

ALASKA LEGISLATURE

2155

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

SJR

34

HFIN

FILE

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: April 17, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/19/00

The FINANCE Committee considered:

CSSJR 34(FIN)

CS FOR SENATE JOINT RESOLUTION NO. 34(FIN)

CONFIRM PUBLIC CORP BD MANAGING ASSETS

Proposing an amendment to the Constitution of the State of Alaska relating to public corporations.

recommends it be replaced
with the following committee substitute

CSSJR 34(FIN)

the same title
 a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS:

(Dept/Date)

fiscal note(s) _____

fiscal note(s) 1 _____

of of Lt Gov: 2/23/00

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Car Bunde</u> Bunde			<input checked="" type="checkbox"/>	
<u>Alan Austerman</u> Austerman			<input checked="" type="checkbox"/>	
<u>Ben Gussindert</u> Gussindert		<input checked="" type="checkbox"/>		
<u>J. Davis</u> J. Davis		<input checked="" type="checkbox"/>		
<u>G. Davis</u> G. Davis			<input checked="" type="checkbox"/>	
<u>William Williams</u> Williams			<input checked="" type="checkbox"/>	
<u>Gail Phillips</u> Phillips			<input checked="" type="checkbox"/>	
<u>Foster</u> Foster	<input checked="" type="checkbox"/>			

CHAIR'S SIGNATURE

Car Bunde VC

Bunde

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

No. 1
Bill Version: CS SJR 34 (LAC)
(S) Publish Date: 2-23-00

Revision Date/Time (Note if correction) _____ Dept. Affected Office of the Governor
Title Constitutional Amendment: Relating to the BRU Elective Operations
certain public corporations Component Elections
Sponsor Senator Halford
Requester Senate Labor and Commerce Committee Component No. 21

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	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1.5	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	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	1.5	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)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. However, only six measures can be printed on an 8-1/2 by 14 inch ballot. If this measure requires printing an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Gail Fenumia Phone 465-3935
Division Division of Elections Date/Time 2/22/00 10:23 AM
Approved by: Li. Governor Fran Ulmer Date 02/22/2000
Agency Office of the Lieutenant Governor

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

No. 1
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(S) Publish Date: 2-23-00

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CAPITAL EXPENDITURES						
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Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

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Prepared by: Gail Fenumisi *Gail Fenumisi* Phone 465-3935
Division Division of Elections Date/Time 2/22/00 10:23 AM
Approved by: Lt. Governor Fran Ulmer *Fran Ulmer* Date 02/22/2000
Agency Office of the Lieutenant Governor



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Alaska State Legislature

Senate

**RICK
HALFORD**

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Sponsor Statement Senate Joint Resolution 34

"Proposing an amendment to the Constitution of the State of Alaska relating to certain public corporations"

The Alaska Constitution provides for legislative confirmation of any board or commission at the head of a principal department or a regulatory or quasi-judicial agency. This includes the Board of Education, the Board of Game, and all the professional and regulatory boards, such as the Board of Dispensing Opticians.

In sharp contrast, public corporations, which manage tens of billions of dollars in state assets, are not subject to this provision. These corporations, including the Permanent Fund Corporation, Alaska Railroad and Alaska Housing Finance Corporation, have a tremendous impact on all Alaskans and our State's economy. Members are appointed at the Governor's pleasure and removed in the same manner, without legislative oversight.

The amendment proposed in SJR 34 is a necessary addition to our state's constitution. It would ensure that the people who control Alaska's largest assets are subject to a formal appointment, confirmation and removal process, not the whim of a newly elected Governor.

Please give SJR 34 your full consideration. Thank you.

SJR

34

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT OF
SFC 4/3/00

DATE: 2/23/00

FURTHER:

DATE TURNED
IN TO OFFICE: 3 April 00

Finance Committee considered

SENATE JOINT RESOLUTION NO. 34

Proposing an amendment to the Constitution of the State of Alaska relating to certain public corporations.

and recommends:

- be replaced with CS SJR 34 (FIN)
- adopt previous CS ()
- attached amendment(s) CS forthcoming
- adopt Letter of Intent by _____
- 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>Rep. E. Kelly</i>	✓	<i>tie closer</i>		X	
<i>Sydney Meyers</i>	✓				
<i>Pete Kelly</i>	✓				
<i>Gary White</i>	✓				
<i>Loren D. Jensen</i>	✓				
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair: <i>Sean R. Farrell</i>	✓		

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>Elections</i>	<i>3/31/00</i>		<i>1.5</i>

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

REPORTED OUT OF
SFC 4/3/00

BILL NO. CSSJR 34(L&C)

Revision Date/Time (Note if correction) _____ Dept. Affected Office of the Governor
 Title Constitutional Amendment: Relating to BRU Elective Operations
certain public corporations Component Elections
 Sponsor Senator Halford
 Requester Senate Finance Committee Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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CAPITAL EXPENDITURES						
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Prepared by: Gail Fenumai Phone 465-3935
 Division Division of Elections Date/Time 3/31/00 2:50 PM
 Approved by C. Lt. Governor Fran Ulmer Date 03/31/2000
 Agency Office of the Lieutenant Governor

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CS FOR SENATE JOINT RESOLUTION NO. 34(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS HALFORD, Ward, Donley, Taylor

A RESOLUTION

1 Proposing an amendment to the Constitution of the State of Alaska relating to
2 public corporations.

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

4 * Section 1. Article III, sec. 26, Constitution of the State of Alaska, is amended to read:

5 Section 26. Boards and Commissions. When a board or commission is at
6 the head of a principal department or a regulatory or quasi-judicial agency, or is the
7 governing entity of a public corporation established by law that manages
8 significant State assets as defined by law, its members shall be appointed by the
9 governor, subject to confirmation by a majority of the members of the legislature in
10 joint session, and may be removed as provided by law. They shall be citizens of the
11 United States. The board or commission may appoint a principal executive officer
12 when authorized by law, but the appointment shall be subject to the approval of the
13 governor.

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

Amend
#1
deleted
text

CS FOR SENATE JOINT RESOLUTION NO. 34(J.&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 2/23/00
Referred: Finance

Sponsor(s): SENATORS HALFORD, Ward, Donley, Taylor

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to
2 ~~departments, agencies, and public corporations.~~

*tech.
Amend
#1*

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Alaska State Legislature

Senate

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SJR 34 -Background Information

At the time the fifty-five delegates to Alaska's Constitutional Convention met in Fairbanks almost forty-five years ago, it is fair to say that they could not have foreseen that there would one day be public corporations that would manage tens of billions of dollars in public assets. If so, I believe the delegates would have included directors of public corporations in Article III, Section 26.

In the case of the Permanent Fund Corporation, we have seen wholesale turnover of the Board of Trustees with changes in administrations. The lack of stability associated with this wholesale turnover, as well as the potential for political manipulation of a Board serving only at the pleasure of the Governor are among the reasons that the legislature has brought proposed changes to the appointment process, and the tenure of directors, forward.

Only those offices that are expressly mentioned by the Constitution are subject to legislative confirmation. The legislature is prohibited from adding to the list of boards and commissions, for which legislative confirmation is required, unless they are regulatory boards. This issue was effectively settled in Bradner v. Hammond, in the mid 1970's. As a result, a Constitutional Amendment is necessary to require legislative confirmation for directors of public corporations such as the Permanent Fund Corporation, AHFC, AIDEA or the Alaska Railroad Corporation.

The following is a brief synopsis of some of the recent proposed legislative actions related to public corporations that manage state assets.

(1995) SJR 14, which was sponsored By Senator Halford and eleven other members of the Senate would have amended the Article III, Section 26 of the Alaska Constitution to add "...or is at the head of a public corporation that manages state assets..." to the list of members of board or commissions subject to legislative confirmation. The proposed Amendment would have given the legislature the ability to exclude the applicability of this section based on the value of the assets managed by the public corporation. After being reviewed by

the Senate State Affairs, Judiciary and Finance Committees SJR 14 died in the Senate Rules Committee, chaired by Senator Miller.

(1995) SB 89, which was sponsored by Senator Rieger, proposed several statutory changes related to the board and staff of the Permanent Fund Corporation. It would have increased the size of the board from six to seven members, reduced the number of department heads who serve on the Board by one member, and would have added new minimal professional requirements for at least one of the Board members. It would have also staggered the terms of public members, helping to limit dramatic turnover. The legislation also provided that the governor could remove a public member only for cause, and defined cause. Fifty-three members of the legislature (thirty-five in the House; eighteen in the Senate) voted for it, but Governor Knowles vetoed the bill following adjournment of the legislature. SB 89 did not address the issue of legislative confirmations.

(1991) SJR 4, which Senator Kerttula introduced, would have provided for legislative confirmation of a "... governing entity of a public corporation established by law." Senator Kerttula pointed to the size of assets of the Permanent Fund (then \$11.9 billion) and the Alaska Railroad Corporation (then \$98.6 million) as being too important for those individuals managing them to be exempted from legislative confirmation. SJR 4 passed the Senate, but died in the House Finance Committee.

LEGAL SERVICES

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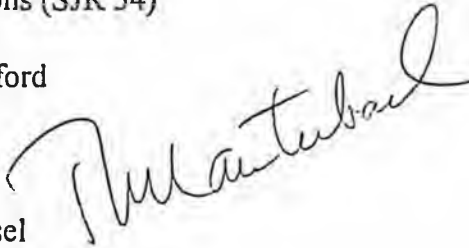
MEMORANDUM

February 16, 2000

SUBJECT: Public Corporations (SJR 34)

TO: Senator Rick Halford
Attn: Juli Lucky

FROM: Terri Lauterbach
Legislative Counsel



The "public corporations" list I gave you in 1995 is still accurate except that the Alaska Tourism Marketing Council (AS 44.33.700) is scheduled to be repealed July 1, 2000, and there is a new public corporation to add to the list: the Adak Re-use Authority (AS 30.17.010). Therefore, the new list of public corporations is the following:

- (1) Alaska Aerospace Development Corporation (AS 14.40.821);
- (2) Alaska Energy Authority (AS 44.83.020);
- (3) Alaska Housing Finance Corporation (AS 18.56.020);
- (4) Alaska Industrial Development and Export Authority (AS 44.88.020);
- (5) Alaska Medical Facility Authority (AS 18.26.010);
- (6) Alaska Mental Health Trust Authority (AS 47.30.011);
- (7) Alaska Municipal Bond Bank Authority (AS 44.85.020);
- (8) Alaska Permanent Fund Corporation (AS 37.13.040);
- (9) Alaska Railroad Corporation (AS 42.40.010);
- (10) Adak Re-Use Authority (AS 30.17.010);
- (11) Alaska Science and Technology Foundation (AS 37.17.010);
- (12) Alaska Seafood Marketing Institute (AS 16.51.010);
- (13) Alaska Student Loan Corporation (AS 14.42.100);
- (14) Alaska Tourism Marketing Council (AS 44.33.700 - scheduled to be repealed July 1, 2000).

The Commercial Fishing and Agriculture Bank (AS 44.81.010) appears to have some of the attributes of a public corporation in that the exercise of its powers "is considered to be for a public purpose," but it is not specifically designated as a "public corporation" in its enabling statute, AS 44.81.010(a). Therefore, I am not certain how CFAB would be treated under SJR 34 and you might need other legislation to clarify its status.

Senator Rick Halford
February 16, 2000
Page 2

I hope you find this information helpful. Please let me know if I can be of further assistance.

TML:jdr
00-083.jdr

SJR

35

SFIN

FILE

SJR 35

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY SENATOR DONLEY

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a determination of income available for distribution from the
2 permanent fund; and providing for an effective date."

