

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86/2

218 SCOM 9: HOUSE SPEC. COMM. ON PERMANENT FUND. 1977-78

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 25% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 336.0	\$ 847.4	\$ 853.8	\$ 51.4	\$ 53.8	\$ 0.0	\$ 0.0	\$ 593.5
1979	827.0	47.4	364.7	1,239.1	917.8	116.0	169.8	23.2	23.2	706.5
1980	1,029.6	44.5	417.8	1,491.9	986.6	147.2	317.0	29.4	52.6	945.8
1981	1,238.9	42.0	458.7	1,739.6	1,060.6	153.9	471.0	30.8	83.4	1,346.3
1982	1,491.2	39.2	486.7	2,017.1	1,140.2	170.6	641.5	34.1	117.5	1,914.0
1983	1,631.2	44.0	544.2	2,219.4	1,225.7	189.6	831.1	37.9	155.5	2,564.4
1984	1,780.7	46.6	627.3	2,454.6	1,317.6	209.8	1,040.9	42.0	197.4	3,449.6
1985	1,890.4	44.9	732.5	2,667.8	1,416.4	219.7	1,260.6	43.9	241.4	4,437.4
TOTAL	\$10,349.7	\$359.5	\$3,967.8	\$14,676.9	\$8,918.8	NOT APPL.	\$1,260.6	NOT APPL.	\$241.4	\$4,437.4

CASE III-A: High Income Low Expenditure Model (Permanent Fund Earnings Allocated to General Fund Revenue)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 30% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 336.0	\$ 847.4	\$ 853.8	\$ 61.7	\$ 64.1	\$ 0.0	\$ 0.0	\$ 583.3
1979	827.0	47.4	364.7	1,239.1	917.8	139.2	203.3	23.2	23.2	673.1
1980	1,029.6	44.5	417.8	1,491.9	986.6	176.7	380.0	29.4	52.6	883.0
1981	1,238.9	42.0	458.7	1,739.6	1,060.6	184.7	564.7	30.8	83.4	1,252.7
1982	1,491.2	39.2	486.7	2,017.1	1,140.2	204.7	769.4	34.1	117.5	1,786.2
1983	1,631.2	44.0	544.2	2,219.4	1,225.7	227.5	996.9	37.9	155.5	2,398.7
1984	1,780.7	46.6	627.3	2,454.6	1,317.6	251.7	1,248.6	42.0	197.4	3,242.0
1985	1,890.4	44.9	732.5	2,667.8	1,416.4	263.6	1,512.2	43.9	241.4	4,185.9
TOTAL	\$10,349.7	\$359.5	\$3,967.8	\$14,676.9	\$8,918.8	NOT APPL.	\$1,512.2	NOT APPL.	\$241.4	\$4,185.9

CASE III-B: High Income Low Expenditure Model (Permanent Fund Earnings Allocated to General Fund Revenue)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 50% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 336.0	\$ 847.4	\$ 853.8	\$102.9	\$ 105.3	\$ 0.0	\$ 0.0	\$ 542.1
1979	827.0	47.4	364.7	1,239.1	917.8	232.1	337.4	23.2	23.2	539.1
1980	1,029.6	44.5	417.8	1,491.9	986.6	294.4	631.8	29.4	52.6	631.2
1981	1,238.9	42.0	458.7	1,739.6	1,060.6	307.8	939.6	30.8	83.4	877.8
1982	1,491.2	39.2	486.7	2,017.1	1,140.2	341.1	1,280.8	34.1	117.5	1,274.9
1983	1,631.2	44.0	544.2	2,219.4	1,225.7	379.2	1,660.0	37.9	155.5	1,735.7
1984	1,780.7	46.6	627.3	2,454.6	1,317.6	419.5	2,079.5	42.0	197.4	2,411.2
1985	1,890.4	44.9	732.5	2,667.8	1,416.4	439.3	2,518.9	43.9	241.4	3,179.3
TOTAL	\$10,349.7	\$359.5	\$3,967.8	\$14,676.9	\$8,918.8	NOT APPL.	\$2,518.9	NOT APPL.	\$241.4	\$3,179.3

CASE III-C: High Income Low Expenditure Model (Permanent Fund Earnings Allocated to General Fund Revenue)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 25% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$ 51.4	\$ 53.9	\$ 0.0	\$ 0.0	\$ 593.5
1979	827.0	47.4	362.8	1,237.2	917.8	116.0	171.8	23.2	23.2	704.6
1980	1,029.6	44.5	411.7	1,485.9	986.6	147.2	325.0	29.4	52.6	937.9
1981	1,238.9	42.0	447.3	1,728.2	1,060.6	153.9	490.3	30.8	83.4	1,327.0
1982	1,491.2	39.2	469.5	1,999.9	1,140.2	170.6	678.1	34.1	117.5	1,877.6
1983	1,631.2	44.0	520.5	2,195.7	1,225.7	189.6	891.4	37.9	155.5	2,504.2
1984	1,780.7	46.6	596.1	2,423.4	1,317.6	209.8	1,132.4	42.0	197.4	3,358.3
1985	1,890.4	44.9	692.9	2,628.2	1,416.4	219.7	1,391.7	43.9	241.4	4,306.5
TOTAL	\$10,349.7	\$359.5	\$3,836.7	\$14,545.9	\$8,918.8	NOT APPL.	\$1,391.7	NOT APPL.	\$241.4	\$4,306.5

CASE III-D: High Income Low Expenditure Model (50% of Permanent Fund Earnings are Reinvested in the Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 30% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$ 61.7	\$ 64.2	\$ 0.0	\$ 0.0	\$ 583.2
1979	827.0	47.4	362.4	1,236.9	917.8	139.2	205.7	23.2	23.2	670.7
1980	1,029.6	44.5	410.6	1,484.7	986.6	176.7	389.5	29.4	52.6	873.4
1981	1,238.9	42.0	445.0	1,726.0	1,060.6	184.7	587.9	30.8	83.4	1,229.5
1982	1,491.2	39.2	466.1	1,996.5	1,140.2	204.7	813.1	34.1	117.5	1,742.5
1983	1,631.2	44.0	515.8	2,191.0	1,225.7	227.5	1,069.1	37.9	155.5	2,326.5
1984	1,780.7	46.6	589.9	2,417.2	1,317.6	251.7	1,358.3	42.0	197.4	3,132.4
1985	1,890.4	44.9	685.0	2,620.3	1,416.4	263.6	1,669.4	43.9	241.4	4,028.7
TOTAL	\$10,349.7	\$359.5	\$3,810.7	\$14,519.8	\$8,918.8	NOT APPL.	\$1,669.4	NOT APPL.	\$241.4	\$4,028.7

CASE III-E: High Income Low Expenditure Model (50% of Permanent Fund Earnings are Reinvested in the Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978 - 1985 @ 50% PERMANENT FUND
(Figures in \$ Millions)

F/Y	North Slope Revenue	Other Petroleum Revenue	Other Income	Total Revenue	Expenditures	Permanent Fund Contribution	Permanent Fund Balance	RRD Fund Contribution	RRD Fund Balance	General Fund Balance
1978	\$ 460.6	\$ 50.8	\$ 335.9	\$ 847.3	\$ 853.8	\$102.9	\$ 105.4	\$ 0.0	\$ 0.0	\$ 542.1
1979	827.0	47.4	361.0	1,235.4	917.8	232.1	341.1	23.2	23.2	535.3
1980	1,029.6	44.5	405.8	1,480.0	986.6	294.4	647.5	29.4	52.6	615.4
1981	1,238.9	42.0	436.0	1,716.9	1,060.6	307.8	978.0	30.8	83.4	839.4
1982	1,491.2	39.2	452.4	1,982.9	1,140.2	341.1	1,353.4	34.1	117.5	1,202.2
1983	1,631.2	44.0	496.9	2,172.1	1,225.7	379.2	1,780.0	37.9	155.5	1,615.7
1984	1,780.7	46.6	565.0	2,392.3	1,317.6	419.5	2,261.8	42.0	197.4	2,228.9
1985	1,890.4	44.9	653.4	2,588.7	1,416.4	439.3	2,780.3	43.9	241.4	2,917.8
TOTAL	\$10,349.1	\$359.5	\$3,706.4	\$14,415.5	\$8,918.8	NOT APPL.	\$2,780.3	NOT APPL.	\$241.4	\$2,917.8

CASE III-F: High Income Low Expenditure Model (50% of Permanent Fund Earnings are Reinvested in the Permanent Fund)

Prepared by:
Legislative Affairs Agency
Research Division
16 November 1977

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STATE OF ALASKA THE LEGISLATURE

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LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

July 7, 1977

SUBJECT: Permanent Fund and Revenue Forecasts

TO: Hon. Clark Gruening, Chairman, House Permanent Fund Committee

FROM: Richard G. Haggart *RGH*
Research Analyst

Enclosed are five (5) copies of our analysis of the State of Alaska's revenue outlook, and associated effects on the Permanent Fund. As you requested, the analysis is divided into three "cases": Case I which postulates low petroleum income coupled with high state expenditure levels, Case II which postulates moderate or "consensus" levels of petroleum income and expenditures, and Case III, which postulates relatively high petroleum income and relatively low state expenditure levels.

Each of the three Cases has four separate sheets -- one each for Permanent Fund contribution levels of 25%, 50%, 75% and 100% respectively. Because the computer print-outs and the Case titles are somewhat unobtrusive you should caution anyone reproducing the material to be sure they are assembled in the proper order, to avoid any potential confusion.

Obviously, a number of assumptions went into the three case studies. These assumptions are contained in a supplemental memorandum which is now being prepared and which will be forwarded to you as soon as it is complete. Because of the complex nature of these forecasts, as well as the numerous assumptions that went into them, we believe it would be very desirable to include the supplemental material when the forecasts are distributed, at least as appendices. The objective here would be to allow those who are interested to reconstruct our work and satisfy any curiosity that might exist regarding methodology.

If you have any further questions let us know. In the meantime, Gregg, John and I look forward to seeing you and the Committee in Anchorage on the 15th.

RGH:dh
Enclosures

STATE FINANCIAL AND OPERATING BUDGET, 1978-1985
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$168.3	\$44.5	\$225.8	\$942.6	\$853.8	\$81.0	\$83.4	\$726.0
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$939.2	\$90.3	\$173.8	\$747.9
1980	\$618.7	\$44.5	\$193.2	\$59.0	\$302.4	\$1,217.9	\$1,033.1	\$96.1	\$269.9	\$836.7
1981	\$741.0	\$41.9	\$226.7	\$72.2	\$322.0	\$1,403.9	\$1,136.4	\$100.6	\$370.6	\$1,003.6
1982	\$803.2	\$39.2	\$251.8	\$87.2	\$315.2	\$1,496.7	\$1,250.1	\$107.7	\$478.3	\$1,142.5
1983	\$839.3	\$43.9	\$257.0	\$99.9	\$324.5	\$1,564.7	\$1,375.1	\$116.7	\$595.1	\$1,215.4
1984	\$894.2	\$46.6	\$261.4	\$109.8	\$349.4	\$1,661.5	\$1,512.6	\$122.5	\$717.5	\$1,241.8
1985	\$918.3	\$44.8	\$295.9	\$116.8	\$379.3	\$1,755.2	\$1,663.8	\$127.7	\$845.3	\$1,205.6
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$640.1	\$2,478.8	\$11,094.4	\$9,764.1	NOT APPL.	\$845.3	\$1,205.6

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 50% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EX. ENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$168.3	\$44.5	\$225.8	\$942.6	\$853.8	\$162.1	\$164.5	\$544.9
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$933.2	\$180.6	\$345.2	\$576.5
1980	\$618.7	\$44.5	\$193.2	\$59.0	\$302.4	\$1,217.9	\$1,033.1	\$192.2	\$537.5	\$569.1
1981	\$741.0	\$41.9	\$226.7	\$72.2	\$322.0	\$1,403.9	\$1,136.4	\$201.3	\$738.8	\$635.4
1982	\$803.2	\$39.2	\$251.8	\$87.2	\$315.2	\$1,496.7	\$1,250.1	\$215.5	\$954.3	\$666.6
1983	\$839.3	\$43.9	\$257.0	\$99.9	\$324.5	\$1,564.7	\$1,375.1	\$233.4	\$1,187.8	\$622.7
1984	\$894.2	\$46.6	\$261.4	\$109.8	\$349.4	\$1,661.5	\$1,512.6	\$245.1	\$1,432.9	\$526.5
1985	\$918.3	\$44.8	\$295.9	\$116.8	\$379.3	\$1,755.2	\$1,663.8	\$255.4	\$1,688.3	\$362.6
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$640.1	\$2,478.8	\$11,094.4	\$9,764.1	NOT APPL.	\$1,688.3	\$362.6

