

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2615

615 SCOM118: HOUSE SPECIAL COMM. ON PERMANENT FUND 1978-80

21-Feb-80

COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING 2350 MIL CAPITAL 3% BUDGET GROWTH  
\$4.42 FRIDHOE FIELD COSTS  
\$4.53 GAS CONDITIONING COSTS

ASSUMPTIONS  
ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON INVESTMENT REVENUE | INVESTMENT INTEREST | TOTAL REVENUE | BUDGET APPROPRIATION | SUPPLE- MENTALS | DEBT SERVICE | PAYMENTS TO FUNDS | TOTAL EXPENDITURE | SURPLUS OR DEFICIT | PERM- ANENT FUND | GENERAL FUND | REVENUE REQ FOR SF BAL |
|------|------------------------|---------------------|---------------|----------------------|-----------------|--------------|-------------------|-------------------|--------------------|------------------|--------------|------------------------|
| END  |                        |                     |               |                      |                 |              |                   |                   |                    |                  |              | 10 MIL                 |
| 1979 | 2715.0                 | 35.8                | 2750.8        | 978.0                | 0.0             | 0.0          | 1241.5            | 2239.5            | 511.3              | 138.0            | 684.0        | 0.0                    |
| 1980 | 3500.0                 | 72.8                | 3572.8        | 1423.9               | 0.0             | 0.0          | 1163.6            | 2587.5            | 985.3              | 2168.1           | 2180.5       | 0.0                    |
| 1981 | 3650.0                 | 115.8               | 3765.8        | 1466.7               | 0.0             | 0.0          | 1124.1            | 2590.8            | 1175.1             | 3292.2           | 3355.6       | 0.0                    |
| 1982 | 3747.0                 | 163.0               | 3910.0        | 1510.7               | 0.0             | 0.0          | 1171.8            | 2682.5            | 1227.5             | 4464.0           | 4583.1       | 0.0                    |
| 1983 | 3838.0                 | 212.1               | 4050.1        | 1556.0               | 0.0             | 0.0          | 1235.6            | 2791.6            | 1258.5             | 5699.6           | 5841.6       | 0.0                    |
| 1984 | 4311.0                 | 267.0               | 4578.0        | 1602.7               | 0.0             | 0.0          | 1386.4            | 2989.0            | 1589.0             | 7086.0           | 7430.6       | 0.0                    |
| 1985 | 3937.0                 | 323.0               | 4260.0        | 1650.7               | 0.0             | 0.0          | 1286.3            | 2937.1            | 1322.9             | 8372.3           | 8753.5       | 0.0                    |
| 1986 | 3641.0                 | 372.4               | 4013.4        | 1700.3               | 0.0             | 0.0          | 1211.6            | 2911.8            | 1101.6             | 9583.9           | 9855.1       | 0.0                    |
| 1987 | 3344.0                 | 415.9               | 3759.9        | 1751.3               | 0.0             | 0.0          | 1131.5            | 2882.8            | 877.1              | 10715.4          | 10732.3      | 0.0                    |
| 1988 | 2823.0                 | 450.9               | 3273.9        | 1803.8               | 0.0             | 0.0          | 974.8             | 2778.6            | 495.3              | 11690.2          | 11227.5      | 0.0                    |
| 1989 | 2423.0                 | 476.2               | 2899.2        | 1857.9               | 0.0             | 0.0          | 856.6             | 2714.5            | 184.7              | 12546.8          | 11412.2      | 0.0                    |
| 1990 | 2035.0                 | 493.2               | 2528.2        | 1913.7               | 0.0             | 0.0          | 747.4             | 2661.1            | -112.9             | 13294.2          | 11299.3      | 0.0                    |
| 1991 | 2010.0                 | 505.2               | 2515.2        | 1971.1               | 0.0             | 0.0          | 747.4             | 2718.4            | -203.2             | 14041.6          | 11096.0      | 0.0                    |
| 1992 | 1893.0                 | 514.6               | 2407.6        | 2030.2               | 0.0             | 0.0          | 721.5             | 2751.8            | -344.1             | 14763.1          | 10751.9      | 0.0                    |
| 1993 | 1835.0                 | 521.3               | 2356.3        | 2091.1               | 0.0             | 0.0          | 721.0             | 2812.1            | -455.8             | 15484.1          | 10296.1      | 0.0                    |
| 1994 | 1792.0                 | 525.9               | 2317.9        | 2153.8               | 0.0             | 0.0          | 728.7             | 2882.6            | -564.7             | 16212.8          | 9731.4       | 0.0                    |
| 1995 | 1600.0                 | 526.8               | 2126.8        | 2218.5               | 0.0             | 0.0          | 685.1             | 2903.6            | -776.7             | 16897.9          | 8954.7       | 0.0                    |
| 1996 | 1474.0                 | 523.3               | 1997.3        | 2285.0               | 0.0             | 0.0          | 681.5             | 2966.5            | -969.2             | 17579.4          | 7985.5       | 0.0                    |
| 1997 | 1426.0                 | 516.6               | 1942.6        | 2353.6               | 0.0             | 0.0          | 668.0             | 3021.6            | -1079.0            | 18247.5          | 6906.5       | 0.0                    |
| 1998 | 1381.0                 | 507.4               | 1888.4        | 2424.2               | 0.0             | 0.0          | 653.9             | 3079.2            | -1190.8            | 18902.5          | 5715.8       | 0.0                    |
| 1999 | 1350.0                 | 495.8               | 1845.8        | 2496.9               | 0.0             | 0.0          | 648.5             | 3145.4            | -1299.6            | 19551.0          | 4416.2       | 0.0                    |

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ASSUMPTIONS  
ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 25.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON INVESTMENT REVENUE | INVESTMENT INTEREST | TOTAL REVENUE | BUDGET APPROPRIATION | SUPPL- MENTALS | DEBT SERVICE | PAYMENTS TO FUNDS | TOTAL EXPENDITURE | SURPLUS OR DEFICIT | PERM- ANENT FUND | GENERAL FUND | REVENUE REQ FOR GF BAL |
|------|------------------------|---------------------|---------------|----------------------|----------------|--------------|-------------------|-------------------|--------------------|------------------|--------------|------------------------|
| 1979 | 2715.0                 | 351.8               | 2750.6        | 998.0                | 0.0            | 0.0          | 559.7             | 1557.7            | 1193.1             | 138.0            | 484.0        | 0.0                    |
| 1980 | 3500.0                 | 72.8                | 3572.8        | 1423.9               | 0.0            | 0.0          | 495.8             | 1919.7            | 1653.1             | 813.4            | 3530.2       | 0.0                    |
| 1981 | 3650.0                 | 115.4               | 3765.4        | 1537.9               | 0.0            | 0.0          | 376.6             | 1914.5            | 1850.9             | 1195.1           | 5381.1       | 0.0                    |
| 1982 | 3747.0                 | 160.6               | 3907.6        | 1660.9               | 0.0            | 0.0          | 392.6             | 2053.5            | 1854.2             | 1587.7           | 7235.2       | 0.0                    |
| 1983 | 3838.0                 | 206.1               | 4044.1        | 1793.0               | 0.0            | 0.0          | 413.9             | 2207.7            | 1836.5             | 2001.6           | 9071.7       | 0.0                    |
| 1984 | 4311.0                 | 255.5               | 4566.5        | 1937.3               | 0.0            | 0.0          | 464.2             | 2401.4            | 2165.1             | 2465.7           | 11235.8      | 0.0                    |
| 1985 | 3737.0                 | 303.9               | 4240.9        | 2092.2               | 0.0            | 0.0          | 430.9             | 2523.1            | 1717.0             | 2896.6           | 12954.6      | 0.0                    |
| 1986 | 3641.0                 | 343.3               | 3984.3        | 2259.6               | 0.0            | 0.0          | 406.0             | 2665.6            | 1318.7             | 3302.6           | 14273.3      | 0.0                    |
| 1987 | 3344.0                 | 374.1               | 3718.1        | 2440.4               | 0.0            | 0.0          | 379.3             | 2819.7            | 898.3              | 3681.9           | 15171.6      | 0.0                    |
| 1988 | 2823.0                 | 393.4               | 3216.4        | 2635.6               | 0.0            | 0.0          | 327.2             | 2962.8            | 253.6              | 4009.1           | 15425.2      | 0.0                    |
| 1989 | 2423.0                 | 399.8               | 2822.8        | 2847.5               | 0.0            | 0.0          | 287.8             | 3134.3            | -311.4             | 4296.9           | 15113.8      | 0.0                    |
| 1990 | 2055.0                 | 374.3               | 2449.3        | 3074.2               | 0.0            | 0.0          | 251.5             | 3325.6            | -876.4             | 4548.4           | 14237.4      | 0.0                    |
| 1991 | 2010.0                 | 379.7               | 2389.7        | 3320.1               | 0.0            | 0.0          | 251.5             | 3571.6            | -1101.9            | 4799.8           | 13055.5      | 0.0                    |
| 1992 | 1893.0                 | 358.1               | 2251.1        | 3585.7               | 0.0            | 0.0          | 242.9             | 3828.7            | -1577.6            | 5042.8           | 11477.9      | 0.0                    |
| 1993 | 1835.0                 | 328.8               | 2163.8        | 3872.6               | 0.0            | 0.0          | 242.8             | 4115.4            | -1951.6            | 5285.6           | 9526.3       | 0.0                    |
| 1994 | 1792.0                 | 292.0               | 2084.0        | 4102.4               | 0.0            | 0.0          | 245.4             | 4427.8            | -2343.8            | 5531.0           | 7102.5       | 0.0                    |
| 1995 | 1600.0                 | 245.6               | 1845.6        | 4517.0               | 0.0            | 0.0          | 230.9             | 4747.9            | -2902.3            | 5761.9           | 4280.2       | 0.0                    |
| 1996 | 1474.0                 | 188.2               | 1662.2        | 4878.4               | 0.0            | 0.0          | 229.8             | 5108.1            | -3446.0            | 5991.7           | 834.3        | 0.0                    |
| 1997 | 1426.0                 | 151.5               | 1577.5        | 5268.6               | 0.0            | 0.0          | 225.3             | 5494.0            | -3916.5            | 6217.0           | 0.0          | 3082.2                 |
| 1998 | 1331.0                 | 149.3               | 1530.3        | 5690.1               | 0.0            | 0.0          | 221.1             | 5911.2            | -4380.9            | 6438.1           | 0.0          | 4380.9                 |
| 2000 | 1350.0                 | 155.5               | 1505.5        | 6145.3               | 0.0            | 0.0          | 219.0             | 6364.3            | -4858.7            | 6657.0           | 0.0          | 4858.7                 |

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## ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL & PERMANENT FUNDS =  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 100.00%  
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| YEAR | NON INVESTMENT REVENUE | INVESTMENT INTEREST | TOTAL REVENUE | BUDGET APPROPRIATION | SUPPL- MENTALS | DEBT SERVICE | PAYMENTS TO FUNDS | TOTAL EXPENDITURE | SURPLUS OR DEFICIT | PERH- ANENT FUND | GENERAL FUND | REVENUE REQ FOR GF BAL |
|------|------------------------|---------------------|---------------|----------------------|----------------|--------------|-------------------|-------------------|--------------------|------------------|--------------|------------------------|
| 1979 | 2715.0                 | 35.8                | 2750.8        | 998.0                | 0.0            | 0.0          | 900.6             | 1898.6            | 852.2              | 138.0            | 684.0        | 0.0                    |
| 1980 | 3500.0                 | 72.8                | 3572.8        | 1423.9               | 0.0            | 0.0          | 829.7             | 2253.6            | 1319.2             | 822.6            | 1536.2       | 0.0                    |
| 1981 | 3650.0                 | 115.4               | 3765.4        | 1537.9               | 0.0            | 0.0          | 750.4             | 2288.2            | 1477.2             | 1493.3           | 2835.4       | 0.0                    |
| 1982 | 3747.0                 | 160.6               | 3907.6        | 1660.9               | 0.0            | 0.0          | 782.2             | 2443.1            | 1464.5             | 3025.0           | 4332.5       | 0.0                    |
| 1983 | 3838.0                 | 206.1               | 4044.1        | 1773.8               | 0.0            | 0.0          | 824.8             | 2618.5            | 1425.6             | 3050.6           | 5797.1       | 0.0                    |
| 1984 | 4311.0                 | 255.5               | 4566.5        | 1927.3               | 0.0            | 0.0          | 925.3             | 2862.5            | 1704.0             | 4775.9           | 8926.7       | 0.0                    |
| 1985 | 3937.0                 | 303.9               | 4240.9        | 2092.2               | 0.0            | 0.0          | 858.6             | 2950.8            | 1290.1             | 5634.5           | 10216.7      | 0.0                    |
| 1986 | 3641.0                 | 343.3               | 3984.3        | 2259.6               | 0.0            | 0.0          | 808.8             | 3068.4            | 915.9              | 6443.2           | 11132.6      | 0.0                    |
| 1987 | 3344.0                 | 374.1               | 3718.1        | 2440.4               | 0.0            | 0.0          | 755.4             | 3195.8            | 522.2              | 7198.7           | 11654.9      | 0.0                    |
| 1988 | 2823.0                 | 423.4               | 3246.4        | 2635.6               | 0.0            | 0.0          | 551.0             | 3186.6            | -70.2              | 7849.6           | 11584.7      | 0.0                    |
| 1989 | 2423.0                 | 399.0               | 2822.8        | 2846.5               | 0.0            | 0.0          | 572.2             | 3418.7            | -595.9             | 6421.9           | 10988.8      | 0.0                    |
| 1990 | 2055.0                 | 394.3               | 2449.3        | 3074.2               | 0.0            | 0.0          | 499.4             | 3573.6            | -1124.4            | 8921.3           | 9864.5       | 0.0                    |
| 1991 | 2010.0                 | 379.7               | 2389.7        | 3320.1               | 0.0            | 0.0          | 499.4             | 3819.5            | -1429.9            | 9420.7           | 8434.6       | 0.0                    |
| 1992 | 1893.0                 | 358.1               | 2251.1        | 3585.7               | 0.0            | 0.0          | 482.2             | 4068.0            | -1816.9            | 9902.9           | 6617.7       | 0.0                    |
| 1993 | 1835.0                 | 328.8               | 2163.8        | 3872.6               | 0.0            | 0.0          | 481.9             | 4354.5            | -2190.7            | 10784.8          | 4427.1       | 0.0                    |
| 1994 | 1792.0                 | 292.0               | 2084.0        | 4182.4               | 0.0            | 0.0          | 487.1             | 4669.5            | -2585.5            | 10071.9          | 1841.6       | 0.0                    |
| 1995 | 1600.0                 | 258.5               | 1858.5        | 4517.0               | 0.0            | 0.0          | 458.0             | 4975.0            | -3116.5            | 11329.9          | 0.0          | 1274.9                 |
| 1996 | 1474.0                 | 250.7               | 1724.7        | 4878.4               | 0.0            | 0.0          | 455.7             | 5334.6            | -3609.3            | 11785.6          | 0.0          | 3609.3                 |
| 1997 | 1426.0                 | 261.3               | 1687.3        | 5268.6               | 0.0            | 0.0          | 446.7             | 5715.3            | -4028.1            | 12232.2          | 0.0          | 4028.1                 |
| 1998 | 1381.0                 | 271.8               | 1652.8        | 5690.1               | 0.0            | 0.0          | 438.0             | 6128.1            | -4475.4            | 12670.3          | 0.0          | 4475.4                 |
| 1999 | 1350.0                 | 262.3               | 1632.3        | 6145.3               | 0.0            | 0.0          | 433.7             | 6579.1            | -4946.7            | 13104.0          | 0.0          | 4946.7                 |

LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

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21-Feb-80

COMMENTS

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3% REAL GROWTH IN NON-OIL REVENUE  
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ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR<br>END | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|-------------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979        |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980        | 2715.0                       | 35.8                   | 2750.8           | 998.0                   | 0.0                | 0.0             | 1241.5                  | 2239.5               | 511.3                    | 1163.5                 | 1195.3                         | 0.0                                     |
| 1981        | 3500.0                       | 72.8                   | 3572.8           | 1423.9                  | 0.0                | 0.0             | 1163.6                  | 2587.5               | 985.3                    | 2168.1                 | 2180.5                         | 0.0                                     |
| 1982        | 3650.0                       | 115.4                  | 3765.4           | 1537.9                  | 0.0                | 0.0             | 1124.1                  | 2662.0               | 1103.4                   | 3292.2                 | 3284.0                         | 0.0                                     |
| 1983        | 3747.0                       | 150.6                  | 3907.6           | 1560.9                  | 0.0                | 0.0             | 1171.8                  | 2832.7               | 1074.9                   | 4464.0                 | 4358.9                         | 0.0                                     |
| 1984        | 3838.0                       | 206.1                  | 4044.1           | 1793.8                  | 0.0                | 0.0             | 1235.6                  | 3029.4               | 1014.7                   | 5699.6                 | 5373.6                         | 0.0                                     |
| 1985        | 4311.0                       | 255.5                  | 4566.5           | 1737.3                  | 0.0                | 0.0             | 1306.4                  | 3323.6               | 1242.9                   | 7086.0                 | 6616.5                         | 0.0                                     |
| 1986        | 3937.0                       | 303.9                  | 4240.9           | 2092.2                  | 0.0                | 0.0             | 1286.3                  | 3378.6               | 862.3                    | 8372.3                 | 7478.9                         | 0.0                                     |
| 1987        | 3641.0                       | 343.3                  | 3984.3           | 2259.6                  | 0.0                | 0.0             | 1211.6                  | 3471.2               | 513.1                    | 9583.9                 | 7992.0                         | 0.0                                     |
| 1988        | 3344.0                       | 374.1                  | 3718.1           | 2440.4                  | 0.0                | 0.0             | 1131.5                  | 3571.9               | 146.2                    | 10715.4                | 8138.2                         | 0.0                                     |
| 1989        | 2823.0                       | 393.4                  | 3216.4           | 2635.6                  | 0.0                | 0.0             | 774.8                   | 3610.4               | -394.0                   | 11690.2                | 7744.1                         | 0.0                                     |
| 1990        | 2423.0                       | 399.8                  | 2822.8           | 2846.5                  | 0.0                | 0.0             | 856.6                   | 3703.1               | -880.3                   | 12546.8                | 6863.9                         | 0.0                                     |
| 1991        | 2055.0                       | 394.3                  | 2449.3           | 3074.2                  | 0.0                | 0.0             | 747.4                   | 3821.6               | -1372.3                  | 13294.2                | 5491.5                         | 0.0                                     |
| 1992        | 2010.0                       | 379.7                  | 2389.7           | 3320.1                  | 0.0                | 0.0             | 747.4                   | 4067.5               | -1677.8                  | 14041.6                | 3813.7                         | 0.0                                     |
| 1993        | 1893.0                       | 358.1                  | 2251.1           | 3585.7                  | 0.0                | 0.0             | 721.5                   | 4307.3               | -2056.2                  | 14763.1                | 1757.6                         | 0.0                                     |
| 1994        | 1835.0                       | 335.5                  | 2170.5           | 3872.6                  | 0.0                | 0.0             | 721.0                   | 4593.6               | -2423.0                  | 15484.1                | 0.0                            | 665.5                                   |
| 1995        | 1792.0                       | 333.7                  | 2125.7           | 4182.4                  | 0.0                | 0.0             | 728.7                   | 4911.1               | -2785.4                  | 16212.8                | 0.0                            | 2785.4                                  |
| 1996        | 1600.0                       | 349.2                  | 1949.2           | 4517.0                  | 0.0                | 0.0             | 685.1                   | 5202.1               | -3252.9                  | 16897.9                | 0.0                            | 3252.9                                  |
| 1997        | 1474.0                       | 364.3                  | 1838.3           | 4878.4                  | 0.0                | 0.0             | 681.5                   | 5559.9               | -3721.6                  | 17579.4                | 0.0                            | 3721.6                                  |
| 1998        | 1426.0                       | 379.3                  | 1805.3           | 5268.6                  | 0.0                | 0.0             | 668.0                   | 5936.6               | -4131.3                  | 18247.5                | 0.0                            | 4131.3                                  |
| 1999        | 1301.0                       | 394.3                  | 1775.3           | 5690.1                  | 0.0                | 0.0             | 655.0                   | 6345.1               | -4569.9                  | 18902.5                | 0.0                            | 4569.9                                  |
| 2000        | 1350.0                       | 409.1                  | 1759.1           | 6145.3                  | 0.0                | 0.0             | 648.5                   | 6793.9               | -5034.7                  | 19551.0                | 0.0                            | 5034.7                                  |

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% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 25.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR<br>END | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|-------------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979        |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980        | 2715.0                       | 35.8                   | 2750.8           | 998.0                   | 0.0                | 0.0             | 559.7                   | 1557.7               | 1193.1                   | 481.7                  | 1877.1                         | 0.0                                     |
| 1981        | 3500.0                       | 72.8                   | 3572.8           | 1423.9                  | 0.0                | 0.0             | 495.8                   | 1919.7               | 1653.1                   | 818.4                  | 3530.2                         | 0.0                                     |
| 1982        | 3650.0                       | 115.0                  | 3765.0           | 1609.1                  | 0.0                | 0.0             | 376.6                   | 1985.7               | 1779.3                   | 1195.1                 | 5309.4                         | 0.0                                     |
| 1983        | 3747.0                       | 158.2                  | 3905.2           | 1813.2                  | 0.0                | 0.0             | 392.6                   | 2210.8               | 1694.4                   | 1587.7                 | 7003.9                         | 0.0                                     |
| 1984        | 3838.0                       | 199.9                  | 4037.9           | 2054.6                  | 0.0                | 0.0             | 413.9                   | 2468.5               | 1569.4                   | 2001.6                 | 8573.2                         | 0.0                                     |
| 1985        | 4311.0                       | 243.1                  | 4554.1           | 2321.7                  | 0.0                | 0.0             | 464.2                   | 2785.9               | 1768.2                   | 2465.7                 | 10341.5                        | 0.0                                     |
| 1986        | 3937.0                       | 282.6                  | 4219.6           | 2623.5                  | 0.0                | 0.0             | 430.9                   | 3054.4               | 1165.2                   | 2896.6                 | 11506.7                        | 0.0                                     |
| 1987        | 3641.0                       | 309.8                  | 3950.8           | 2964.6                  | 0.0                | 0.0             | 406.0                   | 3370.6               | 580.2                    | 3302.6                 | 12086.9                        | 0.0                                     |
| 1988        | 3344.0                       | 324.4                  | 3668.4           | 3350.0                  | 0.0                | 0.0             | 379.3                   | 3729.3               | -61.0                    | 3681.9                 | 12025.9                        | 0.0                                     |
| 1989        | 2823.0                       | 322.9                  | 3145.9           | 3705.5                  | 0.0                | 0.0             | 327.2                   | 4112.6               | -966.7                   | 4009.1                 | 11059.2                        | 0.0                                     |
| 1990        | 2423.0                       | 303.0                  | 2726.0           | 4277.6                  | 0.0                | 0.0             | 287.8                   | 4565.4               | -1839.4                  | 4296.9                 | 9219.7                         | 0.0                                     |
| 1991        | 2055.0                       | 264.5                  | 2319.5           | 4833.7                  | 0.0                | 0.0             | 251.5                   | 5085.1               | -2765.6                  | 4543.4                 | 6454.1                         | 0.0                                     |
| 1992        | 2010.0                       | 209.5                  | 2219.5           | 5462.1                  | 0.0                | 0.0             | 251.5                   | 5713.5               | -3494.1                  | 4799.8                 | 2960.1                         | 0.0                                     |
| 1993        | 1893.0                       | 152.7                  | 2045.7           | 6172.1                  | 0.0                | 0.0             | 242.9                   | 6415.1               | -4369.3                  | 5042.8                 | 0.0                            | 1409.3                                  |
| 1994        | 1835.0                       | 131.2                  | 1966.2           | 6974.5                  | 0.0                | 0.0             | 242.8                   | 7217.3               | -5251.1                  | 5285.6                 | 0.0                            | 5251.1                                  |
| 1995        | 1792.0                       | 139.7                  | 1931.7           | 7881.2                  | 0.0                | 0.0             | 245.4                   | 8126.6               | -6194.9                  | 5531.0                 | 0.0                            | 6194.9                                  |
| 1996        | 1600.0                       | 148.6                  | 1748.6           | 8905.7                  | 0.0                | 0.0             | 230.9                   | 9136.7               | -7388.1                  | 5761.9                 | 0.0                            | 7388.1                                  |
| 1997        | 1474.0                       | 157.8                  | 1631.8           | 10063.5                 | 0.0                | 0.0             | 229.8                   | 10293.3              | -8661.5                  | 5991.7                 | 0.0                            | 8661.5                                  |
| 1998        | 1426.0                       | 167.6                  | 1593.6           | 11371.7                 | 0.0                | 0.0             | 225.3                   | 11597.1              | -10003.5                 | 6217.0                 | 0.0                            | 10003.5                                 |
| 1999        | 1381.0                       | 178.0                  | 1559.0           | 12850.1                 | 0.0                | 0.0             | 221.1                   | 13071.1              | -11512.2                 | 6438.1                 | 0.0                            | 11512.2                                 |
| 2000        | 1350.0                       | 189.0                  | 1539.0           | 14520.6                 | 0.0                | 0.0             | 219.0                   | 14739.5              | -13200.5                 | 6657.0                 | 0.0                            | 13200.5                                 |

LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

8

21-Feb-80

COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 13% BUDGET GROWTH  
1.42 PRUDHOE FIELD COSTS  
1.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 50.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979 |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 484.0                          |                                         |
| 1980 | 2715.0                       | 35.6                   | 2750.8           | 998.0                   | 0.0                | 0.0             | 900.6                   | 1898.6               | 852.2                    | 822.4                  | 1536.2                         | 0.0                                     |
| 1981 | 3500.0                       | 72.8                   | 3572.8           | 1423.9                  | 0.0                | 0.0             | 829.7                   | 2253.6               | 1319.2                   | 1493.3                 | 2855.4                         | 0.0                                     |
| 1982 | 3650.0                       | 115.0                  | 3765.0           | 1609.1                  | 0.0                | 0.0             | 750.4                   | 2359.4               | 1405.5                   | 2243.6                 | 4260.9                         | 0.0                                     |
| 1983 | 3747.0                       | 158.2                  | 3905.2           | 1318.2                  | 0.0                | 0.0             | 782.2                   | 2600.4               | 1304.8                   | 3025.8                 | 5565.7                         | 0.0                                     |
| 1984 | 3838.0                       | 199.9                  | 4037.9           | 2054.6                  | 0.0                | 0.0             | 824.8                   | 2879.4               | 1158.5                   | 3850.6                 | 6724.2                         | 0.0                                     |
| 1985 | 4311.0                       | 243.1                  | 4554.1           | 2321.7                  | 0.0                | 0.0             | 925.3                   | 3247.0               | 1307.1                   | 4775.9                 | 8031.3                         | 0.0                                     |
| 1986 | 3937.0                       | 282.6                  | 4219.6           | 2623.5                  | 0.0                | 0.0             | 858.6                   | 3482.1               | 737.5                    | 5634.5                 | 8768.8                         | 0.0                                     |
| 1987 | 3641.0                       | 309.8                  | 3950.8           | 2964.6                  | 0.0                | 0.0             | 808.8                   | 3773.4               | 177.4                    | 6443.2                 | 8946.2                         | 0.0                                     |
| 1988 | 3344.0                       | 324.4                  | 3668.4           | 3350.0                  | 0.0                | 0.0             | 755.4                   | 4105.4               | -437.0                   | 7198.7                 | 8509.2                         | 0.0                                     |
| 1989 | 2823.0                       | 322.9                  | 3145.9           | 3785.5                  | 0.0                | 0.0             | 651.0                   | 4436.5               | -1290.6                  | 7849.6                 | 7218.6                         | 0.0                                     |
| 1990 | 2423.0                       | 303.0                  | 2726.0           | 4277.6                  | 0.0                | 0.0             | 572.2                   | 4849.8               | -2123.8                  | 8421.9                 | 5094.8                         | 0.0                                     |
| 1991 | 2055.0                       | 264.5                  | 2319.5           | 4833.7                  | 0.0                | 0.0             | 499.4                   | 5333.1               | -3013.6                  | 8921.3                 | 2081.2                         | 0.0                                     |
| 1992 | 2010.0                       | 226.1                  | 2236.1           | 5462.1                  | 0.0                | 0.0             | 499.4                   | 5961.5               | -3725.4                  | 9420.7                 | 0.0                            | 1644.2                                  |
| 1993 | 1893.0                       | 217.9                  | 2110.9           | 6172.1                  | 0.0                | 0.0             | 482.2                   | 6654.4               | -4543.4                  | 9902.9                 | 0.0                            | 4543.4                                  |
| 1994 | 1835.0                       | 230.8                  | 2065.8           | 6974.5                  | 0.0                | 0.0             | 481.9                   | 7456.4               | -5390.6                  | 10384.8                | 0.0                            | 5390.6                                  |
| 1995 | 1792.0                       | 244.1                  | 2036.1           | 7881.2                  | 0.0                | 0.0             | 487.1                   | 8368.3               | -6332.2                  | 10871.9                | 0.0                            | 6332.2                                  |
| 1996 | 1600.0                       | 257.6                  | 1857.6           | 8905.7                  | 0.0                | 0.0             | 458.0                   | 9363.8               | -7506.1                  | 11329.9                | 0.0                            | 7506.1                                  |
| 1997 | 1474.0                       | 271.4                  | 1745.4           | 10063.5                 | 0.0                | 0.0             | 455.7                   | 10519.1              | -8773.7                  | 11785.6                | 0.0                            | 8773.7                                  |
| 1998 | 1426.0                       | 285.7                  | 1711.7           | 11371.7                 | 0.0                | 0.0             | 446.7                   | 11818.4              | -10106.8                 | 12232.2                | 0.0                            | 10106.8                                 |
| 1999 | 1381.0                       | 300.4                  | 1681.4           | 12850.1                 | 0.0                | 0.0             | 438.0                   | 13288.1              | -11606.7                 | 12670.3                | 0.0                            | 11606.7                                 |
| 2000 | 1350.0                       | 315.8                  | 1665.8           | 14520.6                 | 0.0                | 0.0             | 433.7                   | 14954.3              | -13288.5                 | 13104.0                | 0.0                            | 13288.5                                 |

21-Feb-80

## COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 13% BUDGET GROWTH  
\$.42 FRUITHOE FIELD COSTS  
\$1.53 GAS CONDITIONING COSTS

## ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
 % OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
 % OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
 % OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR<br>END | NON                   |          | TOTAL<br>REVENUE | BUDGET        |                 | SUPPL--<br>MENTALS | PAYMENTS    |         | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT |             | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND |  | REVENUE REQ<br>FOR GF BAL<br>\$0 MIL |
|-------------|-----------------------|----------|------------------|---------------|-----------------|--------------------|-------------|---------|----------------------|--------------------------|-------------|------------------------|-----------------|--|--------------------------------------|
|             | INVESTMENT<br>REVENUE | INTEREST |                  | APPROPRIATION | DEBT<br>SERVICE |                    | TO<br>FUNDS | FUNDS   |                      | DEFICIT                  | END OF YEAR |                        |                 |  |                                      |
| 1979        | 2715.0                | 35.8     | 2750.6           | 998.0         | 0.0             | 0.0                | 1241.5      | 2239.5  | 511.3                | 138.0                    | 684.0       | 0.0                    |                 |  |                                      |
| 1980        | 3500.0                | 72.8     | 3572.8           | 1423.9        | 0.0             | 0.0                | 1163.6      | 2587.5  | 985.3                | 2168.1                   | 2180.5      | 0.0                    |                 |  |                                      |
| 1981        | 3650.0                | 115.0    | 3765.0           | 1609.1        | 0.0             | 0.0                | 1124.1      | 2733.2  | 1031.8               | 3292.2                   | 3212.3      | 0.0                    |                 |  |                                      |
| 1982        | 3747.0                | 158.2    | 3905.2           | 1818.2        | 0.0             | 0.0                | 1171.8      | 2970.0  | 915.2                | 4464.0                   | 4127.5      | 0.0                    |                 |  |                                      |
| 1983        | 3838.0                | 199.9    | 4037.9           | 2054.6        | 0.0             | 0.0                | 1235.6      | 3290.2  | 747.6                | 5699.6                   | 4875.2      | 0.0                    |                 |  |                                      |
| 1984        | 4311.0                | 243.1    | 4554.1           | 2321.7        | 0.0             | 0.0                | 1386.4      | 3708.1  | 846.0                | 7086.0                   | 5721.2      | 0.0                    |                 |  |                                      |
| 1985        | 3937.0                | 262.6    | 4219.6           | 2623.5        | 0.0             | 0.0                | 1286.3      | 3909.9  | 309.7                | 8372.3                   | 6031.0      | 0.0                    |                 |  |                                      |
| 1987        | 3641.0                | 309.8    | 3950.8           | 2964.6        | 0.0             | 0.0                | 1211.6      | 4176.1  | -225.4               | 9583.9                   | 5805.6      | 0.0                    |                 |  |                                      |
| 1988        | 3344.0                | 324.4    | 3668.4           | 3350.0        | 0.0             | 0.0                | 1131.5      | 4481.5  | -813.1               | 10715.4                  | 4992.5      | 0.0                    |                 |  |                                      |
| 1989        | 2823.0                | 322.9    | 3145.9           | 3785.5        | 0.0             | 0.0                | 974.8       | 4730.3  | -1614.4              | 11690.2                  | 3378.1      | 0.0                    |                 |  |                                      |
| 1990        | 2423.0                | 303.0    | 2726.0           | 4277.6        | 0.0             | 0.0                | 856.6       | 5134.2  | -2908.3              | 12546.8                  | 969.8       | 0.0                    |                 |  |                                      |
| 1991        | 2055.0                | 287.4    | 2342.4           | 4833.7        | 0.0             | 0.0                | 747.4       | 5581.1  | -3238.6              | 13284.2                  | 0.0         | 0.0                    |                 |  |                                      |
| 1992        | 2010.0                | 295.2    | 2305.2           | 5462.1        | 0.0             | 0.0                | 747.4       | 6209.4  | -3904.2              | 14041.6                  | 0.0         | 0.0                    |                 |  |                                      |
| 1993        | 1093.0                | 312.7    | 2205.7           | 6172.1        | 0.0             | 0.0                | 721.5       | 6093.7  | -4687.9              | 14763.3                  | 0.0         | 0.0                    |                 |  |                                      |
| 1994        | 1835.0                | 330.4    | 2165.4           | 6974.5        | 0.0             | 0.0                | 721.0       | 7695.5  | -5530.1              | 15484.1                  | 0.0         | 0.0                    |                 |  |                                      |
| 1995        | 1792.0                | 348.5    | 2140.5           | 7881.2        | 0.0             | 0.0                | 728.7       | 8609.7  | -6469.4              | 16212.8                  | 0.0         | 0.0                    |                 |  |                                      |
| 1996        | 1600.0                | 366.7    | 1966.7           | 8905.7        | 0.0             | 0.0                | 685.1       | 9590.9  | -7624.1              | 16097.9                  | 0.0         | 0.0                    |                 |  |                                      |
| 1997        | 1474.0                | 385.0    | 1859.0           | 10063.5       | 0.0             | 0.0                | 681.5       | 10745.0 | -8086.0              | 17579.4                  | 0.0         | 0.0                    |                 |  |                                      |
| 1998        | 1426.0                | 403.6    | 1829.6           | 11371.7       | 0.0             | 0.0                | 668.0       | 12039.8 | -10210.0             | 18247.5                  | 0.0         | 0.0                    |                 |  |                                      |
| 1999        | 1381.0                | 422.9    | 1803.9           | 12850.1       | 0.0             | 0.0                | 655.0       | 13505.1 | -11701.2             | 18902.5                  | 0.0         | 0.0                    |                 |  |                                      |
| 2000        | 1350.0                | 442.6    | 1792.6           | 14520.6       | 0.0             | 0.0                | 648.5       | 15169.1 | -13376.5             | 19551.0                  | 0.0         | 0.0                    |                 |  |                                      |

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH WF-STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

February 21, 1980

### M E M O R A N D U M

TO: Honorable Hugh Malone  
Chairman, House Permanent Fund Committee

FROM: Milt Barker, <sup>MB</sup> Fiscal Analyst  
Legislative Finance Division

SUBJECT: General and Permanent Fund Projections

Attached are nine long-range projections of general and permanent fund balances in nominal and real dollars. Projections are made at 10%, 15%, and 20% budget growth rates (3%, 8% and 13% real growth assuming 7% inflation) in combination with 25%, 50% and 75% bonus and royalty contributions to the permanent fund.

The earlier appearance of deficits in the real cases occur because the interest rate on fund balances is reduced from a 9% nominal rate to a 2% real rate. What this does is to take account of the depreciation in the value of fund principal due to inflation. Thus, the fund balances in the real scenarios properly reflect their purchasing power in terms of 1980 dollars. The early deficits are spurious; actual cash flow deficits would appear only at the times indicated in the nominal cases. However, the deficits may be viewed as true deficits if one were to take account of the depreciation of value of the general or permanent fund due to inflation.

Major changes in the State's tax structure or expenditure patterns such as income tax repeals, property tax credits, or special appropriations to the permanent fund, etc. have not been assumed.

The oil price growth rates (2% real, 9% nominal) are substantially less than those contained in the Petroleum Revenue Division's quarterly report and upon which the

long-range forecasts in the Governor's "Executive Budget" are based.

Prudhoe Wellhead Oil Price

| <u>Fiscal</u><br><u>Year</u> | <u>Petroleum</u><br><u>Revenue</u> | <u>This</u><br><u>Memo</u> |
|------------------------------|------------------------------------|----------------------------|
| 1980                         | \$12.66                            | \$13.00                    |
| 1981                         | 18.37                              | 18.37                      |
| 1982                         | 26.64                              | 22.89                      |
| 1983                         | 30.95                              | 24.99                      |
| 1984                         | 33.51                              | 27.27                      |
| 1985                         | 37.10                              | 29.76                      |

The Petroleum Revenue figures also assume greater production levels in the years after 1986. Based on the recent testimony of Van Poolen and Doscher concerning the results of their 3-D Prudhoe reservoir simulation, production levels above even those of Petroleum Revenue seem probable. However, until Van Poolen releases a full report containing at least data on gas and water injection rates if not costs, I am not attempting to update Larry Eppenbach's "Producer Benefits Model" which uses this data to provide the oil and gas revenue estimates used in this memo's projections. The "Producer Benefits Model" runs used for these projections do have the waterflood and sales gas data built in, but based on Van Poolen's earlier simulations, result in total production of only 7.6 billion barrels versus his newer estimate of 9.4 billion barrels with additional well re-completions.

Attachments

STATE OF ALASKA  
LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

1

20-Feb-80

COMMENTS

7% ANNUAL INFLATION  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 3% REAL BUDGET GROWTH  
\$4.42 PRUDHOE FIELD COSTS  
\$4.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 25.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1977 |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980 | 2715.0                       | 165.2                  | 2880.2           | 1062.0                  | 0.0                | 0.0             | 582.4                   | 1644.4               | 1235.8                   | 504.4                  | 1919.8                         | 0.0                                     |
| 1981 | 3500.0                       | 345.6                  | 3845.6           | 1423.9                  | 0.0                | 0.0             | 545.5                   | 1969.5               | 1876.2                   | 890.9                  | 3795.9                         | 0.0                                     |
| 1982 | 4383.0                       | 603.9                  | 4986.9           | 1566.3                  | 0.0                | 0.0             | 527.2                   | 2093.5               | 2893.5                   | 1418.1                 | 6689.4                         | 0.0                                     |
| 1983 | 4778.0                       | 940.5                  | 5718.5           | 1723.0                  | 0.0                | 0.0             | 618.5                   | 2341.4               | 3377.1                   | 2036.6                 | 10066.5                        | 0.0                                     |
| 1984 | 5215.0                       | 1332.8                 | 6547.8           | 1895.3                  | 0.0                | 0.0             | 728.1                   | 2623.3               | 3924.4                   | 2764.6                 | 13990.9                        | 0.0                                     |
| 1985 | 6350.0                       | 1819.3                 | 8169.3           | 2084.8                  | 0.0                | 0.0             | 924.7                   | 3009.5               | 5159.9                   | 3689.3                 | 19150.8                        | 0.0                                     |
| 1986 | 6187.0                       | 2379.2                 | 8566.2           | 2293.3                  | 0.0                | 0.0             | 988.0                   | 3281.2               | 5284.9                   | 4677.3                 | 24435.7                        | 0.0                                     |
| 1987 | 6115.0                       | 2960.5                 | 9075.5           | 2522.6                  | 0.0                | 0.0             | 1067.2                  | 3589.8               | 5485.6                   | 5744.5                 | 29921.4                        | 0.0                                     |
| 1988 | 5986.0                       | 3564.8                 | 9550.8           | 2774.8                  | 0.0                | 0.0             | 1145.8                  | 3920.7               | 5630.1                   | 6090.3                 | 35551.5                        | 0.0                                     |
| 1989 | 5387.0                       | 4167.3                 | 9554.3           | 3052.3                  | 0.0                | 0.0             | 1177.9                  | 4230.2               | 5324.1                   | 8068.2                 | 40875.6                        | 0.0                                     |
| 1990 | 4928.0                       | 4749.8                 | 9677.8           | 3357.6                  | 0.0                | 0.0             | 1228.2                  | 4585.7               | 5092.1                   | 9296.4                 | 45967.7                        | 0.0                                     |
| 1991 | 4455.0                       | 5313.6                 | 9768.6           | 3693.3                  | 0.0                | 0.0             | 1281.1                  | 4974.4               | 4794.3                   | 10577.5                | 50761.9                        | 0.0                                     |
| 1992 | 4658.0                       | 5885.3                 | 10543.3          | 4062.6                  | 0.0                | 0.0             | 1417.0                  | 5479.6               | 5063.7                   | 11994.4                | 55825.6                        | 0.0                                     |
| 1993 | 4679.0                       | 6485.6                 | 11164.6          | 4468.9                  | 0.0                | 0.0             | 1544.2                  | 6013.1               | 5151.4                   | 13538.7                | 60977.0                        | 0.0                                     |
| 1994 | 4853.0                       | 7112.1                 | 11965.1          | 4915.8                  | 0.0                | 0.0             | 1703.6                  | 6619.4               | 5345.7                   | 15242.3                | 66322.7                        | 0.0                                     |
| 1995 | 5072.0                       | 7772.9                 | 12844.9          | 5407.4                  | 0.0                | 0.0             | 1886.5                  | 7293.8               | 5551.1                   | 17128.8                | 71873.8                        | 0.0                                     |
| 1996 | 4836.0                       | 8447.4                 | 13283.4          | 5948.1                  | 0.0                | 0.0             | 2033.6                  | 7981.7               | 5301.7                   | 19162.4                | 77175.4                        | 0.0                                     |
| 1997 | 4785.0                       | 9119.4                 | 13904.4          | 6542.9                  | 0.0                | 0.0             | 2234.2                  | 8777.1               | 5127.4                   | 21396.5                | 82302.8                        | 0.0                                     |
| 1998 | 4937.0                       | 9801.9                 | 14738.9          | 7197.2                  | 0.0                | 0.0             | 2442.1                  | 9639.3               | 5099.6                   | 23838.6                | 87402.4                        | 0.0                                     |
| 1999 | 5082.0                       | 10499.1                | 15581.1          | 7916.9                  | 0.0                | 0.0             | 2666.2                  | 10583.1              | 4997.9                   | 26504.8                | 92400.3                        | 0.0                                     |
| 2000 | 5304.0                       | 11209.4                | 16513.4          | 8708.6                  | 0.0                | 0.0             | 2920.1                  | 11628.7              | 4884.7                   | 29424.9                | 97285.1                        | 0.0                                     |

STATE OF ALASKA  
LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

20-Feb-80

COMMENTS

7% ANNUAL INFLATION  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 3% REAL BUDGET GROWTH  
\$.42 PRUDHOE FIELD COSTS  
\$.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 50.00%  
% OF EARNING RETAINED IN PERMANENT FUND = 2 100 %

| YEAR<br>END | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|-------------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979        |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980        | 2715.0                       | 165.2                  | 2880.2           | 1062.0                  | 0.0                | 0.0             | 935.8                   | 1997.8               | 982.4                    | 857.8                  | 1566.4                         | 0.0                                     |
| 1981        | 3500.0                       | 345.6                  | 3845.6           | 1423.9                  | 0.0                | 0.0             | 917.9                   | 2341.8               | 1503.8                   | 1616.7                 | 3070.2                         | 0.0                                     |
| 1982        | 4393.0                       | 603.9                  | 4986.9           | 1566.3                  | 0.0                | 0.0             | 1038.7                  | 2605.1               | 2381.9                   | 2655.4                 | 5452.1                         | 0.0                                     |
| 1983        | 4778.0                       | 940.5                  | 5718.5           | 1723.0                  | 0.0                | 0.0             | 1219.9                  | 2942.8               | 2775.7                   | 3875.3                 | 8227.8                         | 0.0                                     |
| 1984        | 5215.0                       | 1332.8                 | 6547.8           | 1895.3                  | 0.0                | 0.0             | 1437.5                  | 3332.7               | 3215.0                   | 5312.7                 | 11442.8                        | 0.0                                     |
| 1985        | 6350.0                       | 1819.3                 | 8169.3           | 2084.8                  | 0.0                | 0.0             | 1829.0                  | 3913.7               | 4255.6                   | 7141.7                 | 15698.4                        | 0.0                                     |
| 1986        | 6137.0                       | 2379.2                 | 8566.2           | 2293.3                  | 0.0                | 0.0             | 1953.7                  | 4246.9               | 4319.2                   | 9095.4                 | 20017.7                        | 0.0                                     |
| 1987        | 6115.0                       | 2960.5                 | 9075.5           | 2522.6                  | 0.0                | 0.0             | 2110.0                  | 4632.6               | 4442.8                   | 11205.4                | 24460.5                        | 0.0                                     |
| 1988        | 5986.0                       | 3564.8                 | 9550.8           | 2774.8                  | 0.0                | 0.0             | 2264.9                  | 5039.7               | 4511.1                   | 13470.3                | 28971.6                        | 0.0                                     |
| 1989        | 5387.0                       | 4167.3                 | 9554.3           | 3052.3                  | 0.0                | 0.0             | 2326.5                  | 5378.8               | 4175.5                   | 15796.8                | 33147.0                        | 0.0                                     |
| 1990        | 4928.0                       | 4749.8                 | 9677.8           | 3357.6                  | 0.0                | 0.0             | 2424.3                  | 5781.9               | 3895.9                   | 18221.1                | 37042.9                        | 0.0                                     |
| 1991        | 4455.0                       | 5313.6                 | 9768.6           | 3693.3                  | 0.0                | 0.0             | 2527.1                  | 6220.4               | 3548.2                   | 20748.3                | 40591.1                        | 0.0                                     |
| 1992        | 4458.0                       | 5885.3                 | 10343.3          | 4062.6                  | 0.0                | 0.0             | 2795.6                  | 6858.3               | 3685.0                   | 23543.9                | 44276.2                        | 0.0                                     |
| 1993        | 4679.0                       | 6485.6                 | 11164.6          | 4468.9                  | 0.0                | 0.0             | 3046.5                  | 7515.4               | 3649.1                   | 26590.5                | 47925.3                        | 0.0                                     |
| 1994        | 4853.0                       | 7112.1                 | 11965.1          | 4915.8                  | 0.0                | 0.0             | 3361.4                  | 8277.2               | 3687.9                   | 29951.9                | 51613.2                        | 0.0                                     |
| 1995        | 5072.0                       | 7772.9                 | 12844.9          | 5407.4                  | 0.0                | 0.0             | 3722.7                  | 9130.1               | 3714.8                   | 33674.5                | 55328.0                        | 0.0                                     |
| 1996        | 4836.0                       | 8447.4                 | 13283.4          | 5948.1                  | 0.0                | 0.0             | 4012.3                  | 9960.4               | 3323.0                   | 37686.8                | 58651.0                        | 0.0                                     |
| 1997        | 4785.0                       | 9119.4                 | 13904.4          | 6542.9                  | 0.0                | 0.0             | 4408.2                  | 10951.1              | 2953.3                   | 42095.0                | 61604.4                        | 0.0                                     |
| 1998        | 4937.0                       | 9801.9                 | 14738.9          | 7197.2                  | 0.0                | 0.0             | 4818.4                  | 12015.6              | 2723.3                   | 46913.4                | 64327.7                        | 0.0                                     |
| 1999        | 5082.0                       | 10499.1                | 15581.1          | 7916.9                  | 0.0                | 0.0             | 5260.4                  | 13177.4              | 2403.7                   | 52173.8                | 66731.4                        | 0.0                                     |
| 2000        | 5304.0                       | 11209.4                | 16513.4          | 8708.6                  | 0.0                | 0.0             | 5761.4                  | 14470.0              | 2043.4                   | 57935.2                | 68774.8                        | 0.0                                     |