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

4 * **Section 1.** AS 37.13.140 is amended to read:

5 **Sec. 37.13.140. Income.** Net income of the fund includes income of the
6 earnings reserve account established under AS 37.13.145. Net income of the fund shall
7 be computed annually as of the last day of the fiscal year in accordance with generally
8 accepted accounting principles, excluding any unrealized gains or losses. Income
9 available for distribution equals 21 percent of the net income of the fund for the last
10 five fiscal years, including the fiscal year just ended [, BUT MAY NOT EXCEED
11 NET INCOME OF THE FUND FOR THE FISCAL YEAR JUST ENDED PLUS THE
12 BALANCE IN THE EARNINGS RESERVE ACCOUNT DESCRIBED IN
13 AS 37.13.145].

14 * **Sec. 2.** This Act takes effect July 1, 2000.

ALASKA STATE LEGISLATURE



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Session:
State Capitol
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(907) 465-3805 Fax

SENATOR LYDA GREEN
SENATE DISTRICT N

“Protecting the Future of the Fund”

SJR 35

SJR 35 has been introduced to protect and preserve the dividend program, the program of inflation-proofing, and Alaska's greatest financial asset – the corpus of the Permanent Fund. SJR 35 takes the current statutory formula for distribution and places it in the Alaska Constitution as an amendment to Article IX, Section 15.

SJR 35 will guarantee that:

- **The successful 18 year history of earnings distribution is preserved;**
- **The dividend is protected – no change to the current distribution program;**
- **Inflation-proofing is preserved – no change to the current program;**
- **No new taxes are included in SJR 35.**
- **Once Alaskans feel confident the dividend program is safe for future generations, and the integrity of the Permanent Fund is protected, then we can begin the discussion about what to do with any excess earnings.**

I believe that this is the most important step the legislature can take to show Alaskans that the promise will be kept to protect the dividend program, inflation-proofing and the future of the Permanent Fund for generations to come. I would appreciate your support and ask for your help in passing this important amendment.

side of the United States" for "in a foreign country" and "capital, surplus, and retained earnings" for "capital and surplus" in paragraph (15), and added paragraphs (21) and (22); in subsection (h), inserted "or for the sale of nondomestic currencies" and substituted "investments" for "securities"; and in subsection (i), deleted the former first sentence, which was similar to the present last sentence, and added the present last sentence.

The 1992 amendment, effective July 1, 1992, rewrote this section.

The 1994 amendment, effective May 25, 1994, in paragraph (g)(16), inserted "the total value held by the fund in each investment does not exceed \$150,000,000, and, if the total value held by the fund

in each investment exceeds \$150,000,000," and made a related stylistic change in the introductory language, substituted "33 percent" for "60 percent" in subparagraphs (A) and (B), and substituted "67 percent" for "40 percent" in item (B)(i).

The 1996 amendment, effective June 26, 1996, substituted "investment grade" for "A or better" in paragraphs (g)(7) and (g)(19), rewrote paragraph (i)(4), repealed paragraph (i)(5), and added subsection (o).

Legislative history reports. — For Senate letter of intent related to the 1989 amendments to this section by ch. 4, SLA 1989 (CSHB 69(SA)), see 1989 Senate Journal 621.

Sec. 37.13.130. Gains and losses. [Repealed, § 13 ch 81 SLA 1982.]

Sec. 37.13.140. Income. Net income of the fund includes income of the earnings reserve account established under AS 37.13.145. Net income of the fund shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals 21 percent of the net income of the fund for the last five fiscal years, including the fiscal year just ended, but may not exceed net income of the fund for the fiscal year just ended plus the balance in the earnings reserve account described in AS 37.13.145. (§ 5 ch 18 SLA 1980; am § 8 ch 81 SLA 1982; am § 1 ch 28 SLA 1986; am § 18 ch 134 SLA 1992)

Effect of amendments. — The 1992 amendment, effective July 1, 1992, inserted near the beginning "fund includes income of the earnings reserve account

established under AS 37.13.145. Net income of the fund and substituted "fund" for "corporation" in three places.

Sec. 37.13.145. Disposition of income. (a) The earnings reserve account is established as a separate account in the fund. Income from the fund shall be deposited by the corporation into the account as soon as it is received. Money in the account shall be invested in investments authorized under AS 37.13.120.

(b) At the end of each fiscal year, the corporation shall transfer from the earnings reserve account to the dividend fund established under AS 43.23.045 50 percent of the income available for distribution under AS 37.13.140.

(c) After the transfer under (b) of this section, the corporation shall transfer from the earnings reserve account to the principal of the fund an amount sufficient to offset the effect of inflation on principal of the fund during that fiscal year. The corporation shall calculate the amount to transfer to the principal under this subsection by

(1) computing the average of the monthly United States Consumer Price Index for all urban consumers for each of the two previous calendar years;

(2) computing the percentage change between the first and second calendar year average; and

(3) applying that rate to the value of the principal of the fund on the last day of the fiscal year just ended.

(d) Notwithstanding (b) of this section, income earned on money awarded in or received as a result of *State v. Amerada Hess, et al.*, 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement, summary judgment, or adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned on the money, or on the earnings of the money shall be treated in the same manner as other income of the Alaska permanent fund, except that it is not available for distribution to the dividend fund, and shall be annually deposited into the principal of the Alaska permanent fund. (§ 9 ch 81 SLA 1982; am § 2 ch 28 SLA 1986; am § 19 ch 134 SLA 1992)

Conditional repeal
§ 28, ch. 134, SLA 1992.
the day that the revised
legislature that the Alaska
final determination
§ 23.045(e), repealed by
§ 7.13.145(d), added by s
juror is disqualified from

Stated in State, Dep't
621 (Alaska 1993); Exx
1399 (9th Cir. 1994).

Sec. 37.13.150. (a) Investments must be identified in the corporation's operating budget and shall be treated as investments of the corporation's but shall be treated as investments of the corporation's SLA 1982; am § 20 ch 134 SLA 1992.

Effect of amendment. — The 1992 amendment, effective July 1, 1992, substituted "investments" for "corporation's investments" in paragraph (a).

Sec. 37.13.160. A corporation shall publish an annual report for an annual post-audit of the fund's investments and shall include in the report the information required by AS 37.13.160. (AS 37.13.160; am § 21 ch 134 SLA 1992)

Cross references. — For cross references, see Legislative Budget and Finance Committee Report 24.20.206.

Sec. 37.13.170. R The corporation shall publish a report of the fund's investments and shall notify the board of the corporation of the report in an easily understandable form by independent outside auditors. The report shall include the fund from each investment and shall include an appendix to the report during the period covered by the report intended goals contained in the report, criteria of this chapter, and any other information requested by the governor, the legislature, or the public. The report of the fund shall be included in the annual income statement and shall be included in the election pamphlet. (AS 37.13.170; am § 22 ch 134 SLA 1992)

Effect of amendments. — The 1992 amendment, effective July 1, 1992, substituted "report" throughout the section. The 1995 amendment, effective May 25, 1995, substituted "report" for "report" in paragraph (a).

Sec. 37.13.180. Taxes and assessments

We Alaskans

The Hammond Plan for addressing Alaska's budget crisis

(1) The governor and members of the Alaska Legislature need to agree to take Permanent Fund dividends (not the earnings) "completely off the table" as a future source of state revenue.

(2) The Legislature needs to pass a measure that guarantees 50 percent of Permanent Fund earnings each year will be distributed as dividends — the historic percentage — and any surplus earnings after inflation-proofing the fund can be spent on state government.

(Last year, Hammond says, such an agreement would have generated roughly \$500 million for the state budget without reducing current dividends — though future dividends would have grown more slowly, since the leftover earnings wouldn't have been reinvested in the fund's principle.)

(3) Alaskans should be allowed to vote yes or no on any such allocation — or any other proposed laws that affect the Permanent Fund — in an advisory ballot similar to last year's.

(4) The Legislature should create new tax revenues — such as a seasonal sales tax, an "admission-to-Alaska" fee or a graduated income tax — that (a) ensure that tourists and nonresidents pay their fair share and (b) tax the poor less than the rich.

(5) The Legislature should enforce the historic one-third/one-third/one-third balance for distributing Alaska's oil wealth equally among Alaskans, the federal government and oil producers. ♣

SJR 35 as introduced by Senator Lyda Green, (R) Mat-Su implements 1, 2 and 3 of the Hammond Plan

ALASKA PERMANENT FUND

Statements of Changes in Principal and Earnings Reserve

Unaudited (Millions of Dollars)	Month ended December 31,		Six months ended December 31.	
	1999	1998	1999	1998
Principal				
Balance, beginning of period	\$ 19,070.4	18,598.4	19,000.9	18,516.0
Dedicated state revenues	33.5	12.8	103.0	90.0
State transfer from earnings reserve	—	—	—	5.2
BALANCE, DECEMBER 31,	\$ 19,103.9	18,611.2	19,103.9	18,611.2
Earnings Reserve				
Balance, beginning of period	\$ 6,693.1	5,879.3	6,131.2	5,360.3
State transfer from earnings reserve	—	—	—	(5.2)
Adjustment to appropriations	—	—	(0.2)	—
Net income	1,145.2	777.6	1,707.3	1,301.8
BALANCE, DECEMBER 31,	\$ 7,838.3	6,656.9	7,838.3	6,656.9
Total				
Balance, beginning of period	\$ 25,763.5	24,477.7	25,132.1	23,876.3
Dedicated state revenues	33.5	12.8	103.0	90.0
Adjustment to appropriations	—	—	(0.2)	—
Net income	1,145.2	777.6	1,707.3	1,301.8
BALANCE, DECEMBER 31,	\$ 26,942.2	25,268.1	26,942.2	25,268.1
Earnings Reserve Breakout				
Provision for inflation-proofing	\$ 32.3	25.4	193.5	152.5
Provision for dividend payment	107.8	87.8	577.0	494.5
Provision for settlement earnings	4.7	3.6	17.2	16.3
Unrealized earnings reserve income	749.9	541.4	4,113.2	3,320.3
Remaining earnings reserve	250.5	119.4	2,937.4	2,673.3
TOTAL EARNINGS RESERVE	\$ 1,145.2	777.6	7,838.3	6,656.9

ALASKA PERMANENT FUND

Statements of Revenues and Expenses

Unaudited (Millions of Dollars)	Month ended December 31, 1999	Six months ended December 31, 1999	Year-end projected/actual June 30, 2000	1999
Revenues				
Investment income —				
Interest	\$ 57.8	354.9	727.5	706.8
Dividends	13.3	75.3	161.9	166.9
Real estate and other income	17.0	87.6	188.3	153.6
Total investment income	<u>88.1</u>	<u>517.8</u>	<u>1,077.7</u>	<u>1,027.3</u>
Gains (losses) on —				
Marketable debt securities	(71.9)	(264.7)	(297.1)	(272.2)
Preferred and common stock	1,126.5	1,557.3	2,168.8	1,612.0
Real estate	8.6	(55.2)	(60.7)	(10.6)
Foreign exchange contracts	(2.4)	(29.5)	(32.5)	18.2
Currency	(0.4)	(0.8)	(0.9)	6.6
Total gains	<u>1,060.4</u>	<u>1,207.1</u>	<u>1,777.6</u>	<u>1,154.0</u>
TOTAL REVENUES	<u>1,148.5</u>	<u>1,724.9</u>	<u>2,855.3</u>	<u>2,181.3</u>
Expenses				
Operating expenses	(3.3)	(17.6)	(35.2)	(33.5)
NET INCOME	<u>\$ 1,145.2</u>	<u>1,707.3</u>	<u>2,820.1</u>	<u>2,147.8</u>
Adjustments to bring net income to statutory net income - settlement earnings and unrealized (gains) losses	(754.5)	(589.6)	(785.6)	397.4
STATUTORY NET INCOME	<u>\$ 390.7</u>	<u>1,117.7</u>	<u>2,034.5</u>	<u>2,545.2</u>



