

ALASKA LEGISLATURE

1951

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

HB

96

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 24, 1999

FURTHER REFERRALS:

Date of Committee Action: 4/13/99

The FINANCE Committee considered:

SSHB 96

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 96

DEPOSITS TO THE PERMANENT FUND

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

recommends it be replaced with the following committee substitute CS HB 96 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

AD TS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) REV, 3/24/99

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Gene Therrienault</u> Therrienault			X	
<u>Ed Mulder</u> Mulder	X			
<u>Don Bunde</u> Bunde	X			
<u>Lisa Kohring</u> Kohring				X
<u>John Austerma</u> Austerma	X			
<u>Sp. M. Davies</u> DAVIES			X	
<u>Ben Grassendorf</u> Grassendorf			X	
<u>Carol E. Moses</u> Moses			X	
<u>Tom DAVIS</u> DAVIS	X			
<u>Ed Williams</u> Williams	X			
<u>FOSTER</u> FOSTER			X	

CHAIR'S SIGNATURE

Gene Therrienault Ed Mulder
 Therrienault + Mulder

FISCAL NOTE

Bill Version: SSHB 96

(H) Publish Date: 3/24/99

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) 3/22/99 Dept. Affected Revenue
 Title Deposits to the Permanent Fund BRU Revenue Operations
 Component _____
 Sponsor Rokeberg
 Requester House State Affairs 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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: *No fiscal impact.*

Prepared by Peter A. Bushre
 Division Alaska Permanent Fund Corporation
 Approved by Wilson L. Condon
 Commissioner
 Agency Department of Revenue

Phone 465-2301
 Date/Time 03/22/99
 Date 3/22/99

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AMENDMENT 1

OFFERED IN THE HOUSE

TO: SSHB 96

Adopted
AS amended

- 1 Page 1, line 1, following "fund":
- 2 Insert "from mineral lease rentals, royalties, royalty sale proceeds, net profit
- 3 shares under AS 38.05.180(f) and (g), federal mineral revenue sharing payments received
- 4 by the state from mineral leases, and bonuses received by the state from mineral leases
- 5 and limiting deposits from those sources to 25 percent"

Conceptual Amendment
to clarify that The 25%
Refers to the Constitutionally
Mandated Amount under
Article 9, Section 15

FISCAL NOTE

Bill Version: SSHB 96

(H) Publish Date: 3/24/99

**STATE OF ALASKA
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Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
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Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: *No fiscal impact.*

Prepared by Peter A. Bushre Phone 465-2301
 Division Alaska Permanent Fund Corporation Date/Time 03/22/99
 Approved by Wilson L. Condon Date 3/22/99
 Commissioner _____
 Agency Department of Revenue

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STATE OF ALASKA

DEPARTMENT OF REVENUE

March 26, 1999

OFFICE OF THE COMMISSIONER

The Honorable Norman Rokeberg
State Capitol Room 24
Juneau, AK 99801

4/12/99
TONY KNOWLES, GOVERNOR

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

MAR 26 1999

Dear Representative Rokeberg,

The other day you asked that I provide you with more detailed information on the royalties and other mineral payments that would be affected by your proposed legislation, SS HB 96. The bill, of course, would reduce to 25% the contribution to the Permanent Fund of those mineral payments that are currently being made at the 50% rate.

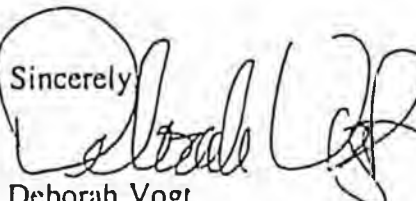
I have been able to put together some information. The first attachment is a break-out of the average contribution rate paid by the various oil fields. As you can see, some fields contribute at 25%, some at the full 50%, and many at a blended rate since the field includes both new and old leases. The second attachment is a price sensitivity matrix for the changed contribution rate.

Finally, I've included a spreadsheet showing this department's projections of the revenue effect of SS HB 96, out to 2020. The price assumptions in this model are as follows. For FY 1999 and 2000, they are the recently updated projections that have been communicated to the legislature. For FY 2001 and subsequent years, the assumptions come from the January 1999 update to the Fall 1998 forecast. As you can see, the second from the bottom line shows the general fund revenue effect of SS HB 96. These estimates include only oil and gas revenue; revenue from coal and other minerals would be added to these numbers. The oil revenue numbers include all oil revenue, including federal revenue sharing payments, and rents. There is no component for bonuses since a number would be too speculative.

The Department of Natural Resources does all the accounting for the mineral contributions to the Permanent Fund. The general fund impact of your proposed legislation will be shown on the fiscal note they prepare for the bill.

You should contact the Department of Natural Resources, Division of Mining and Water Management, directly for information about coal and locatable mineral leases. I spoke with Kerwin Krause there.

I hope this information answers some of your questions. Please let me know if there is anything else I can do.

Sincerely,

Deborah Vogt

cc: Carol Carroll
Kerwin Krause

99-021

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**PERMANENT FUND CONTRIBUTION RATES FOR NORTH SLOPE OIL FIELDS
ALASKA DEPT. OF REVENUE SPRING 1999**

25% Contributing Oil Fields	1999 est Prod. Millions Bbl/Day	Permanent Fund Average Contribution	Greater than 25% Contributing Oil Fields	1999 est Prod. Millions Bbl/Day	Permanent Fund Average Contribution
PRUDHOE	0.632	0.2500	PBU SCHRADER	0.000	0.5000
SAMBUCA	0.000	0.2500	KUPARUK	0.241	0.2533
MIDNIGHT SUN	0.003	0.2500	TARN	0.020	0.4587
PBU SATELLITE	0.000	0.2500	MILNE POINT	0.050	0.3759
WEST SAK	0.002	0.2500	SAG RIVER	0.000	0.3890
TABASCO	0.004	0.2500	ENDICOTT/SAGDELTA	0.043	0.3668
KUP SATELLITE	0.000	0.2500	BADAMI	0.003	0.5000
SCHRADER BLUFF	0.006	0.2500	PT MCINTYRE	0.121	0.3305
EIDER	0.004	0.2500	ALPINE	0.000	0.3250
LISBURNE	0.007	0.2500	NORTH STAR	0.000	0.5000
NIAKUK	0.030	0.2500	LIBERTY	0.000	0.5000
WEST BEACH/NORTH PRUDHOE	0.001	0.2500	KNOWN OFFSHORE	0.000	0.3890
N PRAY STATE	0.000	0.2500	NPRA	0.000	0.5000
KNOWN ONSHORE	0.000	0.2500	ANWR	0.000	0.5000
CRU Satellite	0.000	0.2500			
Total Production (Million Bbl/day)	0.689			0.477	

**PF Factor Sensitivity Matrix for Bringing All Leases to 25% contribution to
Permanent Fund Additional Revenue Into the General Fund
(Millions \$)**

	\$10/Barrel	\$12/Barrel	\$14/Barrel	\$16/Barrel	\$18/Barrel	\$20/Barrel
1999	3.53	4.75	5.97	7.19	8.41	9.63
2000	7.23	9.72	12.21	14.69	17.18	19.67
2001	7.04	9.55	12.06	14.56	17.07	19.58
2002	6.91	9.41	11.91	14.41	16.91	19.41
2003	9.26	12.65	16.03	19.42	22.80	26.19
2004	11.84	16.19	20.55	24.91	29.27	33.63
2005	9.51	13.57	17.62	21.67	25.72	29.78
2006	8.77	12.62	16.47	20.33	24.18	28.03
2007	7.51	10.91	14.31	17.71	21.11	24.51
2008	6.81	10.03	13.24	16.46	19.67	22.89
2009	6.12	9.12	12.12	15.12	18.12	21.12
2010	4.71	7.56	10.41	13.26	16.10	18.95
2011	3.96	6.54	9.13	11.72	14.31	16.90
2012	3.76	6.16	8.57	10.98	13.39	15.80
2013	3.17	5.41	7.64	9.88	12.11	14.34
2014	2.63	4.70	6.78	8.85	10.93	13.00
2015	2.24	4.21	6.18	8.14	10.11	12.08

Based on Department of Revenue Spring 1999 Permanent Fund Factors

OIL REVENUE SENSITIVITY MODEL

Based on the Department of Revenue Fall 1998 Revenue Forecast Models

Caution—Revenue Yield Factors are Fixed

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
OIL PRICE \$/bbl (ANS MARKET)	20.91	21.52	22.15	22.80	23.48	24.18	24.94	25.73	26.55	27.4
AVG. TAPS TARIFFS \$/bbl	3.63	3.52	3.75	4.01	4.21	4.54	4.86	5.20	5.56	5.93
AVG TANKER COST \$/bbl	3.09	3.14	3.19	3.24	3.30	3.35	3.41	3.46	3.52	3.58
AVG. OTHER PIPELINE TARIFFS \$/bbl	0.22	0.22	0.22	0.22	0.21	0.18	0.18	0.18	0.18	0.18
ANS WELLHEAD	13.97	14.64	14.99	15.33	15.76	16.11	16.49	16.88	17.29	17.71
TOTAL ANS PRODUCTION Million bbl/day	0.695	0.647	0.602	0.557	0.531	0.485	0.451	0.420	0.392	0.367
GROSS TAX AND ROYALTY TAKE % (includes Cook Inlet)	19.1	19.2	19.2	19.4	19.5	19.8	19.9	20.1	20.3	20.6
TAX AND ROYALTY TAKE % NET OF PERM FUND	15.2	15.3	15.3	15.5	15.5	15.8	15.9	16.1	16.2	16.4
GROSS TAX AND ROYALTY million \$	676.12	662.93	633.66	604.87	595.18	563.75	541.08	521.09	503.16	488.18
TOTAL PETRO TAX AND ROYALTY UNRESTRICTED million \$	539.78	528.62	504.84	482.39	474.61	450.14	431.86	415.80	401.42	389.38
OTHER UNRESTRICTED REVENUES	598.8603	591.872	584.9013	578.5083	572.9995	567.9556	563.2839	561.9942	558.2382	554.9178
TOTAL UNRESTRICTED REVENUES millions \$	1138.65	1120.50	1089.74	1060.90	1047.61	1018.10	995.15	977.79	959.66	944.30
Adjustment for Net Disposable	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7
TOTAL NET DISPOSABLE REVENUES millions \$	1075.95	1057.80	1027.04	998.20	984.91	955.40	932.45	915.09	896.96	881.60
*adjustments by Gov made for fall forecast										
PERM FUND CONTRIBUTION	136.33	134.30	128.82	122.48	120.58	113.61	109.22	105.30	101.74	98.80
*FY99, deduct \$1.51 million for taking out tobacco settlement \$ and including revenue carry forward										
*FY00, reduces Rev by \$21.9 million, tobacco settlement money adjustments made on line 6, Budget Interactive										
	3543.393	3457.177	3294.351	3117.406	3054.278	2850.89	2717.253	2590.456	2476.782	2372.775
	0.136085	0.137537	0.138851	0.140392	0.141496	0.143541	0.145019	0.146943	0.148858	0.15124
ROYALTY GROSS	482.2044	475.4883	457.4235	437.6603	432.1692	409.2201	394.0525	380.6494	368.6897	358.8595
CURRENT PF FACT	0.712519	0.71293	0.713395	0.71366	0.714129	0.715295	0.715384	0.715595	0.715922	0.717233
CURRENT GF ROYALTY	343.5799	338.9901	326.3236	312.3406	308.6244	292.7132	281.8988	272.3909	263.9532	257.3858
25% PF	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
NEW GF ROYALTY	361.6533	356.6162	343.0676	328.2452	324.1269	306.9151	295.5394	285.4871	276.5173	269.1446
ADDED GF ROYALTY FROM REDUCED PF CONTRIB	18.07336	17.62613	16.74408	15.90458	15.50248	14.20182	13.64061	13.09615	12.56406	11.7588
PERM FUND CONTRIBUTION if HB 96 passes	118.26	116.68	112.07	106.58	105.08	99.40	95.58	92.20	89.18	87.04

JIL REVENUE SENSITIVITY MODEL

"Short Stack"

