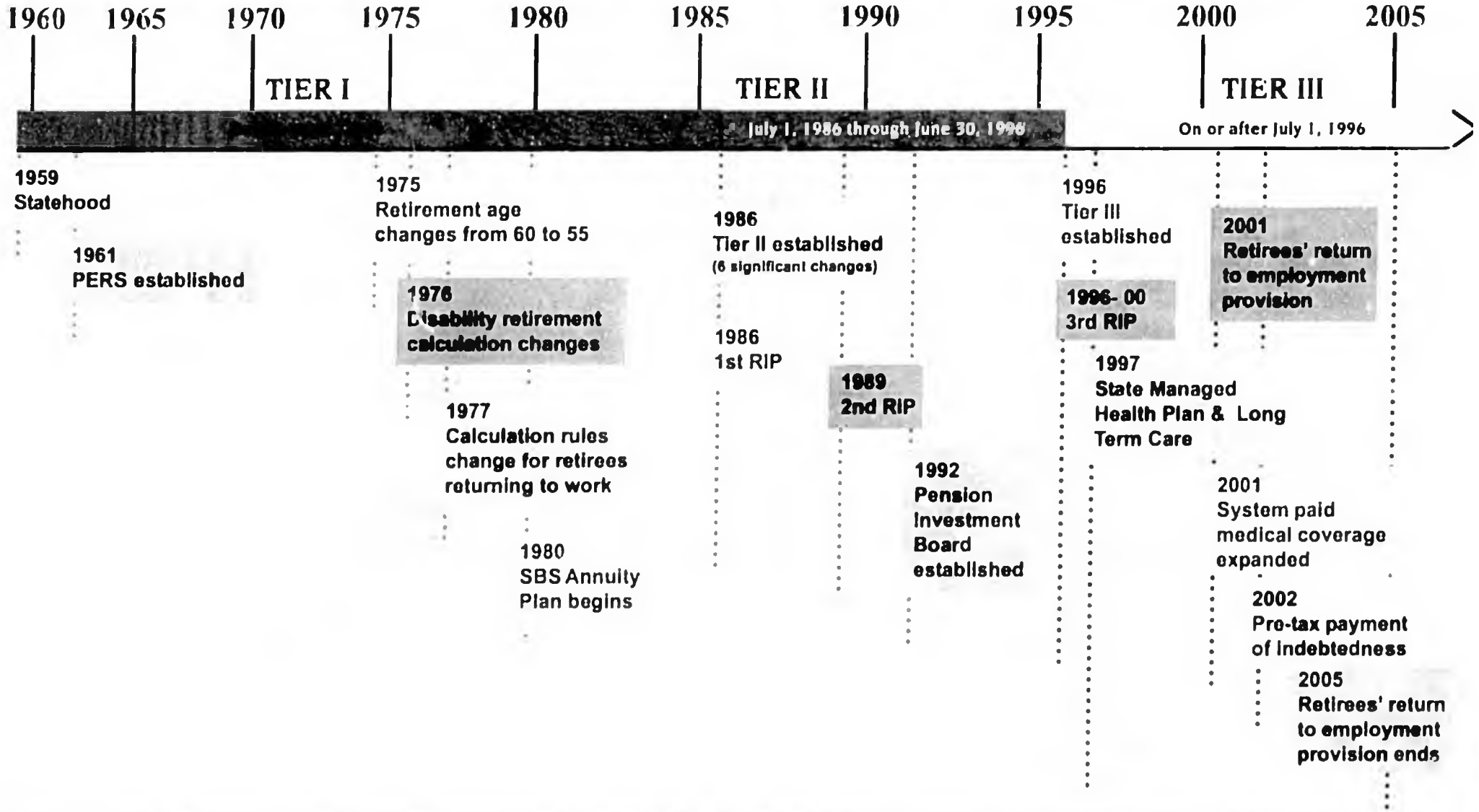
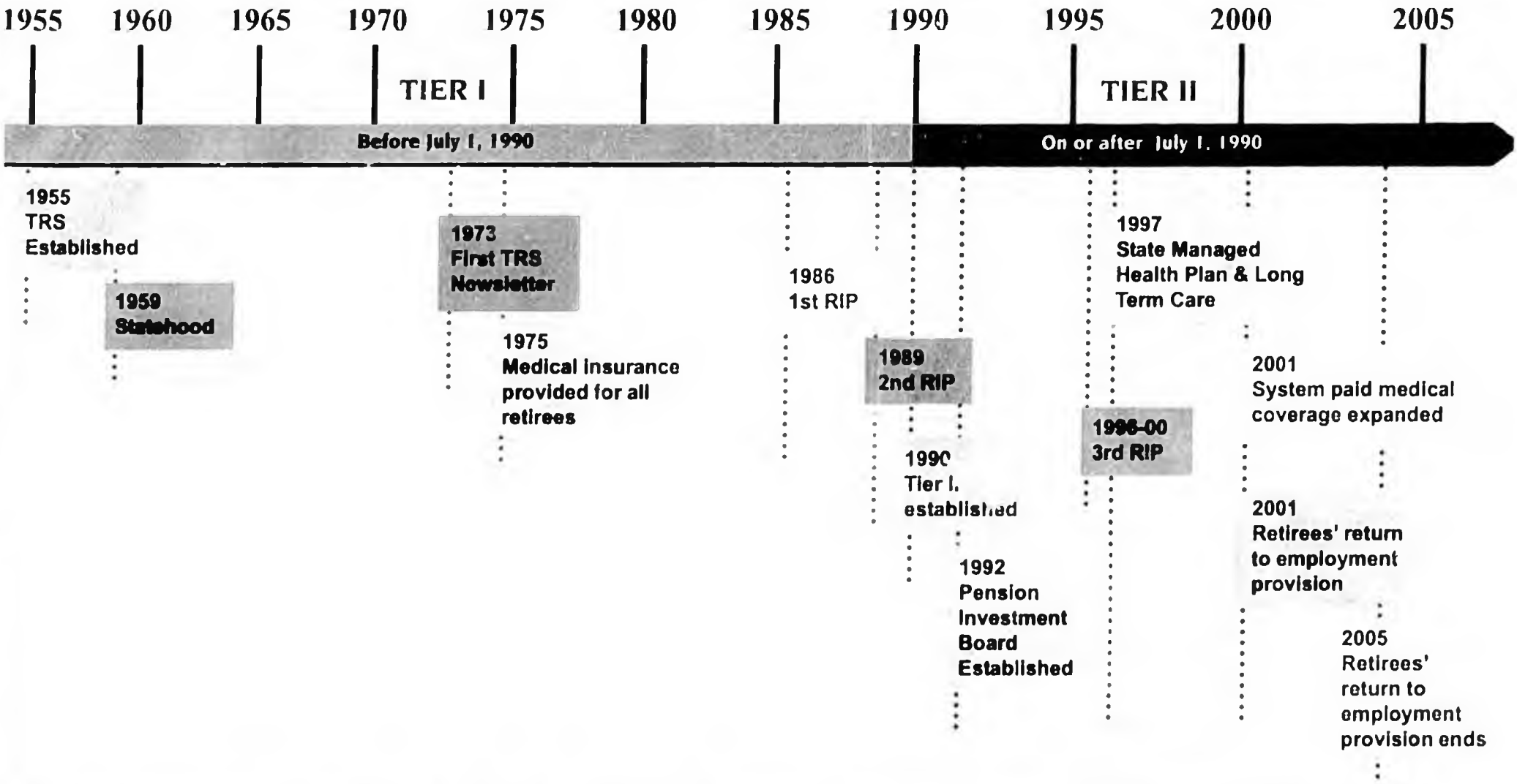
ALASKA PERS TIMELINE



The information on this timeline is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes and the Alaska Administrative Code govern the plans. Rev. 7/2004

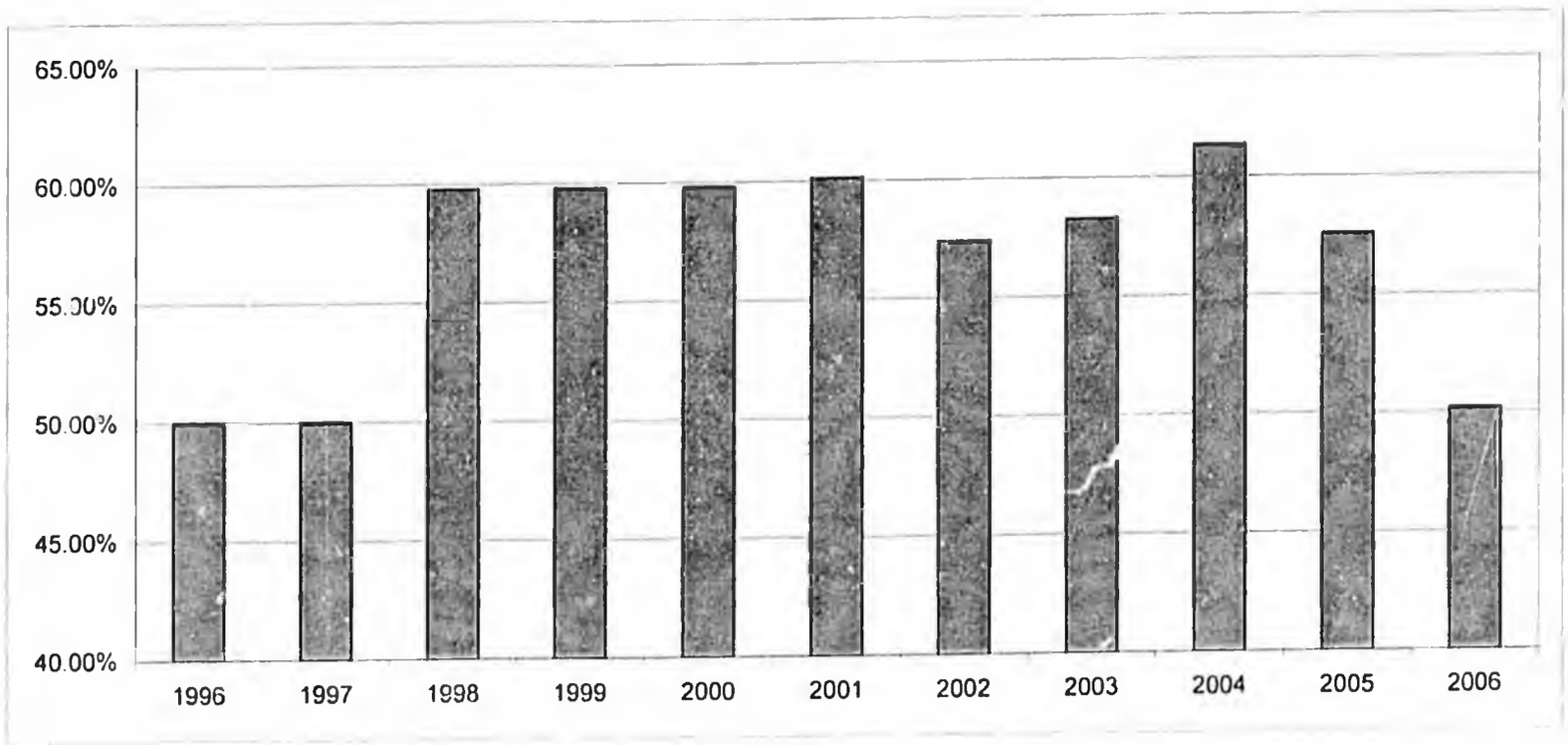
ALASKA TRS TIMELINE



The information on this timeline is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes and the Alaska Administrative Code govern the plans. Rev 2/23/01

1/21/05
DEPT. OF REVENUE FORECAST
DEPT. OF H & SS MEDICAID REIM-BURSEMENT

Federal Share of Alaska's Medicaid Program



Federal Fiscal Year	1996	1997	1998	1999	2000	2001	2002	2003	2004*	2005	2006
Rate (Effective October)	50.00%	50.00%	59.80%	59.80%	59.80%	60.13%	57.38%	58.27%	60.64%	57.58%	50.16%

* FFY04 3qtrs @ 61.34 and 1 qtr @ 59.38 (blended rate of 60.64%)

1-20-05
#5

Prepared by DHSS/Budget
FMAP Historical Info FFY97-06.xls

January 21, 2005 Revised

1/21/05

Attachment #1

fall 2004

Tax Division Revenue Sources Book

Forecast and Historical Data

Frank H. Murkowski, Governor
William A. Corbus, Commissioner
Dan E. Dickinson, Director
Brett Fried, Economist

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
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December 9, 2004

The Honorable Frank H. Murkowski
Governor of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Murkowski:

As is our tradition for this time of year, I am presenting you, the Legislature and the Alaska public with the Department of Revenue's latest Revenue Sources Book. Our Fall 2004 report includes a preliminary accounting of state revenues received in FY 2004, as well as projections for Fiscal 2005 through Fiscal 2015, and no doubt the unpredictable world oil market has a lot of people wondering exactly what we would say in this report.

We project Alaska North Slope crude oil prices will average $43.61 per barrel for the fiscal year ending June 30, 2005. The year-to-date average is just under $42 per barrel, and although prices fell last week we believe world supply uncertainties, and market concern over shortages, could keep prices above $40 through the rest of the fiscal year.

Eventually, however, we see new supplies coming online, and a more rational approach in the markets, with prices backing off next year. Our forecast for Fiscal 2006 is $34.50 a barrel for Alaska North Slope crude, and $30.95 a barrel in Fiscal 2007.

Our forecast for Fiscal 2008 and beyond is $25.50, higher than our Fall 2002 long-term forecast of $22 but certainly much lower than today's markets and lower than many pundits predict. As we explain in our forecast, "Based on our experience, we are taking a more conservative approach and opting for a number closer to the middle of the OPEC price target range (of $22 to $28 per barrel)." We will always be cautious in our response to volatile oil markets.

And while Alaska profits from high oil prices, we continue to look ahead to building up North Slope production. Fiscal 2005 production is expected to average 934,000 barrels per day and hold steady until Fiscal 2008, when we project an increase to 945,000 barrels. The addition of oil from the National Petroleum Reserve-Alaska, forecast for Fiscal 2011, will boost total North Slope production to an estimated 975,000 barrels per day that year. NPR-A, and the smaller fields under development or evaluation on the North Slope, promise a strong future for Alaska.

The Fall 2004 Revenue Sources Book also includes an evaluation of possible oil production from the Arctic National Wildlife Refuge, and we share your hope that 2005 will be the year that Alaska finally sees congressional approval for responsible exploration and development in this area that is so important to our nation's energy needs. Using reasonable assumptions, ANWR could produce 220,000 barrels a day by 2016 and almost 400,000 barrels a day by 2024.

I invite questions on this report and wish you, the Legislature and all Alaskans a safe and happy holiday season, a prosperous new year, and a productive 2005.

Sincerely,

William A. Corbus

William A. Corbus
Commissioner

Dedication

This Fall 2004 Revenue Sources Book is dedicated to Chuck Logsdon, who retired sometime between July and November, 2004 as our chief petroleum economist. Chuck, who estimates he spent between 22.6 and 29.4 years at the Department of Revenue, issued more oil price and production forecasts than anyone in Alaska history.

His insights, dedication — and probably his last long-term forecast — will all be missed. Thank you, Chuck, for your years of service.

Table of Contents

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1. Introduction

General Discussion

The purpose of the semi-annual Revenue Sources Book is to provide the governor, legislature and citizens of the state with a summary of our past collections of state revenue and a forecast of future revenue. Revenues are categorized into four major components: oil and gas royalties and taxes, non-oil taxes and fees, federal dollars and investment revenues.

Oil revenues continue to dominate the revenue picture — and will continue to provide 80% of Unrestricted General Purpose Revenue through FY 2008 and 75% through FY 2014. However, North Slope oil production has fallen. In FY 2004 ANS output was 0.980 million barrels per day compared to a peak of 2.006 million barrels a day in FY 1988.

Over that same period the market price of oil has come close to tripling. In 10 of the prior 13 years, the state has relied on annual draws from the Constitutional Budget Reserve Fund (CBRF) to fill the gap between unrestricted revenues and budget outlays. In the other three years — which includes FY 2004 — unrestricted revenues have been sufficient to pay for budgeted spending without a draw on the CBRF. FY 2005 also appears to fit into this category.

Alaska's total revenue picture also includes earnings from the Permanent Fund, federal revenue and reserves in the CBRF. We hope the information provided in this Sources Book is helpful in answering questions about where Alaska gets its revenue and what the state's revenue future looks like from today's perspective.

Fall 2004 Forecast

This publication is organized into the following 11 sections:

1. Introduction

2. Executive Summary

3. The Future: ANWR
   Opportunities for new oil and gas production exist with development in the Arctic National Wildlife Refuge.

4. Oil Revenue
   In FY 2004, oil and gas production tax, corporate income tax, property tax and royalty revenues contributed 87% of the state's General Fund unrestricted revenue. Oil revenues will continue to play a key role in Alaska's future.

5. Other Revenue (except Federal & Investment)
   Revenue from non-oil sources includes alcohol, tobacco, fisheries, estate, motor fuel taxes, non-oil corporate income taxes and user fees.

6. Federal Revenue
   Federal funding continues to be one of Alaska's biggest sources of revenue.

7. Investment Revenue
   Investment earnings come from the Alaska Permanent Fund, Constitutional Budget Reserve Fund, General Fund and other state investments.

8. State Endowment Funds
   This section provides a brief discussion about Alaska's six endowment funds.

9. Public Corporations and the University of Alaska
   Seven public corporations and the University of Alaska are treated as separate component units of state government for financial reporting purposes.

10. Rosetta Stone
    The Department of Revenue Sources Book and Legislative Finance's Summary of Appropriations are reconciled in this section.

11. Appendices
    This section provides historical data on oil prices, production and revenue and a glossary of terms used in this publication.

2. Executive Summary

Total Governmental Revenue

Figure 2-1. FY 2004 Total Revenue
$8.7 billion

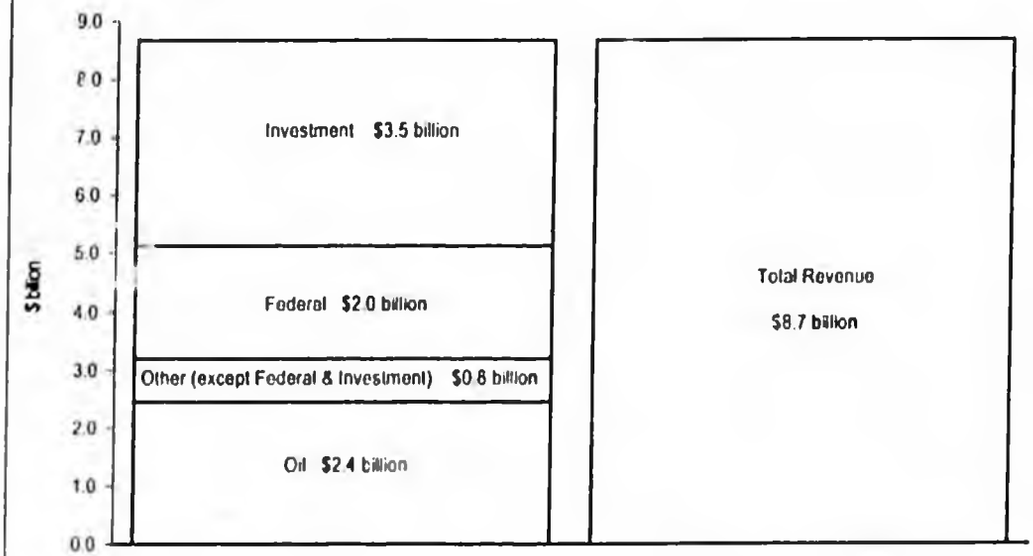


Table 2-1. Total Governmental Revenue by Major Component, Actual FY 2004 [1] and Projected 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
OIL REVENUE			
Unrestricted			
Property Tax	47.3	47.2	45.3
Corporate Income Tax	298.8	404.3	296.0
Production Tax	651.9	798.3	568.9
Royalties (including Bonuses and Interest)	1,056.1	1,419.1	1,061.7
Subtotal	2,054.1	2,668.6	1,971.9
Restricted			
Royalties to Permanent Fund and School Fund	362.1	485.2	362.9
Tax Settlements to CBRF	8.4	20.0	20.0
NPR-A Royalties, Rents and Bonuses	2.5	12.9	7.9
Subtotal	373.0	518.1	390.8
Subtotal Oil Revenue	2,427.1	3,186.7	2,362.7

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.