ALASKA PERMANENT FUND FINANCIAL PROJECTIONS 2000 - 2020

as of December 31, 1999

(in millions)

PRINCIPAL (AT COST)						INCOME							Unrealized Earnings Reserve		TOTAL FUND At Market	
FY	FY Begin Balance	Appro- riations	Dedicated State Revenues ⁽²⁾	Inflation- Proofing	FY End Balance	GASB Net Income ⁽¹⁾	Statutory Net Income	Distributions of Statutory Income			Realized Earnings Reserve		Unrealized Net Change	Unrealized FY End Balance	⁽⁶⁾	FY
								Dividends	Inflation- Proofing	General Fund	Net Change	FY End Balance				
77-96	0	5,854	5,727	4,624	16,205	16,153	14,034	5,993	4,624	223	104	104	2,084	2,084	18,393	77-96
97	16,205	829 ⁽³⁾	308	486	17,828	3,149	2,036	747	486	1	3	107	1,085	3,169	21,104	97
98	17,828	35	230	423	18,516	3,435	2,595	893	423	1	1,276	1,383	802	3,971	23,870	98
99	18,516	41	155	288	19,001	2,148	2,544	1,045	288	3	1,207	2,590	(430)	3,541	25,132	99
00	19,001	34 ⁽⁴⁾	240	422	19,697	2,820	2,035	1,153	422		458	3,049	751	4,292	27,039	00
01	19,697	32	199	598	20,526	2,113	2,038	1,181	598		259	3,308	43	4,336	28,170	01
02	20,526	34	171	622	21,352	2,201	2,122	1,190	622		310	3,618	45	4,381	29,351	02
03	21,352	37	170	647	22,206	2,294	2,210	1,150	647		413	4,031	47	4,428	30,665	03
04	22,206	40	175	673	23,093	2,398	2,309	1,125	673		511	4,543	49	4,477	32,113	04
05	23,093	43	171	699	24,006	2,512	2,418	1,165	699		554	5,096	52	4,529	33,631	05
06	24,006	46	166	727	24,945	2,632	2,532	1,217	727		588	5,684	54	4,583	35,212	06
07	24,945	50	182	755	25,932	2,757	2,651	1,273	755		623	6,307	56	4,639	36,878	07
08	25,932	53	176	785	26,940	2,888	2,776	1,332	785		659	6,966	59	4,698	38,605	08
09	26,940	58	157	815	27,969	3,024	2,905	1,394	815		696	7,662	62	4,760	40,392	09
10	27,969	62	143	845	29,019	3,165	3,038	1,460	845		733	8,395	65	4,825	42,239	10
11	29,019	67	142	877	30,104	3,311	3,176	1,527	877		772	9,167	68	4,893	44,164	11
12	30,104	72	135	909	31,221	3,463	3,320	1,597	909		813	9,980	71	4,964	46,165	12
13	31,221	78	124	943	32,366	3,620	3,469	1,670	943		856	10,836	74	5,038	48,239	13
14	32,366	84	114	977	33,541	3,784	3,623	1,746	977		900	11,736	77	5,115	50,392	14
15	33,541	90	106	1,012	34,749	3,954	3,783	1,824	1,012		946	12,683	81	5,196	52,627	15
16	34,749	97	103	1,048	35,997	4,130	3,949	1,905	1,048		995	13,678	84	5,280	54,955	16
17	35,997	105	95	1,086	37,283	4,314	4,121	1,989	1,086		1,046	14,724	88	5,368	57,374	17
18	37,283	113	88	1,125	38,608	4,505	4,300	2,076	1,125		1,099	15,823	92	5,460	59,891	18
19	38,608	122	80	1,164	39,975	4,704	4,486	2,167	1,164		1,155	16,978	96	5,556	62,508	19
20	39,975	131	75	1,205	41,386	4,910	4,679	2,261	1,205		1,213	18,190	100	5,656	65,232	20
Cumulative Totals																
Projected for 2000 - 2020:						69,497	65,936	32,402	17,933			18,190	2,115	5,656	65,232	

Rate of Return Assumptions				
	Total	Inflation	= Real	Realized
FY 2000	11.04%	2.19%	8.85%	9.17%
FY 2001-20 ⁽⁵⁾	7.94%	3.00%	4.94%	7.78%

⁽¹⁾ GASB net income is statutory net income plus the net change in unrealized gains and settlement earnings.

⁽²⁾ Per Department of Revenue's most recent forecast.

⁽³⁾ Earnings reserve appropriated to principal.

⁽⁴⁾ Settlement earnings transferred to principal per AS 37.13.145(d).

⁽⁵⁾ Based on 1999 Callan capital market (53% equity allocation) and inflation assumptions.

⁽⁶⁾ Total Fund (at market) equals Principal (at cost) plus the Earnings Reserve plus Unrealized Gain.

ALASKA PERMANENT FUND

Alaska's Permanent Fund • Alaska's Future

KEYWORD SEARCH

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Top Stories

January 27, 2000

Board of Trustees Narrows Applicant List

JANUARY 20 - Clark S. Gruening, chairman of the Alaska Permanent Fund Corporation Board of Trustees, announced today that the Board has narrowed the Executive Director applicant list to four finalists: Joseph M. Beedle, Jim Duncan, Mike Navarre and Robert D. Storer. Seventeen people applied for the job. The Board will interview the four candidates at a special Board meeting in Juneau on January 28 and make the final selection on that date. [\(more\)](#)

Staff Market Outlook as of Early January

JANUARY 5 - In the last month interest rates eclipsed the 42 basis point range witnessed on the 30-year U.S Treasury Bond in the prior two volatile months, by ranging 46 basis points from 6.16% to 6.62%. Of major significance is the continuing trend to higher rates, as the prior two months witnessed 30-year U.S Treasury Bond yields ranging from 5.98% to 6.34%. The market also closed the period at the high end of the range, 6.62%: the highest yield on 30-year U.S Treasury Bonds since September 1997. [\(more\)](#)

Board Meetings in January

DECEMBER 22 - The Board of Trustees have scheduled two meetings in January in the Alaska Permanent Fund Corporation Board Room in Juneau. The Real Estate Committee of the Alaska Permanent Fund Corporation will also be meeting on Tuesday, January 18, 2000, at 1:30 p.m. [\(committee agenda\)](#)

The first is a regular Board Meeting on January 19-20, 2000, beginning at 9:30 a.m. on the 19th and 10:30 a.m. on the 20th. [\(BOT agenda\)](#)

The second is a Special Meeting on January 28, 2000 beginning at 8:30 a.m. The public is invited to attend the Board meetings. [\(special meeting agenda\)](#)

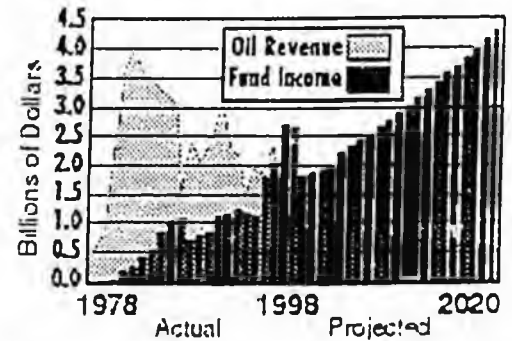
The third is a meeting of the Audit Committee scheduled for Friday, January 28 beginning at 11:00 a.m., and is scheduled to conclude at 12:30 p.m. The meeting will

Daily Unaudited Position

as of January 27, 2000

Fixed Income	\$10,132,500,000	37%
U.S. Equities	\$9,364,800,000	34%
Non-U.S. Equities	\$5,067,000,000	19%
Real Estate	\$2,385,300,000	9%
Alaskan CDs	\$195,000,000	1%
TOTAL	\$27,145,400,000	100%

PERMANENT FUND NET INCOME VS. STATE OIL REVENUE



This graph shows the relationship between all state oil revenues and Fund earnings. Actual and projected to 2000.

Site Map

Events

Schedule of APFC meetings and events

Links

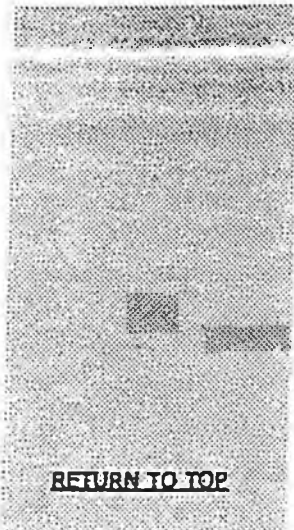
Other Important APFC Links

[\(USA regional map\) of APFC Real Estate Holdings](#)



INTERACTIVITIES

[Crossword Puzzle](#)



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be held in the APFC Board Room at 801 West 10th Street, 3rd Floor, Juneau, Alaska and is open to the public. The purpose for the meeting is to select the finalist for the audit and related services request for proposal. Other items may be discussed.

Fund's Non-U.S Stockholdings Reach \$5 Billion, 19% of \$27 Billion Permanent Fund

The Alaska Permanent Fund reached a milestone as the financial markets closed for the Christmas holidays - stockholdings of non-U.S. companies reached \$5 billion. As of close of business on December 23, 1999, the Fund held shares of stock in 2,067 non-U.S. companies with a cost value of \$3.5 billion and a market value of \$5 billion. One year ago, the same portfolio had a cost value of \$2.6 billion and a market value of \$2.8 billion.

"Without question, non-U.S. equities have made a positive contribution to the Fund's diversification so far this year," said Terry Brown, Alaska Permanent Fund Corporation (APFC) chief investment officer. [\(more\)](#)

1st Quarter Financial Report Available

December 1 - During a period reminiscent of a year ago, U.S. equities markets soared to new heights during the first half of the quarter, only to give up much of the new gains by quarter's end. The Alaska Permanent Fund ended the first quarter of fiscal 2000 with a balance of \$24.7 billion, net of the \$1.045 billion 1999 dividend distribution. [\(report\)](#)

Board Takes Action at Fairbanks Meeting

NOVEMBER 3 - The Alaska Permanent Fund's Board of Trustees picked a second Alaska money manager this week, increased the Fund's stock allocation and modified the Alaska Permanent Fund Corporation's (APFC) equity, real estate and fixed-income policies to begin to take advantage of the increased investment flexibility granted by the legislature last session. [\(more\)](#)

Empire Article Covers APFC Economic Forum

OCTOBER 20 - Reporter Allen Baker filed a Permanent Fund story in the *Juneau Empire's* recent special PFD edition that highlights the comments of five panelists who represented key sectors of Alaska's economy during a dynamic Economic Forum at the APFC's annual meeting in Anchorage in September. Panelists forecast optimism for the state's fortunes in the upcoming decades, provided the right foresight and planning lead the way. Among the advice

and predictions, panelists cautioned that Alaskans prevent "brain drain," leverage the Permanent Fund to attract development, and capitalize on the state's high quality of life and lack of congestion and to draw telecommuters in a new age of doing business. ([more](#))

• **How Big is the Permanent Fund?**

OCTOBER 1 - According to an article in the September 20, 1999 issue of *Pensions & Investments* which lists the 300 largest pension funds in the world, the Alaska Permanent Fund is larger than all but 53 of the largest funds in the world. For a complete listing, see <http://www.pionline.com/pension/>

• **Ending the Century: Professionalism. Performance. Permanence.**

SEPTEMBER 23 - The Alaska Permanent Fund Corporation's [1999 Annual Report](#).

