state's savings accounts.**
- **Any new tax should be fair and broad-based.**
- **No change to the Permanent Fund or the dividend program without a vote of the people.**

Alaska's Public Finances
FY 1999 General Fund Operating Budget
(\$ millions)

General Fund Operating Budget
\$2,229.3

**Core State
Government**
\$783.8

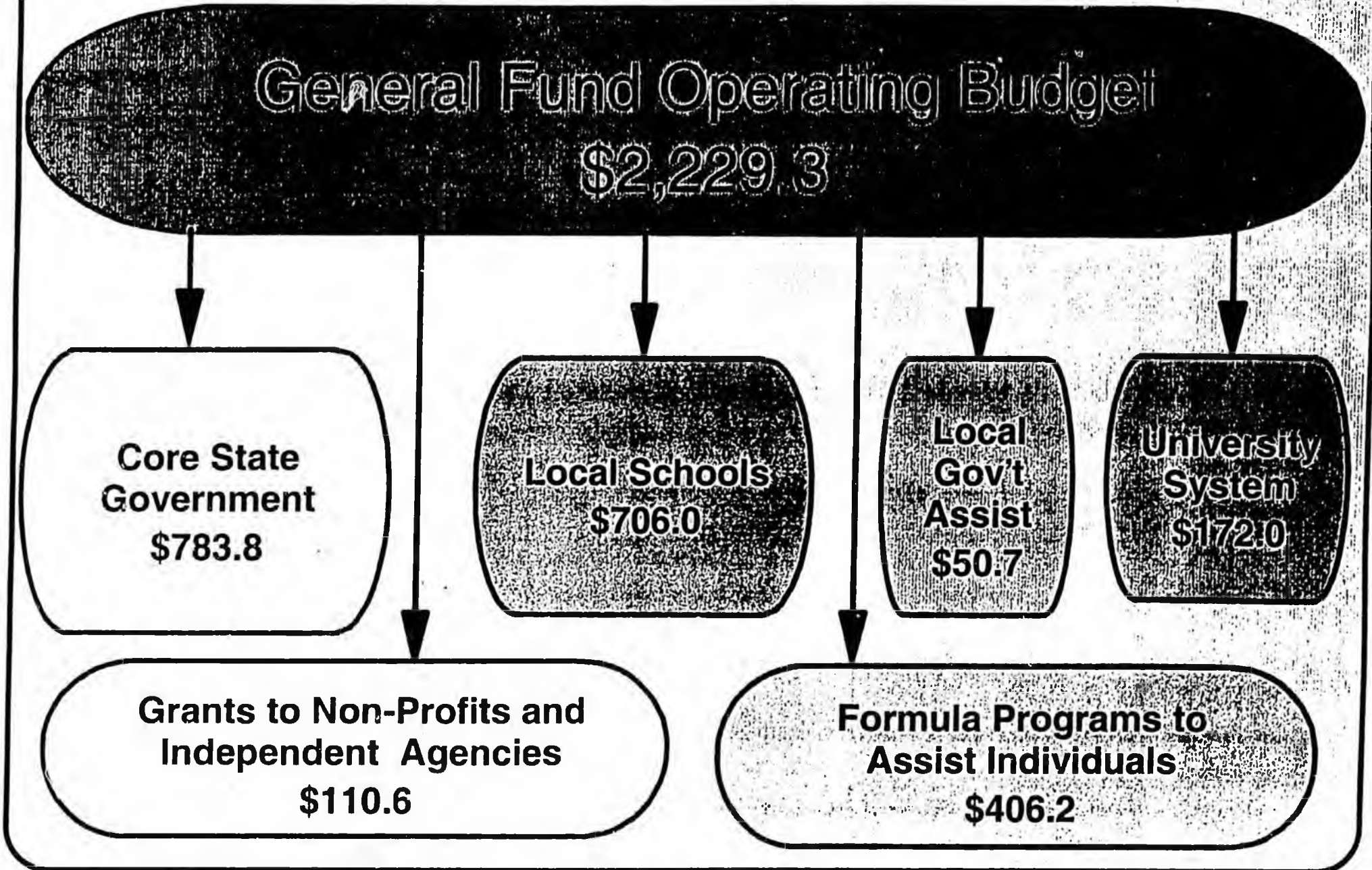
Local Schools
\$706.0

**Local
Gov't
Assist**
\$50.7

**University
System**
\$172.0

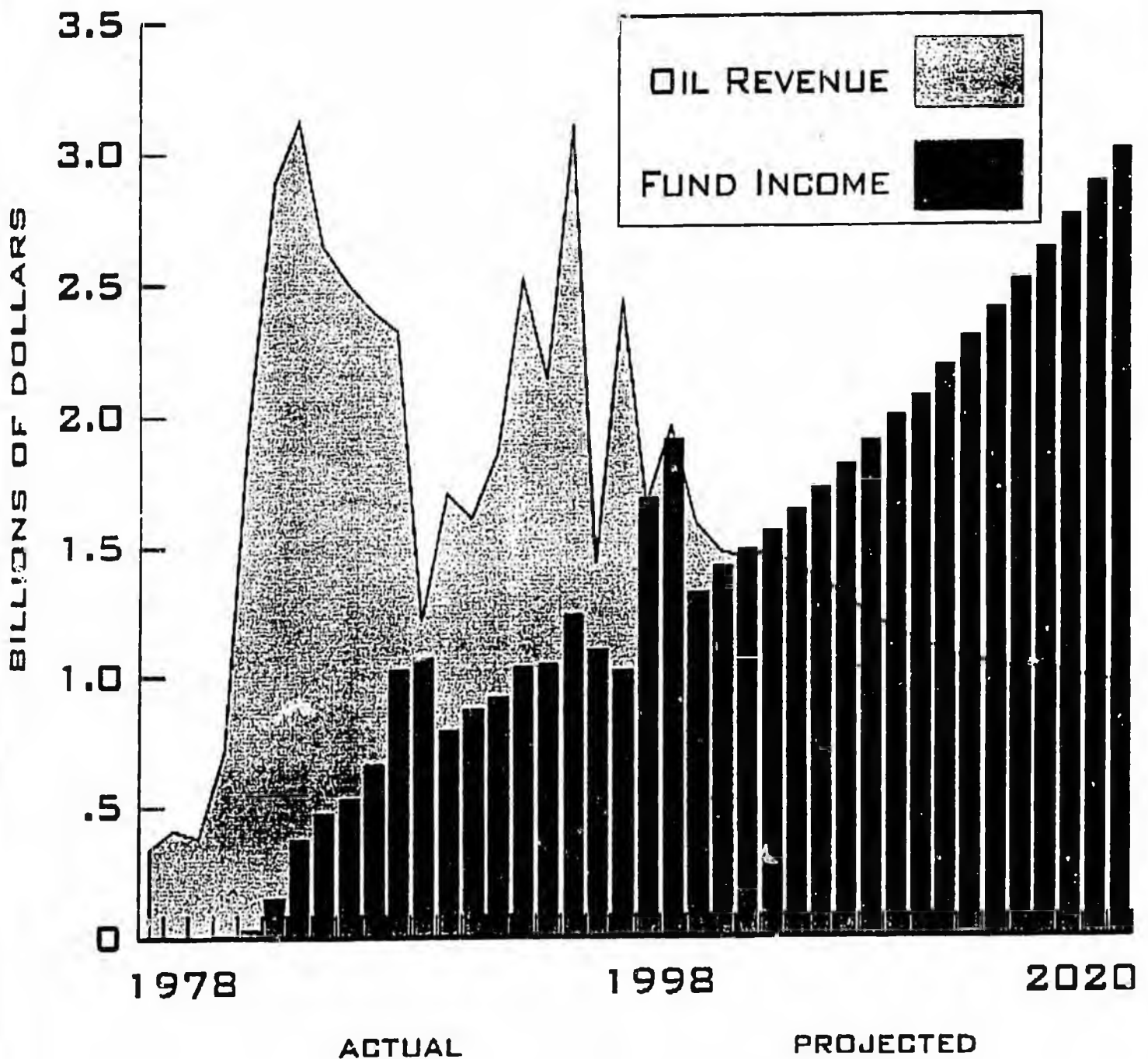
**Grants to Non-Profits and
Independent Agencies**
\$110.6