(continued on next page)

Table 2-1. Total Governmental Revenue by Major Component, continued
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
OTHER REVENUE (EXCEPT FEDERAL & INVESTMENT)			
Unrestricted			
Taxes	185.8	206.1	218.6
Charges for Services	11.1	13.1	13.1
Fines and Forfeitures	16.0	12.8	12.8
Licenses and Permits	41.0	40.4	42.0
Rents and Royalties	7.8	8.1	8.1
Other	36.2	18.4	17.4
Subtotal	297.9	298.9	312.0
Restricted			
Taxes	81.2	78.1	77.7
Charges for Services	226.0	244.9	244.9
Fines and Forfeitures	26.8	26.5	26.5
Licenses and Permits	28.7	28.7	28.7
Rents and Royalties	5.1	5.1	5.1
Other	84.9	196.9	159.5
Subtotal	452.7	580.2	542.4
Subtotal Other Revenue (except Federal & Investment)	750.6	879.1	854.4
FEDERAL REVENUE			
Restricted			
Federal Receipts	1,951.7	3,019.3	3,019.3
Subtotal Federal Revenue	1,951.7	3,019.3	3,019.3
INVESTMENT REVENUE			
Unrestricted			
Investments	9.2	16.4	15.1
Interest Paid by Others	0.5	1.6	1.6
Subtotal	9.7	18.0	16.7
Restricted			
Investments	4.0	22.0	23.7
Constitutional Budget Reserve Fund	53.2	118.3	102.6
Other Treasury Managed Funds	24.9	19.7	20.5
Alaska Permanent Fund (GASB)[2]	3,434.0	2,047.9	2,189.7
Subtotal	3,516.1	2,207.9	2,336.5
Subtotal Investment Revenue	3,525.8	2,225.9	2,353.2
Grand Total	8,655.2	9,311.0	8,589.6

(2) Both realized and unrealized gains and losses are included per GASB 34 as interpreted by the Finance Division of the Department of Administration in its Comprehensive Annual Financial Report.

Figure 2-2. FY 2004 Total Revenue: Unrestricted and Restricted
$8.7 billion

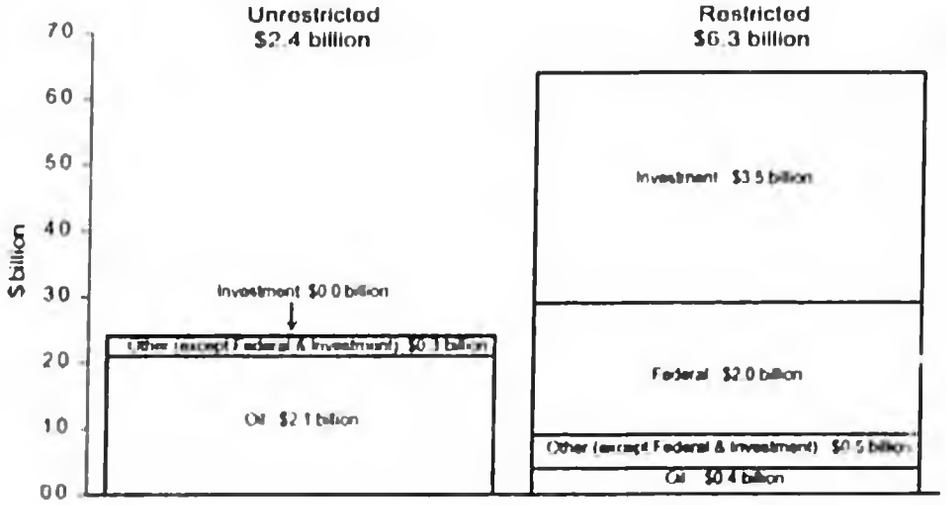


Table 2-2. Total Governmental State Revenue, Actual FY 2004 [1] and Projected 2005-2006 Unrestricted [2] and Restricted by Major Source
$ million

	Actual	Projected	
	FY 2004	FY 2005	FY 2006
Unrestricted			
Oil Revenue	2,054.1	2,668.6	1,971.9
Other Revenue (except Federal & Investment)	297.9	298.9	312.0
Investment Revenue	9.7	18.0	16.7
Subtotal	2,361.7	2,985.5	2,300.6
Restricted			
Oil Revenue	373.0	518.1	390.8
Other Revenue (except Federal & Investment)	452.7	580.2	542.4
Federal Revenue	1,951.7	3,019.3	3,019.3
Investment Revenue	3,516.1	2,207.9	2,336.5
Subtotal	6,293.5	6,325.5	6,289.0
Grand Total	8,655.2	9,311.0	8,589.6

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.
(2) Total unrestricted revenue as reported for AKSAS (Alaska State Accounting System) with adjustments for certain municipal sharing of statewide taxes and additional spending restrictions.

Unrestricted General Purpose Revenue

Unrestricted General Purpose Revenue is the amount generally used for budget planning purposes and is designated in budget documents as general fund revenue. The table on the next two pages sets out actual FY 2004 Unrestricted General Purpose Revenue and our projections for FY 2005 and 2006.

We forecast Unrestricted General Purpose Revenue by first estimating General Fund Unrestricted Revenue, which includes all unrestricted revenues in the Alaska State Accounting System (AKSAS), as well as certain program receipts. After consulting with the Governor's Office of Management and Budget and the legislature, we adjust our forecast of General Fund Unrestricted Revenue to derive a forecast of total Unrestricted General Purpose Revenue. Reductions include: (1) earmarking revenue for specific programs, (2) pass-through revenue for qualified regional aquaculture and dive fishery associations, and (3) revenue shared with municipal governments and organizations (e.g., fisheries taxes.) Additions include transfers from the unclaimed property trust to the state treasury.

Table 2-3. Unrestricted General Purpose Revenue, Actual FY 2004 [1] and Projected 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Oil Revenue			
Property Tax	47.3	47.2	45.3
Corporate Income Tax	298.8	404.0	296.0
Production Tax			
Oil and Gas Production	642.7	789.3	560.1
Oil and Gas Hazardous Release	9.2	8.9	8.8
Subtotal Production Tax	651.9	798.3	568.9
Royalties			
Mineral Bonuses and Rents	10.4	14.5	17.8
Oil and Gas Royalties	1,043.6	1,402.5	1,041.9
Interest	2.1	2.1	2.1
Subtotal Royalties	1,056.1	1,419.1	1,061.7
Total Oil Revenue	2,054.1	2,668.6	1,971.9
Other Revenue (except Federal & Investment)			
Other Taxes			
Sales and Use			
Alcoholic Beverages	16.3	15.9	15.9
Cigarette	9.4	14.9	27.1
Other Tobacco Products	6.6	6.7	7.2
Insurance Premium	43.7	45.8	47.1
Electric and Telephone Cooperative	0.2	0.2	0.2
Motor Fuel Taxes	41.2	39.3	39.3
Rental Vehicle Tax	2.7	6.7	6.7
Tire Fees	0.8	2.6	2.6
Subtotal	120.9	132.1	146.1
Corporate Income Tax	39.6	50.0	50.0
Fish Taxes			
Fisheries Business	14.9	12.5	12.5
Fishery Resource Landing	2.5	2.9	2.9
Subtotal	17.4	15.4	15.4
Other			
Mining	3.2	5.2	4.2
Estate	2.1	1.0	0.5
Charitable Gaming	2.4	2.4	2.4
Subtotal	7.9	8.6	7.1
Subtotal Other Taxes	185.8	206.1	218.6

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.

(continued on next page)

Table 2-3. Unrestricted General Purpose Revenue, continued
$ million

	Actual FY 2004	Projected FY 2005	FY 2006
Other Revenue (except Federal & Investment), cont			
Charges for Services			
General Government	8.1	10.1	10.1
Natural Resources	1.3	1.3	1.3
Other	1.7	1.7	1.7
Subtotal Charges for Services	11.1	13.1	13.1
Fines and Forfeitures	16.0	12.8	12.8
Licenses and Permits			
Motor Vehicle	38.8	38.0	39.0
Other	2.2	2.4	3.0
Subtotal Licenses and Permits	41.0	40.4	42.0
Rents and Royalties			
Land Leasing, Rental and Sales	6.5	6.5	6.5
Coal Royalties	1.1	1.4	1.4
Cabin Rentals	0.2	0.2	0.2
Subtotal Rents and Royalties	7.8	8.1	8.1
Other			
Miscellaneous	24.[illegible]	13.4	13.4
Unclaimed Property	11.[illegible]	5.0	4.0
Subtotal Other	36.2	18.4	17.4
Total Other Revenue (except Federal & Investment)	297.9	298.9	312.0
Investment Revenue			
Investments	9.2	16.4	15.1
Interest Paid by Others	0.5	1.6	1.6
Total Investment Revenue	9.7	18.0	16.7
Total Unrestricted Revenue	2,361.7	2,985.5	2,300.6

Oil Price Forecast

Oil revenue will provide at least 75% of forecasted Unrestricted General Purpose Revenue through FY 2014. Two elements are critical to the oil revenue forecast: price and volume.

All of Alaska's oil production is delivered to refineries on the U.S. West Coast (including Alaska and Hawaii). Consequently, Alaska's royalty and production tax revenue depends in large part on the market price of Alaska North Slope crude oil (ANS) at U.S. West Coast refining centers. There is no price for Alaska oil on the New York Mercantile Exchange (NYMEX)[1] or other commodity exchange. However, the spot price of ANS is calculated by subtracting a market differential from the price of West Texas Intermediate (WTI) quoted on the NYMEX. Four different assessment services estimate that market differential and report a daily spot price for ANS.

Table 2-4, on the next page, contains actual oil prices for FY 2004 and the Department of Revenue's forecast of prices for the 11-year period beginning with the current fiscal year FY 2005 and continuing through FY 2015. The oil price forecast is based on a subjective assessment of market dynamics and trend analysis by participants at a Department of Revenue price scenario meeting. We project that oil prices will average $25.50 per barrel (FY 2007-2015), a conservative estimate compared to the $30 per barrel expected by many pundits.

Our forecast prices are higher than the average market prices experienced over the 18-year period since the 1986 oil price collapse but are consistent with prices since 1999. Figure 2-3 on the next page depicts: (1) the monthly West Coast ANS market price from December 1992 through September 2004; (2) the 60-month moving average West Coast market price for the same period, and (3) a set of ANS prices derived from NYMEX crude oil futures prices for October 1998 and October 2004.

Figure 2-3 illustrates a number of issues with respect to oil prices including:

- The volatility of month-to-month crude oil prices. Monthly ANS West Coast prices during the pertinent time period ranged from just under $10 per barrel to nearly $50 per barrel.
- The average of the 60-month moving averages is $18.29 per barrel and has increased dramatically since 1999.
- The derived futures market price illustrates that the current futures market long-term convergence price has increased by about $18.50 per barrel since October 1998.

A pressing question is whether the higher prices we have seen since 1999 will continue to stay at current levels or perhaps trend even higher. We assume that over the long-term, oil prices will average $25.50 per barrel, close to the mid-point of the price range ($22 to $28 per barrel) by which OPEC determines its production quota policies. ANS West Coast price averaged $28.32 per barrel from October 1999 to October 2004. We will continue to evaluate our assumption, with our next forecast due in April 2005.

(1) The NYMEX futures market is one source for a WTI quote. A daily WTI spot quote could also be determined by a reporting service's daily assessment of the WTI spot market.

Figure 2-3.
ANS West Coast and Futures Market Oil Prices

Table 2-4. Delivered Price for ANS Crude Oil
Average WTI, ANS West Coast and ANS Wellhead
$ per barrel

Fiscal Year	WTI	ANS West Coast	ANS Wellhead
2005	46.30	43.61	38.83
2006	36.60	34.50	29.46
2007	32.95	30.95	25.79
2008	27.50	25.50	20.26
2009	27.50	25.50	20.16
2010	27.50	25.50	20.10
2011	27.50	25.50	20.00
2012	27.50	25.50	20.00
2013	27.50	25.50	19.81
2014	27.50	25.50	19.62
2015	27.50	25.50	19.43

Oil Production Forecast

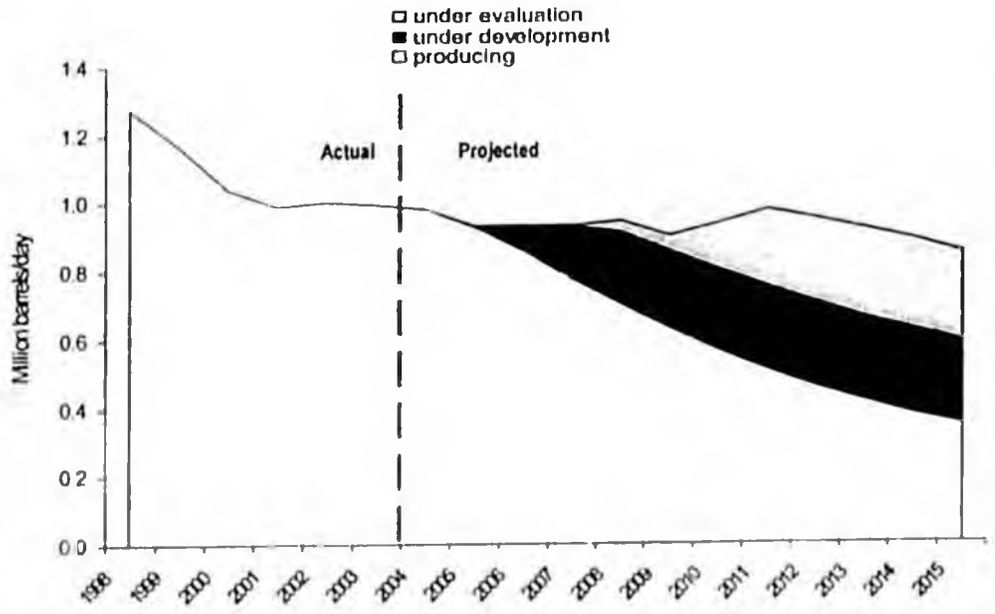
Alaska North Slope production peaked at 2.006 million barrels per day in 1988 and has steadily declined since. In FY 2004, ANS production averaged 0.980 million barrels per day, and we project FY 2005 production to be 0.934 million barrels per day.

Our production forecast has been revised since last spring. ANS production will continue above 0.90 million barrels per day through FY 2013 (0.919 million barrels per day), aided by new fields coming into production. We anticipate Nanuk and Fiord will add 17,000 barrels per day in FY 2007; Liberty, Oliktok and Point Thomson, 75,000 barrels per day in FY 2010; and the National Petroleum Reserve-Alaska (NPR-A), 20,000 barrels per day in FY 2011. We are also forecasting 10,000 to 20,000 barrels per day from additional known on and offshore fields in FY 2008 to FY 2010.

A detailed field-by-field production forecast can be found on Page 84 the appendices.

Last spring, we began to present the ANS production forecast in three parts: (1) currently producing, (2) currently under development and (3) currently being evaluated for development. We do this so that the reader will have an understanding about the uncertainty associated with the production forecast. We continue to forecast production of those reserves that have already been discovered and at minimum are being evaluated for development.

Figure 2-4. ANS Production Forecast by Category [1]



(1) Some of the oil forecasted in the under development and under evaluation categories are from new projects in fields currently producing

Table 2-5. Alaska North Slope Production
millions of barrels/day

Fiscal Year	Currently Producing	Under Development	Under Evaluation	Total ANS
2005	0.927	0.007	0.000	0.934
2006	0.857	0.075	0.000	0.932
2007	0.773	0.154	0.007	0.935
2008	0.702	0.206	0.038	0.945
2009	0.631	0.221	0.051	0.904
2010	0.563	0.237	0.138	0.938
2011	0.506	0.241	0.228	0.975
2012	0.457	0.244	0.248	0.949
2013	0.414	0.244	0.261	0.919
2014	0.377	0.244	0.267	0.888
2015	0.345	0.243	0.262	0.850

New Oil Development

As production from the Prudhoe Bay and Kuparuk fields continues to decline, some of the decline will be offset by new oil development. In our reference-case forecast, new oil is defined as crude already discovered and under evaluation or under development. By FY 2008, as the table and figure below show, one-fourth of our forecasted oil production will come from projects requiring significant new investment.

Figure 2-5. New Oil as a Percentage of Projected Oil

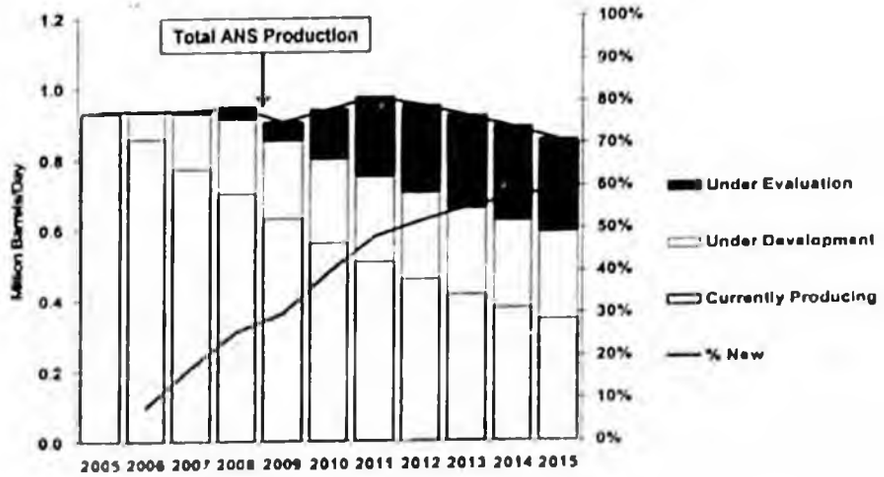


Table 2-6. New Oil as a Percentage of Total Oil
millions of barrels/day

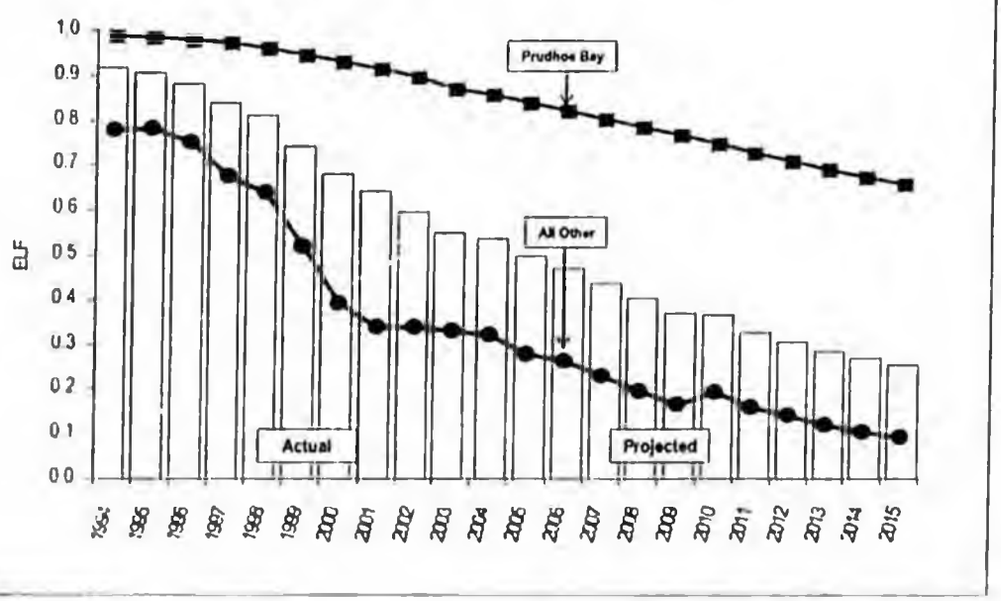
Fiscal Year	Total New Oil	ANS Total	Percent New Oil
2005	0.007	0.934	0.0%
2006	0.075	0.932	8.0%
2007	0.161	0.935	17.2%
2008	0.243	0.945	25.7%
2009	0.272	0.904	30.1%
2010	0.375	0.938	39.9%
2011	0.468	0.975	48.1%
2012	0.492	0.949	51.9%
2013	0.505	0.919	55.0%
2014	0.511	0.888	57.5%
2015	0.505	0.850	59.4%

Economic Limit Factor

The average production tax rate on the North Slope has been falling as the result of the tax adjustment known as the Economic Limit Factor (ELF). The ELF is a factor that reduces the nominal production tax rate on a producing lease or property based on the average rate of production and the average per-well productivity from that field.[1] Since oil production rates and well productivity decline over time as an oil field is being depleted, the average production tax rate will fall as well. Further, the ELF reduces the tax rate on smaller oil fields such that most fields producing less than 20,000 barrels per day will pay little or no production tax.