• **Articles Describe APFC Annual Dinner Keynote Speech**

Reporter Allen Baker filed two Permanent Fund stories in the *Juneau Empire's* October 6, 1999 issue describing the comments of Dave Rose, the APFC's first Executive Director, in his keynote address at the Fund's 1999 Annual Dinner. One article examines the Fund's past, the other looks to its future. ([more](#))

048998



Comparison of Status Quo, HB 411, SJR 33, SJR 35 Alaska Permanent Fund Corporation

*Based on December 31, 1999 APFC Financial Projections
(In millions)*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTALS
Payout per HB 411	1,359	1,382	1,406	1,431	1,491	1,544	1,600	1,657	1,716	1,777	15,363
General Fund	272	276	281	286	298	309	320	331	343	355	3,073
Dividend Fund	1,087	1,105	1,125	1,145	1,193	1,235	1,280	1,326	1,373	1,422	12,290
 Payout Status Quo (all Dividend)	 1,180	 1,189	 1,149	 1,125	 1,165	 1,217	 1,272	 1,330	 1,391	 1,455	 12,475
 Payout per SJR 33	 14,713	 156	 296	 422	 536	 638	 730	 814	 889	 957	 20,151
Payout for Dividends	14,713										14,713
Government Payment	0	156	296	422	536	638	730	814	889	957	5,438
 Payout per SJR 35 (same as status quo)	 1,180	 1,189	 1,149	 1,125	 1,165	 1,217	 1,272	 1,330	 1,391	 1,455	 12,475
 Retain for Inflation - HB 411	 729	 779	 829	 883	 907	 939	 971	 1,005	 1,038	 1,071	 9,151
Retain for Inflation - Status Quo	598	622	647	673	700	727	756	786	817	848	7,173
Retain for Inflation for SJR 33	600	445	464	485	506	527	550	574	598	622	5,371
Retain for Inflation for SJR 35	598	622	647	673	700	727	756	786	816	848	7,172
 Fund value in 2010 - HB 411											38,359
Principal											21,864
Total Earnings Reserve*											16,495
 Fund value in 2010 - Status Quo											42,385
Principal											29,101
Total Earnings Reserve*											13,282
 Total Fund in 2010 - SJR 33											23,917
Principal											21,363
Total Earnings Reserve*											2,554
 Total Fund in 2010 - SJR 35											42,385
Principal											29,101
Total Earnings Reserve*											13,282

Please note that our analysis of SJR 33 assumes that the Fund continues inflation proofing the principal of the Fund under the current method. The bill is unclear whether this was intended, but our assumption is based on verbal instruction from Senator Mackle back in January.

* Total Earnings Reserve includes both realized and unrealized income at year end.

Scenario 1: Spending 0% of Permanent Fund Earnings after paying Dividends and Inflation-proofing

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Revenue Assumptions (DOR Fall 99)											
Oil Price in \$/bbl	22.10	18.28	13.88	17.88	17.88	17.88	18.20	18.22	18.22	18.22	18.22
Oil Price in \$/bbl	1,054	1,043	1,031	1,028	1,043	1,054	1,044	1,047	1,030	1,071	1,010
Volume in mmbbl	1,948.7	1,566.2	1,473.7	1,440.1	1,422.8	1,381.9	1,378.9	1,304.8	1,239.8	1,184.5	1,093.0
Unrestricted General Purpose Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue Sources											
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent Fund Earnings (after dividends and IP)	0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Unrestricted General Purpose Revenue	1,948.7	1,566.2	1,473.7	1,440.1	1,422.8	1,381.9	1,378.5	1,304.6	1,239.8	1,184.5	1,093.0

Permanent Fund	
Split of Current Year Earnings	
Dividends	0%
Inflation Proofing	0%
General Fund	0%
Minimum portion of Earnings to GF	0%

use only one of these options

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Inflation & Growth Assumptions											
Population Growth Rate	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
General Inflation Rate - Used for Permanent Fund Inflation Proofing	2.100%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Growth of Agency Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Public Safety, Transportation Maint. & University	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Growth of School Expenditures & Essential Svcs - Inflation	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%
Growth of Capital Budget - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Agency Expenditures - Population											
Agency Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Formula Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
School Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Capital Budget - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CBH Earnings											
CBH Earnings	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Expenditures											
Agency Operations (except DPS, UA, and DOT maint)	748.8	749.8	748.8	749.8	749.8	749.8	749.8	749.8	749.8	749.8	749.8
Formula Programs other than education	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8
Public Safety, Transportation Maintenance, & University	336.4	341.3	346.2	351.2	356.3	361.3	367.7	372.1	377.5	382.9	388.5
K-12 Education	707.9	718.2	728.8	739.1	749.9	760.7	771.8	783.0	794.3	805.8	817.3
Proposed Agency Budget Cut #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proposed Agency Budget Cut #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplemental Budget - Fires, Floods, etc.	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Debt Service (Net of non-GF School Fund and AIFC offsets)	7.1	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3
Capital Budget	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3
Fixed Capitalization	53.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2
Other #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total General Fund Expenditures:	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Budget (Deficit)/Surplus											
Available in Constitutional Budget Reserve	(346.1)	(758.9)	(866.8)	(916.0)	(949.1)	(1,006.0)	(1,027.7)	(1,116.1)	(1,197.7)	(1,286.0)	(1,378.7)
Additional Amount Required	2,803.7	2,746.9	2,251.4	1,460.8	574.7	0.0	0.0	0.0	0.0	0.0	0.0

CONSTITUTIONAL BUDGET RESERVE

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
TOTAL Const Budget Reserve (Beg of Year)											
Oil & Gas Tax Dispute Resolutions (Thru the Year)	2,928.3	2,437.8	1,948.0	1,364.8	544.8	0.0	0.0	0.0	0.0	0.0	0.0
Earnings	30.0	150.0	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from Earnings Reserve Account	145.4	138.3	113.5	78.2	30.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance before Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deficit	2,803.7	2,746.9	2,251.4	1,460.8	574.7	0.0	0.0	0.0	0.0	0.0	0.0
Transfer to General Fund	(346.1)	(758.9)	(866.8)	(916.0)	(949.1)	(1,006.0)	(1,027.7)	(1,116.1)	(1,197.7)	(1,286.0)	(1,378.7)
TOTAL Const Budget Reserve (End of Year)	2,457.8	1,948.0	1,384.8	544.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0

All numbers from PFD worksheet

ALASKA PERMANENT FUND

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Principal (beginning of year)											
Inflation Proofing	18,001.2	18,884.2	20,523.4	21,351.9	22,207.7	23,089.7	24,018.7	24,965.2	25,963.0	26,984.8	28,030.8
Dividend	422.1	597.8	821.9	848.8	872.8	899.8	927.1	954.2	981.0	1,007.4	1,033.2
per capita Dividend	1,152.5	1,180.4	1,189.3	1,149.2	1,125.1	1,165.4	1,212.1	1,272.1	1,330.2	1,391.4	1,453.2
to General Fund	1,934.0	1,959.8	1,952.7	1,863.9	1,803.2	1,848.5	1,911.1	1,977.2	2,048.7	2,119.0	2,193.7

Model Output

SUMMARY

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Anticipated GF Expenditures											
Anticipated GF Revenue	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7
New GF Revenue	1,948.7	1,566.2	1,473.7	1,440.1	1,422.8	1,381.9	1,378.5	1,304.8	1,239.8	1,184.5	1,093.0
Fiscal Gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Constitutional Budget Reserve Draw	(346.1)	(758.9)	(866.8)	(916.0)	(949.1)	(1,006.0)	(1,027.7)	(1,116.1)	(1,197.7)	(1,286.0)	(1,378.7)
PF Earnings Transfer to GF after IP and Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Constitutional Budget Reserve = Earnings Reserve	2,457.8	1,948.0	1,384.8	544.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Per Capita Dividend	1,934.0	1,959.8	1,952.7	1,863.9	1,803.2	1,848.5	1,911.1	1,977.2	2,048.7	2,119.0	2,193.7
Status Quo Dividend	1,934.0	1,959.8	1,952.7	1,863.9	1,803.2	1,848.5	1,911.1	1,977.2	2,048.7	2,119.0	2,193.7

Scenario 2: Spending 25% of Permanent Fund Earnings after paying Dividends and Inflation-proofing

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Revenue Assumptions (DOR Fall 99)											
Oil Price in \$/bbl	32.10	18.28	17.98	17.98	17.98	17.98	18.20	18.22	18.22	18.22	18.22
Volume in mbbbl	1,058	1,045	1,031	1,028	1,045	1,058	1,048	1,047	1,030	1,021	1,010
Unrestricted General Purpose Revenue	1,844.7	1,348.2	1,473.7	1,440.1	1,422.8	1,381.8	1,378.5	1,304.8	1,238.8	1,184.5	1,063.0
New Revenue Sources	0.0	64.4	78.8	102.7	123.8	133.8	140.0	146.3	152.8	159.4	164.2
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent Fund Earnings (after dividends and IP)	25%	84.4	78.8	102.7	123.8	133.8	140.0	146.3	152.8	159.4	164.2
Total Unrestricted General Purpose Revenue	1,948.7	1,500.8	1,550.5	1,542.8	1,548.4	1,515.7	1,516.5	1,450.9	1,392.6	1,327.9	1,259.2

Permanent Fund	
Split of Current Year Earnings	
Dividends	0%
Inflation Proofing	0%
General Fund	0%
Minimum portion of Earnings to GF	0%

use only one of these options

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Inflation & Growth Assumptions											
Population Growth Rate	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
General Inflation Rate - Used for Permanent Fund Inflation Proofing	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Growth of Agency Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Public Safety, Transportation Maint. & University	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Growth of School Expenditures & Essential Svcs - Inflation	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Capital Budget - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Agency Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Formula Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
School Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Capital Budget - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CBR Earnings	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Expenditures											
Agency Operations (except DTS, U.A., and DOT must)	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8
Formula Programs other than education	340.8	341.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8
Public Safety, Transportation Maintenance, & University	338.4	341.3	348.2	351.2	354.3	361.5	368.7	373.1	377.5	382.8	388.1
K-12 Education	707.8	718.2	728.6	738.1	748.9	760.7	771.8	783.0	794.3	805.8	817.3
Proposed Agency Budget Cat #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proposed Agency Budget Cat #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplemental Budget - From Funds, etc.	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Debt Service (Net of one-GP School Fund and AIFC offsets)	7.1	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3
Capital Budget	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3
Fund Capitalization	53.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2
Other #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total General Fund Expenditures:	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Budget (Deficit)/Surplus	(346.1)	(694.6)	(790.0)	(813.3)	(823.5)	(872.2)	(887.7)	(969.8)	(1,044.9)	(1,126.6)	(1,212.5)
Available in Constitutional Budget Reserve	2,803.7	2,746.9	2,319.3	1,613.5	844.2	21.9	0.0	0.0	0.0	0.0	0.0
Additional Amount Required	0.0	0.0	0.0	0.0	0.0	850.3	887.7	969.8	1,044.9	1,126.6	1,212.5

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
CONSTITUTIONAL BUDGET RESERVE											
TOTAL Const Budget Reserve (Beg of Year)	2,824.3	2,437.4	2,052.3	1,529.4	800.2	20.7	0.0	0.0	0.0	0.0	0.0
Oil & Gas Tax Dispute Resolutions (Thru the Year)	30.0	150.0	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings	143.4	138.3	117.0	64.1	44.0	1.1	0.0	0.0	0.0	0.0	0.0
Transfers from Earnings Reserve Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance before Transfer	2,803.7	2,746.9	2,319.3	1,613.5	844.2	21.8	0.0	0.0	0.0	0.0	0.0
Deficit	(346.1)	(694.6)	(790.0)	(813.3)	(823.5)	(872.2)	(887.7)	(969.8)	(1,044.9)	(1,126.6)	(1,212.5)
Transfer to General Fund	(346.1)	(694.6)	(790.0)	(813.3)	(823.5)	(21.8)	0.0	0.0	0.0	0.0	0.0
TOTAL Const Budget Reserve (End of Year)	2,457.6	2,052.3	1,579.4	800.2	20.7	0.0	0.0	0.0	0.0	0.0	0.0