Based on the Department of Revenue Fall 1998 Revenue Forecast Models

Caution--Revenue Yield Factors are Fixed

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OIL PRICE \$/bbl (ANS MARKET)	12.00	13.00	15.91	16.24	16.67	17.13	17.61	18.10	18.62	19.16	19.72	20.31
AVG. TAPS TARIFFS \$/bbl	2.73	2.69	2.66	2.65	2.62	2.67	2.79	2.92	3.02	3.17	3.30	3.43
AVG TANKER COST \$/bbl	1.38	1.38	1.59	1.61	1.64	1.63	2.26	2.29	2.33	2.37	2.40	3.04
AVG. OTHER PIPELINE TARIFFS \$/bbl	0.11	0.12	0.15	0.21	0.27	0.27	0.26	0.24	0.23	0.23	0.22	0.22
ANS WELLHEAD	7.78	8.81	11.52	11.77	12.14	12.56	12.31	12.65	13.04	13.40	13.80	13.62
TOTAL ANS PRODUCTION Million bbl/day	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.979	0.919	0.871	0.824	0.768
GROSS TAX AND ROYALTY TAKE % (includes Cook Inlet)	23.2	22.8	21.8	20.8	20.1	20.0	19.7	19.4	19.4	19.3	19.2	19.1
TAX AND ROYALTY TAKE % NET OF PERM FUND	19.7	19.2	18.2	17.2	16.4	16.3	15.9	15.7	15.6	15.5	15.4	15.2
GROSS TAX AND ROYALTY million \$	768.69	768.81	976.21	925.90	936.65	986.62	910.13	876.98	848.12	823.26	796.12	727.32
TOTAL PETRO TAX AND ROYALTY UNRESTRICTED million \$	652.98	645.77	815.86	763.97	764.55	803.22	738.58	709.84	683.23	660.56	637.28	581.55
OTHER UNRESTRICTED REVENUES	662.1	649.2735	669.8301	683.8884	683.1268	665.1954	656.4635	645.1624	634.9059	625.6007	616.1982	606.8719
TOTAL UNRESTRICTED REVENUES millions \$	1315.06	1295.04	1485.69	1447.86	1447.68	1468.42	1395.05	1355.00	1318.14	1286.16	1253.47	1188.42
Adjustment for Net Disposable	-29.5	-46.8	-62.4	-62.6	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7
TOTAL NET DISPOSABLE REVENUES millions \$	1285.56	1248.24	1423.29	1385.26	1384.98	1405.72	1332.35	1292.30	1255.44	1223.46	1190.77	1125.72
*adjustments by Gov made for fall forecast	*	*										
PERM FUND CONTRIBUTION	115.71	123.04	160.35	161.93	172.09	183.40	171.55	167.14	164.89	162.71	158.84	145.77
*FY99, deduct \$1.51 million for taking out tobacco settlement \$ and including revenue carry forward												
*FY00, reduces Rev by \$21.9 million, tobacco settlement money adjustments made on line 6, Budget Interactive												
	3311.254	3368.633	4472.66	4447.432	4648.976	4933.387	4630.841	4520.549	4372.479	4259.756	4148.988	3617.101
	0.127197	0.13189	0.129082	0.12789	0.126976	0.127759	0.128311	0.129105	0.132087	0.134095	0.134929	0.134731
ROYALTY GROSS	421.1804	444.2912	577.3393	568.7817	590.3104	630.2829	594.187	583.6262	577.5473	571.2136	559.8181	514.2825
CURRENT PF FACT	0.738731	0.725327	0.724968	0.72414	0.715185	0.706568	0.708036	0.708239	0.711628	0.712298	0.713022	0.712288
CURRENT GF ROYALTY	311.1392	322.2565	418.5525	411.8774	422.1812	445.3376	420.7058	413.3471	410.9991	406.8743	399.1624	366.3171
25% PF	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
NEW GF ROYALTY	315.8853	333.2184	433.0045	426.5863	442.7328	472.7121	445.6402	437.7197	433.1605	428.4102	419.8636	385.7119
ADDED GF ROYALTY FROM REDUCED PF CONTRIB	4.746118	10.96192	14.452	14.70887	20.55164	27.37454	24.93446	24.37256	22.16137	21.53588	20.70112	19.3948
PERM FUND CONTRIBUTION if HB 96 passes	110.96	112.08	145.90	147.22	151.54	156.03	146.61	142.77	142.73	141.17	138.14	126.30



Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500

(907) 465-2047

MEMORANDUM

DATE: March 22, 1999

TO: Representative Norman Rokeberg

FROM: Jim Kelly, ^{JK} Director of Communications

SUBJECT: **Impact of HB 96 on Per Capita Dividends**

You have asked about the impact of your proposed bill, House Bill 96, on per capita dividends over the next five years, both compared to the status quo and assuming passage of a one-time \$4 billion transfer from the Fund's earnings reserve account to the CBRF per the Governor's proposal. Based on our financial analysis, the impact would be less than \$10 difference over the five years in either case.

cc: Executive Director
Board of Trustees
Governor's Legislative Liaison

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER



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PHONE: (907) 465-4968
FAX: (907) 465-2040

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

Representative Norman Rokeberg

SPONSOR STATEMENT SSHB96

"An Act Relating to Deposits to the Alaska Permanent Fund"

This legislation returns the percentage of all mineral lease royalties and bonuses deposited into the Permanent Fund to the constitutionally mandated 25 percent.

SSHB96 proposes changes to a statute—not the Constitution. The Constitution states that "at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund." In 1980, the Legislature realized excess revenues existed (GF revenues for FY81 totaled \$4.07 billion) and wisely decided to raise the amount of royalties and bonuses deposited into the Permanent Fund to 50 percent.

It is time for the State of Alaska to redirect these deposits to the General Fund. Passage of this bill would generate an extra \$9.5 million in FY 00, and an extra \$16 million (average) per year—plus bonus revenues—over the next fifteen years.

As the Prudhoe Bay and Kuparuk fields—which currently contribute to the General Fund at a 75 percent rate—diminish, we need to replace them with the new, smaller satellite fields contributing at the same rate.

While we can and should make budget cuts, we would be foolish to ignore this source of General Fund revenue in solving our budget problem, as well as, planning for the potential future development of Alaska's resources. Prudent fiscal management requires this statutory change. SSHB96 is a small step in the right direction.

I urge you to support this legislation.

FISCAL NOTE

Bill Version: SSHB 96

(H) Publish Date: 3/24/99

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) 3/22/99 Dept. Affected Revenue
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Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: *No fiscal impact.*

Prepared by Peter A. Bushra Phone 465-2301
 Division Alaska Permanent Fund Corporation Date/Time 03/22/99
 Approved by Wilson L. Condon Date 3/22/99
 Commissioner _____
 Agency Department of Revenue

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ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS.

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



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Representative Norman Rokeberg

SECTIONAL ANALYSIS SSHB96

Deposits to the Alaska Permanent Fund

Prepared by Representative Rokeberg (via Legal Services)

Section 1: Provides that the permanent fund consists of 25 percent of the state receipts from itemized mineral sources and of money appropriated to the fund or allocated by law or former law to the fund.

Section 2: This Act takes effect immediately.

Legislative Research Report 99.052

February 16, 1999

Estimated Impact on the General Fund if Permanent Fund Contributions Were at 25 Percent of Mineral Income

Legislative Research Services
Division of Legal and Research Services
Legislative Affairs Agency
Alaska State Legislature

Prepared for Representative Norman Rokeberg
Prepared by Maria Gladziszewski, Manager



*Legislative Research Services
130 Seward Street, Room 218
Juneau, AK 99801
907-465-3991
907-463-3351 (fax)*

www.legis.state.ak.us/research/home.htm

PERMANENT FUND CONTRIBUTIONS AT 25 PERCENT OF MINERAL INCOME

Alaska Statute 37.13.010 specifies that 25 percent of income from mineral leases issued before December 1, 1979 must be deposited into the permanent fund.¹ For leases issued after December 1, 1979, required permanent fund contributions are 50 percent of income. You asked us to calculate the effect on the permanent fund and general fund if required deposits to the permanent fund were 25 percent of income from all mineral leases.²

Previously, we sent you a table showing actual contributions to the permanent fund from mineral revenues for the past eight years (1990-1998) as well as projected revenues from oil and gas royalties through 2013 (Legislative Research Report 99.010, December 1998). You asked for details--such as assumptions regarding oil prices and production--on how the projections were calculated. The attached table provides some of those details. Charles Logsdon, petroleum economist at the Alaska Department of Revenue, provided the predictions using data from the department's revised fall 1998 forecast. As you can see from Table 1, if all deposits to the permanent fund were at 25 percent of income, the Department's revised fall 1998 forecasting model estimates additional deposits to the General Fund averaging \$16 million annually over the next 15 years.

The Department of Revenue estimates contributions based on production forecasts on a field by field basis. As the table indicates, the price of oil used to calculate the contributions presented in Table 1 was \$11.58 for the remainder of 1999 and \$12.50 for 2000.³ When preparing the revised projections for this report, Mr. Logsdon discovered that he failed to subtract from the original numbers (presented in Research Report 99.010) the oil and gas royalties that go to the school fund. The revenue impact on the general fund, therefore, is less than estimated previously.

It should be noted that neither bonuses from mineral sales nor the small amount of mineral rent deposited into the state treasury, primarily from coal leases, is included in the department's forecasting model. Future revenue from currently undiscovered sources of oil are also not included in these projections. The additional general fund revenues predicted in Table 1, therefore, underestimate deposits to the extent that mineral rents, bonuses, and revenues from as yet undiscovered fields are not included in the figures; additional annual deposits to the general fund would likely exceed the figures presented in Table 1.

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

¹ This report discusses what happens to state mineral revenues once they are collected. Changes to AS 37.13.010 affect not the amount of revenue collected overall, but how much revenue is deposited into the permanent fund as opposed to the general fund. Deposits to the permanent fund under AS 37.13.010 derive mostly from petroleum (primarily oil royalties) but they also include some revenue from other minerals (mostly coal).

² The majority of mineral income deposited into the permanent fund comes from leases issued before December 1, 1979, and is, therefore, already deposited at the 25 percent rate. Alaska Statute 37.13.010 specifies that only the following incomes from leases issued after December 1, 1979 are subject to 50 percent deposits: mineral lease rentals, royalties, royalty sale proceeds, net profit shares, and federal mineral revenue sharing payments. Bonuses received by the state from mineral leases issued after February 15, 1980 are also subject to 50 percent deposits.

³ The oil prices assumed on the spreadsheet can be changed to roughly estimate the revenue impact of changing the 50 percent permanent fund contributing leases to 25 percent as oil prices vary. Production changes, though, depend on what oil fields are assumed to change from the baseline and would have to be re-estimated by the Department of Revenue.

**Projected Contributions to the Permanent and General Funds from Mineral Royalties
If All Leases Contributed to the Permanent Fund at 25 Percent of Royalties**

Fiscal Year	A	B	C	D	E	F	G	H	I	J	K	L	M
	ANS West Coast Price	TAPS, Marine, Other Allowable Costs	Royalty Wellhead Price	Daily Production	Annual Value of Production for Royalties	Average Royalty Rate	North Slope Current Gross Royalties	Current Average Permanent Fund Contribution Rate	Current		If Permanent Fund Contributions @ 25%		
									Contribution to the Permanent Fund from North Slope Oil	Contribution to the General Fund from North Slope Oil	Contribution to the Permanent Fund from North Slope Oil	Contribution to the General Fund from North Slope Oil	Estimated Gain to the General Fund
									Millions of Dollars				
Dollars		Millions of Barrels/Day		Millions of Dollars		Percent		Millions of Dollars		Millions of Dollars		Millions of Dollars	
		A-B		C'D*365		E*F			G*H	G-I	G*25%	G-K	L-J
1999	\$11.58	\$5.05	\$6.53	1.177	\$2,805.3	13%	\$356.9	27%	\$94.7	\$262.2	\$89.2	\$267.7	\$5.5
2000	\$12.50	\$4.80	\$7.70	1.117	\$3,147.9	13%	\$399.6	27%	\$109.4	\$290.1	\$99.9	\$299.7	\$9.5
2001	\$15.90	\$4.99	\$10.91	1.146	\$4,564.2	12%	\$567.9	27%	\$155.8	\$412.1	\$142.0	\$425.9	\$13.8
2002	\$16.23	\$5.06	\$11.18	1.159	\$4,726.2	12%	\$583.9	28%	\$164.3	\$419.6	\$146.0	\$438.0	\$18.3
2003	\$16.66	\$5.11	\$11.55	1.175	\$4,952.7	12%	\$608.8	29%	\$175.6	\$433.2	\$152.2	\$456.6	\$23.4
2004	\$17.13	\$5.17	\$11.96	1.139	\$4,985.1	12%	\$614.9	29%	\$177.0	\$437.9	\$153.7	\$461.2	\$23.3
2005	\$17.61	\$5.93	\$11.68	1.060	\$4,519.7	12%	\$558.8	29%	\$159.7	\$399.1	\$139.7	\$419.1	\$20.0
2006	\$18.10	\$6.10	\$12.00	0.987	\$4,324.4	12%	\$536.2	28%	\$152.0	\$384.2	\$134.0	\$402.1	\$18.0
2007	\$18.62	\$6.25	\$12.37	0.925	\$4,175.7	13%	\$528.8	28%	\$149.5	\$379.3	\$132.2	\$396.6	\$17.3
2008	\$19.16	\$6.45	\$12.71	0.859	\$3,995.0	13%	\$510.4	28%	\$143.9	\$366.4	\$127.6	\$382.8	\$16.4
2009	\$19.72	\$6.63	\$13.09	0.799	\$3,817.6	13%	\$489.3	28%	\$137.6	\$351.7	\$122.3	\$367.0	\$15.3
2010	\$20.31	\$7.42	\$12.89	0.746	\$3,508.4	13%	\$445.3	28%	\$125.1	\$320.2	\$111.3	\$334.0	\$13.8
2011	\$20.91	\$7.69	\$13.22	0.695	\$3,355.1	13%	\$427.1	28%	\$119.9	\$307.2	\$106.8	\$320.3	\$13.1
2012	\$21.52	\$7.64	\$13.88	0.647	\$3,274.6	13%	\$419.4	28%	\$117.5	\$301.9	\$104.8	\$314.5	\$12.7
2013	\$22.15	\$7.94	\$14.21	0.602	\$3,125.2	13%	\$400.1	28%	\$112.1	\$288.1	\$100.1	\$300.2	\$12.0

NOTES: Alaska Statute 37.13.010 specifies that 50 percent of income from mineral leases issued after December 1, 1979, must be deposited into the permanent fund. For leases issued before December 1, 1979, required permanent fund contributions are 25 percent of income. This table projects future deposits into both funds if contributions to the Permanent Fund from all leases were at 25 percent of income. Projections are based on the Alaska Department of Revenue's revised fall 1998 revenue forecast. Figures include oil and gas royalties only (i.e., mineral rents and bonuses are not included).

SOURCE: Alaska Department of Revenue, Oil & Gas Audit Division (Charles Logsdon).