An ever smaller percentage of Alaska's current and projected North Slope oil production will continue to come from old, declining fields, while new production will come from small fields. Therefore, the average tax rate will continue to fall. The average oil production tax rate for North Slope production in FY 1994 was 13.5%; we project it will average 6.9% for FY 2005.

Figure 2-6. Economic Limit Factor
Actual FY 1994-2004 and Projected FY 2005-2006



The figure above illustrates the actual weighted average ELF for North Slope oil production since 1994 and our projections of that weighted average through FY 2015. The Prudhoe Bay ELF is also shown, as well as the average ELF for all of the other North Slope fields. The small spike in the other fields average ELF in FY 2010 represents the impact of the assumed startup of Point Thomson production.

(1) The nominal production tax rate is 15% except during a field's first five years of production, when it is 12.25%.

Longer-Term Unrestricted Revenue Outlook

Using the price and volume components developed for this fall 2004 forecast, the table below summarizes the department's forecast of total Unrestricted General Purpose Revenue through FY 2015.

Table 2-7. Total Unrestricted General Purpose Revenue
Actual FY 2004 [1] and Projected FY 2005-2015
$ million

Fiscal Year	Unrestricted Oil Revenue	Unrestricted Other (except Federal & Investment Revenue	Unrestricted Investment Revenue	Total Revenue	Percent from Oil
2004	2,054.1	297.9	9.7	2,361.7	87
2005	2,668.6	298.9	18.0	2,985.5	90
2006	1,971.9	312.0	16.7	2,300.6	86
	1,651.7	318.5	16.7	1,986.9	83
	1,358.9	324.9	16.7	1,700.5	80
2009	1,272.9	326.0	16.7	1,615.6	79
2010	1,244.9	327.1	16.7	1,588.6	79
2011	1,258.4	328.0	16.7	1,603.1	79
2012	1,203.3	329.2	16.7	1,549.2	78
2013	1,128.1	330.4	16.7	1,475.2	77
2014	1,068.1	331.3	16.7	1,416.2	76
2015	999.7	332.3	16.7	1,348.6	74

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.

Budget Gap and the Constitutional Budget Reserve

The table below reflects the amount needed to make up the difference between the Department of Revenue's forecast of Unrestricted General Purpose Revenue and the annual General Fund budget, shown here as a flat $2,332.5 million (the authorized budget for FY 2005) for all operating, capital, debt service, lease payments and supplemental appropriations. (1)

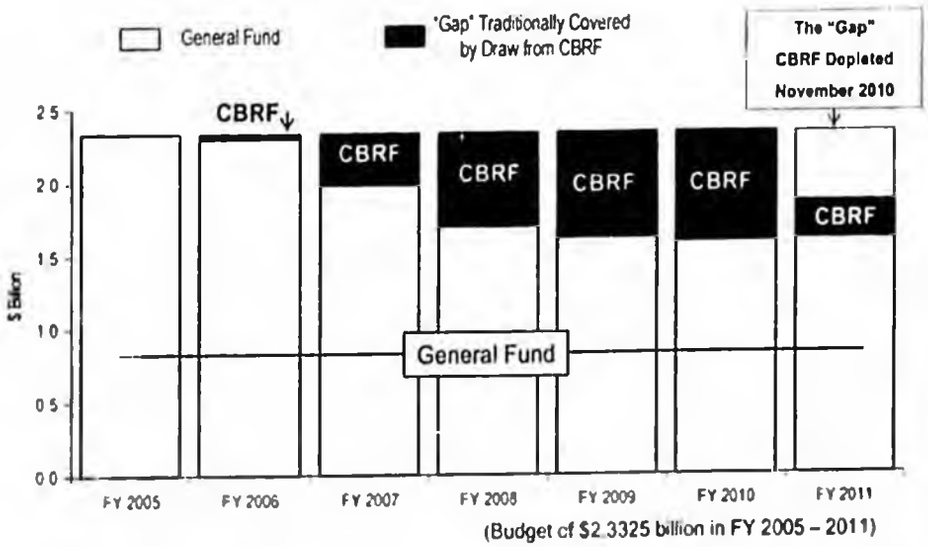
Table 2-8. Difference Between Unrestricted General Purpose Revenue and General Fund Budget "The Gap" (1)
$ million

Fiscal Year	Total Unrestricted General Purpose Revenue	General Fund Appropriation	"Gap"
Actual 2004	2,361.7	2,319.1	42.6
2005 (1)	2,985.5	2,332.5	653.0
2006	2,300.6	2,332.5	(31.9)
2007	1,986.9	2,332.5	(345.6)
2008	1,700.5	2,332.5	(632.0)
2009	1,615.6	2,332.5	(716.9)
2010	1,588.6	2,332.5	(743.9)
2011	1,603.1	2,332.5	(729.4)
2012	1,549.2	2,332.5	(783.3)
2013	1,475.2	2,332.5	(857.3)
2014	1,416.2	2,332.5	(916.3)
2015	1,348.6	2,332.5	(983.9)

(1) The FY 2005-2015 budget of $2,332.5 million is simply a reference point for analysis. Any budget estimate used to determine "The Gap" will have its detractors — some will contend spending should be cut, while others will argue just as strongly that spending should be increased to reflect inflation and population growth.

(1) http://www.gov.state.ak.us/omb/05_omb/fy05FiscalSummary.pdf

Figure 2-7. Sr ling Gap Traditionally Covered by Draw from CBRF Fills Gap FY 2005-2011 (1)



(1) FY 2005 deposits to the CBRF are not included. CBRF draws: FY 2006 of $31.9 million; FY 2007, $345.6 million; FY 2008, $532.0 million; FY 2009, $716.9 million; FY 2010, $743.9 million; FY 2011, depleted in November 2010 after a $259.8 million draw.

Table 2-9. When Would the CBRF Be Gone? (1)

Annual State Budget	State Spending and Oil Price Variables						
	$18/bbl	$23/bbl	$25/bbl	$28/bbl	Fall 2004 DOR Forecast	$30/bbl	$32/bbl
$2.2 billion	Dec-2007	Apr-2009	Feb-2010	Mar-2012	Mar-2012	Apr-2014	Jul-2016
$2.3 billion	Sep-2007	Sep-2008	May-2009	Nov-2010	Feb-2011	Jun-2012	Jul-2014
$2.4 billion	Jul-2007	May-2008	Nov-2008	Dec-2009	Apr-2010	Jan-2011	Sep-2012
$2.5 billion	May-2007	Jan-2008	Jun-2008	Apr-2009	Sep-2009	Jan-2010	Apr-2011

(1) Department of Revenue fall 2004 forecast, Fiscal Driver Model of Oil Revenue and CBRF Performance. FY 2005 deposits to the CBRF are not included. Matrix budget and price starts in FY 2006.

As approved by voters in 1990, all receipts from oil and gas tax and royalty settlements are deposited into the Constitutional Budget Reserve Fund (CBRF). The state has deposited about $5.6 billion into the reserve fund, generating about $1.6 billion in investment earnings. For 10 of the past 13 years, the state has relied on the CBRF to fill the difference between unrestricted revenue and the annual state budget. Through September 30, 2004, approximately $5.5 billion had been withdrawn from the CBRF to balance the budget, leaving a balance of $1.9 billion.

Table 2-9 reflects the CBRF depletion matrix and the time period the fund could continue to make up the difference between Unrestricted General Purpose Revenue and the General Fund budget at various oil prices and budget levels. For example, assuming no change in the state's fiscal system, and if we are correct in our oil price forecast and if we assume a flat total General Fund budget of $2,332.5 million per year, the CBRF will be exhausted in November 2010. We make no assumption as to any deposit of a possible FY 2005 surplus to the CBRF.

3. The Future: ANWR

Proponents hope Congress will vote in 2005 to open the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration and development, greatly expanding the opportunities for new production from Alaska's North Slope.

Looking ahead to success in Washington, D.C., and then later success when companies start drilling for oil, the first step in coming up with a possible ANWR production profile is to estimate the total amount of economically recoverable oil barrels in the area.

The U.S. Geological Survey (USGS) estimates there are 10.3 billion barrels of technically recoverable oil reserves in ANWR [1]: 7.7 billion barrels beneath federal lands and 2.6 billion barrels under state waters and Native corporation lands. These technically recoverable reserves represent the federal agency's best estimate of how much oil could be recovered using current technology, without reference to costs or oil prices.

It would require very high oil prices to produce all of these technically recoverable reserves. Some of these barrels are probably in accumulations too small to be commercially viable. Other barrels in slightly larger accumulations might be uneconomic due to their greater distance from existing pipe and production facilities or because they are at deeper, more expensive depths.

USGS economists estimate 5.2 billion barrels of the 7.7 billion barrels of technically recoverable oil from federal lands in ANWR could be economic to produce at $26.20 per barrel for North Slope crude (2004 dollars). On one hand, this estimate alone appears too low because it excludes economically recoverable oil from Native lands and from state waters offshore of ANWR. On the other hand, it appears too high because it includes reserves from low-probability fields. If economic reserves from state and Native lands are included, and if low-probability fields are excluded, we get about 5 billion barrels of economically recoverable oil from federal lands, state waters and Native lands — pretty close to the USGS estimate of 5.2 billion barrels on federal lands alone.

In its recovery estimates, the USGS determined a minimum field size of about 256 million barrels was needed for an ANWR oil field to make economic sense at $26.20 (2004 dollars), and the agency used that cut-off to eliminate smaller fields from its projection.

However, it is possible that oil recovery from ANWR could total less than 5 billion barrels.

USGS estimates technically recoverable reserves on the basis of "broad geologic knowledge and theory". Theory aside, the reality is there might be a lot less oil or a lot more. The 10.3 billion barrels of technically recoverable oil is the mean or 50% estimate. In the low case the agency sees only about half of this oil being there. As the agency said in its ANWR economics report: "Until a systematic subsurface evaluation is accomplished, uncertainty about the size and nature of the resource will remain significant." [2]

(1) USGS Fact Sheet FS-028-01(supersedes, FS-040-98), April 2001, Arctic National Wildlife Refuge, 1002 Area, Petroleum Assessment, 1998, Including Economic Analysis.
(2) Economics of Undiscovered Oil in the 1002 Area of the Arctic National Wildlife Refuge by Emil D. Attanasi, ANWR Assessment Team, U.S. Geological Survey Open File Report 98034 at EA-25.

This forecast of commercially recoverable reserves is also very sensitive to oil prices. USGS officials calculate that about 40% of the oil from federal lands economically recoverable at $26.20 a barrel (2004 dollars) would be uneconomic to produce at $19.60 a barrel (2004 dollars). The minimum field size for economic development would double from 256 million barrels to 500 million barrels at that price, putting a further strain on production estimates.

The USGS acknowledges in its report that it does not predict what the industry will do, only what is possible and economic given the volumes and distribution of oil believed to be there and the costs and prices assumed. The industry might have different views of those costs and prices, or believe that the risks associated with the area require a return higher than the 12% hurdle rate assumed by the federal agency. The USGS analysis is also "time independent," in that the agency makes no assumption about how quickly industry would move to explore and develop ANWR.

In addition to looking at possible reserves and possible production, it is important to remember that these reserves would not be produced immediately after federal approval of oil and gas development in ANWR. It would take time to hold a lease sale, undertake required environmental studies and explore, discover and build production facilities and pipelines to carry oil to market through the trans-Alaska pipeline.

The western border of ANWR is 50 miles east of the trans-Alaska oil line, far enough away to require an oil field large enough to support the economics of building its own processing facilities and regional pipeline. In addition, the producers would have to pay to transport this oil to market. USGS estimates developers would need a $410 million (2004 dollars), 85-mile pipeline from the western area of ANWR to reach the trans-Alaska oil pipeline, with an additional 50 miles of pipe (at almost $220 million in 2004 dollars) to bring oil to market from the eastern area of ANWR.

This regional pipeline, coupled with the cost of feeder lines from various fields, would add between $1.30 and $1.90 (2004 dollars) in transportation costs to each barrel of oil coming out of ANWR.

Meanwhile, the U.S. Energy Information Administration estimates it would take seven to 12 years for the first oil to flow from the date of congressional action.[3] For this reason, we estimate first oil will flow from ANWR in 2014, nine years after assumed congressional approval in 2005.

How much oil could flow in 2014 would depend on how quickly exploration starts and how intense the effort, the size of any fields discovered, and the speed at which the fields are developed. Regarding field size, the USGS projects about a 50% chance of a major field at between 1 billion and 2 billion barrels, and believes there will be three to five fields with between 500 million and 1 billion barrels.

Although the agency believes there is a very small chance of finding a mega-field such as Prudhoe Bay's 13-plus billion barrels, the anticipated ANWR field sizes are large by most other standards, with the first field to come online projected at three to four times the size of Alpine, a little smaller than Kuparuk. The agency believes the next largest fields likely to be found and developed would be about 1½ times the size of Alpine's 400-plus million barrels.

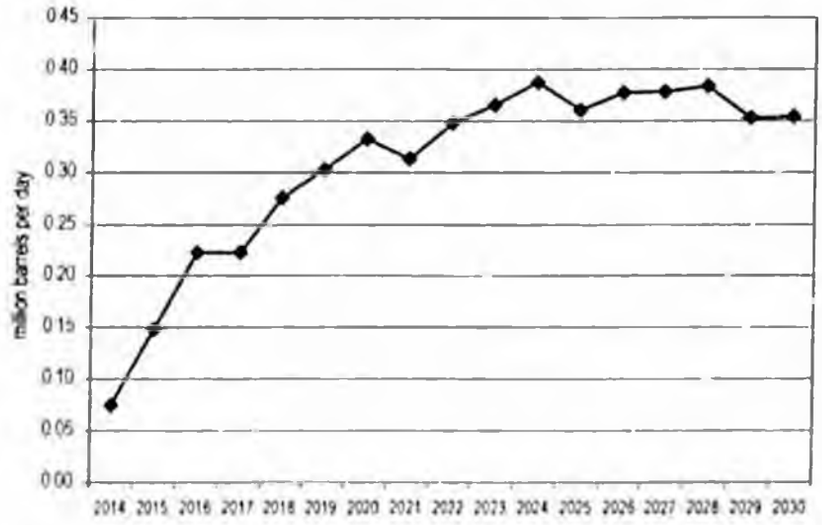
(3) Potential Oil Production from the Coastal Plain of the Arctic National Wildlife Refuge: Updated Assessment (2000) by Energy Information Administration, Resources and Production Division.

We believe that large fields in the western area of ANWR (the "undeformed" area where rocks are generally horizontal, as opposed to the eastern area of ANWR where the rocks are deformed, or folded and faulted) will be explored and produced first, followed by larger fields in the deformed area. The last fields to be developed, we assume, would be smaller fields in the western and then eastern area, and we also assume field development would be staggered in three-year intervals, a very aggressive development schedule.

Based on these estimates and assumptions, five fields with a total of 3 billion barrels of reserves would be brought online by 2030, requiring approximately an additional $700 million in exploration and development spending per year.

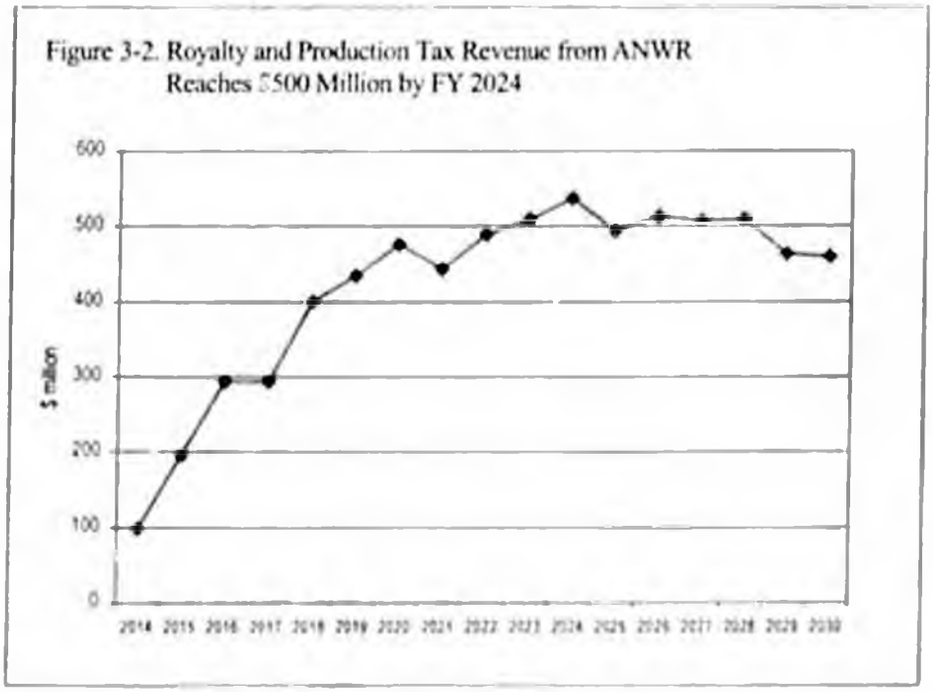
With this aggressive spending program, production could reach 220,000 barrels a day by 2016 and almost 400,000 barrels per day by 2024.

Figure 3-1. ANWR's Big Fields Could Deliver Big Boost to Alaska Production



At our estimated long-term oil price of $25.50 per barrel for North Slope crude, ANWR production could yield $500 million a year in royalty and production tax revenue by 2024. Of that, 60% would come from the state production tax and 40% from the state's share of federal royalties (assuming the state retains a 50% share of the royalties).