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$163.3	\$44.5	\$225.8	\$942.6	\$853.8	\$243.2	\$245.6	\$563.9
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$939.2	\$271.0	\$516.6	\$405.1
1980	\$618.7	\$44.5	\$193.2	\$59.0	\$302.4	\$1,217.9	\$1,033.1	\$288.4	\$205.0	\$301.6
1981	\$741.0	\$41.9	\$226.7	\$72.2	\$322.0	\$1,403.9	\$1,136.4	\$301.9	\$1,107.0	\$267.2
1982	\$803.2	\$39.2	\$251.8	\$87.2	\$315.2	\$1,496.7	\$1,250.1	\$323.2	\$1,430.2	\$190.6
1983	\$839.3	\$43.9	\$257.0	\$102.3	\$324.5	\$1,567.1	\$1,307.5	\$350.2	\$1,730.5	\$100.0
1984	\$894.2	\$46.6	\$261.4	\$123.8	\$349.4	\$1,675.5	\$1,307.8	\$367.6	\$2,148.1	\$100.0
1985	\$918.3	\$44.8	\$295.9	\$146.3	\$379.3	\$1,784.8	\$1,401.6	\$383.1	\$2,531.3	\$100.0
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$686.1	\$2,478.8	\$11,140.4	\$9,229.7	NOT APPL.	\$2,531.3	\$100.0

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING DATA
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$168.3	\$44.5	\$225.8	\$942.6	\$853.8	\$324.3	\$326.7	\$422.2
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$939.2	\$361.3	\$688.0	\$233.7
1980	\$612.7	\$44.5	\$193.2	\$58.8	\$302.4	\$1,217.7	\$966.9	\$384.5	\$1,072.6	\$100.0
1981	\$741.0	\$41.9	\$226.7	\$82.4	\$322.0	\$1,414.1	\$1,011.5	\$402.6	\$1,475.2	\$100.0
1982	\$803.2	\$39.2	\$251.8	\$107.4	\$315.2	\$1,516.9	\$1,085.9	\$431.0	\$1,906.2	\$100.0
1983	\$839.3	\$43.9	\$257.0	\$134.3	\$324.5	\$1,599.1	\$1,132.2	\$466.9	\$2,373.2	\$100.0
1984	\$894.2	\$46.6	\$261.4	\$163.1	\$349.4	\$1,714.8	\$1,224.5	\$490.2	\$2,863.4	\$100.0
1985	\$918.3	\$44.8	\$295.9	\$193.1	\$379.3	\$1,831.6	\$1,320.6	\$510.9	\$3,374.3	\$100.0
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$834.3	\$2,478.8	\$11,288.5	\$8,534.9	NOT APPL.	\$3,374.3	\$100.0

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$482.8	\$50.8	\$168.3	\$45.4	\$225.8	\$973.2	\$853.8	\$86.3	\$83.7	\$751.3
1979	\$678.0	\$47.4	\$170.6	\$57.5	\$260.2	\$1,213.8	\$917.8	\$119.8	\$208.6	\$927.5
1980	\$917.1	\$44.5	\$193.2	\$82.2	\$302.4	\$1,539.5	\$986.6	\$140.4	\$349.1	\$1,340.0
1981	\$1,107.0	\$41.9	\$226.7	\$120.4	\$322.0	\$1,818.2	\$1,060.6	\$153.2	\$502.3	\$1,944.4
1982	\$1,205.6	\$39.2	\$251.8	\$166.9	\$315.2	\$1,978.8	\$1,140.2	\$166.4	\$663.7	\$2,616.6
1983	\$1,348.3	\$43.9	\$257.0	\$219.5	\$324.5	\$2,193.4	\$1,225.7	\$186.7	\$855.5	\$3,397.6
1984	\$1,421.0	\$46.6	\$261.4	\$278.0	\$349.4	\$2,356.4	\$1,317.6	\$197.1	\$1,052.6	\$4,239.3
1985	\$1,535.6	\$44.8	\$295.9	\$342.6	\$379.3	\$2,598.3	\$1,416.4	\$212.6	\$1,265.3	\$5,208.6
TOTAL	\$8,695.7	\$359.5	\$1,324.9	\$1,313.0	\$2,478.8	\$14,671.9	\$8,918.7	NOT APPL.	\$1,265.3	\$5,208.6

CASE II: Medium Income-Medium Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 50% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$482.8	\$50.8	\$168.3	\$45.4	\$225.8	\$973.2	\$853.8	\$172.7	\$175.1	\$664.9
1979	\$673.0	\$47.4	\$170.6	\$57.5	\$260.2	\$1,213.8	\$917.8	\$239.7	\$414.9	\$721.2
1980	\$917.1	\$44.5	\$193.2	\$82.2	\$302.4	\$1,539.5	\$986.6	\$280.9	\$655.3	\$993.2
1981	\$1,107.0	\$41.9	\$226.7	\$120.4	\$322.0	\$1,818.2	\$1,060.6	\$306.4	\$1,002.3	\$1,444.4
1982	\$1,205.6	\$39.2	\$251.3	\$166.9	\$315.2	\$1,978.8	\$1,140.2	\$332.8	\$1,335.1	\$1,550.2
1983	\$1,348.3	\$43.9	\$257.0	\$219.5	\$324.5	\$2,193.4	\$1,225.7	\$373.4	\$1,708.6	\$2,544.5
1984	\$1,421.0	\$46.6	\$261.4	\$278.0	\$349.4	\$2,356.4	\$1,317.6	\$394.2	\$2,102.3	\$3,139.1
1985	\$1,535.6	\$44.8	\$295.9	\$342.6	\$379.3	\$2,598.3	\$1,416.4	\$425.3	\$2,523.2	\$3,945.7
TOTAL	\$8,695.7	\$359.5	\$1,824.9	\$1,313.0	\$2,473.8	\$14,671.9	\$8,918.7	NOT APPL.	\$2,523.2	\$3,945.7

CASE II: Medium Income-Medium Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING CATEGORIES
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$482.8	\$50.8	\$168.3	\$45.4	\$225.8	\$973.2	\$853.8	\$345.4	\$347.8	\$492.2
1979	\$678.0	\$47.4	\$170.6	\$57.5	\$260.2	\$1,213.8	\$917.8	\$479.5	\$827.4	\$308.7
1980	\$917.1	\$44.5	\$193.2	\$82.2	\$302.4	\$1,539.5	\$986.6	\$561.9	\$1,389.3	\$299.2
1981	\$1,107.0	\$41.9	\$226.7	\$120.4	\$322.0	\$1,818.2	\$1,060.6	\$612.8	\$2,002.2	\$444.5
1982	\$1,205.6	\$39.2	\$251.8	\$166.9	\$315.2	\$1,978.8	\$1,140.2	\$665.7	\$2,667.9	\$617.4
1983	\$1,348.3	\$43.9	\$257.0	\$219.5	\$324.5	\$2,193.4	\$1,225.7	\$746.8	\$3,414.8	\$838.2
1984	\$1,421.0	\$46.6	\$261.4	\$278.0	\$349.4	\$2,356.4	\$1,317.6	\$788.4	\$4,203.3	\$1,038.6
1985	\$1,535.6	\$44.8	\$295.9	\$342.6	\$379.3	\$2,598.3	\$1,416.4	\$850.7	\$5,054.1	\$1,419.8
TOTAL	\$8,695.7	\$359.5	\$1,824.9	\$1,313.0	\$2,478.8	\$14,671.9	\$8,918.7	NOT APPL.	\$5,054.1	\$1,419.8

CASE II: Medium Income-Medium Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 75% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$482.8	\$50.8	\$168.3	\$45.4	\$225.8	\$973.2	\$853.8	\$259.1	\$261.5	\$578.6
1979	\$678.0	\$47.4	\$170.6	\$57.5	\$260.2	\$1,213.8	\$917.8	\$359.6	\$621.1	\$515.0
1980	\$917.1	\$44.5	\$193.2	\$82.2	\$302.4	\$1,539.5	\$986.6	\$421.4	\$1,042.6	\$646.5
1981	\$1,107.0	\$41.9	\$226.7	\$120.4	\$322.0	\$1,818.2	\$1,060.6	\$459.6	\$1,502.2	\$944.5
1982	\$1,205.6	\$39.2	\$251.8	\$166.9	\$315.2	\$1,978.8	\$1,140.2	\$499.3	\$2,001.5	\$1,283.8
1983	\$1,348.3	\$43.9	\$257.0	\$219.5	\$324.5	\$2,193.4	\$1,225.7	\$560.1	\$2,561.7	\$1,691.3
1984	\$1,421.0	\$46.6	\$261.4	\$278.0	\$349.4	\$2,356.4	\$1,317.6	\$591.3	\$3,153.1	\$2,133.8
1985	\$1,535.6	\$44.8	\$295.9	\$342.6	\$379.3	\$2,598.3	\$1,416.4	\$638.0	\$3,791.2	\$2,682.7
TOTAL	\$8,695.7	\$359.5	\$1,824.9	\$1,313.0	\$2,478.8	\$14,671.9	\$8,918.7	NOT APPL.	\$3,791.2	\$2,682.7

CASE II: Medium Income-Medium Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 25% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$523.2	\$50.8	\$168.3	\$46.6	\$225.8	\$1,014.8	\$853.8	\$93.5	\$95.9	\$785.7
1979	\$769.5	\$47.4	\$170.6	\$61.7	\$260.2	\$1,309.4	\$954.1	\$136.1	\$232.1	\$1,004.9
1980	\$1,172.6	\$44.5	\$193.2	\$95.2	\$302.4	\$1,808.0	\$1,012.5	\$173.2	\$405.4	\$1,627.2
1981	\$1,355.6	\$41.9	\$226.7	\$147.6	\$322.0	\$2,094.0	\$1,091.2	\$187.3	\$592.3	\$2,442.6
1982	\$1,542.0	\$39.2	\$251.8	\$211.6	\$315.2	\$2,359.9	\$1,163.7	\$212.4	\$805.3	\$3,426.3
1983	\$1,882.6	\$43.9	\$257.0	\$296.0	\$324.5	\$2,804.1	\$1,103.7	\$260.0	\$1,065.3	\$4,266.7
1984	\$2,149.3	\$46.6	\$261.4	\$406.3	\$349.4	\$3,213.1	\$1,126.4	\$297.0	\$1,362.4	\$6,656.4
1985	\$2,325.9	\$44.8	\$295.9	\$536.7	\$379.3	\$3,582.8	\$1,191.4	\$320.9	\$1,683.3	\$8,726.9
TOTAL	\$11,721.1	\$359.5	\$1,824.9	\$1,802.0	\$2,478.8	\$18,186.4	\$8,493.8	NOT APPL.	\$1,683.3	\$2,726.9

CASE III: High Income-Low Expenditure Model
(See Notes for Explanation of Assumptions)

Prepared by:

Legislative Affairs Agency
Research Division
July 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 50% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$523.2	\$50.8	\$168.3	\$46.6	\$225.8	\$1,014.8	\$853.8	\$187.1	\$189.5	\$692.2
1979	\$769.5	\$47.4	\$170.6	\$61.7	\$260.2	\$1,309.4	\$954.1	\$272.3	\$461.9	\$775.2
1980	\$1,172.6	\$44.5	\$193.2	\$95.2	\$302.4	\$1,808.0	\$1,012.5	\$346.4	\$308.4	\$1,224.2
1981	\$1,355.6	\$41.9	\$226.7	\$147.6	\$322.0	\$2,094.0	\$1,091.2	\$374.7	\$1,183.2	\$1,852.2
1982	\$1,542.0	\$39.2	\$251.8	\$211.6	\$315.2	\$2,359.9	\$1,163.7	\$424.9	\$1,608.2	\$2,623.4
1983	\$1,882.6	\$43.9	\$257.0	\$296.0	\$324.5	\$2,804.1	\$1,103.7	\$520.0	\$2,128.3	\$3,803.3
1984	\$2,149.3	\$46.6	\$261.4	\$406.3	\$349.4	\$3,213.1	\$1,126.4	\$594.1	\$2,722.4	\$5,296.4
1985	\$2,325.9	\$44.8	\$295.9	\$536.7	\$379.3	\$3,582.8	\$1,191.4	\$641.9	\$3,364.3	\$7,045.9
TOTAL	\$11,721.1	\$359.5	\$1,824.9	\$1,802.0	\$2,478.8	\$18,186.4	\$8,496.8	NOT APPL.	\$3,364.3	\$7,045.9