All Numbers from PFD worksheet

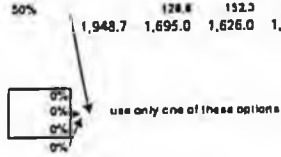
	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
ALASKA PERMANENT FUND											
Principal (beginning of year)	19,001.3	19,891.2	20,523.4	21,351.7	22,207.8	23,099.9	24,019.2	24,968.0	25,944.2	26,948.3	28,023.9
Inflation Proofing	422.1	587.8	621.9	648.6	672.8	698.8	727.2	758.2	788.0	816.5	847.7
Dividend	1,152.5	1,160.4	1,188.0	1,148.1	1,122.6	1,160.8	1,208.8	1,259.8	1,312.5	1,367.5	1,424.4
per capita Dividend	1,834.0	1,958.8	1,952.2	1,842.1	1,798.2	1,840.7	1,897.9	1,957.4	2,018.8	2,081.8	2,148.1
to General Fund	0.0	64.4	78.8	102.7	123.8	133.8	140.0	146.3	152.8	159.4	164.2

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Model Output SUMMARY											
Anticipated GF Expenditures	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7
Anticipated GF Revenue	1,948.7	1,500.8	1,473.7	1,440.1	1,422.8	1,381.8	1,378.5	1,304.8	1,238.8	1,184.5	1,063.0
From GF Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal Gap	(346.1)	(694.6)	(790.0)	(813.3)	(823.5)	(872.2)	(887.7)	(969.8)	(1,044.9)	(1,126.6)	(1,212.5)
Constitutional Budget Reserve Draw	(346.1)	(694.6)	(790.0)	(813.3)	(823.5)	(21.8)	0.0	0.0	0.0	0.0	0.0
PF Earnings Transfer to GF after IP and Dividends	25%	84.4	78.8	102.7	123.8	133.8	140.0	146.3	152.8	159.4	164.2
Constitutional Budget Reserve - Earnings Reserve	2,457.6	2,052.3	1,579.4	800.2	20.7	0.0	0.0	0.0	0.0	0.0	0.0
Per Capita Dividend	1,834.0	1,958.8	1,952.2	1,842.1	1,798.2	1,840.7	1,897.9	1,957.4	2,018.8	2,081.8	2,148.1
Status Quo Dividend	1,834.0	1,958.8	1,952.2	1,842.1	1,802.2	1,848.5	1,911.1	1,977.2	2,046.7	2,119.0	2,193.7

Scenario 3: Spending 50% of Permanent Fund Earnings after paying Dividends and Inflation-proofing

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	
Revenue Assumptions (DOR Fall 99)												
Oil Price in \$/bbl	22.10	18.28	17.88	17.48	17.88	17.88	18.20	18.22	18.22	18.22	18.22	
Volume in mmbbl	1,038	1,043	1,031	1,029	1,043	1,038	1,048	1,047	1,030	1,071	1,010	
Unrestricted General Purpose Revenue	1,948.7	1,566.2	1,473.7	1,440.1	1,422.8	1,381.9	1,379.3	1,304.4	1,236.4	1,188.5	1,093.0	
New Revenue Sources	0.0	128.8	152.3	202.4	243.8	258.2	288.5	277.8	288.8	294.2	303.4	
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Permanent Fund Earnings (after dividends and IP)	1,948.7	1,695.0	1,626.0	1,642.5	1,668.7	1,641.1	1,645.0	1,582.2	1,526.7	1,464.7	1,398.6	
Total Unrestricted General Purpose Revenue	1,948.7	1,695.0	1,626.0	1,642.5	1,668.7	1,641.1	1,645.0	1,582.2	1,526.7	1,464.7	1,398.6	

Permanent Fund
 Split of Current Year Earnings
 Dividends
 Inflation Proofing
 General Fund
 Minimum portion of Earnings to GF



	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	
Inflation & Growth Assumptions												
Population Growth Rate	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	
General Inflation Rate - Used for Permanent Fund Inflation Proofing	2.100%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	
Growth of Agency Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Growth of Public Safety, Transportation Maint. & University	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	
Growth of School Expenditures & Essential Svcs - Inflation	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Growth of Capital Budget - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Agency Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	
Formula Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	
School Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	
Capital Budget - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	
CBR Earnings	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	
Expenditures												
Agency Operations (except DOT, UA, and DOT related)	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	
Formula Programs other than education	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	
Public Safety, Transportation Maintenance, & University	339.4	341.3	348.3	351.2	354.3	361.3	368.7	372.1	377.5	382.8	388.5	
K-12 Education	707.8	718.2	728.8	738.1	748.9	760.7	771.4	783.0	794.3	805.9	817.5	
Proposed Agency Budget Cut #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Proposed Agency Budget Cut #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Supplemental Budget - Other Funds, etc.	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	
Debt Service (Net of non-GF School Fund and AIFC offset)	7.1	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	
Capital Budget	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	
Fund Capitalization	53.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	
Other #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total General Fund Expenditures:	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7	

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	
Budget (Deficit)/Surplus												
Available in Constitutional Budget Reserve	(346.1)	(630.2)	(714.5)	(713.8)	(703.2)	(746.8)	(759.2)	(838.6)	(910.8)	(989.8)	(1,073.1)	
Additional Amount Required	2,803.7	2,746.9	2,387.3	1,784.8	1,109.0	428.0	0.0	0.0	0.0	0.0	0.0	

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	
CONSTITUTIONAL BUDGET RESERVE												
TOTAL Const Budget Reserve (Beg of Year)	2,437.8	2,437.8	2,118.7	1,872.8	1,051.1	405.7	0.0	0.0	0.0	0.0	0.0	
Oil & Gas Tax Dispute Resolutions (Thru the Year)	30.0	150.0	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Earnings	143.4	138.3	170.5	92.0	57.8	22.3	0.0	0.0	0.0	0.0	0.0	
Transfers from Earnings Reserve Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Balance before Transfer	2,803.7	2,746.9	2,387.3	1,784.8	1,109.0	428.0	0.0	0.0	0.0	0.0	0.0	
Deficit	(346.1)	(630.2)	(714.5)	(713.8)	(703.2)	(746.8)	(759.2)	(838.6)	(910.8)	(989.8)	(1,073.1)	
Transfer to General Fund	(346.1)	(630.2)	(714.5)	(713.8)	(703.2)	(746.8)	(759.2)	(838.6)	(910.8)	(989.8)	(1,073.1)	
TOTAL Const Budget Reserve (End of Year)	2,437.8	2,118.7	1,872.8	1,051.1	405.7	0.0	0.0	0.0	0.0	0.0	0.0	

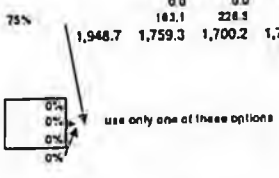
All Numbers from PFD worksheet

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	
ALASKA PERMANENT FUND												
Principal (beginning of year)	19,001.3	19,894.2	20,322.4	21,351.7	22,207.8	23,100.2	24,016.7	24,968.8	25,963.4	26,988.2	28,025.2	
Inflation Proofing	472.1	597.8	821.8	848.8	872.8	898.6	727.2	758.3	788.1	818.6	847.8	
Dividend	1,152.5	1,180.4	1,188.7	1,147.0	1,120.2	1,153.8	1,201.0	1,247.8	1,293.5	1,344.7	1,393.2	
per capita Dividend	1,834.0	1,958.8	1,951.7	1,863.3	1,795.1	1,833.0	1,885.0	1,938.1	1,991.8	2,048.3	2,101.1	
to General Fund	0.0	128.8	152.3	202.4	243.8	258.2	288.5	277.8	288.8	294.2	303.4	

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	
Model Output SUMMARY												
Anticipated GF Expenditures	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7	
Anticipated GF Revenue	1,948.7	1,566.2	1,473.7	1,440.1	1,422.8	1,381.9	1,379.3	1,304.4	1,236.4	1,188.5	1,093.0	
New GF Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Fiscal Gap	(346.1)	(630.2)	(714.5)	(713.8)	(703.2)	(746.8)	(759.2)	(838.6)	(910.8)	(989.8)	(1,073.1)	
Constitutional Budget Reserve Draw	(346.1)	(630.2)	(714.5)	(713.8)	(703.2)	(746.8)	(759.2)	(838.6)	(910.8)	(989.8)	(1,073.1)	
PF Earnings Transfer to GF after IP and Dividends	0.0	128.8	152.3	202.4	243.8	258.2	288.5	277.8	288.8	294.2	303.4	
Constitutional Budget Reserve - Earnings Reserve	2,437.8	2,118.7	1,872.8	1,051.1	405.7	0.0	0.0	0.0	0.0	0.0	0.0	
Per Capita Dividend	1,834.0	1,958.8	1,951.7	1,863.3	1,795.1	1,833.0	1,885.0	1,938.1	1,991.8	2,048.3	2,101.1	
Status Quo Dividend	1,834.0	1,958.8	1,952.7	1,863.9	1,803.2	1,844.3	1,911.1	1,977.2	2,048.7	2,119.0	2,183.7	

Scenario 4: Spending 75% of Permanent Fund Earnings after paying Dividends and Inflation-proofing

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Revenue Assumptions (DOR Fall 99)											
Oil Price in \$/bbl	22.10	18.26	17.65	17.60	17.60	17.60	18.20	18.22	18.22	18.22	18.22
Volume in mbbl/d	1,034	1,043	1,031	1,028	1,043	1,054	1,048	1,048	1,048	1,030	1,030
Unrestricted General Purpose Revenue	1,948.7	1,548.2	1,473.7	1,410.1	1,422.8	1,381.8	1,378.3	1,304.8	1,239.8	1,188.5	1,093.0
New Revenue Sources											
New Revenue	0.0	183.1	226.5	288.0	340.8	378.8	348.0	394.8	403.8	412.8	421.1
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent Fund Earnings (after dividends and IP)	0.0	183.1	226.5	299.0	340.8	378.8	348.0	394.8	403.8	412.8	421.1
Total Unrestricted General Purpose Revenue	1,948.7	1,759.3	1,700.2	1,739.1	1,783.6	1,758.5	1,762.5	1,699.4	1,643.6	1,581.1	1,514.1



Permanent Fund
 Spin of Current Year Earnings
 Dividends
 Inflation Proofing
 General Fund
 Minimum portion of Earnings to GF

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Inflation & Growth Assumptions											
Population Growth Rate	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
General Inflation Rate - Used for Permanent Fund Inflation Proofing	2.190%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Growth of Agency Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Public Safety, Transportation Maintenance, & University	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%
Growth of School Expenditures & Essential Svcs - Inflation	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Capital Budget - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Agency Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Formula Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
School Expenditures - Population	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Capital Budget - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CBR Earnings	3.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Expenditures											
Agency Operations (except UPS, EA, and DRIT costs)	748.8	749.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8	748.8
Formula Programs other than education	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8	340.8
Public Safety, Transportation Maintenance, & University	338.4	341.3	348.2	351.2	358.3	361.5	366.7	372.1	377.5	382.9	388.3
K-12 Education	707.8	718.2	728.8	738.1	748.9	760.7	771.8	783.0	794.3	805.8	817.5
Proposed Agency Budget Cat #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proposed Agency Budget Cat #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplemental Budget - Pensions, etc.	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Debt Service (net of non-GF bond fund and AHFC offset)	7.1	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3
Capital Budget	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3
Fixed Capitalization	53.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2	54.2
Other #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total General Fund Expenditures:	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Budget (Deficit)/Surplus											
Available in Constitutional Budget Reserve	2,803.7	2,746.9	2,455.2	1,914.7	1,369.1	823.7	205.0	0.0	0.0	0.0	0.0
Additional Amount Required	0.0	0.0	0.0	0.0	0.0	0.0	436.7	721.3	793.9	873.4	957.6