Figure 3-2. Royalty and Production Tax Revenue from ANWR Reaches $500 Million by FY 2024



4. Oil Revenue

Figure 4-1. FY 2004 Oil Revenue
$2.4 billion

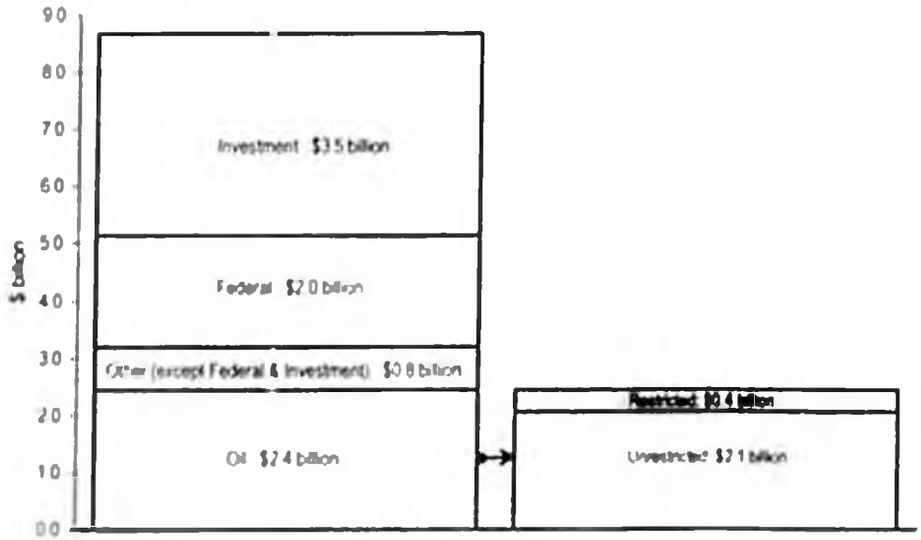


Table 4-1. Total Oil Revenue
Actual FY 2004 [1] and Projected FY 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
Property Taxes	47.3	47.2	45.3
Corporate Income Taxes	298.8	404.0	296.0
Production Taxes	651.9	798.3	568.9
Royalties (including Bonuses and Interest)	1,056.1	1,419.1	1,061.7
Total Unrestricted	2,054.1	2,668.6	1,971.9
Restricted			
Royalties to Permanent Fund and School Fund	362.1	465.2	362.9
Tax Settlements to CBRF	8.4	20.0	20.0
NPR-A Royalties, Rents and Bonuses	2.5	12.9	7.9
Total Restricted	373.0	518.1	390.8
Total Oil Revenue	2,427.1	3,186.7	2,362.7

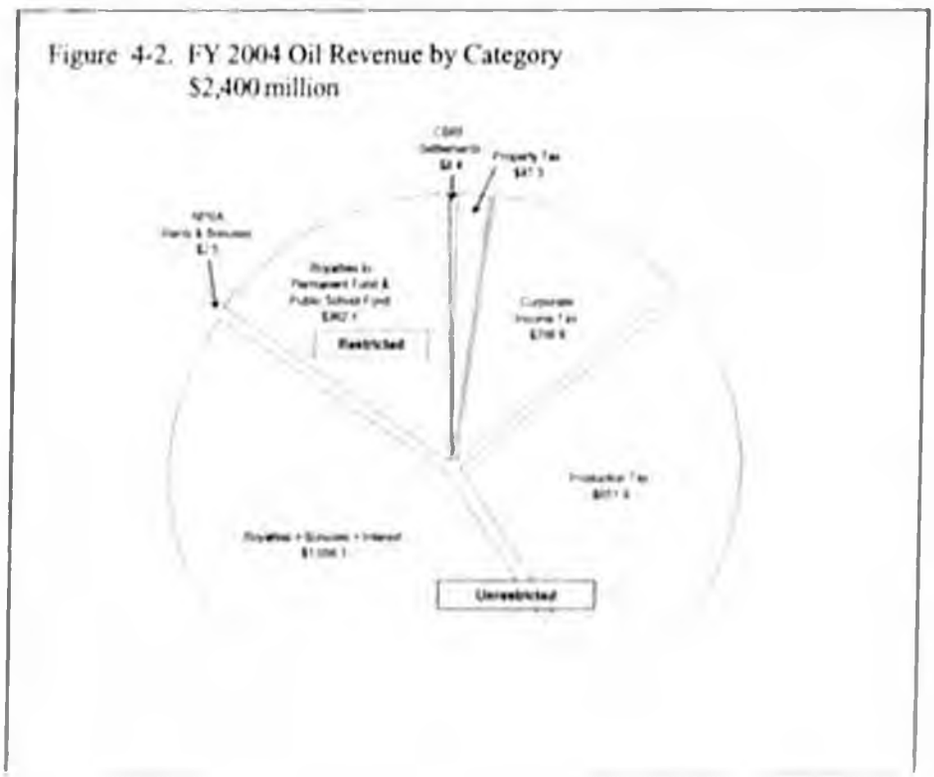
(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.

General Discussion

The state receives oil and gas revenue from four sources: oil and gas production tax, property tax, royalties and corporate income tax. The bulk of the revenue goes into the General Fund for general purpose spending. Of the royalties, 25% goes into the principal of the Alaska Permanent Fund and 0.5% goes into the Public School Trust Fund. There also are two other funds that receive specific oil and gas revenues: the state's share of all lease bonuses from the National Petroleum Reserve-Alaska (NPR-A) goes into the NPR-A Fund [1], and settlements of tax and royalty disputes between the state and oil and gas producers go into the Constitutional Budget Reserve Fund (CBRF).

The figure below shows the actual amount of each tax and royalty source in FY 2004.

As can be seen from the figure, royalties and the production tax constitute the largest part of oil revenue — both restricted and unrestricted. This section begins with a discussion of these two revenue sources, both of which are driven by price and volume. We then review the price forecasting methodology that underlies this biannual report, as well as explore how market prices determine wellhead value. We also review our production forecast, and close this section with a discussion of oil and gas property taxes, oil and gas corporate income taxes and the restricted portions of oil revenue.



(1) This fund implements a federal requirement that the state use its share of NPR-A oil revenue to satisfy the needs of local communities most affected by development in the NPR-A. For detailed information on this fund, see Section XII P of Treasury's Investment Policies and Procedures Manual.

Unrestricted Oil Revenue

Table 4-2 . Unrestricted Oil Revenue Projections
Actual FY 2004[1] and Projected FY 2005-2015
$million

Fiscal Year	Property Tax	Corporate IncomeTax	Production Tax	Royalties[2]	Total Oil
2004	47.3	298.8	651.9	1,056.1	2,054.1
2005	47.2	404.0	798.3	1,419.1	2,668.6
2006	45.3	296.0	568.9	1,061.7	1,971.9
2007	42.2	215.0	462.8	931.8	1,651.7
2008	40.0	188.0	400.4	730.5	1,358.9
2009	37.5	180.0	365.7	689.7	1,272.9
2010	37.3	175.0	346.5	686.1	1,244.9
2011	36.8	176.0	355.3	690.3	1,258.4
2012	36.1	182.0	315.8	669.4	1,203.3
2013	35.3	181.0	282.4	629.4	1,128.1
2014	34.5	176.0	250.3	607.3	1,068.1
2015	33.8	171.0	220.8	574.1	999.7

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.
(2) Includes bonuses and interest.

Oil and Gas Production Taxes

All oil and gas production in Alaska — except the federal and state royalty share — is subject to the state's production taxes. The taxes consist of the oil and gas production tax and a hazardous release surcharge levied only on oil. All of these taxes are collected on a monthly basis.

Oil Production Tax

The tax rate for oil depends on the age of the field and the Economic Limit Factor (ELF). The ELF depends on total daily oil production and average daily per well production from each producing field.

The statutory production tax rate on oil is 12.25% of its value at the point of production for the first five years of field production and 15% thereafter. There is a minimum tax of 80 cents per taxable barrel.

The effective tax rate is calculated by multiplying the statutory tax rate, even if it is the minimum 80 cents per barrel, times the ELF. The ELF formula for oil production is:

$$ELF = \left(1 - \frac{(300 \times wells)}{volume}\right)^{\left(\frac{150{,}000}{volume}\right)^{1.53333}}$$

"wells" is the number of producing wells in the field, "volume" is the total daily production for the field.

The ELF formula results in lower effective tax rates for smaller, low-production fields and higher tax rates for larger, highly productive fields. There is a unique ELF for every combination of total daily field production and average daily per well production.

The taxable value of oil is determined by deducting allowable marine and pipeline transportation costs from the destination value of the oil at its disposition point. This point is defined as either a third-party sale or delivery to the producer's own refinery. The destination value for most dispositions is tied by regulation to the West Coast spot price of ANS crude oil.

Natural Gas Production Tax

The statutory production tax rate on natural gas is 10% of its value at the point of production, regardless of the age of the field. There is a minimum tax of 6.4 cents per thousand cubic feet.

To calculate the effective tax rate, multiply the statutory tax rate, even if it is the minimum 6.4 cents per thousand cubic feet, by the ELF. The ELF formula for natural gas production is:

ELF = 1-(3000/PPW)

PPW = average gas production per well per day from the field in thousand cubic feet

If the average daily per well gas production from a field is less than 3,000 cubic feet, the ELF is zero and no gas production taxes are assessed.

The taxable value of natural gas depends on the location of its disposition and its use. For Cook Inlet production, the value for gas sent to Japan as LNG is based on the sales price in Japan less marine, processing and pipeline costs; the value for sales to the Nikiski fertilizer plant is indexed to the current market price of anhydrous ammonia; the value for sales for local use is based on the average sales price for the contracts in effect each month. The small volume of taxable North Slope gas production is valued for tax purposes using the following formula linking it to the value for North Slope crude oil:

ANS Gas Taxable Value/million cubic feet = 0.10 (average ANS oil per barrel netback value)

Hazardous Release Surcharge

This tax was enacted following the 1989 grounding of the Exxon Valdez to provide an emergency fund to deal with hazardous substance spills.

The surcharge is comprised of two components: (1) a 3 cents per barrel charge on all oil production, except federal and state royalty barrels, and (2) an additional 2 cents per barrel charge on all oil production except federal and state royalty barrels whenever the balance in the state Oil and Hazardous Substance Release Prevention and Response Fund falls below $50 million. The balance of the fund was $50 million or greater for all of FY 2004, so the surcharge was 3 cents per barrel for the entire fiscal year.

Oil Royalties

Almost all Alaska oil and gas production occurs on state lands leased for exploration and development. As the land owner, the state earns revenue from leasing as: (1) upfront bonuses, (2) annual rent charges and (3) a retained royalty interest in oil and gas production.

Generally, the state issues leases based on a competitive bonus bid system. It has always retained a royalty interest of at least 12.5%. The vast majority of current production is from leases that carry that rate. Some currently producing leases carry rates as high as 20%, and some leases also have a net profit-share production agreement.

State oil and gas leases provide that the state may take its oil royalty in barrels (in-kind) or as a percentage of the production value (in-value). In 2004, the state took approximately 56,200 barrels per day of Prudhoe Bay production in-kind and sold it to the Williams Alaska Petroleum Company and its successor, Flint Hills Resources, for their refinery in North Pole. The state's royalty share of Alaska North Slope production amounts to about 123,000 barrels per day.

The royalty oil taken in-value is valued according to a formula using a market basket of spot crude oil prices closely approximating the ANS West Coast spot price of oil less a transportation allowance back to the lease.

Oil Production Revenue Forecasting Methodology and Assumptions

The forecasted value of the state's anticipated oil production is based on projections of the destination market price of oil and the cost of shipping oil by pipeline and tanker to market. The forecast is the product of a formal oil price scenario meeting that includes state economists and financial professionals from the Department of Revenue, Department of Natural Resources, Department of Labor, the Governor's Office of Management and Budget and the University of Alaska.

To develop a production volume forecast, the Department of Revenue uses an engineering consultant in conjunction with assistance from the Alaska Department of Natural Resources and the Alaska Oil and Gas Conservation Commission. This production volume forecast is developed from estimates of oil and gas production by field.

Oil Price Forecast

Oil prices have risen to historically high levels since our last forecast. Unanticipated worldwide rapid demand growth has exceeded oil production, significantly drawing down inventories and consuming almost all available spare production capacity. This has happened in a world that is increasingly concerned about both security of supply from the Middle East and sufficiency of excess capacity to meet any potential interruptions of supply.

Review of What Has Happened Since the Spring Revenue Forecast

- According to the International Energy Agency, oil consumption has continued to grow at a torrid pace. Oil consumption in China is projected to grow by 16% in 2004. Oil consumption globally is on course to increase from 2003 to 2004 by 3.3%, the biggest annual increase since 1988.

- OPEC production continues to increase, currently averaging just over 30 million barrels per day compared to an average production rate of 26.8 million barrels per day in 2003.

- Non-OPEC production has also increased, with current production rates assessed at 27.4 million barrels per day compared to an average of 25.5 million barrels per day in 2003. Increases in the former Soviet Union and West Africa account for virtually all of the increase.

• With demand up and supply lagging, oil and oil-product inventories remain at historically low levels. At the same time, the dollar continues to be depressed in value relative to other major world currencies, pushing oil prices higher to compensate for the weaker dollar used as the international currency for oil trades. Meanwhile, the insurgency in Iraq continues to contribute to supply security concerns.

Short-Term Oil Price Forecast

Oil prices continue at historically high levels, though history suggests at some point there will be a downward correction. Given the state of market fundamentals, however, prices could temporarily even go higher. Meanwhile, high oil prices could sow the seeds for lower oil prices as both supply and demand responses occur. Looking ahead 30 months, we have put together two oil price scenarios. The low-price scenario assumes factors that push down prices. Accordingly, the high-price scenario is the opposite. The components of each scenario are in the table below.

Table 4-3. Fall 2004 Oil Price Scenarios

Low-Price Factors

- China's growth slows next year due to government policy and international pressure, while financial overheating and high oil prices slow Chinese export growth.
- U.S. and emerging Asia nations' economies slow down in response to high oil prices.
- OPEC's rapid increase in production capacity allows OPEC growth to exceed a slowing consumption growth, a supply glut begins to develop.
- The political unrest in the Middle East fails to have any discernable effect on oil supply availability. Investments in Russia, Africa and Canada add to worldwide production.

High-Price Factors

- The political unrest in the Middle East and other oil producing regions periodically results in disruptions in production and shipments to global markets.
- China's remarkable economic growth continues.
- Production increases by OPEC and non-OPEC suppliers are not able to keep pace with continued robust consumption growth.

Organization of Petroleum Exporting Countries

In some ways, OPEC may have contributed to the upward momentum in oil prices we have seen since last spring. In hindsight, it is hard to believe that only last February OPEC announced it would lower its quota by 1 million barrels per day — to 23.5 million barrels per day effective April 1. At the time, the cartel's view was that the market would require an output reduction in order to prevent oil prices from falling. On March 31, OPEC confirmed its commitment to this reduction in crude oil production. A preliminary estimate for OPEC March production was 25.7 million barrels per day, more that 2 million barrels per day above the new quota for April.

OPEC, however, realized by early summer that demand was putting stress on available supplies, and increased its quota by 2 million barrels per day in July, with a further increase of 0.5 million barrels per day in August. By September, OPEC production was estimated at 2 million barrels per day over the quota in a high-price market that attracted the usual practice of nations with spare capacity exceeding their quotas.

Current ANS Oil Market Situation

Alaska North Slope prices for FY 2005 have been at historic levels, averaging around $42 per barrel from June to October 2004. The price of benchmark West Texas Intermediate (WTI) has averaged $44.50 per barrel, implying an average discount for ANS of about $2.50 per barrel. This is 80 cents per barrel more than the five-year average of $1.70 per barrel. The WTI differential widened to $6 per barrel in October 2004, as the sweet/sour spread globally began to reflect the surge of Middle East sour crude onto the market. The disruption of production of benchmark WTI (a light sweet crude oil) due to Hurricane Ivan contributed to the widening of the sweet/sour spread. We assume the differential will continue to be wide through the rest of 2004, but should narrow as we get deeper into the winter heating season in January and February.

ANS prices track the OPEC price basket of internationally traded crude oils and tend to price higher than the basket. The OPEC basket is the benchmark that OPEC uses to gauge the success of its production policy. Since January 2000, the average ANS price has been $1.56 per barrel higher than the average OPEC basket price. ANS typically sells in direct competition with other waterborne crude oils from Latin America, Asia and the Middle East for delivery to U.S. West Coast refiners in Washington, California and Hawaii.

Prices Over the Longer Term

In the fall 2002 revenue forecast, we increased our assumption for ANS oil prices over the longer term to $22 per barrel. We believed the accumulated evidence of OPEC's commitment to managing the market from 1999 through 2002, as well as higher prices over this period, supported the increase. At that time, we chose to benchmark our price to the low end of OPEC's target range. Experience had shown that the OPEC cartel is not perfect and that some cheating does occur, and we did not want to err with a long-term price forecast at the upper end of OPEC's target rate. Like all cartels, production discipline in an organization — with only voluntary compliance — creates strong economic incentives for individual members to overproduce.

OPEC has dramatically increased production since April 2004 in response to historically high oil prices. One factor currently driving oil prices upward is the realization by market participants that OPEC has only a limited ability to increase production without significant new investment. We believe this significant investment will occur in both OPEC and non-OPEC countries. We also believe the longer prices stay at current high levels (they may not be as high as in 1981 adjusting for inflations but they are still very high), the more likely there will be an effect on global economic growth.

In this forecast, we have chosen to increase our long-term price forecast to $25.50 per barrel. This forecast target is an average. We expect oil prices to continue to exhibit extreme volatility and in any given year they could be much higher or lower than $25.50 per barrel. Many pundits believe that oil prices above $30 per barrel should be expected over the next four or five years. This could certainly happen; however, based on our experience we are taking a more conservative approach and opting for a number closer to the middle of the OPEC price target range.

Figure 4-3. General Fund Unrestricted Revenue Forecast
Oil Price Scenarios

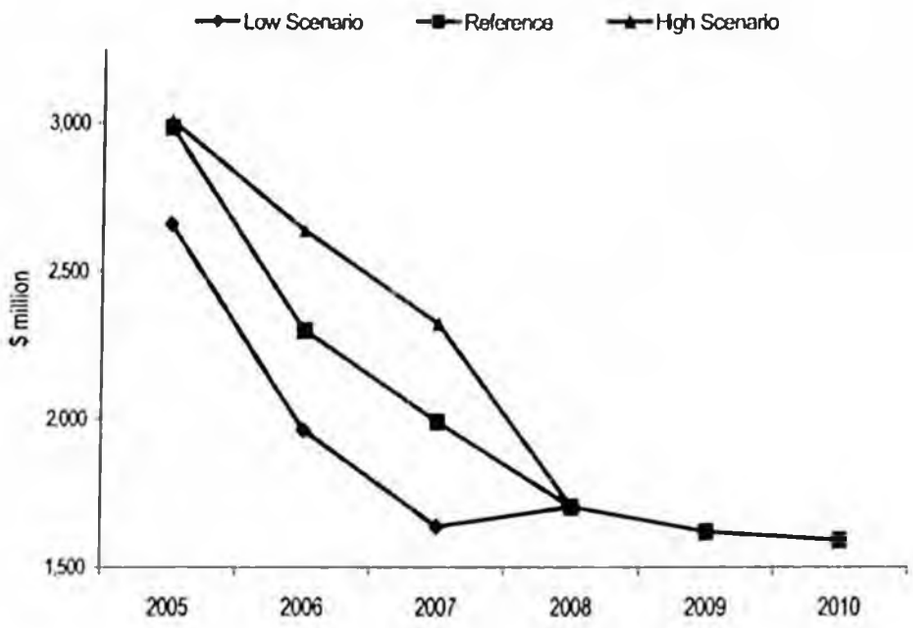


Table 4-4. Oil Price and General Fund Unrestricted Revenue
Reference Case Compared to Low and High Oil Price Scenarios

	Low Case		Reference Case		High Case	
FY	$/ barrel	$million	$/barrel	$million	$/barrel	$million
2005	38.20	2,660.6	43.61	2,985.5	44.30	3,007.6
2006	29.05	1,960.1	31.50	2,300.6	39.85	2,634.6
2007	25.15	1,634.2	30.95	1,986.9	36.45	2,321.4
2008	25.50	1,700.5	25.50	1,700.5	25.50	1,700.5
2009	25.50	1,615.6	25.50	1,615.6	25.50	1,615.6
2010	25.50	1,588.6	25.50	1,588.6	25.50	1,588.6
2011	25.50	1,603.1	25.50	1,603.1	25.50	1,603.1
2012	25.50	1,549.2	25.50	1,549.2	25.50	1,549.2
2013	25.50	1,475.2	25.50	1,475.2	25.50	1,475.2
2014	25.50	1,416.2	25.50	1,416.2	25.50	1,416.2
2015	25.50	1,348.6	25.50	1,348.6	25.50	1,348.6

Other Transportation and Production Costs

Transportation Costs

The mandated replacement of vessels without double hulls with new, more expensive double-hulled vessels, and the continued use of smaller qualified vessels to replace larger vessels retired by compliance with the Federal Pollution Act of 1990 is likely to increase transportation costs in the future.

Trans-Alaska Pipeline System (TAPS) Tariffs

The TAPS tariff is determined according to the TAPS Settlement Methodology, a rate-making method approved by the Federal Energy Regulatory Commission that allows the TAPS owners to recover their costs, including an allowance for profit. Under the agreement, future tariffs will be determined by operating cost trends, the production rate and inflation. Preliminary negotiations between the state and pipeline owners have already started to revisit the TAPS Settlement Method, which is scheduled to expire December 31, 2011.

TAPS tariffs are filed on a calendar year basis, with new tariffs taking effect January 1 each year. The expected tariff filing for calendar year 2004 is $3.02 per barrel. The fall 2004 forecast assumptions table below contains projected tariffs for FY 2004-2015.

