SCOMM

101:13

Long Range Financial Planning Commission
716 West Fourth Avenue, #470
Anchorage, Alaska 99501
(907)258-8165 Phone
(907)258-9869 Fax

NOTICE OF PUBLIC HEARING
AGENDA
FRIDAY, DECEMBER 8, 1995

9:00	**Byron Mallott, Alaska Permanent Fund** **Michael O'Leary, Callan & Associates** **re: endowment proposal**
10:00	**Review and discussion of proposed legislation**
12:00	**Break for Lunch**
1:30	**Reconvene**
3:30	**Adjourn**

This meeting is scheduled to be videoconferenced between Anchorage and Juneau.

LEGISLATIVE TELECONFERENCE NETWORK

SIGN-IN SHEET

SPONSOR: Long Range Financial Planning Commission

SUBJECT: LRFPC Legislation

START/END TIME: 9AM/3:30P DATE: 12/8/95

PLEASE PRINT

	Name/Representing	Address	Zip	Phone No.	Testify	Observe	Bill No.
1.	Sam Kito III	DOT+PF					
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							

Key Code

BR = Brian Rogers
MN = Mary Nordale
PP = Pat Pourchot
AM = Annalee McConnell
BL = Bob Loescher
SR = Steve Rieger
MO = Mike O'Conner
JB = Judy Brady

BM = Bryon Mallott
JB = Jim Baldwin
BP = Brad Pierce
MF = Melissa Fouse
Clark Gruening
TC = Tam Cook

12/8/95

903 AM 005 TAPE
Brian, Annalee, Melissa, Tam Cook
- Judy, Pat Pourchot Introductions

- Legislation - Looking through

- ~~2~~ Tabacco Tax - Review of bill
-draft

Comments ?
M.N. - attachment to Brad -
- Suggest we look @ CPI adjustment
- DOC/Public Safety want out of the firing line regarding taxes
Public Safety - 6 mo to raise fees
- Conform all bills to a standard.

71 - BR agree with comments
- 7/1 of each yr. effective date
- Taxes increase on 7/1

79 M.N. - D of P.S. - needs 6 mo lead time for fee adjustments

90 - BR - doesn't apply to Tabacco or Alcohol Tax

12/8/95

97 - A.Lee M - where is that memo?

- JB - Make sure it does what we intend it to do.

111 - pay attention to details

115 BR - Consider an effective date on the tobacco tax - Fixed date may be more useful -

125 P.P. - Conversation with Revenue - we already have the tax

130 MN - Private Industry collects for the state -

138 - BR - propose date - ?

MN - January 1 -

143 A.M. trying to get things in sync for projections

BR - 1/1/97 any concerns?

154 P.P. - don't think Commission figure for 1/2 year

B.R. Would 10/1 work better?
A.M. - OK
JB - fine
MN - Industry will have a problem

196

169 - BR Effective date 10/1/96
future changes 10/1, on ~~odd~~ even years based on the CPI

182 MN - Next change 10/1/98

B.R. about Tri annual increases or leave to future legislators

197 M.D. -

201 Mary N - Section II of the bill

B.R. - explains - 2002 / 2005 > 25¢ increases

208 J.B. - to hard to do increases like this.

MN - a lot of scrambling do it all right now.

216 BR - 62 mills 10/1/96

87 Mills 2002
100 Mills 2005
plus CPI adjusted

226 - A.M. - seems to me this is different this could substitute

12/8/95

238 MN - Kay Browns Bill with indexing and increases

245 JB - What

252 Lets just vote for 12 mils every 3 years

259 - Dumping section III

267 AM - index after the three years.

B.R. - Explains

281 MN - Every 3 years

BR - 10/1/96
12 mil increase every three year -

289 Alcohol Tax -

295 - TAM Cook - Ref: a section.
B.R. - Your right.

309 Alcohol Tax

BR - has question trying to get equivelency (SP)
- Goes over on per gal per type.

12/8/95

338 BR - Continues to figure

373 - Equity among drinkers
- 7/1/Even # year indexing
389 - effective date 10/1/96
- increases above inflation rate.

404 BR ?'s to Tam
ref: Indexing

410 T.C. - stair step approach

414 MN - fixed # so CPI doesn't affect the rate.

423 B.R. - reviews - increases
\$.25, \$.65, \$2.10

438. - MN - ? to Tam Cook
- Sub D of the bill regarding regulations. Just do a notice provision?

T.C. - No reason she can't see?

466 - B.P. - Make consistant with these two bills?

474 - A.M. - Would be included in the 12/15 budget.