STATE OF ALASKA  
LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

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20-Feb-80

COMMENTS

7% ANNUAL INFLATION  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 3% REAL BUDGET GROWTH  
\$.42 PRUDHOE FIELD COSTS  
1.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
% OF EARNING RETAINED IN PERMANENT FUND = 100 %

| YEAR | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1977 |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980 | 2715.0                       | 165.2                  | 2880.2           | 1062.0                  | 0.0                | 0.0             | 1289.2                  | 2351.2               | 529.0                    | 1211.2                 | 1213.0                         | 0.0                                     |
| 1981 | 3500.0                       | 345.6                  | 3845.6           | 1423.9                  | 0.0                | 0.0             | 1290.2                  | 2714.1               | 1131.5                   | 2342.4                 | 2344.5                         | 0.0                                     |
| 1982 | 4383.0                       | 603.9                  | 4986.9           | 1566.3                  | 0.0                | 0.0             | 1550.3                  | 3116.7               | 1870.3                   | 3892.7                 | 4214.8                         | 0.0                                     |
| 1983 | 4778.0                       | 940.5                  | 5718.5           | 1723.0                  | 0.0                | 0.0             | 1821.3                  | 3544.3               | 2174.2                   | 5714.0                 | 6389.0                         | 0.0                                     |
| 1984 | 5215.0                       | 1332.8                 | 6547.8           | 1895.3                  | 0.0                | 0.0             | 2146.9                  | 4042.1               | 2505.6                   | 7860.9                 | 8894.7                         | 0.0                                     |
| 1985 | 6350.0                       | 1819.3                 | 8169.3           | 2084.8                  | 0.0                | 0.0             | 2733.2                  | 4818.0               | 3351.3                   | 10594.1                | 12246.0                        | 0.0                                     |
| 1986 | 6187.0                       | 2379.2                 | 8566.2           | 2293.3                  | 0.0                | 0.0             | 2919.3                  | 5212.6               | 3353.6                   | 13513.4                | 15599.6                        | 0.0                                     |
| 1987 | 6115.0                       | 2960.5                 | 9075.5           | 2522.6                  | 0.0                | 0.0             | 3152.8                  | 5675.4               | 3400.0                   | 16666.3                | 18999.6                        | 0.0                                     |
| 1988 | 5986.0                       | 3564.8                 | 9550.8           | 2774.8                  | 0.0                | 0.0             | 3384.0                  | 6158.8               | 3392.0                   | 20050.3                | 22391.6                        | 0.0                                     |
| 1989 | 5387.0                       | 4167.3                 | 9554.3           | 3052.3                  | 0.0                | 0.0             | 3475.2                  | 6527.5               | 3026.8                   | 23525.4                | 25418.4                        | 0.0                                     |
| 1990 | 4928.0                       | 4749.0                 | 9677.8           | 3357.6                  | 0.0                | 0.0             | 3620.5                  | 6978.0               | 2699.8                   | 27145.9                | 28118.2                        | 0.0                                     |
| 1991 | 4455.0                       | 5313.6                 | 9768.6           | 3693.3                  | 0.0                | 0.0             | 3773.2                  | 7466.5               | 2302.2                   | 30919.1                | 30420.3                        | 0.0                                     |
| 1992 | 4656.0                       | 5885.3                 | 10543.3          | 4062.6                  | 0.0                | 0.0             | 4174.3                  | 8236.9               | 2306.4                   | 35093.4                | 32726.7                        | 0.0                                     |
| 1993 | 4679.0                       | 6485.6                 | 11164.6          | 4468.9                  | 0.0                | 0.0             | 4548.9                  | 9017.8               | 2146.8                   | 39642.2                | 34873.5                        | 0.0                                     |
| 1994 | 4853.0                       | 7112.1                 | 11965.1          | 4915.8                  | 0.0                | 0.0             | 5019.2                  | 9935.0               | 2030.2                   | 44661.4                | 36903.7                        | 0.0                                     |
| 1995 | 5072.0                       | 7772.9                 | 12844.9          | 5407.4                  | 0.0                | 0.0             | 5558.9                  | 10966.3              | 1878.6                   | 50220.3                | 38782.3                        | 0.0                                     |
| 1996 | 4836.0                       | 8447.4                 | 13283.4          | 5948.1                  | 0.0                | 0.0             | 5990.9                  | 11939.0              | 1344.4                   | 56211.2                | 40126.6                        | 0.0                                     |
| 1997 | 4785.0                       | 9119.4                 | 13904.4          | 6542.9                  | 0.0                | 0.0             | 6582.2                  | 13125.1              | 779.3                    | 62793.4                | 40905.9                        | 0.0                                     |
| 1998 | 4937.0                       | 9801.9                 | 14738.9          | 7197.2                  | 0.0                | 0.0             | 7194.7                  | 14391.9              | 347.0                    | 69988.1                | 41252.9                        | 0.0                                     |
| 1999 | 5082.0                       | 10499.1                | 15581.1          | 7916.9                  | 0.0                | 0.0             | 7854.6                  | 15771.6              | -190.5                   | 77842.7                | 41062.4                        | 0.0                                     |
| 2000 | 5304.0                       | 11209.4                | 16513.4          | 8708.6                  | 0.0                | 0.0             | 8602.7                  | 17311.3              | -797.9                   | 86445.5                | 40264.5                        | 0.0                                     |

STATE OF ALASKA  
LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

20-Feb-80

COMMENTS

7% ANNUAL INFLATION  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 8% REAL BUDGET GROWTH  
\$.42 PRUDHOE FIELD COSTS  
\$.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 25.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR<br>END | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|-------------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979        |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980        | 2715.0                       | 165.2                  | 2880.2           | 1062.0                  | 0.0                | 0.0             | 582.4                   | 1644.4               | 1235.8                   | 504.4                  | 1919.8                         | 0.0                                     |
| 1981        | 3500.0                       | 345.6                  | 3845.6           | 1423.9                  | 0.0                | 0.0             | 545.5                   | 1969.5               | 1876.2                   | 890.9                  | 3795.9                         | 0.0                                     |
| 1982        | 4383.0                       | 601.9                  | 4984.9           | 1637.5                  | 0.0                | 0.0             | 527.2                   | 2164.7               | 2820.3                   | 1418.1                 | 6616.2                         | 0.0                                     |
| 1983        | 4778.0                       | 929.1                  | 5707.1           | 1883.1                  | 0.0                | 0.0             | 618.5                   | 2501.6               | 3205.5                   | 2036.6                 | 9821.7                         | 0.0                                     |
| 1984        | 5215.0                       | 1302.0                 | 6517.0           | 2165.6                  | 0.0                | 0.0             | 728.1                   | 2893.7               | 3623.4                   | 2764.6                 | 13445.0                        | 0.0                                     |
| 1985        | 6350.0                       | 1756.4                 | 8106.4           | 2490.5                  | 0.0                | 0.0             | 924.7                   | 3415.1               | 4691.3                   | 3689.3                 | 18136.3                        | 0.0                                     |
| 1986        | 6187.0                       | 2267.4                 | 8454.4           | 2864.0                  | 0.0                | 0.0             | 988.0                   | 3852.0               | 4602.4                   | 4677.3                 | 22738.7                        | 0.0                                     |
| 1987        | 6115.0                       | 2779.7                 | 8893.7           | 3293.6                  | 0.0                | 0.0             | 1067.2                  | 4360.9               | 4532.9                   | 5744.5                 | 27271.5                        | 0.0                                     |
| 1988        | 5986.0                       | 3286.4                 | 9272.4           | 3787.7                  | 0.0                | 0.0             | 1145.8                  | 4933.5               | 4338.9                   | 6890.3                 | 31610.5                        | 0.0                                     |
| 1989        | 5387.0                       | 3759.0                 | 9146.0           | 4355.8                  | 0.0                | 0.0             | 1177.9                  | 5533.7               | 3612.3                   | 8068.2                 | 35222.8                        | 0.0                                     |
| 1990        | 4920.0                       | 4170.4                 | 9098.4           | 5009.2                  | 0.0                | 0.0             | 1228.2                  | 6237.4               | 2861.0                   | 9296.4                 | 38083.8                        | 0.0                                     |
| 1991        | 4455.0                       | 4512.2                 | 8967.2           | 5740.6                  | 0.0                | 0.0             | 1281.1                  | 7041.7               | 1925.5                   | 10577.5                | 40009.3                        | 0.0                                     |
| 1992        | 4658.0                       | 4799.5                 | 9457.5           | 6624.7                  | 0.0                | 0.0             | 1417.0                  | 8041.7               | 1415.9                   | 11994.4                | 41425.2                        | 0.0                                     |
| 1993        | 4679.0                       | 5039.4                 | 9718.4           | 7618.4                  | 0.0                | 0.0             | 1544.2                  | 9162.6               | 555.8                    | 13530.7                | 41981.0                        | 0.0                                     |
| 1994        | 4853.0                       | 5213.2                 | 10066.2          | 8761.1                  | 0.0                | 0.0             | 1703.6                  | 10464.8              | -398.6                   | 15242.3                | 41582.4                        | 0.0                                     |
| 1995        | 5072.0                       | 5309.4                 | 10381.4          | 10075.3                 | 0.0                | 0.0             | 1886.5                  | 11961.8              | -1580.4                  | 17128.8                | 40002.0                        | 0.0                                     |
| 1996        | 4836.0                       | 5284.3                 | 10120.7          | 11586.6                 | 0.0                | 0.0             | 2033.6                  | 13620.2              | -3499.9                  | 19162.4                | 36502.2                        | 0.0                                     |
| 1997        | 4785.0                       | 5094.6                 | 9879.6           | 13321.6                 | 0.0                | 0.0             | 2234.2                  | 15558.7              | -5679.1                  | 21396.5                | 30823.0                        | 0.0                                     |
| 1998        | 4937.0                       | 4720.6                 | 9657.6           | 15323.3                 | 0.0                | 0.0             | 2442.1                  | 17765.4              | -8107.7                  | 23838.6                | 22715.3                        | 0.0                                     |
| 1999        | 5082.0                       | 4128.5                 | 9210.5           | 17621.8                 | 0.0                | 0.0             | 2666.2                  | 20288.0              | -11077.4                 | 26504.8                | 11637.9                        | 0.0                                     |
| 2000        | 5304.0                       | 3405.3                 | 8709.3           | 20265.0                 | 0.0                | 0.0             | 2920.1                  | 23185.1              | -14475.8                 | 29424.9                | -0.0                           | 2037.9                                  |

STATE OF ALASKA  
LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

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20-Feb-80

COMMENTS

2% ANNUAL INFLATION  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 8% REAL BUDGET GROWTH  
\$1.42 PRODUCE FIELD COSTS  
\$.53 GAS CONDITIONING COSTS

ASSUMPTIONS  
ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 50.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON INVESTMENT REVENUE | INVESTMENT INTEREST | TOTAL REVENUE | BUDGET APPROPRIATION | SUPPLE- RENTALS | DEBT SERVICE | PAYMENTS TO FUNDS | TOTAL EXPENDITURE | SURPLUS OR DEFICIT | PERM- ANENT FUND | GENERAL FUND | REVENUE RED FOR GF BAL \$0 MIL |
|------|------------------------|---------------------|---------------|----------------------|-----------------|--------------|-------------------|-------------------|--------------------|------------------|--------------|--------------------------------|
| 1979 | 2715.0                 | 165.2               | 2880.2        | 1062.0               | 0.0             | 0.0          | 935.8             | 1997.8            | 882.4              | 138.0            | 684.0        | 0.0                            |
| 1980 | 3500.0                 | 345.6               | 3845.6        | 1423.9               | 0.0             | 0.0          | 917.9             | 2341.8            | 1503.8             | 1616.7           | 3070.2       | 0.0                            |
| 1981 | 4383.0                 | 601.9               | 4984.9        | 1637.5               | 0.0             | 0.0          | 1038.7            | 2676.3            | 2308.7             | 2655.4           | 5378.9       | 0.0                            |
| 1982 | 4778.0                 | 929.1               | 5707.1        | 1883.1               | 0.0             | 0.0          | 1219.9            | 3103.0            | 2604.0             | 3875.3           | 7982.9       | 0.0                            |
| 1983 | 5215.0                 | 1302.0              | 6517.0        | 2165.6               | 0.0             | 0.0          | 1437.5            | 3603.1            | 2914.0             | 5312.7           | 10896.9      | 0.0                            |
| 1984 | 6350.0                 | 1756.4              | 8106.4        | 2490.5               | 0.0             | 0.0          | 1829.0            | 4319.4            | 3787.0             | 7141.7           | 14683.9      | 0.0                            |
| 1985 | 6167.0                 | 2267.4              | 8434.4        | 2864.0               | 0.0             | 0.0          | 1953.7            | 4817.7            | 3636.7             | 9095.4           | 18320.6      | 0.0                            |
| 1986 | 6115.0                 | 2778.7              | 8893.7        | 3293.6               | 0.0             | 0.0          | 2110.0            | 5403.7            | 3490.1             | 11205.4          | 21810.7      | 0.0                            |
| 1987 | 5986.0                 | 3286.4              | 9272.4        | 3787.7               | 0.0             | 0.0          | 2264.9            | 6052.6            | 3219.9             | 13470.3          | 25030.5      | 0.0                            |
| 1988 | 5387.0                 | 3759.0              | 9146.0        | 4355.8               | 0.0             | 0.0          | 2326.5            | 6682.4            | 2463.7             | 15796.8          | 27494.2      | 0.0                            |
| 1989 | 4928.0                 | 4170.4              | 9098.4        | 5009.2               | 0.0             | 0.0          | 2424.3            | 7433.5            | 1664.9             | 18221.1          | 29159.1      | 0.0                            |
| 1990 | 4455.0                 | 4512.2              | 8967.2        | 5760.6               | 0.0             | 0.0          | 2527.1            | 8207.7            | 679.5              | 20748.3          | 29838.6      | 0.0                            |
| 1991 | 4650.0                 | 4799.5              | 9449.5        | 6624.7               | 0.0             | 0.0          | 2795.6            | 9420.3            | 37.2               | 23543.9          | 29875.8      | 0.0                            |
| 1992 | 4679.0                 | 5039.4              | 9718.4        | 7613.4               | 0.0             | 0.0          | 3046.5            | 10664.9           | -946.5             | 26590.5          | 28929.2      | 0.0                            |
| 1993 | 4653.0                 | 5213.2              | 10066.2       | 8761.1               | 0.0             | 0.0          | 3361.4            | 12122.5           | -2056.3            | 29951.9          | 26872.9      | 0.0                            |
| 1994 | 5072.0                 | 5309.4              | 10381.4       | 10075.3              | 0.0             | 0.0          | 3722.7            | 13798.0           | -3416.6            | 33674.5          | 23456.3      | 0.0                            |
| 1995 | 4836.0                 | 5284.3              | 10120.3       | 11586.6              | 0.0             | 0.0          | 4012.3            | 15598.9           | -5478.5            | 37686.8          | 17977.7      | 0.0                            |
| 1996 | 4785.0                 | 5094.6              | 9879.6        | 13324.6              | 0.0             | 0.0          | 4408.2            | 17732.8           | -7853.1            | 42095.0          | 10124.6      | 0.0                            |
| 1997 | 4737.0                 | 4736.8              | 9473.8        | 15323.3              | 0.0             | 0.0          | 4818.4            | 20141.7           | -10467.9           | 46913.4          | -0.0         | 343.3                          |
| 1998 | 5082.0                 | 4776.1              | 9858.1        | 17621.8              | 0.0             | 0.0          | 5260.4            | 22882.2           | -13024.1           | 52173.8          | -0.0         | 13024.1                        |
| 1999 | 5304.0                 | 5319.7              | 10623.7       | 20265.0              | 0.0             | 0.0          | 5761.4            | 26026.4           | -15402.8           | 57935.2          | -0.0         | 15402.8                        |

STATE OF ALABAMA  
LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

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20-Feb-80

COMMENTS

7% ANNUAL INFLATION  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 8% REAL BUDGET GROWTH  
\$.42 PRUDHOE FIELD COSTS  
\$.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR<br>END | NON<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|-------------|----------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979        |                |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980        | 2715.0         | 165.2                  | 2880.2           | 1062.0                  | 0.0                | 0.0             | 1289.2                  | 2351.2               | 529.0                    | 1211.2                 | 1213.0                         | 0.0                                     |
| 1981        | 3500.0         | 345.6                  | 3845.6           | 1423.9                  | 0.0                | 0.0             | 1290.2                  | 2714.1               | 1131.5                   | 2342.4                 | 2344.5                         | 0.0                                     |
| 1982        | 4303.0         | 601.9                  | 4984.9           | 1637.5                  | 0.0                | 0.0             | 1550.3                  | 3187.8               | 1797.1                   | 3892.7                 | 4141.6                         | 0.0                                     |
| 1983        | 4778.0         | 929.1                  | 5707.1           | 1883.1                  | 0.0                | 0.0             | 1821.3                  | 3704.4               | 2002.6                   | 5714.0                 | 6144.2                         | 0.0                                     |
| 1984        | 5215.0         | 1302.0                 | 6517.0           | 2165.6                  | 0.0                | 0.0             | 2146.9                  | 4312.5               | 2204.5                   | 7860.9                 | 8348.8                         | 0.0                                     |
| 1985        | 6350.0         | 1756.4                 | 8106.4           | 2490.5                  | 0.0                | 0.0             | 2733.2                  | 5223.7               | 2882.7                   | 10594.1                | 11231.5                        | 0.0                                     |
| 1986        | 6187.0         | 2267.4                 | 8454.4           | 2864.0                  | 0.0                | 0.0             | 2919.3                  | 5783.4               | 2671.1                   | 13513.4                | 13902.5                        | 0.0                                     |
| 1987        | 6115.0         | 2778.7                 | 8893.7           | 3293.6                  | 0.0                | 0.0             | 3152.8                  | 6446.5               | 2447.3                   | 16666.3                | 16349.8                        | 0.0                                     |
| 1988        | 5786.0         | 3286.4                 | 9272.4           | 3787.7                  | 0.0                | 0.0             | 3384.0                  | 7171.7               | 2100.8                   | 20050.3                | 18450.6                        | 0.0                                     |
| 1989        | 5387.0         | 3759.0                 | 9146.0           | 4355.8                  | 0.0                | 0.0             | 3475.2                  | 7831.0               | 1315.0                   | 23525.4                | 19765.6                        | 0.0                                     |
| 1990        | 4923.0         | 4179.4                 | 9098.4           | 5009.2                  | 0.0                | 0.0             | 3620.5                  | 8629.7               | 468.7                    | 27145.9                | 20234.3                        | 0.0                                     |
| 1991        | 4455.0         | 4512.2                 | 8967.2           | 5760.6                  | 0.0                | 0.0             | 3773.2                  | 9533.8               | -566.6                   | 30919.1                | 19667.8                        | 0.0                                     |
| 1992        | 4658.0         | 4799.5                 | 9457.5           | 6624.7                  | 0.0                | 0.0             | 4174.3                  | 10799.0              | -1341.5                  | 35093.4                | 18326.3                        | 0.0                                     |
| 1993        | 4679.0         | 5039.4                 | 9718.4           | 7618.4                  | 0.0                | 0.0             | 4548.9                  | 12167.2              | -2448.8                  | 39642.2                | 15877.5                        | 0.0                                     |
| 1994        | 4853.0         | 5213.2                 | 10066.2          | 8761.1                  | 0.0                | 0.0             | 5019.2                  | 13790.3              | -3714.1                  | 44661.4                | 12163.4                        | 0.0                                     |
| 1995        | 5072.0         | 5309.4                 | 10381.4          | 10075.3                 | 0.0                | 0.0             | 5558.9                  | 15634.2              | -5252.9                  | 50220.3                | 6910.5                         | 0.0                                     |
| 1996        | 4836.0         | 5309.0                 | 10145.0          | 11586.6                 | 0.0                | 0.0             | 5990.9                  | 17577.5              | -7432.6                  | 56211.2                | -0.0                           | 522.1                                   |
| 1997        | 4785.0         | 5595.1                 | 10380.1          | 13324.6                 | 0.0                | 0.0             | 6582.2                  | 19906.8              | -9526.8                  | 62793.4                | -0.0                           | 9526.8                                  |
| 1998        | 4937.0         | 6251.0                 | 11188.0          | 15323.3                 | 0.0                | 0.0             | 7194.7                  | 22518.0              | -11330.0                 | 69988.1                | -0.0                           | 11330.0                                 |
| 1999        | 5082.0         | 6969.6                 | 12051.6          | 17621.8                 | 0.0                | 0.0             | 7854.6                  | 25476.4              | -13424.8                 | 77842.7                | -0.0                           | 13424.8                                 |
| 2000        | 5304.0         | 7757.7                 | 13061.7          | 20265.0                 | 0.0                | 0.0             | 8602.7                  | 28867.8              | -15806.0                 | 86445.5                | -0.0                           | 15806.0                                 |

STATE OF ALASKA  
LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

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20-Feb-80

COMMENTS

7% ANNUAL INFLATION  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 13% REAL BUDGET GROWTH  
\$.42 PRUDHOE FIELD COSTS  
\$.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 25.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979 |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980 | 2715.0                       | 165.2                  | 2880.2           | 1062.0                  | 0.0                | 0.0             | 582.4                   | 1644.4               | 1235.8                   | 504.4                  | 1919.8                         | 0.0                                     |
| 1981 | 3500.0                       | 345.6                  | 3845.6           | 1423.9                  | 0.0                | 0.0             | 545.5                   | 1969.5               | 1876.2                   | 870.9                  | 3795.9                         | 0.0                                     |
| 1982 | 4383.0                       | 599.9                  | 4982.9           | 1708.7                  | 0.0                | 0.0             | 527.2                   | 2235.9               | 2747.0                   | 1418.1                 | 6543.0                         | 0.0                                     |
| 1983 | 4778.0                       | 917.4                  | 5695.4           | 2050.5                  | 0.0                | 0.0             | 618.5                   | 2668.9               | 3026.5                   | 2036.6                 | 9569.5                         | 0.0                                     |
| 1984 | 5215.0                       | 1269.9                 | 6484.9           | 2460.6                  | 0.0                | 0.0             | 728.1                   | 3188.6               | 3296.3                   | 2764.6                 | 12865.8                        | 0.0                                     |
| 1985 | 6350.0                       | 1688.8                 | 8038.8           | 2952.7                  | 0.0                | 0.0             | 924.7                   | 3877.3               | 4161.4                   | 3689.3                 | 17027.3                        | 0.0                                     |
| 1986 | 6187.0                       | 2143.7                 | 8330.7           | 3543.2                  | 0.0                | 0.0             | 988.0                   | 4531.2               | 3799.5                   | 4677.3                 | 20826.8                        | 0.0                                     |
| 1987 | 6115.0                       | 2571.5                 | 8686.5           | 4251.8                  | 0.0                | 0.0             | 1067.2                  | 5319.1               | 3367.4                   | 5744.5                 | 24194.2                        | 0.0                                     |
| 1988 | 5986.0                       | 2958.3                 | 8945.3           | 5102.2                  | 0.0                | 0.0             | 1145.8                  | 6248.0               | 2697.2                   | 6890.3                 | 26891.4                        | 0.0                                     |
| 1989 | 5397.0                       | 3264.4                 | 8661.4           | 6122.6                  | 0.0                | 0.0             | 1177.9                  | 7300.5               | 1350.8                   | 8066.2                 | 28242.2                        | 0.0                                     |
| 1990 | 4928.0                       | 3446.4                 | 8374.4           | 7347.2                  | 0.0                | 0.0             | 1228.2                  | 8575.3               | -200.9                   | 9296.4                 | 28041.3                        | 0.0                                     |
| 1991 | 4455.0                       | 3479.4                 | 7934.4           | 8816.6                  | 0.0                | 0.0             | 1281.1                  | 10097.7              | -2163.3                  | 10577.5                | 25878.1                        | 0.0                                     |
| 1992 | 4650.0                       | 3356.0                 | 8014.0           | 10579.9                 | 0.0                | 0.0             | 1417.0                  | 11996.9              | -3982.9                  | 11994.4                | 21895.1                        | 0.0                                     |
| 1993 | 4679.0                       | 3055.3                 | 7734.3           | 12695.9                 | 0.0                | 0.0             | 1544.2                  | 14240.1              | -6505.8                  | 13538.7                | 15389.3                        | 0.0                                     |
| 1994 | 4853.0                       | 2524.1                 | 7377.1           | 15235.1                 | 0.0                | 0.0             | 1703.6                  | 16938.7              | -9561.6                  | 15242.3                | 5827.7                         | 0.0                                     |
| 1995 | 5072.0                       | 2048.0                 | 7120.0           | 18282.1                 | 0.0                | 0.0             | 1886.5                  | 20168.5              | -13048.5                 | 17128.8                | -0.0                           | 7220.8                                  |
| 1996 | 4836.0                       | 2028.0                 | 6864.0           | 21938.5                 | 0.0                | 0.0             | 2033.6                  | 23972.1              | -17108.1                 | 19162.4                | -0.0                           | 17108.1                                 |
| 1997 | 4785.0                       | 2299.0                 | 7084.0           | 26326.2                 | 0.0                | 0.0             | 2234.2                  | 28560.4              | -21476.3                 | 21396.5                | -0.0                           | 21476.3                                 |
| 1998 | 4937.0                       | 2604.2                 | 7541.2           | 31591.5                 | 0.0                | 0.0             | 2442.1                  | 34033.5              | -26492.3                 | 23838.6                | -0.0                           | 26492.3                                 |
| 1999 | 5082.0                       | 2947.8                 | 8029.8           | 37909.8                 | 0.0                | 0.0             | 2666.2                  | 40576.0              | -32546.1                 | 26504.8                | -0.0                           | 32546.1                                 |
| 2000 | 5304.0                       | 3335.7                 | 8639.7           | 45491.7                 | 0.0                | 0.0             | 2920.1                  | 48411.8              | -39772.1                 | 29424.9                | -0.0                           | 39772.1                                 |