Legislative Research Report 99.089

March 24, 1999

Additions to the Permanent Fund as a Result of AS 37.13.010

MAR 24 1999

Legislative Research Services
Division of Legal and Research Services
Legislative Affairs Agency
Alaska State Legislature

Prepared for Representative Norman Rokeberg
Prepared by Maria Gladziszewski, Manager



*Legislative Research Services
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THE EFFECT OF AS 37.13.010 ON PERMANENT FUND DEPOSITS

Alaska Statute 37.13.010 specifies that 25 percent of income from mineral leases issued before December 1, 1979, must be deposited into the permanent fund. For leases issued after December 1, 1979, required permanent fund contributions are 50 percent of income. You asked us to calculate how much this "additional" 25 percent has meant for the permanent fund over the years. As you can see from the following table, between FY81 and FY98, the permanent fund received approximately \$106 million as a result of the "additional" 25 percent of mineral income from certain leases.

FISCAL YEAR	Actual Deposits to the Permanent Fund From Mineral Leases (nominal dollars, in millions)			Additional Deposits to the Permanent Fund Resulting from the 50% Provision
	Contributing at 25%	Contributing at 50%	TOTAL	
1981 (a)	\$375.40	\$0.00	\$375.40	\$0.00
1982 (a)	\$388.30	\$0.00	\$388.30	\$0.00
1983 (a)	\$361.85	\$0.00	\$361.85	\$0.00
1984 (a)	\$352.25	\$0.00	\$352.25	\$0.00
1985 (a)	\$347.58	\$0.00	\$347.58	\$0.00
1986 (a)	\$278.58	\$25.70	\$304.28	\$12.85
1987 (a)	\$146.65	\$2.55	\$149.20	\$1.28
1988 (a)	\$236.34	\$7.70	\$244.03	\$3.85
1989 (b)	\$205.00	\$12.00	\$217.00	\$6.00
1990 (c)	\$258.99	\$11.25	\$270.24	\$5.62
1991 (c)	\$430.96	\$16.74	\$447.69	\$8.37
1992 (c)	\$304.19	\$14.78	\$318.97	\$7.39
1993 (c)	\$269.58	\$13.22	\$282.80	\$6.61
1994 (c)	\$202.26	\$9.06	\$211.32	\$4.53
1995 (c)	\$267.79	\$10.58	\$278.37	\$5.29
1996 (c)	\$236.13	\$18.17	\$254.30	\$9.09
1997 (c)	\$281.22	\$39.43	\$320.65	\$19.72
1998 (c)	\$217.22	\$30.79	\$248.01	\$15.40
TOTAL FY 81-98				\$106.0

NOTES and SOURCES:

(a) As listed in a previous Legislative Research Report (89.222); 1981-1988 actuals originally supplied by the Department of Revenue.

(b) Department of Revenue (Charles Logsdon); data based on prior years factors (3/99) supplied by Alaska Department of Revenue.

(c) Actual deposits--data compiled from actual transfers to the permanent fund that were listed in the state's accounting system (AKSAS) and in the "Additional Deposits to the Permanent Fund for Post Chapter 13 Leases" reports. Included are all mineral royalties, rents, interest, and bonus bids (Alaska Department of Revenue, Oil & Gas Audit Division).

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

Article IX

Section 14. Legislative Post-audit

The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

A legislative post-audit is a review of the expenditure of public funds by all government agencies (legislative, executive and judicial) to ensure that the agencies spent the money in compliance with applicable laws and regulations. A post-audit contrasts with the pre-audit used in some states where expenditures are reviewed *before* payment is made. This section makes the auditor responsible to the legislature, as a potential conflict of interest exists if the post-auditor is appointed by and responsible to the governor, as is the case in some states.

State statutes that implement this section (AS 24.20.270) authorize the legislative auditor to undertake "performance" audits as well as financial audits. A performance audit evaluates a program's management and its effectiveness in meeting its goals.

Section 15. Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

A constitutional amendment in 1976 added this entire section. It mandates the creation of the Alaska Permanent Fund. An amendment was required because Section 7 prohibits dedicated funds. Although the permanent fund dedicates nontax petroleum revenue (royalties and lease-related revenue received by the state by virtue of its ownership of oil lands), the phrase "tax or license" used in Section 7 has been interpreted to encompass all forms of public revenue.

**STATE OF ALASKA
FIVE-YEAR OIL AND GAS LEASING PROGRAM
1999 TO 2003**

1999 Sales

North Slope Areawide 1999	February
*Cook Inlet Areawide 1999	April
*Beaufort Sea Areawide 1999	October

2000 Sales

North Slope Areawide 2000	February
Beaufort Sea Areawide 2000	May
Cook Inlet Areawide 2000	August

2001 Sales

North Slope Areawide 2001	February
*NS Foothills Areawide 2001	April
Beaufort Sea Areawide 2001	May
Cook Inlet Areawide 2001	August

2002 Sales

North Slope Areawide 2002	February
Beaufort Sea Areawide 2002	May
Cook Inlet Areawide 2002	August

2003 Sales

North Slope Areawide 2003	February
Beaufort Sea Areawide 2003	May
Cook Inlet Areawide 2003	August

* Requires a Best Interest Finding

The sales scheduled for 2002 and 2003 are new to the Five-Year Oil and Gas Leasing Program. All other sales were proposed in the 1997 Five-Year Program. DNR has announced its decision to proceed with two sales – North Slope Areawide 1999 and Cook Inlet Areawide 1999. As for the rest of the schedule, if the decision is to proceed with a sale, a Sale Announcement, including the sale terms, bidding method, tract map, and mitigation measures will be issued 90 days prior to that sale. If a best interest finding or a supplement to a previous finding is required, it will be released at the same time as the Sale Announcement.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

Article IX

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A constitutional amendment in 1976 added this entire section. It mandates the creation of the Alaska Permanent Fund. An amendment was required because Section 7 prohibits dedicated funds. Although the permanent fund dedicates nontax petroleum revenue (royalties and lease-related revenue received by the state by virtue of its ownership of oil lands), the phrase "tax or license" used in Section 7 has been interpreted to encompass all forms of public revenue.

Dedicated funds normally specify the source of the revenue and the purpose for which it is to be expended (for example, motor fuel taxes are often dedicated to highway construction, lottery income to education, and so on). This provision specifies merely that certain money will be deposited to a special fund and invested, only the earnings of which may be appropriated by the legislature. Nonetheless, the fund represents a type of dedication because the deposits bypass the legislative appropriation process. The fund's earnings are not earmarked for a particular purpose by the constitution; they are deposited in the general fund "unless otherwise provided by law." The law on the matter provides that approximately half of the annual income of the fund is to be distributed on a per capita basis (the dividend program) and as much of the balance as necessary is to be deposited to the corpus (principal) of the fund to account for losses in the value of the fund due to inflation (so-called inflation-proofing). Any income remaining after these purposes are satisfied is deposited to a reserve account for future dividends and inflation-proofing.

**STATE OF ALASKA
FIVE-YEAR OIL AND GAS LEASING PROGRAM
1999 TO 2003**

1999 Sales

North Slope Areawide 1999	February
*Cook Inlet Areawide 1999	April
*Beaufort Sea Areawide 1999	October

2000 Sales

North Slope Areawide 2000	February
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*NS Foothills Areawide 2001	April
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North Slope Areawide 2002	February
Beaufort Sea Areawide 2002	May
Cook Inlet Areawide 2002	August

2003 Sales

North Slope Areawide 2003	February
Beaufort Sea Areawide 2003	May
Cook Inlet Areawide 2003	August

• Requires a Best Interest Finding

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Summary

Prepared by C. Poulos; DNR, SSD, FSS-Anchorage
2/18/99

Calculation of the amount the PF would have received if all distributions were 25%.

	Transfers to PF	-	Additional Due Transactions	=	25% distribution to PF
FY90	\$270,236,651.14	-	\$4,217,045.54	=	\$266,019,605.60
FY91	447,694,592.87	-	8,368,975.31	=	439,325,617.6
FY92	318,971,140.31	-	7,390,570.50	=	311,580,569.8
FY93	282,799,605.82	-	6,608,482.69	=	276,191,123.1
FY94	211,324,505.64	-	4,531,341.61	=	206,793,164.0
FY95	278,367,321.07	-	5,287,842.48	=	273,079,478.6
FY96	254,298,653.60	-	9,086,004.67	=	245,212,648.9
FY97	320,648,410.01	-	19,712,887.29	=	300,935,522.7
FY98	248,017,152.43	-	15,396,645.13	=	232,620,507.3
	<u>\$2,632,358,032.89</u>	-	<u>\$80,599,795.22</u>	=	<u>\$2,551,758,237.67</u>

Transfers to PF = all revenues transferred to the Permanent Fund

Additional Due = the additional 25% due the Permanent Fund on 50% distribution revenues

hello.....

Subject: hello.....

Date: Thu, 18 Feb 1999 13:04:51 -0500

From: jcin <jgensel@alaska.net>

To: Representative_Norman_Rokeberg@Legis.state.ak.us

I agree with your HB 96..... good idea.

Also please make sure the personal income tax bill 91 gets stopped.
Its a totally unfair bill taxing the hard working citizens of Alaska.

At the very least a cap should be put on State Income tax (no one
pays more than annual Perm fund dividend).... and everyone should pay
something.

My ideas.... #1. Use perm fund to help operate State

#2. Use perm fund to help operate State.....

thanks..... john

John Gensel
125 East Redoubt Avenue
Soldotna, Alaska 99669

Rokeberg bill would boost state take of money from new oil leases

By SVEND HOLST

THE JUNEAU EMPIRE

Another plan is on the table to fill part of the gap between state spending and revenue.

Rep. Norman Rokeberg, an Anchorage Republican, introduced a bill Wednesday that would add some funds to state coffers by reducing the amount of oil lease money that flows into the Alaska Permanent Fund from new developments.

Juneau 2/18/99

Today, under a statute enacted in 1980, 50 percent of the state's mineral income — including leases, royalties, royalty sale proceeds and other such income — is funneled into the permanent fund.

Rokeberg's bill would lower that to 25 percent for any royalty money coming from new leases and the like initiated after July of this year. That's the level mandated by the Alaska constitution.

The change wouldn't raise

enough cash to fill the fiscal gap, Rokeberg said, but it's something worth talking about because it would increase state revenue.

If the Legislature's estimates of oil price and production are accurate, the changes House Bill 96 would make would add \$9.5 million to the state's general fund for the 2000 budget year, he said. Over 15 years, he said, the average would be about \$16 million per year.

"It's a relatively small amount,

but every dollar helps," Rokeberg said. "Any dollar we get by this method, we don't have to raise with taxes."

Bob King, press secretary for Democratic Gov. Tony Knowles, said today that the governor's staff hadn't had time to review the measure.

The bill is slated for review by two House committees — State Affairs and Finance.

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

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Representative Norman Rokeberg

PRELIMINARY RESULTS FROM THE ROKEBERG LEGISLATIVE QUESTIONNAIRE
1999 - 4,157 mailed; 253 returned or 6.08%. Questions 15 and 19.
(as of March 23, 1999)

15. In addition to the items in #9 above, please let me know if you generally favor or oppose the following as ways to address the fiscal gap:
- | | |
|---|------------------------------|
| a. Establish a state sales tax | Yes <u>114</u> No <u>123</u> |
| b. Re-establish a school tax | Yes <u>83</u> No <u>140</u> |
| c. Increase alcohol taxes | Yes <u>156</u> No <u>88</u> |
| d. Raise user fees and index fees to inflation | Yes <u>138</u> No <u>89</u> |
| e. Increase fishery, timber and mining taxes | Yes <u>102</u> No <u>129</u> |
| f. Establish new taxes on the tourism industry | Yes <u>144</u> No <u>91</u> |
| g. Increase oil and gas taxes | Yes <u>97</u> No <u>140</u> |
| h. Establish a seasonal sales tax | Yes <u>106</u> No <u>128</u> |
| i. Use a portion of the Permanent Fund earnings reserve to fund government operations | Yes <u>110</u> No <u>130</u> |
19. Alaska's Constitution mandates that 25% of oil and mineral leases, royalties and bonuses are deposited into the principal of the Permanent Fund. In 1980, the Legislature increased that to 50% of all new leases. If we repealed this law and went back to the original 25%, an extra \$12 million a year would be generated to help close the fiscal gap. Do you support changing the law back to the Constitution's 25%?
- Yes 164 No 72

HB

96

SFIN

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SENATE FINANCE COMMITTEE REPORT

DATE: 5/13/99

FURTHER

DATE TURNED IN TO OFFICE: 15 May 1999

Finance Committee considered CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 96 (FIN)

DEPOSITS TO THE PERMANENT FUND

and recommends:

be replaced with S CS SS HB 96 (FIN)

adopt previous _____ CS _____

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to the _____ Committee

- Senate Bill:
- same title
 - new title
- House Bill:
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Al Calder</i>	X	<i>Gov. Wilbur</i>	✓		
		<i>Karen S. Lewis</i>	✓		
		<i>Roll F. Hill</i>	✓		
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair: <i>[Signature]</i>	✓		

NEW FISCAL NOTE(S):

Department _____ Date _____ Zero _____ Fiscal _____

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department _____ Date _____ Zero _____ Fiscal _____

Department	Date	Zero	Fiscal
Revenue	3/2/99	✓	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

Bill Version: SSHB 96

(H) Publish Date: 3/24/99

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

5/15/99

Revision Date/Time (Note if correction) 3/22/99 Dept. Affected Revenue
 Title Deposits to the Permanent Fund BRU Revenue Operations
 Component _____
 Sponsor Rokeberg
 Requester House State Affairs Component Serial # _____

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						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

ANALYSIS: *No fiscal impact.*

Prepared by Peter A. Bushro Phone 465-2301
 Division Alaska Permanent Fund Corporation Date/Time 03/22/99
 Approved by Wilson L. Condon Date 3/22/99
 Commissioner _____
 Agency Department of Revenue

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SENATE FINANCE
COMMITTEE

Amendment Number: # 1
Bill Number: CSSS HB 96(FIN) 1-LS0153\H.2 ✓
Sponsor: Torgerson Date: 5/15/99 Cook/Chenoweth
Logged In By: gsoltane 5/15/99

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSSHB 96(FIN)

BY SENATOR TORGERSON
moved by Pannell
w/o obj. ADOPTED

1 Page 1, following line 7:

2 Insert new bill sections to read:

3 **** Section 1.** AS 37.05.530(g) is amended to read:

4 (g) Amounts received by the state under 42 U.S.C. 6508 and not appropriated
5 for grants to municipalities under (d) of this section lapse at the end of each fiscal
6 year as follows:

7 (1) 25 [50] percent to the principal of the Alaska permanent fund;

8 (2) .5 percent to the public school trust fund (AS 37.14.110); and

9 (3) the remainder to the general fund for use by the state for the
10 following facilities and services:

11 (A) planning;

12 (B) construction, maintenance, and operation of essential public
13 facilities; and

14 (C) other necessary public services.