12-8-95

483 MN - any changes to title 37?

A.M. - offices published in the budget document

T.C. Explains

509 - Motor Fuel Tax -

528 BR - 8¢ → 21.9¢

6 → 15.9¢ off road

provides Indexing

effective date 10/1/96

550 - ?'s about exemptions

570 SAM Kito - 60 million gallons -

- present - $2.4 million

- two months

- potential loss of 13 million

JB - questions Sam -

612 - discussion continues

regular sales 419 million

10-15% of the market

629 Flipped Tape -

002 Side B TAPE 1

Motor Fuel Tax -

12/8/95

005 - B.R. - Gasohol exemption - Concerns

0018 J.B. - social reasons - things are screwed up
MN - thats the Anchorage Assembly.
- whole reason
- agree with Brian
- uniformally taxed

035 P.P. Not Exempted - readily available

040 BR - remove exemption on this

048 - BR - Reviews agreement on Motor Fuel.

057 B.P. - Couldn't it just be ~~16~~/22

062 Motor Vehicle Reg. Fees -
?'s raised by the D.O. Law
- Dept of Labor / Dept of P.S.
- agree with Safety - fees increase 1/1/97
- Review 1. 1
repeal rather than amend.

083 M.N. Clears this up.

088 - T.C. dont understand but someone will.

12/8/95

12/8/95

095 B.R. - Reviews section

108 B.R. Explains position

126 Is this an outmoded section of the statute.

132 P.P. move to Sect 4(d)(2)

144 MN - set at all $30.00
- Pay - they use the roads.

161 B.R. -
169 JB - everybody pays the same and thats the end of it.

178 B.R. - One time only
184 AM - just annual fee?
188 MN - University plates -

193 P.P. - Vets plates make money

199 - B.R. - enough direction to Tam?

200 - T.C. - No but would get with Melissa
- Other ?'s.

208 - BR - Explains again

217 MN - Explains differently - Vanity fees -

12/8/95

228 AM - Pax Vs Pick-up truck
- example -

235 MN - Commerical vs. Pax vehicle
non Commerical -

248 AM - heavier pay more

253 BR - Combine 1 & 2 @ $75.00

265 BR - removed exemption of vehicle
owned by the State.

282 End of Motor Vehicle

286 Automatic Adjustment for fees/charges

BR - reviews proposed -

300 JB - what are we trying to
do here?
- look at the administrative

319 P.P. - Ominbus Bill on fees - from
the admin. this year.

349 - B.R. - Pull this bill from the package
MN. - recommendation
369 - Bob - Object - Explains
393 - MN. - Agrees with Bob
but - and explains -

12/8/95

408 B.R. - instructions to Pat

421 - B.R. - Concerns from A.G. with Senior Citizens Tax

JB - let the legislature figure it out

448 - MN - Eliminate the mandatory

462 Repeal that mandatory.

B.R. - section 2 keeps $75,000
- need a new bill.
-

J.B. - what does the state care?

510 BR - Explains -

522 Pat Pourchot - Attorneys Comments -
- Seems like the easiest way to do.
- Explains -

555 - B.R. -

579 Tam Cook - Renters rebate is still on the books.

623 discussion continues on Sr. Citizen

TAPE #2
001 Tam Cook

12/8/95

014 M.N. - ? of TAM -
- T-29 do they have the authority now?

026 Tam Cook - responds - depends on some boroughs - Cities within Boroughs.
-Short answer is yes.

042 JB.-Suggest repealing renter

046 B.R. . Eff date 1/1/97
repeal renters also.

051 - TAM -

073 - B.R. - Tax Oil & Gas property tax
- 7/1/96 would be 10 mills.
-max by a local government.

088 - Tam Cook - 1.) approach - know real affect
2.) pipeline and push the limit -
- Change the formula to really get a change.
- What to do with bonding provision
- Can clarify -

12/8/95

129 - B.R. - another way is to add a new cap. - he explains

T.C. - freeze muni's

154 A.M. - somethings not tracking
- not grasping what the problem is here.

Tam Cook - explains

171 A.M. - tries to explain what Commission's thoughts were when they came up with this provision.

186 M.N. - Revenue requirements vs Tax rate.
-

204 J.B. - Explains

212 MN - / A.M. -

224 B.R. - reads current statute.

252 A.M. - sleep on this - circulate and get some comment

260 J.B. - What kind of Revenues to the state

270 B.R. - Break for 10 mins.

12/8/95

273 Calling back to order

285 - Retirement Incentive program-
? should we draft others-

292 JB- R.I.P. - are they still in?

303 SR. - Auditor only look at short
term benefits
Senates position Tier III/RIP
- Bogged down in the house

320 B.R. - anything further
326 JB - ?'s

331 M.O. - there is a reason
15 of us couldnt let
60 of them figure it out

340 A.M. - it is defensivable
- only three

350 Bob L. - General Resolution
w/ goals an objectives
- whats the introduction

370 - B.R. - lets move on to P.F.D.
Introductions
387 PFD discussion
- Issues raised -
BM - not here with recommendations

12/8/95

415 BM - does the 4% work - ?

Changes to the PFD - Constitutional.