CASE III: High Income-Low Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:
legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 & 1986 PERMANENT
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$523.2	\$50.8	\$168.3	\$46.6	\$225.8	\$1,014.8	\$853.8	\$280.7	\$283.1	\$598.6
1979	\$769.5	\$47.4	\$170.6	\$61.7	\$260.2	\$1,309.4	\$954.1	\$408.5	\$631.7	\$545.4
1980	\$1,172.6	\$44.5	\$193.2	\$95.2	\$302.4	\$1,808.0	\$1,012.5	\$519.7	\$1,211.4	\$821.2
1981	\$1,355.6	\$41.9	\$226.7	\$147.6	\$322.0	\$2,094.0	\$1,091.2	\$562.1	\$1,773.6	\$1,261.8
1982	\$1,542.0	\$39.2	\$251.8	\$211.6	\$315.2	\$2,359.9	\$1,163.7	\$637.4	\$2,411.1	\$1,220.5
1983	\$1,822.6	\$43.9	\$257.0	\$296.0	\$324.5	\$2,804.1	\$1,103.7	\$780.1	\$3,191.2	\$2,740.8
1984	\$2,149.3	\$46.6	\$261.4	\$406.3	\$349.4	\$3,213.1	\$1,126.4	\$831.2	\$4,022.4	\$3,936.3
1985	\$2,325.9	\$44.8	\$295.9	\$536.7	\$379.3	\$3,582.8	\$1,191.4	\$962.8	\$5,045.3	\$5,364.9
TOTAL	\$11,721.1	\$359.5	\$1,824.9	\$1,802.0	\$2,478.8	\$18,186.4	\$8,496.8	NOT APPL.	\$5,045.3	\$5,364.9

CASE III: High Income-Low Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 100% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$523.2	\$50.8	\$168.3	\$46.6	\$225.8	\$1,014.8	\$853.8	\$374.3	\$376.7	\$503.0
1979	\$769.5	\$47.4	\$170.6	\$61.7	\$260.2	\$1,309.4	\$954.1	\$544.7	\$921.4	\$315.6
1980	\$1,172.6	\$44.5	\$193.2	\$95.2	\$302.4	\$1,808.0	\$1,012.5	\$692.9	\$1,614.4	\$418.1
1981	\$1,355.6	\$41.9	\$226.7	\$147.6	\$322.0	\$2,094.0	\$1,031.2	\$749.5	\$2,364.0	\$671.4
1982	\$1,542.0	\$39.2	\$251.8	\$211.6	\$315.2	\$2,359.9	\$1,163.7	\$849.9	\$3,214.0	\$1,017.6
1983	\$1,832.6	\$43.9	\$257.0	\$296.0	\$224.5	\$2,804.1	\$1,103.7	\$1,040.1	\$4,254.2	\$1,677.9
1984	\$2,149.3	\$46.6	\$261.4	\$406.3	\$349.4	\$3,213.1	\$1,126.4	\$1,188.3	\$5,442.5	\$2,576.3
1985	\$2,325.9	\$44.8	\$295.9	\$536.7	\$379.3	\$3,582.8	\$1,191.4	\$1,283.8	\$6,726.3	\$3,633.9
TOTAL	\$11,721.1	\$359.5	\$1,824.9	\$1,802.0	\$2,478.8	\$18,186.4	\$8,496.8	NOT APPL.	\$6,726.3	\$3,633.9

CASE III: High Income-Low Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

July 15, 1977

SUBJECT: Revenue & Permanent Fund Impacts of Pipeline Throughput
Delays

TO: The Honorable Clark Gruening, Chairman
House Permanent Fund Committee

FROM: Richard G. Haggart *RGH*
Research Analyst

This memorandum is in response to a request from Mr. Brian Rogers of your staff that we prepare an analysis of the financial impact on the state of Alaska resulting from the recent trans-Alaska pipeline system explosion. A series of possible effects, depending on the length of the delay are set forward in the attached tables. However, after discussions with both oil and government officials concerned with the pipeline, we believe the most likely outcome will be a delay of between 3 and 6 months in getting Pump Station No. 8 back in service. Consequently, the impact on state revenues is likely to fall somewhere between the 3 and 6 month delay cases contained in the tables.

Tables I-IV are based on assumed Permanent Fund contribution levels of 25%, 50%, 75% and 100% respectively, and show the effects of 3, 6 and 9 month delays in getting Pump Station No. 8 back into service, as compared with a "no delay" base case. Impact of the delay on state revenue will be twofold:

- (1) throughput in FY 1978 will decline over previously forecast levels, thus reducing state revenues, and
- (2) because of increased costs due to the explosion, as well as lowered throughput rates, the North Slope companies are eligible to request tariff relief from the Interstate Commerce Commission (ICC). Such relief would adversely affect the wellhead value of North Slope oil for Alaska royalty and tax purposes.

According to the Alyeska Pipeline Company, it will be at least "several months" before the pump station is repaired. Until then, pipeline capacity will be limited to 800,000 bbl/d. We have also assumed a 2 week delay in restarting production, after which production will buildup at previously forecast rates of about 150,000 bbl/d per month. For

July 15, 1977

purposes of analysis the "delay period" is assumed to begin on August 1, 1977 and overall through-put levels are effected depending on the length of the delay.

Average daily production under the 4 scenarios during FY 1978 is assumed to be:

No Delay:	940,000 bbl/d
3 Month Delay:	881,670 bbl/d
6 Month Delay:	819,167 bbl/d
9 Month Delay:	719,167 bbl/d

It should be noted that the "no delay" scenario production level is somewhat higher than that contained in our Revenue and Permanent Fund Forecast of July 7, 1977 (production was estimated to be approximately 929,000 bbl/d for 1978). This is a result of updated data from the Department of Revenue.

While the North Slope companies may file for revised tariff rates, it is by no means certain that they will actually do so, nor is the ICC obligated to approve such revised rates. According to ICC personnel there will probably be some minor adjustment of the final tariff rate reflecting the increased costs of building a new pump station. They estimate this to be about \$0.02 per barrel, and could be included in a revised interim tariff if the companies apply, or in the long term tariff which the ICC will set after consideration of the current case. Likewise, the impact of lower throughput rates due to the delay could appear either in a revised interim tariff or in the final ICC approved tariff. According to the ICC a "fair" adjustment to the tariff for this factor would account for the difference in throughput resulting from the explosion over about a 5-year period. Under our three delay scenarios, 5 year production would decline from previously forecast levels about 2.5% for a 3 month delay, 5.0% for a 6 month delay, and about 9.0% for a 9 month delay.

As was stated earlier, it is not yet possible to determine if short-term tariff rate adjustments will result from the explosion. However, for purposes of this analysis, such adjustments were assumed to occur only in fiscal 1978 although there is a good possibility that the financial effects for the state (due to lower wellhead values) may occur, toward the end of fiscal 1978 and/or in fiscal 1979.

Using the production decline rates outlined above, the following tariffs were calculated (including the \$0.02 per barrel increase in equipment valuation): \$5.04 per barrel for a 3 month delay, \$5.17 per barrel for a 6 month delay, and \$5.40 per barrel for a 9 month delay.

The impact of these revised tariff rates on wellhead values was calculated using data from Case II (Medium Income-Medium Expenditure Model)

July 15, 1977

provided to you on July 7, 1977. The resulting wellhead prices for Prudhoe Bay are \$7.21 per barrel for a 3 month delay, \$7.08 per barrel for a 6 month delay and \$6.85 per barrel for a 9 month delay.

Other data and assumptions contained in Tables I-IV were taken from Case II of our July 7 memorandum with the following exceptions:

- 1) State income tax collections from the North Slope companies were assumed to be the same percentage lower than forecast levels as is oil production for the year. Hence, with oil production with a 3 month delay estimated to be 6.0% lower than previously forecast, state income taxes collections from the North Slope are likewise lowered about 6.0%.
- 2) State collections from the oil and gas property tax are assumed to be about \$1 million lower in case of either 6 or 9 month delays, reflecting the fact that Pump Station No. 8 will not be in service as of the January assessment date for such properties.

RH:dh
Attachments

Table I

Pipeline Thru-Put Delay Scenarios FY 1978: 25% Permanent Fund
(\$ Million)

<u>Delay Period</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Permanent Fund Contribution</u>	<u>Permanent Fund Bal.</u>	<u>General Fund Bal.</u>
No Delay:	\$978.5	\$853.8	\$87.2	\$89.6	\$755.7
3 Months:	\$939.3	\$853.8	\$80.9	\$83.3	\$722.8
6 Months:	\$897.2	\$853.8	\$74.6	\$77.0	\$687.1
9 Months:	\$835.9	\$853.8	\$64.6	\$67.0	\$635.7

Table II

Pipeline Thru-Put Delay Scenarios FY 1978: 50% Permanent Fund
(\$ Million)

<u>Delay Period</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Permanent Fund Contribution</u>	<u>Permanent Fund Bal.</u>	<u>General Fund Bal.</u>
No Delay:	\$978.5	\$853.8	\$174.4	\$176.8	\$668.5
3 Months:	\$939.3	\$853.8	\$161.8	\$164.2	\$641.9
6 Months:	\$897.2	\$853.8	\$149.2	\$151.6	\$612.5
9 Months:	\$835.9	\$853.8	\$129.2	\$131.6	\$571.1

Prepared by:
Legislative Affairs Agency
Research Division
14 July 1977

Table III

Pipeline Thru-Put Delay Scenarios FY 1978: 75% Permanent Fund
(\$ Million)

<u>Delay Period</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Permanent Fund Contribution</u>	<u>Permanent Fund Bal.</u>	<u>General Fund Bal.</u>
No Delay:	\$978.5	\$853.8	\$268.8	\$271.2	\$576.5
3 Months:	\$939.3	\$853.8	\$249.9	\$252.3	\$556.2
6 Months:	\$897.2	\$853.8	\$231.0	\$233.4	\$533.1
9 Months:	\$835.9	\$853.8	\$193.8	\$196.2	\$506.5

Table IV

Pipeline Thru-Put Delay Scenarios FY 1978: 100% Permanent Fund
(\$ Million)

<u>Delay Period</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Permanent Fund Contribution</u>	<u>Permanent Fund Bal.</u>	<u>General Fund Bal.</u>
No Delay:	\$978.5	\$853.8	\$348.8	\$351.2	\$494.1
3 Months:	\$939.3	\$853.8	\$323.6	\$326.0	\$480.1
6 Months:	\$897.2	\$853.8	\$298.4	\$300.8	\$463.3
9 Months:	\$835.9	\$853.8	\$258.4	\$260.8	\$441.9

Prepared by:
Legislative Affairs Agency
Research Division
14 July 1977

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

M E M O R A N D U M

SUBJECT: Underlying Data for Revenue and Permanent Fund Forecasts

TO: The Honorable Clark Gruening, Chairman
House Permanent Fund Committee

FROM: Richard G. Haggart *RGH*
Research Analyst

This memorandum contains the supplemental material outlining the assumptions and data which were used to calculate the revenue and Permanent Fund forecasts contained in our memorandum of July 7, 1977.

The information is set forward in four tables with accompanying footnotes. Table I contains that information and data which is common to all three cases studied. Tables II-IV contain information and data which are unique to Cases I-III respectively.

As you may have noted, the revenue and Permanent Fund estimates transmitted to you on July 7, 1977 contained no specific references to the Renewable Resources Development Fund. This was intentional and reflects considerable uncertainty regarding legal and management prospects for the Fund. In Cases II and III, the existence of the Fund is subsumed in the large General Fund balances which exist. In Case I, in instances where revenue demands deplete the General Fund balance to the \$100 million minimum limit established in the model, further reductions in state expenditures would be necessary if contributions to the Renewable Resources Development Fund were to be maintained. In all other Case I instances, the effects of payments to the Fund would also be subsumed in large General Fund balances.