15 *** Sec. 2.** AS 37.05.550(b) is amended to read:

16 (b) The legislature may appropriate to the fund money received by the state
17 as Alaska marine highway system program receipts or from a settlement or final
18 judicial determination of the Dinkum Sands case (United States v. Alaska) and the
19 North Slope royalty case (State v. Amerada Hess, et al.) and not deposited into the
20 Alaska permanent fund under AS 37.13.010(a)(1) [AS 37.13.010(a)(1) or (2)] or into
21 the public school trust fund under AS 37.14.150."

22 Page 1, line 8:

23 Delete "Section 1. "

24 Insert "Sec. 3."

- 1 Renumber the following bill sections accordingly.

HB 96

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT & TOURISM, MEMBER



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SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

Representative Norman Rokeberg

May 13, 1999

Mr. Jim Kelly
Director of Communications
Alaska Permanent Fund Corporation
801 West 10th Street, Suite 302
Juneau, AK 99801

Dear Mr. Kelly:

I am writing to request detailed information regarding the effects of House Bill 96 (returning the percentage of mineral royalties contributed to the Permanent Fund to 25 percent) on future individual Permanent Fund Dividends.

You have recently written that there will be zero impact on per capita dividends in 2000, and a reduction of about \$1.70 in 2001. I would appreciate a run out of what the dividends will be both with and without House Bill 96 in effect—as a comparison—for the next 20 years.

I am aware you are busy working on the "Alaska Plan," but my bill may be used as a part of that plan and this information would be extremely helpful.

Sincerely,

A handwritten signature in black ink that reads "Norman Rokeberg".

Representative Norman Rokeberg
Alaska State Legislature
House District 11

Faxed
5/13/99

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
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Representative Norman Rokeberg

SPONSOR STATEMENT SSHB96

"An Act relating to deposits to the Alaska permanent fund from mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), federal mineral revenue sharing payments received by the state from mineral leases, and bonuses received by the state from mineral leases, and limiting deposits from those sources to the 25 percent required under art. IX, sec. 15, Constitution of the State of Alaska; and providing for an effective date."

This legislation returns the percentage of all mineral lease royalties and bonuses deposited into the Permanent Fund to the constitutionally mandated 25 percent.

SSHB96 proposes changes to a statute—not the Constitution. The Constitution states that "at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund." In 1980, the Legislature realized excess revenues existed (GF revenues for FY81 totaled \$4.07 billion) and wisely decided to raise the amount of royalties and bonuses deposited into the Permanent Fund to 50 percent.

It is time for the State of Alaska to redirect these deposits to the General Fund. Passage of this bill would generate an extra \$9.5 million in FY 00, and an extra \$16 million (average) per year— plus bonus revenues—over the next fifteen years.

As the Prudhoe Bay and Kuparuk fields—which currently contribute to the General Fund at a 75 percent rate—diminish, we need to replace them with the new, smaller satellite fields contributing at the same rate.

While we can and should make budget cuts, we would be foolish to ignore this source of General Fund revenue in solving our budget problem, as well as, planning for the potential future development of Alaska's resources. Prudent fiscal management requires this statutory change. SSHB96 is a small step in the right direction.

I urge you to support this legislation.

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS.

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



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Representative Norman Rokeberg

SECTIONAL ANALYSIS SSHB96

"An Act relating to deposits to the Alaska permanent fund from mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), federal mineral revenue sharing payments received by the state from mineral leases, and bonuses received by the state from mineral leases, and limiting deposits from those sources to the 25 percent required under art. IX, sec. 15, Constitution of the State of Alaska; and providing for an effective date."

Prepared by Representative Rokeberg (via Legal Services)

Section 1: Provides that the permanent fund consists of 25 percent of the state receipts from itemized mineral sources and of money appropriated to the fund or allocated by law or former law to the fund.

Section 2: This Act takes effect immediately.

STATE OF ALASKA

DEPARTMENT OF REVENUE

TONY KNOWLES, GOVERNOR

March 26, 1999

OFFICE OF THE COMMISSIONER

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

The Honorable Norman Rokeberg
State Capitol Room 24
Juneau, AK 99801

NAR 26 1999

Dear Representative Rokeberg,

The other day you asked that I provide you with more detailed information on the royalties and other mineral payments that would be affected by your proposed legislation, SS HB 96. The bill, of course, would reduce to 25% the contribution to the Permanent Fund of those mineral payments that are currently being made at the 50% rate.

I have been able to put together some information. The first attachment is a break-out of the average contribution rate paid by the various oil fields. As you can see, some fields contribute at 25%, some at the full 50%, and many at a blended rate since the field includes both new and old leases. The second attachment is a price sensitivity matrix for the changed contribution rate.

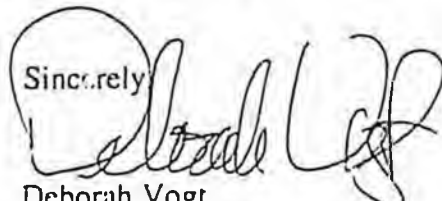
Finally, I've included a spreadsheet showing this department's projections of the revenue effect of SS HB 96, out to 2020. The price assumptions in this model are as follows. For FY 1999 and 2000, they are the recently updated projections that have been communicated to the legislature. For FY 2001 and subsequent years, the assumptions come from the January 1999 update to the Fall 1998 forecast. As you can see, the second from the bottom line shows the general fund revenue effect of SS HB 96. These estimates include only oil and gas revenue; revenue from coal and other minerals would be added to these numbers. The oil revenue numbers include all oil revenue, including federal revenue sharing payments, and rents. There is no component for bonuses since a number would be too speculative.

The Department of Natural Resources does all the accounting for the mineral contributions to the Permanent Fund. The general fund impact of your proposed legislation will be shown on the fiscal note they prepare for the bill.

You should contact the Department of Natural Resources, Division of Mining and Water Management, directly for information about coal and locatable mineral leases. I spoke with Kerwin Krause there.

I hope this information answers some of your questions. Please let me know if there is anything else I can do.

Sincerely,



Deborah Vogt

cc: Carol Carroll
Kerwin Krause

99-021

04-D2LH

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**PERMANENT FUND CONTRIBUTION RATES FOR NORTH SLOPE OIL FIELDS
ALASKA DEPT. OF REVENUE SPRING 1999**

25% Contributing Oil Fields	1999 est Prod. Millions Bbl/Day	Permanent Fund Average Contribution	Greater than 25% Contributing Oil Fields	1999 est Prod. Millions Bbl/Day	Permanent Fund Average Contribution
PRUDHOE	0.632	0.2500	PBU SCHRADER	0.000	0.5000
SAMBUCA	0.000	0.2500	KUPARUK	0.241	0.2533
MIDNIGHT SUN	0.003	0.2500	TARN	0.020	0.4587
PBU SATELLITE	0.000	0.2500	MILNE POINT	0.050	0.3759
WEST SAK	0.002	0.2500	SAG RIVER	0.000	0.3890
TABASCO	0.004	0.2500	ENDICOTT/SAGDELTA	0.043	0.3668
KUP SATELLITE	0.000	0.2500	BADAMI	0.003	0.5000
SCHRADER BLUFF	0.006	0.2500	PT MCINTYRE	0.121	0.3305
EIDER	0.004	0.2500	ALPINE	0.000	0.3250
LISBURN	0.007	0.2500	NORTH STAR	0.000	0.5000
NIAKUK	0.030	0.2500	LIBERTY	0.000	0.5000
WEST BEACH/NORTH PRUDHOE	0.001	0.2500	KNOWN OFFSHORE	0.000	0.3890
N PBAY STATE	0.000	0.2500	NPRA	0.000	0.5000
KNOWN ONSHORE	0.000	0.2500	ANWR	0.000	0.5000
CRU Satellite	0.000	0.2500			
Total Production (Million Bbl/day)	0.689			0.477	

**PF Factor Sensitivity Matrix for Bringing All Leases to 25% contribution to
Permanent Fund Additional Revenue Into the General Fund
(Millions \$)**

	\$10/Barrel	\$12/Barrel	\$14/Barrel	\$16/Barrel	\$18/Barrel	\$20/Barrel
1999	3.53	4.75	5.97	7.19	8.41	9.63
2000	7.23	9.72	12.21	14.69	17.18	19.67
2001	7.04	9.55	12.06	14.56	17.07	19.58
2002	6.91	9.41	11.91	14.41	16.91	19.41
2003	9.26	12.65	16.03	19.42	22.80	26.19
2004	11.84	16.19	20.55	24.91	29.27	33.63
2005	9.51	13.57	17.62	21.67	25.72	29.78
2006	8.77	12.62	16.47	20.33	24.18	28.03
2007	7.51	10.91	14.31	17.71	21.11	24.51
2008	6.81	10.03	13.24	16.46	19.67	22.89
2009	6.12	9.12	12.12	15.12	18.12	21.12
2010	4.71	7.56	10.41	13.26	16.10	18.95
2011	3.96	6.54	9.13	11.72	14.31	16.90
2012	3.76	6.16	8.57	10.98	13.39	15.80
2013	3.17	5.41	7.64	9.88	12.11	14.34
2014	2.63	4.70	6.78	8.85	10.93	13.00
2015	2.24	4.21	6.18	8.14	10.11	12.08

Based on Department of Revenue Spring 1999 Permanent Fund Factors

JIL REVENUE SENSITIVITY MODEL

"Short Stack"

Based on the Department of Revenue Fall 1998 Revenue Forecast Models

Cautlon—Revenue Yield Factors are Fixed

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
OIL PRICE \$/bbl (ANS MARKET)	12.00	13.00	15.91	16.24	16.67	17.13	17.61	18.10	18.62	19.16	19.72	20.31
AVG. TAPS TARIFFS \$/bbl	2.73	2.69	2.66	2.65	2.62	2.61	2.79	2.92	3.02	3.17	3.30	3.43
AVG TANKER COST \$/bbl	1.38	1.38	1.59	1.61	1.64	1.63	2.26	2.29	2.33	2.37	2.40	3.04
AVG. OTHER PIPELINE TARIFFS \$/bbl	0.11	0.12	0.15	0.21	0.27	0.27	0.26	0.24	0.23	0.23	0.22	0.22
ANS WELLHEAD	7.78	8.81	11.52	11.77	12.14	12.56	12.31	12.65	13.04	13.40	13.80	13.62
TOTAL ANS PRODUCTION Million bbl/day	1.166	1.047	1.064	1.035	1.049	1.076	1.031	0.979	0.919	0.871	0.824	0.768
GROSS TAX AND ROYALTY TAKE % (includes Cook Inlet)	23.2	22.8	21.8	20.8	20.1	20.0	19.7	19.4	19.4	19.3	19.2	19.1
TAX AND ROYALTY TAKE % NET OF PERM FUND	19.7	19.2	18.2	17.2	16.4	16.3	15.9	15.7	15.6	15.5	15.4	15.2
GROSS TAX AND ROYALTY million \$	768.69	768.81	976.21	925.90	936.65	986.62	910.13	876.98	848.12	823.26	796.12	727.32
TOTAL PETRO TAX AND ROYALTY UNRESTRICTED million \$	652.98	645.77	815.86	763.97	764.55	803.22	738.58	709.84	683.23	660.56	637.28	581.55
OTHER UNRESTRICTED REVENUES	662.1	649.2735	669.8301	683.8884	683.1268	665.1954	656.4635	645.1624	634.9059	625.6007	616.1982	606.8719
TOTAL UNRESTRICTED REVENUES millions \$	1315.06	1295.04	1485.69	1447.86	1447.68	1468.42	1395.05	1355.00	1318.14	1286.16	1253.47	1188.42
Adjustment for Net Disposable	-29.5	-46.8	-62.4	-62.6	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7
TOTAL NET DISPOSABLE REVENUES millions \$	1285.56	1248.24	1423.29	1385.26	1384.98	1405.72	1332.35	1292.30	1255.44	1223.46	1190.77	1125.72
*adjustments by Gov made for fall forecast	▲	▲										
PERM FUND CONTRIBUTION	115.71	123.04	160.35	161.93	172.09	183.40	171.55	167.14	164.89	162.71	158.84	145.77
*FY99, deduct \$1.51 million for taking out tobacco settlement \$ and including revenue carry forward												
*FY00, reduces Rev by \$21.9 million, tobacco settlement money												
adjustments made on line 6, Budget Interactive												
	3311.254	3368.639	4472.66	4447.432	4648.976	4933.387	4630.841	4520.549	4372.479	4259.756	4148.988	3817.101
	0.127197	0.13189	0.129082	0.12789	0.126976	0.127759	0.128311	0.129105	0.132087	0.134095	0.134929	0.134731
ROYALTY GROSS	421.1804	444.2912	577.3393	568.7817	590.3104	630.2829	594.187	583.6262	577.5473	571.2136	559.8181	514.2825
CURRENT PF FACT	0.738731	0.725327	0.724968	0.72414	0.715185	0.706568	0.708036	0.708239	0.711628	0.712298	0.713022	0.712288
CURRENT GF ROYALTY	311.1392	322.2565	418.5525	411.8774	422.1812	445.3376	420.7058	413.3471	410.9991	406.8743	399.1624	366.3171
25% PF	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
NEW GF ROYALTY	315.8853	333.2184	433.0045	426.5863	442.7328	472.7121	445.6402	437.7197	433.1605	428.4102	419.8636	385.7119
ADDED GF ROYALTY FROM REDUCED PF CONTRIB	4.746118	10.96192	14.452	14.70887	20.55164	27.37454	24.93446	24.37256	22.16137	21.53588	20.70112	19.3948
PERM FUND CONTRIBUTION if HB 96 passes	110.96	112.08	145.90	147.22	151.54	156.03	146.61	142.77	142.73	141.17	138.14	126.38