460 Mr. O'Leary - Reviews APFC studies -

573 S.R. - ? Conservative mix couldn't protect the corpus?

- answer. have persued purchasing power

600 Historical Inflation

S.R.: do you find pressure?

yes.

640 Change tape 1135 Tape 2 Side B

001 Mr. O'Leary - continues on his example

018 S.R. - pressure to invest in a political popular issue.

025 M.N. - distribution did they realize capital gains

032 A.M. - which is the more common rule.

- function of market value rather than earnings.

044 - 17% spent current

-

- 5.7% % of prior year

12/8/95

053 - % of realized return

060 - B.R. Whats the range of %'s ref: Ceremo -

088 J.B. - Balanced sheets of different funds. -

124 S.R. - Excluding the idea of payout of earnings

- if there was a 5 year rule would it be better to have an agressive or moderate investment?

- Moderate.

S.R.? -

167 M.N. - would like to go back to senerios -

-

234 BR - shares his concerns.

263 - B.M. - Constitutional Amendment may not be necessary.

279 - Clark Gruening - PFD Board Member

320

340 - Judy Brady - First time we have spoken to use PFD as an endowment.

Side B
Tape 2 12/8/95

358 Judy Brady →

368 Clark - Gov. wants a VOTE on any changes to PFD

Jim Baldwin - 4% could trip us up.

410 Brian Rogers - ?'s Jim Baldwin.

469 - A.M. - ? Jim about concerns.

505 Judy B - has some concerns about the 25% in the Consitution

534 B.R. - submit legislation
Can live w/ 25-50 through the statutes.

563 AM. - $250M each year
- picking up additional securities

597 BR - another issue, split the PFD from CBR -

611 - PFD - whats the will of the Commission?

622 J.B. - Can you write as if you were directing the legislation.

001 Change Tape Tape #3 Side A

12/8/95

001 Judy Brady - ?'s

027 Bob Losecher - Look at all State assets -
- low road?

074 - Clark - responds to Bob Losecher -

122 - Brian Rogers - limiting the payout to four % . .

135 JBrady -

163 Bryan Mallot - response -
work over time will perserve principal at 4% rule
- public policy debate.
Trustee tried to stay away public policy - maybe they
193 shouldn't.

195 B.R. points out issues on the C.B.R.

209 12:40 pm

12/8/95

Tape #3 Side A Return from lunch - (1:35) 1335 pm

210

211 ~~Back~~ to order
Brian Rogers reads proposed change
Mary Nordale speaks to the changes.

280 Melissa Fouse - raises questions

299 - $\boxed{\text{Budget Reserve}}$ - defination

- delete this issue - Brian

Judy - don't really understand

last sentence deleted

330 - Jim Baldwin - can do anything they (legislator) want right now.
didn't sound like it could go either way.

351 Mary Nordale - would like cleaned up drafts.

360 - adopts the plan - won't pass
approves the plan - won't pass

388 - Financing Committee first 2 wks of the session.

404 Mary Nordale - would'nt mind having a program - - -

12-8-95

420 Chit-Chat about Computer equip

483 - Setting meeting date 1/5/96
at 9 AM

- Ketchikan.

556 - Meeting Recessed @ 1402

5.84%
(Real)

COMPOSITE SCENARIO PROJECTION

PERMANENT FUND EARNINGS AT 5.84% (real)