DH;dh
Attachments

Table I

Variable Inputs Common to Cases I-III

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Floor Price for Oil Severance Taxes ¹ (\$/Bbl.)	\$6.53	\$6.53	\$7.18	\$7.18	\$7.90	\$7.90	\$8.69	\$8.69
Oil & Gas Property Tax ² (\$MM)	\$168.3	\$170.6	\$193.2	\$226.7	\$251.8	\$257.0	\$261.4	\$295.5
Other Revenue ³ (\$MM)	\$225.8	\$260.2	\$302.4	\$322.0	\$315.2	\$324.5	\$349.4	\$379.3
Natural Gas Sales ⁴ (MM/Mcf)	17.0	20.4	26.4	34.0	37.6	111.6	117.4	122.0
Weighted Average Price ⁵ (\$/Mcf)	39.8	39.8	41.6	44.2	46.8	50.9	73.1	77.1
Cook Inlet Oil Royalties ⁶ (\$MM)	\$33.1	\$31.3	\$29.5	\$27.9	\$26.4	\$24.6	\$22.9	\$21.2
Cook Inlet Oil Severance Taxes ⁷ (\$MM)	\$16.3	\$14.4	\$12.7	\$10.9	\$ 9.1	\$ 7.3	\$ 5.5	\$ 3.7

Prepared by:
Legislative Affairs Agency
Research Division
14 July 1977

Table II
Variable Inputs to Case I

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Annual North Slope Oil Production ¹ (MM/Bbls.)	339.1	438.0	438.0	438.0	438.0	438.0	438.0	438.0
Los Angeles Refinery Price ² (\$/Bbl.)	\$13.75	\$13.91	\$14.26	\$14.61	\$14.98	\$15.35	\$15.74	\$16.13
Trans-Alaska Pipeline Tariff ³ (\$/Bbl.)	\$ 4.90	\$ 5.40	\$ 5.30	\$ 5.20	\$ 5.10	\$ 5.00	\$ 4.90	\$ 4.90
Lower-48 Transport- ation Charges ⁴ (\$/Bbl.)	\$ 2.00	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Wellhead Value ⁵ (\$/Bbl.)	\$ 6.85	\$ 6.01	\$ 6.46	\$ 6.81	\$ 7.35	\$ 7.95	\$ 8.34	\$ 8.73
North Slope Related Income Tax Receipts ⁶ (\$MM)	\$46.0	\$50.0	\$51.0	\$52.0	\$53.0	\$54.0	\$55.0	\$56.0
State Expenditures ⁷ (\$MM)	\$853.8	\$939.2	\$1033.1	\$1136.4	\$1250.1	\$1375.1	\$1512.6	\$1663.8

Prepared by:
Legislative Affairs Agency
Research Division
14 July 1977

Table III
Variable Inputs to Case II

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Annual North Slope Oil Production ¹ (MM/Bbls.)	339.1	474.5	547.5	547.5	547.5	547.5	547.5	547.5
Los Angeles Refinery Price ² (\$/Bbl.)	\$13.75	\$14.44	\$15.16	\$15.92	\$16.71	\$17.55	\$18.43	\$19.35
Trans-Alaska Pipeline Tariff ³ (\$/Bbl.)	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90
Lower-48 Transport- ation Charge ⁴	\$ 1.50	\$ 2.00	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Wellhead Value ⁵	\$ 7.35	\$ 7.54	\$ 7.76	\$ 8.52	\$ 9.31	\$10.45	\$11.03	\$11.95
North Slope Related Income Tax Receipts ⁶ (\$MM)	\$46.0	\$51.0	\$54.0	\$55.0	\$56.0	\$58.0	\$59.0	\$60.0
State Expenditures ⁷ (\$MM)	\$853.8	\$917.8	\$986.6	\$1060.6	\$1140.2	\$1225.7	\$1317.6	\$1416.4

Prepared by:
Legislative Affairs Agency
Research Division
14 July 1977

Table IV
Variable Inputs to Case III

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Annual North Slope Oil Production ¹ (MM/Bbls.)	339.1	474.5	584.0	584.0	620.5	657.0	693.5	693.5
Los Angeles Refinery Price ² (\$/Bbl.)	\$14.07	\$14.97	\$15.83	\$16.74	\$17.70	\$18.72	\$19.79	\$20.94
Trans-Alaska Pipeline Tariff ³ (\$/Bbl.)	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90
Lower-48 Transport- ation Charge ⁴	\$ 1.14	\$ 1.43	\$ 1.86	\$ 1.98	\$ 2.14	\$ 1.54	\$ 1.57	\$ 1.61
Wellhead Value ⁵	\$ 8.03	\$ 8.64	\$ 9.07	\$ 9.86	\$10.59	\$12.28	\$13.32	\$14.43
North Slope Related Income Tax Receipts ⁶ (\$MM)	\$46.0	\$51.0	\$54.0	\$57.0	\$60.0	\$63.0	\$66.0	\$69.0
State Expenditures ⁷ (\$MM)	\$853.8	\$954.1	\$1012.5	\$1091.2	\$1163.7	\$1103.7	\$1126.4	\$1191.4

Prepared by:
Legislative Affairs Agency
Research Division
14 July 1977

Footnotes to Table I
(Variables unique to Cases I-III)

¹The floor price for oil severance tax purposes is assumed to be raised 10% every two years, by legislative action.

²Oil and gas property taxes are taken from the Department of Revenue study, Alaska's Oil and Gas Tax Structure: A Study With Recommendations, assuming construction of the Alcan natural gas pipeline by 1983.

³Ibid.

⁴Natural gas production estimates are taken from Department of Revenue data provided to the Legislative Affairs Agency.

⁵Ibid.

⁶Cook Inlet royalties were calculated by the Legislative Affairs Agency's Severance Tax Simulation Model.

⁷Ibid.

Footnotes to Table II
(Variables unique to Case I)

- ¹North Slope oil production is assumed to average 929,000 bbl/d. in 1978 (or 339.1 million barrels annually). This production is taken from Department of Revenue sources. Production beyond 1978 is assumed to rise to 1.2 million bbl/d in 1979 and remain at this level (483.0 million barrels annually) through 1985. This level of production assumes that the North Slope companies choose not to develop additional (and more expensive) reservoir capacity in and around Prudhoe Bay.
- ²The Los Angeles refinery price in 1978 is assumed to be \$13.75 per barrel. This price is about \$0.25 to \$0.50 below the refiner acquisition price for imported crude oil of similar quality, reflecting the assumed necessity of the North Slope companies to offer discounts on Alaskan oil in order to penetrate west coast markets. Beyond 1978, the Los Angeles refinery price is assumed to rise at a rate of 2.5% annually, reflecting the possibility of a low rate of price increase by the Organization of Petroleum Exporting Countries (OPEC).
- ³The Trans-Alaska pipeline tariff in 1978 is set at \$4.90 per barrel, based on the recent decision by the Interstate Commerce Commission (ICC). In 1979, however, the tariff rate is increased to \$5.40 per barrel, assuming a partial reversal of position by the ICC. In subsequent years, the tariff declines at a rate of \$0.10 per barrel annually, until the "long-term" rate of \$4.90 per barrel is reached in 1984. The tariff remains at that level through 1985.
- ⁴Lower-48 transportation charges are assumed to be \$2.00 per barrel in 1978, and \$2.50 per barrel in subsequent years. These charges represent an aggressive attempt by the North Slope companies to transfer income and profits away from the wellhead (where Alaska taxes are imposed) and into transportation or other areas which are less heavily taxed.
- ⁵The wellhead values are calculated by subtracting the Trans-Alaska pipeline tariff and the lower-48 transportation charges from the Los Angeles sales price.
- ⁶North Slope related income tax receipts for 1978 are taken from the Department of Revenue's study, Alaska's Oil and Gas Tax Structure: A Study With Recommendations. Receipts are assumed to increase to \$50.0 million in 1979, and increase \$1.0 million annually in subsequent years. These rates of increase are below those forecast by the Department of Revenue, and reflect the lower production and wellhead price assumptions contained in Case I.
- ⁷State expenditures for 1978 are assumed to be \$853.8 million and are taken from the Department of Revenue, loc. cit. In subsequent years, expenditures are assumed to increase at 10% annually. However, in instances where such increased expenditure levels would result in either a Permanent Fund contribution less than the specified amount, or in a General Fund

Footnotes to Table II cont.

balance of less than \$100 million, expenditures are revised downward to meet these criteria. Thus, in Case I, with Permanent Fund contribution levels of 75% and 100%, actual expenditure levels in the model are, in some cases, below those projected in Table II.

Footnotes to Table III

(Variables unique to Case II)

- ¹North Slope oil production is assumed to average 929,000 bbl/d in 1978 (or 339.1 million barrels annually), and 1.3 million bbl/d (474.5 million barrels annually) in 1979. These production levels are taken from Department of Revenue sources. Production in 1980 and subsequent years is assumed to be 1.5 million bbl/d (547.5 million barrels annually). This level of production assumes that some additional development of the Prudhoe Bay reservoir occurs, but that very deep and expensive drilling and development does not take place.
- ²The Los Angeles refinery price in 1978 is assumed to be \$13.75 per barrel. As in Table II, this price is somewhat below the current price for imported crude oil of similar quality and reflects some discounting of Alaska oil to penetrate U.S. markets. Beyond 1978, Los Angeles sales prices are escalated at 5% annually, reflecting a rate of price increase by OPEC that is approximately equal to the general inflation rate.
- ³The Trans-Alaska pipeline tariff is assumed to be \$4.90 per barrel over the entire period, assuming that the I.C.C. does not modify its recent decision.
- ⁴Lower-48 transportation charges in 1978 are \$1.50 per barrel. This level represents a modest attempt by the North Slope companies to transfer profits away from the wellhead. In 1979, the charge is assumed to be \$2.00 per barrel, reflecting increased volumes of Alaskan oil moving to U.S. Gulf Coast markets. For 1980 and subsequent years, the tariff is assumed to be \$2.50 per barrel as a result both of company attempts to minimize the Alaskan wellhead price, and as a result of long-haul transportation charges to more distant markets.
- ⁵The wellhead values are calculated by subtracting the Trans-Alaska pipeline tariff and the lower-48 transportation charges from the Los Angeles sales price.
- ⁶North Slope related income tax receipts for the period 1978-1980 are taken from the Department of Revenue study, Alaska's Oil and Gas Tax Structure: A Study With Recommendations. Beyond 1980, receipts are assumed to increase \$1 million annually in each year except 1982 when the increase is \$2 million (the additional increase represents the beginning of North Slope natural gas sales). These increases are, however, below those contained in the Revenue study, reflecting the lower production and price assumptions contained in Case II.
- ⁷State expenditures for 1978 are assumed to be \$853.8 million and are taken from the Department of Revenue, loc. cit. In subsequent years, expenditures are assumed to increase at 7.5% annually.

Footnotes to Table IV
(Variables unique to Case III)

- ¹The annual production estimates contained in Table IV are taken from Department of Revenue sources.
- ²The Los Angeles sales prices contained in Table IV are taken from the Department of Revenue study, Alaska's Oil and Gas Tax Structure: A Study With Recommendations.
- ³The Trans-Alaska pipeline tariff is based on the recent I.C.C. decision.
- ⁴Lower-48 transportation charges are taken from the Department of Revenue, loc. cit.
- ⁵The wellhead values are calculated by subtracting the Trans-Alaska pipeline tariff and the lower-48 transportation charges from the Los Angeles sales price.
- ⁶The Prudhoe Bay related state income tax receipts in Table IV are taken from the Department of Revenue, loc. cit.
- ⁷Ibid.

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

June 16, 1977

SUBJECT: Permanent Fund - Analysis of "Fiscal Tools"

TO: The Honorable Clark Gruening
Chairman
House Special Committee on the Alaska Permanent Fund

FROM: Richard Haggart
Research Analyst

This memorandum is in response to your request that we prepare:

1. A listing of the existing "fiscal tools"--state fiscal programs and debt instruments issued by the state--which are (or with minor modification could be made) eligible for investment of the Permanent Fund principal under the "income producing" criterion; and
2. An analysis of the "strengths and weaknesses" of each in terms of their appropriateness as components of a Permanent Fund strategy.

Basic to the problem presented us in making this analysis is the use of the term "fiscal tool" in the general outline prepared by the Division of Policy Development and Planning (DPDP), in their memorandum of May 6, 1977. Implicit in the concept of a "fiscal tool" is some idea of a job to be accomplished--clearly, a hammer is a "tool" but its utility--its "strengths and weaknesses"--can vary considerably, depending on whether the task at hand is brain surgery or house building.

Through this memorandum we have assumed that the "task at hand" for the Permanent Fund will be structured around some more or less explicit effort to shape the state's growth path. Consequently, we have used the terms "growth strategy" and "Permanent Fund strategy" interchangeably. In addition, many of our comments and observations regarding the "Permanent Fund" policy objectives are also applicable to the more general question of General Fund surpluses in years to come. And, in one sense, the "growth" impact effects of such General Fund surpluses may prove to be ever more critical in terms of state policy, because fewer constraints exist on how such money may be used.