STATE OF ALASKA  
LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

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20-Feb-86

COMMENTS

7% ANNUAL INFLATION  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 13% REAL BUDGET GROWTH  
1.42 PRUDHOE FIELD COSTS  
1.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 50.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR<br>END | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|-------------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1977        |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980        | 2715.0                       | 165.2                  | 2880.2           | 1062.0                  | 0.0                | 0.0             | 935.8                   | 1997.8               | 882.4                    | 857.8                  | 1566.4                         | 0.0                                     |
| 1981        | 3500.0                       | 345.6                  | 3945.6           | 1423.9                  | 0.0                | 0.0             | 917.9                   | 2341.8               | 1503.8                   | 1616.7                 | 3070.2                         | 0.0                                     |
| 1982        | 4393.0                       | 599.9                  | 4982.9           | 1708.7                  | 0.0                | 0.0             | 1038.7                  | 2747.5               | 2235.5                   | 2655.4                 | 5305.7                         | 0.0                                     |
| 1983        | 4778.0                       | 917.4                  | 5695.4           | 2050.5                  | 0.0                | 0.0             | 1219.9                  | 3270.3               | 2425.1                   | 3875.3                 | 7730.8                         | 0.0                                     |
| 1984        | 5215.0                       | 1269.9                 | 6484.9           | 2460.6                  | 0.0                | 0.0             | 1437.5                  | 3898.0               | 2586.9                   | 5312.7                 | 10317.7                        | 0.0                                     |
| 1985        | 6350.0                       | 1688.8                 | 8038.8           | 2952.7                  | 0.0                | 0.0             | 1829.0                  | 4781.6               | 3257.2                   | 7141.7                 | 13574.9                        | 0.0                                     |
| 1986        | 6187.0                       | 2143.7                 | 8330.7           | 3543.2                  | 0.0                | 0.0             | 1953.7                  | 5496.9               | 2833.8                   | 9095.4                 | 16408.7                        | 0.0                                     |
| 1987        | 6115.0                       | 2571.5                 | 8686.5           | 4251.8                  | 0.0                | 0.0             | 2110.0                  | 6361.9               | 2324.6                   | 11205.4                | 18733.3                        | 0.0                                     |
| 1988        | 5986.0                       | 2959.3                 | 8945.3           | 5102.2                  | 0.0                | 0.0             | 2264.9                  | 7367.1               | 1578.2                   | 13470.3                | 20311.4                        | 0.0                                     |
| 1989        | 5387.0                       | 3264.4                 | 8651.4           | 6122.6                  | 0.0                | 0.0             | 2326.5                  | 8449.2               | 202.2                    | 15796.8                | 20513.6                        | 0.0                                     |
| 1990        | 4928.0                       | 3446.4                 | 8374.4           | 7347.2                  | 0.0                | 0.0             | 2424.3                  | 9771.5               | -1397.1                  | 18221.1                | 19116.6                        | 0.0                                     |
| 1991        | 4455.0                       | 3479.4                 | 7934.4           | 8816.6                  | 0.0                | 0.0             | 2527.1                  | 11343.7              | -3409.3                  | 20748.3                | 15707.3                        | 0.0                                     |
| 1992        | 4658.0                       | 3356.0                 | 8014.0           | 10579.9                 | 0.0                | 0.0             | 2795.6                  | 13375.6              | -5361.6                  | 23543.9                | 10345.7                        | 0.0                                     |
| 1993        | 4679.0                       | 3055.3                 | 7734.3           | 12695.9                 | 0.0                | 0.0             | 3046.5                  | 15742.4              | -8008.1                  | 26590.5                | 2337.5                         | 0.0                                     |
| 1994        | 4853.0                       | 2923.0                 | 7776.0           | 15235.1                 | 0.0                | 0.0             | 3361.4                  | 18596.5              | -10819.7                 | 29951.9                | -0.0                           | 8482.1                                  |
| 1995        | 5072.0                       | 3192.3                 | 8264.3           | 18282.1                 | 0.0                | 0.0             | 3722.7                  | 22004.8              | -13740.5                 | 33674.5                | -0.0                           | 13740.5                                 |
| 1996        | 4936.0                       | 3606.2                 | 8442.2           | 21938.5                 | 0.0                | 0.0             | 4012.3                  | 25950.8              | -17508.6                 | 37686.8                | -0.0                           | 17508.6                                 |
| 1997        | 4785.0                       | 4064.1                 | 8849.1           | 26326.2                 | 0.0                | 0.0             | 4408.2                  | 30734.4              | -21885.3                 | 42095.0                | -0.0                           | 21885.3                                 |
| 1998        | 4937.0                       | 4574.0                 | 9511.0           | 31591.5                 | 0.0                | 0.0             | 4818.4                  | 36409.8              | -26898.8                 | 46913.4                | -0.0                           | 26898.8                                 |
| 1999        | 5082.0                       | 5141.3                 | 10223.3          | 37909.8                 | 0.0                | 0.0             | 5260.4                  | 43170.2              | -32946.9                 | 52173.8                | -0.0                           | 32946.9                                 |
| 2000        | 5304.0                       | 5773.8                 | 11077.8          | 45491.7                 | 0.0                | 0.0             | 5761.4                  | 51253.1              | -40175.4                 | 57935.2                | -0.0                           | 40175.4                                 |

20-Feb-80

## COMMENTS

7% ANNUAL INFLATION  
 2% REAL GROWTH IN OIL PRICES  
 1457 MIL BEAUFORT REVENUE  
 GAS LINE 1985  
 3% REAL GROWTH IN NON-OIL REVENUE  
 GOV'S OPERATING \$250 MIL CAPITAL 13% REAL BUDGET GROWTH  
 5.42 PRUDHOE FIELD COSTS  
 1.53 GAS CONDITIONING COSTS

## ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 9.00%  
 % OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
 % OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
 % OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON INVESTMENT REVENUE | INVESTMENT INTEREST | TOTAL REVENUE | BUDGET APPROPRIATION | SUPPL- MENTALS | DEBT SERVICE | PAYMENTS TO FUNDS | TOTAL EXPENDITURE | SURPLUS OR DEFICIT | PERH- ANENT FUND | GENERAL FUND   | REVENUE REQ FOR GF BAL |
|------|------------------------|---------------------|---------------|----------------------|----------------|--------------|-------------------|-------------------|--------------------|------------------|----------------|------------------------|
| END  |                        |                     |               |                      |                |              |                   |                   |                    |                  | END OF YEAR OF | \$0 MIL                |
| 1979 | 2715.0                 | 165.2               | 2880.2        | 1062.0               | 0.0            | 0.0          | 1289.2            | 2351.2            | 529.0              | 138.0            | 684.0          | 0.0                    |
| 1980 | 3500.0                 | 345.6               | 3845.6        | 1423.9               | 0.0            | 0.0          | 1290.2            | 2714.1            | 1131.5             | 1211.2           | 1213.0         | 0.0                    |
| 1981 | 4383.0                 | 599.9               | 4982.9        | 1708.7               | 0.0            | 0.0          | 1550.3            | 3259.0            | 1723.9             | 3892.7           | 4068.4         | 0.0                    |
| 1982 | 4778.0                 | 917.4               | 5695.4        | 2050.5               | 0.0            | 0.0          | 1821.3            | 3871.8            | 1823.7             | 5714.0           | 5892.1         | 0.0                    |
| 1983 | 5215.0                 | 1269.9              | 6484.9        | 2460.6               | 0.0            | 0.0          | 2146.9            | 4607.4            | 2352.9             | 7860.9           | 7769.6         | 0.0                    |
| 1984 | 6350.0                 | 1688.8              | 8038.8        | 2952.7               | 0.0            | 0.0          | 2733.2            | 5685.9            | 3527.5             | 10594.1          | 10122.5        | 0.0                    |
| 1985 | 6187.0                 | 2143.7              | 8330.7        | 3543.2               | 0.0            | 0.0          | 2919.3            | 6462.5            | 1868.2             | 13513.4          | 11990.6        | 0.0                    |
| 1986 | 6115.0                 | 2571.5              | 8686.5        | 4251.8               | 0.0            | 0.0          | 3152.8            | 7404.7            | 1281.8             | 16666.3          | 13272.4        | 0.0                    |
| 1987 | 5986.0                 | 2959.3              | 8945.3        | 5102.2               | 0.0            | 0.0          | 3384.0            | 8486.2            | 459.1              | 20050.3          | 13731.5        | 0.0                    |
| 1988 | 5387.0                 | 3264.4              | 8651.4        | 6122.6               | 0.0            | 0.0          | 3475.2            | 9597.8            | -946.4             | 23525.4          | 12785.0        | 0.0                    |
| 1989 | 4920.0                 | 3445.4              | 8374.4        | 7347.2               | 0.0            | 0.0          | 3620.5            | 10967.6           | -2593.2            | 27145.9          | 10191.8        | 0.0                    |
| 1990 | 4455.0                 | 3479.4              | 7934.4        | 8846.6               | 0.0            | 0.0          | 3773.2            | 12589.8           | -4655.4            | 30919.1          | 5536.5         | 0.0                    |
| 1991 | 4658.0                 | 3410.1              | 8068.1        | 10579.9              | 0.0            | 0.0          | 4174.3            | 14754.2           | -6686.1            | 35093.4          | 1149.6         | 0.0                    |
| 1992 | 4679.0                 | 3591.6              | 8270.6        | 12695.9              | 0.0            | 0.0          | 4548.9            | 17244.8           | -8974.1            | 39642.2          | 8974.1         | 0.0                    |
| 1993 | 4053.0                 | 4067.9              | 8920.9        | 15235.1              | 0.0            | 0.0          | 5019.2            | 20254.2           | -11333.3           | 44661.4          | 11333.3        | 0.0                    |
| 1994 | 5072.0                 | 4590.8              | 9670.3        | 18282.1              | 0.0            | 0.0          | 5558.9            | 23841.0           | -17909.1           | 50220.3          | 14170.3        | 0.0                    |
| 1995 | 4836.0                 | 5184.3              | 10020.3       | 21938.5              | 0.0            | 0.0          | 5990.9            | 27929.4           | -17909.1           | 56211.2          | 17909.1        | 0.0                    |
| 1996 | 4785.0                 | 5829.1              | 10614.1       | 26326.2              | 0.0            | 0.0          | 6582.2            | 32908.4           | -23294.3           | 62793.4          | 22294.3        | 0.0                    |
| 1997 | 4937.0                 | 6543.8              | 11480.8       | 31591.5              | 0.0            | 0.0          | 7194.7            | 38786.1           | -27305.3           | 69988.1          | 27305.3        | 0.0                    |
| 1998 | 5082.0                 | 7334.8              | 12416.8       | 37909.8              | 0.0            | 0.0          | 7854.6            | 45764.4           | -33347.6           | 77842.7          | 33347.6        | 0.0                    |
| 2000 | 5304.0                 | 8211.8              | 13515.8       | 45491.7              | 0.0            | 0.0          | 8602.7            | 54094.4           | -40578.6           | 86445.5          | 40578.6        | 0.0                    |

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COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
2457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 3% BUDGET GROWTH  
\$4.42 PRUDHOE FIELD COSTS  
\$5.53 GAS CONDITIONING COSTS

ASSUMPTIONS  
ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 25.00%  
% OF EARNING RETAINED IN PERMANENT FUND = 100 %

| YEAR<br>END | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLY-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|-------------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979        | 2715.0                       | 35.8                   | 2750.8           | 998.0                   | 0.0                | 0.0             | 559.7                   | 1557.7               | 1193.1                   | 138.0                  | 684.0                          | 0.0                                     |
| 1980        | 3500.0                       | 72.8                   | 3572.8           | 1423.9                  | 0.0                | 0.0             | 495.8                   | 1919.7               | 1653.1                   | 481.7                  | 1877.1                         | 0.0                                     |
| 1981        | 3650.0                       | 115.8                  | 3765.8           | 1466.7                  | 0.0                | 0.0             | 376.6                   | 1843.3               | 1922.5                   | 818.4                  | 3530.2                         | 0.0                                     |
| 1982        | 3747.0                       | 163.0                  | 3910.0           | 1510.7                  | 0.0                | 0.0             | 392.6                   | 1903.2               | 2006.7                   | 1195.1                 | 5452.7                         | 0.0                                     |
| 1983        | 3838.0                       | 212.1                  | 4050.1           | 1556.0                  | 0.0                | 0.0             | 413.9                   | 1969.9               | 2080.2                   | 1587.7                 | 7459.5                         | 0.0                                     |
| 1984        | 3937.0                       | 267.0                  | 4204.0           | 1602.7                  | 0.0                | 0.0             | 464.2                   | 2066.8               | 2511.2                   | 2001.6                 | 9539.7                         | 0.0                                     |
| 1985        | 3937.0                       | 323.0                  | 4260.0           | 1650.7                  | 0.0                | 0.0             | 430.9                   | 2081.6               | 2178.4                   | 2435.7                 | 12050.8                        | 0.0                                     |
| 1986        | 3937.0                       | 373.4                  | 4310.4           | 1700.3                  | 0.0                | 0.0             | 406.0                   | 2106.3               | 1907.2                   | 2896.6                 | 14229.2                        | 0.0                                     |
| 1987        | 3937.0                       | 415.9                  | 4352.9           | 1751.3                  | 0.0                | 0.0             | 379.3                   | 2130.6               | 1629.3                   | 3302.5                 | 16136.4                        | 0.0                                     |
| 1988        | 3937.0                       | 450.9                  | 4387.9           | 1803.8                  | 0.0                | 0.0             | 327.2                   | 2131.0               | 1142.9                   | 3681.9                 | 17765.7                        | 0.0                                     |
| 1989        | 3937.0                       | 476.2                  | 4413.2           | 1857.9                  | 0.0                | 0.0             | 237.8                   | 2145.7               | 753.5                    | 4009.1                 | 18908.6                        | 0.0                                     |
| 1990        | 3937.0                       | 493.2                  | 4430.2           | 1913.7                  | 0.0                | 0.0             | 251.5                   | 2165.1               | 383.1                    | 4296.9                 | 19662.0                        | 0.0                                     |
| 1991        | 3937.0                       | 505.2                  | 4442.2           | 1971.1                  | 0.0                | 0.0             | 251.5                   | 2222.6               | 292.6                    | 4548.4                 | 20045.1                        | 0.0                                     |
| 1992        | 3937.0                       | 514.6                  | 4451.6           | 2030.2                  | 0.0                | 0.0             | 242.9                   | 2273.1               | 134.5                    | 4799.8                 | 20337.7                        | 0.0                                     |
| 1993        | 3937.0                       | 521.3                  | 4458.3           | 2091.1                  | 0.0                | 0.0             | 242.8                   | 2333.9               | 22.4                     | 5042.8                 | 20472.3                        | 0.0                                     |
| 1994        | 3937.0                       | 526.8                  | 4463.8           | 2153.8                  | 0.0                | 0.0             | 243.4                   | 2399.3               | -81.4                    | 5285.6                 | 20494.7                        | 0.0                                     |
| 1995        | 3937.0                       | 533.3                  | 4470.3           | 2218.5                  | 0.0                | 0.0             | 230.9                   | 2449.4               | -322.5                   | 5531.0                 | 20413.3                        | 0.0                                     |
| 1996        | 3937.0                       | 533.3                  | 4470.3           | 2285.0                  | 0.0                | 0.0             | 229.8                   | 2514.8               | -517.5                   | 5761.9                 | 20090.7                        | 0.0                                     |
| 1997        | 3937.0                       | 533.3                  | 4470.3           | 2353.6                  | 0.0                | 0.0             | 225.3                   | 2578.9               | -636.3                   | 5991.7                 | 19573.2                        | 0.0                                     |
| 1998        | 3937.0                       | 533.3                  | 4470.3           | 2424.2                  | 0.0                | 0.0             | 221.1                   | 2645.2               | -756.8                   | 6217.0                 | 18936.9                        | 0.0                                     |
| 1999        | 3937.0                       | 533.3                  | 4470.3           | 2496.9                  | 0.0                | 0.0             | 219.0                   | 2715.9               | -870.0                   | 6438.1                 | 18180.1                        | 0.0                                     |
| 2000        | 3937.0                       | 533.3                  | 4470.3           | 2496.9                  | 0.0                | 0.0             | 219.0                   | 2715.9               | -870.0                   | 6657.0                 | 17310.1                        | 0.0                                     |

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## COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
4457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING 1250 MIL CAPITAL 3% BUDGET GROWTH  
5.42 FRUITHGE FIELD COSTS  
4.53 GAS CONDITIONING COSTS

## ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%

% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL. = 20.00%

% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 50.00%

% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR<br>END | NON INVESTMENT |          | TOTAL<br>REVENUE | BUDGET        |             | SUPPL-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS    |        | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL |                | REVENUE REQ<br>FOR GF BAL |
|-------------|----------------|----------|------------------|---------------|-------------|-------------------|-----------------|-------------|--------|--------------------------|------------------------|---------|----------------|---------------------------|
|             | REVENUE        | INTEREST |                  | APPROPRIATION | EXPENDITURE |                   |                 | TO<br>FUNDS | TOTAL  |                          |                        | FUND    | END OF YEAR OF |                           |
| 1979        |                |          |                  |               |             |                   |                 |             |        |                          |                        |         |                |                           |
| 1980        | 2715.0         | 35.8     | 2750.8           | 998.0         |             | 0.0               | 0.0             | 900.6       | 1898.6 | 852.2                    | 138.0                  | 684.0   | 0.0            |                           |
| 1981        | 3500.0         | 72.8     | 3572.8           | 1423.9        |             | 0.0               | 0.0             | 829.7       | 2253.6 | 1319.2                   | 822.6                  | 1536.2  | 0.0            |                           |
| 1982        | 3650.0         | 115.8    | 3765.8           | 1466.7        |             | 0.0               | 0.0             | 750.4       | 2217.0 | 1548.8                   | 1493.4                 | 2855.4  | 0.0            |                           |
| 1983        | 3747.0         | 163.0    | 3910.0           | 1510.7        |             | 0.0               | 0.0             | 782.2       | 2292.9 | 1617.1                   | 2243.6                 | 4404.2  | 0.0            |                           |
| 1984        | 3838.0         | 212.1    | 4050.1           | 1556.0        |             | 0.0               | 0.0             | 824.8       | 2380.7 | 1669.4                   | 3025.8                 | 6021.3  | 0.0            |                           |
| 1985        | 4311.0         | 267.0    | 4578.0           | 1602.7        |             | 0.0               | 0.0             | 925.3       | 2527.9 | 2050.1                   | 3850.6                 | 7690.6  | 0.0            |                           |
| 1986        | 3937.0         | 323.0    | 4260.0           | 1650.7        |             | 0.0               | 0.0             | 858.6       | 2509.3 | 1750.7                   | 4775.9                 | 9740.7  | 0.0            |                           |
| 1987        | 3641.0         | 372.4    | 4013.4           | 1700.3        |             | 0.0               | 0.0             | 808.8       | 2509.0 | 1504.4                   | 5634.5                 | 11491.4 | 0.0            |                           |
| 1988        | 3344.0         | 415.9    | 3759.9           | 1751.3        |             | 0.0               | 0.0             | 755.4       | 2506.7 | 1253.2                   | 6443.2                 | 12995.8 | 0.0            |                           |
| 1989        | 2823.0         | 450.9    | 3273.9           | 1803.8        |             | 0.0               | 0.0             | 651.0       | 2454.8 | 819.1                    | 7198.7                 | 14249.0 | 0.0            |                           |
| 1990        | 2423.0         | 476.2    | 2899.2           | 1857.9        |             | 0.0               | 0.0             | 572.2       | 2430.1 | 469.1                    | 7849.6                 | 15068.0 | 0.0            |                           |
| 1991        | 2055.0         | 493.2    | 2548.2           | 1913.7        |             | 0.0               | 0.0             | 499.4       | 2413.1 | 135.1                    | 8421.9                 | 15537.1 | 0.0            |                           |
| 1992        | 2010.0         | 505.2    | 2515.2           | 1971.1        |             | 0.0               | 0.0             | 499.4       | 2470.5 | 44.7                     | 8921.3                 | 15672.2 | 0.0            |                           |
| 1993        | 1893.0         | 514.6    | 2407.6           | 2030.2        |             | 0.0               | 0.0             | 482.2       | 2512.4 | -104.8                   | 9420.7                 | 15716.9 | 0.0            |                           |
| 1994        | 1835.0         | 521.3    | 2356.3           | 2091.1        |             | 0.0               | 0.0             | 481.9       | 2573.0 | -216.7                   | 9902.7                 | 15612.1 | 0.0            |                           |
| 1995        | 1792.0         | 525.9    | 2317.9           | 2153.8        |             | 0.0               | 0.0             | 487.1       | 2640.9 | -323.1                   | 10384.0                | 15395.4 | 0.0            |                           |
| 1996        | 1600.0         | 536.8    | 2136.8           | 2218.5        |             | 0.0               | 0.0             | 458.0       | 2676.5 | -549.6                   | 10971.9                | 15072.4 | 0.0            |                           |
| 1997        | 1474.0         | 523.3    | 1997.3           | 2285.0        |             | 0.0               | 0.0             | 455.7       | 2740.7 | -743.4                   | 1129.9                 | 14522.7 | 0.0            |                           |
| 1998        | 1426.0         | 516.6    | 1942.6           | 2353.6        |             | 0.0               | 0.0             | 446.7       | 2800.2 | -857.6                   | 12832.2                | 13779.4 | 0.0            |                           |
| 1999        | 1381.0         | 507.4    | 1888.4           | 2424.2        |             | 0.0               | 0.0             | 438.0       | 2862.2 | -923.8                   | 12670.3                | 12921.7 | 0.0            |                           |
| 2000        | 1350.0         | 495.8    | 1845.8           | 2496.9        |             | 0.0               | 0.0             | 433.7       | 2930.6 | -1084.8                  | 12670.3                | 11947.9 | 0.0            |                           |
|             |                |          |                  |               |             |                   |                 |             |        |                          | 13104.0                | 10863.1 | 0.0            |                           |

LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

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COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 3% BUDGET GROWTH  
\$1.42 PRUDHOE FIELD COSTS  
\$1.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLE-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| 1979 |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                          |                                         |
| 1980 | 2715.0                       | 35.8                   | 2750.8           | 998.0                   | 0.0                | 0.0             | 1241.5                  | 2239.5               | 511.3                    | 1163.5                 | 1195.3                         | 0.0                                     |
| 1981 | 3500.0                       | 72.8                   | 3572.8           | 1423.9                  | 0.0                | 0.0             | 1163.6                  | 2587.5               | 985.3                    | 2168.1                 | 2180.5                         | 0.0                                     |
| 1982 | 3650.0                       | 115.8                  | 3765.8           | 1466.7                  | 0.0                | 0.0             | 1124.1                  | 2590.8               | 1175.1                   | 3292.2                 | 3355.6                         | 0.0                                     |
| 1983 | 5747.0                       | 163.0                  | 3910.0           | 1510.7                  | 0.0                | 0.0             | 1171.8                  | 2682.5               | 1227.5                   | 4464.0                 | 4583.1                         | 0.0                                     |
| 1984 | 3838.0                       | 212.1                  | 4050.1           | 1556.0                  | 0.0                | 0.0             | 1235.6                  | 2791.6               | 1258.5                   | 5699.6                 | 5841.6                         | 0.0                                     |
| 1985 | 4311.0                       | 267.0                  | 4578.0           | 1602.7                  | 0.0                | 0.0             | 1386.4                  | 2989.0               | 1589.0                   | 7086.0                 | 7430.6                         | 0.0                                     |
| 1986 | 3937.0                       | 323.0                  | 4260.0           | 1650.7                  | 0.0                | 0.0             | 1286.3                  | 2937.1               | 1322.9                   | 8372.3                 | 8753.5                         | 0.0                                     |
| 1987 | 3641.0                       | 372.4                  | 4013.4           | 1700.3                  | 0.0                | 0.0             | 1211.6                  | 2911.8               | 1101.6                   | 9583.9                 | 9855.1                         | 0.0                                     |
| 1988 | 3344.0                       | 415.9                  | 3759.9           | 1751.3                  | 0.0                | 0.0             | 1131.5                  | 2882.8               | 877.1                    | 10715.4                | 10732.3                        | 0.0                                     |
| 1989 | 2823.0                       | 450.9                  | 3273.9           | 1803.8                  | 0.0                | 0.0             | 974.8                   | 2778.6               | 495.3                    | 11690.2                | 11227.5                        | 0.0                                     |
| 1990 | 2423.0                       | 476.2                  | 2899.2           | 1857.9                  | 0.0                | 0.0             | 856.6                   | 2714.5               | 184.7                    | 12546.8                | 11412.2                        | 0.0                                     |
| 1991 | 2055.0                       | 493.2                  | 2548.2           | 1913.7                  | 0.0                | 0.0             | 747.4                   | 2661.1               | -112.9                   | 13294.2                | 11299.3                        | 0.0                                     |
| 1992 | 2010.0                       | 505.2                  | 2515.2           | 1971.1                  | 0.0                | 0.0             | 747.4                   | 2718.4               | -203.2                   | 14041.6                | 11096.0                        | 0.0                                     |
| 1993 | 1893.0                       | 514.6                  | 2407.6           | 2030.2                  | 0.0                | 0.0             | 721.5                   | 2751.8               | -344.1                   | 14763.1                | 10751.9                        | 0.0                                     |
| 1994 | 1835.0                       | 521.3                  | 2356.3           | 2091.1                  | 0.0                | 0.0             | 721.0                   | 2812.1               | -455.8                   | 15484.1                | 10296.1                        | 0.0                                     |
| 1995 | 1792.0                       | 525.9                  | 2317.9           | 2153.8                  | 0.0                | 0.0             | 728.7                   | 2892.6               | -564.7                   | 16212.8                | 9731.4                         | 0.0                                     |
| 1996 | 1600.0                       | 526.8                  | 2126.8           | 2218.5                  | 0.0                | 0.0             | 685.1                   | 2903.6               | -776.7                   | 16897.9                | 8954.7                         | 0.0                                     |
| 1997 | 1474.0                       | 523.3                  | 1997.3           | 2285.0                  | 0.0                | 0.0             | 681.5                   | 2966.5               | -969.2                   | 17579.4                | 7985.5                         | 0.0                                     |
| 1998 | 1426.0                       | 516.6                  | 1942.6           | 2353.6                  | 0.0                | 0.0             | 668.0                   | 3021.6               | -1079.0                  | 18247.5                | 6906.5                         | 0.0                                     |
| 1999 | 1381.0                       | 507.4                  | 1888.4           | 2424.2                  | 0.0                | 0.0             | 655.0                   | 3079.2               | -1190.8                  | 18902.5                | 5715.8                         | 0.0                                     |
| 2000 | 1350.0                       | 495.8                  | 1845.8           | 2496.9                  | 0.0                | 0.0             | 648.5                   | 3145.4               | -1299.6                  | 19551.0                | 4416.2                         | 0.0                                     |

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## COMMENTS

REAL 1980 DOLLARS  
 32 REAL GROWTH IN OIL PRICES  
 \$457 MIL BEAUFORT REVENUE  
 GAS LINE 1985  
 32 REAL GROWTH IN NON-OIL REVENUE  
 GOV'S OPERATING \$250 MIL CAPITAL 8% BUDGET GROWTH  
 \$4.42 FRIDHOE FIELD COSTS  
 1.53 GAS CONDITIONING COSTS

## ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%

% OF EARNING RETAINED IN PERMANENT FUND = 25.00%

| YEAR<br>END | NON INVESTMENT        |                        |                  | PAYMENTS                |                   |                 | SURPLUS<br>OR<br>DEFICIT |                      | PERM-ANENT<br>FUND |        | GENERAL<br>FUND |                | REVENUE REC<br>FOR GR BAL<br>\$0 MIL |     |
|-------------|-----------------------|------------------------|------------------|-------------------------|-------------------|-----------------|--------------------------|----------------------|--------------------|--------|-----------------|----------------|--------------------------------------|-----|
|             | INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPL-<br>MENTALS | DEBT<br>SERVICE | FUNDS<br>TO              | TOTAL<br>EXPENDITURE | DEFICIT            | FUND   | ANENT<br>FUND   | END OF<br>YEAR | OF                                   |     |
| 1979        | 2215.0                | 35.8                   | 2250.8           | 998.0                   | 0.0               | 0.0             | 559.7                    | 1557.7               | 1193.1             | 138.0  | 481.7           | 1877.1         | 0.0                                  | 0.0 |
| 1980        | 3300.0                | 72.8                   | 3372.8           | 1423.9                  | 0.0               | 0.0             | 495.8                    | 1919.7               | 1653.1             | 818.4  | 530.2           | 0.0            | 0.0                                  | 0.0 |
| 1981        | 3650.0                | 115.4                  | 3765.4           | 1537.9                  | 0.0               | 0.0             | 376.6                    | 1914.5               | 1850.9             | 1195.1 | 530.1           | 0.0            | 0.0                                  | 0.0 |
| 1982        | 3747.0                | 160.6                  | 3907.6           | 1660.9                  | 0.0               | 0.0             | 392.6                    | 2053.5               | 1854.2             | 1507.7 | 723.2           | 0.0            | 0.0                                  | 0.0 |
| 1983        | 3038.0                | 206.1                  | 4044.1           | 1793.8                  | 0.0               | 0.0             | 413.9                    | 2207.7               | 1836.5             | 2001.6 | 5071.7          | 0.0            | 0.0                                  | 0.0 |
| 1984        | 4311.0                | 255.5                  | 4566.5           | 1937.3                  | 0.0               | 0.0             | 464.2                    | 2401.4               | 2165.1             | 2465.7 | 1123.8          | 0.0            | 0.0                                  | 0.0 |
| 1985        | 3957.0                | 303.9                  | 4260.9           | 2092.2                  | 0.0               | 0.0             | 430.9                    | 2523.1               | 1717.8             | 2896.6 | 12954.6         | 0.0            | 0.0                                  | 0.0 |
| 1987        | 3611.0                | 343.3                  | 3954.3           | 2259.6                  | 0.0               | 0.0             | 406.0                    | 2665.6               | 1318.7             | 3302.6 | 14273.3         | 0.0            | 0.0                                  | 0.0 |
| 1988        | 3346.0                | 374.1                  | 3718.1           | 2440.4                  | 0.0               | 0.0             | 379.3                    | 2819.7               | 898.3              | 3681.9 | 15171.6         | 0.0            | 0.0                                  | 0.0 |
| 1989        | 2823.0                | 393.4                  | 3216.4           | 2635.6                  | 0.0               | 0.0             | 327.2                    | 2762.8               | 253.6              | 4007.1 | 15425.2         | 0.0            | 0.0                                  | 0.0 |
| 1990        | 2423.0                | 399.8                  | 2822.8           | 2846.5                  | 0.0               | 0.0             | 287.8                    | 3134.3               | -311.4             | 4296.9 | 15113.8         | 0.0            | 0.0                                  | 0.0 |
| 1991        | 2055.0                | 394.3                  | 2449.3           | 3074.2                  | 0.0               | 0.0             | 251.5                    | 3325.6               | -876.4             | 4548.4 | 14237.4         | 0.0            | 0.0                                  | 0.0 |
| 1992        | 2010.0                | 379.7                  | 2389.7           | 3320.1                  | 0.0               | 0.0             | 251.5                    | 3571.6               | -1101.9            | 4799.8 | 13055.5         | 0.0            | 0.0                                  | 0.0 |
| 1993        | 1873.0                | 358.1                  | 2231.1           | 3585.7                  | 0.0               | 0.0             | 212.9                    | 3828.7               | -1577.6            | 5042.8 | 11477.9         | 0.0            | 0.0                                  | 0.0 |
| 1994        | 1835.0                | 328.8                  | 2163.8           | 3872.6                  | 0.0               | 0.0             | 242.8                    | 4115.4               | -1951.6            | 5285.6 | 9526.3          | 0.0            | 0.0                                  | 0.0 |
| 1995        | 1792.0                | 292.0                  | 2084.0           | 4182.4                  | 0.0               | 0.0             | 245.4                    | 4427.8               | -2343.8            | 5531.0 | 7182.5          | 0.0            | 0.0                                  | 0.0 |
| 1996        | 1600.0                | 245.6                  | 1845.6           | 4517.0                  | 0.0               | 0.0             | 230.9                    | 4747.9               | -2902.3            | 5761.9 | 4280.2          | 0.0            | 0.0                                  | 0.0 |
| 1997        | 1474.0                | 188.2                  | 1662.2           | 4878.4                  | 0.0               | 0.0             | 229.8                    | 5108.1               | -3446.0            | 5991.7 | 834.3           | 0.0            | 0.0                                  | 0.0 |
| 1998        | 1426.0                | 151.5                  | 1577.5           | 5268.6                  | 0.0               | 0.0             | 225.3                    | 5494.0               | -3916.5            | 6217.0 | 3082.2          | 0.0            | 0.0                                  | 0.0 |
| 1999        | 1381.0                | 149.3                  | 1530.3           | 5690.1                  | 0.0               | 0.0             | 221.1                    | 5911.2               | -4380.9            | 6438.1 | 4380.9          | 0.0            | 0.0                                  | 0.0 |
| 2000        | 1350.0                | 155.5                  | 1505.5           | 6145.3                  | 0.0               | 0.0             | 219.0                    | 6364.3               | -4858.7            | 6657.0 | 4858.7          | 0.0            | 0.0                                  | 0.0 |

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## COMMENTS

REAL 1980 DOLLARS  
22 REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
32 REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 8% BUDGET GROWTH  
\$4.42 FRUDHOE FIELD COSTS  
\$1.53 GAS CONDITIONING COSTS

## ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL &amp; PERMANENT FUNDS = 2.00%

% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%

% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 50.00%

% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPL-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR OF | REVENUE REQ<br>FOR GF BAL<br>\$0 MIL |
|------|------------------------------|------------------------|------------------|-------------------------|-------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|-----------------------------------|--------------------------------------|
| 1979 | 2715.0                       | 35.8                   | 2750.8           | 998.0                   | 0.0               | 0.0             | 900.6                   | 1898.6               | 852.2                    | 138.0                  | 684.0                             | 0.0                                  |
| 1980 | 3500.0                       | 72.8                   | 3572.8           | 1423.9                  | 0.0               | 0.0             | 929.7                   | 2253.6               | 1319.2                   | 1493.3                 | 2835.4                            | 0.0                                  |
| 1981 | 3650.0                       | 115.4                  | 3765.4           | 1537.9                  | 0.0               | 0.0             | 750.4                   | 2288.2               | 1477.2                   | 2243.6                 | 4332.5                            | 0.0                                  |
| 1982 | 3747.0                       | 160.6                  | 3907.6           | 1660.9                  | 0.0               | 0.0             | 782.2                   | 2443.1               | 1464.5                   | 3025.8                 | 5797.1                            | 0.0                                  |
| 1983 | 3838.0                       | 206.1                  | 4044.1           | 1793.8                  | 0.0               | 0.0             | 824.8                   | 2618.5               | 1425.6                   | 3650.6                 | 7222.7                            | 0.0                                  |
| 1984 | 4311.0                       | 255.5                  | 4566.5           | 1927.3                  | 0.0               | 0.0             | 925.3                   | 2862.5               | 1704.0                   | 4725.9                 | 8926.7                            | 0.0                                  |
| 1985 | 3937.0                       | 303.9                  | 4240.9           | 2092.2                  | 0.0               | 0.0             | 858.6                   | 2950.8               | 1290.1                   | 5634.5                 | 10216.7                           | 0.0                                  |
| 1986 | 3641.0                       | 343.3                  | 3984.3           | 2259.6                  | 0.0               | 0.0             | 808.8                   | 3068.4               | 915.9                    | 6443.2                 | 11132.6                           | 0.0                                  |
| 1987 | 3344.0                       | 374.1                  | 3718.1           | 2440.4                  | 0.0               | 0.0             | 755.4                   | 3195.8               | 522.2                    | 7198.7                 | 11654.9                           | 0.0                                  |
| 1988 | 2823.0                       | 393.4                  | 3216.4           | 2635.6                  | 0.0               | 0.0             | 651.0                   | 3286.6               | -70.2                    | 7847.6                 | 11584.7                           | 0.0                                  |
| 1989 | 2423.0                       | 399.8                  | 2822.8           | 2846.5                  | 0.0               | 0.0             | 572.2                   | 3418.7               | -595.9                   | 6421.9                 | 10988.8                           | 0.0                                  |
| 1990 | 2055.0                       | 394.3                  | 2449.3           | 3074.2                  | 0.0               | 0.0             | 499.4                   | 3573.6               | -1124.4                  | 8921.3                 | 9864.5                            | 0.0                                  |
| 1991 | 2010.0                       | 379.7                  | 2389.7           | 3320.1                  | 0.0               | 0.0             | 499.4                   | 3819.5               | -1429.9                  | 9902.9                 | 8434.6                            | 0.0                                  |
| 1992 | 1893.0                       | 358.1                  | 2251.1           | 3505.7                  | 0.0               | 0.0             | 482.2                   | 4068.0               | -1816.9                  | 9902.9                 | 6617.7                            | 0.0                                  |
| 1993 | 1835.0                       | 338.8                  | 2163.8           | 3872.6                  | 0.0               | 0.0             | 481.9                   | 4354.5               | -2190.7                  | 10384.8                | 4427.1                            | 0.0                                  |
| 1994 | 1792.0                       | 292.0                  | 2084.0           | 4182.4                  | 0.0               | 0.0             | 487.1                   | 4669.5               | -2585.5                  | 10821.9                | 1841.6                            | 0.0                                  |
| 1995 | 1600.0                       | 258.5                  | 1858.5           | 4571.0                  | 0.0               | 0.0             | 458.0                   | 4975.0               | -3116.5                  | 11329.9                | 0.0                               | 1274.9                               |
| 1996 | 1474.0                       | 230.7                  | 1724.7           | 4878.4                  | 0.0               | 0.0             | 435.7                   | 5334.0               | -3609.3                  | 11785.6                | 0.0                               | 3609.3                               |
| 1997 | 1426.0                       | 261.3                  | 1687.3           | 5268.6                  | 0.0               | 0.0             | 446.7                   | 5715.3               | -4028.1                  | 12232.2                | 0.0                               | 4028.1                               |
| 1998 | 1381.0                       | 271.8                  | 1652.8           | 5690.1                  | 0.0               | 0.0             | 438.0                   | 6128.1               | -4475.3                  | 12670.3                | 0.0                               | 4475.4                               |
| 2000 | 1350.0                       | 282.3                  | 1632.3           | 6145.3                  | 0.0               | 0.0             | 433.7                   | 6579.1               | -4946.7                  | 13104.0                | 0.0                               | 4946.7                               |

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COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL REAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 8% BUDGET GROWTH  
\$1.42 PRUDHOE FIELD COSTS  
\$.53 GAS CONDITIONING COSTS

ASSUMPTIONS  
ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR<br>END | NON INVESTMENT        |          | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLY-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS    |                      | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND |     | REVENUE REQ<br>FOR GF BAL |
|-------------|-----------------------|----------|------------------|-------------------------|--------------------|-----------------|-------------|----------------------|--------------------------|------------------------|-----------------|-----|---------------------------|
|             | INVESTMENT<br>REVENUE | INTEREST |                  |                         |                    |                 | TO<br>FUNDS | TOTAL<br>EXPENDITURE |                          |                        | END OF<br>YEAR  | OF  |                           |
| 1979        | 2715.0                | 35.8     | 2750.8           | 978.0                   | 0.0                | 0.0             | 1241.5      | 2239.5               | 511.3                    | 1163.5                 | 1195.3          | 0.0 | 0.0                       |
| 1980        | 3500.0                | 72.8     | 3572.8           | 1423.9                  | 0.0                | 0.0             | 1163.6      | 2507.5               | 985.3                    | 2168.1                 | 2180.5          | 0.0 | 0.0                       |
| 1981        | 3650.0                | 115.4    | 3765.4           | 1537.9                  | 0.0                | 0.0             | 1124.1      | 2662.0               | 1103.4                   | 3292.2                 | 3284.0          | 0.0 | 0.0                       |
| 1982        | 3747.0                | 150.6    | 3907.6           | 1660.9                  | 0.0                | 0.0             | 1171.8      | 2832.7               | 1074.9                   | 4464.0                 | 4358.9          | 0.0 | 0.0                       |
| 1983        | 3838.0                | 206.1    | 4044.1           | 1793.8                  | 0.0                | 0.0             | 1235.6      | 3029.4               | 1014.7                   | 5699.6                 | 5373.6          | 0.0 | 0.0                       |
| 1984        | 4311.0                | 255.5    | 4566.5           | 1937.3                  | 0.0                | 0.0             | 1386.4      | 3323.6               | 1242.9                   | 7086.0                 | 6616.5          | 0.0 | 0.0                       |
| 1985        | 3937.0                | 303.9    | 4240.9           | 2092.2                  | 0.0                | 0.0             | 1286.3      | 3378.6               | 862.3                    | 8372.3                 | 7478.9          | 0.0 | 0.0                       |
| 1986        | 3641.0                | 343.3    | 3984.3           | 2259.6                  | 0.0                | 0.0             | 1211.6      | 3471.2               | 513.1                    | 9583.9                 | 7992.0          | 0.0 | 0.0                       |
| 1987        | 3344.0                | 374.1    | 3718.1           | 2440.4                  | 0.0                | 0.0             | 1131.5      | 3571.9               | 146.2                    | 10715.4                | 8138.2          | 0.0 | 0.0                       |
| 1988        | 2823.0                | 393.4    | 3216.4           | 2635.6                  | 0.0                | 0.0             | 974.8       | 3610.4               | -394.0                   | 11690.2                | 7744.1          | 0.0 | 0.0                       |
| 1989        | 2423.0                | 399.8    | 2822.8           | 2846.5                  | 0.0                | 0.0             | 856.6       | 3703.1               | -860.3                   | 12546.8                | 6863.9          | 0.0 | 0.0                       |
| 1990        | 2053.0                | 394.3    | 2449.3           | 3074.2                  | 0.0                | 0.0             | 747.4       | 3821.6               | -1372.3                  | 13294.2                | 5491.5          | 0.0 | 0.0                       |
| 1991        | 2010.0                | 379.7    | 2389.7           | 3320.1                  | 0.0                | 0.0             | 747.4       | 4067.5               | -1677.8                  | 14041.6                | 3813.7          | 0.0 | 0.0                       |
| 1992        | 1893.0                | 358.1    | 2251.1           | 3505.7                  | 0.0                | 0.0             | 721.5       | 4307.3               | -2056.2                  | 14763.1                | 1757.6          | 0.0 | 0.0                       |
| 1993        | 1835.0                | 335.5    | 2170.5           | 3872.6                  | 0.0                | 0.0             | 721.0       | 4593.6               | -2423.0                  | 15484.1                | 0.0             | 0.0 | 665.5                     |
| 1994        | 1792.0                | 333.7    | 2125.7           | 4182.4                  | 0.0                | 0.0             | 728.7       | 4911.1               | -2785.4                  | 16212.8                | 0.0             | 0.0 | 2785.4                    |
| 1995        | 1600.0                | 349.2    | 1949.2           | 4517.0                  | 0.0                | 0.0             | 685.1       | 5202.1               | -3252.9                  | 16897.9                | 0.0             | 0.0 | 3252.9                    |
| 1996        | 1474.0                | 364.3    | 1838.3           | 4878.4                  | 0.0                | 0.0             | 601.5       | 5559.9               | -3721.6                  | 17579.4                | 0.0             | 0.0 | 3721.6                    |
| 1997        | 1426.0                | 379.3    | 1805.3           | 5268.6                  | 0.0                | 0.0             | 668.0       | 5936.6               | -4131.3                  | 18247.5                | 0.0             | 0.0 | 4131.3                    |
| 1998        | 1381.0                | 394.3    | 1775.3           | 5690.1                  | 0.0                | 0.0             | 655.0       | 6345.1               | -4569.9                  | 18902.5                | 0.0             | 0.0 | 4569.9                    |
| 1999        | 1350.0                | 409.1    | 1759.1           | 6145.3                  | 0.0                | 0.0             | 648.5       | 6793.9               | -5034.7                  | 19551.0                | 0.0             | 0.0 | 5034.7                    |

LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

21-Feb-80

COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 13% BUDGET GROWTH  
\$.42 PRUDHOE FIELD COSTS  
\$.53 GAS CONDITIONING COSTS

ASSUMPTIONS  
ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 25.00%  
% OF EARNING RETAINED IN PERMANENT FUND = 100 %

| YEAR<br>END | NON<br>INVESTMENT<br>REVENUE | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPLY-<br>MENTALS | DEBT<br>SERVICE | PAYMENTS<br>TO<br>FUNDS | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM-<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR OF | REVENUE REQ<br>FOR GF BAL<br>OF YEAR OF \$ MIL |
|-------------|------------------------------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------------------|----------------------|--------------------------|------------------------|-----------------------------------|------------------------------------------------|
| 1979        |                              |                        |                  |                         |                    |                 |                         |                      |                          | 138.0                  | 684.0                             |                                                |
| 1980        | 2715.0                       | 35.8                   | 2750.8           | 998.0                   | 0.0                | 0.0             | 559.7                   | 1557.7               | 1193.1                   | 481.7                  | 1877.1                            | 0.0                                            |
| 1981        | 3500.0                       | 72.8                   | 3572.8           | 1423.9                  | 0.0                | 0.0             | 495.8                   | 1919.7               | 1653.1                   | 818.4                  | 3530.2                            | 0.0                                            |
| 1982        | 3650.0                       | 115.0                  | 3765.0           | 1609.1                  | 0.0                | 0.0             | 378.6                   | 1985.7               | 1779.3                   | 1195.1                 | 5309.4                            | 0.0                                            |
| 1983        | 3747.0                       | 158.2                  | 3905.2           | 1818.2                  | 0.0                | 0.0             | 392.6                   | 2210.8               | 1694.4                   | 1587.7                 | 7003.9                            | 0.0                                            |
| 1984        | 3838.0                       | 199.9                  | 4037.9           | 2054.6                  | 0.0                | 0.0             | 413.9                   | 2468.5               | 1569.4                   | 2001.6                 | 8573.2                            | 0.0                                            |
| 1985        | 4311.0                       | 243.1                  | 4554.1           | 2321.7                  | 0.0                | 0.0             | 464.2                   | 2785.9               | 1768.2                   | 2465.7                 | 10341.5                           | 0.0                                            |
| 1986        | 3937.0                       | 282.6                  | 4219.6           | 2623.5                  | 0.0                | 0.0             | 430.9                   | 3054.4               | 1165.2                   | 2896.6                 | 11506.7                           | 0.0                                            |
| 1987        | 3641.0                       | 309.8                  | 3950.8           | 2964.6                  | 0.0                | 0.0             | 406.0                   | 3370.6               | 580.2                    | 3302.6                 | 12086.9                           | 0.0                                            |
| 1988        | 3344.0                       | 324.4                  | 3668.4           | 3350.0                  | 0.0                | 0.0             | 379.3                   | 3729.3               | -61.0                    | 3681.9                 | 12025.9                           | 0.0                                            |
| 1989        | 2823.0                       | 322.9                  | 3145.9           | 3785.5                  | 0.0                | 0.0             | 327.2                   | 4112.6               | -966.7                   | 4009.1                 | 11059.2                           | 0.0                                            |
| 1990        | 2423.0                       | 303.0                  | 2726.0           | 4277.6                  | 0.0                | 0.0             | 287.8                   | 4565.4               | -1839.4                  | 4296.9                 | 9219.7                            | 0.0                                            |
| 1991        | 2055.0                       | 264.5                  | 2319.5           | 4033.7                  | 0.0                | 0.0             | 251.5                   | 5085.1               | -2765.6                  | 4543.4                 | 6454.1                            | 0.0                                            |
| 1992        | 2010.0                       | 209.5                  | 2219.5           | 5462.1                  | 0.0                | 0.0             | 251.5                   | 5713.5               | -3494.1                  | 4799.8                 | 2960.1                            | 0.0                                            |
| 1993        | 1893.0                       | 152.7                  | 2045.7           | 6172.1                  | 0.0                | 0.0             | 242.9                   | 6415.1               | -4369.3                  | 5042.8                 | 0.0                               | 1409.3                                         |
| 1994        | 1835.0                       | 131.2                  | 1966.2           | 6974.5                  | 0.0                | 0.0             | 242.8                   | 7217.3               | -5251.1                  | 5285.6                 | 0.0                               | 5251.1                                         |
| 1995        | 1792.0                       | 139.7                  | 1931.7           | 7801.2                  | 0.0                | 0.0             | 243.4                   | 8126.5               | -6194.9                  | 5531.0                 | 0.0                               | 6194.9                                         |
| 1996        | 1600.0                       | 148.6                  | 1748.6           | 8905.7                  | 0.0                | 0.0             | 230.9                   | 9136.7               | -7388.1                  | 5761.9                 | 0.0                               | 7388.1                                         |
| 1997        | 1474.0                       | 157.8                  | 1631.8           | 10063.5                 | 0.0                | 0.0             | 229.8                   | 10293.3              | -8661.5                  | 5991.7                 | 0.0                               | 8661.5                                         |
| 1998        | 1426.0                       | 167.6                  | 1593.6           | 11371.7                 | 0.0                | 0.0             | 225.3                   | 11597.1              | -10003.5                 | 6217.0                 | 0.0                               | 10003.5                                        |
| 1999        | 1381.0                       | 178.0                  | 1559.0           | 12850.1                 | 0.0                | 0.0             | 221.1                   | 13071.1              | -11512.2                 | 6438.1                 | 0.0                               | 11512.2                                        |
| 2000        | 1350.0                       | 189.0                  | 1539.0           | 14520.6                 | 0.0                | 0.0             | 219.0                   | 14739.5              | -13200.5                 | 6657.0                 | 0.0                               | 13200.5                                        |