(FY 96 Dollars)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY07	FY08	FY09	FY10
AVAILABLE REVENUES ($ Millions):															
EXISTING GENERAL FUND SOURCES	1,952	1,663	1,660	1,659	1,622	1,784	1,709	1,656	1,600	1,540	1,454	1,374	1,342	1,274	1,209
LIFT ANS EXPORT BAN		19	19	18	18	17	17	16	16	15	15	14	14	13	13
PERMENENT FUND NET EARNINGS	1,213	1,396	1,407	1,423	1,324	1,254	1,286	1,312	1,337	1,301	1,540	1,581	1,613	1,644	1,575
HIGHWAY MOTOR FUEL TAX @ $.219/GAL INDEXED)		19	39	39	40	41	41	42	43	43	44	45	45	46	47
MARINE MOTOR FUEL ($.08/GAL PER HB 122 INDEXED)		5	5	5	5	5	5	5	5	6	6	6	6	6	6
TOBACCO ($1/PKG CIGS; 75%/CHEW INDEXED)		42	42	44	45	46	47	47	48	49	50	50	51	52	53
MOTOR VEHICLE LICENSE FEES (DOUBLE)			28	28	27	27	26	26	26	25	25	25	24	24	23
USER FEE INCREASE ASSUMPTION		3	6	8	11	13	12	12	12	11	11	11	10	10	10
ALCOHOL TAXES (INCREASE PER HB 96)			10	19	20	20	20	21	21	21	22	22	22	23	23
INCOME/SALES TAX						33	116	145	187	214	217	270	274	300	305
PF EARNINGS TO GF	0	97	141	182	203	530	540	546	551	557	563	568	573	578	583
TOTAL REVENUES	3,165	3,444	3,576	3,627	3,615	3,769	3,821	3,828	3,846	3,783	3,946	3,966	3,975	3,970	3,846
EXPENDITURES ($ Millions):															
TOTAL GF SPENDING	2,476	2,404	2,330	2,258	2,189	2,206	2,224	2,242	2,260	2,278	2,296	2,314	2,333	2,351	2,370
PF INFLATION PROOFING	429	436	470	477	485	573	580	586	593	599	679	685	690	695	725
DIVIDENDS	582	552	528	525	524	546	565	584	601	621	642	664	687	710	725
TRANSFER TO EARNINGS RESERVE	202	408	410	421	315	135	142	142	143	81	219	232	236	239	125
TOTAL EXPENDITURES	3,689	3,800	3,737	3,682	3,613	3,460	3,510	3,554	3,596	3,578	3,836	3,896	3,946	3,996	3,945
PROJECTED ANNUAL FISCAL GAP	-524	-356	-161	-55	2	309	310	274	249	204	110	70	30	-25	-99
CONSTITUTIONAL BUDGET RESERVE BALANCE	2,107	2,300	2,340	2,486	1,527	1,784	1,826	1,858	1,888	1,858	2,103	2,149	2,186	2,222	2,158
CBR DEPOSIT TO PF PRINCIPAL	0	0	0	0	1,228	0	0	0	0	1,814	0	0	0	0	470
PF EARNINGS RESERVE BALANCE	905	1,287	1,657	2,027	884	992	1,103	1,211	1,317	756	951	1,154	1,354	1,551	1,628
ERA DEPOSIT TO PF PRINCIPAL	0	0	0	0	1,396	0	0	0	0	602	0	0	0	0	982
PERMANENT FUND PRINCIPAL	14,785	15,012	15,249	15,493	18,356	18,589	18,813	19,028	19,236	21,851	22,040	22,218	22,397	22,566	24,202

Office of Management and Budget

9/20/95 13:58

9%

COMPOSITE SCENARIO PROJECTION

PERMANENT FUND EARNINGS AT 9%

(Nominal Dollars)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY07	FY08	FY09	FY10
AVAILABLE REVENUES ($ Millions):															
EXISTING GENERAL FUND SOURCES	1,952	1,919	1,997	2,036	2,062	2,083	2,059	2,058	2,052	2,038	1,985	1,936	1,950	1,910	1,870
LIFT ANS EXPORT BAN		20	20	20	20	20	20	20	20	20	20	20	20	20	20
PERMANENT FUND NET EARNINGS	1,213	1,438	1,495	1,561	1,498	1,463	1,549	1,631	1,714	1,721	2,103	2,227	2,344	2,465	2,437
HIGHWAY MOTOR FUEL TAX @ $.219/GAL INDEXED)		20	41	43	45	47	50	52	55	57	60	63	66	69	73
MARINE MOTOR FUEL ($.08/GAL PER HB 122 INDEXED)		5	5	5	6	6	6	7	7	7	8	8	8	9	9
TOBACCO ($1/PKG CIGS; 75%/CHEW; INDEXED)		43	45	47	50	52	54	57	60	63	66	69	72	76	79
MOTOR VEHICLE LICENSE FEES (DOUBLE)			29	29	30	30	31	31	32	32	33	33	34	35	35
USER FEE INCREASE ASSUMPTION		3	6	9	12	15	15	15	15	15	15	15	15	15	15
ALCOHOL TAXES (INCREASE PER HB 96)			10	21	22	23	24	26	27	28	29	31	32	34	36
INCOME/SALES TAX						38	140	180	240	283	297	380	398	450	472
PF EARNINGS TO GF		100	150	200	230	619	650	678	707	737	768	800	833	867	902
TOTAL REVENUES	3,165	3,547	3,799	3,974	3,974	4,397	4,599	4,754	4,928	5,001	5,384	5,582	5,774	5,949	5,947
EXPENDITURES ($ Millions):															
TOTAL GF SPENDING	2,476	2,476	2,476	2,476	2,476	2,575	2,678	2,786	2,897	3,013	3,134	3,260	3,390	3,526	3,667
PF INFLATION PROOFING	$429	$449	$499	$524	$549	$669	$698	$729	$760	$792	$927	$964	$1,003	$1,043	$1,122
DIVIDENDS	582	569	561	575	593	637	680	726	770	821	877	936	998	1,064	1,122
TRANSFER TO EARNINGS RESERVE	202	420	435	462	357	158	171	176	184	107	299	327	343	358	193
TOTAL EXPENDITURES	3,689	3,914	3,971	4,037	3,974	4,039	4,228	4,416	4,611	4,734	5,237	5,487	5,734	5,991	6,104
PROJECTED ANNUAL FISCAL GAP	-524	-367	-172	-62	0	359	371	338	316	267	147	96	40	-41	-157
CONSTITUTIONAL BUDGET RESERVE BALANCE	2,107	2,369	2,487	2,726	1,500	1,991	2,471	2,948	3,434	1,500	1,801	1,999	2,158	2,246	1,500
CBR DEPOSIT TO PF PRINCIPAL	0	0	0	0	1,389	0	0	0	0	2,400	0	0	0	0	727
PF EARNINGS RESERVE BALANCE	905	1,325	1,760	2,222	1,000	1,158	1,329	1,505	1,689	1,000	1,299	1,625	1,968	2,326	2,519
ERA DEPOSIT TO PF PRINCIPAL					1,579					796					1,519
PERMANENT FUND PRINCIPAL	$14,785	15,461	16,205	16,987	20,766	21,699	22,659	23,646	24,665	28,909	30,086	31,293	32,549	33,838	37,445