OIL REVENUE SENSITIVITY MODEL

Based on the Department of Revenue Fall 1998 Revenue Forecast Models

Caution--Revenue Yield Factors are Fixed

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
OIL PRICE \$/bbl (ANS MARKET)	20.91	21.52	22.15	22.80	23.48	24.18	24.94	25.73	26.55	27.4
AVG. TAPS TARIFFS \$/bbl	3.63	3.52	3.75	4.01	4.21	4.54	4.86	5.20	5.56	5.93
AVG TANKER COST \$/bbl	3.09	3.14	3.19	3.24	3.30	3.35	3.41	3.46	3.52	3.58
AVG. OTHER PIPELINE TARIFFS \$/bbl	0.22	0.22	0.22	0.22	0.21	0.18	0.18	0.18	0.18	0.18
ANS WELLHEAD	13.97	14.64	14.99	15.33	15.76	16.11	16.49	16.88	17.29	17.71
TOTAL ANS PRODUCTION Million bbl/day	0.695	0.647	0.602	0.557	0.531	0.485	0.451	0.420	0.392	0.367
GROSS TAX AND ROYALTY TAKE % (Includes Cook Inlet)	19.1	19.2	19.2	19.4	19.5	19.8	19.9	20.1	20.3	20.6
TAX AND ROYALTY TAKE % NET OF PERM FUND	15.2	15.3	15.3	15.5	15.5	15.8	15.9	16.1	16.2	16.4
GROSS TAX AND ROYALTY million \$	676.12	662.93	633.66	604.87	595.18	563.75	541.08	521.09	503.16	488.18
TOTAL PETRO TAX AND ROYALTY UNRESTRICTED million \$	53 ⁿ 530	528.62	504.84	482.39	474.61	450.14	431.86	415.80	401.42	389.38
OTHER UNRESTRICTED REVENUES	598.8603	591.872	584.9013	578.5083	572.9995	567.9556	563.2839	561.9942	558.2382	554.9178
TOTAL UNRESTRICTED REVENUES millions \$	1138.65	1120.50	1089.74	1060.90	1047.61	1018.10	995.15	977.79	959.66	944.30
Adjustment for Net Disposable	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7	-62.7
TOTAL NET DISPOSABLE REVENUES millions \$	1075.95	1057.80	1027.04	998.20	984.91	955.40	932.45	915.09	896.96	881.60
*adjustments by Gov made for fall forecast										
PERM FUND CONTRIBUTION	136.33	134.30	128.02	122.48	120.58	113.61	109.22	105.30	101.74	98.80
*FY99, deduct \$1.51 million for taking out tobacco settlement \$ and including revenue carry forward										
*FY00, reduces Rev by \$21.9 million, tobacco settlement money										
adjustments made on line 6, Budget Interactive										
	3543.393	3457.177	3294.351	3117.406	3054.278	2850.89	2717.253	2590.456	2476.782	2372.775
	0.136085	0.137537	0.138851	0.140392	0.141496	0.143541	0.145019	0.146943	0.148858	0.15124
ROYALTY GROSS	482.2044	475.4883	457.4235	437.6603	432.1692	409.2201	394.0525	380.6494	368.6897	358.8595
CURRENT PF FACT	0.712519	0.71293	0.713395	0.71366	0.714129	0.715295	0.715384	0.715595	0.715922	0.717233
CURRENT GF ROYALTY	343.5799	338.9901	326.3236	312.3406	308.6244	292.7132	281.8988	272.3909	263.9532	257.3858
25% PF	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
NEW GF ROYALTY	361.6533	356.6162	343.0676	328.2452	324.1269	306.9151	295.5394	285.4871	276.5173	269.1446
ADDED GF ROYALTY FROM REDUCED PF CONTRIB	18.07336	17.62613	16.74408	15.90458	15.50248	14.20182	13.64061	13.09615	12.56406	11.7588
PERM FUND CONTRIBUTION If HB 96 passes	118.26	116.68	112.07	106.58	105.08	99.40	95.58	92.20	89.18	87.04

Legislative Research Report 99.052

February 16, 1999

Estimated Impact on the General Fund if Permanent Fund Contributions Were at 25 Percent of Mineral Income

Legislative Research Services
Division of Legal and Research Services
Legislative Affairs Agency
Alaska State Legislature

Prepared for Representative Norman Rokeberg
Prepared by Maria Gladziszewski, Manager



Legislative Research Services
130 Seward Street, Room 218
Juneau, AK 99801
907-465-3991
907-463-3351 (fax)
www.legis.state.ak.us/research/home.htm

PERMANENT FUND CONTRIBUTIONS AT 25 PERCENT OF MINERAL INCOME

Alaska Statute 37.13.010 specifies that 25 percent of income from mineral leases issued before December 1, 1979 must be deposited into the permanent fund.¹ For leases issued after December 1, 1979, required permanent fund contributions are 50 percent of income. You asked us to calculate the effect on the permanent fund and general fund if required deposits to the permanent fund were 25 percent of income from all mineral leases.²

Previously, we sent you a table showing actual contributions to the permanent fund from mineral revenues for the past eight years (1990-1998) as well as projected revenues from oil and gas royalties through 2013 (Legislative Research Report 99.010, December 1998). You asked for details--such as assumptions regarding oil prices and production--on how the projections were calculated. The attached table provides some of those details. Charles Logsdon, petroleum economist at the Alaska Department of Revenue, provided the predictions using data from the department's revised fall 1998 forecast. As you can see from Table 1, if all deposits to the permanent fund were at 25 percent of income, the Department's revised fall 1998 forecasting model estimates additional deposits to the General Fund averaging \$16 million annually over the next 15 years.

The Department of Revenue estimates contributions based on production forecasts on a field by field basis. As the table indicates, the price of oil used to calculate the contributions presented in Table 1 was \$11.58 for the remainder of 1999 and \$12.50 for 2000.³ When preparing the revised projections for this report, Mr. Logsdon discovered that he failed to subtract from the original numbers (presented in Research Report 99.010) the oil and gas royalties that go to the school fund. The revenue impact on the general fund, therefore, is less than estimated previously.

It should be noted that neither bonuses from mineral sales nor the small amount of mineral rent deposited into the state treasury, primarily from coal leases, is included in the department's forecasting model. Future revenue from currently undiscovered sources of oil are also not included in these projections. The additional general fund revenues predicted in Table 1, therefore, underestimate deposits to the extent that mineral rents, bonuses, and revenues from as yet undiscovered fields are not included in the figures; additional annual deposits to the general fund would likely exceed the figures presented in Table 1.

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

¹ This report discusses what happens to state mineral revenues once they are collected. Changes to AS 37.13.010 affect not the amount of revenue collected overall, but how much revenue is deposited into the permanent fund as opposed to the general fund. Deposits to the permanent fund under AS 37.13.010 derive mostly from petroleum (primarily oil royalties) but they also include some revenue from other minerals (mostly coal).

² The majority of mineral income deposited into the permanent fund comes from leases issued before December 1, 1979, and is, therefore, already deposited at the 25 percent rate. Alaska Statute 37.13.010 specifies that only the following incomes from leases issued after December 1, 1979 are subject to 50 percent deposits: mineral lease rentals, royalties, royalty sale proceeds, net profit shares, and federal mineral revenue sharing payments. Bonuses received by the state from mineral leases issued after February 15, 1980 are also subject to 50 percent deposits.

³ The oil prices assumed on the spreadsheet can be changed to roughly estimate the revenue impact of changing the 50 percent permanent fund contributing leases to 25 percent as oil prices vary. Production changes, though, depend on what oil fields are assumed to change from the baseline and would have to be re-estimated by the Department of Revenue.

**Projected Contributions to the Permanent and General Funds from Mineral Royalties
If All Leases Contributed to the Permanent Fund at 25 Percent of Royalties**

Fiscal Year	A	B	C	D	E	F	G	H	I	J	K	L	M
	ANS West Coast Price	TAPS, Marine, Other Allowable Costs	Royalty Wellhead Price	Daily Production	Annual Value of Production for Royalties	Average Royalty Rate	North Slope Current Gross Royalties	Current Average Permanent Fund Contribution Rate	Current		If Permanent Fund Contributions @ 25%		
									Contribution to the Permanent Fund from North Slope Oil	Contribution to the General Fund from North Slope Oil	Contribution to the Permanent Fund from North Slope Oil	Contribution to the General Fund from North Slope Oil	Estimated Gain to the General Fund
									Millions of Dollars				
Dollars		A-B		Millions of Barrels/Day	Millions of Dollars	Percent	Millions of Dollars	Percent	G-H	G-I	G*25%	G-K	L-J
1999	\$11.58	\$5.05	\$6.53	1.177	\$2,805.3	13%	\$356.9	27%	\$94.7	\$262.2	\$89.2	\$267.7	\$5.5
2000	\$12.50	\$4.80	\$7.70	1.117	\$3,147.9	13%	\$399.6	27%	\$109.4	\$290.1	\$99.9	\$299.7	\$9.5
2001	\$15.90	\$4.99	\$10.91	1.146	\$4,364.2	12%	\$567.9	27%	\$155.8	\$412.1	\$142.0	\$425.9	\$13.8
2002	\$16.23	\$5.06	\$11.18	1.159	\$4,726.2	12%	\$583.9	28%	\$164.3	\$419.6	\$146.0	\$438.0	\$18.3
2003	\$18.66	\$5.11	\$11.55	1.175	\$4,952.7	12%	\$608.8	29%	\$175.6	\$433.2	\$152.2	\$456.6	\$23.4
2004	\$17.13	\$5.17	\$11.96	1.139	\$4,985.1	12%	\$614.9	29%	\$177.0	\$437.9	\$153.7	\$461.2	\$23.3
2005	\$17.61	\$5.93	\$11.68	1.060	\$4,519.7	12%	\$558.8	29%	\$159.7	\$399.1	\$139.7	\$419.1	\$20.0
2006	\$18.10	\$6.10	\$12.00	0.987	\$4,324.4	12%	\$536.2	28%	\$152.0	\$384.2	\$134.0	\$402.1	\$18.0
2007	\$18.62	\$6.25	\$12.37	0.925	\$4,175.7	13%	\$528.8	28%	\$149.5	\$379.3	\$132.2	\$396.6	\$17.3
2008	\$19.16	\$6.45	\$12.71	0.859	\$3,995.0	13%	\$510.4	28%	\$143.9	\$366.4	\$127.6	\$382.8	\$16.4
2009	\$19.72	\$6.63	\$13.09	0.799	\$3,817.6	13%	\$489.3	28%	\$137.6	\$351.7	\$122.3	\$367.0	\$15.3
2010	\$20.31	\$7.42	\$12.89	0.746	\$3,508.4	13%	\$445.3	28%	\$125.1	\$320.2	\$111.3	\$334.0	\$13.8
2011	\$20.91	\$7.69	\$13.22	0.695	\$3,355.1	13%	\$427.1	28%	\$119.9	\$307.2	\$106.8	\$320.3	\$13.1
2012	\$21.52	\$7.64	\$13.88	0.647	\$3,274.6	13%	\$419.4	28%	\$117.5	\$301.9	\$104.8	\$314.5	\$12.7
2013	\$22.15	\$7.94	\$14.21	0.602	\$3,125.2	13%	\$400.2	28%	\$112.1	\$288.1	\$100.1	\$300.2	\$12.0

NOTES: Alaska Statute 37.13.010 specifies that 50 percent of income from mineral leases issued after December 1, 1979, must be deposited into the permanent fund. For leases issued before December 1, 1979, required permanent fund contributions are 25 percent of income. This table projects future deposits into both funds if contributions to the Permanent Fund from all leases were at 25 percent of income. Projections are based on the Alaska Department of Revenue's revised fall 1998 revenue forecast. Figures include oil and gas royalties only (i.e., mineral rents and bonuses are not included).

SOURCE: Alaska Department of Revenue, Oil & Gas Audit Division (Charles Logsdon).