**Formula Programs to
Assist Individuals**
\$406.2



Alaska's Public Finances

What About the Permanent Fund? Oil Revenue vs. Permanent Fund Income

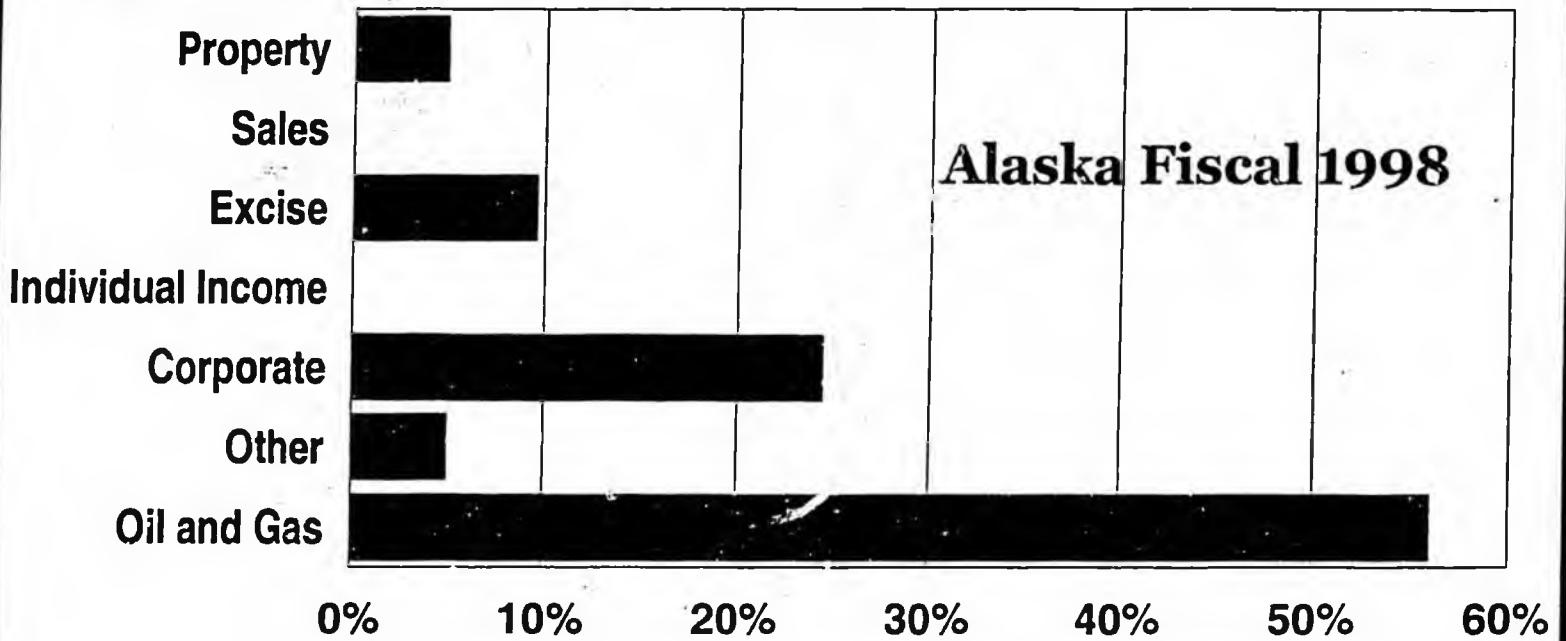


*figures are not adjusted for inflation