Feeder Pipeline Costs

Additional transportation costs are also incurred to move the various crude oils that comprise ANS from North Slope production fields to Pump Station No. 1 of the Trans-Alaska Pipeline System. These include both feeder pipeline charges and other cost adjustments to account for the different qualities of oil entering the North Slope pipelines as well as market-location differentials for in-state sales. See the table below.

Wellhead Price

The combination of ANS wellhead value and production volume by field form the basis for both state production taxes and royalties. The wellhead value by field is calculated by subtracting the relevant marine transportation and pipeline tariff costs (as well as adjustments for North Slope feeder pipelines and pipeline quality bank) from the appropriate destination value. The table below reflects this calculation for FY 2004-2015.

Table 4-5. Fall 2004 Forecast Assumptions
$ per barrel

Fiscal Year	Price	ANS Transportation	TAPS Tariff	Other Deductions & Adjustments [1]	ANS Wellhead
2004	31.74	1.61	3.05	0.30	26.78
2005 [2]	43.61	1.60	3.09	0.08	38.83
2006	34.50	1.65	3.22	0.17	29.46
2007	30.95	1.70	3.25	0.21	25.79
2008	25.50	1.75	3.23	0.26	20.26
2009	25.50	1.80	3.28	0.26	20.16
2010	25.50	1.85	3.19	0.36	20.10
2011	25.50	1.90	3.15	0.45	20.00
2012	25.50	1.95	3.06	0.49	20.00
2013	25.50	2.00	3.17	0.52	19.81
2014	25.50	2.05	3.28	0.54	19.62
2015	25.50	2.10	3.41	0.56	19.43

(1) Other deductions include other pipeline tariffs, quality bank charges, location differentials and amended information.
(2) FY 2005 includes reported information through August 2004.

Oil Production

We have made some minor changes in our ANS oil production forecast. The changes are summarized as follows:

- We have delayed the startup of Point Thomson one year from 2008 to 2010 pending negotiations between the state and developer ExxonMobil.

- We have accelerated and increased production from West Sak due to the successful application of drilling technology used to complete horizontal multi-lateral wells and the sanctioning of a new drillsite at J-Pad. We now believe that West Sak will produce close to 80,000 barrels per day by 2010, compared to our fall assumption of roughly 50,000 barrels per day.

- We have accelerated NPR-A development by one year, with production assumed to start at roughly 20,000 barrels per day in 2011 and peak at 70,000 barrels per day in FY 2014.

- We have increased Alpine's near-term output to reflect recently announced facility expansions.

- A review of development plans and production performance at producing fields has resulted in a very modest decrease in Milne Point production.

Figure 4-4 illustrates how the development timing can affect the production forecast over the next 12 years. The decline between FY 2005 and FY 2009 illustrates that until a combination of heavy oil (West Sak), NPR-A, Point Thomson and other new fields come on line, ANS production will continue to decline modestly year-to-year.

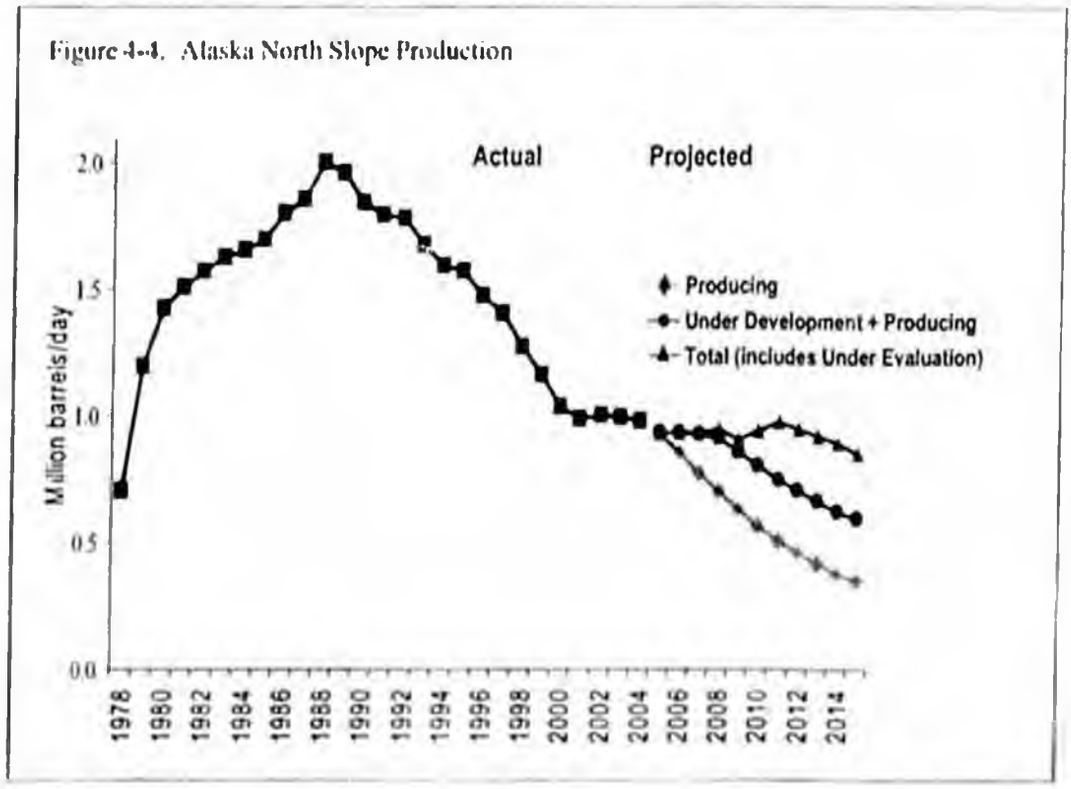


Table 4-6. Alaska Oil and NGL Production
million barrels per day

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Prudhoe Bay	0.419	0.383	0.368
Midnight Sun	0.005	0.004	0.003
Polaris	0.003	0.003	0.004
Orion	0.003	0.008	0.015
Aurora	0.011	0.009	0.011
Borealis	0.032	0.027	0.029
Kuparuk	0.155	0.144	0.141
West Sak	0.009	0.015	0.030
Tabasco	0.004	0.005	0.004
Tarn	0.031	0.027	0.022
Meltwater	0.005	0.009	0.011
Milne Point	0.030	0.030	0.026
Schrader Bluff	0.020	0.021	0.025
Endicott	0.029	0.022	0.023
Lisburne	0.010	0.010	0.010
Point McIntyre	0.038	0.038	0.038
Niakuk	0.012	0.010	0.008
Alpine	0.099	0.102	0.112
Northstar	0.066	0.056	0.053
Total ANS	0.960	0.934	0.932
Cook Inlet	0.029	0.024	0.022
Total Alaska	1.010	0.958	0.954

Petroleum Property Tax

An annual tax is levied each year on the full and true value of property taxable under AS 43.56. The tax on oil and gas property is the only statewide property tax. The valuation procedure for three distinct classes of property — exploration, production and pipeline transportation — is described below.

Exploration Property

Value is based on the estimated price that the property would bring in an open market under prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels.

The state appraiser gathers raw data for determining market value by reviewing the details of equipment sales, attending auctions and reviewing trade journals. This data is then applied to the taxable property, taking into account age, capacity, physical and functional obsolescence.

Production Property

Value is determined on the basis of replacement cost new less depreciation, based on the economic life of the proven reserves.

In the case of an offshore oil or gas platform or onshore facility, the number of years of useful life is determined by estimating when the facility would reach its economic limit, not on the basis of the projected physical life of the property. The time period until the estimated operating revenue would equal operating expenses plus the current age of the facility equals the total life. The depreciation factor for the facility equals the years of remaining life *divided* by the total life.

Pipeline Transportation Property

The full and true value of taxable pipeline property is determined with due regard to the economic value of the property based on the estimated life of the proven reserves of gas or unrefined oil that will be transported by the pipeline. We rely upon several standard appraisal techniques to value Alaska pipelines. We primarily rely on the income method under which the value is the net present worth of all future income streams of the pipeline. The Trans-Alaska Pipeline from Prudhoe Bay represents more than 95% of Alaska's taxable pipeline transportation property.

The table on the next page illustrates the property tax distribution between local communities and the state for FY 2004. The property value is assessed by the state. A local tax is levied on the state's assessed value for oil and gas property within a city or borough, and is subject to the local property tax limitations established in AS 43.29.080 and AS 43.29.100. If a municipality has a tax rate of 20 mills or less, the state's mill rate is effectively 20 mills minus the local rate.

Table 4-7. FY 2004, Distribution of the Petroleum Property Tax
$million

Municipalities	Gross Tax	Local Share	State Share
North Slope	206.8	192.9	14.0
Unorganized	27.1	0.0	27.1
Valdez	13.3	13.3	0.0
Kenai	12.2	7.3	4.9
Fairbanks	5.4	4.3	1.1
Anchorage	0.9	0.8	0.2
Other Municipalities[1]	0.1	0.1	0.0
Total	265.8	218.7	47.3

(1) Other municipalities include Matanuska-Susitna Borough, Cordova and Whittier.

Petroleum Corporate Income Tax

A petroleum corporation's Alaska income tax depends on the relative size of its Alaska vs. worldwide activities and the corporation's total worldwide net earnings. The corporation's Alaska taxable income is derived by apportioning its worldwide taxable income to Alaska using the average of three factors: the proportion in Alaska of the corporation's (1) tariffs and sales, (2) oil and gas production, and (3) oil and gas property. We begin our forecast by estimating the statistical relationship between historical collections of tax, the value of Alaska oil production and refinery margins. We then adjust the forecast for carryforwards and refunds.

In FY 2005, the carryforward and refund adjustment is under $40 million. This adjustment is a result of oil companies overpaying their estimated quarterly income taxes. We are forecasting a 35% increase in petroleum corporate income tax revenue due to higher crude oil prices and continued high refining margins in FY 2005. In FY 2006, we are projecting revenue will decrease as a result of lower oil and gas prices and falling refining margins.

Restricted Oil Revenue

The table below reflects restricted oil and gas revenue.

According to Article IX, Section 15 of the Alaska Constitution, a minimum of 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state must be deposited into the Alaska Permanent Fund. In addition, AS 37.14.110 requires a contribution of 0.5% of all royalties and bonuses to the Public School Fund Trust. As explained earlier, settlements with or judgments against the oil industry involving tax and royalty disputes must be deposited in the CBRF, although in FY 2004 all CBRF deposits were tax related.

The state is entitled to 50% of all bonuses, rents and royalties from oil development activity in the federal NPR-A. All such revenue flows into the NPR-A Special Revenue Fund. All of the revenue in the fund each year is available for appropriation in the form of grants to municipalities that demonstrate present or future impact from NPR-A oil development. Of the revenue not appropriated to the municipalities, 25% goes to the Permanent Fund, 0.5% goes to the Public School Trust Fund, and the rest may be appropriated to the Power Cost Equalization and Rural Electric Capitalization Fund. Any remaining revenue after these appropriations lapses into the General Fund.

Table 4-8. Restricted Oil Revenue
Actual FY 2004[1] and Projected FY 2005-2006
$ Million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Restricted			
Royalties to Permanent Fund & Public School Fund			
Royalties, Bonuses and Rents to the Permanent Fund	355.0	475.7	355.8
Royalties, Bonuses and Rents to the Public School Fund	7.1	9.5	7.1
Subtotal	362.1	485.2	362.9
Tax Settlements to the CBRF	8.4	20.0	20.0
NPR-A Royalties, Rents and Bonuses	2.5	12.9	7.9
Total Restricted	373.0	518.1	390.8

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report

5. Other Revenue (except Federal & Investment)

Figure 5-1. FY 2004 Other Revenue (except Federal & Investment)
$0.8 billion

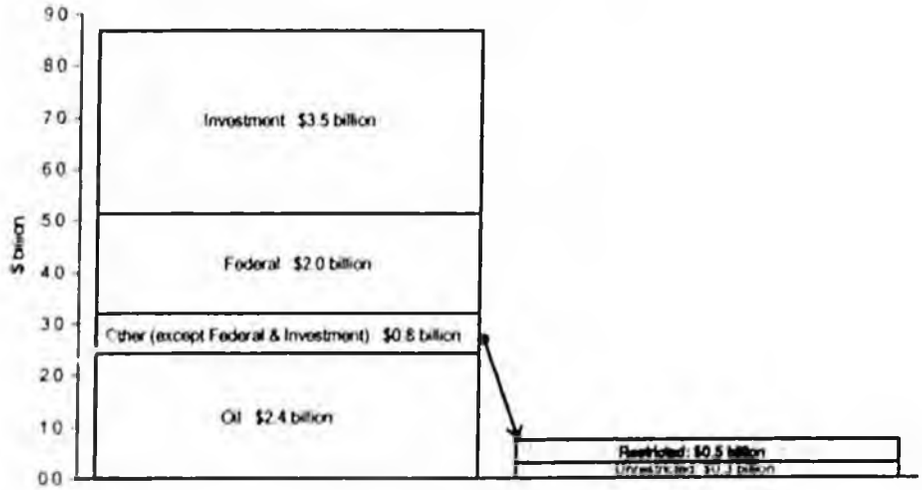


Table 5-1. Other Revenue (except Federal & Investment)
Actual FY 2004 [1] and Projected FY 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
Taxes	185.8	206.1	218.6
Charges for Services	11.1	13.1	13.1
Fines and Forfeitures	16.0	12.8	12.8
Licenses and Permits	41.0	40.4	42.0
Rents and Royalties	7.8	8.1	8.1
Other	36.2	18.4	17.4
Total Unrestricted	297.9	298.9	312.0
Restricted			
Taxes	81.2	78.1	77.7
Charges for Services	226.0	244.9	244.9
Fines and Forfeitures	26.8	26.5	26.5
Licenses and Permits	28.7	28.7	28.7
Rents and Royalties	5.1	5.1	5.1
Other	84.9	196.9	159.5
Total Restricted	452.7	580.2	542.4
Total Other Revenue (except Federal & Investment)	750.6	879.1	854.4

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report

General Discussion

Income from sources other than oil and state investments includes non-oil taxes, user fees and licenses. Many of these revenue sources are divided between unrestricted and restricted revenues; the amounts of each are reflected in Tables 5-2 through 5-7. Restricted revenue includes money deposited in funds other than the Unrestricted General Fund. For purposes of this forecast, restricted revenues also include receipts that the legislature customarily appropriates or sets aside for a particular purpose or program, such as sharing of fish tax revenue with municipalities.

Other Taxes

Alcoholic Beverages Tax

Alcoholic beverage taxes are collected primarily from wholesalers and distributors of alcoholic beverages sold in Alaska. The per-gallon tax rates on alcoholic beverages increased October 1, 2002, from $0.35 to $1.07 for beer, $0.85 to $2.50 for wine, and $5.60 to $12.80 for liquor. Qualifying small brewers continue to pay tax at the $0.35 rate for beer. Also, starting October 1, 2002, 50% of the revenue is deposited in the Alcohol and Other Drug Abuse Treatment and Prevention Fund. Because the legislature "may use the annual estimated balance in the fund to make appropriations to the Department of Health and Social Services," this revenue is reflected as restricted in the Revenue Sources Book.

Charitable Gaming

Under Alaska law, municipalities and qualified nonprofit organizations may conduct certain charitable gaming activities. The purpose of these activities is to derive public benefit in the form of money for the charities and revenues for the state. The Department of Revenue collects permit and license fees, a 1% net proceeds fee, and a 3% pull-tab tax.

Corporate Income Tax

Corporations that do business in Alaska pay a corporate net income tax unless they are organized under a special IRS rule (Subchapter S) that generally applies only to small, closely held companies. Subchapter S corporations, in general, pay no state corporate income tax in Alaska. Other corporations that do business both inside and outside Alaska must apportion their income to determine how much income they earned here. Corporations other than oil and gas corporations apportion their income to Alaska by using a three-factor formula based on sales, property and payroll. Alaska taxable income is determined by applying the apportionment factor to the corporation's modified federal taxable income. Corporate tax rates are graduated from 1% to 9.4% in $10,000 increments of Alaska taxable income. The maximum rate of 9.4% applies to income over $90,000.

Electric Cooperative and Telephone Cooperative Taxes

The electric cooperative and telephone cooperative taxes date back to 1959, when the first Alaska legislature enacted the electric and telephone cooperative tax to promote cooperatives around the state. The electric cooperative tax is based on kilowatt hours furnished by qualified electric cooperatives recognized under Title 10 of Alaska statutes; the telephone cooperative tax is levied on gross revenue of qualified telephone cooperatives under Title 10. Revenue from co-ops located in municipalities is treated as restricted revenue in this forecast because it is shared 100% with the municipalities.

Estate Tax

This tax is levied on the transfer of an estate upon death. The Alaska estate tax is tied to the federal tax. The amount of the state tax equals the maximum state credit allowed on the estate's federal return. As a result of changes to the federal estate tax, the Alaska estate tax will be phased out by calendar year 2005. All revenue derived from estate taxes is deposited in the General Fund.

Fisheries Business Tax

The fisheries business tax is the oldest tax in Alaska, dating from 1913. The tax is levied on businesses that process or export fisheries resources from Alaska. Although the tax usually is levied on the act of processing, the tax is often referred to as a "raw fish tax" because it is generally based on the value paid to commercial fishers for the raw fishery resource. Tax rates vary from 1% to 5%, depending on whether a fishery resource is classified as "established" or "developing," and whether it was processed by an on-shore or floating processor. All revenue from the tax is deposited in the General Fund, but not all of it is considered unrestricted for the purposes of this forecast. Each year, the legislature appropriates half the revenue from the tax to qualified municipalities. Given that this sharing formula is in statute, and that the legislature customarily follows the statutory formula, this forecast considers the shared revenues to be restricted.

Fishery Resource Landing Tax

The fishery resource landing tax was enacted in 1993. The tax is levied on processed fishery resources first landed in Alaska, and is based on the unprocessed statewide average value of the resource. The tax is collected primarily from factory trawlers and floating processors that process fishery resources outside the state's 3-mile limit and bring their products into Alaska for shipment. The tax rates vary from 1% to 3%, based on whether the resource is classified as "established" or "developing." All revenue derived from the tax is deposited in the General Fund. However, by statute, 50% is available for sharing with municipalities along the same lines as the fisheries business tax and this forecast considers the shared revenues to be restricted.

Insurance Premium Tax

Insurance companies in Alaska do not pay corporate income tax or sales or other excise taxes. Instead, they pay an insurance premium tax. Receipts from this tax are deposited in the General Fund. However, receipts from the tax that are accounted for in the Workers Safety and Compensation Fund are shown as restricted.

Mining License Tax

This is a tax on the net income of all mining property in the state, ranging from 0% to 7%, less exploration and other credits. Except for sand and gravel operations, new mining operations are exempt from the mining license tax for a period of 3½ years after production begins.

Motor Fuel Tax

The motor fuel tax dates from 1945 when a tax of 1 cent per gallon was imposed on all motor fuel. The tax is levied on motor fuel sold, transferred or used within Alaska. Motor fuel taxes are collected primarily from wholesalers and distributors licensed as qualified dealers. Current per gallon rates are 8 cents for highway use, 5 cents for marine fuel, 4.7 cents for aviation gasoline, 3.2 cents for jet fuel, and a variable rate of 8 cents to 2 cents for gasohol, depending on the season, location and EPA mandate. Various uses of fuel are exempt from tax, including fuel used for heating or in flights to or from a foreign country. All revenue derived from motor fuel taxes is deposited in the General Fund, but 60% of the taxes attributable to aviation fuel sales at municipal airports are shared with the respective municipalities, and hence considered restricted for purposes of this forecast.

Rental Vehicle Tax

This is a 10% tax on passenger vehicle rentals of 90 days or less, and a 3% tax on rentals of recreational vehicles for 90 days or less. The vehicle rental tax provisions became effective January 1, 2004.