Inescapable in this approach are some judgments about the sorts of growth strategies that are feasible (and thus worth analyzing) and the state's potential for general and sectorial economic development. The result is basically a "scenario" approach, based on a number of hopefully explicit assumptions. Obviously the analysis contained in Appendix II is only of limited usefulness if these judgments diverge significantly from those of the committee. The assumptions are as follows:

Assumption No. 1: We assume that Alaska's long-run ability to sustain growth is limited, and that exclusive of Prudhoe Bay revenues, that limit is below growth rates which have occurred over the last decade.

Assumption No. 2: We assume that uncontrolled investment of oil revenues in Alaska will result in economic growth that will not be wholly self-sustaining if and when petroleum-related revenue begins to decline in the mid-1980's.

Assumption No. 3: Even if Alaska's non-oil economic potential were capable of being developed rapidly enough to replace oil revenues by the mid-to-late 1980's, such accelerated economic development would be undesirable from the standpoint of implicit social and quality-of-life objectives which are shared by most Alaskans.

Assumption No. 4: Within the limitations set forth above, we assume that the objective of the Permanent Fund will be to (a) promote that economic development which is self-sustainable after oil revenues begin to decline, and (b) which is not inimical to quality-of-life objectives shared by Alaskans (i.e. wilderness, environmental and recreational values).

Assumption No. 5: Finally, we assume that to the degree that either Permanent Fund and/or General Fund revenues are in excess of the development objectives set forth in No. 4 above, that the excess revenues will be invested in a diversified and relatively riskless investment portfolio with the income accruing unencumbered to the General Fund.

The remainder of the memorandum consists of Appendices I and II attached. Appendix I provides a brief "laundry-list" of state programs which are eligible for Permanent Fund investment. Where possible, the descriptions and outline follow the format of the Executive Budget of the Governor. Appendix II contains a discussion of these programs by broad category, assuming that more specific programmatic analysis will be dependent on the assignment of more precise goals and objectives to Permanent Fund policy generally.

RGH:mo
Attachments

APPENDIX I

Specific State Programs Eligible for Permanent Fund Investment

In this part of the memorandum we briefly describe and comment on the state programs and activities which are potentially eligible for Permanent Fund investment support (i.e., they are "income producing"). A more generalized discussion of these program areas by type of activity appears in Appendix II of this memorandum.

For fairly obvious reasons, the outline of this discussion follows the Executive Budget--hence, debt service activities appear in several areas, depending on the program area being discussed. Finally, for purposes of this analysis no programs were included that would require major legislative modification in order to make Permanent Fund participation possible.

Category 1: Education

1. The Scholarship Loan Program provides loans to Alaskan residents for post-secondary vocational and academic training. The purpose of the program is to assist qualified Alaskans to secure a post-secondary education and to encourage them to remain in Alaska after completing their schooling. Up to \$2,500 per year is available to undergraduates and up to \$5,000 per year to graduate students. Loans must be repaid within six years of the termination of studies, and a maximum of 40 percent of a loan can be forgiven for five years' residence in Alaska after graduation. In fiscal 1976, 2,087 loans were made totaling \$3.8 million.
2. Debt service for education-related state bonding in fiscal 1976 totaled \$13.0 million, and is estimated to be \$17.2 million in fiscal 1977. Debt service costs under this category include payments on University of Alaska projects, general education which includes rural schools built with state funds, and payments on library facilities. Of the associated costs of debt service for education programs, all funding comes from the general fund with the exception of dedicated revenues from the cigarette tax which totaled \$475,000 annually through fiscal 1976 and is estimated to increase to \$500,000 in fiscal 1977.

Category 2: Social Services

1. Debt service on Pioneer Homes totaled \$765.9 thousand in fiscal 1976 and is estimated to increase to \$900.7 thousand in fiscal 1977.

Category 3: Health

1. Debt service for health care facilities for fiscal 1976 totaled \$705.8 thousand. For fiscal 1977, debt service costs are estimated to be \$1,170.9 thousand and to increase in fiscal 1978 to \$1.7 million.

Category 4: Natural Resources Management and Environmental Conservation

1. The Fisheries Enhancement Revolving Loan Fund is designed to support loans to non-profit organizations or individuals for the development of hatcheries. The Department of Revenue is required to purchase all loans made under this program. To date, the program has made only one loan, to a regional organization, totaling \$1.4 million. In addition, officials in the Department of Commerce and Economic Development indicate that "prospective" loans (meaning loans which have been extensively discussed, but have not necessarily been applied for) total about \$3.5 million--two individual loans totaling about \$500,000 and one large regional loan of \$3 million--and that the FY 1978 total could go as high as \$10 million.
2. Debt service for this category totaled \$3.5 million in fiscal 1976 and is estimated to increase to \$4.7 million in fiscal 1977 and \$5.8 million in fiscal 1978. Sub-categories under this category of debt service include fish and game facilities, water and sewer, parks and recreation, and forest fire protection.

Category 5: Public Protection

1. Flood control and national guard facilities debt service under this category totaled \$629,000 in 1976, and is estimated to increase to \$737.5 thousand in fiscal 1977 and \$743.8 thousand in fiscal 1978.

Category 6: Administration of Justice

1. Correctional facilities debt service under this category totaled \$888.6 thousand in fiscal 1976, and is projected to increase to \$959.5 thousand in fiscal 1977 and \$953.1 thousand in fiscal 1978.

Category 7: Development

1. The Municipal Bond Bank Authority is an independent public corporation established by the 1975 legislature to assist communities in Alaska to develop needed public facilities by marketing general obligation bonds. The bond bank will purchase these bonds and offer its own revenue bonds to the public bond market. The revenue bonds will be secured by the credit of the municipality as well as by a bond reserve fund appropriated by the legislature. In fiscal 1977 it was estimated that the authority will sell bonds in the amount of \$25 million.

2. The Division of Business Loans has the responsibility of administering five revolving loan funds and two public corporations: the Small Business Revolving Loan Fund; the Tourism Revolving Loan Fund; the Commercial Fishing Revolving Loan Fund; the Child Care Facilities Revolving Loan Fund; the Water Resources Revolving Loan Fund; the Alaska State Development Corporation; and the Small Business Development Corporation. The five loan funds enable qualified businesses and public utilities in their respective areas to obtain long-term financing for the primary purposes of developing, expanding or modernizing their operations. The Department of Revenue must purchase all loans made by the division. In addition to this, the division maintains for the Alaska State Development Corporation a loan portfolio in excess of \$3 million as well as an investment portfolio exceeding \$3.5 million. This corporation, however, is inactive and will dissolve in 1983. Finally, the Small Business Development Corporation grants loans in participation with the federal Small Business Administration under the "502" programs. These loans are high risk development loans and the SBDC portion is five percent of the total loan. According to state officials, the SBDC has not made a loan for two years, although one for "about \$50,000" is now under consideration.
3. The Department of Commerce and Economic Development through their Division of Veterans Affairs maintains a Veterans Affairs Revolving Loan Fund for the purpose of making loans to qualified Alaska national guardsmen and veterans in the State of Alaska. These loans may be used to purchase, refinance, build and remodel homes, farms, businesses and multiple dwellings. In addition, a qualified veteran may be granted a loan for education, fishing, mining or personal use. At the present time, the program has about 3,200 outstanding loans. In fiscal 1976, 1,500 loan applications were approved, totaling \$55 million. It is projected that 1,160 loans with a value of \$54 million will be approved in fiscal 1977, and a total of 1,480 loans valued at \$30 million is projected for fiscal 1978.
4. The Department of Commerce and Economic Development through its Agriculture Division maintains the Agricultural Revolving Loan Fund which provides a source of long-term, low interest loans to promote a rapid development of agriculture as an industry throughout the state. Sources of credit usually available to farm enterprises are not available in Alaska due to the generally unproven potential for profitable operation. In fiscal 1976, 67 loans were made from this fund for a total of \$700,000. It is projected that 92 loans totaling \$1,500,000 will be made in fiscal 1978. As of fiscal 1976, the program had outstanding 222 loans to 126 separate clients.

5. The senior citizen housing development program provides loans and grants to municipalities, housing authorities and other non-profit local sponsors to stimulate new housing construction and for rehabilitation of existing units for senior citizens. Fund revenues are provided from a \$7.5 million general obligation bond issue approved in November, 1976. To date, no loans have been approved, and program activity is limited to grants.
6. Debt service items in the development category cover remote housing bonds, water and harbor facilities bonds, natural disaster recovery bonds, and port facilities bonds. Total debt service costs for these categories in fiscal 1976 total \$826,000 and are expected to increase to \$2.7 million in fiscal 1977.

Category 8: Transportation

1. Debt service costs of the transportation category include general obligation bonds for highways, marine transportation, and aviation. In addition, revenue bond debt costs for fiscal 1977 will be accruing on international airports. Total debt service costs for the general obligation bond categories in fiscal 1976 totaled approximately \$16.6 million. These are projected to increase to \$19.3 million in fiscal 1977.

Category 9: Housing

The state of Alaska maintains housing programs in two major areas: state owned and operated public and low cost housing programs, operated by the Alaska State Housing Authority (ASHA), and a program of state supported financing for low- and moderate-cost private sector housing development via the Alaska Housing Finance Corporation (AHFC).

The ASHA was established in the late 1940's to provide increased availability of low- and moderate-cost housing for Alaskans, with specific reference to veterans and persons engaged in "national defense activities". In addition, ASHA is authorized to construct public buildings for the state or federal government. The low-cost housing program and the public buildings construction program are financed via bonds or other debt securities which the Authority is authorized to issue. The debt is totally secured by the properties involved, and involves no pledge of the state's credit.

While ASHA's activities in the state were at one time substantial, the Authority now is concentrating virtually exclusively on the development of public housing programs. Consequently, ASHA officials estimate that urban renewal activities will be entirely phased out by the end of 1977, and the Authority has

also requested a termination of its public buildings program. While ASHA has the authority to issue bonds and notes on its own credit (no state guarantee of the loans is made), in fact, little of this type of financing has occurred (with the exception of the public buildings program which involved approximately \$108 million in bond issues between 1966 and 1974). Currently, ASHA receives over 99 percent of its funding from the federal government, chiefly from the Department of Housing and Urban Development. The Authority has borrowed from the state in the past, but according to Authority officials, the Department of Revenue will not make short-term loans to ASHA except where federal guarantees exist. The lack of bonding activity of the Authority for housing construction reflects the lack of credit-worthiness of public housing projects. In the judgment of the Authority, such bonds would be essentially unmarketable. At the present time the ASHA is responsible for management of 1,970 housing units in the state, including 747 units of remote housing constructed via a special 1971 legislative appropriation and general obligation bond issue--the only significant increment of state funding other than short-term Department of Revenue loans, in recent years.

Housing other than public housing is primarily the responsibility of the Alaska Housing Finance Corporation created in 1971. The Corporation makes or buys mortgages on low- or moderate-income housing, insures mortgages, makes home improvement loans, and makes loans for other associated costs of home ownership for qualified persons, or developers, including downpayments. To finance its activities, the Corporation is authorized to issue bonds and notes. In addition, income from the Corporation's activities (interest payments and insurance fees) is retained for operations. As of November 30, 1976, the Corporation had approximately \$166.9 million in outstanding bonds and notes, and an additional \$9.2 million in notes payable to the state of Alaska (as with ASHA, these short-term loans are made by the Department of Revenue to the Corporation). Of the bonded indebtedness outstanding, the Corporation issued \$50 million in FY 1976, and anticipates issuing a further \$75 million in bonds during FY 1977 and FY 1978. As of November 30, 1976, the Corporation's activities had assisted approximately 4,000 people obtain home financing, and they estimate that the FY 1977-78 bonding program will assist an additional 1,500.

Finally, the state has established 13 regional native housing authorities with powers essentially similar to those of the ASHA. They do not, however, have the authority to engage in the public buildings program or to participate in urban renewal activities. Like ASHA, virtually all money for these activities is provided by the federal government, and state participation is minimal and limited to insured short-term loans. According to state officials, none of the corporations have sold bonds.

Category 10: Energy and Power Development Authorities

A recently enacted, and still nascent, program is the Alaska Power Authority. The Authority is an independent body, designed to promote development of hydroelectric and fossil fuel power sources for domestic Alaskan usage. The Authority is generally empowered to issue bonds and notes to finance power development activities in the state, with the debt being secured by the projects themselves or by the earnings of these projects.

The Alaska Power Authority's funding sources are the Power Project Revolving Fund, appropriated initially by the legislature, as well as receipts from the sale of bonds or notes, which are not subject to legislative appropriation. As currently constituted, it appears that the legislature could appropriate money directly from the Permanent Fund (or allocate Fund resources by legislative direction) to the Revolving Fund, or could legislatively direct the Fund to purchase some or all of the debt securities issued by the Authority. Obviously, the greater the contribution made by the legislature to the Revolving Fund, the less the requirement for the Authority to issue debt. Conversely, minimal appropriations to the Fund would necessitate issuance of debt securities by the Authority.