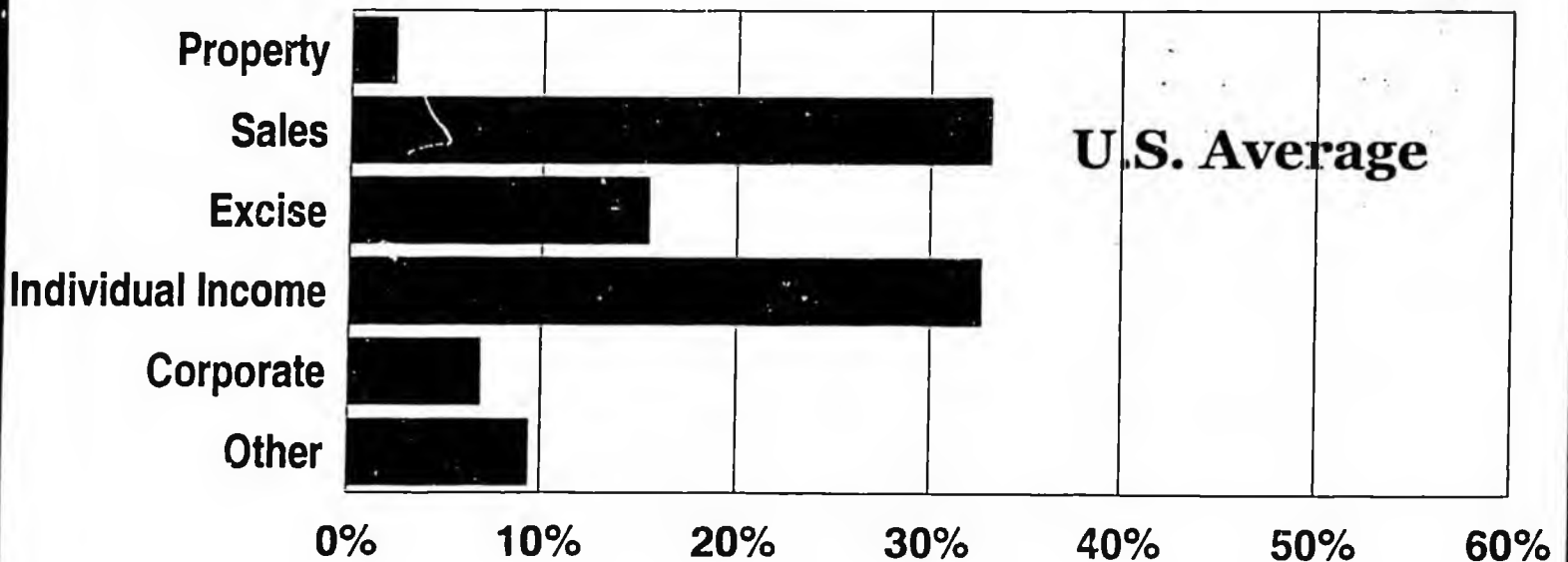
Alaska's Public Finances

Tax Revenues Comparison with Other States