Seafood Assessments and Taxes

The Department of Revenue administers several different programs that raise money through seafood assessments. The money raised is then set aside for the legislature to appropriate for the benefit of the seafood industry — either in marketing or in management/development of the industry. The four programs are the salmon marketing tax, seafood marketing assessment, salmon enhancement tax and dive fishery management assessment. On January 1, 2005, the seafood marketing assessment will increase from 0.3% to 0.5% of the ex-vessel value of seafood products produced in Alaska and the salmon marketing tax will be eliminated. The rates for many of these assessments are determined by a vote of the appropriate association within the seafood industry or by members of the Alaska Seafood Marketing Institute. Although all revenue received under these assessments is deposited in the General Fund, for purposes of this forecast it is treated as restricted revenue. With the exception of the salmon enhancement tax, all other seafood assessments are reflected under the Charges for Services section of this forecast.

Motor Vehicle Tire Fee

The tire fee has two components. The first component is a tax of $2.50 on all new tires sold in Alaska for motor vehicles intended for highway use. This part became effective September 26, 2003. The second part of the law imposes an additional $5 fee per tire on all new tires with heavy studs, and $5 on the installation of studs on a previously un-studded tire. This component of the law became effective July 1, 2004.

Tobacco Tax

The tobacco tax dates from 1949, when a tax of 3 cents per pack of cigarettes and 2 cents per ounce of tobacco was enacted. The tax is levied on cigarettes and tobacco products sold, imported or transferred into Alaska. Tobacco taxes are collected primarily from licensed wholesalers and distributors. The tax rate on cigarettes will increase from $1 to $1.60 per pack on January 1, 2005, to $1.80 on July 1, 2006, and to $2 on July 1, 2007. The tax rate on other tobacco products — such as cigars and chewing tobacco — is 75% of the wholesale price. The 76% of cigarette tax revenue that is deposited in the School Fund changes to 47.5% on January 1, 2005, to 42.2% on July 1, 2006, and to 38% on July 1, 2007. Although the remainder of the cigarette tax revenue is deposited into the General Fund, 8.9% is allocated to the Tobacco Use Education and Cessation Fund. All other tobacco products tax revenue is deposited in the General Fund and all cigarette and tobacco products license fees are deposited in the School Fund. Revenue deposited in the School Fund is dedicated to the rehabilitation, construction, repair and insurance costs of school facilities statewide.

Table 5-2. Other Tax (except Federal & Investment)
Actual FY 2004 [1] and Projected FY 2005-2006
$ million

	Actual	Projected	
	FY 2004	FY 2005	FY 2006
Unrestricted			
Sales and Use Taxes			
Alcoholic Beverages [2]	16.3	15.9	15.9
Cigarette [2]	9.4	14.9	27.1
Other Tobacco Products [2]	6.6	6.7	7.2
Insurance Premium	43.7	45.8	47.1
Electric and Telephone Cooperative	0.2	0.2	0.2
Motor Fuel Taxes	41.2	39.3	39.3
Rental Vehicle Tax [2]	2.7	6.7	6.7
Tire Fees [2]	0.8	2.6	2.6
Subtotal	120.9	132.1	146.1
Corporate Income Tax	39.6	50.0	50.0
Fish Taxes			
Fisheries Business	14.9	12.5	12.5
Fishery Resource Landing	2.5	2.9	2.9
Subtotal	17.4	15.4	15.4
Other			
Mining	3.2	5.2	4.2
Estate	2.3	1.0	0.5
Charitable Gaming	2.4	2.4	2.4
Subtotal	7.9	8.6	7.1
Total Unrestricted	185.8	206.1	218.6
Restricted			
Sales and Use Taxes			
Alcoholic Beverages (Alcohol & Drug Treatment) [2]	16.3	15.9	15.9
Insurance Premium (Workers Safety & Compensation) [3]	6.2	6.3	6.4
Electric and Telephone Cooperative (Municipal Share)	3.8	3.8	3.8
Cigarette (School Fund) [2]	32.9	29.4	27.0
Cigarette (Tobacco Use Cessation) [2]	0.0	0.8	2.7
Motor Fuel - Aviation (Municipal Share)	0.2	0.2	0.2
Subtotal	59.4	56.4	56.0
Fish Taxes			
Fisheries Business (Municipal Share)	14.4	14.4	14.4
Fishery Resource Landing (Municipal Share)	4.4	4.2	4.2
Salmon Enhancement (Aquaculture Association Share)	3.0	3.1	3.1
Subtotal	21.8	21.7	21.7
Total Restricted	81.2	78.1	77.7
Grand Total	267.0	284.2	296.3

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.
(2) For these tax types revenues are accrued through August 15, instead of July 31.
(3) Includes service fees for employers who are self-insured.

Charges for Services

The revenues reported in this table do not include all charges for state services — just those that do not fit into other categories in this report. Most of these receipts are restricted revenue because they are returned to the program where they were generated.

The only unrestricted revenues listed in this category come from fees and other program charges that do not have program-receipt designations, or are not otherwise segregated and appropriated back to the program.

Marine Highway Fund

The revenue from certain transportation enterprises is reported here as a charge for state services. The Alaska Marine Highway Fund is in the General Fund and receives the revenue from operations of the state ferry system operations. The legislature has discretion over how the revenue is spent, but because it is customarily spent on Alaska Marine Highway operations, it is considered restricted for this forecast.

Program Receipts

The definition of program receipts under AS 37.05.146 is "fees, charges, income earned on assets and other state money received by a state agency in connection with the performance of its functions." The statute then lists all programs with program receipt authority. The statutory list includes many programs that are not included in the Charges for Services category because they are elsewhere in this forecast — such as federal receipts, trust funds and the Alaska Permanent Fund — or are not state money available for general appropriation. The table below lists some of the larger individual programs and the receipts from those programs.

Table 5-3. Charges for Services
Actual FY 2004 [1] and Projected FY 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
General Government	8.1	10.1	10.1
Natural Resources	1.3	1.3	1.3
Other	1.7	1.7	1.7
Total Unrestricted	11.1	13.1	13.1
Restricted			
General Government	2.2	2.2	2.2
Natural Resources	0.7	0.7	0.7
Marine Highway Receipts	6	47.0	47.0
Receipt-Supported Services [1]	88.2	84.3	84.3
Statutorily Designated [1]	73.3	90.0	90.0
Other [2]	18.0	20.7	20.7
Total Restricted	226.0	244.9	244.9
Grand Total	237.1	258.0	258.0

(1) FY 2004 revenue is from the Alaska State Accounting System (AKSAS) and not fully reconciled with the Comprehensive Annual Financial Report. FY 2005 and 2006 estimates are from the Office of Management and Budget and reflect what agencies expect to receive in receipt supported services.

(2) FY 2004 other restricted revenue includes the following categories: RCA receipts ($5.8 million), test fisheries ($1.6 million), timber sale receipts ($0.4 million), oil and gas conservation ($3.7 million) and DCED business licenses ($6.5 million). FY 2005 and 2006 estimates are from the Office of Management and Budget and reflect what agencies expect to receive in other restricted program receipts.

Fines and Forfeitures

This category includes civil and criminal fines and forfeitures, and money received by the state from the settlement of various civil lawsuits. The majority of the receipts under this category are from tobacco litigation and other settlements.

Tobacco Settlement

The tobacco settlement was signed by 46 states (including Alaska) in November 1998. The first payment from the settlement was made in FY 2000. In 2000 and 2001, the legislature authorized the sale of 80% of the future revenue stream from the tobacco settlement to a new public corporation, the Northern Tobacco Securitization Corporation, a subsidiary of the Alaska Housing Finance Corporation. The new corporation, in turn, sold bonds based on this revenue stream, and paid to the state the money raised by the bond sale, which the legislature appropriated for schools, the university and harbor projects. Starting FY 2002, the remaining 20% of the settlement revenue each year will be deposited into the Tobacco Use Education and Cessation Fund. This forecast shows the 80% that goes directly to the Northern Tobacco Securitization Corporation for payment of the bonds and the 20% that goes to the Tobacco Use Education and Cessation Fund as restricted revenue.

Table 5-4. Fines and Forfeitures
Actual FY 2004 [1] and Projected FY 2005-2006
$million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
Fines and Forfeitures	16.0	12.8	12.8
Total Unrestricted	16.0	12.8	12.8
Restricted			
Tobacco Settlement (Northern Tobacco Securitization Corporation) [2]	17.1	16.9	16.9
Tobacco Settlement (Tobacco Use Education & Cessation Fund) [2]	4.3	4.2	4.2
Other	5.4	5.4	5.4
Total Restricted	26.8	26.5	26.5
Grand Total	42.8	39.3	39.3

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.
(2) Revenue estimates for FY 2005 and 2006 are from Kentucky's tobacco settlement model modified for Alaska.

Licenses and Permits

Licenses and permits represent another source of government revenue derived from charges for participating in activities regulated by the state. The majority of the receipts under this category are from motor vehicle registration and fishing and hunting license fees.

Fishing and Hunting Licenses Fees

The majority of these fees are appropriated to a special revenue fund called the Fish and Game Fund. Money in the fund may only be spent for fish and game management purposes.

Motor Vehicle Registration Fees

Most motor vehicle registration fees are unrestricted license and permit revenue. However, some registration fees are reflected under restricted receipt-supported services.

Table 5-5. Licenses and Permits
Actual FY 2004 [1] and Projected FY 2005-2006
$million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
Motor Vehicles	38.8	38.0	39.0
Other Fees	2.2	2.4	3.0
Total Unrestricted	41.0	40.4	42.0
Restricted			
Fishing and Hunting			
Hunting and Fishing Fees (Fish and Game Fund)	23.1	23.1	23.1
Sanctuary Fees (Fish and Game Fund)	0.1	0.1	0.1
Subtotal	23.2	23.2	23.2
Other Fees	5.5	5.5	5.5
Total Restricted	28.7	28.7	28.7
Grand Total	69.7	69.1	70.7

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.

Rents and Royalties

The majority of the unrestricted receipts under this category are from leasing, rental and sale of state land. Certain restricted receipts are deposited in the Alaska Permanent Fund, Mental Health Trust Fund and Public School Trust Fund, and these are reported elsewhere in this forecast.

Table 5-6. Rents and Royalties
Actual FY 2004 [1] and Projected FY 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
Land Leasing, Rental and Sale	6.5	6.5	6.5
Coal Royalties	1.1	1.4	1.4
Cabin Rentals	0.2	0.2	0.2
Total Unrestricted	7.8	8.1	8.1
Restricted			
Land Leasing, Rental and Sale	5.1	5.1	5.1
Total Restricted	5.1	5.1	5.1
Grand Total	12.9	13.2	13.2

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.

Other

This category includes unrestricted contributions, unclaimed property and miscellaneous other receipts.

Unclaimed Property

Under the unclaimed property statutes, a person or business holding abandoned property belonging to someone else must turn over the property to the state to hold the property in trust until claimed by its rightful owner. Most unclaimed property is in the form of cash (checking and savings accounts), stocks and bonds (including dividends) and safe-deposit box contents. Other property includes utility deposits, travelers checks and wages. Because not all unclaimed property owners are located, amounts received from holders exceed the refunds to owners. The Treasury Division maintains a minimum balance in the trust account and periodically transfers excess funds to the General Fund.

Dividends and Miscellaneous

The restricted portion of other revenues in this forecast includes transfers, frequently as dividends, from component organizations of state government, as well as certain miscellaneous revenues.

Table 5-7. Other Revenue
Actual FY 2004 [1] and Projected FY 2005-2006
$million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
Miscellaneous	24.7	13.4	13.4
Unclaimed Property [2]	11.5	5.0	4.0
Total Unrestricted	36.2	18.4	17.4
Restricted			
Alaska Housing Finance Corporation [3]	39.3	66.2	43.1
Alaska Industrial Development and Export Authority [3]	16.5	26.3	8.8
Alaska Municipal Bond Bank Authority [3]	0.8	1.5	0.3
Alaska Student Loan Corporation [3]	2.0	60.6	85.0
Alaska Energy Authority [3]	0.3	1.1	1.1
Alaska Science & Technology Foundation [3]	4.8	0.0	0.0
Miscellaneous [4]	21.2	21.2	21.2
Total Restricted	84.9	196.9	159.5
Grand Total	121.1	215.3	176.9

(1) Actuals have not been fully reconciled to the Comprehensive Annual Financial Report.
(2) FY 2004 includes a one-time transfer of $11.5 million to the General Fund as a result of payments and interest from a former settlement.
(3) Payments from component units are reflected in the Comprehensive Annual Financial Report for FY 2004 and estimates from the Office of Management and Budget for FY 2005 and 2006. The large increase in Alaska Student Loan Corporation revenue in both FY 2005 and 2006 is due to proceeds from refinancing the Alaska Student Loan Corporation's loan portfolio.
(4) Revenue shown under account codes for "other" or "contributions" in the Alaska State Accounting System for General Fund subfunds and special revenue funds.

6. Federal Revenue

Figure 6-1. FY 2004 Federal Revenue
$2.0 billion

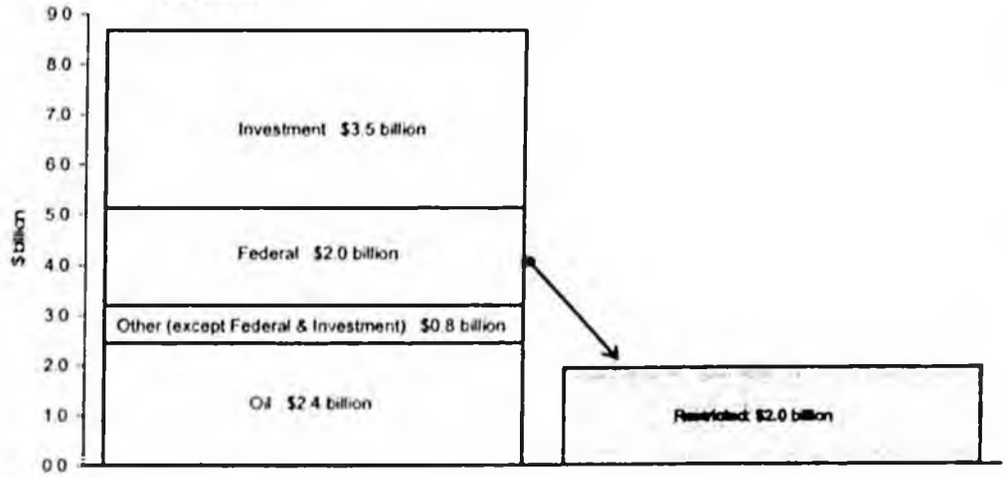


Table 6-1. Total Federal Revenue to the State
Actual FY 2004 and Projected FY 2005-2006
$million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Restricted			
Federal Receipts	1,951.7	3,019.3	3,019.3
Total Restricted	1,951.7	3,019.3	3,019.3

Source: FY 2004 is from the Comprehensive Annual Financial Report (General Fund and all other subfunds and non-major special revenue funds, federal revenues). FY 2005 and 2006 estimates are provided by the Office of Management and Budget and are based on agency projections of expected federal revenues to fund capital and operating budgets.

Federal government spending has figured prominently in Alaska's history and is still a major force today. The federal fiscal year (FFY) runs from October 1 through September 30, and in FFY 2003 the federal government spent $7.9 billion in Alaska.[1] Part of that spending came from the activities of the various federal agencies, part was in the form of grants to state and municipal governments, and still another part came in payments to individuals.

In FFY 2003, Alaska taxpayers received $1.89 in federal outlays for every $1 paid in federal taxes.[2] Per capita, more federal money is spent in Alaska than in any other state. Federal expenditures in Alaska in FFY 2003 increased 4.2% over FFY 2002.

(1) This and the data for the figures on the next page come from the U.S. Census Bureau, Consolidated Federal Funds Report for FY 2003, www.census.gov/prod/2004pubs/03cffr.pdf

(2) U.S. Census Bureau, Tax Foundation's "State-by-State Tax Burden Allocation Model," www.taxfoundation.org/taxingspending.html

Figure 6-2. Annual Federal Spending Increase, Alaska and the U.S.

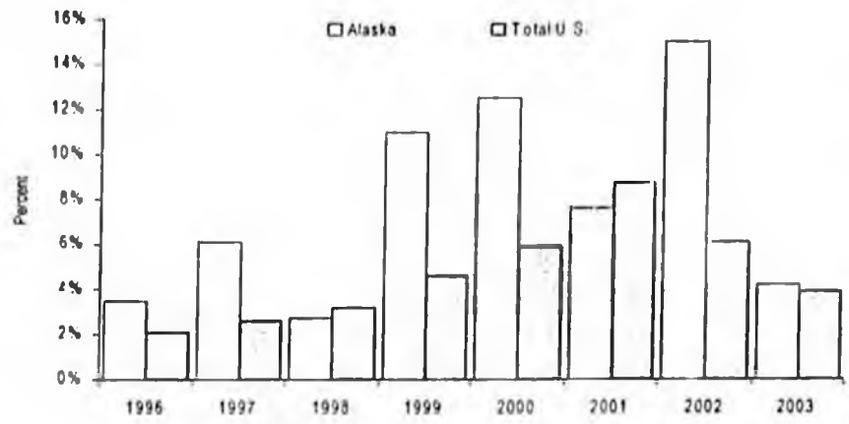
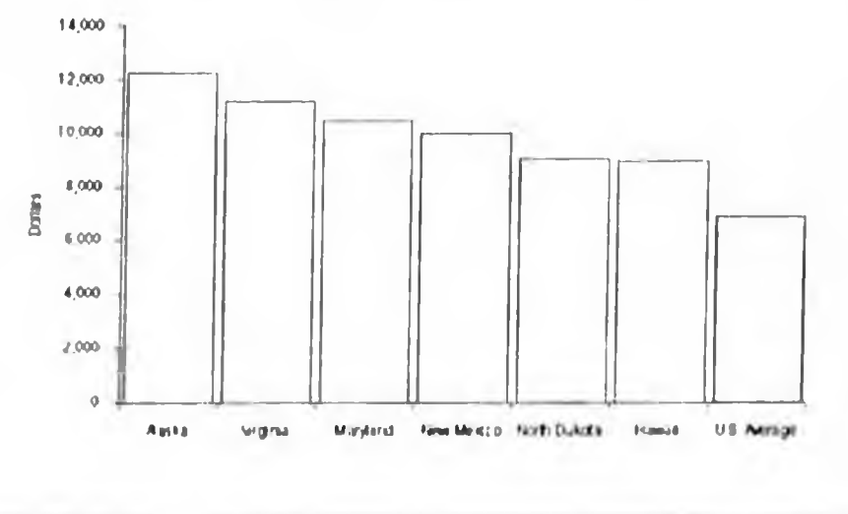


Figure 6-3. FFY 2003 Federal Spending per Capita, Top Six States



Among federal agencies, the Department of Defense spends the most in Alaska, followed by the Department of Health and Human Services. Together, these two departments account for nearly half of all federal spending in the state. Not surprisingly, a large portion of federal money flows into Alaska through salaries of federal employees. However, 39% of all federal spending is in the form of grants, mostly to state and municipal governments, but also to nonprofit organizations.

In the state's Fiscal Year 2004, Alaska's government received and spent nearly $2 billion of federal funds. Federal funding generally is restricted to specific uses, such as road improvements, Medicaid payments and aid to schools. Potential changes to federal law, differing federal and state fiscal years and changing numbers of eligible Alaskans in certain programs make forecasting federal revenue difficult. The estimates we present for FY 2005 and 2006 are from the Office of Management and Budget and are based on state agency projections of expected federal revenues.

Table 6-2. Total Federal Spending, FFY 2003

By Agency

	$million	percent
Defense	2,307	29
Health & Human Services	1,569	20
Social Security	630	8
Other Agencies	3,438	43
Total	7,944	100

By Category

	$million	percent
Grants	3,022	39
Salaries & Wages	1,617	20
Procurement	1,680	21
Retirement & Disability	1,041	13
Other Direct Payments	584	7
	7,944	100

Source: U.S. Census Bureau. Consolidated Federal Funds Report for FY 2003. www.census.gov/prod/2004pubs/03cffr.pdf

It is important to note that the state routinely budgets for more federal money than it actually receives. The legislature authorizes state agencies to receive and spend the maximum that federally funded programs might receive and need, but the actual amounts normally turn out to be less. Also, some of the federal money appropriated for multi-year capital projects is received and spent in years following the one in which the money is appropriated.