Legislative Research Report 99.089

March 24, 1999

Additions to the Permanent Fund as a Result of AS 37.13.010

MAR 24 1999

Legislative Research Services
Division of Legal and Research Services
Legislative Affairs Agency
Alaska State Legislature

Prepared for Representative Norman Rokeberg
Prepared by Maria Gladziszewski, Manager



*Legislative Research Services
130 Seward Street, Room 218
Juneau, AK 99801
907-465-3991
907-463-3351 (fax)
www.legis.state.ak.us/research/home.htm*

THE EFFECT OF AS 37.13.010 ON PERMANENT FUND DEPOSITS

Alaska Statute 37.13.010 specifies that 25 percent of income from mineral leases issued before December 1, 1979, must be deposited into the permanent fund. For leases issued after December 1, 1979, required permanent fund contributions are 50 percent of income. You asked us to calculate how much this "additional" 25 percent has meant for the permanent fund over the years. As you can see from the following table, between FY81 and FY98, the permanent fund received approximately \$106 million as a result of the "additional" 25 percent of mineral income from certain leases.

FISCAL YEAR	Actual Deposits to the Permanent Fund From Mineral Leases (nominal dollars, in millions)			Additional Deposits to the Permanent Fund Resulting from the 50% Provision
	Contributing at 25%	Contributing at 50%	TOTAL	
1981 (a)	\$375.40	\$0.00	\$375.40	\$0.00
1982 (a)	\$388.30	\$0.00	\$388.30	\$0.00
1983 (a)	\$361.85	\$0.00	\$361.85	\$0.00
1984 (a)	\$352.25	\$0.00	\$352.25	\$0.00
1985 (a)	\$347.58	\$0.00	\$347.58	\$0.00
1986 (a)	\$278.58	\$25.70	\$304.28	\$12.85
1987 (a)	\$146.65	\$2.55	\$149.20	\$1.28
1988 (a)	\$236.34	\$7.70	\$244.03	\$3.85
1989 (b)	\$205.00	\$12.00	\$217.00	\$6.00
1990 (c)	\$258.99	\$11.25	\$270.24	\$5.62
1991 (c)	\$430.96	\$16.74	\$447.69	\$8.37
1992 (c)	\$304.19	\$14.78	\$318.97	\$7.39
1993 (c)	\$269.58	\$13.22	\$282.80	\$6.61
1994 (c)	\$202.26	\$9.06	\$211.32	\$4.53
1995 (c)	\$267.79	\$10.58	\$278.37	\$5.29
1996 (c)	\$236.13	\$18.17	\$254.30	\$9.09
1997 (c)	\$281.22	\$39.43	\$320.65	\$19.72
1998 (c)	\$217.22	\$30.79	\$248.01	\$15.40
TOTAL FY 81-98				\$106.0

NOTES and SOURCES:

(a) As listed in a previous Legislative Research Report (89.222); 1981-1988 actuals originally supplied by the Department of Revenue.

(b) Department of Revenue (Charles Logsdon); data based on prior years factors (3/99) supplied by Alaska Department of Revenue.

(c) Actual deposits--data compiled from actual transfers to the permanent fund that were listed in the state's accounting system (AKSAS) and in the "Additional Due the Permanent Fund for Post Chapter 13 Leases" reports. Included are all mineral royalties, rents, interest, and bonus bids (Alaska Department of Revenue, Oil & Gas Audit Division).

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

Article IX

Section 14. Legislative Post-audit

The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

A legislative post-audit is a review of the expenditure of public funds by all government agencies (legislative, executive and judicial) to ensure that the agencies spent the money in compliance with applicable laws and regulations. A post-audit contrasts with the pre-audit used in some states where expenditures are reviewed *before* payment is made. This section makes the auditor responsible to the legislature, as a potential conflict of interest exists if the post-auditor is appointed by and responsible to the governor, as is the case in some states.

State statutes that implement this section (AS 24.20.270) authorize the legislative auditor to undertake "performance" audits as well as financial audits. A performance audit evaluates a program's management and its effectiveness in meeting its goals.

Section 15. Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

A constitutional amendment in 1976 added this entire section. It mandates the creation of the Alaska Permanent Fund. An amendment was required because Section 7 prohibits dedicated funds. Although the permanent fund dedicates nontax petroleum revenue (royalties and lease-related revenue received by the state by virtue of its ownership of oil lands), the phrase "tax or license" used in Section 7 has been interpreted to encompass all forms of public revenue.

**STATE OF ALASKA
FIVE-YEAR OIL AND GAS LEASING PROGRAM
1999 TO 2003**

1999 Sales

North Slope Areawide 1999	February
*Cook Inlet Areawide 1999	April
*Beaufort Sea Areawide 1999	October

2000 Sales

North Slope Areawide 2000	February
Beaufort Sea Areawide 2000	May
Cook Inlet Areawide 2000	August

2001 Sales

North Slope Areawide 2001	February
*NS Foothills Areawide 2001	April
Beaufort Sea Areawide 2001	May
Cook Inlet Areawide 2001	August

2002 Sales

North Slope Areawide 2002	February
Beaufort Sea Areawide 2002	May
Cook Inlet Areawide 2002	August

2003 Sales

North Slope Areawide 2003	February
Beaufort Sea Areawide 2003	May
Cook Inlet Areawide 2003	August

* Requires a Best Interest Finding

The sales scheduled for 2002 and 2003 are new to the Five-Year Oil and Gas Leasing Program. All other sales were proposed in the 1997 Five-Year Program. DNR has announced its decision to proceed with two sales – North Slope Areawide 1999 and Cook Inlet Areawide 1999. As for the rest of the schedule, if the decision is to proceed with a sale, a Sale Announcement, including the sale terms, bidding method, tract map, and mitigation measures will be issued 90 days prior to that sale. If a best interest finding or a supplement to a previous finding is required, it will be released at the same time as the Sale Announcement.

Summary

Prepared by C. Poulos; DNR, SSD, FSS-Anchorage
2/18/99

Calculation of the amount the PF would have received if all distributions were 25%.

	Transfers to PF	-	Additional Due Transactions	=	25% distribution to PF
FY90	\$270,236,651.14	-	\$4,217,045.54	=	\$266,019,605.60
FY91	447,694,592.87	-	8,368,975.31	=	439,325,617.6
FY92	318,971,140.31	-	7,390,570.50	=	311,580,569.8
FY93	282,799,605.82	-	6,608,482.69	=	276,191,123.1
FY94	211,324,505.64	-	4,531,341.61	=	206,793,164.0
FY95	278,367,321.07	-	5,287,842.48	=	273,079,478.6
FY96	254,298,653.60	-	9,086,004.67	=	245,212,648.9
FY97	320,648,410.01	-	19,712,887.29	=	300,935,522.7
FY98	248,017,152.43	-	15,396,645.13	=	232,620,507.3
	<u>\$2,632,358,032.89</u>	-	<u>\$80,599,795.22</u>	=	<u>\$2,551,758,237.67</u>

Transfers to PF = all revenues transferred to the Permanent Fund

Additional Due = the additional 25% due the Permanent Fund on 50% distribution revenues

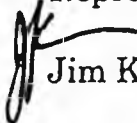


Alaska Permanent Fund Corporation
P.O. Box 25500 Juneau, Alaska 99802-5500
(907) 465-2047

MEMORANDUM

DATE: April 21, 1999

TO: Representative Norman Rokeberg

FROM:  Jim Kelly, Director of Communications

SUBJECT: **Impact of HB 96 on Per Capita Dividends**

You have asked about the impact of House Bill 96 on per capita dividends in fiscal 2000 and 2001. Based on our financial analysis, the impact would be zero in 2000 and a reduction in 2001 from an estimated \$1,731.59 to \$1729.89. Please let me know if you have any additional questions.

cc: Executive Director
Board of Trustees
Governor's Legislative Liaison

APR 23 1999

hello.....

Subject: hello.....

Date: Thu, 18 Feb 1999 13:04:51 -0500

From: john <jgense1@alaska.net>

To: Representative_Norman_Rokeberg@Legis.state.ak.us

I agree with your HB 96..... good idea.

Also please make sure the personal income tax bill 91 gets stopped.
Its a totally unfair bill taxing the hard working citizens of Alaska.

At the very least a cap should be put on State Income tax (no one
pays more than annual Perm fund dividend).... and everyone should pay
something.

My ideas.... #1. Use perm fund to help operate State

#2. Use perm fund to help operate State.....

thanks..... john

John Gensel
125 East Redoubt Avenue
Soldotna, Alaska 99669

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER



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Representative Norman Rokeberg

FINAL RESULTS FROM THE ROKEBERG LEGISLATIVE QUESTIONNAIRE 1999
4,157 mailed; 314 returned or 7.5%
Questions 15 and 19

15. In addition to the items in #9 above, please let me know if you generally favor or oppose the following as ways to address the fiscal gap:
- | | |
|---|----------------|
| a. Establish a state sales tax | Yes 138 No 157 |
| b. Re-establish a school tax | Yes 104 No 176 |
| c. Increase alcohol taxes | Yes 196 No 107 |
| d. Raise user fees and index fees to inflation | Yes 162 No 115 |
| e. Increase fishery, timber and mining taxes | Yes 126 No 162 |
| f. Establish new taxes on the tourism industry | Yes 179 No 116 |
| g. Increase oil and gas taxes | Yes 126 No 171 |
| h. Establish a seasonal sales tax | Yes 128 No 162 |
| i. Use a portion of the Permanent Fund earnings reserve to fund government operations | Yes 132 No 165 |
19. Alaska's Constitution mandates that 25% of oil and mineral leases, royalties and bonuses are deposited into the principal of the Permanent Fund. In 1980, the Legislature increased that to 50% of all new leases. If we repealed this law and went back to the original 25%, an extra \$16 million a year would be generated to help close the fiscal gap. Do you support changing the law back to the Constitution's 25%? Yes 199 No 94

HB

98

HFIN

FILE

TESTIMONY
HOUSE FINANCE COMMITTEE

HB 98

March 24, 2000

By Don Shircel, Tanana Chiefs Conference/ Director of Family Services

Mr. Chairman ... Committee members. My name is Don Shircel. I have been the Director of TCC's Family Services for the past sixteen (16) years. I hold a Master of Science degree in Behavioral Disabilities and administer approximately \$8 million of the total \$35 million dollar TCC annual budget of state and federal health and social service programs.

As a social service professional and program planner, I strongly support HB 98. In a state, of our unique size, it makes a lot of sense to regionally design and administer temporary assistance programming. HB 98 is consistent with the same rationale from which state and federal Welfare Reform emerged. Programs closest to the people are more responsive, relevant, effective and efficient than large centrally operated "one size fits all" programs planned and administered outside the community.

This January we completed our first year of operating of a Regional Native Family Assistance pilot program. While it is still too early to fully assess the overall success of the project, some of the preliminary statistics indicate that we're headed in the right direction.

In January of 1999 when the state fully transitioned the program to TCC there were 440 cases. This January, a year later, our monthly caseload was 356 families. Like the state's temporary assistance program our monthly caseload is the lowest it's been in the past three years. Villages in the interior feel we're headed in the right direction. Our preliminary statistics also indicate that more Native families receiving temporary assistance - particularly those who live in rural communities of the interior - are working for the check they receive. Village leaders feel really good about that.

Alaska's rural communities through their Regional Non-profit Corporations have been designing programs to better fit the needs of their families. Many have also been developing local and regional infrastructures that now rival the state's capacity to provide a comparable level of local service delivery, especially in rural remote areas.

Villages in the TCC service area feel good about our partnership with the state on this pilot project – but they feel that they could do more and get a still bigger bang out of their buck if they were allowed to incorporate other regional variations within the temporary assistance programs administered by the Regional non-profits. HB98 would allow Native family assistance programs the degree a flexibility needed to do more with the same program dollar.

For example; the state's plan finances One Stop Centers with a wide range of services to help people to get off of welfare. But the state plan finances such centers only in a handful of Alaska's urban centers.

Over the course of the first six months of the TCC pilot program we developed a community based service delivery infrastructure that included 37 existing community based offices and assigned staff located in one stop centers in each of the communities of the service area created through shared funding from state and federal program funds. These shared staff and facilities were funded through the combined resources of other federal programs to minimize administrative cost and maximize the level of collaboration with other support services needed by families seeking to enter the labor market. These small community based service centers serve as locally accessible, culturally appropriate single points of entry for families needing assistance and also as the single points of contact for a regional service providers and employers seeking to get information about their services and employment opportunities to potential clients.

The small size of each of these village one stop service centers allows for personal attention, individualized planning, and services tailored to the needs of each family as well as the accurate, timely and ongoing monitoring of each client's progress. The TCC Regional Native Family Assistance program incorporates a service delivery infrastructure in which people are working

with people...not paper! They know each other and regularly interact as members of the same community and work together toward a common goal to move on to work and to be more self-sufficient in providing for the needs of their family.

Under HB98 the TCC Native family assistance program could impose the following standards not permissible under current state statute. 1) All applicants would be required to undergo alcohol and substance abuse evaluations and follow the recommendations of their evaluation or lose a percentage of their benefit (for those who comply with the evaluation recommendation within six months -- their benefits would be restored and the percentage of their benefit which was withheld would be returned to them upon successful completion of their treatment). With the enabling legislation of HB98 we'd not only be able to provide benefits for an indigent family, we'd be more able to assertively approach the problem of alcohol and substance abuse and even create bonus incentives for parents who comply ... all on the same dollar.

Under HB98 TCC's Native Family Assistance Program could require all parent's receiving benefits to attend their children's parent teacher conferences and include their children in regular health screenings and immunizations made available in their community. Failure to do so would result in a small but noticeable reduction in their benefits for that month. With the enabling legislation of HB98 we'd be able to promote better parenting by encouraging increased involvement in their children's school work and increased vigilance regarding their children's immunization and general health ... and once again we'd be doing it all on the same dollar that we currently receive. Our program cannot impose such sanctions under current state statute.