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
CONSTITUTIONAL BUDGET RESERVE											
TOTAL Const Budget Reserve (Beg of Year)	2,824.3	2,457.8	2,181.1	1,814.8	1,297.7	780.8	184.3	0.0	0.0	0.0	0.0
Oil & Gas Tax Dispute Resolutions (Thru the Year)	30.0	150.0	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings	183.4	128.3	124.1	88.8	71.4	42.9	19.7	0.0	0.0	0.0	0.0
Transfers from Earnings Reserve Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance before Transfer	2,803.7	2,746.9	2,455.2	1,914.7	1,369.1	823.7	205.0	0.0	0.0	0.0	0.0
Deficit	(348.1)	(585.8)	(840.3)	(817.0)	(588.3)	(829.4)	(641.7)	(721.3)	(793.9)	(873.4)	(957.6)
Transfer to General Fund	(348.1)	(585.8)	(840.3)	(817.0)	(588.3)	(829.4)	(641.7)	(721.3)	(793.9)	(873.4)	(957.6)
TOTAL Const Budget Reserve (End of Year)	2,455.4	2,181.1	1,814.8	1,297.7	780.8	184.3	0.0	0.0	0.0	0.0	0.0

All Numbers from PFD worksheet

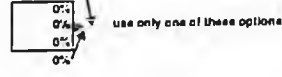
	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
ALASKA PERMANENT FUND											
Principal (beginning of year)	18,001.3	19,884.2	20,523.4	21,351.7	22,204.0	23,100.5	24,020.2	24,967.8	25,944.4	26,948.8	28,037.5
Inflation Proofing	422.1	597.8	821.9	848.8	872.8	898.8	727.2	758.3	788.1	818.8	847.9
Dividend	1,152.5	1,180.4	1,188.4	1,148.0	1,117.7	1,151.2	1,183.2	1,235.8	1,279.1	1,333.0	1,387.5
per capita Dividend	1,838.0	1,858.8	1,951.2	1,838.9	1,791.1	1,825.5	1,872.5	1,918.4	1,968.0	2,012.4	2,058.4
to General Fund	0.0	183.1	226.5	289.0	340.8	378.8	348.0	394.8	403.8	412.8	421.1

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Model Output SUMMARY											
Anticipated GF Expenditures	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7
Anticipated GF Revenue	1,948.7	1,548.2	1,473.7	1,440.1	1,422.8	1,381.8	1,378.3	1,304.8	1,239.8	1,188.5	1,093.0
New GF Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal Gap	(348.1)	(585.8)	(840.3)	(817.0)	(588.3)	(829.4)	(641.7)	(721.3)	(793.9)	(873.4)	(957.6)
Constitutional Budget Reserve Draw	(348.1)	(585.8)	(840.3)	(817.0)	(588.3)	(829.4)	(641.7)	(721.3)	(793.9)	(873.4)	(957.6)
PF Earnings Transfer to GF after IP and Dividends	0.0	183.1	226.5	289.0	340.8	378.8	348.0	394.8	403.8	412.8	421.1
Constitutional Budget Reserve + Earnings Reserve	2,457.8	2,181.1	1,814.8	1,297.7	780.8	184.3	0.0	0.0	0.0	0.0	0.0
Per Capita Dividend	1,838.0	1,858.8	1,951.2	1,838.9	1,791.1	1,825.5	1,872.5	1,918.4	1,968.0	2,012.4	2,058.4
Status Quo Dividend	1,838.0	1,858.8	1,952.7	1,843.8	1,803.2	1,848.5	1,911.1	1,972.2	2,044.7	2,118.0	2,192.7

Scenario 5: Spending 100% of Permanent Fund Earnings after paying Dividends and Inflation-proofing

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Revenue Assumptions (DOR Fall 99)											
Oil Price in \$/bbl	22.10	18.20	17.80	17.80	17.80	17.80	18.20	18.22	18.22	18.22	18.22
Volume in mmb/d	1,058	1,043	1,031	1,028	1,045	1,054	1,048	1,047	1,030	1,071	1,010
Unrestricted General Purpose Revenue	1,944.7	1,561.2	1,473.7	1,440.1	1,422.8	1,381.9	1,378.5	1,304.6	1,239.8	1,188.5	1,083.0
New Revenue Sources	0.0	257.5	299.3	392.7	470.8	486.2	493.2	489.0	504.8	510.5	515.6
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent Fund Earnings (after dividends and IP)	100%	257.5	299.3	392.7	470.8	486.2	493.2	489.0	504.8	510.5	515.6
Total Unrestricted General Purpose Revenue	1,948.7	1,823.7	1,773.0	1,832.8	1,893.4	1,868.1	1,869.7	1,803.6	1,744.7	1,679.0	1,608.6

- Permanent Fund**
 Split of Current Year Earnings
 Dividends
 Inflation Proofing
 General Fund
 Minimum portion of Earnings to GF



	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Inflation & Growth Assumptions											
Population Growth Rate	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
General Inflation Rate - Used for Permanent Fund Inflation Proofing	2.180%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Growth of Agency Expenditures - Inflation	0.00%	0.00%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Public Safety, Transportation Maint. & University	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Growth of School Expenditures & Essential Svcs - Inflation	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
Growth of Formula Expenditures - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Growth of Capital Budget - Inflation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Agency Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Formula Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
School Expenditures - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Capital Budget - Population	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CBR Earnings	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Expenditures											
Agency Operations (except DPS, UA, and DOT maint)	748.8	743.8	748.8	748.8	749.8	748.8	749.8	749.8	749.8	748.8	748.8
Formula Programs other than education	240.8	240.8	240.8	240.8	240.8	240.8	240.8	240.8	240.8	240.8	240.8
Public Safety, Transportation Maintenance, & University	238.4	241.3	244.2	251.2	254.3	261.3	267.7	272.1	277.5	282.8	288.5
K-12 Ed	707.9	714.2	728.6	738.1	748.0	760.7	771.6	783.0	794.3	805.8	817.5
Proposed Agency Budget Cut #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proposed Agency Budget Cut #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplemental Budget - Fees, Fines, etc.	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
Debt Service (Net of non-GF School fund and AIFC efforts)	7.1	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3
Capital Budget	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3
Fund Capitalization	53.2	56.2	56.2	56.2	56.2	56.2	56.2	56.2	56.2	56.2	56.2
Other #1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other #2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total General Fund Expenditures:	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Budget (Deficit)/Surplus	(346.1)	(501.4)	(567.5)	(523.3)	(478.5)	(519.8)	(534.6)	(617.1)	(692.7)	(775.5)	(863.1)
Available in Constitutional Budget Reserve	2,803.7	2,748.9	2,523.1	2,063.2	1,624.6	1,209.1	727.2	203.2	0.0	0.0	0.0
Additional Amount Required	0.0	0.0	0.0	0.0	0.0	0.0	0.0	413.9	892.7	775.5	863.1

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
CONSTITUTIONAL BUDGET RESERVE											
TOTAL Const Budget Reserve (Beg of Year)	2,028.3	2,457.8	2,245.3	1,955.8	1,539.9	1,148.1	889.3	192.8	0.0	0.0	0.0
Oil & Gas Tax Dispute Resolutions (Thru the Year)	30.0	150.0	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings	145.4	138.3	127.6	107.6	84.7	83.0	37.9	10.6	0.0	0.0	0.0
Transfers from Earnings Reserve Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance before Transfer	2,803.7	2,748.9	2,523.1	2,063.2	1,624.6	1,209.1	727.2	203.2	0.0	0.0	0.0
Deficit	(346.1)	(501.4)	(567.5)	(523.3)	(478.5)	(519.8)	(534.6)	(617.1)	(692.7)	(775.5)	(863.1)
Transfer to General Fund	(346.1)	(501.4)	(567.5)	(523.3)	(478.5)	(519.8)	(534.6)	(617.1)	(692.7)	(775.5)	(863.1)
TOTAL Const Budget Reserve (End of Year)	2,457.8	2,245.3	1,955.8	1,539.9	1,148.1	889.3	192.8	0.0	0.0	0.0	0.0

All Numbers from PFD worksheet

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
ALASKA PERMANENT FUND											
Principal (beginning of year)	19,001.3	18,894.2	20,323.4	21,351.9	22,308.1	23,100.7	24,020.8	24,988.4	25,967.7	26,961.5	28,039.8
Inflation Proofing	422.1	597.8	821.9	840.8	872.8	899.6	727.2	736.3	784.2	818.7	848.0
Dividend	1,152.5	1,180.4	1,188.1	1,144.9	1,115.3	1,146.7	1,185.6	1,224.5	1,283.3	1,302.2	1,341.3
per capita Dividend	1,934.0	1,959.8	1,950.7	1,858.8	1,787.1	1,818.1	1,860.2	1,901.3	1,941.1	1,980.0	2,018.0
to General Fund	0.0	257.5	299.3	392.7	470.8	486.2	493.2	489.0	504.8	510.5	515.6

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Model Output SUMMARY											
Anticipated GF Expenditures	2,294.8	2,325.1	2,340.5	2,356.1	2,371.9	2,387.9	2,404.2	2,420.7	2,437.5	2,454.5	2,471.7
Anticipated GF Revenue	1,948.7	1,568.2	1,473.7	1,440.1	1,422.8	1,381.9	1,378.5	1,304.6	1,239.8	1,188.5	1,083.0
New GF Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal Gap	(346.1)	(501.4)	(567.5)	(523.3)	(478.5)	(519.8)	(534.6)	(617.1)	(692.7)	(775.5)	(863.1)
Constitutional Budget Reserve Draw	(346.1)	(501.4)	(567.5)	(523.3)	(478.5)	(519.8)	(534.6)	(617.1)	(692.7)	(775.5)	(863.1)
PF Earnings Transfer to GF after IP and Dividends	100%	257.5	299.3	392.7	470.8	486.2	493.2	489.0	504.8	510.5	515.6
Constitutional Budget Reserve - Earnings Reserve	2,457.8	2,245.3	1,955.8	1,539.9	1,148.1	889.3	192.8	0.0	0.0	0.0	0.0
Per Capita Dividend	1,934.0	1,959.8	1,950.7	1,858.8	1,787.1	1,818.1	1,860.2	1,901.3	1,941.1	1,980.0	2,018.0
Status Quo Dividend	1,934.0	1,959.8	1,952.7	1,863.9	1,803.2	1,848.5	1,911.1	1,977.2	2,048.7	2,119.0	2,183.7

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Juneau, Alaska 99801-1182
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MEMORANDUM

February 1, 2000

SUBJECT: Taxability of permanent fund (HJR 49)

TO: Representative Ethan Berkowitz

FROM: Tamara Brandt Cook
Director

You have asked whether HJR 49 poses a federal tax problem.

If the state constitution is amended to require payment of dividends to state residents, it is possible that the Internal Revenue Service would find that enough of a private interest has been created so that some or all of the assets of the permanent fund would no longer be viewed as tax-exempt public property. This could result in a determination that the state must pay taxes on some or all of the income of the fund, just as private corporations must now pay federal taxes. How likely this result might be is a question that probably should be addressed to a tax expert.

At issue is the application of 26 U.S.C. 115 which states in part: "Gross income does not include--(1) income derived from any public utility or the exercise of any essential government function and accruing to a State of any political subdivision thereof, or the District of Columbia..." Under HJR 49 it is not clear that the portion of permanent fund income that is to be used for dividends accrues to the state. It has also been held that before immunity from federal taxation is extended to state activity, it must appear that the activity is essentially and traditionally governmental in nature. (California v. Anglim, 37 F. Supp. 663, aff'd 129 F.2d 455 (1942), cert. denied 317 U.S. 669) Additionally, the general rule is that any private benefit from the state activity must be only incidental if income from the activity is to be excluded from taxation. Thus, it has been held that a state created association providing a market for medical malpractice insurance is not entitled to tax exempt status where funds of the association remaining after termination are to be paid to private policyholders and private interests of physicians and hospital members benefitted more than incidentally from the association. (Private Letter Ruling 91099031; see also City of Bethel v. U.S., 594 F.2d 1301 (1979))

TBC:pl
00-037.plm

Note: This is a retyped copy of an original memorandum. For a photocopy of the original memorandum please contact Representative Berkowitz's office.