Assumptions:
Budget freeze for 5 yrs; thereafter increases @ base case rate = infl*1/2 pop. growth.
Phase in various taxes from FY 97 to 01. Income tax phased in over 5 yrs.
Modified SB 51 enacted in FY 97 w/ excess earnings to ERA beginning in 98.
Deposit excess reserves into principal in FY 00, 05 & 10.
Office of Management and Budget

9/20/95

1:53 PM

COMPOSITE SCENARIO PROJECTION 4

PERMANENT FUND EARNINGS AT 7.94%

(Nominal Dollars)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY07	FY08	FY09	FY10
AVAILABLE REVENUES ($ Millions):															
EXISTING GENERAL FUND SOURCES	1,952	1,919	1,997	2,036	2,062	2,083	2,059	2,058	2,052	2,038	1,985	1,936	1,950	1,910	1,870
LIFT ANS EXPORT BAN		20	20	20	20	20	20	20	20	20	20	20	20	20	20
PERMANENT FUND NET EARNINGS	1,213	1,207	1,270	1,310	1,289	1,546	1,644	1,739	1,806	1,374	1,616	1,686	1,752	1,820	1,890
HIGHWAY MOTOR FUEL TAX @ $.219/GAL INDEXED)		20	41	43	45	47	50	52	55	57	60	63	66	69	73
MARINE MOTOR FUEL ($.08/GAL PER HB 122 INDEXED)		5	5	5	6	6	6	7	7	7	8	8	8	9	9
TOBACCO ($1/PKG CIGS; 75%/CHEW; INDEXED)		43	45	47	50	52	54	57	60	63	66	69	72	76	79
MOTOR VEHICLE LICENSE FEES (DOUBLE)			29	29	30	30	31	31	32	32	33	33	34	35	35
USER FEE INCREASE ASSUMPTION		3	6	9	12	15	15	15	15	15	15	15	15	15	15
ALCOHOL TAXES (INCREASE PER HB 96)			10	21	22	23	24	26	27	28	29	31	32	34	36
INCOME/SALES TAX						36	140	220	280	283	297	380	398	450	472
PF EARNINGS TO GF		100	150	200	230	260	280	300	350	737	768	800	833	867	902
TOTAL REVENUES	3,165	3,317	3,574	3,724	3,766	4,120	4,323	4,525	4,703	4,654	4,897	5,041	5,182	5,306	5,400
EXPENDITURES ($ Millions):															
TOTAL GF SPENDING	2,476	2,476	2,476	2,476	2,476	2,575	2,678	2,786	2,897	3,013	3,134	3,260	3,390	3,526	3,667
PF INFLATION PROOFING	$429	$449	$499	$524	$549	$650	$679	$709	$739	$771	$880	$916	$953	$991	$874
DIVIDENDS	582	525	492	481	476	514	554	597	642	681	718	752	784	813	874
TRANSFER TO EARNINGS RESERVE	202	234	278	306	265	382	411	433	424						
TOTAL EXPENDITURES	3,689	3,683	3,746	3,786	3,766	4,121	4,322	4,525	4,704	4,466	4,732	4,927	5,127	5,330	5,415
PROJECTED ANNUAL FISCAL GAP	-524	-367	-172	-62	0	0	1	0	-1	188	165	114	55	-25	-14
CONSTITUTIONAL BUDGET RESERVE BALANCE	2,107	2,369	2,487	2,726	1,500	1,632	1,730	1,835	1,946	1,500	1,772	1,989	2,161	2,266	1,500
CBR DEPOSIT TO PF PRINCIPAL	0	0	0	0	1,389	0	0	0	0	753	0	0	0	0	890
PF EARNINGS RESERVE BALANCE	905	1,139	1,417	1,723	1,000	1,382	1,793	2,226	2,650	1,000	1,000	1,000	1,000	1,000	1,000
ERA DEPOSIT TO PF PRINCIPAL					987					1,650					0
PERMANENT FUND PRINCIPAL	$14,785	15,461	16,206	18,987	20,175	21,089	22,029	22,997	23,994	27,425	28,554	29,712	30,918	32,155	34,158