TAX TYPE

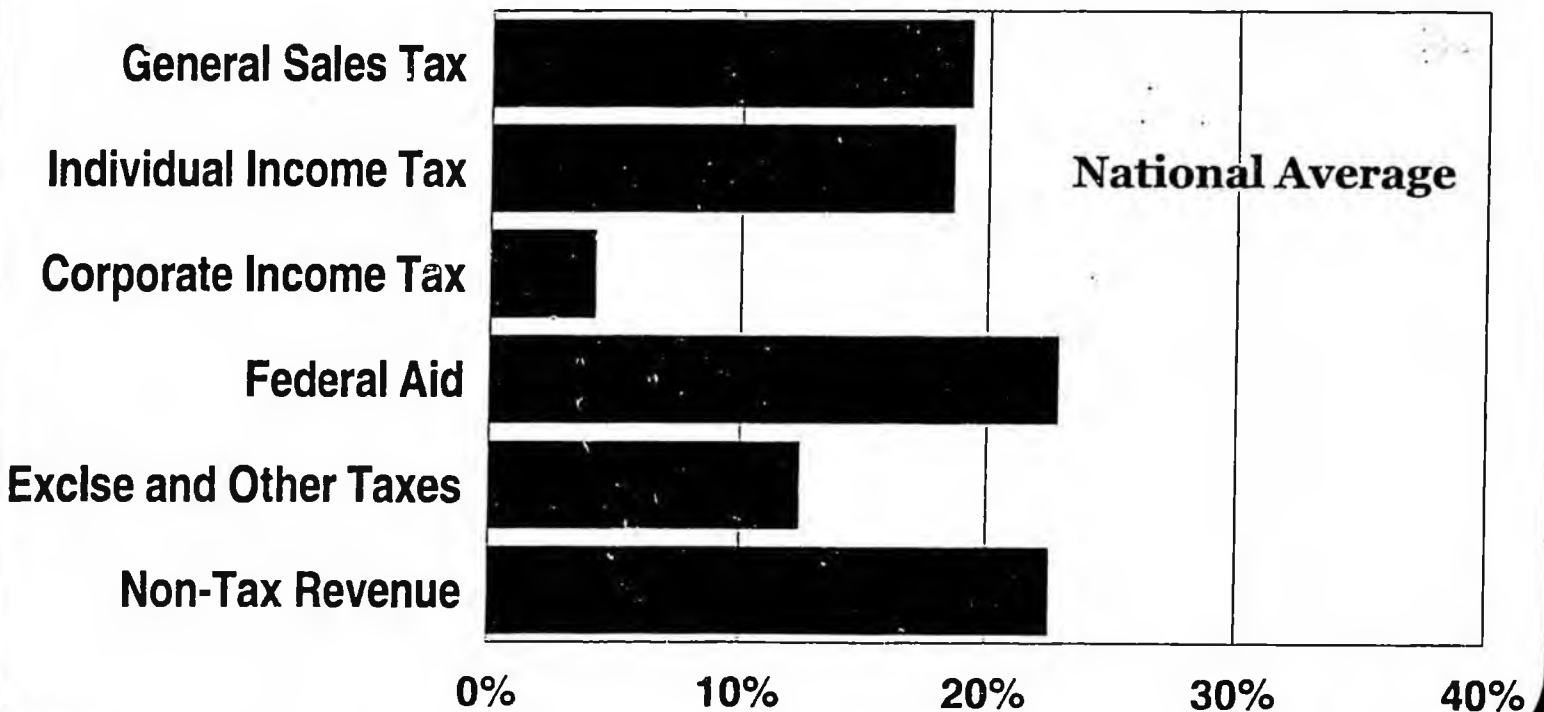
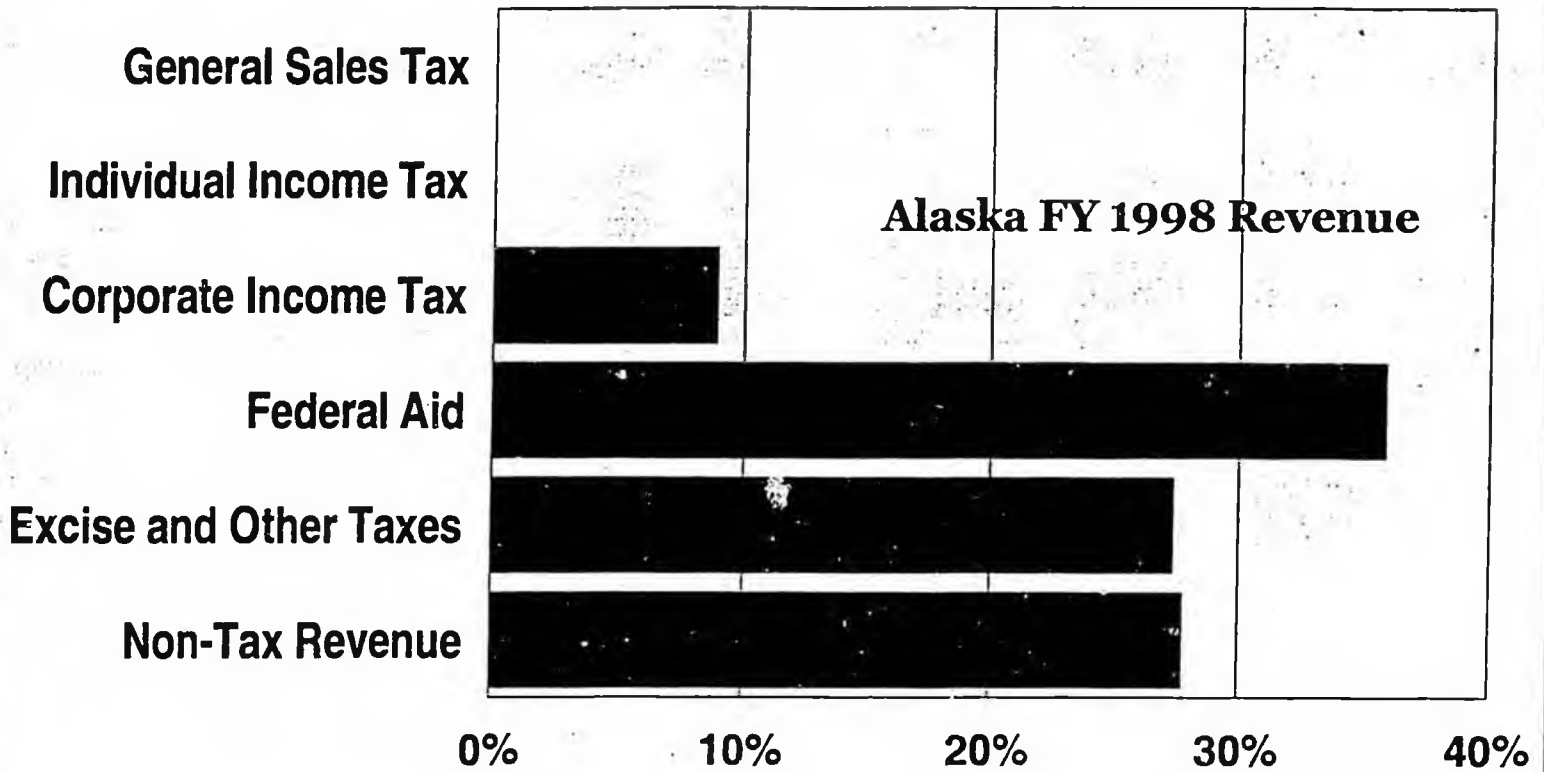