For FY 2005, the state is budgeted to receive $3 billion in federal receipts. Most federal funding requires state matching money. The budgeted state match in FY 2005 is $282 million. All federal funds, whether spent in the operating or capital budget, are restricted by legislative appropriation to specific uses. The largest categories of federal spending budgeted for FY 2005 are Medicaid ($673 million), highways and airports ($912 million) and education ($296 million, which includes kindergarten through high school funding and the University of Alaska).

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7. Investment Revenue

Figure 7-1. FY 2004 Investment Revenue
$3.5 billion

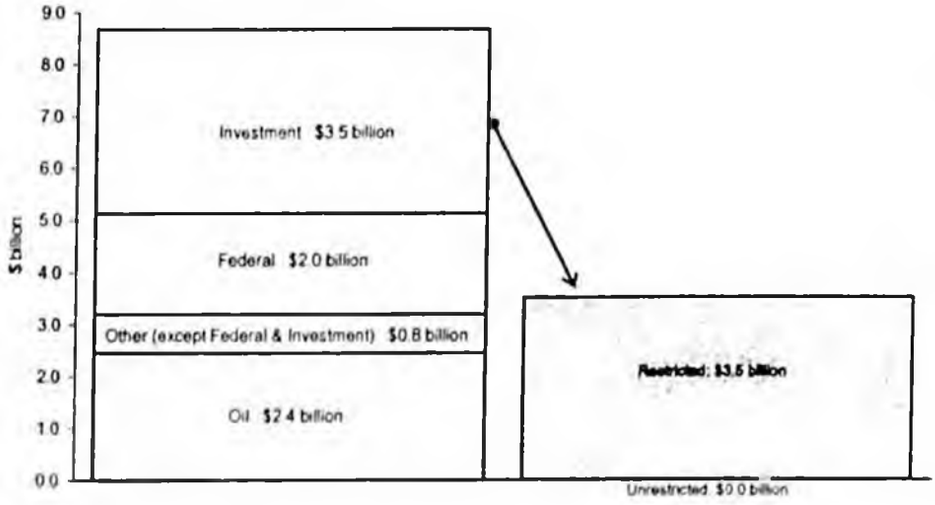

Table 7-1. Total Investment Revenue [1]
Actual FY 2004 and Projected FY 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
Investments of Governmental Funds	9.2	16.4	15.1
Interest Paid by Others	0.5	1.6	1.6
Subtotal	9.7	18.0	16.7
Restricted			
Investments of Governmental Funds	4.0	22.0	23.7
Constitutional Budget Reserve Fund	53.2	118.3	102.6
Other Treasury-Managed Governmental Funds	24.9	19.7	20.5
Alaska Permanent Fund [2]	3,434.0	2,047.9	2,189.7
Subtotal	3,516.1	2,207.9	2,336.5
Total	3,525.8	2,225.9	2,353.2

(1) Governmental Accounting Standards Board (GASB) principles require the recognition of changes in the value of investments as income or losses at the end of each reporting period, whether the investment is actually sold or not.
(2) Total Permanent Fund realized and unrealized earnings.

Investment Forecast

To forecast investment revenue for the cu[illegible]t fiscal year — FY 2005 — we combine actual performance through September 30 with a projection for the remainder of the year. Forecasts and estimated capital market median returns are based on information supplied by the state's investment consultant, Callan Associates Inc., and its five-year capital market estimated returns.

Table 7-2. Callan Associates Inc.'s Five-Year Capital Market Estimated Returns

Asset Class	Benchmark for Asset Class	%/ year Median Expected Return	%/ year Expected Risk
Equities			
U.S. Broad	Callan Associates Inc. (CAI) Broad Market	9.0	16.9
U.S. Large Cap	Standard and Poors (S&P) 500	8.8	16.2
U.S. Small Cap	CAI Small	10.1	23.5
International	Morgan Stanley Capital International EAFE	9.3	20.3
Fixed Income			
Domestic Broad Market	Lehman Brothers Aggregate	4.75	4.50
Dome[illegible]: Short Term (cash equivalent)	Three-Month U.S. Treasury Bill	2.70	0.70
Domestic Intermediate Term	Merrill Lynch 1- to 5-Year Government	4.00	3.15
International	Salomon Brothers Non-U.S. Government	4.65	9.60
Other			
Real Estate		7.6	16.5
Economic Variables			
Inflation		2.6	1.4

The continued volatility in the world's financial markets makes focus on the expected risk columns in the table above particularly appropriate. The numbers in this column represent a statistical measure called standard deviation, which is the most commonly used measure of risk in the investment world. The standard deviation allows you to estimate a range in which you would expect results to fall two-thirds of the time. For example, Callan estimates an average annual return for the domestic broad market fixed-income asset class of 4.75% and an expected risk for that asset class of 4.5%. That means Callan is forecasting that two-thirds of the time the annual return for the domestic broad fixed-income asset class will fall between 0.25% (the median expected average annual return of 4.75% *minus* the expected risk of 4.5%) and 9.25% (the median expected return *plus* the expected risk).

The probability that a particular asset class or portfolio will have a negative return over a given period of time is another way to reflect the riskiness of that asset class or portfolio. The investment income summary tables in this section of the revenue forecast include an estimate of the probability of negative returns for each fund over a one-year period.

Unrestricted Investment Revenue

Unrestricted investment revenue is earned on the General Fund non-segregated investments managed by the Treasury Division. Interest Paid by Others is interest received by the state other than on its investments. Oil and gas royalty interest is included in General Fund unrestricted oil revenue.

Table 7-3. Unrestricted Investment Revenue
Actual FY 2004 and Projected FY 2005-2006
$million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Unrestricted			
Investments	9.2	16.4	15.1
Interest Paid by Others	0.5	1.6	1.6
Total	9.7	18.0	16.7

Table 7-4. Investment Revenue Summary
Actual FY 2004 and Projected FY 2005-2006

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	50%	Three-Month U.S. Treasury Bill
Intermediate-Term, Fixed-Income Pool	50%	Merrill Lynch 1- to 5-Year Government Index
Investment Balance September 2004, 2004		$1,831.7 million
Projected Annual Rate of Return		3.35 %
Probability of Negative Return Over 1 Year		2.52 %

Actual Total Investment Income, FY 2004	$ 13.2 million
Projected Total Investment Income, FY 2005	$ 38.4 million
Projected Total Investment Income, FY 2006	$ 38.8 million

$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Investment Revenue Unrestricted	9.2	16.4	15.1
Investment Revenue Restricted (1)	4.0	22.0	23.7
Total	13.2	38.4	38.8

(1) Includes subfunds of the General Fund

Restricted Investment Revenue

Restricted investment revenue consists of earnings from governmental funds, the CBRF, other Treasury-managed governmental funds and the Alaska Permanent Fund.

Table 7-5. Restricted Investment Revenue
Actual FY 2004 and Projected FY 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Restricted			
Investments of Governmental Funds	4.0	22.0	23.7
Constitutional Budget Reserve Fund	53.2	118.3	102.6
Other Treasury Managed Governmental Funds	24.9	19.7	20.5
Alaska Permanent Fund (1)	3,434.0	2,047.9	2,189.7
Total Restricted	3,516.1	2,207.9	2,336.5

(1) Annual unrealized and realized earnings from Permanent Fund Table 7-10

Table 7-6. CBRF Investment Revenue Summary
Actual FY 2004 and Projected, FY 2005-2006

Asset Allocation Regular Account

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	22%	Three-Month U.S. Treasury Bill
Intermediate-term, Fixed-Income Pool	58%	Merrill Lynch 1- to 5-Year Government Index
Broad Market Fixed-Income Pool	20%	Lehman Brothers Aggregate Bond Index
Regular Account Balance September 30, 2004		$1,504.9 Million
Projected Annual Rate of Return		3.86 %
Probability of Negative Return Over 1 Year		8.02 %

Asset Allocation Special Subaccount

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	41%	Lehman Brothers Aggregate Bond Index
Domestic Equity Pool	43%	Russell 3000 Index
International Equity Pool	16%	MSCI EAFE Index
Special Subaccount Balance September 30, 2004		$ 427.2 Million
Projected Annual Rate of Return		7.31 %
Probability of Negative Return Over 1 Year		24.35 %

Total Investment Income ($million)

	Actual	Projected	
	FY 2004	FY 2005	FY 2006
Regular Account	8.0	87.7	68.7
Special Subaccount	45.2	30.6	33.9
Total	53.2	118.3	102.6

Table 7-7. Constitutional Budget Reserve Fund Cash Flows
Actual FY 2004 and Projected FY 2005-2006
$million

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Beginning Cash Balance CBRF	2,093.2	2,064.2	2,202.5
Beginning Main Account Balance	1,720.4	1,646.2	1,753.9
Earnings on Main Account Balance [1]	8.0	87.7	68.7
Petroleum Tax, Royalty Settlements [2]	8.4	20.0	20.0
Loan to GF (prior year)	(124.3)	0.0	0.0
Loan to GF (current year) [3] [4]	33.7	0.0	(31.9)
Payback of Cash Flow Draw	0.0	0.0	0.0
Ending Main Account Balance	1,646.2	1,753.9	1,810.7
Beginning Special Subaccount Balance	372.8	418.0	448.6
Earnings on Special Subaccount Balance [1]	45.2	30.6	33.9
Loan to GF from Special Subaccount	0.0	0.0	0.0
Ending Special Subaccount Balance	418.0	448.6	482.5
Total CBRF Balance	2,064.2	2,202.5	2,293.2

(1) The earnings estimate for the main account is 3.86% and the earnings estimate for the special subaccount is 7.314%. These projections are based on Callan's capital market assumptions and Department of Revenue, Treasury Division's asset allocation.
(2) Settlement estimates are provided by the Department of Revenue and Department of Law.
(3) The FY 2004 surplus is based on the audited cash balance in the CBRF as of June 30, 2004.
(4) No FY 2005 deposit to the CBRF is shown.

The Treasury Division manages two other governmental funds, the Public School Trust and the Alaska Children's Trust.

Table 7-8. Public School Trust Investment Revenue Summary
Actual FY 2004 and Projected FY 2005-2006

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed Income Pool	57%	Lehman Brothers Aggregate Index
Domestic Equity Pool	43%	Russell 3000 Index

Public School Trust Fund Balance September 30, 2004	$ 303.4 million
Projected Annual Rate of Return	6.58 %
Probability of Negative Return Over 1 Year	21.37 %

Total Investment Income and Distributable Income ($ million)

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Public School Trust Total Investment Income	24.1	19.0	19.8
Public School Trust Distributable Income	9.6	10.4	10.9

Table 7-9. Alaska Children's Trust Investment Revenue Summary
Actual FY 2004 and Projected FY 2005-2006

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed Income Pool	57%	Lehman Brothers Aggregate Index
Domestic Equity Pool	43%	Russell 3000 Index

Alaska Children's Trust Balance September 30, 2004	$ 10.4 million
Projected Annual Rate of Return	6.58 %
Probability of Negative Return Over 1 Year	21.37 %

Total Investment Income and Distributable Income ($ million)

	Actual FY 2004	Projected FY 2005	Projected FY 2006
Alaska Children's Trust Total Investment Income	0.8	0.7	0.7
Alaska Children's Trust Distributable Income	0.3	0.4	0.4

Table 7-10. Alaska Permanent Fund Managed by the Permanent Fund Corporation [1]
Actual FY 2004 and Projected FY 2005-2006
$ million

	Actual FY 2004	Projected FY 2005	FY 2006
Reserved Assets — Principal			
Total Reserved Assets — Beginning Balance	24,094.3	26,541.0	27,215.0
Contributions and Appropriations			
Contributions and Appropriations — Beginning Balance	22,988.0	23,525.7	24,652.7
Dedicated Petroleum Revenue	353.0	475.5	355.6
Inflation Proofing Transfer from Realized Earnings	170.0 [2]	624.0	650.2
Deposits to Principal and Settlement Earnings	14.7	27.5	21.1
Subtotal — Contributions and Appropriations	23,525.7	24,652.7	25,679.6
Unrealized Appreciation/Depreciation			
Appreciation/Depreciation — Beginning Balance	1,106.3	3,015.3	2,562.2
Annual Unrealized Gain/Loss [3]	1,909.0	(453.1)	180.2
Subtotal — Unrealized Appreciation/Depreciation	3,015.3	2,562.2	2,742.4
Total Reserved Assets — Ending Balance	26,541.0	27,215.0	28,422.0
Realized Earnings Account			
Realized Earnings Account — Beginning Balance	100.0	859.3	2,101.2
Annual Realized Earnings	1,525.0	2,501.0	2,009.5
Dividend Payment to the State of Alaska [3]	(581.0)	(607.6)	(690.0)
Inflation Proofing Transfer to Reserved Assets	(170.0) [2]	(624.0)	(650.2)
Other Transfers to Reserved Assets	(14.7)	(27.5)	(21.1)
Other Appropriations Out of the Fund	0.0	0.0	0.0
Realized Earnings Account — Ending Balance	859.3	2,101.2	2,749.4
Market Value — Total Fund Invested Assets Value			
Contributions and Appropriations End-of-Year Balance	23,525.7	24,652.7	25,679.6
Unrealized Appreciation/Depreciation End-of-Year Balance	3,015.3	2,562.2	2,742.4
Realized Earnings End-of-Year Balance (Statutory Earnings)	859.3	2,101.2	2,749.4
Fund Balance (Market Value) End-of-Year Balance	27,400.3	29,316.2	31,171.4
Total Reported Earnings			
Annual Unrealized Gain/Loss [3]	1,909.0	(453.1)	180.2
Annual Realized Earnings	1,525.0	2,501.0	2,009.5
Reported Earnings	3,434.0	2,047.9	2,189.7

(1) Data projected using July 1, 2004 financial statements and the fall 2004 revenue forecast. Callan Associates Inc.'s, 2004 capital market assumptions results in 7.61% median expected total return data for FY 2005 and FY 2006.
(2) $354 million of FY 2004's projected inflation proofing of $523 million was prefunded in FY 2003. There was additional legislation in FY 2004 for the remaining $149 million balance.
(3) The Permanent Fund dividend payment is recorded as a liability at fiscal year end, and is paid out the following month.

8. State Endowment Funds

This section of the revenue forecast compares important attributes of six endowment funds. The University of Alaska endowment is included in this comparison because it is one of the Alaska's public endowment funds that use the annual distribution calculation method typical of the vast majority of endowments in the United States and Canada.[1]

The fiduciary for each of these endowment funds has the responsibility for establishing an asset-allocation policy for the fund. The table below compares the asset-allocation policies for these endowments.

Under the standards adopted by the Governmental Accounting Standards Board (GASB), public funds calculate and report their income by recognizing changes in the value of securities as income, or losses, as they occur at the end of each trading day. They do this regardless of whether the securities are actually sold and the income, or losses, are taken or realized. All six of these endowments report annual income on this basis. However, as reflected in Table 8-2, four of them — two of the funds administered by the Alaska Permanent Fund Corporation (Alaska Permanent Fund and Mental Health Trust Fund), and the Public School Trust and Alaska Children's Trust — use other measures of annual income for determining their distributions.

In determining the amount of income available for distribution each year for the two funds managed by the Alaska Permanent Fund Corporation, gains or losses on individual investments are not recognized until the stock or bond is sold. For calculating distributable income for the Public School Trust and the Alaska Children's Trust, only interest earned and dividends received are treated as income. Gains and losses in the value of individual investments are never recognized as income. By law, those gains and losses remain with the principal of the fund.

Table 8-1. Target Asset Allocation — State Endowment Funds
percent

	Cash	U S Bonds	International Bonds	U S Equities	International Equities	Real Estate	Alternative Investments	Total
Alaska Permanent Fund	0	28	4	37	18	10	3	100
Mental Health Trust	0	28	4	37	18	10	3	100
Public School Trust	0	57	0	43	0	0	0	100
Alaska Children's Trust	0	57	0	43	0	0	0	100
Power Cost Equalization	0	37	0	46	17	0	0	100
University of Alaska Endowment	1	28	0	32	12	5	22	100

(1) The predominant practice making annual distributions of 4% to 5% of the market value of the endowment, developed following a 1968 Ford Foundation study. See The Ford Foundation *Managing Educational Endowments* (New York, New York, 1968).

Table 8-2. Calculation of Annual Income — State Endowment Funds

	Financial Reporting of Income	Distributable Income
Alaska Permanent Fund	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on investments actually sold
Mental Health Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on investments actually sold
Public School Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid. gains and losses on value of securities are never income, they become part of principal
Alaska Children's Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid. gains and losses on value of securities are never income, they become part of principal
Power Cost Equalization Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)
University of Alaska Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)

Table 8-3. Distributable Income Determination — State Endowment Funds

Alaska Permanent Fund	The annual distribution for the Permanent Fund Dividend follows the formula in AS 37.13.140-.150, which specifies that 10.5% of the past five years' total realized income shall be paid out as dividends but also sets the limitation that the annual distribution may never exceed 50% of the balance in the fund's Realized Earning Account (REA). The 50% limitation has never been triggered.
Mental Health Trust	The Mental Health Trust Board adopted a policy, beginning in FY 2001, to distribute 3.5% a year of the market value of the fund's total assets. The distribution rate had been 3% for FY 1996-1998 and 3.25% for FY 1999-2000. Because of recent declines in market value, the board is exploring a redefinition of "principal" so that losses in market value would be proportionally allocated to the principal account and the earnings account rather than assigning the entire value of any losses to the earning account.
Public School Trust	The annual distribution is 4.75% of a five-year moving average of the fund's principal market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable earnings account balance, providing a cushion for the fund to maintain its annual distributions in a sustained bear market.
Alaska Children's Trust	The annual distribution is 4.75% of a five-year moving average of the fund principal's market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable earnings account balance, providing a cushion for the fund to maintain its annual distributions in a sustained bear market.
Power Cost Equalization Endowment	The annual distribution is 7% of the fund's market value. For the initial transition years, state statute specifies that the fund shall use the market value on February 1 for the subsequent fiscal year's distribution. Thereafter, the fund is to distribute each year 7% of the monthly average market value for a specified 36 month period.
University of Alaska Endowment	The annual distribution is 5% of a five-year moving average of the market value of the fund.

Table 8-4. Inflation-Proofing Procedures — State Endowment Funds

Alaska Permanent Fund	An annual appropriation is needed to inflation proof the principal of the Permanent Fund (but not the accumulated earnings) pursuant to AS 37.13.145. The legislative appropriation requires a transfer from the Realized Earnings Account to the fund's principal an amount equal to the calculated U.S. Consumer Price Index's effect on the value of the principal, comprised of oil and gas royalty contributions and legislative appropriations. The Alaska Permanent Fund Corporation's Trustees have proposed a constitutional amendment that would inflation proof the entire fund — the principal and accumulated earnings — by limiting the annual distribution of earnings to 5% of a five-year moving average of the market value of the fund.
Mental Health Trust	The Mental Health Trust Authority has adopted two policies to inflation proof the fund. First, it limits distributions to 3.5% of the fund's market value. (The authority's ultimate goal, after further building up the principal, is to distribute 5% of the fund's market value each year, which would still allow enough retained earnings to inflation proof the fund.) Second, the authority also has adopted a policy transferring money from the reserve account to the principal whenever the reserve exceeds four times the annual income distribution, to help build up the fund's principal.
Public School Trust	The asset-allocation policy is such that — when combined with the requirement that the fund's capital gains and losses remain part of the principal — the retained capital gains are adequate to inflation proof the fund.
Alaska Children's Trust	The asset-allocation policy is such that — when combined with the requirement that the fund's capital gains and losses remain part of the principal — the retained capital gains are adequate to inflation proof the fund.
Power Cost Equalization Endowment	The legislature, in selecting a 7% distribution policy, expressly elected not to inflation proof this fund, but rather to distribute all, or almost all, of its anticipated annual earnings.
University of Alaska Endowment	The university's distribution policy of 5% of the moving five-year average of the fund's market value should allow for retained earnings to inflation proof the fund.