TCC's original Native Family Assistance program plan included a provision to more assertively approach the issue of domestic violence. That plan provided that in two parent households in which domestic violence is a problem -- the perpetrator would be required to leave the home and receive counseling -- by court order if necessary. He/she could receive a portion of the household benefit only if they continued counseling outside the home. Such sanctions and incentives (none of which incur any additional cost to the program) are not possible without the enabling legislation of HB98.

getting people off
and

In regards to getting people off of welfare *and* on to work, there are many different ways to accomplish these goals. There are many good ideas in Alaska. HB98 simply allows these two realities to merge and to do so in each of the diverse regions of the state. "What works in Alabama doesn't necessarily work in Alaska—and the way they do it in Anchorage doesn't always make sense to the people in Angoon. HB98 is about more local control and getting a bigger bang for the same buck.

Villages in the interior continue to support the recommendations of the Alaska Native Commission especially those related to local control, decreasing dependency, encouraging self-sufficiency and developing jobs and local economies. Our experience to date, we feel indicates that we're headed in the right direction. We hope you do too. Thank you for your time and this opportunity to testify.

*We hope that you'll
consider moving this
bill out of committee
& support its passage
by the house.*

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: March 3, 2000

FURTHER REFERRALS:

Date of Committee Action: 3/24/00

The FINANCE Committee considered:

HB 98

HOUSE BILL NO. 98

PUB.ASSISTANCE:PROGRAMS/GRANTS/CONTRACTS

"An Act relating to contracts for the provision of state public assistance to certain recipients in the state; providing for regional public assistance plans and programs in the state; relating to grants for Alaska tribal family assistance programs; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 98 (HES) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Type) _____ APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) Rev zero fiscal note(s) HES 3-3-00

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Theriault</i>	Theriault			X	
<i>Clay Mulder</i>	Mulder	✓			
<i>Clay Bunde</i>	Bunde	✓			
<i>Ben Grussendorf</i>	Grussendorf	✓			
<i>Ray E Moses</i>	Moses	X			
<i>Ray E Davis</i>	DAVIS	X			
<i>[Signature]</i>	Foster	X			

CHAIR'S SIGNATURE

Gene Theriault *Don Wild*

FISCAL NOTE

No: 2

STATE OF ALASKA
2000 LEGISLATIVE SESSION

Bill Version: CSHB 98 (HES)
(H) Publish Date: 3/3/00

Revision Date/Time (Note if correction): _____
Title: Native Family Assistance Programs
Sponsor: Rules Committee
Requestor: House (CRA)

Dept. Affected: Health and Social Services
BRU: Public Assistance
Component: Tribal Assistance
COMPONENT SERIAL NO. 2336
See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

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

OPERATING	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	
CAPITAL EXPENDITURES						
CHANGES IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	

Estimate of any current year (FY2000) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Under federal law, 12 Alaska Native regional non-profits and the village of Metlakatla are authorized to receive federal funds for the administration of tribal family assistance programs. This legislation provides appropriations, in addition to the federal funds, for the operation of tribal family assistance programs. Tribal family assistance programs will provide temporary assistance and supportive services to recipients living in regions served by the regional non-profits and the village of Metlakatla. The legislation also provides for approval of regional public assistance programs, serving both Native and non-Native families, designed to achieve administrative efficiency and cost effectiveness.

Passage of this legislation will have profound impacts both on the delivery of temporary assistance and supportive services to needy Alaskan Natives and others served by regional assistance programs and on general DPA operations. (Continued)

Prepared by: Jim Nordlund Phone: 465-2680
Division: Public Assistance Date/Time: 2/7/00 2:08 PM
Approved by Commissioner: Karen Perdue, Commissioner Date: 2/7/2000
Agency: Department of Health & Social Services

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COMMITTEE COPY

Title: Native Family Assistance Programs
Bill No.: CSHB 98 (CRA)
Sponsor: Rules Committee

Analysis Continued

Effects will be felt in various areas of DPA program administration and operation. Fiscal impacts, however, are contingent upon which organizations actually pursue implementation of Native assistance programs and the approval of regional public assistance programs.

A new component has been added to the DPA budget that will accommodate the inclusion of Native family assistance programs and regional assistance programs in the agency's planning process. In the future, agency budget requests will reflect the financial impact resulting from the development and implementation of these programs.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CS HB 98 (HESS)

Revision Date/Time (Note if correction) _____	Dept. Affecte	Department of Revenue
Title _____	Public Assistance: _____	BRU _____
	Programs/Grants/Contracts _____	Component _____
Sponsor _____	Rules Committee _____	
Requester _____	Finance Committee _____	Component I 111

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS:

(Attach a separate page if necessary)

The Child Support Enforcement Division receives incentive funding from the federal government based on the agency's collections in public assistance cases. That incentive funding covers about 15% of the child support agency's annual operating budget, reducing the need for state funds. The original version of this legislation would have resulted in reduced federal incentive funding as public assistance collections were converted to tribal assistance collections -- which are not eligible for incentive funding to the states. However, a new federal funding formula that started phasing in for FY2000 depends less on public assistance collections and more on the child support agency's general performance. Therefore, we expect this legislation will not materially affect incentive funding for FY2001 and 2002.

Prepared by:	Barbara Miklos, Director	Phone _____
Division	Child Support Enforcement Division	Date/Time 3/22/00 2:08 PM
Approved by Commissioner	Wilson L. Condon	Date 03/23/2000
Agency	Revenue	

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TESTIMONY
HOUSE FINANCE COMMITTEE

HB 98

March 24, 2000

By Don Shircel, Tanana Chiefs Conference/ Director of Family Services

Mr. Chairman ... Committee members. My name is Don Shircel. I have been the Director of TCC's Family Services for the past sixteen (16) years. I hold a Master of Science degree in Behavioral Disabilities and administer approximately \$8 million of the total \$55 million dollar TCC annual budget of state and federal health and social service programs.

As a social service professional and program planner, I strongly support HB 98. In a state, of our unique size, it makes a lot of sense to regionally design and administer temporary assistance programming. HB 98 is consistent with the same rationale from which state and federal Welfare Reform emerged. Programs closest to the people are more responsive, relevant, effective and efficient than large centrally operated "one size fits all" programs planned and administered outside the community.

This January we completed our first year of operating of a Regional Native Family Assistance pilot program. While it is still too early to fully assess the overall success of the project, some of the preliminary statistics indicate that we're headed in the right direction.

In January of 1999 when the state fully transitioned the program to TCC there were 440 cases. This January, a year later, our monthly caseload was 356 families. Like the state's temporary assistance program our monthly caseload is the lowest it's been in the past three years. Villages in the interior feel we're headed in the right direction. Our preliminary statistics also indicate that more Native families receiving temporary assistance – particularly those who live in rural communities of the interior - are working for the check they receive. Village leaders feel really good about that.

Alaska's rural communities through their Regional Non-profit Corporations have been designing programs to better fit the needs of their families. Many have also been developing local and regional infrastructures that now rival the state's capacity to provide a comparable level of local service delivery, especially in rural remote areas.

Villages in the TCC service area feel good about our partnership with the state on this pilot project – but they feel that they could do more and get a still bigger bang out of their buck if they were allowed to incorporate other regional variations within the temporary assistance programs administered by the Regional non-profits. HB98 would allow Native family assistance programs the degree a flexibility needed to do more with the same program dollar.

For example; the state's plan finances One Stop Centers with a wide range of services to help people to get off of welfare. But the state plan finances such centers only in a handful of Alaska's urban centers.

Over the course of the first six months of the TCC pilot program we developed a community based service delivery infrastructure that included 37 existing community based offices and assigned staff located in one stop centers in each of the communities of the service area created through shared funding from state and federal program funds. These shared staff and facilities were funded through the combined resources of other federal programs to minimize administrative cost and maximize the level of collaboration with other support services needed by families seeking to enter the labor market. These small community based service centers serve as locally accessible, culturally appropriate single points of entry for families needing assistance and also as the single points of contact for a regional service providers and employers seeking to get information about their services and employment opportunities to potential clients.

The small size of each of these village one stop service centers allows for personal attention, individualized planning, and services tailored to the needs of each family as well as the accurate, timely and ongoing monitoring of each client's progress. The TCC Regional Native Family Assistance program incorporates a service delivery infrastructure in which people are working

with people...not paper! They know each other and regularly interact as members of the same community and work together toward a common goal to move on to work and to be more self-sufficient in providing for the needs of their family.

Under HB98 the TCC Native family assistance program could impose the following standards not permissible under current state statute. 1) All applicants would be required to undergo alcohol and substance abuse evaluations and follow the recommendations of their evaluation or lose a percentage of their benefit (for those who comply with the evaluation recommendation within six months -- their benefits would be restored and the percentage of their benefit which was withheld would be returned to them upon successful completion of their treatment). With the enabling legislation of HB98 we'd not only be able to provide benefits for an indigent family, we'd be more able to assertively approach the problem of alcohol and substance abuse and even create bonus incentives for parents who comply ... all on the same dollar.

Under HB98 TCC's Native Family Assistance Program could require all parent's receiving benefits to attend their children's parent teacher conferences and include their children in regular health screenings and immunizations made available in their community. Failure to do so would result in a small but noticeable reduction in their benefits for that month. With the enabling legislation of HB98 we'd be able to promote better parenting by encouraging increased involvement in their children's school work and increased vigilance regarding their children's immunization and general health ... and once again we'd be doing it all on the same dollar that we currently receive. Our program cannot impose such sanctions under current state statute.

TCC's original Native Family Assistance program plan included a provision to more assertively approach the issue of domestic violence. That plan provided that in two parent households in which domestic violence is a problem -- the perpetrator would be required to leave the home and receive counseling -- by court order if necessary. He/she could receive a portion of the household benefit only if they continued counseling outside the home. Such sanctions and incentives (none of which incur any additional cost to the program) are not possible without the enabling legislation of HB98.

In regards to getting people off of welfare and on to work, there are many different ways to accomplish these goals. There are many good ideas in Alaska. HB98 simply allows these two realities to merge and to do so in each of the diverse regions of the state. "What works in Alabama doesn't necessarily work in Alaska—and the way they do it in Anchorage doesn't always make sense to the people in Angoon. HB98 is about more local control and getting a bigger bang for the same buck.

Villages in the interior continue to support the recommendations of the Alaska Native Commission especially those related to local control, decreasing dependency, encouraging self-sufficiency and developing jobs and local economies. Our experience to date, we feel indicates that we're headed in the right direction. We hope you do too. Thank you for your time and this opportunity to testify.

TONY KNOWLES
GOVERNOR



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 18, 1998

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Brian
Dear Speaker Porter:

The bill I transmit today continues Alaska's efforts to implement effective and responsible welfare reform, particularly in rural areas. This bill builds on the provision in federal welfare reform law that allows regional non-profit Native corporations to develop and implement independent welfare programs promoting local responsibility for program success by tying program assistance to local economic and social conditions. Under this bill, the Department of Health and Social Services (DHSS) will be able to award grants to regional Native organizations operating tribal family assistance plans that differ from the Alaska Temporary Assistance Program plan because they are designed to meet regional circumstances.

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 provided that specifically named Alaska Native organizations could propose to operate tribal temporary assistance plans, independent of the state plan, to serve the Alaska Native and Indian populations within a specific geographical region. A state- and federally-approved tribal family assistance plan will receive, directly from the federal government, a portion of Alaska's allocation of the Temporary Assistance for Needy Families block grant money. The federal money, however, is only about half of the money that has historically been appropriated to serve this population. This bill establishes clear statutory standards under which the state would provide grants to Alaska Native organizations with federally-approved tribal plans that differ from the state's plan.

As of October 1, 1998, Tanana Chief's Conference, Inc. (TCC) received approval from the federal government to operate its own tribal temporary assistance program for needy families. The DHSS developed a plan with TCC to serve tribal program recipients.

The Honorable Brian Porter
February 18, 1999
Page 2

Under current state law, however, the program must be identical to the state's temporary assistance program. As a consequence, the state loses the opportunity to shape regional programs to meet regional conditions. This bill will make it possible for regional programs to be designed to specifically address local circumstances.

Regional tribal plans are expected to be custom designed to meet the economic conditions and needs of the region. This bill also would allow the DHSS to adopt a regional plan for non-tribal members if such a plan appears more suitable to address regional conditions. Therefore, program standards under a regional plan could differ from some otherwise generally applicable standards of the state's plan, but would always contain specifically identified program elements.

This bill will contribute to making our public assistance programs more effective by considering regional conditions in plan developments. I urge your support of this measure.

Sincerely,



Tony Knowles
Governor



Teleconference Participants

TCN: 10598

Participant Lists

View List for

ALL



Testifiers



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Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

ANCHORAGE (ANC)

1 Name: Ms. Diane Wendlandt Ans ?s Phone:
 Address: Affiliation: A G. offi
 City /St /Zip: Type: Testifier
 Bill: HB 98: PUB.ASSISTANCE:PROGRAMS/GF/ANTS/CONTRACTS

2 Name: Bob Lohr Ans ?s Phone:
 Address: Affiliation: Div Insura
 City /St /Zip: Type: Testifier
 Bill: 'B 418: INSURANCE AND OCCUPATIONAL LICENSE FEES

OFF-NET TELECONFERENCE PARTICIPANTS

Name: John Mallonee
Location: Anchorage
Affiliation: Child Support Enforcement
Bill: HB 98

Alaska State Legislature
HOUSE OF REPRESENTATIVES
Committee on Finance

Room 519 Capitol Building
1:30 P.M. (unless otherwise indicated)

March 24, 2000 – Friday

1:30 p.m.