Presently, the Authority is still in the formative stages and has, as yet, issued no bonds. Power Authority officials estimate that initial organizational work will be complete by October 1, 1977, and that the Authority will then be able to evaluate specific projects and financing proposals.

The state also has authorized the creation of regional electrical authorities to develop adequate, safe, and reliable electric power sources in rural or economically depressed areas. The authorities have the authority to sell bonds, but according to state officials none have done so due to poor credit ratings of the prospective facilities. One association (Tlingit-Haida) has secured long-term financing from the Rural Electrification Administration, U. S. Department of Agriculture.

Category 11: Toll Bridge Authority

The Alaska Toll Bridge Authority, created to provide for the analysis of feasibility and establishment of toll bridges upon public highways, is inactive. There are, to the knowledge of the Department of Highways, no toll bridges in the state of Alaska.

APPENDIX II

This portion of the memorandum contains a general analysis of the use of fiscal mechanisms in conjunction with overall Permanent Fund policy, and where possible, analyzes the strengths and weaknesses of various approaches.

The General Fund:

In our judgment, the General Fund is a relatively inefficient mechanism, generally, for dealing with projected short-term revenue surpluses. This criticism is apart from any specific problems which may exist for individual program areas. We believe this to be true because:

1. The political process tends to allocate total available revenues regardless of marginal utility and without systematic consideration of longer term economic and social consequences.
2. Existing fiscal mechanisms now funded through the General Fund were virtually all enacted during periods of revenue scarcity. Hence, these programs have an innate bias towards maximizing their share of fiscal resources, vis-a-vis competing programs (or, viewed in another context, the programs compete for available resources on behalf of their various constituencies within the state). In short, these programs and their managers in the state bureaucracy can be expected to seek the greatest slice of the available revenue "pie" that they can get, notwithstanding any constraints imposed by generalized "growth" or Permanent Fund policy objectives.
3. We do not believe it particularly sanguine to expect that future legislatures will constrain their own fiscal actions if surplus General Fund revenues exist. Again, we believe the pressures will be virtually insurmountable to distribute available revenues. The experience with the Prudhoe Bay lease sale revenues may be illustrative. In this instance, the state was able to "bail" itself out of an untenable revenue position with the in-place reserves tax. No such alternative is visible on the fiscal horizon, once oil production related revenues begin to decline.

Consequently, we believe that holding large revenue surpluses in the General Fund is likely to prove to be the least effective method of managing the state's short-term revenue surplus, if there exists in the minds of the committee an alternative long-range goal towards which these funds should be committed.

Should this line of reasoning be accepted, then it follows that the General Fund should be the recipient of only those funds which will not be detrimental to the long-run growth objective as set forward in Permanent Fund policy. Clearly, the more ambitious the eventual objec-

tive of the Permanent Fund, the less will be the year-to-year contributions to the General Fund from oil revenues, and the greater will be the contributions to the Permanent Fund, or other specific objectives.

Specific Programs Within the General Fund:

Loan Programs: The state maintains loan programs to promote a variety of interests, ranging from promotion of business enterprise to Senior Citizen Housing and Child Care Facilities. Before considering the potential effectiveness of these programs, several points emerge concerning loan programs generally:

1. Unlike most other programs contained in the General Fund, loans are interest bearing investments, and hence, potentially eligible for backing by the Permanent Fund directly. Therefore, the question of what division should be between the Permanent and General Funds in terms of the overall revenue "surplus" is not directly applicable.
2. However, under current law there is no requirement that the Permanent Fund purchase such securities, nor is there any provision allowing Permanent Fund monies to be used for funding such programs directly (assuming this mechanism were legal).
3. Finally, there is no current provision of law requiring any coordination between ongoing state objectives (as exemplified in the loan programs and their statutory objectives) and the investment objectives of the Permanent Fund. The matter of coordination will be discussed further below.

While investments of Permanent Fund money in state loan programs is superficially attractive (and in fact is attractive in some aspects), several problems exist which should be considered:

1. Since state loan programs are intentionally subsidized to promote the specific areas covered by the programs, the Permanent Fund would earn a lower return on invested capital than would otherwise be the case.
2. One answer to the problem of differential rates of return between state issued loans and market rates has been suggested within the Department of Revenue. This approach would involve using the State Treasury as a secondary market for state sponsored notes or mortgages which were financed at the subsidized rate by the Permanent Fund. The Treasury would then repurchase the notes at a discount rate that recognizes the difference between the subsidized rate and the market, thus effectively reimbursing the Permanent Fund for the differential. In essence, then, the capital resources of the Permanent Fund would be available for support of state sponsored loan funds, while the interest subsidy burden would continue to be borne by the state. In any event, some provision making up the interest rate differential would seem to be appropriate.

3. Such a program as outlined in No. 2 above, however, could easily result in growth impacts that are not easily predictable, or controllable. Currently, the amount of state loan monies are rather closely controlled by the appropriations process--in FY 1976 the state issued loans totalling only \$56.8 million. Unless controlled by Permanent Fund legislation, access to the Permanent Fund as a capital vehicle could result in a ballooning of state loans, at only marginal increases in carrying costs (because the only appropriated cost to the state would be the interest differential subsidy payable to the Permanent Fund).

Consequently, if the committee chooses to utilize any or all of the state's existing loan programs as investment vehicles for Permanent Fund money, we believe adoption of a policy which would make such investment levels contingent on annual appropriations would be appropriate. It is also possible that some absolute limit or percentage limit be placed on the amount of Permanent Fund money invested in state loan programs. Without such limitations, the loan programs are likely to emerge as sources of "easy money", siphoning large and very possibly inappropriate amounts of Permanent Fund money into the programs.

A final and extremely significant point should be addressed if the committee chooses to allow use of some Permanent Fund money to support state loan programs: the matter of coordination between existing state programs, and prospective investment and development activities of the Fund. An obvious example would be the Fisheries Enhancement Loan Fund (a current state loan program) and any prospective fisheries development investments which might be made by the Permanent Fund itself (either independently, or as a reaction to some legislative direction in the Permanent Fund legislation). Since the two programs (one actual, the other prospective) are seeking the same ends, it would seem to be in the best interest of the state to insure that investment and development decisions regarding the state's fisheries be made in a coordinated manner--which potentially would not be the case, since at least some of the Permanent Fund investments may well take place outside of direct legislative review. This problem may become even more severe if the impact of such impending programs as the Renewable Resources Fund are included in the considerations--it is entirely conceivable that prospective investors in Alaska could have at least three, and possibly more, major state funding sources available to them, only one of which would be accountable to the legislature in terms of appropriations.

Capital Improvements Projects and State Bonds

One alternative fiscal vehicle that must be considered is utilizing the Permanent Fund as a major purchasing agent of state bonds, and thus financing at least portions of the state's capital improvements via the

Fund. This course of action has the advantage of internalizing the state's bonding activity, and turning long-term repayment obligations (if the bonds are sold in the open market) into long-term revenue sources (as repayments are made to the Permanent Fund). In our judgment, however, this is a relatively inefficient form of fiscal self-discipline--which is not to say that inefficient self-discipline may not be better than no self-discipline at all under some sets of assumptions.

However, there are clear inefficiencies and dis-economies associated with setting up the Permanent Fund as a state or municipal bond purchasing authority. Chief among these is the differential in the rate of return that the Permanent Fund would earn under such a system. Thus, the choice would essentially be between purchasing tax exempt state or municipal debts at lower rates (due to their tax exempt status), and forgoing the higher rates that are attainable in high grade corporate or even federal securities. Since the Permanent Fund is a state entity that pays no taxes, the advantage of investing in tax exempt debt is lost. At the present time, high grade tax exempts are paying about 5.5%, while similar grade corporates yield about 8.15%--the difference, if the Fund were to invest in state debt instruments, would be a clear loss to the state.

Perhaps the best argument in favor of avoiding Permanent Fund purchase of state tax exempt debt lies in the area of avoiding distorting effects on the state's growth rate. Put most simply, reliance on the national capital markets provides ongoing discipline of the state's fiscal affairs that is relatively immune to short-term political considerations. Major purchasers of the state debt instruments are fully capable of analyzing the state's ability to repay debts, especially in the light of declining oil revenues beyond 1986 or 1987. Hence, any temptation the state government might have to issue excessive amounts of debts will be tempered by the market's reluctance to accept such debts, in the form of rising interest charges as such relatively risky indebtedness increased. Conversely, of course, utilization of the Permanent Fund as a debt purchaser would run the very real risk of having the state issuing debt in excess of the non-Permanent Fund economy's ability to adequately service and retire. Under such circumstances, the Fund or portions thereof, could be dissipated by inefficiently overdeveloping the state's capital improvements sector, beyond that level which the national debt markets would normally permit. This situation differs from potential misuse of excess money in the General Fund only because the principal and some interest will be repaid to the Permanent Fund--however, the potentially distorting effects on the state's economy and growth rate would be very similar. And, as was noted earlier, some real impact on the value of the fund would occur because of the interest rate penalty the Fund would suffer if forced to finance state and municipal debts.

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
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LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

July 7, 1977

SUBJECT: Permanent Fund and Revenue Forecasts

TO: Hon. Clark Gruening, Chairman, House Permanent Fund Committee

FROM: Richard G. Haggart
Research Analyst

Enclosed are five (5) copies of our analysis of the State of Alaska's revenue outlook, and associated effects on the Permanent Fund. As you requested, the analysis is divided into three "cases": Case I which postulates low petroleum income coupled with high state expenditure levels, Case II which postulates moderate or "concensus" levels of petroleum income and expenditures, and Case III, which postulates relatively high petroleum income and relatively low state expenditure levels.

Each of the three Cases has four separate sheets -- one each for Permanent Fund contribution levels of 25%, 50%, 75% and 100% respectively. Because the computer print-outs and the Case titles are somewhat unobtrusive you should caution anyone reproducing the material to be sure they are assembled in the proper order, to avoid any potential confusion.

Obviously, a number of assumptions went into the three case studies. These assumptions are contained in a supplemental memorandum which is now being prepared and which will be forwarded to you as soon as it is complete. Because of the complex nature of these forecasts, as well as the numerous assumptions that went into them, we believe it would be very desirable to include the supplemental material when the forecasts are distributed, at least as appendices. The objective here would be to allow those who are interested to reconstruct our work and satisfy any curiosity that might exist regarding methodology.

If you have any further questions let us know. In the meantime, Gregg, John and I look forward to seeing you and the Committee in Anchorage on the 15th.

RGH:dh
Enclosures

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 25% PERM. FUN.
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$168.3	\$44.5	\$225.8	\$942.6	\$853.8	\$81.0	\$83.4	\$726.0
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$939.2	\$90.3	\$173.8	\$747.9
1980	\$618.7	\$44.5	\$193.2	\$59.0	\$302.4	\$1,217.9	\$1,033.1	\$96.1	\$269.9	\$836.7
1981	\$741.0	\$41.9	\$226.7	\$72.2	\$322.0	\$1,403.9	\$1,136.4	\$100.6	\$370.6	\$1,003.6
1982	\$803.2	\$39.2	\$251.8	\$87.2	\$315.2	\$1,496.7	\$1,250.1	\$107.7	\$478.3	\$1,142.5
1983	\$839.3	\$43.9	\$257.0	\$99.9	\$324.5	\$1,564.7	\$1,375.1	\$116.7	\$595.1	\$1,215.4
1984	\$894.2	\$46.6	\$261.4	\$109.8	\$349.4	\$1,661.5	\$1,512.6	\$122.5	\$717.6	\$1,241.8
1985	\$918.3	\$44.8	\$295.9	\$116.8	\$379.3	\$1,755.2	\$1,663.8	\$127.7	\$845.3	\$1,205.6
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$640.1	\$2,478.8	\$11,094.4	\$9,764.1	NOT APPL.	\$845.3	\$1,205.6