Protecting the Future of the Permanent Fund

By Senator Lyda Green

I. The Permanent Fund.

The Alaska Permanent Fund is perhaps the greatest single achievement of our state politicians in the last 25 years. What is remarkable is that our generation, instead of spending every dollar, created a Permanent Fund to benefit Alaskans – potentially forever.

But some politicians cannot seem to leave well enough alone, and the dividend has come under attack, threatened by a half dozen proposals to cap, reduce or eliminate it. It is time to protect the dividend and remove it from the budget debate altogether.

The original constitutional amendment creating the Fund stated:

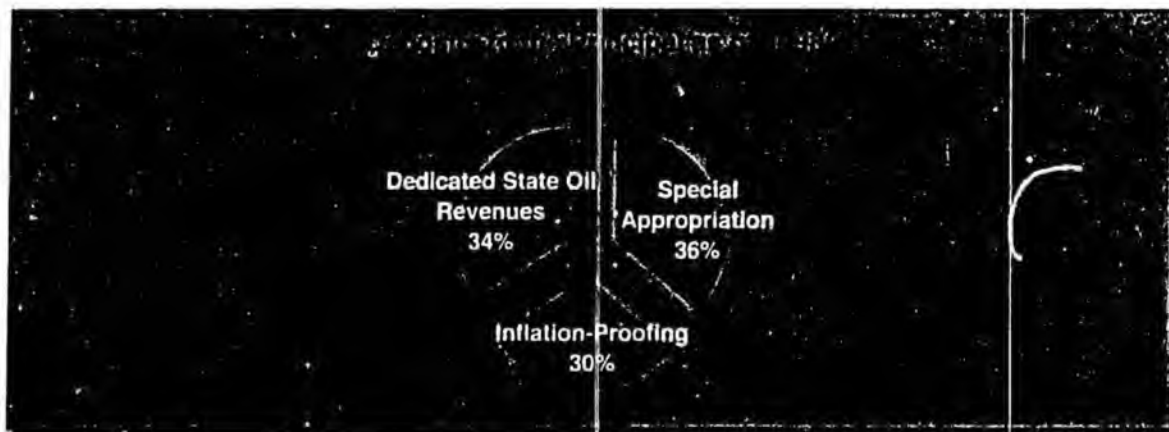
At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund, the principal of which shall be used only for those income producing investments specifically designated 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. (AK Constitution Art.IX, Sec.15)

According to the 1998 Alaska Permanent Fund Corporation Guide:

The driving force behind the Permanent Fund was concern that the vast and fast-flowing oil wealth from Prudhoe Bay would be drained as soon as it flowed into the state treasury. Little or no money would be left for subsequent generations . . . The Permanent Fund comes from the oil owned by the state of Alaska. Like the oil, the Fund belongs to the people of Alaska collectively.”

The principal of the Fund has been carefully invested and expertly managed, and Alaskans receive what no other citizens of any other state, nation or land have ever shared: an equal dividend from the growth of long-term, prudent investment of our jointly owned non-renewable resources.

The Legislature determined the best public purpose for earnings from the Permanent Fund would be individual dividends and inflation-proofing. In 1982, the current dividend program was enacted, however, the Legislature left unanswered what to do with any excess earnings after dividends and inflation-proofing had been paid. Subsequent legislatures took leftover earnings and deposited them back into the Permanent Fund principal. A full third of our Fund principal comes from these special legislative deposits.



Countries from around the world, state governments, financial organizations – including the World Bank – have inquired about the astonishing success of Alaska's Permanent Fund and our unique dividend program. Alaska's program of saving for the future and investing one-time wealth to create more wealth for sustained prosperity is a success story of which Alaskans have every right to be proud.

II. The People of Alaska: Shareholders and Guardians

Each of us has an incentive to be a vigilant guardian to preserve and protect the long-term growth and stability of the Permanent fund, insuring Alaska's financial strength for generations to come.

The Permanent Fund dividend is distributed equally, regardless of race, age, sex, creed or religion.

Dividends operate as a check and balance keeping government spending and taxing under control.

Dividends tie the people of Alaska directly to the Permanent Fund and economic development.

As equal shareholders of our oil, every Alaskan gets a tangible benefit from resource development when they receive their annual Permanent Fund dividend. This ensures a unique direct connection between economic prosperity, long-term investment, state resource development and the personal financial interest of every Alaskan. Every cubic foot of gas, every barrel of oil, and every profitable Permanent Fund investment generates a bigger dividend for every Alaskan – a powerful incentive for economic development.

III. Constitutional Protection for the Dividend

The Constitution protects the principal of the Permanent Fund, but the earnings of the fund have no constitutional protections whatsoever. Dividends, inflation-proofing and unspent earnings are at the mercy of each legislature, each year.

Senate Joint resolution 35 (SJR35) is a constitutional amendment to guarantee the successful 18 year history of providing for dividends, inflation-proofing and undistributed income. SJR 35 gives the current statutory formulas for distribution of Dividends and Inflation-proofing constitutional protection.

Only a constitutional amendment can mandate a vote of the people. Once Alaskans are confident the dividend is safe and the integrity of the Fund's principal is protected from inflation, they may be ready to begin the discussion about what to do with any excess earnings. But, the first step is to restore the peoples' trust. I hope to give that trust back through SJR35.



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Unidentified Testifiers: 0

Unidentified Observers: 0

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 Bill:

2 Name: Mr. John Glotfelty, Both Resolutions Phone:
 Address: Affiliation:
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2 Name:Ms. Linda Anderson (both) Phone:
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3 Name:Mr. Jesse Chandler(both) Phone:
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5 Name:Mr. Keith Lipse(both) Phone:
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TOK (TOK)



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TOK (TOK)

*Jane
Rector
in Kenai
has become
RALPH Rector*



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 Bill: SJR 35: CONST AM: PERM FUND INCOME DISTRIBUTION

KENAI (KEN)

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~~P~~ LORENSEN

RONALD

IN ANCHORAGE
CARL WASSILIE
FOR SJR 35

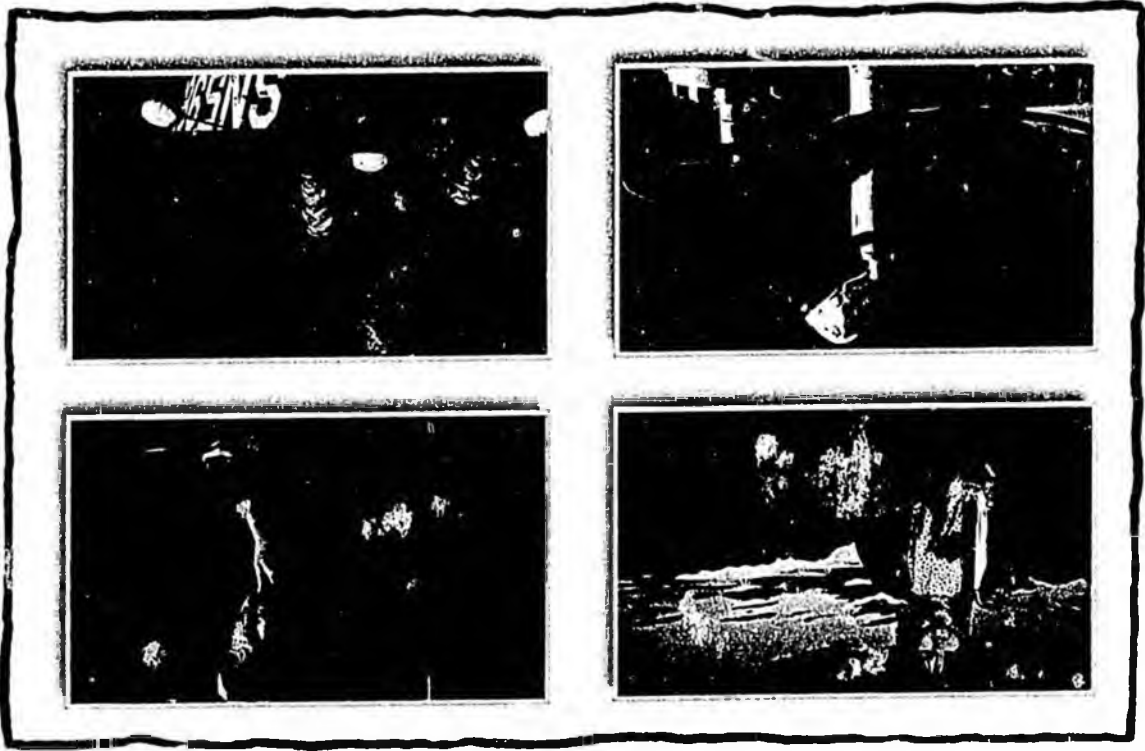
(MAY ALSO SPEAK TO
SJR 33

ORAL Freeman

in KTN

For SJR35

THE FOLLOWING DOCUMENT HAS NOT
BEEN FILMED BUT IS AVAILABLE IN THE
ORIGINAL FILE.



TO THE PERMANENT FUND

GUIDE

AN ALASKAN'S

SJR

40

HFIN

FILE

ALASKA STATE LEGISLATURE

Sen. Robin Taylor, Chair
Sen. Rick Halford, Vice-Chair
Sen. Dave Donley
Sen. John Torgerson
Sen. Johnny Ellis



State Capitol
Juneau, AK 99801-1182
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Senate Judiciary Committee

Sponsor Statement

SJR # 40

Proposing amendments to the Constitution of the State of Alaska providing that the governor and lieutenant governor be elected by a majority vote; and changing the term of office of the governor and lieutenant governor.

Alaskans are looking for leadership from their elected representatives and are demanding accountability. However many people in the state feel betrayed because the men or women elected at the statewide level are not necessarily selected by a majority. This is most apparent by the continued decline in the voter turnout, 50.11 percent in 1998.

There are at least five political parties on the ballot in the Governor/Lieutenant Governor race. While these parties and their candidates represent the true diversity of Alaska they could also leave the winner of the race without that clear majority vote. In the last Gubernatorial General Election 48.73 percent of the vote was split between four candidates. Prior to that, the last Governor to be elected by a majority was Bill Egan in 1970.

SJR 40 will correct that by allowing the people of Alaska to decide if they want the opportunity to elect statewide candidates with a majority vote. The resolution does not mandate what will happen if a majority vote is not reached other than some form of a run-off. Currently there are different ideas on how that should be done. If passed by the public it gives the next Legislature a clear mandate that a plan must be put in place prior to the 2002 general election.

This resolution will establish the future of statewide elections and create a sense of representation to all Alaskans, as the individual holding the seat will be there with a clear majority of the voters.