Assumptions:
Budget freeze for 5 yrs; thereafter increase @ base case rate = infl*1/2 pop. growth.
Phase in various taxes from FY 97 to 01. Income tax phased in over 5 yrs.
Modified SB 51 enacted in FY 97 w/ excess earnings to ERA beginning in 98.
Deposit excess reserves into principal in FY 00, 05 & 10.
Office of Management and Budget

9/20/95

COMPOSITE SCENARIO PROJECTION 4

PERMANENT FUND EARNINGS AT 4.79% (real)

(FY 96 Dollars)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY07	FY08	FY09	FY10
AVAILABLE REVENUES ($ Millions):															
EXISTING GENERAL FUND SOURCES	1,952	1,863	1,880	1,859	1,822	1,784	1,709	1,656	1,600	1,540	1,454	1,374	1,342	1,274	1,209
LIFT ANS EXPORT BAN		19	19	18	18	17	17	16	16	15	15	14	14	13	13
PERMENENT FUND NET EARNINGS	1,213	1,172	1,195	1,195	1,140	1,324	1,365	1,400	1,409	1,038	1,184	1,197	1,206	1,214	1,222
HIGHWAY MOTOR FUEL TAX @ $.219/GAL INDEXED)		19	39	39	40	41	41	42	43	43	44	45	45	46	47
MARINE MOTOR FUEL ($.08/GAL PER HB 122 INDEXED)		5	5	5	5	5	5	5	5	6	6	6	6	6	6
TOBACCO ($1/PKG CIGS; 75%/CHEW INDEXED)		42	42	44	45	46	47	47	48	49	50	50	51	52	53
MOTOR VEHICLE LICENSE FEES (DOUBLE)			28	28	27	27	26	26	26	25	25	25	24	24	23
USER FEE INCREASE ASSUMPTION		3	6	8	11	13	12	12	12	11	11	11	10	10	10
ALCOHOL TAXES (INCREASE PER HB 96)			10	19	20	20	20	21	21	21	22	22	22	23	23
INCOME/SALES TAX						33	116	177	218	214	217	270	274	300	305
PF EARNINGS TO GF	0	97	141	182	203	223	232	241	273	557	563	568	573	578	583
TOTAL REVENUES	3,166	3,220	3,364	3,398	3,331	3,532	3,592	3,643	3,670	3,520	3,589	3,581	3,568	3,640	3,493
EXPENDITURES ($ Millions):															
TOTAL GF SPENDING	2,476	2,404	2,330	2,258	2,189	2,206	2,224	2,242	2,260	2,278	2,296	2,314	2,333	2,351	2,370
PF INFLATION PROOFING	429	436	470	477	485	557	564	570	577	583	645	650	656	661	565
DIVIDENDS	582	509	463	438	421	440	460	481	501	515	526	534	539	542	565
TRANSFER TO EARNINGS RESERVE	202	227	262	279	234	327	341	349	331	0	0	0	0	0	0
TOTAL EXPENDITURES	3,689	3,577	3,525	3,463	3,329	3,530	3,589	3,641	3,668	3,375	3,466	3,498	3,528	3,554	3,500
PROJECTED ANNUAL FISCAL GAP	-524	-356	-161	-65	2	2	3	2	2	145	123	83	40	-14	-7
CONSTITUTIONAL BUDGET RESERVE BALANCE	2,107	2,300	2,340	2,486	1,343	1,547	1,597	1,641	1,682	1,595	1,746	1,765	1,779	1,792	1,805
CBR DEPOSIT TO PF PRINCIPAL	0	0	0	0	1,228	0	0	0	0	569	0	0	0	0	575
PF EARNINGS RESERVE BALANCE	905	1,106	1,334	1,571	884	1,184	1,488	1,791	2,067	756	733	710	688	667	646
ERA DEPOSIT TO PF PRINCIPAL	0	0	0	0	873	0	0	0	0	1,247	0	0	0	0	0
PERMANENT FUND PRINCIPAL	14,785	15,012	15,249	15,493	17,833	18,067	18,290	18,505	18,713	20,729	20,917	21,095	21,275	21,444	22,078