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 50% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$168.3	\$44.5	\$225.8	\$942.6	\$853.8	\$162.1	\$164.5	\$644.9
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$939.2	\$180.6	\$345.2	\$576.5
1980	\$618.7	\$44.5	\$193.2	\$59.0	\$302.4	\$1,217.9	\$1,033.1	\$192.2	\$537.5	\$569.1
1981	\$741.0	\$41.9	\$226.7	\$72.2	\$322.0	\$1,403.9	\$1,136.4	\$201.3	\$738.8	\$635.4
1982	\$803.2	\$39.2	\$251.8	\$87.2	\$315.2	\$1,496.7	\$1,250.1	\$215.5	\$954.3	\$666.6
1983	\$839.3	\$43.9	\$257.0	\$99.9	\$324.5	\$1,564.7	\$1,375.1	\$233.4	\$1,187.8	\$622.7
1984	\$894.2	\$46.6	\$261.4	\$109.8	\$349.4	\$1,661.5	\$1,512.6	\$245.1	\$1,432.9	\$526.5
1985	\$918.3	\$44.8	\$295.9	\$116.8	\$379.3	\$1,755.2	\$1,663.8	\$255.4	\$1,688.3	\$362.6
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$640.1	\$2,478.8	\$11,094.4	\$9,764.1	NOT APPL.	\$1,688.3	\$362.6

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

**STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 75% PERM. FUND
(FIGURES IN \$MILLIONS)**

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$168.3	\$44.5	\$225.8	\$942.6	\$853.8	\$243.2	\$245.6	\$563.9
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$939.2	\$271.0	\$516.6	\$405.1
1980	\$618.7	\$44.5	\$193.2	\$59.0	\$302.4	\$1,217.9	\$1,033.1	\$288.4	\$805.0	\$301.6
1981	\$741.0	\$41.9	\$226.7	\$72.2	\$322.0	\$1,403.9	\$1,136.4	\$301.9	\$1,107.0	\$267.2
1982	\$803.2	\$39.2	\$251.8	\$87.2	\$315.2	\$1,496.7	\$1,250.1	\$323.2	\$1,430.2	\$190.6
1983	\$839.3	\$43.9	\$257.0	\$102.3	\$324.5	\$1,567.1	\$1,307.5	\$350.2	\$1,780.5	\$100.0
1984	\$894.2	\$46.6	\$261.4	\$123.8	\$349.4	\$1,675.5	\$1,307.8	\$367.6	\$2,148.1	\$100.0
1985	\$918.3	\$44.8	\$295.9	\$146.3	\$379.3	\$1,784.8	\$1,401.6	\$383.1	\$2,531.3	\$100.0
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$686.1	\$2,478.8	\$11,140.4	\$9,229.7	NOT APPL.	\$2,531.3	\$100.0

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

**STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 100% PERM. FUND
(FIGURES IN \$MILLIONS)**

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$168.3	\$44.5	\$225.8	\$942.6	\$853.8	\$324.3	\$326.7	\$482.8
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$939.2	\$361.3	\$688.0	\$233.7
1980	\$618.7	\$44.5	\$193.2	\$58.8	\$302.4	\$1,217.7	\$966.9	\$384.5	\$1,072.6	\$100.0
1981	\$741.0	\$41.9	\$226.7	\$82.4	\$322.0	\$1,414.1	\$1,011.5	\$402.6	\$1,475.2	\$100.0
1982	\$803.2	\$39.2	\$251.8	\$107.4	\$315.2	\$1,516.9	\$1,085.9	\$431.0	\$1,906.2	\$100.0
1983	\$839.3	\$43.9	\$257.0	\$134.3	\$324.5	\$1,599.1	\$1,132.2	\$466.9	\$2,373.2	\$100.0
1984	\$894.2	\$46.6	\$261.4	\$163.1	\$349.4	\$1,714.8	\$1,224.5	\$490.2	\$2,863.4	\$100.0
1985	\$918.3	\$44.8	\$295.9	\$193.1	\$379.3	\$1,831.6	\$1,320.6	\$510.9	\$3,374.3	\$100.0
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$834.3	\$2,478.8	\$11,288.5	\$8,534.9	NOT APPL.	\$3,374.3	\$100.0

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

**STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 25% PERM. FUND
(FIGURES IN \$MILLIONS)**

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$482.8	\$50.8	\$168.3	\$45.4	\$225.8	\$973.2	\$853.8	\$86.3	\$83.7	\$751.3
1979	\$678.0	\$47.4	\$170.6	\$57.5	\$260.2	\$1,213.8	\$917.8	\$119.8	\$208.6	\$927.5
1980	\$917.1	\$44.5	\$193.2	\$82.2	\$302.4	\$1,539.5	\$986.6	\$140.4	\$349.1	\$1,340.0
1981	\$1,107.0	\$41.9	\$226.7	\$120.4	\$322.0	\$1,818.2	\$1,060.6	\$153.2	\$502.3	\$1,944.4
1982	\$1,205.6	\$39.2	\$251.8	\$166.9	\$315.2	\$1,978.8	\$1,140.2	\$166.4	\$668.7	\$2,616.6
1983	\$1,348.3	\$43.9	\$257.0	\$219.5	\$324.5	\$2,193.4	\$1,225.7	\$186.7	\$855.5	\$3,397.6
1984	\$1,421.0	\$46.6	\$261.4	\$278.0	\$349.4	\$2,356.4	\$1,317.6	\$197.1	\$1,052.6	\$4,239.3
1985	\$1,535.6	\$44.8	\$295.9	\$342.6	\$379.3	\$2,598.3	\$1,416.4	\$212.6	\$1,265.3	\$5,208.6
TOTAL	\$8,695.7	\$359.5	\$1,824.9	\$1,313.0	\$2,478.8	\$14,671.9	\$8,918.7	NOT APPL.	\$1,265.3	\$5,208.6

CASE II: Medium Income-Medium Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 50% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$482.8	\$50.8	\$168.3	\$45.4	\$225.8	\$973.2	\$853.8	\$172.7	\$175.1	\$664.9
1979	\$678.0	\$47.4	\$170.6	\$57.5	\$260.2	\$1,213.8	\$917.8	\$239.7	\$414.9	\$721.2
1980	\$917.1	\$44.5	\$193.2	\$82.2	\$302.4	\$1,539.5	\$986.6	\$280.9	\$695.8	\$993.2
1981	\$1,107.0	\$41.9	\$226.7	\$120.4	\$322.0	\$1,818.2	\$1,060.6	\$305.4	\$1,002.3	\$1,444.4
1982	\$1,205.6	\$39.2	\$251.8	\$156.9	\$315.2	\$1,978.8	\$1,140.2	\$332.8	\$1,335.1	\$1,950.2
1983	\$1,348.3	\$43.9	\$257.0	\$219.5	\$324.5	\$2,193.4	\$1,225.7	\$373.4	\$1,708.6	\$2,544.5
1984	\$1,421.0	\$46.6	\$261.4	\$278.0	\$349.4	\$2,356.4	\$1,317.6	\$394.2	\$2,102.2	\$3,189.1
1985	\$1,535.6	\$44.8	\$295.9	\$342.6	\$379.3	\$2,598.3	\$1,416.4	\$425.3	\$2,523.2	\$3,945.7
TOTAL	\$8,695.7	\$359.5	\$1,824.9	\$1,313.0	\$2,478.8	\$14,671.9	\$8,918.7	NOT APPL.	\$2,528.2	\$3,945.7

CASE II: Medium Income-Medium Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

**STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 75% PERM. FUND
(FIGURES IN \$MILLIONS)**

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$482.8	\$50.8	\$168.3	\$45.4	\$225.8	\$973.2	\$853.8	\$259.1	\$261.5	\$578.6
1979	\$678.0	\$47.4	\$170.6	\$57.5	\$260.2	\$1,213.8	\$917.8	\$359.6	\$621.1	\$515.0
1980	\$917.1	\$44.5	\$193.2	\$82.2	\$302.4	\$1,539.5	\$986.6	\$421.4	\$1,042.6	\$646.5
1981	\$1,107.0	\$41.9	\$226.7	\$120.4	\$322.0	\$1,818.2	\$1,060.6	\$459.6	\$1,502.2	\$944.5
1982	\$1,205.6	\$39.2	\$251.8	\$166.9	\$315.2	\$1,978.8	\$1,140.2	\$499.3	\$2,001.5	\$1,283.8
1983	\$1,348.3	\$43.9	\$257.0	\$219.5	\$324.5	\$2,193.4	\$1,225.7	\$560.1	\$2,561.7	\$1,691.3
1984	\$1,421.0	\$46.6	\$261.4	\$278.0	\$349.4	\$2,356.4	\$1,317.6	\$591.3	\$3,153.1	\$2,138.8
1985	\$1,535.6	\$44.8	\$295.9	\$342.6	\$379.3	\$2,598.3	\$1,416.4	\$638.0	\$3,791.2	\$2,682.7
TOTAL	\$8,695.7	\$359.5	\$1,824.9	\$1,313.0	\$2,478.8	\$14,671.9	\$8,918.7	NOT APPL.	\$3,791.2	\$2,682.7

CASE II: Medium Income-Medium Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 100% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$482.8	\$50.8	\$168.3	\$45.4	\$225.8	\$973.2	\$853.8	\$345.4	\$347.8	\$492.2
1979	\$678.0	\$47.4	\$170.6	\$57.5	\$260.2	\$1,213.8	\$917.8	\$479.5	\$827.4	\$308.7
1980	\$917.1	\$44.5	\$193.2	\$82.2	\$302.4	\$1,539.5	\$986.6	\$561.9	\$1,389.3	\$299.8
1981	\$1,107.0	\$41.9	\$226.7	\$120.4	\$322.0	\$1,818.2	\$1,060.6	\$612.8	\$2,002.2	\$444.5
1982	\$1,205.6	\$39.2	\$251.8	\$166.9	\$315.2	\$1,978.8	\$1,140.2	\$665.7	\$2,667.9	\$617.4
1983	\$1,348.3	\$43.9	\$257.0	\$219.5	\$324.5	\$2,193.4	\$1,225.7	\$746.8	\$3,414.8	\$838.2
1984	\$1,421.0	\$46.6	\$261.4	\$278.0	\$349.4	\$2,356.4	\$1,317.6	\$788.4	\$4,203.3	\$1,088.6
1985	\$1,535.6	\$44.8	\$295.9	\$342.6	\$379.3	\$2,598.3	\$1,416.4	\$850.7	\$5,054.1	\$1,419.8
TOTAL	\$8,695.7	\$359.5	\$1,824.9	\$1,313.0	\$2,478.8	\$14,671.9	\$8,918.7	NOT APPL.	\$5,054.1	\$1,419.8

CASE II: Medium Income-Medium Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 25% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$523.2	\$50.8	\$168.3	\$46.6	\$225.8	\$1,014.8	\$753.8	\$93.5	\$95.9	\$785.7
1979	\$769.5	\$47.4	\$170.6	\$61.7	\$260.2	\$1,309.4	\$954.1	\$136.1	\$232.1	\$1,004.9
1980	\$1,172.6	\$44.5	\$193.2	\$95.2	\$302.4	\$1,808.0	\$1,012.5	\$173.2	\$405.4	\$1,627.2
1981	\$1,355.6	\$41.9	\$226.7	\$147.6	\$322.0	\$2,094.0	\$1,091.2	\$187.3	\$592.8	\$2,442.6
1982	\$1,542.0	\$39.2	\$251.8	\$211.6	\$315.2	\$2,359.9	\$1,163.7	\$212.4	\$805.3	\$3,426.3
1983	\$1,882.6	\$43.9	\$257.0	\$296.0	\$324.5	\$2,804.1	\$1,103.7	\$260.0	\$1,065.3	\$4,866.7
1984	\$2,149.3	\$46.6	\$261.4	\$406.3	\$349.4	\$3,213.1	\$1,126.4	\$297.0	\$1,362.4	\$6,656.4
1985	\$2,325.9	\$44.8	\$295.9	\$536.7	\$379.3	\$3,582.8	\$1,191.4	\$320.9	\$1,683.3	\$8,726.9
TOTAL	\$11,721.1	\$359.5	\$1,824.9	\$1,802.0	\$2,478.8	\$18,186.4	\$8,496.8	NOT APPL.	\$1,683.3	\$8,726.9

CASE III: High Income-Low Expenditure Model
(See Notes for Explanation of Assumptions)