COMMENTS

3% REAL GROWTH IN NON-OIL- REVENUE

GOV'S OPERATING \$250 MIL CAPITAL 13% BUDGET GROWTH

### 3.42 FRUITION FIELD COSTS

**\$1.53 GAS CONDITIONING COSTS**

## ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%

% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL. = 20.00%

50.00% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 50.00%

PERMANENT FUND = % 100 %

| YEAR<br>END | NON                   |         | INVESTMENT<br>INTEREST | TOTAL<br>REVENUE | BUDGET<br>APPROPRIATION | SUPPL--<br>MENTALS | DEBT<br>SERVICE | PAYMENTS    |         | TOTAL<br>EXPENDITURE | SURPLUS<br>OR<br>DEFICIT | PERM--<br>ANENT<br>FUND | GENERAL<br>FUND<br>END OF YEAR OF | REVENUE REQ<br>FOR GF BAL<br>OF \$0 MIL |
|-------------|-----------------------|---------|------------------------|------------------|-------------------------|--------------------|-----------------|-------------|---------|----------------------|--------------------------|-------------------------|-----------------------------------|-----------------------------------------|
|             | INVESTMENT<br>REVENUE | REVENUE |                        |                  |                         |                    |                 | TO<br>FUNDS |         |                      |                          |                         |                                   |                                         |
| 1979        | 2715.0                | 35.6    |                        | 2750.0           | 998.0                   | 0.0                | 0.0             | 900.6       | 1698.6  | 852.2                | 138.0                    | 684.0                   | 0.0                               |                                         |
| 1980        | 3500.0                | 72.8    |                        | 3572.8           | 1423.9                  | 0.0                | 0.0             | 829.7       | 2353.6  | 1319.2               | 822.6                    | 1534.2                  | 0.0                               |                                         |
| 1981        | 3650.0                | 115.0   |                        | 3765.0           | 1609.1                  | 0.0                | 0.0             | 750.4       | 2359.4  | 1405.5               | 1493.3                   | 2355.4                  | 0.0                               |                                         |
| 1982        | 3747.0                | 158.2   |                        | 3905.2           | 1318.2                  | 0.0                | 0.0             | 782.2       | 2600.4  | 1304.8               | 2243.6                   | 4260.9                  | 0.0                               |                                         |
| 1983        | 3747.0                | 158.2   |                        | 3905.2           | 1318.2                  | 0.0                | 0.0             | 782.2       | 2600.4  | 1304.8               | 3025.8                   | 5565.7                  | 0.0                               |                                         |
| 1984        | 3838.0                | 199.9   |                        | 4037.9           | 2054.6                  | 0.0                | 0.0             | 824.6       | 2879.4  | 1158.5               | 3050.6                   | 6724.2                  | 0.0                               |                                         |
| 1985        | 4311.0                | 243.1   |                        | 4554.1           | 2321.7                  | 0.0                | 0.0             | 925.3       | 3247.0  | 1307.1               | 4775.9                   | 8031.3                  | 0.0                               |                                         |
| 1986        | 3937.0                | 282.6   |                        | 4219.6           | 2623.5                  | 0.0                | 0.0             | 858.6       | 3482.1  | 737.5                | 5634.5                   | 8768.8                  | 0.0                               |                                         |
| 1987        | 3641.0                | 309.8   |                        | 3950.8           | 2964.6                  | 0.0                | 0.0             | 808.8       | 3773.4  | 177.4                | 6443.2                   | 8946.2                  | 0.0                               |                                         |
| 1988        | 3344.0                | 324.4   |                        | 3668.4           | 3350.0                  | 0.0                | 0.0             | 755.4       | 4105.4  | -437.0               | 7198.7                   | 8509.2                  | 0.0                               |                                         |
| 1989        | 2823.0                | 322.9   |                        | 3145.9           | 3785.5                  | 0.0                | 0.0             | 651.0       | 4436.5  | -1290.6              | 7849.6                   | 7218.6                  | 0.0                               |                                         |
| 1990        | 2423.0                | 303.0   |                        | 2726.0           | 4277.6                  | 0.0                | 0.0             | 572.2       | 4849.8  | -2123.8              | 8421.9                   | 5094.8                  | 0.0                               |                                         |
| 1991        | 2055.0                | 264.5   |                        | 2319.5           | 4833.7                  | 0.0                | 0.0             | 499.4       | 5343.1  | -3013.6              | 8921.3                   | 2081.2                  | 0.0                               |                                         |
| 1992        | 2010.0                | 226.1   |                        | 2236.1           | 5462.1                  | 0.0                | 0.0             | 499.4       | 5961.5  | -3725.4              | 9420.7                   | 0.0                     | 1644.2                            |                                         |
| 1993        | 1893.0                | 217.9   |                        | 2110.9           | 6172.1                  | 0.0                | 0.0             | 482.2       | 6654.4  | -4543.4              | 9902.9                   | 0.0                     | 4543.4                            |                                         |
| 1994        | 1635.0                | 230.8   |                        | 2065.8           | 6974.5                  | 0.0                | 0.0             | 481.9       | 7456.4  | -5390.6              | 10384.6                  | 0.0                     | 5390.6                            |                                         |
| 1995        | 1792.0                | 244.1   |                        | 2036.1           | 7881.2                  | 0.0                | 0.0             | 487.1       | 8368.3  | -6332.2              | 10871.9                  | 0.0                     | 6332.2                            |                                         |
| 1996        | 1600.0                | 257.6   |                        | 1857.6           | 8905.7                  | 0.0                | 0.0             | 458.0       | 9363.8  | -7506.1              | 11329.9                  | 0.0                     | 7506.1                            |                                         |
| 1997        | 1474.0                | 271.4   |                        | 1745.4           | 10063.5                 | 0.0                | 0.0             | 455.7       | 10519.1 | -8773.7              | 11785.6                  | 0.0                     | 8773.7                            |                                         |
| 1998        | 1426.0                | 285.7   |                        | 1711.7           | 11371.7                 | 0.0                | 0.0             | 446.7       | 11818.4 | -10106.6             | 12232.2                  | 0.0                     | 10106.6                           |                                         |
| 1999        | 1381.0                | 300.4   |                        | 1681.4           | 12850.1                 | 0.0                | 0.0             | 438.0       | 13288.1 | -11606.7             | 12670.3                  | 0.0                     | 11606.7                           |                                         |
| 2000        | 1350.0                | 315.8   |                        | 1665.8           | 14520.6                 | 0.0                | 0.0             | 433.7       | 14954.3 | -13288.5             | 13104.0                  | 0.0                     | 13288.5                           |                                         |

LEGISLATIVE FINANCE WORKING DOCUMENT  
BUDGET FORECASTING MODEL

9

21-Feb-80

COMMENTS

REAL 1980 DOLLARS  
2% REAL GROWTH IN OIL PRICES  
\$457 MIL BEAUFORT REVENUE  
GAS LINE 1985  
3% REAL GROWTH IN NON-OIL REVENUE  
GOV'S OPERATING \$250 MIL CAPITAL 13% BUDGET GROWTH  
\$.42 PRUDHOE FIELD COSTS  
\$.53 GAS CONDITIONING COSTS

ASSUMPTIONS

ANNUAL RATE OF INTEREST ON GENERAL + PERMANENT FUNDS = 2.00%  
% OF CURRENT YEAR EXPEND. IN G.F. CASH BAL = 20.00%  
% OF ROYALTIES LEASES AND BONUSES DEPOSITED IN PERMANENT FUND = 75.00%  
% OF EARNING RETAINED IN PERMANENT FUND = % 100 %

| YEAR | NON INVESTMENT REVENUE | INVESTMENT INTEREST | TOTAL REVENUE | BUDGET APPROPRIATION | SUPPLE- MENTALS | DEBT SERVICE | PAYMENTS TO FUNDS | TOTAL EXPENDITURE | SURPLUS OR DEFICIT | PERM- ANENT FUND | GENERAL FUND END OF YEAR | REVENUE REQ FOR GF BAL OF \$0 MIL |
|------|------------------------|---------------------|---------------|----------------------|-----------------|--------------|-------------------|-------------------|--------------------|------------------|--------------------------|-----------------------------------|
| 1979 |                        |                     |               |                      |                 |              |                   |                   |                    | 138.0            | 684.0                    |                                   |
| 1980 | 2715.0                 | 35.8                | 2750.8        | 998.0                | 0.0             | 0.0          | 1241.5            | 2239.5            | 511.3              | 1163.5           | 1195.3                   | 0.0                               |
| 1981 | 3500.0                 | 72.8                | 3572.8        | 1423.9               | 0.0             | 0.0          | 1163.6            | 2587.5            | 985.3              | 2168.1           | 2180.5                   | 0.0                               |
| 1982 | 3650.0                 | 115.0               | 3765.0        | 1609.1               | 0.0             | 0.0          | 1124.1            | 2733.2            | 1031.8             | 3292.2           | 3212.3                   | 0.0                               |
| 1983 | 3747.0                 | 158.2               | 3905.2        | 1813.2               | 0.0             | 0.0          | 1171.8            | 2990.0            | 915.2              | 4464.0           | 4127.5                   | 0.0                               |
| 1984 | 3838.0                 | 199.9               | 4037.9        | 2054.6               | 0.0             | 0.0          | 1235.6            | 3290.2            | 747.6              | 5699.6           | 4875.2                   | 0.0                               |
| 1985 | 4311.0                 | 243.1               | 4554.1        | 2321.7               | 0.0             | 0.0          | 1386.4            | 3708.1            | 846.0              | 7086.0           | 5721.2                   | 0.0                               |
| 1986 | 3937.0                 | 282.6               | 4219.6        | 2623.5               | 0.0             | 0.0          | 1286.3            | 3909.9            | 309.7              | 8372.3           | 6031.0                   | 0.0                               |
| 1987 | 3641.0                 | 309.8               | 3950.8        | 2964.6               | 0.0             | 0.0          | 1211.6            | 4176.1            | -225.4             | 9583.9           | 5805.6                   | 0.0                               |
| 1988 | 3344.0                 | 324.4               | 3668.4        | 3350.0               | 0.0             | 0.0          | 1131.5            | 4481.5            | -813.1             | 10715.4          | 4992.5                   | 0.0                               |
| 1989 | 2823.0                 | 322.9               | 3145.9        | 3785.5               | 0.0             | 0.0          | 974.8             | 4760.3            | -1614.4            | 11690.2          | 3378.1                   | 0.0                               |
| 1990 | 2423.0                 | 303.0               | 2726.0        | 4277.6               | 0.0             | 0.0          | 856.6             | 5134.2            | -2408.3            | 12546.8          | 969.8                    | 0.0                               |
| 1991 | 2055.0                 | 287.4               | 2342.4        | 4833.7               | 0.0             | 0.0          | 747.4             | 5581.1            | -3238.6            | 13294.2          | 0.0                      | 2268.8                            |
| 1992 | 2010.0                 | 295.2               | 2305.2        | 5462.1               | 0.0             | 0.0          | 747.4             | 6209.4            | -3904.2            | 14041.6          | 0.0                      | 3904.2                            |
| 1993 | 1893.0                 | 312.7               | 2205.7        | 6172.1               | 0.0             | 0.0          | 721.5             | 6893.7            | -4687.9            | 14763.1          | 0.0                      | 4687.9                            |
| 1994 | 1835.0                 | 330.4               | 2165.4        | 6974.5               | 0.0             | 0.0          | 721.0             | 7695.5            | -5530.1            | 15484.1          | 0.0                      | 5530.1                            |
| 1995 | 1792.0                 | 348.5               | 2140.5        | 7881.2               | 0.0             | 0.0          | 728.7             | 8609.7            | -6469.4            | 16212.8          | 0.0                      | 6469.4                            |
| 1996 | 1600.0                 | 366.7               | 1966.7        | 8905.7               | 0.0             | 0.0          | 685.1             | 9590.9            | -7624.1            | 16897.9          | 0.0                      | 7624.1                            |
| 1997 | 1474.0                 | 385.0               | 1859.0        | 10063.5              | 0.0             | 0.0          | 681.5             | 10745.0           | -8886.0            | 17579.4          | 0.0                      | 8886.0                            |
| 1998 | 1426.0                 | 403.8               | 1829.8        | 11371.7              | 0.0             | 0.0          | 668.0             | 12039.8           | -10210.0           | 18247.5          | 0.0                      | 10210.0                           |
| 1999 | 1381.0                 | 422.9               | 1803.9        | 12850.1              | 0.0             | 0.0          | 655.0             | 13505.1           | -11701.2           | 18902.5          | 0.0                      | 11701.2                           |
| 2000 | 1350.0                 | 442.6               | 1792.6        | 14520.6              | 0.0             | 0.0          | 648.5             | 15169.1           | -13376.5           | 19551.0          | 0.0                      | 13376.5                           |

SCOMM

#18:24

Original sponsors: Kelly, Hohman,  
Colletta and Sackett

Offered: 5/4/79  
Referred: Rules

IN THE SENATE

BY THE FINANCE COMMITTEE

HOUSE CS FOR SENATE BILL NO. 161

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to nonrenewable resource revenues; to legislative oversight; and providing for an effective date."

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

\* Section 1. FINDINGS. The legislature finds that there is a substantial need for oversight of the performance of those agencies of the state which perform lending or investment functions since those functions do not receive the detailed review to which other expenditures of public money are subject, and therefore the knowledge necessary for sound legislation in this area is not readily available. There is a need for legislative oversight which will provide information on the policy and performance of these agencies, the extent to which the agencies conform to statutory intent, and the impact of their performance on the economy and the state treasury.

\* Sec. 2. AS 24.20 is amended by adding new sections to read:

Sec. 24.20.156. PURPOSES. The purposes of the Legislative Budget and Audit Committee include

(1) monitoring and reporting

(A) the performance of the agencies of the state which perform lending or investment functions,

(B) the extent to which the performance of these agencies has contributed to the fiscal, financial, economic and social improvement of the state and its citizens,

(C) the extent to which these agencies and the executive have prepared and coordinated short and long term economic, fiscal,

investment and financial planning;

(2) holding these agencies accountable to statutory intent in their performance by recommending, where appropriate, changes in policy to the agencies or changes in legislation to the legislature;

(3) annually reviewing the extent of capitalization of the investment funds of the state and alternative investment policy for the general fund surplus and recommending needed legislation.

Sec. 24.20.206. DUTIES. The Legislative Budget and Audit Committee shall

(1) report to the legislature its recommendations relating to the confirmation of suggested appointees to the Board of Trustees of the Alaska Permanent Fund Corporation and the Board of Trustees of the Alaska Renewable Resources Corporation;

(2) annually review the long-range operating plans of all agencies of the state which perform lending or investment functions;

(3) review periodic reports from all agencies of the state which perform lending or investment functions;

(4) present a complete report of investment programs, plans, performance, and policies of all agencies of the state which perform lending or investment functions to the legislature within 30 days after the convening of each regular session;

(5) present to the legislature within 30 days after the convening of each regular session a review of the report of the governor under AS 37.07.020(d) with recommendations for any needed legislation;

(6) in conjunction with the finance committee of each house recommend annually to the legislature the investment policy for the general fund surplus and for the income from the permanent fund;

(7) provide for an annual post audit and annual operational and performance evaluation of the Alaska Permanent Fund Corporation in-

1 vestments and investment programs.

2 Sec. 24.20.209. RECORDS. The Legislative Budget and Audit Commit-  
3 tee shall keep a complete file of all reports presented to it and all  
4 reports presented by it to the legislature or to a legislative commit-  
5 tee.

6 \* Sec. 3. AS 24.20.201(a) is amended by adding new paragraphs to read:

7 (8) hold public hearings on the confirmation of the members  
8 of the Board of Trustees of the Alaska Permanent Fund Corporation, and  
9 the members of the Board of Trustees of the Alaska Renewable Resources  
10 Corporation;

11 (9) make recommendations concerning the structure and operat-  
12 ing practices of all agencies of the state which perform lending or  
13 investment functions;

14 (10) enter into and enforce all contracts necessary or desira-  
15 ble for the functions of the committee.

16 \* Sec. 4. AS 37.07.020 is amended by adding a new subsection to read:

17 (d) The governor shall annually, before the convening of the  
18 legislature, report to the legislature through the Legislative Budget  
19 and Audit Committee the long-range fiscal and economic consequences of

20 (1) alternate levels of capitalization of the investment  
21 funds of the state; and

22 (2) alternative investment policy for the general fund sur-  
23 plus.

24 \* Sec. 5. AS 37 is amended by adding a new chapter to read:

25 CHAPTER 13. ALASKA PERMANENT FUND.

26 Sec. 37.13.010. ALASKA PERMANENT FUND. (a) Under art IX, sec. 15  
27 of the state constitution, there is established as a separate fund the  
28 Alaska permanent fund. The Alaska permanent fund consists of

29 (1) 50 per cent of mineral lease bonuses remaining after

deduction of any amounts allocated

(A) to the Alaska Native Fund under the Alaska Native Claims Settlement Act and implementing state legislation; and

(B) in AS 37.11.020 to the Alaska renewable resources development fund;

(2) 25 per cent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments received by the state from mineral leases issued on or before July 1, 1979;

(3) 50 per cent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments received by the state from mineral leases issued after July 1, 1979; and

(4) any other money appropriated or otherwise allocated by law to the Alaska permanent fund.

(b) Payments due the Alaska permanent fund under (a) of this section shall be made to the fund once each month.

(c) The Alaska permanent fund shall be managed by the Alaska Permanent Fund Corporation established in this chapter.

Sec. 37.13.020. FINDINGS. The people of the state, by constitutional amendment, have required the placement of at least 25 per cent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the state into a permanent fund. The legislature finds with respect to the Alaska Permanent Fund Corporation that

(1) the corporation should provide a means of conserving a portion of the state's revenues from mineral resources to benefit all generations of Alaskans;

(2) the corporation's goal should be to maintain safety of principal while maximizing total return;

1 (3) the corporation should be used as a savings device  
2 managed to allow the maximum use of disposable income from the corpora-  
3 tion as needed for purposes designated by law.

4 Sec. 37.13.030. PURPOSE. It is the purpose of this chapter to  
5 provide a mechanism for the management and investment of those permanent  
6 fund assets allocated to the Alaska Permanent Fund Corporation in a  
7 manner consistent with the findings established in AS 37.13.020.

8 Sec. 37.13.040. ALASKA PERMANENT FUND CORPORATION. There is  
9 established the Alaska Permanent Fund Corporation. The corporation is a  
10 public corporation and government instrumentality in the Department of  
11 Revenue managed by a board of trustees but has a legal existence inde-  
12 pendent of and separate from the state. The purpose of the board is to  
13 manage and invest the assets of the corporation in accordance with this  
14 chapter.

15 Sec. 37.13.050. COMPOSITION OF BOARD OF TRUSTEES. (a) The Board  
16 of Trustees of the Alaska Permanent Fund Corporation consists of five  
17 members appointed by the governor and confirmed by a majority of the  
18 members of the legislature in joint session.

19 (b) The board shall annually elect a chairman from among its  
20 members.

21 Sec. 37.13.060. TERM OF OFFICE. The members of the board shall be  
22 appointed for terms of three years, and they may be reappointed subject  
23 to reconfirmation by a majority of the members of the legislature in  
24 joint session. Terms shall be staggered. Initial terms shall be two  
25 members serving for one year, two members serving for two years, and one  
26 member serving for three years.

27 Sec. 37.13.070. REMOVAL AND VACANCIES. (a) The governor may  
28 remove a member of the board from office by and with the consent of a  
29 majority of the members of the legislature in joint session. A removal

1 by the governor shall be in writing and state the reason for removal.  
2 If the legislature is not in session, the governor may suspend a member  
3 of the board. Upon suspension, a vacancy is not created but the board  
4 member may not participate in board business and may not be counted for  
5 purposes of establishing a quorum. The joint session shall be held  
6 within 30 days from the date of removal if the removal occurs while the  
7 legislature is in session or within 30 days of convening of the legis-  
8 lature if the legislature is not in session. If the legislature refuses  
9 to consent to his removal, the board member shall be reinstated to his  
10 position.

11 (b) A vacancy on the board shall be promptly filled by appointment  
12 by the governor and confirmation by a majority of the members of the  
13 legislature in joint session, and an appointee to fill a vacancy shall  
14 hold office for the balance of the term for which his predecessor on the  
15 board was appointed. If a vacancy arises on the board while the legis-  
16 lature is not in session, the governor may appoint an interim board  
17 member who shall exercise all powers of a permanent board member until  
18 such time as the legislature in joint session fails to confirm the  
19 appointment of the interim board member.

20 (c) A vacancy on the board does not impair the authority of a  
21 quorum of the board to exercise all the powers and perform all the  
22 duties of the board.

23 Sec. 37.13.080. QUALIFICATIONS OF BOARD OF TRUSTEES. (a) No  
24 individual may be appointed to the board who has not been a resident of  
25 the state for at least three years.

26 (b) No member of the board may hold any other state or federal  
27 office, position or employment, either elective or appointive, except as  
28 a member of the armed forces of the United States or of this state.

29 (c) At least three members of the board shall have recognized

1 competence and wide experience in finance, investments, or other busi-  
2 ness management-related field.

3 Sec. 37.13.090. QUORUM. Three members of the board constitute a  
4 quorum for the transaction of business and the exercise of the powers  
5 and duties of the board.

6 Sec. 37.13.100. COMPENSATION OF TRUSTEES. Members of the board  
7 receive an honorarium of \$250 for each meeting day if they attend the  
8 meeting and are entitled to per diem and travel allowances as provided  
9 by law for members of state boards and commissions.

10 Sec. 37.13.110. EMPLOYMENT OF PERSONNEL. The board may employ and  
11 determine the salary of an executive director. The executive director  
12 may, with the approval of the board, select and employ additional staff  
13 as necessary. No employee of the corporation, including the executive  
14 director, may be a member of the board. The executive director and all  
15 other employees of the board are in the exempt service under AS 39.25.

16 Sec. 37.13.120. CONFLICTS OF INTEREST. (a) Members of the board  
17 and the executive director are subject to the provisions of AS 39.50.

18 (b) If a member or employee acquires, owns or controls an in-  
19 terest, direct or indirect, in an entity or project in which corporation  
20 assets are invested, he shall immediately disclose the interest to the  
21 board. The disclosure is a matter of public record and shall be in-  
22 cluded in the minutes of the board meeting next following the disclo-  
23 sure.

24 Sec. 37.13.130. POWERS AND DUTIES. (a) The prudent-man rule  
25 shall be applied by the board in the management and investment of per-  
26 manent fund assets. The prudent-man rule as applied to investments of  
27 the corporation means that in making investments the board shall exer-  
28 cise the judgment and care under the circumstances then prevailing which  
29 an institutional investor of ordinary prudence, discretion, and intel-

1           ligence exercises in the management of large investments entrusted to it  
2           not in regard to speculation but in regard to the permanent disposition  
3           of funds, considering probable safety of capital as well as probable  
4           income.

5           (b) The corporation assets shall only be used for income-producing  
6           investments.

7           (c) The board shall maintain a reasonable diversification among  
8           corporation investments unless under the circumstances it is clearly  
9           prudent not to do so.

10          (d) The board shall submit long-range and quarterly investment  
11          reports to the Legislative Budget and Audit Committee.

12          (e) The corporation may not borrow funds or guarantee from princi-  
13          pal of the fund the obligations of others.

14          (f) The board may enter into and enforce all contracts necessary,  
15          convenient or desirable for purposes of the corporation.

16          (g) Subject to the limitations in (h) and (i) of this section, the  
17          board may invest corporation assets in

18               (1) obligations of, or obligations insured by or guaranteed  
19               by, the United States or agencies or instrumentalities of the United  
20               States;

21               (2) obligations secured by reserves paid in by the United  
22               States or agencies or instrumentalities of the United States or obliga-  
23               tions of corporations in which the United States is a shareholder or  
24               member;

25               (3) certificates of deposit issued by United States domestic  
26               banks which are members of the Federal Deposit Insurance Corporation and  
27               which are secured as to the payment of principal and interest in accor-  
28               dance with Alaska law and for which a generally recognized secondary  
29               market exists;

1 (4) corporate debt securities which are rated AA or better by  
2 a nationally recognized rating service;

3 (5) short-term corporate promissory notes of the highest  
4 rating assigned by a nationally recognized rating service;

5 (6) bankers' acceptances drawn on and accepted by United  
6 States banks each of which have a combined capital and surplus aggrega-  
7 ting at least \$200,000,000;

8 (7) repurchase agreements, the securities underlying the  
9 agreements being any of the items in (1) - (5) of this subsection;

10 (8) the guaranteed portion of Federal Small Business Admini-  
11 stration loans;

12 (9) the portion of first lien real estate mortgages guaran-  
13 teed by the Federal Veterans Administration;

14 (10) the portions of business and industrial loans made under  
15 the Rural Development Act of 1972 which are guaranteed by the Farmer's  
16 Home Administration;

17 (11) the guaranteed portion of Farmer's Home Administration  
18 loans.

19 (h) Investments under (g)(4) of this section may not exceed 25 per  
20 cent of the total investments of the fund. Investments under (g)(8) -  
21 (11) of this section may not exceed in the aggregate 25 per cent of the  
22 total investments of the fund.

23 (i) No portion of the assets of the fund may be used for the pur-  
24 chase of bonds of a corporation, upon which any regular interest payment  
25 has been defaulted within five years before purchase, except bonds never  
26 in default but which have been outstanding for less than five years.

27 (j) The board shall establish and from time to time as necessary  
28 modify guidelines for the investment of the assets of the corporation.  
29 Before adoption of any guidelines the guidelines shall be reported to

the Legislative Budget and Audit Committee for review and comment.

(k) The board may invest corporation assets in in-state investments if the in-state investments

(1) have a risk level and expected yield comparable to alternate investment opportunities; and

(2) are included in the list of permissible investments in (g) of this section.

Sec. 37.13.140. GAINS AND LOSSES. At the end of each fiscal year, the total amount of losses on the sales of securities, not offset by gains on the sales of securities during that year, shall be computed, with a portion of these losses to be deducted each fiscal year from the income and the resulting amount of income added to the principal of the fund. Losses taken on the sales of securities shall be accumulated over a period equal to the average remaining life of the securities sold, unless these losses are offset by gains on future sales of securities. In any fiscal year in which the gains on the sales of securities exceed the losses on the sales of securities, the excess shall be added to the principal of the fund.

Sec. 37.13.150. INCOME. The interest received in a year is the income of the corporation for that year. The income available for disbursement shall be determined on an averaging basis. For the first five years, income will be the simple averaging of the annual current return at cost. Subsequently, there will be a moving average current return, in which the latest fiscal year will replace the oldest year. The income available for disbursement will be the lesser of the latest fiscal year's income, or the average annual current income for the past five fiscal years of the fund at cost, and after adjustment for capital losses charged to that fiscal year.

Sec. 37.13.160. BOARD BUDGET. The board's operating budget is

1 from the general fund and is subject to the Executive Budget Act (AS  
2 37.07).

3 Sec. 37.13.170. AUDITS. The Legislative Budget and Audit Commit-  
4 tee shall provide for an annual post audit and annual operational and  
5 performance evaluations of the corporation's investments and investment  
6 programs.

7 Sec. 37.13.180. REPORTS AND PUBLICATIONS. No later than Septem-  
8 ber 30 of each year, the board shall publish a report of the corporation  
9 for distribution to the governor, legislature, and the public. The  
10 report shall be written in easily understandable language. The report  
11 must include financial statements audited by independent outside audi-  
12 tors, a statement of the amount of money received by the permanent fund  
13 from each investment during the period covered, a statement of corpora-  
14 tion investments including an appraisal at market value, a description  
15 of corporation investment activity during the period covered by the  
16 report, a comparison of the corporation performance with the intended  
17 goals contained in AS 37.13.020, an examination of the impact of the  
18 investment criteria of this chapter on the corporation portfolio with  
19 recommendations of any needed changes and any other information the  
20 board believes would be of interest to the governor, the legislature,  
21 and the public. The annual income statement and balance sheet of the  
22 corporation shall be published in at least one newspaper in each judi-  
23 cial district. The income statement and balance sheet for the two  
24 fiscal years preceding the publication of the election pamphlet under  
25 AS 15.57 shall be included in that pamphlet. The board may also publish  
26 other reports it considers desirable to carry out its purpose.

27 Sec. 37.13.190. TAX EXEMPTION. The corporation is exempt from all  
28 taxes and assessments in the state. All security instruments issued by  
29 the corporation, their transfer, and their income are exempt from all

taxes and assessments in the state.