9. Public Corporations and the University of Alaska

Public Corporations

The state has established the following public corporations to carry out certain public policies:

1. Alaska Housing Finance Corporation (AHFC)
2. Alaska Industrial Development and Export Authority (AIDEA)
3. Alaska Energy Authority (AEA)
4. Alaska Student Loan Corporation (ASLC)
5. Alaska Municipal Bond Bank Authority (AMBBA)
6. Alaska Aerospace Development Corporation
7. Alaska Railroad Corporation

These seven corporations and the University of Alaska are components of state government whose activities are accounted for in the state's Comprehensive Annual Financial Report separately from the activities of primary state government.

Four of these corporations — the Alaska Housing Finance Corporation (AHFC), Alaska Industrial Development Authority (AIDEA), Alaska Student Loan Corporation (ASLC) and Alaska Municipal Bond Bank Authority (AMBBA) — pay some portion of their income as an annual "dividend" to the state.

The members of the AIDEA Board of Directors also serve as Board of Directors of AEA, though AIDEA and AEA continue to exist as separate legal entities. AEA has no employees, and AEA contracts to have AIDEA employees administer AEA programs. Other corporations have their own staffs and boards. While neither the sale of bonds nor the expenditure of bond proceeds by these corporations are subject to the state's Executive Budget Act, expenditures for the day-to-day administration of all of these corporations except the Alaska Railroad are subject to the Executive Budget Act.

The Alaska Commission on Postsecondary Education (ACPE) administers the ASLC programs. The ASLC has no employees, and the executive director of the ACPE serves as the executive officer of the ASLC.

The following six tables summarize the activities of these seven corporations.

Table 9-1. Public Corporations - Missions
What does the corporation do and how does it do it?

Alaska Housing Finance Corporation

Using proceeds from the sale of bonds backed by its corporate assets, AHFC purchases home mortgages from Alaska banks. Income from payments on these mortgages repays bond holders and adds to the corporation's income, enabling the corporation, since FY 1991, to pay an annual dividend and/or return of capital to the state. In addition to ensuring that Alaskans, especially low- and moderate-income Alaskans and residents of remote and underdeveloped areas of the state have adequate housing at reasonable cost, the corporation administers federally and state funded multi-family, senior and low-income housing, residential energy and home weatherization programs. In recent years, the legislature has authorized AHFC to finance the construction of schools, University of Alaska housing and other capital projects identified by the legislature.

Alaska Industrial Development and Export Authority

By lending money, guaranteeing loans or becoming an owner, AIDEA makes financing available for industrial, export and other business enterprises in Alaska. The corporation earns money from interest on its loans, investments, leases and operations of its properties. The corporation has paid an annual dividend to the state since FY 1997.

Alaska Energy Authority

AEA provides loans to utilities, communities and individuals to pay for the purchase or upgrade of equipment and for bulk fuel purchases. Additionally, the agency administers the Power Cost Equalization program, subsidizing rural electric costs with the Power Cost Equalization Endowment. AEA also receives federal and state money to provide technical advice and assistance in energy planning, emergency response management, energy infrastructure construction and conservation in rural Alaska. AEA also operates and maintains state-owned power projects, such as Bradley Lake and the Alaska Intertie.

Alaska Student Loan Corporation

The Alaska Student Loan Corporation uses proceeds from bond sales to finance education loans made by the Alaska Commission on Postsecondary Education. The loan repayments satisfy bond obligations and add to the corporation's capital asset base. Alaska statute authorizes the board of directors to annually declare a return to the state of a portion of its net income. The board has declared return of capital payments for each year beginning in FY 2001. Alaska statute also authorizes the corporation to issue bonds for the purpose of financing state projects.

Alaska Municipal Bond Bank Authority

The Bond Bank loans money to Alaska municipalities in Alaska for capital improvements. The bank's larger capital base, its reserve funds and its credit rating enable it to sell bonds at lower interest rates than the municipalities could obtain on their own. The Bond Bank earns interest on the money it holds in reserve and has returned a dividend to the state every year since 1977.

Alaska Aerospace Development Corporation

The corporation finances aerospace-related ventures in Alaska, including the establishment and operation of a commercial space vehicle launch facility in Kodiak, space science and engineering research and promoting tourism at the Poker Flat rocket range and other facilities.

Alaska Railroad Corporation

The corporation operates freight and passenger rail services between Seward and Fairbanks, including a spur line to Whittier. In addition, the corporation generates revenues from real estate it owns.

Table 9-2. Public Corporations - State Capitalization
How did the state capitalize the corporation?

Alaska Housing Finance Corporation

The legislature appropriated $739.9 million in cash and $292.5 million in mortgages held by the General Fund to the corporation between 1976 and 1984. The payments on those mortgages and additional mortgages purchased with the cash have helped build the corporation's asset base and allow it to return some capital to the state each year. In 1993, AHFC received an additional $27.7 million in cash and $9.3 million in equity when the legislature merged the Alaska State Housing Authority into AHFC.

Alaska Industrial Development and Export Authority

Between 1981 and 1991, the State of Alaska transferred various loan portfolios worth $207.1 million and $69.2 million in cash to this corporation. In 1998, the state transferred ownership of the Ketchikan Shipyard to AIDEA.

Alaska Energy Authority

The legislature established the AEA in 1976 to finance and operate power projects. This corporation has also administered rural energy programs at various times, including the present. As a result of legislatively mandated reorganizations, capital has moved into and out of the corporation. At the end of FY 2001, this corporation reported contributed capital of $963.5 million.

Alaska Student Loan Corporation

In FY 1988, the state transferred $260 million of existing student loans to this corporation. Additional appropriations of cash between FY 1988 and FY 1992 totaled $46.7 million.

Alaska Municipal Bond Bank Authority

Between 1976 and 1986, the legislature appropriated $18.6 million to the Bond Bank to be used for backing bond issues. In addition, the legislature gave the Bond Bank $2.5 million in 1981 to cover an anticipated default by a municipality. The municipality did not default, and the Bond Bank retained the appropriation for its reserves.

Alaska Aerospace Development Corporation

Since 1993, the state has contributed $10.9 million.

Alaska Railroad Corporation

The state bought the railroad from the federal government in 1985. The purchase price of $22.7 million was recorded as the state's capitalization.

Table 9-3. Public Corporations - Financial Facts, FY 2004 [1]
$ million

	Total Assets	Assets less Liabilities Book Value	Unrestricted Net Assets	FY 2004 Operating Budget	Total [2] Positions
Alaska Housing Finance Corporation	$4,708	$1,706	$218	$41	372
Alaska Industrial Development and Export Authority	$1,148	$823	$337	$7	65
Alaska Energy Authority	$575	$420	$228	$20	AIDEA [3]
Alaska Student Loan Corporation	$980	$251	$15	$9	ACPE [4]
Alaska Municipal Bond Bank Authority	$392	$40	$16	$1	1
Alaska Aerospace Development Corporation [5]	$94	$60	$2	$12	33
Alaska Railroad Corporation [6]	$440	$137	$117	$78	751

(1) All figures are effective as of June 30, 2004, except for the Alaska Railroad which reports on a calendar year basis
(2) Permanent Full Time (PFT), Permanent Part Time (PPT) and Temporary (TMP) are included in total positions
(3) The Alaska Industrial Development and Export Authority (AIDEA) provides staff for the activities of the Alaska Energy Authority (AEA). A significant portion of AIDEA's 65 member staff is engaged in AEA programs
(4) The Alaska Commission on Postsecondary Education (ACPE) provides staff for the activities of the Alaska Student Loan Corporation (ASLC). A majority of ACPE's 104 member staff are engaged in ASLC programs.
(5) Unaudited.
(6) The Alaska Railroad reports financial data on a calendar year. Assets and book value shown in this table are from audited December 31, 2003, financial statements. The operating budget figure shown here is for CY2004

Table 9-4. Public Corporations - Revenue and Net Income
$ million

	FY 2004 Revenue	FY 2004 Operating Income	FY 2004 Net Income
Alaska Housing Finance Corporation	$306.0	$42.5	($31.1)
Alaska Industrial Development and Export Authority	$48.0	$18.6	$0.7
Alaska Energy Authority	$82.9	($26.2)	($3.4)
Alaska Student Loan Corporation	$38.6	$24.8	$9.0
Alaska Municipal Bond Bank Authority	$11.6	($1.0)	($1.7)
Alaska Aerospace Development Corporation	$10.0	($0.7)	($0.7)
Alaska Railroad Corporation [1]	$127.6	$11.9	$14.5

(1) The Alaska Railroad reports financial data on a calendar year. CY 2003 covers the second half of FY 2003 and the first half of FY 2004

Table 9-5. Public Corporations - Dividends to the State
How, if at all, does the corporation pay dividends to the state?

Alaska Housing Finance Corporation

The legislature in 2003 enacted SCSHB 256, adding language to state statute to modify an earlier transfer plan for AHFC to return capital to the state. The modified transfer plan calls for annual transfers as follows: FY 2004, $103 million; FY 2005, $103 million; FY 2006, $103 million; FY 2007, the lesser of 95% net income or $103 million; FY 2008, the lesser of 85% net income or $103 million; FY 2009 and thereafter, the lesser of 75% of the corporation's net income or $103 million.

Alaska Industrial Development and Export Authority

By statute, AIDEA must make available to the state each year not less than 25% and not more than 50% of its total net income for a base year defined as the year two years prior to the dividend year. The dividend is further limited to no more than the total amount of its *unrestricted* net income in the base year (AS 44.88.088).

Alaska Energy Authority

AEA does not pay a dividend or return capital to the state on a regular basis. However, in FY 2000 this corporation returned $55.6 million of contributed capital to the Railbelt Energy Fund and the General Fund.

Alaska Student Loan Corporation

This corporation, at the discretion of its board of directors, may make available to the state a return of contributed capital or dividend for any base year in which the net income of the corporation is $2 million or more. A base year is defined as the year two years before the payment year. If the board authorizes a payment, it must be between 10% and 35% of net income for the base year (AS 14.42.295). The corporation may also issue up to $280 million of bonds to finance state projects identified by law (AS 14.42.220), with the corporation solely responsible for repaying the bonds from its own income and assets.

Alaska Municipal Bond Bank Authority

By statute, the Bond Bank annually returns earnings or income of its reserve fund, in excess of expenses, to the state.

Alaska Aerospace Development Corporation

AADC does not pay a dividend or return capital to the state.

Alaska Railroad Corporation

The corporation does not pay a cash dividend to the General Fund.

Table 9-6. Public Corporations - Operating Expenses and Dividends
$ million

	Operating Expenses Subject to the Executive Budget Act		Dividends and/or Return of Capital	
	Actual FY 2004	Budget FY 2005	Actual FY 2004	Budget FY 2005
Alaska Housing Finance Corporation	$37.9	$40.6	$103.0	$103.0
Alaska Industrial Development and Export Authority	$5.7	$6.8	$18.2	$22.0 (1)
Alaska Energy Authority	$18.7	$19.8	na	na
Alaska Student Loan Corporation	$8.9	$9.7	$5.0	$80.6
Alaska Municipal Bond Bank Authority	$0.7	$0.7	$1.6	$0.8
Alaska Aerospace Development Corporation	$11.0	$22.1	na	na
Alaska Railroad Corporation	na	na	na	na

(1) The FY 2005 AIDEA dividend authorized by the board is $22 million

University of Alaska

Table 9-7. University of Alaska
$ million

Lands and Facilities June 30, 2004	Total Assets June 30, 2004	Unrestricted Net Assets	FY 2005 Operating Budget	FY 2005 Total Positions (2)
$760.8 (1)	$1,053.4	$54.5	$667.3	4,045

(1) Includes depreciation of $493.4 million
(2) Permanent Full Time (PFT), Permanent Part Time (PPT) and Temporary (TMP) are included in total positions

10. Rosetta Stone

Introduction

The Department of Revenue's Revenue Sources Book, the Legislative Finance Division's Summary of Appropriations, and the Department of Administration Division of Finance's Comprehensive Annual Financial Report (CAFR) all present detailed information about where the state gets its money for budgeted day-to-day operations.

Although these three documents concern the same subject matter, they serve very different purposes. This Revenue Sources Book covers the first step in the process, estimating available general purpose or unrestricted revenue for appropriation the next fiscal year. It is published each fall, just before the legislative session, about seven months before the beginning of the fiscal year for which it is forecasting revenue. While our main focus in preparing this book is forecasting the state's unrestricted revenue, we also look at many sources of restricted revenues as well.

At the far end of the spectrum from this forecast is the CAFR. The CAFR reports what actually happened to state dollars during the prior fiscal year. It is published in December, about six months after the end of the fiscal year — about two years after publication of the Revenue Sources Book that had estimated available revenue for that year. In December 2004, a CAFR covering FY 2004 will be published. In April 2005, we will publish a comparison between the 2004 CAFR and the 2004 numbers in our spring forecast.

In between publication of our forecast and the CAFR, thousands of events occur and many different "snapshots" of the state's finances are taken. The Summary of Appropriations is one such snapshot, recording how much money the legislature and governor authorized in the legislative session that just ended. The Summary of Appropriations is published in July, right at the start of the fiscal year. The Summary of Appropriations for FY 2005 was published in July 2004.

Even though these three books concern the same subject matter, they present it differently. The purpose of this appendix is to reconcile these three documents. Going from one document to the other can be very difficult because each uses a different system to classify various kinds of state money, so a sum of money in one report may be broken up into many different pieces in a different report, or vice versa. In addition, some of the critical terms used in the classification are defined very differently among the books.

Defining "Fund"

Alaska's public finances are generally described under one of two different systems: accounting funds or budget funds. Many accounting funds have a corresponding budget fund. For other funds, a single budget fund can incorporate several entire accounting funds or parts of various accounting funds, and the reverse is true as well. Some budget funds have no corresponding accounting fund. As will be set forth below, a major difference between the two systems of funds is how each defines general fund.

Fewer than 100 of the approximately 181 budget funds are active [1], and some of these are used to designate duplicate receipts. When a budget writer says money is coming from a particular fund, the writer identifies a source that may include money already set aside under that fund code or a revenue stream earmarked for that fund code. Of those funds, 72 show up in the FY 2005 Summary of Appropriations as "other revenues" and can be found in Tables 10-3 through 10-5.

Accounting funds are funds established under general accepted accounting principles as codified by the Governmental Accounting Standards Board (GASB) [2] These rules apply to all the states, counties, cities and other public jurisdictions across the country. They are meant to increase the transparency of public finances and the accountability of public officials. Accountants track revenue into specific GASB-defined funds. However, when an accountant says money is coming from a particular fund, the accountant is identifying a source that may include money on hand and already set aside under that fund code or from a stream of revenues earmarked for that fund code.

(1) The list of fund codes can be found in several places, including "The Swiss Army Knife of Budget Handbook," http://www.legfin.state.ak.us/, with more recent additions found only in the budget itself.
(2) GASB is a sister organization to the more well known FASB or Financial Accounting Standards Board. GASB sets out generally accepted accounting principles (GAAP) for governmental entities. FASB sets out GAAP for private businesses. Both are under the auspices of the Financial Accounting Foundation.

Defining "General Fund"

The General Fund is the general operating fund of the state. All public money coming into the state treasury that is not authorized or required by law to be placed in a special fund constitutes the General Fund. As noted above, the accounting General Fund and the budgeting general fund are not the same. For example, the FY 2004 budget, passed in the spring of 2003, was predicated on $1.8 billion in general fund revenue. The draft CAFR for FY 2004 shows General Fund revenue of $4.7 billion for the period. Did $2.9 billion go missing? No, the difference is because accountants and budget writers use the term "general fund" differently.

The accountants' General Fund starts with everything in the budget writers' general fund, which represents the core government dollars that are designated as unrestricted in this Revenue Sources Book. The accountants' General Fund, however, also includes the following:

- Subaccounts or subfunds of the General Fund. A budget writer will consider a General Fund subfund as a separate fund, and will discuss moving money from the general fund to the subfund. But such a transfer would not show up in the accountants' final report, because to the accountants it had no effect on the General Fund. For example, in conformance with GASB 34 standards, the Constitutional Budget Reserve is considered a subfund of the General Fund.

- Federal dollars that are spent in general fund programs. No accounting funds are defined by the fact that they have only federal dollars. On the other hand, six specific budget codes refer to different kinds of federal funds.

To distinguish between these two concepts in this document we will capitalize the accountants' General Fund and keep the budget writers' general fund in lowercase.

Reconciling This Revenue Sources Book with the State's Comprehensive Annual Financial Report

Budgeting is a dynamic process and there are many different budget documents available. This section compares the Fall 2004 Revenue Sources Book with one of the most accessible of these many budget documents, the Summary of Appropriations published by the Legislative Finance Agency every year. We have chosen the hard print version of the Summary of Appropriations for FY 2005, issued in the summer of 2004 just after the legislature passed the FY 2005 budget. For FY 2005, there will be many minor differences between the Revenue Sources Book and the Summary of Appropriations that simply reflect the difference between the budget document that was looking forward in July 2004 and the forecast that is looking backward from the vantage of November 2004 five months through FY 2005.

Page 1 of the Summary of Appropriations, reproduced on the next page, presents a total budget picture for FY 2005, with each item "boxed" on the reproduction.

Table 10-1. Total Budget
$ million

	FY 2005
General Fund Revenue	1,971.9
Federal Revenue	3,011.5
Other Revenue	1,139.8
"Total Revenue"	6,123.2
Draw from CBRF	360.7
Permanent Fund Dividends	512.0
and Inflation Proofing	619.0
Total	7,615.0

Summary of Appropriations - 2004 Legislative Session - FY 04/FY 05 Fiscal Summary
($ millions)

	FY04 Authorized				FY05 Enacted				GF
REVENUE	GF	Federal	Other	Total	GF	Federal	Other	Total	Change
Unrestricted General Fund Revenue (1)	2,331.9			2,331.9	1,961.1			1,961.1	(370.8)
New Revenues (2)					10.8			10.8	
Bond Proceeds (3)									
Corporate Dividends (4)			123.5	123.5			120.0	120.0	
Retained Corporate Dividends (4)			(15.0)	(15.0)			(30.0)	(30.0)	
Federal and Other Funds		2,759.6	1,034.0	3,793.6		3,011.5	953.1	3,964.6	
Total Revenue	2,331.9	2,759.6	1,142.5	6,234.1	1,971.9	3,011.5	1,139.8	6,123.2	(359.7)
APPROPRIATIONS									
Operating	2,233.1	1,633.8	977.9	4,844.4	2,323.8	1,508.0	946.3	4,778.2	90.8
Agency Operations (Non-Formula)	1,088.9	729.9	1,285.0	3,103.8	1,104.6	599.6	1,260.0	2,963.7	16.1
Formula Programs	1,098.9	790.4	161.5	1,051.0	1,150.4	799.7	134.0	2,084.4	48.9
Debt Service & Fund Capitalization	45.7	41.8	231.8	319.3	54.4	108.8	280.8	444.0	
Revised Program Legislature (RPLs)		0.0	0.0	0.0					
Supplemental Appropriations	72.1	58.7	57.8	188.6	12.8			12.8	(59.3)
New Legislation					1.1		17.5	18.3	1.1
Duplicated Authorization (5)			(99.5)	(99.5)			(125.5)	(125.5)	
Capital	84.8	1,126.1	165.8	1,377.1	8.8	1,503.5	161.6	1,673.8	(77.3)
Fiscal Appropriations	84.8	649.2	68.0	802.0	8.8	1,503.5	105.5	1,617.8	
Bond Specific Projects			97.8	97.8			56.2	56.2	
Revised Program Legislature (RPLs)		477.1	0.0	477.1					
Supplemental Appropriations		0.0	0.0	0.0					
Duplicated Authorization (5)			(0.3)	(0.3)					
Total Authorization (unduplicated)	2,317.9	2,759.6	1,142.9	6,220.5	2,332.7	3,011.5	1,139.8	6,484.0	13.8
Draw from CBR or (GF Lapse)	(13.8)				360.7				373.3
Permanent Fund Dividends			644.8	644.8			512.0	512.0	
Permanent Fund Inflation Proofing & Other Transfers (6)			17.8	17.8			619.0	619.0	
TOTAL WITH PERMANENT FUND	2,318.1	2,761.9	1,805.5	6,881.6	2,333.7	3,011.5	2,270.8	7,615.0	13.8