Prepared by:
Legislative Affairs Agency
Research Division
July 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 50% PERM. FUND
(FIGURES IN \$ MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$523.2	\$50.8	\$168.3	\$46.6	\$225.8	\$1,014.8	\$853.8	\$187.1	\$189.5	\$692.2
1979	\$769.5	\$47.4	\$170.6	\$61.7	\$260.2	\$1,309.4	\$954.1	\$272.3	\$461.9	\$775.2
1980	\$1,172.6	\$44.5	\$193.2	\$95.2	\$302.4	\$1,808.0	\$1,012.5	\$346.4	\$808.4	\$1,224.2
1981	\$1,355.6	\$41.9	\$226.7	\$147.6	\$322.0	\$2,094.0	\$1,091.2	\$374.7	\$1,183.2	\$1,852.2
1982	\$1,542.0	\$39.2	\$251.8	\$211.6	\$315.2	\$2,359.9	\$1,163.7	\$424.9	\$1,608.2	\$2,623.4
1983	\$1,882.6	\$43.9	\$257.0	\$296.0	\$324.5	\$2,804.1	\$1,103.7	\$520.0	\$2,128.3	\$3,803.8
1984	\$2,149.3	\$46.6	\$261.4	\$406.3	\$349.4	\$3,213.1	\$1,126.4	\$594.1	\$2,722.4	\$5,236.4
1985	\$2,325.9	\$44.8	\$295.9	\$536.7	\$379.3	\$3,582.8	\$1,191.4	\$641.9	\$3,364.3	\$7,045.9
TOTAL	\$11,721.1	\$359.5	\$1,824.9	\$1,802.0	\$2,478.8	\$18,186.4	\$8,496.8	NOT APPL.	\$3,364.3	\$7,045.9

CASE III: High Income-Low Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:
legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 75% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$523.2	\$50.8	\$168.3	\$46.6	\$225.8	\$1,014.8	\$853.8	\$280.7	\$283.1	\$598.6
1979	\$769.5	\$47.4	\$170.6	\$61.7	\$260.2	\$1,309.4	\$954.1	\$408.5	\$691.7	\$545.4
1980	\$1,172.6	\$44.5	\$193.2	\$95.2	\$302.4	\$1,808.0	\$1,012.5	\$519.7	\$1,211.4	\$821.2
1981	\$1,355.6	\$41.9	\$226.7	\$147.6	\$322.0	\$2,094.0	\$1,091.2	\$562.1	\$1,773.6	\$1,261.8
1982	\$1,542.0	\$39.2	\$251.8	\$211.6	\$315.2	\$2,359.9	\$1,163.7	\$637.4	\$2,411.1	\$1,820.5
1983	\$1,882.6	\$43.9	\$257.0	\$296.0	\$324.5	\$2,804.1	\$1,103.7	\$780.1	\$3,191.2	\$2,740.8
1984	\$2,149.3	\$46.6	\$261.4	\$406.3	\$349.4	\$3,213.1	\$1,126.4	\$891.2	\$4,092.4	\$3,936.3
1985	\$2,325.9	\$44.8	\$295.9	\$536.7	\$379.3	\$3,582.8	\$1,191.4	\$962.8	\$5,045.3	\$5,364.9
TOTAL	\$11,721.1	\$359.5	\$1,824.9	\$1,802.0	\$2,478.8	\$18,186.4	\$8,496.8	NOT APPL.	\$5,045.3	\$5,364.9

CASE III: High Income-Low Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 100% PERM. FUND
(FIGURES IN \$MILLIONS)

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$523.2	\$50.8	\$168.3	\$46.6	\$225.8	\$1,014.8	\$853.8	\$374.3	\$376.7	\$505.0
1979	\$769.5	\$47.4	\$170.6	\$61.7	\$260.2	\$1,309.4	\$954.1	\$544.7	\$921.4	\$315.6
1980	\$1,172.6	\$44.5	\$193.2	\$95.2	\$302.4	\$1,808.0	\$1,012.5	\$692.9	\$1,614.4	\$418.1
1981	\$1,355.6	\$41.9	\$226.7	\$147.6	\$322.0	\$2,094.0	\$1,091.2	\$749.5	\$2,364.0	\$671.4
1982	\$1,542.0	\$39.2	\$251.8	\$211.6	\$315.2	\$2,359.8	\$1,163.7	\$849.9	\$3,214.0	\$1,017.6
1983	\$1,882.6	\$43.9	\$257.0	\$296.0	\$324.5	\$2,804.1	\$1,103.7	\$1,040.1	\$4,254.2	\$1,677.9
1984	\$2,149.3	\$46.6	\$261.4	\$406.3	\$349.4	\$3,213.1	\$1,126.4	\$1,188.3	\$5,442.5	\$2,576.3
1985	\$2,325.9	\$44.8	\$295.9	\$536.7	\$379.3	\$3,582.8	\$1,191.4	\$1,283.8	\$6,726.3	\$3,683.9
TOTAL	\$11,721.1	\$359.5	\$1,824.9	\$1,802.0	\$2,478.8	\$18,186.4	\$8,496.8	NOT APPL.	\$6,726.3	\$3,683.9

CASE III: High Income-Low Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

**STATE FINANCIAL AND OPERATING OUTLOOK, 1978-1985 @ 25% PERM. FUND
(FIGURES IN \$MILLIONS)**

F/Y	NORTH SLOPE REVENUE	OTHER PETROLEUM REVENUE	OIL AND GAS PROPERTY TAX	INTEREST INCOME	OTHER INCOME	TOTAL REVENUE	EXPENDITURES	PERMANENT FUND CONTRIBUTION	PERMANENT FUND BALANCE	GENERAL FUND BALANCE
1978	\$453.1	\$50.8	\$168.3	\$44.5	\$225.8	\$942.6	\$853.8	\$81.0	\$83.4	\$726.0
1979	\$522.8	\$47.4	\$170.6	\$50.4	\$260.2	\$1,051.4	\$939.2	\$90.3	\$173.8	\$747.9
1980	\$618.7	\$44.5	\$193.2	\$59.0	\$302.4	\$1,217.9	\$1,033.1	\$96.1	\$269.9	\$836.7
1981	\$741.0	\$41.9	\$226.7	\$72.2	\$322.0	\$1,403.9	\$1,136.4	\$100.6	\$370.6	\$1,003.6
1982	\$803.2	\$39.2	\$251.8	\$87.2	\$315.2	\$1,496.7	\$1,250.1	\$107.7	\$478.3	\$1,142.5
1983	\$839.3	\$43.9	\$257.0	\$99.9	\$324.5	\$1,564.7	\$1,375.1	\$116.7	\$595.1	\$1,215.4
1984	\$894.2	\$46.6	\$261.4	\$109.8	\$349.4	\$1,661.5	\$1,512.6	\$122.5	\$717.6	\$1,241.8
1985	\$918.3	\$44.8	\$295.9	\$116.8	\$379.3	\$1,755.2	\$1,663.8	\$127.7	\$845.3	\$1,205.6
TOTAL	\$5,791.0	\$359.5	\$1,824.9	\$640.1	\$2,478.8	\$11,094.4	\$9,764.1	NOT APPL.	\$845.3	\$1,205.6

Low/High 25

CASE I: Low Income-High Expenditure Model
(See Notes for Explanation of Assumptions)

prepared by:

legislative affairs agency
research division
july 6, 1977

SCOMM

#9:116



JUNEAU ALASKA

Alaska State Legislature House

May 26, 1977

MEMO TO: PAT COSTELLO, ADMINISTRATIVE SERVICES
FROM: CLARK GRUENING
RE: REP. MILES TUITION AND TRAVEL TO HARVARD GRADUATE SCHOOL

Representative Bill Miles will be attending a course entitled "Non-traditional Techniques for Local Economic Development" at the Harvard Graduate School of Design June 6 through June 10, 1977. He will be traveling from Anchorage on June 5 and returning from Boston on June 12. I hereby authorize payment for his tuition, travel and per diem to be paid out of Permanent Fund FY 77.

A handwritten signature in cursive script that reads "Clark Gruening".

Rep. Clark Gruening, Chairman
House Special Committee on Alaska Permanent Fund

APPLICATION

Please complete this form and mail with a \$50. deposit
course to:

Continuing Education Program
Harvard Graduate School of Design
Gund Hall L-36
Cambridge, MA 02138
(617) 495-2578

/Ms. Rep. Bill Miles

PLEASE PRINT

Alaska State Representative

Business Address Pouch V
Juneau, Alaska 99811

Business Telephone (907) 465-3734

HGSD or MIT School of Architecture and
Planning Alumnus/a? Year and degree

Yes, please enroll me in the following course(s):

Nontraditional Techniques for
Local Economic Development

Maybe, I need more information. Please send outline(s) for the
course(s) indicated below:

Please check one (refer to Accommodations section):

Yes, housing is needed ☒ X

No, I will make my own arrangements.

Yes, enclosed is \$10. for the campus garage permit.

Deposit enclosed (\$50. per course)

Enclosed \$

Please make all checks payable to the HGSD Association.

GSD

THE MANAGEMENT OF DESIGN AND PLANNING FIRMS

This course is designed for those who by choice or recruitment find themselves in managerial positions in design and planning firms. The goal is to offer these professionals a better understanding of the issues confronting managers; a sense of which problems are unique, and which ones plague the field as a whole; a methodology for analyzing management problems; and a range of techniques for solving these problems. A series of case studies will introduce participants to real, though often disguised, business situations. The course is structured to allow as much interaction among participants and faculty as possible, incorporating the managerial experiences of all the participants in the consideration of the case studies.

Course coordinator David M. Hirtzel is a Lecturer on Landscape Architecture at GSD and Senior Associate and Executive Director of Spaul Associates. James S. Roese is Assoc. Professor of Policy and Control, Graduate School of Business Administration, Univ. of Michigan. John A. Sailer is Vice President and Senior Consultant, Peter McLaughlin Assoc., Boston.

May 6 - May 13

Tuition: \$650.00

AIR PHOTOGRAPHIC INTERPRETATION AND TERRAIN ANALYSIS

Thanks to the need for more accurate and reliable environmental data, a familiarity with air photographic techniques is a skill increasingly demanded of professionals in a range of environmentally-related fields, including planning, the government, engineering, design, preservation, and earth sciences. Given in cooperation with the American Society of Photogrammetry, this course is unique in that participants actually learn the procedure of air photographic interpretation, rather than attend lecture/descriptions of the interpretive process. The course covers remote sensing, landform classification and interpretation, data sources and acquisition, terrain analysis, and land use and vegetation interpretation.

Course coordinator Douglas S. Way is Assoc. Professor and Research Associate in Landscape Architecture, GSD. William Brooner is Staff Scientist and Director of the Land Use Division of the Earth Satellite Corp., Washington, D.C. William Cadzow is President of Aerial Data Reduction, Inc. Linda Zell is a Remote Sensing specialist in soils and geology at the Earth Satellite Corp.

June 6 - June 10

Tuition: \$400.00

NONTRADITIONAL TECHNIQUES FOR LOCAL ECONOMIC DEVELOPMENT*

For years the favored method for improving a state's business climate has been through government subsidy of private enterprise. But as a growing body of academic literature makes clear these special financial arrangements do not create new jobs; they only redistribute money from the taxpayer's pocket to the business community. This course examines the practice of economic development at the state and local levels. Participants will review the history of state and local economic policies in the United States, and will consider a range of promising but nontraditional alternatives, including the Aitshuler Plan, a proposal for profit-making public enterprise, and community development corporations.

Course coordinator Mel King is a Mass. State Representative, Adjunct Professor at MIT, and co-sponsor of the recently passed Community Development Finance Corp. Act. Sandra Kanter is Asst. Professor of Economics at the Univ. of Massachusetts and a former senior researcher with the Joint Commerce and Labor Committee of the Mass. Legislature.

June 6 - June 10

Tuition: \$325.00

LANDSCAPE RESOURCE ANALYSIS AND LAND USE

The focus of this course is the use of advanced computer-compatible techniques for analyzing land resources for planning and designing large, complex development projects. The course is designed to help participants from a variety of design, planning, engineering, and land management professions develop a methodology appropriate to their needs. The curriculum includes a technical survey of resource analysis methods; a survey of data needs, specifications, and inventory methods; and the use of a data bank and IMGRID, a recently developed, user-oriented computer program system for land analysis.

The course instructors are all members of the faculty of GSD. Carl F. Steinitz is Professor of Landscape Architecture and Urban Design. Douglas S. Way is Assoc. Professor of Landscape Architecture. David F. Stanton is Asst. Professor of Landscape Architecture and Associate of the Laboratory for Computer Graphics and Spatial Analysis.

June 20 - June 24

Tuition: \$450.00

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

Brian ~~4/29~~ ^{4/30} LV Juneau 7:15 A 60AKA Sea 10:15 A
 Sea 1:25 P UA 150 Chic 7:10 P
 Chic 8:00 P UA 128 Bradley 10:54 P

Sat 4/30 Bradley 7:35 A AA 59 JFK 8:16 A
 JFK 7:30 P AA 464 Bradley 8:24 P

Sun 5/1 Vermont by auto

Mon 5/2 Boston by auto

Neotoma

Tues 5/3 8:00 A Bradley - UA 123 Chic 9:10 A
 Chic 10:00 A UA 143 Sea 12:05 P
 Sea 3:45 P AKA 69 Jnu 6:55 P