TAX TYPE



Alaska's Public Finances

Total Revenue Comparison with Other States



Alaska's Public Finances

Sales and Personal Income Taxes

▶ **States with no state sales tax:**

1. **Alaska**
2. **Delaware**
3. **Montana**
4. **New Hampshire**
5. **Oregon**

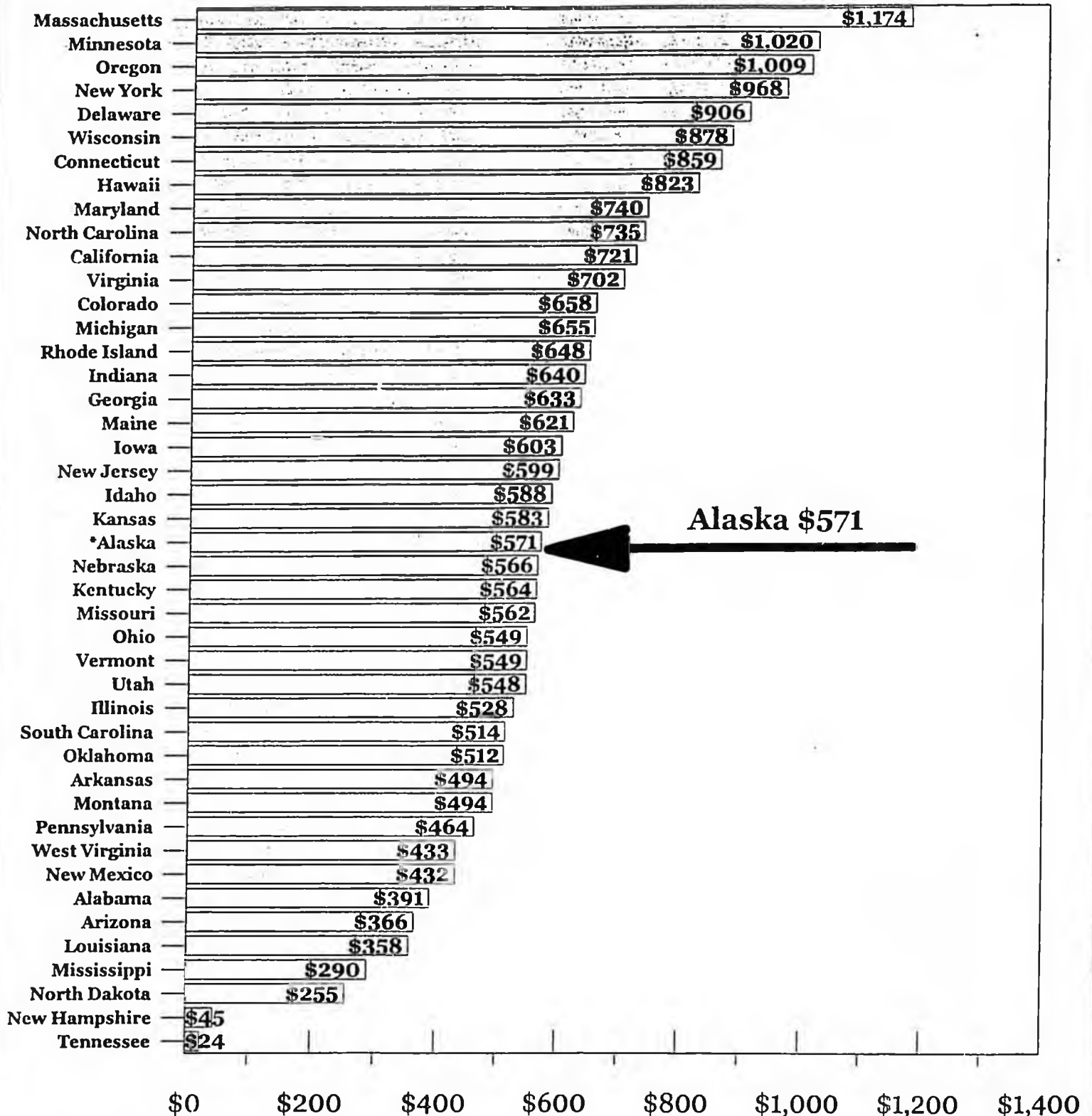
▶ **States with no individual income tax:**

1. **Alaska**
2. **Florida**
3. **Nevada**
4. **South Dakota**
5. **Texas**
6. **Washington**
7. **Wyoming**

▶ **Alaska is the only state with neither tax.**

Alaska's Public Finances

Per Capita Comparison of Individual Income Tax Collections (\$ millions)



*Based on FY 2000 projections in Governor's income tax bill.

11/4/99

Investing

...

by Holt

HFIN

FILE

Alaska State Legislature

HOUSE Finance Committee

November 4, 1999

Investing in Results

Presented by:
Craig L. Holt, President
MTP Inc.