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 21, 2000

FURTHER REFERRALS:

Date of Committee Action: 7/24/00

The FINANCE Committee considered:

CSSJR 40(RLS) am

CS FOR SENATE JOINT RESOLUTION NO. 40(RLS) am

CONST AM:ELECTION & TERMS OF GOV & LT GOV

Proposing amendments to the Constitution of the State of Alaska providing that the governor and lieutenant governor be elected by a majority vote; and changing the term of office of the governor and lieutenant governor.

recommends it be replaced with the following committee substitute _____ the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) LT GOV fiscal note(s) _____

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

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Carrie Therriault</i> Therriault			X	
<i>Edon Mulder</i> Mulder	X			
<i>Ben Grossendorf</i> Grossendorf		X		
<i>John M. Davies</i> Davies		X		
<i>Bill Austerman</i> Austerman		X		
<i>John Davis</i> Davis			X	
<i>Sail Phillips</i> Phillips			✓	

CHAIR'S SIGNATURE *Carrie Therriault* *Edon Mulder*
 CO *Therriault* *Mulder*

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SJR 40

Revision Date/Time (Note if correction) 4/24/2000 Dept. Affected Office of the Governor
 Title Constitutional Amendment: Relating to a BRU Elective Operations
majority vote for statewide offices Component Elections
 Sponsor Senate Judiciary Committee
 Requester Senate Finance Committee Component No. 21

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	1.5		750.0			
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1.5	0.0	750.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5		750.0			
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	1.5	0.0	750.0	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)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. However, only six measures can be printed on an 8-1/2 by 14 inch ballot. If this measure requires printing an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

For FY2003, it is anticipated that a runoff election for the office of governor and lieutenant governor would be required. The cost of a runoff election is projected to be \$750,000 based on the cost of the 1999 statewide special election.

Prepared by: Gail Fenumai *Gail Fenumai* Phone 465-3935
 Division Division of Elections Date/Time 4/24/00 10:23 AM
 Approved by: G. Governor Fran Ulmer *Fran Ulmer* Date 04/24/2000
 Agency Office of the Lieutenant Governor

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Bullets for SJR 40

With the exception of the 1998 confusion election.

In which 99% of the voters did not support the incumbents

This body has not worked with a Governor elected by the majority of voters Since 1970.

Governor Bill Egan received 51-point 34 percent.

We feel this lack of a majority every election day with low voter turnout.

The feeling of "my vote doesn't count if I don't vote for the right person," is the norm.

SJR 40 will give the public that vote should the public decide to pass it in November.

Governor and Lt. Governor races will be determined by a vote of **50 percent plus 1 vote**. A majority.

For the ease of simplicity, the resolution only addresses the gubernatorial candidates

The next Alaska Legislature will be responsible for how the run-off is conducted.

More than half of Alaska's population is already used to a majority election process.

The Municipality of Anchorage mayoral race resulted in a run-off election.

SJR 40 means our next statewide elected officials will truly be a representative of the majority of Alaskans.

Governor/Lieutenant Governor Election Results

Year	Winners	Percent
1998:	Knowles/Ulmer	51.27%
1994:	Knowles/Ulmer	41.1%
1990:	Hicke/Coghill	38.8%
1986:	Cowper/McAlpine	47.3%
1982:	Sheffield/McAlpine	45.10%
1978:	Hammond/Miller	38.22%
1974:	Hammond/Thomas	46.51%
1970:	Egan/Boucher	51.34%

This information was supplied courtesy of the Division of Elections.

Shannon Morgan, Elections Clerk
Alaska Division of Elections
PO Box 110017
Juneau AK 99811-0017
(907) 465-4611



Alaska Division of Elections

RECOGNIZED POLITICAL PARTIES IN ALASKA Updated 2/17/00

A Recognized Political Party is an organized group of voters that represents a political program and either nominated a candidate for Governor who received at least 3% of the total votes cast for Governor at the preceding General Election or has registered voters equal to 3% of the votes cast for Governor in the last election. Candidates of a recognized political party file a Declaration of Candidacy. Until it qualifies as a recognized political party under this definition, an independent Political Group may field candidates for statewide and district-wide offices only by filing nominating petitions as required by AS 15.25.140 - 15.25.205. Reference: AS 15.60.010(20)

The following parties are currently recognized political parties in Alaska:

ALASKAN INDEPENDENCE PARTY

Mark Chryson, Chair
(907) 376-8285

DEMOCRATIC PARTY OF ALASKA

Christopher Cooke, Chair
(907) 258-3050

GREEN PARTY OF ALASKA

Soren Wuerth, Chair
(907) 344-9888

LIBERTARIAN PARTY

Len Karpinski
(907) 248-4367

REPUBLICAN MODERATE PARTY, INC.

Ray Metcalfe, Chair
(907) 344-4514

REPUBLICAN PARTY OF ALASKA

Tom McKay, Chair
(907) 276-4467

LIMITED POLITICAL PARTIES IN ALASKA

A Limited Political Party is a political group that organizes for the purpose of selecting candidates for electors for President and Vice President of the United States. A Limited Political Party ceases to be recognized in the State of Alaska if its presidential candidate fails to receive at least 3% of the votes cast for President. Reference: AS 15.60.010(12) and 15.30.025

The following party is a Limited Political Party in Alaska, holding that status for the 2000 General Election:

NATURAL LAW PARTY

Barbara Morgan, Alaska Chair
(907) 258-6261

REFORM PARTY

Edward Wassell, Alaska Chair
(907) 245-5113



Alaska Division of Elections Home Page

*To comment on this page, contact Barbara Whiting
at the Alaska Division of Elections.*

AN INITIATIVE PROVIDING FOR ELECTION BY VOTER MAJORITY

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

Section 1. Findings and Purpose

The people of the State of Alaska find that it is in the public interest to adopt an election system in Alaska, known as preferential or instant run-off voting, to insure that candidates elected are acceptable to the greatest number of voters. Under the present system, in many elections, the majority of voters voted for someone other than the winner. Preferential or instant run-off voting should have the following positive effects on Alaskan elections:

(a) Candidates will be elected by a majority vote, rather than by a mere plurality vote as often occurs under the present system,

(b) The taxpayers and candidates will save money because run-off elections will no longer be necessary,

(c) Supporters of third-party, independent, or underdog candidates will not have to waste their votes in order to support their parties, issues, or candidates, but will be able to voice support for their true beliefs with their first choice votes and their acceptable choices among the remaining candidates with their second and subsequent choices,

(d) Negative campaigning should be virtually eliminated because candidates will know that they may have to obtain the second and third choice votes of voters supporting other candidates in order to be elected,

(e) Losing candidates, who offered valid programs acceptable to some of the voters, will not be forever tagged as "spoilers", "vote-splitters", or the "candidate that ensured the election of the candidate of the opposing party",

(f) Voter interest and turn-out should increase because a voter's vote will be more valuable than it is under the present system, and

(g) The new system is easy and very user-friendly - as simple as 1-2-3.

Section 2. Preferential or Instant Run-Off Voting

Preferential or instant run-off voting shall be used in Alaskan elections. The ballots used in these elections shall provide that the voter may vote for candidates in order of preference, mark no more than five choices for each office, and not assign the same ranking to more than

one candidate for each office. The ballot shall permit the ranking of one write-in candidate per race with candidates whose names are printed on the ballot.

Section 3. Counting of Ballots

AS 15.15.350. General Procedure for Ballot Count shall be amended to add additional subsections to read as follows:

- (a) The first choice votes of each voter for each race shall be counted first. If, after all ballots are counted, a candidate has obtained a majority of the first choice votes for that race, further counting is not necessary, and that candidate is declared the winner.
- (b) If no candidate has obtained a majority of the first choice votes, then the candidate with the fewest number of first choice votes shall be declared defeated, and votes cast for this candidate shall be transferred to the next choice continuing candidate marked on each continuing ballot, and added to that continuing candidate's vote total. However, if the total of the votes of the two or more candidates credited with the lowest number of votes is less than the number of votes credited to the candidate with the next highest number of votes, these candidates shall be declared defeated simultaneously and their votes transferred to the next choice continuing candidate marked on each ballot in a single counting operation. If the next-choice candidate has been eliminated, the vote is transferred to the next-choice candidate who is a continuing candidate. After this tabulation, if no continuing candidate receives a majority of the votes, then the continuing candidate with the fewest votes shall be declared defeated. This process of eliminating last-place candidates, transferring ballots from these candidates, and adding them to the totals of continuing candidates shall proceed until a candidate has a majority of the continuing ballots, in which case that candidate is declared the winner, or there is a tie between all remaining continuing candidates.
- (c) If, in any election, a ballot has no more available preferences stated, that ballot shall be declared exhausted and shall not be counted further. A ballot assigning the same ranking to more than one candidate for an office shall be declared exhausted when the double ranking is reached. If, in a primary election, a voter ranks a candidate in a particular race outside of the party for which the voter has cast the first-choice vote, then that ballot will be declared exhausted with respect to all subsequent rankings for that particular office. If a ballot skips a ranking, then the next ranking shall be counted.
- (d) If there is a tie vote between candidates, the procedures of AS 15.15.460 shall be followed.

Section 4. Applicability

Preferential or instant run-off voting shall be used in all primary, regular and special elections for the election of members of the Alaska Legislature, for the offices of President and Vice-President of the United States, and for members of the United States Congress.

Section 5. Local Option Authorized

A municipality or school district may utilize preferential or instant run-off voting in municipal or school board elections if authorized by appropriate action of its governing body.

Section 6. Political Party Definition

For the purpose of defining a "political party" under AS 15.13.400(10) and AS 15.60.010(20), the total first choice votes cast for governor at the preceding general election shall be used in calculating the three percent (3%) requirement.

Section 7. Ordering of Names on Primary Election Ballot

For the convenience of the voters in casting votes in the primary election, AS 15.26.060 is amended to provide that the names of all candidates who have properly filed shall be placed in groups according to offices filed for and party affiliation.

Section 8. Definitions

- (a) "Continuing ballot" means a ballot that is not exhausted.
- (b) "Continuing candidate" means a candidate who has not been eliminated.
- (c) "Exhausted ballot" means a ballot which has no more available preferential votes which may be counted.

Section 9. Repeal of Conflicting Statutes

All statutes and parts of statutes which conflict with the provisions of Sections (2) through (8) of this Act are hereby repealed.

Section 10. Severability

The provisions of this Act are independent and severable. If any provision of this Act, or the applicability of any provision to any person or circumstance, shall be held to be invalid by a court of competent jurisdiction, the remainder of this Act shall not be affected and shall be given effect to the fullest extent possible.

LETTER TO THE EDITOR

Preferential voting

EDITOR, Daily News:

Since when has Alaska been afraid to take a "radical measure no other state has embraced"?

New Mexico progressives call it Instant Runoff Voting and Alaska has dubbed it preferential voting, but the outcome is the same: Voters can vote for the candidate they truly prefer, and then they can vote for second or third best without the expense and hassle of a runoff election.

Rep. Pete Kott's bill is progressive, which has the old boys scared. It is

something that gives the voters a new tool for electing their representatives. Of course old-time legislators and conservative editors will bluster and posture that it is just too complicated to even consider, it could affect the outcome of an election they hope to win by politics-as-usual.

The truth is, preferential voting is so simple a child could do it: "List your top three favorite ice cream flavors, number one being your most favorite." Chocolate, vanilla, strawberry. If there is no chocolate available, (i.e. not enough votes for the first choice) the child will be satisfied with vanilla (second choice).

Even strawberry would be palatable.

Voters understand that if their first choice candidate does not win, their vote for second choice counts as if it were their first. No more "throwing away" votes, one can vote their conscience and their compromise at the same time.

It's a brilliant idea that could bring disenfranchised, disgruntled and disgusted citizens back to the voting booths.

The Anchorage Times editorial writers call it "clunky and confusing." What could be more confusing than the current system in which voters believe that by voting for a candidate they agree

with most, but who is not expected to win, is "throwing away" a perfectly good vote? Public confusion comes from being forced to play a tic-tac-toe blocking strategy that does not allow citizens to vote for what they truly believe is best for the state or the nation.

If indeed, as stated in The Anchorage Times editorial reprinted in the May 19 Ketchikan Daily News, this legislation is so head-scratching confusing for our state's lawmakers, maybe it's time to get some smarter folks elected. That would be my preference.

DIANE RAAB
Ketchikan