Sec. 37.13.200. POLITICAL ACTIVITIES. The resources of the corporation may not be used to finance or influence any political activities.

Sec. 37.13.210. PUBLIC ACCESS TO INFORMATION. Information in the possession of the corporation is a public record, except that information which discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record. Confidential information may be disclosed only for the purposes of an official law enforcement investigation or when its production is required in a court proceeding. These restrictions do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports, items, persons, or enterprises.

Sec. 37.13.220. DEFINITIONS. In this chapter,

(1) "board" means the Board of Trustees of the Alaska Permanent Fund Corporation;

(2) "corporation" means the Alaska Permanent Fund Corporation.

\* Sec. 6. AS 39.25.110 is amended by adding a new paragraph to read:

(22) members of the board of trustees, the executive director, and staff of the Alaska Permanent Fund Corporation.

\* Sec. 7. AS 39.50.200(9) is amended by adding a new subparagraph to read:

(QQ) Board of Trustees and executive director of the Alaska Permanent Fund Corporation.

\* Sec. 8. TRANSITION. The commissioner of revenue shall transfer all funds of the Alaska permanent fund to the Alaska Permanent Fund Corporation established by this Act after request for transfer is made by the board of trustees of the corporation.

1       \* Sec. 9. AS 37.10.065(c) is repealed.

2       \* Sec. 10. AS 37.10.065(a) and (b) are repealed.

3       \* Sec. 11. Section 10 of this Act takes effect upon transfer of the funds  
4 of the Alaska permanent fund to the Alaska Permanent Fund Corporation as  
5 provided in sec. 8 of this Act. The remainder of this Act takes effect  
6 July 1, 1979.

1<sup>st</sup> rec

PERMANENT FUND FREE CONFERENCE COMMITTEE

Revised Schedule

March 17, Monday            topic: CAPITAL NEEDS

Dr. Fry - University of Hawaii  
Dr. Coffman - Washington State University

March 18, Tuesday            topic: FINANCIAL AND CREDIT ISSUES

Mr. Theodore Swick and Mr. Samuel Plaia - Bache Halsey

March 19, Wednesday            topics: INVESTMENT OF FUNDS AND BONDING  
ASPECTS OF SB 1

Mr. Bob Greely  
Mr. Tony Dean - Nuveen and Co.

March 20, Thursday            topics: LEGAL IMPLICATIONS AND INVESTMENT  
STRATEGY

Mr. George Wolf - Orrick, Herrington  
Mr. Bob Richards - Alaska Pacific Bank

March 21, Friday            topic: MANAGEMENT POLICY

Mr. Peter McDowell - Homan-McDowell Associates

All meetings will begin at 1:30 p.m. in the Senate Finance Committee Room.

#18:24

# Alaska Pacific Bank

*A Subsidiary of Alaska Pacific Bancorporation*

## MANAGEMENT PLAN

For

## THE ALASKA PERMANENT FUND

Testimony Before

Senate Special Committee on the Permanent Fund  
House Special Committee on the Permanent Fund  
Alaska State Legislature

By

Robert R. Richards  
President  
Alaska Pacific Bank

March 17, 1980

The overriding consideration in determining the proper management of the State of Alaska's Permanent Fund is achieving and maintaining an effective level of government services for Alaskans in the future. Therefore, it is imperative that Alaska's current fiscal surplus be managed to ensure long-run sustainable growth of revenues. Expanding revenues permit improvements in both the quality and quantity of public services to overcome inflation effects and the demands of a growing population as well as to meet the rising social expectations of a maturing society.

This overriding consideration of ensuring a reasonable expansion of Alaska government services in the future leads to two conclusions regarding disposition of today's surplus funds. First, as close as possible to 100% of the surplus funds of the State of Alaska should be placed in the Permanent Fund, rather than used for over-expansion of current operations which intensifies the expected future deficit. Second, the Permanent Fund should be divided into two parts: an endowment fund and a development bank. Of the total quarterly surplus each calendar year, at least 50% but no more than 80% should be placed in an endowment fund which focuses on the preservation of capital. Hence, the State of Alaska would have a basic fund from which to generate earnings to finance future government expenditures. However, for the first ten years, earnings from the endowment fund should be reinvested directly bank into the fund. Likewise, at least 20% but no more than 50% of the total quarterly surplus each year should

be managed as a development bank which would invest in large projects designed to expand the industrial base of Alaska which would expand the State's tax base, and which, thereby, would expand the ability of the State to provide public goods and services. Depending on the surplus total, prevailing economic conditions, and the quality of particular projects, the board of directors of the Permanent Fund would have the discretion to shift between the 80%/20% and 50%/50% investment mix.

Before discussing our specific recommendations concerning the endowment fund and the development bank, perhaps it would be most appropriate to present our recommendations regarding the administrative structure of the Permanent Fund.

#### Administration

In our opinion, the administration of the Permanent Fund should remain relatively independent from political pressures. A suitable governing body for the Permanent Fund would be patterned after the Federal Reserve Board or the World Bank, with the members being appointed by the Governor subject to approval by the Legislature, serving staggered terms to avoid affiliations with any particular administration. For example, a nine-member, blue ribbon board of directors could include as permanent members the positions of the President of the Senate, the Speaker of the House of Representatives, and the Commissioners of Commerce and Revenue, with five gubernatorial

appointments from the private sector subject to legislative approval. The private sector members would be appointed for terms of ten years, so arranged that one term would expire every two years. The members could elect one of the private sector members as Chairman for a five-year term. The objective of the board in a broad sense would be to maintain prudent management of the Permanent Fund. The board would develop an investment plan for the endowment fund and a list of specific projects for the development bank, submitting the entire package annually to the Legislature for approval.

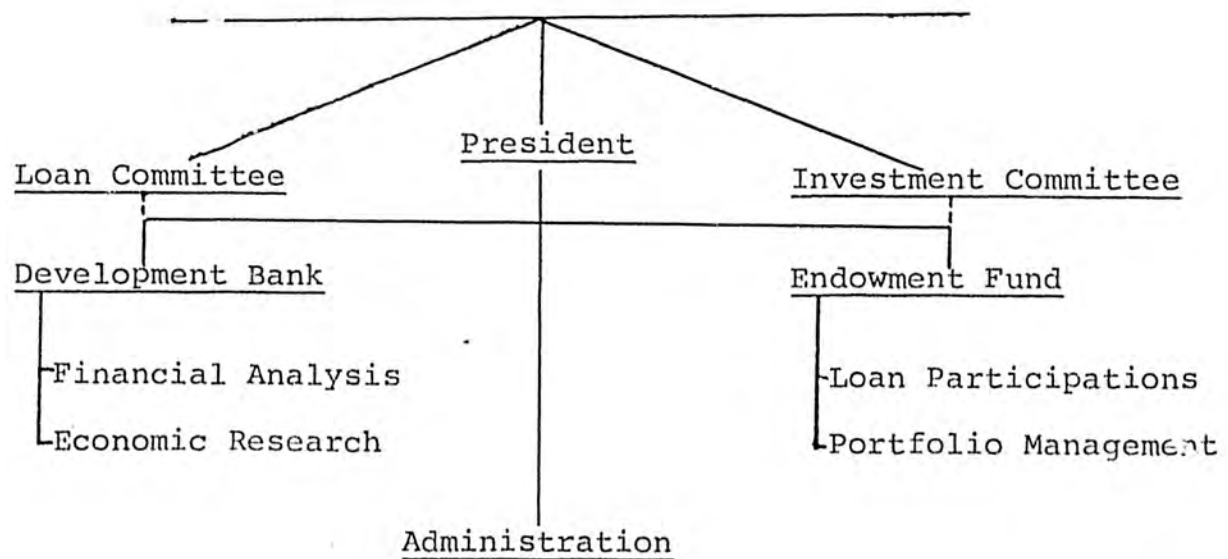
The management of the Fund would be delegated to a president hired by the board. Obviously this person should be an individual with outstanding credentials in banking or finance. The Permanent Fund structure should be composed of three segments: development bank, endowment fund, and administration as indicated on the following page.

# THE ALASKA PERMANENT FUND

## BOARD OF DIRECTORS

Commissioner of Revenue  
Commissioner of Commerce and Economic Development  
President of the Senate  
Speaker of the House of Representatives  
Private member  
Private member  
Private member  
Private member  
Private member

} appointed by Governor



### Endowment Fund

The primary objective for the endowment fund should be capital preservation in the form of risk-free and low-risk investments.

The endowment fund should have a well-defined investment policy which provides the framework for managing the fund's resources in the most efficient manner to take advantage of rapidly moving money markets and changing economic conditions while maintaining adequate liquidity at maximum yields. The investment policy should be reviewed regularly and revised accordingly to accommodate the investment objectives of the endowment fund. The fund should diversify its investments to some degree.

Liquidity items in the fund's investment portfolio should be well-defined and maintained at an amount sufficient for the specified needs of the endowment fund. Likewise, the maturity schedule of the fund's investment portfolio should coincide with anticipated seasonal and cyclical requirements of the other investments of the endowment fund. Maturities of all investments should be well-defined with a specified average life.

The size of the securities portfolio within the endowment fund's array of investments should be maintained at a sufficient level to meet the investment objectives of the fund, but the

securities portfolio size should be allowed to fluctuate above these requirements depending on the other sources of funds within the endowment fund.

An excellent example of risk-free investments for the endowment fund would be U.S. government and agency securities to provide the fund with liquidity, safety, and quality.

Clearly, certificates of deposit with Alaska banks quality are appropriate low-risk investments. We recommend a combination of investments with staggered maturities for a series of variable rate CD's with the rate subject to review every six months. Such an investment in Alaska bank CD's will enable Alaska banks to make more funds available for term loans, the most difficult loans for Alaskans to obtain. It is our recommendation that the amount of State of Alaska investment in Alaska bank CD's each quarter be limited to an amount that causes total public funds in Alaska's banking industry to be at least 30% but not more than 35% of total statewide deposits at the end of the previous quarter. This formula is based on an analysis of the table on the following page which outlines the Alaska commercial banking system's rising liquidity pressures. We also suggest that the State relax its collateralization requirements to permit Alaska banks to place these funds into a broader range of loans. Alaska financial institutions have historically made funds available to Alaska borrowers at a greater rate than their deposit base has increased. The table on the following page indicated that since 1970, Alaska commercial bank loans have quadrupled while

Alaska Commercial Banks  
Loan and Deposit History  
(\$ Millions)

| <u>12/31</u> | <u>Loans</u> | <u>Deposits</u> | <u>Loan/Deposit<br/>Ratio</u> | <u>Public<br/>Deposits</u> | <u>Public as<br/>% of Total</u> |
|--------------|--------------|-----------------|-------------------------------|----------------------------|---------------------------------|
| 1970         | 336.3        | 637.6           | 0.53                          | 225.7                      | 35.4%                           |
| 1971         | 401.0        | 722.6           | 0.56                          | 250.3                      | 34.6%                           |
| 1972         | 476.5        | 824.0           | 0.58                          | 273.1                      | 33.8%                           |
| 1973         | 541.3        | 883.9           | 0.61                          | 277.9                      | 31.4%                           |
| 1974         | 648.3        | 1097.8          | 0.59                          | 298.8                      | 27.2%                           |
| 1975         | 809.4        | 1376.7          | 0.59                          | 297.5                      | 21.6%                           |
| 1976         | 937.4        | 1531.7          | 0.63                          | 264.1                      | 17.2%                           |
| 1977         | 1228.7       | 1684.3          | 0.73                          | 372.3                      | 22.1%                           |
| 1978         | 1327.7       | 1747.3          | 0.76                          | 389.4                      | 22.3%                           |
| 1979*        | 1439.6       | 1896.9          | 0.76                          | 479.0                      | 25.3%                           |

\*September 30

deposits have tripled. Obviously, in order to reach a more prudent loan to deposit ratio, either loans must be decreased or deposits increased. There can be no increase in loans without a corresponding increase in deposits.

Following the surge experienced during trans-Alaska pipeline construction, private demand deposits as a percent of total deposits has been decreasing. Likewise, public deposits as a percent of total deposits has declined from 35% in 1970 to 25% in 1979. Therefore, it has been necessary to purchase a growing portion of Alaska bank deposits from nonpublic sources. In many cases, these purchased funds are priced in national markets, transferring upward pressure to Alaska interest rates.

Further, there has always been a high degree of participation by outside financial institutions in Alaska credits, due in part to the relatively small size of the Alaska banking system as a whole. While this importation of capital into Alaska enables local banks to make more loans, it also contributes to interest rates for Alaska loans being tied directly to national markets.

Therefore, it seems appropriate that the State of Alaska, given its unique situation of a projected budget surplus, assist Alaska borrowers in two ways. First, by increasing the level of Alaska public deposits as previously described, and second by buying loans.

In our opinion, purchasing Alaska loans also qualifies as an appropriate investment for the endowment fund, at rates commensurate with current money market conditions.

It is our recommendation that the State of Alaska use the Alaska banking industry as a conduit for all endowment fund loan programs, with the endowment fund itself making no direct loans. The Alaska banking community has the expertise to service all such loans effectively, and, thereby, such programs would require no additional state government personnel. We also recommend that the State of Alaska participation rate be 90% in these loan programs, which would place the Alaska banks at sufficient risk but enable them to make additional loans through traditional outside capital markets. Because of its excellent reputation and efficiency, we further recommend that the Alaska Housing Finance Corporation be the State agency used to purchase all housing-related loans. We feel that the existing State Department of Commerce business loan program should either continue to work through the Alaska banking system with limits increased from \$500,000 to \$1,000,000 for any one project, independent of the individual borrower, or that these programs be transferred to the Alaska Industrial Development Authority under expanded powers.

The social and economic benefits derived from investing in Alaska home mortgages are particularly attractive because of the multiplier effect. We recommend, therefore, that up to \$300 million of the principal from the endowment fund be invested annually in Alaska single family, owner occupied real estate mortgages in years when there is a net population increase. An ongoing investment of principal from the endowment fund into Alaska real estate mortgages appropriately leaves social decisions concerning disposition of general funds in the legislature and minimizes the discretion of the board of governors of the permanent fund.

In summary, the attractive aspect of the endowment fund concept to manage 80% of the state budget surplus is that it can be invested in a manner that simultaneously achieves the two important objectives of capital preservation and the allocation of funds to Alaska families and businesses. Further, through utilizing existing financial institutions both for deposits and as a conduit for the purchasing of loans, these objectives can be satisfied with virtually no increase in state bureaucracy or operating expenditures.

#### Development Bank

The development bank should invest in large projects which expand Alaska's industrial base and increase the State revenue generating capacity beyond the extent to which they also increase the demand for government services. Excess earnings from development bank lending activities and the sale of loans should be returned to the endowment fund for reinvestment. Development bank investments should be structured primarily as debt instruments in projects which advance the sustainability of the Alaska economy with reasonable economic viability over the long-term.

The development bank should not participate in projects which can obtain total financing from the private sector. However, development bank loans should be made to qualifying projects in both the public and private sectors. Public projects include those typically engaged in by the public sector - dams and other power projects, ports, transportation facilities, etc., which expand the infrastructure and which, thereby, make it easier and more feasible for the private sector to pursue its own objectives. Private projects suitable for development bank participation are those of such a nature and size that public

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participation is substantial - oil and gas pipelines, petrochemical facilities, fish processing plants, mineral refineries, sawmills, etc. Due to the very size and nature of such projects, we are recommending that the development bank in this case make direct loans with appropriate participation levels made available to Alaska and outside banks. This contrasts with our philosophy that the endowment fund, on the other hand, purchase Alaska loans, using the Alaska banking system for origination and servicing. We are recommending also that the floor level for development bank loans be \$5 million, with the exception of a \$1 million floor imposed for qualifying projects in rural areas where a lower amount clearly would safeguard the intention of the development bank.

We also recommend that another function of the development bank be to guarantee the bonds, capital notes, or other types of debt utilized to finance large private projects, and that the development bank serve as a conduit for the issuance of revenue bonds which have the effect of reducing the debt service burden of private projects. A successful vehicle for the implementation of this function of the development bank would be the existing Alaska Industrial Development Authority.

It is vital to refrain from making the development bank a political tool or engulfing it in bureaucratic inefficiencies. It is also important that the development bank lending activity be allocated both on a regional basis and by industrial diversification. It is not the intent of the development bank to subsidize industry, but rather to take more than normal risk in causing projects to happen which have demonstrated feasibility. We, therefore, recommend a seven-member, high caliber executive committee responsible for approving all direct loans of the development bank.

### Some Conceptual and Policy Considerations

Each year the Board of Directors should present for approval by the Legislature a general ten year plan, a somewhat more specific five year plan, and a highly specific one year plan and budget. This is to insure that the general management of the development bank is in accord with the objectives of the Alaska people. However, the Permanent Fund should be free to function without the handicap of short run, individual political pressures. To permit this the Board of Directors should be granted relatively broad powers.

As stated at the outset of this testimony, the objective of the Permanent Fund is singular: to generate sustainable revenue to the State of Alaska over the long run. Other objectives should not be allowed to cloud and confuse the effective management of the Permanent Fund. Therefore, the pursuit of certain social objectives such as income redistribution, interest rate subsidization, rural welfare improvement, and so forth should be kept out of the Permanent Fund and within the exclusive jurisdiction of the Legislature where it belongs. That is, the State's social goals should be pursued through the normal legislative and administrative processes. (It can be noted, however, that certain investments by the Permanent Fund can have the secondary effect of being conducive to pursuit of certain of the State's social goals.)

Finally, it must be acknowledged that a portion of the Permanent Fund likely will be invested outside the State of Alaska as

a result, simply, of the expected future immensity of the Fund. This reflects two considerations. First, Alaska has the ability to absorb only so much capital. (For example, the total deposits of the entire Alaska banking system are only approximately \$2 billion.) Secondly, "the prudent man rule" of investment management suggests that the Fund's investments should be diversified, and a portion of the Fund's capital should be placed in low risk, highly liquid securities such as instruments of the U.S. government.

#### Summary

The objective of the management of the Permanent Fund is to generate future revenue to state government in two ways: (1) from earnings on the endowment fund and (2) through increased revenues from an expanded industrial base through investments by the development bank.

To achieve these objectives the administration of the Fund should be relatively independent from though ultimately and generally responsible to political considerations.

SCOMM

#18:25



3/28 PF FCC

2nd FCC

530 Start

Gardner chairman

Tilson moving, Terge sitting in.

Discussion of amendments - 4 pages

540 Cotton wires and ind. 2.

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1150 520 and adopted after discussion to

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Coffee meeting?

clean copy for Monday. - 1:00.

& confirm with each other committee  
report & have suggestions.

1329 end of mtg.

3/30 PF FCC

1330 start

run thru final draft.

1435 Ray objects to \$400 figure. motion to change to \$250. 3-3 fails (Ray, Haugen, Tillier)

1485 technical error p. 10 line 24. 25 should read 15. Ray moves Q5.

1585 Jim Rhode explains reason for 15. 3-3 motion fails.

1725 p. 13

p. 14 transition & eff. date

committee report - TG asks for comments

1780 Sackett moves adoption of bill 5-1 (Ray)

1820 adjourn

SENATE AND HOUSE JOINT  
JOURNAL SUPPLEMENT

4/2/80

Wednesday

No. 7

Alaska State Legislature

FCCS  
SB  
161

FREE CONFERENCE COMMITTEE REPORT

FCCS FOR SB 161

In making their decision on the Alaska Permanent Fund, the Free Conference Committee has focused on a single question --- the management of the Fund's principal.

It is to be an inviolate trust which, in the words of this bill, conserves "...a portion of the state's revenues from mineral resources to benefit all generations of Alaskans..." (page 4).

It is to be an independent trust, yet made accountable in various ways to "...maintain safety of principal while maximizing total return..." (page 4).

The contribution rate has been set at 50% of mineral lease bonuses (except from the Beaufort Sea, which has been left at 25%) and 50% of mineral lease royalties and net profits from the Beaufort Sea and other future sales. The rate for Prudhoe Bay remains at 25% plus any other money appropriated annually by the Legislature.

Three major concerns --- safety of principal, accountability, and legislative oversight --- are addressed by the legislation.

Safety of Principal

The Free Conference Committee Permanent Fund bill provides a framework for fiscally conservative and responsible management of the Fund's principal. It assures and emphasizes the safety of the assets while providing the responsible managers with sufficient investment latitude to achieve superior results. Under the terms of this bill, the Alaska Permanent Fund would consist of a wide variety of quality, high-grade investments.

The Fund is designed to be a trust which focuses on the safety of principal first and the maximization of earnings second (page 4). It is a trust held to a more restricted list of investments than most other fiduciary trusts including the Alaska State Pension Funds and it confirms in law the

FCCS  
SB  
161

current state practice of evaluating performance according to nationally recognized and accepted standards. The investment managers are required to maintain investment diversification and are allowed to determine the investment mix of short, intermediate, and long-term investments. The flexibility allowed enables the managers to achieve a sound rate of return on investments.

The bill provides the investment managers with the authority to place funds in direct obligations of the United States Treasury, federal agency securities, certificates of deposit, high-grade corporate bonds, quality short-term investments, and federally guaranteed loans (pages 8-9). The fund is directed to give preference to Alaska investments as long as they meet the standards of quality set out in the bill. Specifically, deposits can be made in Alaska banks, mutual savings banks, savings and loan associations, and credit unions. Residential real estate (owner-occupied single family dwellings, duplexes, and condominiums) may also be purchased if the mortgage is privately insured by a company doing business in Alaska (page 9). The order in which the investments are listed is not meant to express a priority for one type of investment over another.

Importantly, the bill has a minimum of investment restrictions yet provides a very definite and certain framework. It does not authorize investments in stock or bullion, restricts the purchase of corporate bonds to 25% of the Fund's total investments, and limits the purchase of loans and mortgages to 25% of the total. Purchases of residential mortgages may be a further 15% of total assets. The bill allows the Fund to use the futures market to protect investments from the severe declines in value that are being suffered today. These futures contracts, however, may be used only to hedge and not to speculate. The bill also prohibits the Fund from either borrowing or guaranteeing the obligations of others (page 8).

The bill also provides for the handling of gains and losses and income (page 11). Any losses not offset by gains on the sale of securities shall be deducted from income and added to the Fund principal; this protects the Fund principal from erosion. Losses from sales of securities are spread over a period of time equal to the remaining life; this encourages the managers to get rid of bad investments. Capital gains are added to the Fund principal, helping to offset the effects of inflation. The Fund income is defined as the interest received on the investments, and the amount of income available for disbursement will be determined on an averaging basis; this insures a relatively steady income flow.

Accountability

It was the aim of the Committee to establish a management system for the Alaska Permanent Fund which would be protected from political influences but, at the same time, responsive to changes in state policy and accountable to the people through their elected officials. In short, the aim was insulation without isolation. It was agreed that the best way of achieving these ends was not to place the management within the Department of Revenue, but to create a public corporation distinct from state government. Although the Department of Revenue currently manages the pension funds as well as the general fund, it was agreed that the Permanent Fund, with its fundamentally different goals and large size, should not be in the hands of the same people whose primary duty is managing money for day-to-day use by the state. The Corporation is placed within the Department of Revenue for administrative matters such as payroll, but has a legal existence independent of and separate from the state.

The proposed Permanent Fund Corporation, therefore, has its own board of trustees which is made accountable in several ways (page 5). The six members of the board will be appointed by the Governor and consist of the Commissioner of Revenue, two other commissioners, and three public members. They will be confirmed by the Legislature, except for the Commissioner of Revenue who serves by right of his office; the other commissioners are to submit to a separate confirmation for their duties as trustees. Terms are three years; staggered, and members may be reappointed subject to confirmation. Members may be removed from the board by the Governor and the Legislature may override this decision in a Joint Session. The public members of the board may not hold any other state or federal office or employment and must have recognized competence and wide experience in finance, investments, or other business management-related fields. They are subject to the conflict of interest law and must disclose any interest in entities in which corporate assets are invested. They will be paid honorariums competitive with the largest private corporations in the state. It is intended that every two years the Governor shall make recommendations on adjusting the level of the honorarium. The board will employ an executive director who is also subject to the conflict of interest law and responsible for hiring additional staff with the board's approval.

The corporation's operating budget is from the general fund and is subject to the Executive Budget Act (page 10). This provision offers another check on the management and will prevent such things as the hiring of excessive numbers of employees or uncontrolled expense accounts.

Among the board's responsibilities is the publishing of a yearly report (page 11) including a financial statement reviewed by independent auditors, a statement of earnings from each investment, a market-value appraisal of the investments, and a performance evaluation with recommendations for needed changes. These reports, which must be written in easily understandable language, will be available to the Governor, the Legislature, and the public. The income statement and balance sheet will be published yearly in newspapers and every two years in the election pamphlet.

FCCS  
SB  
161

The bill thus insures that the board of trustees of the Alaska Permanent Fund Corporation will be the best investment managers available in the state, will be accountable to both the executive and legislative branches through appointment and budget processes and oversight by the Legislative Budget and Audit Committee, and will keep the public informed about the Fund's investment performance.

#### Legislative Oversight

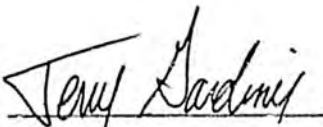
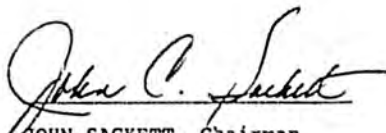
The Free Conference Committee found a need for coordinated, continuing oversight of all the state's investment efforts. Accordingly, the review will extend beyond the Alaska Permanent Fund to include the Alaska Renewable Resources Fund, loan programs, the several authorities, and the general fund. As well as building up a body of legislators with detailed knowledge of investments, this new approach will give the Legislature and the broad public better information on the policies and efficiency of the various investment agencies, on the extent to which these agencies conform to statutory intent, and on the extent to which the economic and social goals of the various programs are being achieved.