Office of Management and Budget

9/20/95 12:54

ENDOWMENT SCENARIO PROJECTION

(Nominal Dollars)

9% PERMANENT FUND EARNINGS

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY07	FY08	FY09	FY10
AVAILABLE REVENUES ($ Millions):															
EXISTING GENERAL FUND SOURCES	1,952.3	1,918.6	301.0	305.0	307.0	310.0	313.0	316.0	317.0	319.0	321.0	323.0	325.0	327.0	329.0
PERMANENT FUND NET INCOME	1,213.0	1,282.0													
FUND WITHDRAWAL			2,581.0	2,495.1	2,424.5	2,429.1	2,447.9	2,464.7	2,480.6	2,498.2	2,512.4	2,529.4	2,542.0	2,555.9	2,568.3
HIGHWAY MOTOR FUEL TAX @ $.21¢/GAL INDEXED)							47.8	49.7	51.7	53.8	56.0	58.2	60.5	63.0	65.5
TOBACCO ($1/PKG CIGS; 75%/CHEW; INDEXED)			44.7	46.5	48.4	50.3	52.3	54.4	56.6	58.9	61.2	63.7	66.2	68.9	71.6
MARINE MOTOR FUEL ($.08/GAL PER HB 122 INDEXED)								6.3	6.6	6.8	7.1	7.4	7.7	8.0	8.3
USER FEE INCREASE ASSUMPTION				3.0	6.0	9.0	12.0	15.0	18.0	21.0	24.0	27.0	30.0	33.0	36.0
ALCOHOL TAXES (INCREASE PER HB 96)				21.4	22.8	24.3	25.7	27.2	28.7	30.4	32.2	34.0	36.0	38.0	40.2
FISH BUSINESS TAX (DOUBLE W/ 25% TO MUNIS)		39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
MOTOR VEHICLE REGISTRATION FEES (DOUBLE)		29.0	30.2	31.4	32.6	33.9	35.3	36.7	38.2	39.7	41.3	42.9	44.7	46.5	48.3
TOTAL REVENUES	3,165.3	3,268.6	2,995.9	2,941.3	2,880.4	2,895.6	2,973.0	3,009.0	3,036.5	3,066.8	3,094.2	3,124.6	3,151.1	3,179.2	3,206.3
EXPENDITURES ($ Millions):															
TOTAL GF SPENDING	2,476.1	2,406.1	2,346.1	2,296.1	2,256.1	2,226.1	2,315.3	2,408.0	2,504.5	2,604.8	2,709.1	2,817.6	2,930.5	3,047.8	3,169.9
PERMANENT FUND INFLATION PROOFING	429.0	449.0													
PERMANENT FUND DIVIDENDS	582.0	604.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0	575.0
TRANSFER TO EARNINGS RESERVE	201.0	228													
TOTAL EXPENDITURES	3,688.1	3,687.1	2,921.1	2,871.1	2,831.1	2,801.1	2,890.3	2,983.0	3,079.5	3,179.8	3,284.1	3,392.6	3,505.5	3,622.8	3,744.9
PROJECTED ANNUAL FISCAL GAP	-522.8	-418.5	74.8	70.2	49.3	94.5	82.8	26.0	-43.0	-113.0	-189.9	-268.0	-354.4	-443.6	-538.6
CONSTITUTIONAL BUDGET RESERVE BALANCE	1,982.7	2,188.2	0.0												
DRAW FROM EARNINGS RESERVE															
PF EARNINGS RESERVE BALANCE	905.0	1,132.0	0.0												
UNFILLED FISCAL GAP									-43.0	-113.0	-189.9	-268.0	-354.4	-443.6	-538.6
PERMANENT FUND PRINCIPAL	14,791.0	15,467.0	21,785.2	23,332.1	24,952.4	26,727.3	28,602.5	30,804.3	32,750.7	35,042.9	37,450.4	39,984.2	42,748.6	45,683.7	48,805.7

Assumptions:

$250 in budget cuts over 5 years starting in FY 97; thereafter spending grows at base case rate of inf*1/2 pop.