HB 18-APPROP: EARNINGS RESERVE TO
PERM FUND

HB 98-PUB.ASSISTANCE:PROGRAMS/
GRANTS/CONTRACTS

HB 418-INSURANCE AND OCCUPATIONAL
LICENSE FEES

Bills previously heard/scheduled.

HB 290-STRANDED GAS PIPELINE CARRIERS

HB 350-CRIMES PROSECUTED IN OTHER
JURISDICTIONS

deems necessary to produce statistically valid estimates of the performance of State programs funded under this part. The Secretary may develop and implement procedures for verifying the quality of data submitted by the States.

"(2) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the percentage of the funds paid to the State under this part for the quarter that are used to cover administrative costs or overhead.

"(3) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—The report required by paragraph (1) for a fiscal quarter shall include a statement of the total amount expended by the State during the quarter on programs for needy families.

"(4) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The report required by paragraph (1) for a fiscal quarter shall include the number of noncustodial parents in the State who participated in work activities (as defined in section 407(d)) during the quarter.

"(5) REPORT ON TRANSITIONAL SERVICES.—The report required by paragraph (1) for a fiscal quarter shall include the total amount expended by the State during the quarter to provide transitional services to a family that has ceased to receive assistance under this part because of employment, along with a description of such services.

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to define the data elements with respect to which reports are required by this subsection.

"(b) ANNUAL REPORTS TO THE CONGRESS BY THE SECRETARY.—Not later than 6 months after the end of fiscal year 1997, and each fiscal year thereafter, the Secretary shall transmit to the Congress a report describing—

"(1) whether the States are meeting—

"(A) the participation rates described in section 407(a); and

"(B) the objectives of—

"(i) increasing employment and earnings of needy families, and child support collections; and

"(ii) decreasing out-of-wedlock pregnancies and child poverty;

"(2) the demographic and financial characteristics of families applying for assistance, families receiving assistance, and families that become ineligible to receive assistance;

"(3) the characteristics of each State program funded under this part; and

"(4) the trends in employment and earnings of needy families with minor children living at home.

rec 12

612. "SEC. 412. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

"(a) GRANTS FOR INDIAN TRIBES.—

"(1) TRIBAL FAMILY ASSISTANCE GRANT.—

"(A) IN GENERAL.—For each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002, the Secretary shall pay to each Indian tribe that has an approved tribal family assistance plan a tribal family assistance grant for the fiscal

year in an amount equal to the amount determined under subparagraph (B), and shall reduce the grant payable under section 403(a)(1) to any State in which lies the service area or areas of the Indian tribe by that portion of the amount so determined that is attributable to expenditures by the State.

"(B) AMOUNT DETERMINED.—

"(i) IN GENERAL.—The amount determined under this subparagraph is an amount equal to the total amount of the Federal payments to a State or States under section 403 (as in effect during such fiscal year) for fiscal year 1994 attributable to expenditures (other than child care expenditures) by the State or States under parts A and F (as so in effect) for fiscal year 1994 for Indian families residing in the service area or areas identified by the Indian tribe pursuant to subsection (b)(1)(C) of this section.

"(ii) USE OF STATE SUBMITTED DATA.—

"(I) IN GENERAL.—The Secretary shall use State submitted data to make each determination under clause (i).

"(II) DISAGREEMENT WITH DETERMINATION.—If an Indian tribe or tribal organization disagrees with State submitted data described under subclause (I), the Indian tribe or tribal organization may submit to the Secretary such additional information as may be relevant to making the determination under clause (i) and the Secretary may consider such information before making such determination.

DISPUTE

"(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—

"(A) IN GENERAL.—The Secretary shall pay to each eligible Indian tribe for each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002 a grant in an amount equal to the amount received by the Indian tribe in fiscal year 1994 under section 482(i) (as in effect during fiscal year 1994).

"(B) ELIGIBLE INDIAN TRIBE.—For purposes of subparagraph (A), the term 'eligible Indian tribe' means an Indian tribe or Alaska Native organization that conducted a job opportunities and basic skills training program in fiscal year 1995 under section 482(i) (as in effect during fiscal year 1995).

"(C) USE OF GRANT.—Each Indian tribe to which a grant is made under this paragraph shall use the grant for the purpose of operating a program to make work activities available to members of the Indian tribe.

"(D) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated \$7,638,474 for each fiscal year specified in subparagraph (A) for grants under subparagraph (A).

"(b) 3-YEAR TRIBAL FAMILY ASSISTANCE PLAN.—

"(1) IN GENERAL.—Any Indian tribe that desires to receive a tribal family assistance grant shall submit to the Secretary a 3-year tribal family assistance plan that...

N.L.W.?

3yr Plan

"(A) outlines the Indian tribe's approach to providing welfare-related services for the 3-year period, consistent with this section;

"(B) specifies whether the welfare-related services provided under the plan will be provided by the Indian tribe or through agreements, contracts, or compacts with intertribal consortia, States, or other entities;

"(C) identifies the population and service area or areas to be served by such plan;

"(D) provides that a family receiving assistance under the plan may not receive duplicative assistance from other State or tribal programs funded under this part;

"(E) identifies the employment opportunities in or near the service area or areas of the Indian tribe and the manner in which the Indian tribe will cooperate and participate in enhancing such opportunities for recipients of assistance under the plan consistent with any applicable State standards; and

"(F) applies the fiscal accountability provisions of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450c(f)(1)), relating to the submission of a single-agency audit report required by chapter 75 of title 31, United States Code.

"(2) APPROVAL.—The Secretary shall approve each tribal family assistance plan submitted in accordance with paragraph (1).

"(3) CONSORTIUM OF TRIBES.—Nothing in this section shall preclude the development and submission of a single tribal family assistance plan by the participating Indian tribes of an intertribal consortium.

"(c) MINIMUM WORK PARTICIPATION REQUIREMENTS AND TIME LIMITS.—The Secretary, with the participation of Indian tribes, shall establish for each Indian tribe receiving a grant under this section minimum work participation requirements, appropriate time limits for receipt of welfare-related services under the grant, and penalties against individuals—

"(1) consistent with the purposes of this section;

"(2) consistent with the economic conditions and resources available to each tribe; and

"(3) similar to comparable provisions in section 407(e).

"(d) EMERGENCY ASSISTANCE.—Nothing in this section shall preclude an Indian tribe from seeking emergency assistance from any Federal loan program or emergency fund.

"(e) ACCOUNTABILITY.—Nothing in this section shall be construed to limit the ability of the Secretary to maintain program funding accountability consistent with—

"(1) generally accepted accounting principles; and

"(2) the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

"(f) PENALTIES.—

"(1) Subsections (a)(1), (a)(6), and (b) of section 409, shall apply to an Indian tribe with an approved tribal assistance plan in the same manner as such subsections apply to a State.

"(2) Section 409(a)(3) shall apply to an Indian tribe with an approved tribal assistance plan by substituting 'meet minimum work participation requirements established under section 412(c)' for 'comply with section 407(a)'

(c) →
4 to Tribes
city

(a)(1), (b)
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107(a)

"(g) DATA COLLECTION AND REPORTING.—Section 411 shall apply to an Indian tribe with an approved tribal family assistance plan.

Sec 4
Appl:
Tribes

"(h) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—

"(1) IN GENERAL.—Notwithstanding any other provision of this section, and except as provided in paragraph (2), an Indian tribe in the State of Alaska that receives a tribal family assistance grant under this section shall use the grant to operate a program in accordance with requirements comparable to the requirements applicable to the program of the State of Alaska funded under this part. Comparability of programs shall be established on the basis of program criteria developed by the Secretary in consultation with the State of Alaska and such Indian tribes.

Comparison

"(2) WAIVER.—An Indian tribe described in paragraph (1) may apply to the appropriate State authority to receive a waiver of the requirement of paragraph (1).

waiver

"SEC. 413. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

42 USC 613.

"(a) RESEARCH.—The Secretary shall conduct research on the benefits, effects, and costs of operating different State programs funded under this part, including time limits relating to eligibility for assistance. The research shall include studies on the effects of different programs and the operation of such programs on welfare dependency, illegitimacy, teen pregnancy, employment rates, child well-being, and any other area the Secretary deems appropriate. The Secretary shall also conduct research on the costs and benefits of State activities under section 409.

"(b) DEVELOPMENT AND EVALUATION OF INNOVATIVE APPROACHES TO REDUCING WELFARE DEPENDENCY AND INCREASING CHILD WELL-BEING.—

"(1) IN GENERAL.—The Secretary may assist States in developing, and shall evaluate, innovative approaches for reducing welfare dependency and increasing the well-being of minor children living at home with respect to recipients of assistance under programs funded under this part. The Secretary may provide funds for training and technical assistance to carry out the approaches developed pursuant to this paragraph.

"(2) EVALUATIONS.—In performing the evaluations under paragraph (1), the Secretary shall, to the maximum extent feasible, use random assignment as an evaluation methodology.

"(c) DISSEMINATION OF INFORMATION.—The Secretary shall develop innovative methods of disseminating information on any research, evaluations, and studies conducted under this section, including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies.

"(d) ANNUAL RANKING OF STATES AND REVIEW OF MOST AND LEAST SUCCESSFUL WORK PROGRAMS.—

"(1) ANNUAL RANKING OF STATES.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in placing recipients of assistance under the State program funded under this part into long-term private sector jobs, reducing the overall welfare caseload, and, when a practicable method for calculating this information becomes available, the Secretary shall—

Opportunity Reconciliation Act of 1996) shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 are inconsistent with the waiver.

"(B) NO EFFECT ON NEW WORK REQUIREMENTS.—Notwithstanding subparagraph (A), a waiver granted under section 1115 or otherwise which relates to the provision of assistance under a State program funded under this part (as in effect on September 30, 1996) shall not affect the applicability of section 407 to the State.

"(b) STATE OPTION TO TERMINATE WAIVER.—

"(1) IN GENERAL.—A State may terminate a waiver described in subsection (a) before the expiration of the waiver.

"(2) REPORT.—A State which terminates a waiver under paragraph (1) shall submit a report to the Secretary summarizing the waiver and any available information concerning the result or effect of the waiver.

"(3) HOLD HARMLESS PROVISION.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, a State that, not later than the date described in subparagraph (B) of this paragraph, submits a written request to terminate a waiver described in subsection (a) shall be held harmless for accrued cost neutrality liabilities incurred under the waiver.

"(B) DATE DESCRIBED.—The date described in this subparagraph is 90 days following the adjournment of the first regular session of the State legislature that begins after the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"(c) SECRETARIAL ENCOURAGEMENT OF CURRENT WAIVERS.—The Secretary shall encourage any State operating a waiver described in subsection (a) to continue the waiver and to evaluate, using random sampling and other characteristics of accepted scientific evaluations, the result or effect of the waiver.

"(d) CONTINUATION OF INDIVIDUAL WAIVERS.—A State may elect to continue 1 or more individual waivers described in subsection (a).

"SEC. 416. ADMINISTRATION.

"The programs under this part and part D shall be administered by an Assistant Secretary for Family Support within the Department of Health and Human Services, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be in addition to any other Assistant Secretary of Health and Human Services provided for by law, and the Secretary shall reduce the Federal workforce within the Department of Health and Human Services by an amount equal to the sum of 75 percent of the full-time equivalent positions at such Department that relate to any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, and by an amount equal to 75 percent of that portion of the total full-time equivalent departmental management positions at such Department that bears the same relationship to the amount

appropriated for any direct spending program, or any program funded through discretionary spending, that has been converted into a block grant program under the Personal Responsibility and Work Opportunity Act of 1996 and the amendments made by such Act, as such amount relates to the total amount appropriated for use by such Department, and, notwithstanding any other provision of law, the Secretary shall take such actions as may be necessary, including reductions in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to reduce the full-time equivalent positions within the Department of Health and Human Services by 245 full-time equivalent positions related to the program converted into a block grant under the amendment made by section 2103 of the Personal Responsibility and Work Opportunity Act of 1996, and by 60 full-time equivalent managerial positions in the Department.

"SEC. 417. LIMITATION ON FEDERAL AUTHORITY.

"No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part."; and

(2) by inserting after such section 418 the following:

"SEC. 419. DEFINITIONS.

"As used in this part:

"(1) ADULT.—The term 'adult' means an individual who is not a minor child.

"(2) MINOR CHILD.—The term 'minor child' means an individual who—

"(A) has not attained 18 years of age; or

"(B) has not attained 19 years of age and is a full-time student in a secondary school (or in the equivalent level of vocational or technical training).

"(3) FISCAL YEAR.—The term 'fiscal year' means any 12-month period ending on September 30 of a calendar year.

"(4) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the terms 'Indian', 'Indian tribe', and 'tribal organization' have the meaning given such terms by section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(B) SPECIAL RULE FOR INDIAN TRIBES IN ALASKA.—The term 'Indian tribe' means, with respect to the State of Alaska, only the Metlakatla Indian Community of the Annette Islands Reserve and the following Alaska Native regional nonprofit corporations:

"(i) Arctic Slope Native Association.

"(ii) Kawerak, Inc.

"(iii) Maniilaq Association.

"(iv) Association of Village Council Presidents.

"(v) Tanana Chiefs Conference.

"(vi) Cook Inlet Tribal Council.

"(vii) Bristol Bay Native Association.

"(viii) Aleutian and Pribilof Island Association.

"(ix) Chugachmuit.

"(x) Tlingit Haida Central Council.

"(xi) Kodiak Area Native Association.

"(xii) Copper River Native Association.

47 2617

42 USC 619

sec.
419
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