The House Finance Committee had considered providing in the Permanent Fund bill for a new interim committee to handle this oversight function but decided, in the interest of efficiency, to simply expand the powers and duties of the present Legislative Budget and Audit Committee (pages 1-3). As proposed, the Legislative Budget and Audit Committee will review the plans and reports of all state agencies involved in lending or investing, report to the Legislature its findings and recommendations, and provide for audits and performance evaluations of the Alaska Permanent Fund Corporation's investment program.

It is the Committee's intent, however, that these new duties be assigned to the Legislative Budget and Audit Committee on a trial basis and that the committee report back to the Legislature within two years, recommending how best the oversight duty could be carried out and including consideration of the option of delegating the responsibilities to a separate committee.

The Future

As stated earlier, this bill addresses only the question of Fund management and leaves the separate question of how to use the Fund earnings to separate legislation. It merely assures that there will be income and does not preclude any options for its use. Unless another determination is made, the Permanent Fund earnings will be deposited in the general fund. No matter what use(s) are decided for the income, the very establishment of a secure trust will be a sign to the national financial community that Alaska is following a responsible fiscal policy.

  
TERRY GARDINER, Chairman  
Conference Committee  
JOHN SACKETT, Chairman  
Conference Committee

Original sponsors: Kelly, Hohman,  
Colletta and Sackett

1 IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska permanent fund; to  
7 nonrenewable resource revenues; to legislative over-  
8 sight; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. FINDINGS. The legislature finds that there is a substantial  
11 need for oversight of the performance of those agencies of the state which  
12 perform lending or investment functions since those functions do not receive  
13 the detailed review to which other expenditures of public money are subject,  
14 and therefore the knowledge necessary for sound legislation in this area is  
15 not readily available. There is a need for legislative oversight which will  
16 provide information on the policy and performance of these agencies, the  
17 extent to which the agencies conform to statutory intent, and the impact of  
18 their performance on the economy and the state treasury.

19 \* Sec. 2. AS 24.20 is amended by adding new sections to read:

20 Sec. 24.20.156. PURPOSES. The purposes of the Legislative Budget  
21 and Audit Committee include

22 (1) monitoring and reporting

23 (A) the performance of the agencies of the state which  
24 perform lending or investment functions,

25 (B) the extent to which the performance of these agen-  
26 cies has contributed to the fiscal, financial, economic and social  
27 improvement of the state and its citizens,

28 (C) the extent to which these agencies and the executive  
29 have prepared and coordinated short and long term economic, fiscal,

1 investment and financial planning;

2 (2) holding these agencies accountable to statutory intent in  
3 their performance by recommending, where appropriate, changes in policy  
4 to the agencies or changes in legislation to the legislature;

5 (3) annually reviewing the extent of capitalization of the  
6 investment funds of the state and alternative investment policy for the  
7 general fund surplus and recommending needed legislation.

8 Sec 24.20.206. DUTIES. The Legislative Budget and Audit Commit-  
9 tee shall

10 (1) report to the legislature its recommendations relating to  
11 the confirmation of appointees to the Board of Trustees of the Alaska  
12 Permanent Fund Corporation and the Board of Trustees of the Alaska  
13 Renewable Resources Corporation;

14 (2) annually review the long-range operating plans of all  
15 agencies of the state which perform lending or investment functions;

16 (3) review periodic reports from all agencies of the state  
17 which perform lending or investment functions;

18 (4) present a complete report of investment programs, plans,  
19 performance, and policies of all agencies of the state which perform  
20 lending or investment functions to the legislature within 30 days after  
21 the convening of each regular session;

22 (5) present to the legislature within 30 days after the con-  
23 vening of each regular session a review of the report of the governor  
24 under AS 37.07.020(d) with recommendations for needed legislation;

25 (6) in conjunction with the finance committee of each house  
26 recommend annually to the legislature the investment policy for the  
27 general fund surplus and for the income from the permanent fund;

28 (7) provide for an annual post audit and annual operational  
29 and performance evaluation of the Alaska Permanent Fund Corporation in-

1 vestments and investment programs.

2 Sec. 24.20.209. RECORDS. The Legislative Budget and Audit Commit-  
3 tee shall keep a complete file of all reports presented to it and all  
4 reports presented by it to the legislature or to a legislative commit-  
5 tee.

6 \* Sec. 3. AS 24.20.201(a) is amended by adding new paragraphs to read:

7 (9) hold public hearings on the confirmation of the members  
8 of the Board of Trustees of the Alaska Permanent Fund Corporation, and  
9 the members of the Board of Trustees of the Alaska Renewable Resources  
10 Corporation;

11 (10) make recommendations to the legislature and to agencies  
12 of the state which perform lending or investment functions concerning  
13 the structure and operating practices of the agencies;

14 (11) enter into and enforce all contracts necessary or desira-  
15 ble for the functions of the committee.

16 \* Sec. 4. AS 37.07.020 is amended by adding a new subsection to read:

17 (d) The governor shall annually, before the convening of the  
18 legislature, report to the legislature through the Legislative Budget  
19 and Audit Committee the long-range fiscal and economic consequences of

20 (1) alternate levels of capitalization of the investment  
21 funds of the state; and

22 (2) alternative investment policy for the general fund sur-  
23 plus.

24 \* Sec. 5. AS 37 is amended by adding a new chapter to read:

25 CHAPTER 13. ALASKA PERMANENT FUND.

26 Sec. 37.13.010. ALASKA PERMANENT FUND. (a) Under art IX, sec. 15  
27 of the state constitution, there is established as a separate fund the  
28 Alaska permanent fund. The Alaska permanent fund consists of

29 (1) 25 percent of all mineral lease rentals, royalties,

1 royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g)  
2 and federal mineral revenue sharing payments received by the state from  
3 mineral leases issued on or before December 1, 1979, and 25 percent of  
4 all bonuses received by the state from mineral leases issued on or  
5 before February 15, 1980;

6 (2) 50 percent of all mineral lease rentals, royalties,  
7 royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g)  
8 and federal mineral revenue sharing payments received by the state from  
9 mineral leases issued after December 1, 1979, and 50 percent of all  
10 bonuses received by the state from mineral leases issued after  
11 February 15, 1980;

12 (3) any other money appropriated to or otherwise allocated by  
13 law to the Alaska permanent fund.

14 (b) Payments due the Alaska permanent fund under (a) of this  
15 section shall be made to the fund once each month.

16 (c) The Alaska permanent fund shall be managed by the Alaska  
17 Permanent Fund Corporation established in this chapter.

18 Sec. 37.13.020. FINDINGS. The people of the state, by constitu-  
19 tional amendment, have required the placement of at least 25 percent of  
20 all mineral lease rentals, royalties, royalty sale proceeds, and federal  
21 mineral revenue sharing payments and bonuses received by the state into  
22 a permanent fund. The legislature finds with respect to the Alaska  
23 Permanent Fund Corporation that

24 (1) the corporation should provide a means of conserving a  
25 portion of the state's revenues from mineral resources to benefit all  
26 generations of Alaskans;

27 (2) the corporation's goal should be to maintain safety of  
28 principal while maximizing total return;

29 (3) the corporation should be used as a savings device

1 managed to allow the maximum use of disposable income from the corpora-  
2 tion for purposes designated by law.

3 Sec. 37.13.030. PURPOSE. It is the purpose of this chapter to  
4 provide a mechanism for the management and investment of those permanent  
5 fund assets allocated to the Alaska Permanent Fund Corporation in a  
6 manner consistent with the findings in AS 37.13.020.

7 Sec. 37.13.040. ALASKA PERMANENT FUND CORPORATION. There is  
8 established the Alaska Permanent Fund Corporation. The corporation is a  
9 public corporation and government instrumentality in the Department of  
10 Revenue managed by a board of trustees. The purpose of the board is to  
11 manage and invest the assets of the corporation in accordance with this  
12 chapter.

13 Sec. 37.13.050. COMPOSITION AND QUALIFICATIONS OF BOARD OF TRUS-  
14 TEES. (a) The Board of Trustees of the Alaska Permanent Fund Corpora-  
15 tion consists of six members appointed by the governor. Three of the  
16 members shall be heads of principal departments of state government; one  
17 of whom shall be the commissioner of revenue. Three members shall be  
18 appointed by the governor from the public and may not hold any other  
19 state or federal office, position or employment, either elective or  
20 appointive, except as a member of the armed forces of either the United  
21 States or of this state. Members other than the commissioner of revenue  
22 shall be separately confirmed by a majority of the members of the legis-  
23 lature in joint session.

24 (b) The three public members of the board shall have recognized  
25 competence and wide experience in finance, investments, or other busi-  
26 ness management-related fields.

27 (c) The board shall annually elect a chairman from among its  
28 members.

29 Sec. 37.13.060. TERM OF OFFICE. The members of the board shall be

1 appointed for terms of three years, and they may be reappointed subject  
2 to confirmation by a majority of the members of the legislature in joint  
3 session. Terms shall be staggered. Initial terms for members other  
4 than the commissioner of revenue shall be two members serving for one  
5 year, two members serving for two years, and one member serving for  
6 three years.

7 Sec. 37.13.070. REMOVAL AND VACANCIES. (a) The governor may  
8 remove a member of the board from office. However, the removal of a  
9 member of the board is subject to disapproval by a vote of a majority of  
10 the members of the legislature at the first joint session held 10 or  
11 more days after the legislature receives notice of the removal from the  
12 governor. A removal by the governor shall be in writing and shall state  
13 the reason for the removal. A member who is removed by the governor may  
14 not participate in board business and may not be counted for purposes of  
15 establishing a quorum between the time he receives written notice of his  
16 removal from the governor and the time that the legislature's power to  
17 disapprove the removal under this subsection expires. If the legisla-  
18 ture disapproves the removal of a board member, the board member shall  
19 be reinstated.

20 (b) A vacancy on the board shall be promptly filled by appointment  
21 by the governor and confirmation by a majority of the members of the  
22 legislature in joint session. An appointee to a vacancy shall hold  
23 office for the balance of the term for which his predecessor on the  
24 board was appointed. If a vacancy arises on the board while the legis-  
25 lature is not in session, the governor may appoint an interim board  
26 member who shall exercise the powers of a board member until the legis-  
27 lature fails to confirm the appointment of the interim board member.

28 (c) A vacancy on the board does not impair the authority of a  
29 quorum of the board to exercise all the powers and perform all the

1 duties of the board.

2 Sec. 37.13.080. QUORUM. Four members of the board constitute a  
3 quorum for the transaction of business and the exercise of the powers  
4 and duties of the board.

5 Sec. 37.13.090. COMPENSATION OF BOARD MEMBERS. Public members of  
6 the board receive an honorarium of \$400 for each meeting day if they  
7 attend the meeting. All members of the board are entitled to per diem  
8 and travel allowances as provided by law for members of state boards and  
9 commissions.

10 Sec. 37.13.100. CORPORATION STAFF. The board may employ and  
11 determine the salary of an executive director. The executive director  
12 may, with the approval of the board, select and employ additional staff  
13 as necessary. No employee of the corporation, including the executive  
14 director, may be a member of the board. The executive director and the  
15 other employees of the board are in the exempt service under AS 39.25.

16 Sec. 37.13.110. CONFLICTS OF INTEREST. (a) Members of the board  
17 and the executive director are subject to the provisions of AS 39.50.

18 (b) If a member of the board or an employee of the corporation  
19 acquires, owns or controls an interest, direct or indirect, in an entity  
20 or project in which corporation assets are invested, he shall im-  
21 mediately disclose the interest to the board. The disclosure is a  
22 matter of public record and shall be included in the minutes of the  
23 board meeting next following the disclosure.

24 Sec. 37.13.120. INVESTMENT RESPONSIBILITIES OF THE BOARD. (a)  
25 The prudent-man rule shall be applied by the board in the management and  
26 investment of Alaska permanent fund assets. The prudent-man rule as  
27 applied to investments of the corporation means that in making invest-  
28 ments the board shall exercise the judgment and care under the circum-  
29 stances then prevailing which an institutional investor of ordinary

1 prudence, discretion, and intelligence exercises in the management of  
2 large investments entrusted to it not in regard to speculation but in  
3 regard to the permanent disposition of funds, considering probable  
4 safety of capital as well as probable income.

5 (b) The corporation assets shall only be used for income-producing  
6 investments.

7 (c) The board shall maintain a reasonable diversification among  
8 investments unless under the circumstances it is clearly prudent not to  
9 do so.

10 (d) The board shall submit long-range and quarterly investment  
11 reports to the Legislative Budget and Audit Committee.

12 (e) The corporation may not borrow funds or guarantee from princi-  
13 pal of the Alaska permanent fund the obligations of others.

14 (f) The board may enter into and enforce all contracts necessary,  
15 convenient or desirable for purposes of the corporation.

16 (g) Subject to the limitations in (h) and (i) of this section, the  
17 board may invest corporation assets in

18 (1) obligations of, or obligations insured by or guaranteed  
19 by, the United States or agencies or instrumentalities of the United  
20 States;

21 (2) obligations secured by reserves paid in by the United  
22 States or agencies or instrumentalities of the United States or obliga-  
23 tions of corporations in which the United States is a shareholder or  
24 member;

25 (3) certificates of deposit issued by United States domestic  
26 banks which are members of the Federal Deposit Insurance Corporation for  
27 which a generally recognized secondary market exists or which are fully  
28 secured at all times as to payment of principal and interest by invest-  
29 ments described in (1) - (2), (8) or (12) - (16) of this subsection; the

1 security pledged under this paragraph shall be at least equal to the  
2 face value of the deposit and the board may require substitution of  
3 collateral;

4 (4) shares of federally chartered savings and loans associa-  
5 tions in Alaska which are fully secured at all times as to payments of  
6 principal and interest by investments described in (1) - (2) of this  
7 subsection;

8 (5) savings certificates issued by state chartered savings  
9 and loan associations in Alaska which are fully secured at all times as  
10 to payments of principal and interest by investments described in (1) -  
11 (2) of this subsection;

12 (6) deposits with mutual savings banks in Alaska which are  
13 fully secured at all times as to payments of principal and interest by  
14 investments described in (1) - (2) of this subsection;

15 (7) fixed-term certificates of indebtedness of federally  
16 insured credit unions which are fully secured at all times as to payments  
17 of principal and interest by investments described in (1) - (2) of this  
18 subsection;

19 (8) corporate debt securities which are rated AA or better by  
20 a nationally recognized rating service;

21 (9) short-term corporate promissory notes of the highest  
22 ratings assigned by a nationally recognized rating service;

23 (10) bankers' acceptances drawn on and accepted by United  
24 States banks each of which have a combined capital and surplus aggregat-  
25 ing at least \$200,000,000;

26 (11) repurchase agreements, the securities underlying the  
27 agreements being any of the items in (1) - (3) and (8) - (10) of this  
28 subsection;

29 (12) the guaranteed portion of Federal Small Business Adminis-

tration loans;

(13) the portion of first lien real estate mortgages guaranteed by the Federal Veterans Association;

(14) the portions of business and industrial loans made under the Rural Development Act of 1972 which are guaranteed by the Farmer's Home Administration;

(15) the guaranteed portion of Farmer's Home Administration loans;

(16) notes secured by mortgages of residential real estate if the mortgages are insured by a private mortgage insurance corporation which is authorized to do business in Alaska and has combined capital, surplus and reserves aggregating at least \$20,000,000; the minimum coverage shall be 10 percent for loans having a loan-to-value ratio of less than 90 percent, and the minimum coverage shall be 20 percent for loans having a loan-to-value ratio of 90 percent or more.

(h) The board may enter into futuro contracts for the sale of investments purchased under (g) of this section only for the purpose of hedging an existing equivalent ownership position in these securities.

(i) Investments under (g)(8) of this section may not exceed 25 percent of the total investments of the Alaska permanent fund. Investments under (g)(16) of this section may not exceed in the aggregate <sup>15</sup>~~25~~ percent of the total investments of the Alaska permanent fund.

(j) The assets of the Alaska permanent fund may not be used for the purchase of bonds of a corporation, upon which any regular interest payment has been defaulted within five years before purchase, except bonds never in default but which have been outstanding for less than five years.

(k) The board shall establish and from time to time as necessary modify guidelines for the investment of the assets of the corporation.

1 Before adoption of any guidelines the guidelines shall be reported to  
2 the Legislative Budget and Audit Committee for review and comment.

3 (1) The board shall invest the assets of the corporation in in-  
4 state investments to the extent in-state investments are available if  
5 the in-state investments

6 (1) have a risk level and expected yield comparable to alter-  
7 nate investment opportunities; and

8 (2) are included in the list of permissible investments in  
9 (g) of this section.

10 Sec. 37.13.130. GAINS AND LOSSES. At the end of each fiscal year,  
11 the total amount of losses on the sales of securities, not offset by  
12 gains on the sales of securities during that year, shall be computed,  
13 with a portion of these losses to be deducted each fiscal year from the  
14 income and the resulting amount of income added to the principal of the  
15 Alaska permanent fund. Losses taken on the sales of securities shall be  
16 accumulated over a period equal to the average remaining life of the  
17 securities sold, unless these losses are offset by gains on future sales  
18 of securities. In any fiscal year in which the gains on the sales of  
19 securities exceed the losses on the sales of securities, the excess  
20 shall be added to the principal of the Alaska permanent fund.

21 Sec. 37.13.140. INCOME. The interest received in a year is the  
22 income of the corporation for that year. The income available for  
23 disbursement shall be determined on an averaging basis. For the first  
24 five years, income will be the simple averaging of the annual current  
25 return at cost. Subsequently, there will be a moving average current  
26 return, in which the latest fiscal year will replace the oldest year.  
27 The income available for disbursement will be the lesser of the latest  
28 fiscal year's income, or the average annual current income for the past  
29 five fiscal years of the Alaska permanent fund at cost, and after

1 adjustment for capital losses charged to that fiscal year.

2 Sec. 37.13.150. BOARD BUDGET. The operating budget of the board  
3 is from the general fund and is subject to the Executive Budget Act  
4 (AS 37.07).

5 Sec. 37.13.160. AUDITS. The Legislative Budget and Audit Commit-  
6 tee shall provide for an annual post audit and annual operational and  
7 performance evaluations of the corporation's investments and investment  
8 programs.

9 Sec. 37.13.170. REPORTS AND PUBLICATIONS. By September 30 of each  
10 year, the board shall publish a report of the corporation for distribu-  
11 tion to the governor, legislature, and the public. The report shall be  
12 written in easily understandable language. The report must include  
13 financial statements audited by independent outside auditors, a state-  
14 ment of the amount of money received by the Alaska permanent fund from  
15 each investment during the period covered, a statement of investments of  
16 the corporation including an appraisal at market value, a description of  
17 corporation investment activity during the period covered by the report,  
18 a comparison of the corporation performance with the intended goals  
19 contained in AS 37.13.020, an examination of the impact of the invest-  
20 ment criteria of this chapter on the corporation portfolio with recom-  
21 mendations of any needed changes and any other information the board  
22 believes would be of interest to the governor, the legislature, and the  
23 public. The annual income statement and balance sheet of the corpora-  
24 tion shall be published in at least one newspaper in each judicial  
25 district. The income statement and balance sheet for the two fiscal  
26 years preceding the publication of the election pamphlet under AS 15.57  
27 shall be included in that pamphlet.

28 Sec. 37.13.180. TAX EXEMPTION. The corporation is exempt from all  
29 taxes and assessments in the state. All security instruments issued by

1 the corporation, their transfer, and their income are exempt from all  
2 taxes and assessments in the state.

3 Sec. 37.13.190. POLITICAL ACTIVITIES. The resources of the cor-  
4 poration may not be used to finance or influence political activities.

5 Sec. 37.13.200. PUBLIC ACCESS TO INFORMATION. Information in the  
6 possession of the corporation is a public record, except that infor-  
7 mation which discloses the particulars of the business or affairs of a  
8 private enterprise or investor is confidential and is not a public  
9 record. Confidential information may be disclosed only for the purposes  
10 of an official law enforcement investigation or when its production is  
11 required in a court proceeding. These restrictions do not prohibit the  
12 publication of statistics presented in a manner that prevents the iden-  
13 tification of particular reports, items, persons, or enterprises.

14 Sec. 37.13.210. DEFINITIONS. In this chapter,

15 (1) "board" means the Board of Trustees of the Alaska Per-  
16 manent Fund Corporation;

17 (2) "corporation" means the Alaska Permanent Fund Corpora-  
18 tion.

19 \* Sec. 6. AS 38.05.180(g) is amended to read:

20 (g) The share of the net profit derived from a lease reserved to  
21 the state under (f) of this section is royalty sale proceeds for the  
22 purposes of the Alaska permanent fund under AS 37.13.010 [AS 37.10.065]  
23 and the Alaska renewable resources development fund under AS 37.11.020.

24 \* Sec. 7. AS 39.25.110 is amended by adding a new paragraph to read:

25 (22) members of the board of trustees, the executive director,  
26 and staff of the Alaska Permanent Fund Corporation.

27 \* Sec. 8. AS 39.50.200(9) is amended by adding a new subparagraph to  
28 read:

29 (SS) Board of Trustees and executive director of the

1 Alaska Permanent Fund Corporation.

2 \* Sec. 9. TRANSITION. The commissioner of revenue shall transfer the  
3 Alaska permanent fund to the Alaska Permanent Fund Corporation established by  
4 this Act after request for transfer is made by the board of trustees of the  
5 corporation. Notwithstanding AS 37.10.065(a), the commissioner of revenue  
6 may invest the money in the Alaska permanent fund in the investments de-  
7 scribed in AS 37.13.120(g) subject to the limitations of AS 37.13.120(h) and  
8 (i).

9 \* Sec. 10. AS 37.10.065 is repealed.

10 \* Sec. 11. Section 10 of this Act takes effect upon transfer of the  
11 Alaska permanent fund to the Alaska Permanent Fund Corporation as provided in  
12 sec. 9 of this Act. The remainder of this Act takes effect immediately in  
13 accordance with AS 01.10.070(c).  
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# Alaska State Legislature

POUCH V  
JUNEAU, ALASKA 99811  
OFFICIAL BUSINESS

## FREE CONFERENCE COMMITTEE REPORT

### FCCS for HCS for SB 161

In making their decision on the Alaska Permanent Fund, the Free Conference Committee has focused on a single question --- the management of the Fund's principal.

It is to be an inviolate trust which, in the words of this bill, conserves "...a portion of the state's revenues from mineral resources to benefit all generations of Alaskans..." (page 4).

It is to be an independent trust, yet made accountable in various ways to "...maintain safety of principal while maximizing total return..." (page 4).

The contribution rate has been set at 50% of mineral lease bonuses (except from the Beaufort Sea, which has been left at 25%) and 50% of mineral lease royalties and net profits from the Beaufort Sea and other future sales. The rate for Prudhoe Bay remains at 25% plus any other money appropriated annually by the Legislature.

Three major concerns --- safety of principal, accountability, and legislative oversight --- are addressed by the legislation.

### Safety of Principal

The Free Conference Committee Permanent Fund bill provides a framework for fiscally conservative and responsible management of the Fund's principal. It assures and emphasizes the safety of the assets while providing the responsible managers with sufficient investment latitude to achieve superior results. Under the terms of this bill, the Alaska Permanent Fund would consist of a wide variety of quality, high-grade investments.

The Fund is designed to be a trust which focuses on the safety of principal first and the maximization of earnings second (page 4). It is a trust held to a more restricted list of investments than most other fiduciary trusts including the Alaska State Pension Funds and it confirms in law the

current state practice of evaluating performance according to nationally recognized and accepted standards. The investment managers are required to maintain investment diversification and are allowed to determine the investment mix of short, intermediate, and long-term investments. The flexibility allowed enables the managers to achieve a sound rate of return on investments.

The bill provides the investment managers with the authority to place funds in direct obligations of the United States Treasury, federal agency securities, certificates of deposit, high-grade corporate bonds, quality short-term investments, and federally guaranteed loans (pages 8-9). The fund is directed to give preference to Alaska investments as long as they meet the standards of quality set out in the bill. Specifically, deposits can be made in Alaska banks, mutual savings banks, savings and loan associations, and credit unions. Residential real estate (owner-occupied single family dwellings, duplexes, and condominiums) may also be purchased if the mortgage is privately insured by a company doing business in Alaska (page 9). The order in which the investments are listed is not meant to express a priority for one type of investment over another.

Importantly, the bill has a minimum of investment restrictions yet provides a very definite and certain framework. It does not authorize investments in stock or bullion, restricts the purchase of corporate bonds to 25% of the Fund's total investments, and limits the purchase of loans and mortgages to 25% of the total. Purchases of residential mortgages may be a further 15% of total assets. The bill allows the Fund to use the futures market to protect investments from the severe declines in value that are being suffered today. These futures contracts, however, may be used only to hedge and not to speculate. The bill also prohibits the Fund from either borrowing or guaranteeing the obligations of others (page 8).

The bill also provides for the handling of gains and losses and income (page 11). Any losses not offset by gains on the sale of securities shall be deducted from income and added to the Fund principal; this protects the Fund principal from erosion. Losses from sales of securities are spread over a period of time equal to the remaining life; this encourages the managers to get rid of bad investments. Capital gains are added to the Fund principal, helping to offset the effects of inflation. The Fund income is defined as the interest received on the investments, and the amount of income available for disbursement will be determined on an averaging basis; this insures a relatively steady income flow.