Phase in agreed upon slate of taxes as needed.

DOR base case oil revenues and inflation.

PF rate of return @ 9%.

Implementation of Endowment proposal in FY 98 @ 12.5% draw; declining to 6% in FY 10 and stabilizing at 5% in FY 15.

$575 cap on PFDs beginning in FY 98.

Office of Management and Budget

9/20/95

ENDOWMENT SCENARIO PROJECTION

(FY 96 Dollars)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY07	FY08	FY09	FY10
AVAILABLE REVENUES ($ Millions):															
EXISTING GENERAL FUND SOURCES	1,952.3	1,862.9	283.3	278.2	271.4	265.6	259.9	254.3	247.2	241.1	235.2	229.3	223.6	218.1	212.6
PERMANENT FUND NET INCOME	1,213.0	1,244.8													
			2,428.8	2,275.6	2,143.1	2,081.0	2,032.4	1,983.3	1,934.6	1,888.3	1,840.5	1,795.8	1,749.2	1,704.5	1,660.0
HIGHWAY MOTOR FUEL TAX @ $.21¢/GAL INDEXED)		0.0	0.0	0.0	0.0	0.0	39.7	40.0	40.3	40.7	41.0	41.3	41.7	42.0	42.3
TOBACCO ($1/PKG CIGS; 75%/CHEW INDEXED)		0.0	42.1	42.4	42.8	43.1	43.4	43.8	44.1	44.5	44.9	45.2	45.6	45.9	46.3
MARINE MOTOR FUEL ($.08/GAL PER HB 122 INDEXED)		0.0	0.0	0.0	0.0	0.0	0.0	5.1	5.1	5.2	5.2	5.3	5.3	5.3	5.4
USER FEE INCREASE ASSUMPTION		0.0	0.0	2.7	5.3	7.7	10.0	12.1	14.0	15.9	17.6	19.2	20.6	22.0	23.3
ALCOHOL TAXES (INCREASE PER HB 96)		0.0	0.0	19.5	20.2	20.8	21.3	21.9	22.4	23.0	23.6	24.1	24.7	25.4	26.0
FISH BUSINESS TAX (DOUBLE W/ 25% TO MUNIS)		37.9	36.7	35.6	34.5	33.4	32.4	31.4	30.4	29.5	28.6	27.7	26.8	26.0	25.2
MOTOR VEHICLE REGISTRATION FEES (DOUBLE)		28.2	28.4	28.6	28.8	29.1	29.3	29.5	29.8	30.0	30.3	30.5	30.7	31.0	31.2
TOTAL REVENUES	3,165.3	3,173.7	2,819.3	2,682.6	2,546.1	2,480.6	2,468.5	2,421.4	2,368.1	2,318.1	2,266.7	2,218.4	2,168.3	2,120.2	2,072.4
EXPENDITURES ($ Millions):															
TOTAL GF SPENDING	2,476.1	2,336.2	2,207.8	2,094.1	1,994.2	1,907.1	1,922.3	1,937.7	1,953.2	1,968.8	1,984.6	2,000.5	2,016.5	2,032.6	2,048.9
PERMANENT FUND INFLATION PROOFING	429.0	436.0													
PERMANENT FUND DIVIDENDS	582.0	586.5	541.1	524.4	508.3	492.6	477.4	462.7	448.4	434.6	421.2	408.2	395.7	383.5	371.6
TRANSFER TO EARNINGS RESERVE	201.0														
TOTAL EXPENDITURES	3,688.1	3,358.7	2,748.9	2,618.6	2,502.5	2,399.7	2,399.7	2,400.4	2,401.7	2,403.5	2,406.8	2,408.7	2,412.1	2,416.1	2,420.5
PROJECTED ANNUAL FISCAL GAP	-522.8	-184.9	70.4	64.1	43.6	81.0	68.7	21.0	-33.5	-85.4	-139.1	-190.3	-243.8	-295.8	-348.1
CONSTITUTIONAL BUDGET RESERVE BALANCE	1,982.7	2,124.6	0.0												
DRAW FROM EARNINGS RESERVE															
PF EARNINGS RESERVE BALANCE	906.0	1,090.1	0.0												
UNFILLED FISCAL GAP								0.0	-33.5	-85.4	-139.1	-190.3	-243.8	-295.8	-348.1
PERMANENT FUND PRINCIPAL	14,791.0	15,018.0	20,500.8	21,279.8	22,056.2	22,897.0	23,748.3	24,627.2	25,542.1	26,487.5	27,434.8	28,388.2	29,415.5	30,466.3	31,545.3

Office of Management and Budget

9/20/95 13:13