

SCOMM

150:13

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: HJR001-OOG-DOE-3-15-07
 Bill Version: HJR 1
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
 Title: Constitutional Amendment creating and relating RDU: Elections
to the gas endowment fund..... Component: Elections
 Sponsor: Representative Hawker
 Requester: House Ways and Means Committee Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual		1.5				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	1.5	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF		1.5				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	1.5	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

If this amendment appears on the 2008 ballot, the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58 is \$1.5. Should the addition of this questions require the printing of an 8-1/2 by 18-inch ballot the cost will increase to \$22.0.

Prepared by: Gail Fenumiai, Asst. Admin. Director Phone: 465-3885
 Division: Division of Administrative Services Date/Time: 3/15/2007, 10:18am
 Approved by: Whitney Brewster, Director Date: 3/15/2007
 Agency: Office of the Lt. Governor, Division of Elections

Representative Mike Hawker

Alaska State Legislature



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Member:

House Finance Committee
Legislative Budget & Audit
Committee

Representing

House District 32

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

House Joint Resolution 1

Sponsor Statement

House Joint Resolution 1 answers the Alaskan prayer:

"Lord, please grant me another Prudhoe Bay;
I promise not to fritter this one away."

Representative Mike Hawker

Alaska State Legislature



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Fact Sheet for House Joint Resolution No. 1

Short Title: CONST. AM: GAS REVENUE ENDOWMENT FUND

Current Version: HJR 1

Contact: Juli Lucky 465-4949

Summary:

- Section 1 amends Article IX, Section 7 of the Alaska Constitution to allow dedication of future North Slope gas revenues to a "Gas Revenue Endowment Fund", similar to the Alaska Permanent Fund.
- Section 2 adds a new Section 18(a) to Article IX of the Alaska Constitution creating the Gas Revenue Endowment Fund where all revenues received by the state from natural gas produced on the North Slope are deposited. Other than described below, money in the fund may only be used for income-producing investments designated by law.
- Section 2 also adds a new Section 18(b) Article IX of the Alaska Constitution limiting appropriations from the Gas Revenue Endowment Fund to a 5% Percent Of Market Value (POMV) calculation and allows that appropriation to be made for any public purpose except the payment of dividends or other payments to all State residents.
- Section 3 places this constitutional amendment proposal before the voters in the next general election.

Background:

This constitutional amendment assures that as Alaska sells our non-renewable natural gas resource, the value of that resource is permanently preserved and converted to a renewable financial resource benefiting Alaska forever. Further, this amendment provides stable and predictable cash contributions to future state budgets mitigating the extraordinary price volatility inherent in monetizing Alaska's North Slope gas resources.

REVISED 4/17/2007

Gas Revenue Endowment Fund (GREF)
Pro-forma Operating Model (in millions unless noted)
Based on Fall 2003 Revenue Source Book Data

Assumptions (production and tax estimates provided by DOR with full disclaimer)

Chicago gas price (\$/mmBtu)	varies	First production	2012
Sale volume (bcf)	4.5	Full production	2013
Lease volume (bcf)	4.712	POMV	5.0% 5 year average
Royalty	12.5%	GREF Earnings	8.0%
Severance	10.0%	ELF	80% - 90%

Year	Deposit to GREF			GREF Earnings			GREF POMV			GREF Balance		
	\$4.00	\$5.00	\$6.00	\$4.00	\$5.00	\$6.00	\$4.00	\$5.00	\$6.00	\$4.00	\$5.00	\$6.00
2007	0	0	0							0	0	0
2008	0	0	0	0	0	0				0	0	0
2009	0	0	0	0	0	0				0	0	0
2010	0	0	0	0	0	0				0	0	0
2011	0	0	0	0	0	0				0	0	0
2012	298	473	649	0	0	0				298	473	649
2013	618	984	1,349	24	38	52				940	1,495	2,050
2014	620	985	1,351	75	120	164	(15)	(24)	(32)	1,620	2,576	3,532
2015	621	987	1,354	130	206	283	(31)	(49)	(67)	2,340	3,720	5,102
2016	622	989	1,356	187	298	408	(48)	(76)	(104)	3,101	4,930	6,762
2017	624	992	1,360	248	394	541	(65)	(103)	(142)	3,908	6,214	8,521
2018	625	994	1,363	313	497	682	(83)	(132)	(181)	4,763	7,573	10,385
2019	627	996	1,366	381	606	831	(119)	(189)	(260)	5,652	8,985	12,322
2020	628	999	1,370	452	719	986	(157)	(250)	(343)	6,575	10,453	14,335
2021	630	1,002	1,374	526	836	1,147	(198)	(314)	(431)	7,533	11,977	16,425
2022	632	1,005	1,378	603	958	1,314	(240)	(382)	(523)	8,528	13,559	18,593
2023	634	1,008	1,382	682	1,085	1,487	(284)	(452)	(620)	9,560	15,199	20,843
2024	636	1,011	1,386	765	1,216	1,667	(331)	(525)	(721)	10,630	16,901	23,176
2025	638	1,014	1,390	850	1,352	1,854	(378)	(602)	(825)	11,740	18,665	25,595
2026	640	1,017	1,395	939	1,493	2,048	(428)	(681)	(934)	12,891	20,494	28,104
2027	642	1,021	1,399	1,031	1,640	2,248	(480)	(763)	(1,046)	14,084	22,392	30,704
2028	644	1,024	1,404	1,127	1,791	2,456	(533)	(848)	(1,163)	15,322	24,359	33,402
2029	646	1,028	1,409	1,226	1,949	2,672	(589)	(937)	(1,284)	16,604	26,399	36,199
2030	648	1,031	1,414	1,328	2,112	2,896	(647)	(1,028)	(1,410)	17,934	28,514	39,099
2031	651	1,035	1,419	1,435	2,281	3,128	(706)	(1,123)	(1,540)	19,313	30,707	42,106
2032	653	1,039	1,424	1,545	2,457	3,368	(768)	(1,222)	(1,675)	20,743	32,981	45,223
2033	656	1,042	1,429	1,659	2,638	3,618	(833)	(1,324)	(1,815)	22,226	35,338	48,455
Total deposits	13,633	21,676	29,721									
Final fund bal.	22,226	35,338	48,455									