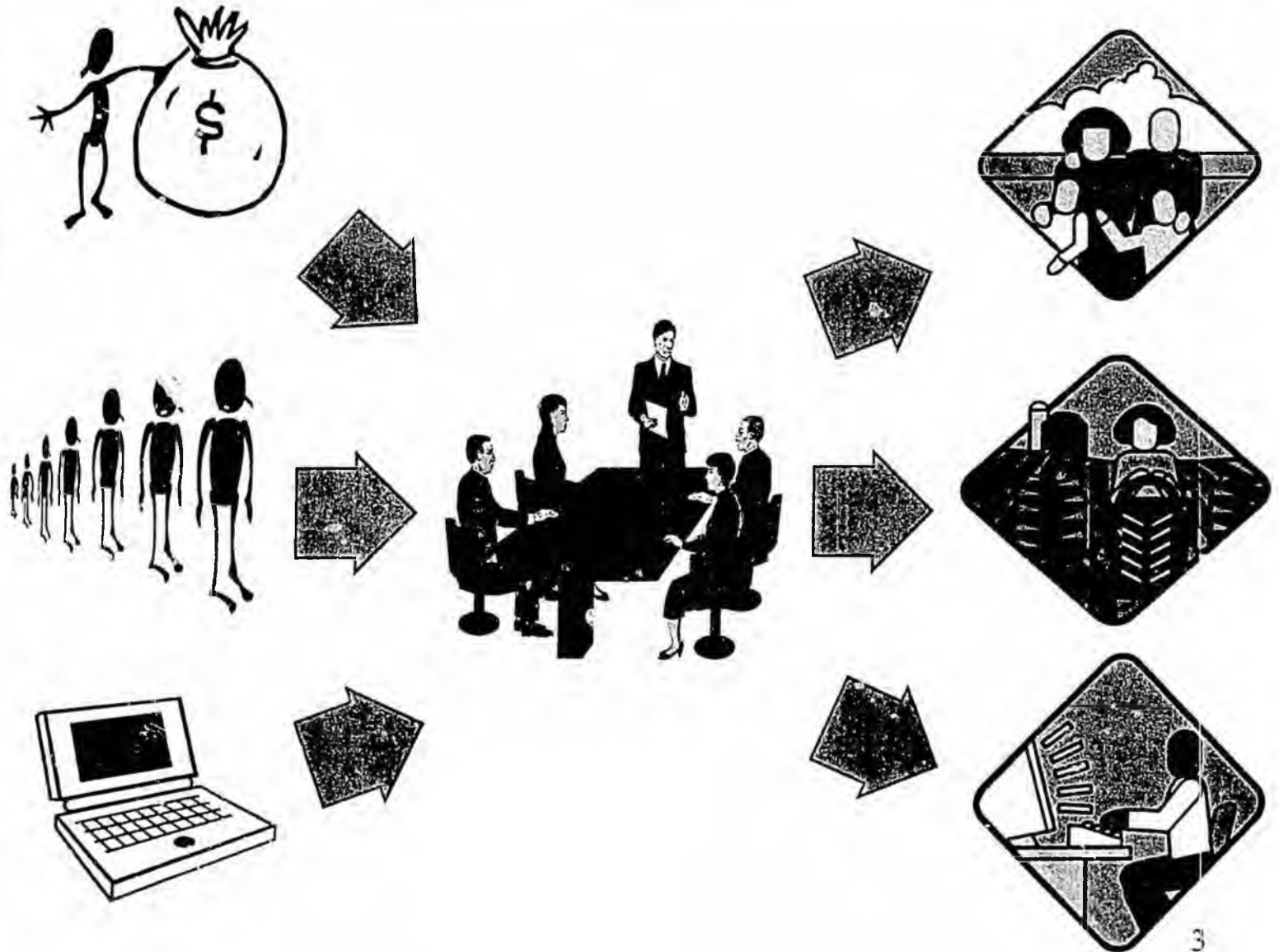
MTP

Why Mission Alignment is important....

“Virtually all of the results that government strives to achieve require the concerted and coordinated efforts of two or more agencies. However, mission fragmentation and program overlap are widespread and programs are not always well-coordinated.”

David M. Walker, Comptroller General of the United States - 2/10/99

Inputs to Outcomes/Program Impacts



Mission Statement

SHOULD;

Briefly state WHY department exists,
Highlight UNIQUE contribution of department,
Unify the core services/service groups,
Be memorable and usable

SHOULD NOT;

Be list of everything we do,
Include statements of values,
Include “qualifiers” of who well/good ,
Contain language that is vague and unclear.

Mission Statement – Example (OASAS)

WHY the agency exists

Assist Clients in becoming “Self Sufficient”

Not WHAT you do;

Provide local assistance,
Distribute state aid

Not how WELL you do things;

Excellence
Quality

Not statements of HOW;

Through partnerships
Valuing diverse perspectives

Why Performance Measurement

“Too often, the government has failed to manage on the basis of a clear understanding of the results expected to be achieved and how performance will be gauged.”

*- David M. Walker, Comptroller General of the United States
Testimony before House Committee on Government Reform, 2/10/99*