

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86 / 2

2049 SSA INTERIM BUDGET - LONG RANGE ECO. PLANNING 2049

LEGISLATIVE AFFAIRS AGENCY - LEGISLATIVE LEADERSHIP & COUNCIL UPDATE - 09/30/81

HOUSE

<u>Account</u>	<u>Committee Name</u>	<u>Chairman</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Adjustments & Encumbrances</u>	<u>Balance</u>
014	House Speaker	Hayes	\$ 1,499,731	\$ -0-	\$ -0-	\$ 1,499,731
018	House Minority	Brown	117,820	13,497	2,760	101,563
019	Majority Coalition	Hayes	150,000	78,477	10,898	60,625
050	House C&RA	O'Connell	74,000	15,930	3,425	54,645
051	House HESS	Beirne	74,000	12,561	2,362	59,077
052	House Judiciary	Barnes	74,000	15,185	4,282	54,533
053	House Labor & Commerce	Martin	74,000	9,200	1,915	62,885
054	House Resources	Sutcliffe/Fanning	74,000	21,347	5,280	47,373
055	House Rules	Fuller	74,000	5,617	702	67,681
056	House State Affairs	Metcalfe	74,000	20,451	3,425	50,124
057	House Transportation	Cato	137,000	25,574	3,425	108,001
058	House Council Liaison	Phillips	25,000	275	-0-	24,725
059	House Reg. Review	Randolph	115,049	20,093	3,787	91,169
HOUSE TOTALS			\$2,562,600	\$238,207	\$ 42,261	\$2,282,132

LEGISLATIVE AFFAIRS AGENCY - LEGISLATIVE LEADERSHIP & COUNCIL UPDATE - 09/30/81

COUNCIL

<u>Account</u>	<u>Committee Name</u>	<u>Chairman</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Adjustments & Encumbrances</u>	<u>Balance</u>
601	Council	Malone/Ray	\$ 181,000	\$ 10,806	\$ -0-	\$ 170,194
681	Gas Pipeline	Kerttula/Halford	159,256	46,736	3,568	108,952
682	Blue Ribbon Commission	Ray	99,100	15,338	2,805	80,957
683	Code Revision	Legal Services	219,000	31,649	32,053	155,298
COUNCIL TOTALS			\$ 658,356	\$104,529	\$ 38,426	\$ 515,401



Official Business

Alaska State Legislature

Senate

Office of the President

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO : ALL SENATORS

FROM : SENATOR JAY KERTTULA
SENATE PRESIDENT

DATE : OCTOBER 8, 1981

SUBJECT: INTERIM BUDGETS

A handwritten signature in dark ink, appearing to read "JK by aj", is written over the "FROM" line of the memorandum.

We are now half way through the interim. Please take a close look at your attached interim budget to make sure the initial projections were accurate.

If corrections need to be made, please notify my office by November 1. This will allow a sufficient amount of time for any corrections to be made prior to the October end-of-the-month run.

Thank you.

JK/aj

Attachments

INTERIM
OFFICE



Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

M E M O R A N D U M

TO: Dick Berg
LAA--Admin. Services

FROM: Senator Fischer
Senate State Affairs Committee

DATE: June 10, 1981

RE: Purchase of supplies

This memorandum is to confirm that the Senate State Affairs Committee discretionary account, originally in the amount of \$25,000 and now (for all practical intents and purposes supplemented by the recent allocation of \$8,045) will be the source of funding for the purchase of certain supplies and furnishings for the Anchorage office where the State Affairs Committee will be based during the interim.

All invoices you receive for purchases of this nature will reflect that the purchaser is the Legislative Affairs Agency, and will indicate the Senate State Affairs Committee for accounting purposes. We have taken care to purchase goods subject to a competitive bid from the stores holding the appropriate award, and we will make sure that all purchases for which the payment process cannot be begun before June 30 will be protected by funds encumbered by means of a delivery order.

If there is other information about the correct procedures which we should know about, please let me know as soon as possible so that no complications arise. Thank you for your assistance with this.

vlf

cc: Leo Wheadon

A handwritten signature in black ink, appearing to read "Vic Fischer".



Official Business


Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

MEMORANDUM

TO: Sen. Jalmar Kerttula
Senate President

FROM: Sen. Vic Fischer 

DATE: March 8, 1982

RE: Senate State Affairs Committee Interim Activities

This is a brief summary of activities carried out by the State Affairs Committee between sessions.

Staff work was performed on a variety of legislation pending before the committee the end of the 1981 session, including retirement, ethics code, legislative reform (session length, number of legislative terms, legislative procedures) and others.

Special projects dealt with issues of distributing wealth to Alaska citizens, alternative approaches to long-range economic and fiscal planning, the political campaign contribution tax credit, and others.

Seven public hearings and statewide conferences were held on: sixteen bills involving public employees' and teachers' retirement programs, standards of conduct for public officials and employees; public assistance programs, limiting length of legislative sessions, problems of foster care, and recreation in Prince William Sound (the last one was carried out by me and staff as subcommittee of Senate Resources). In connection with these issues and others dealt with during the interim, many meetings were held with civic groups, state agencies, miscellaneous specialists, and private individuals on legislative issues.

A major workshop was conducted by a subcommittee chaired by Senator Stimson to explore ways of dealing constructively with Alaska's future. In addition, continuing oversight was provided for activities of the Department of Administration and their consultants in planning, design, and other actions leading to site acquisition and construction of the Anchorage State Office Complex.

PROPOSED 1981 INTERIM WORK PROGRAM - June 5, 1981

ETHICS CODE, FINANCIAL DISCLOSURE, LEGISLATIVE REFORM, ETC.

Measures pending before State Affairs cover a proposed ethics code (SB 175, 336), revision of APOC regulations on financial disclosure (HB 154, SB 183), changes in legislative procedures (HB 155, SB 333), and proposed constitutional amendments dealing with session length and legislative terms (SJR 6, 9 and 24).

Proposed repeal of the political campaign contribution tax credit (SB 82) was also subject to several public hearings, and the committee agreed to examine alternative schemes for public financing of campaigns.

RETIREMENT

Sixteen bills dealing with PERS and TRS retirement are in committee, and more may reach us before adjournment. These range from a measure that might affect only one individual to a comprehensive housekeeping bill for both state retirement programs.

Proposals will be screened for inclusion in one or several comprehensive retirement bills. The Department of Administration, APEA, and NEA-Alaska have agreed to cooperate in this committee effort.

Bills pending before the committee are SB 121, 143, 195, 196, 197, 262, 356, 360, 361, 394, 400, 402, 471, 472, 557 and 568. There are additional miscellaneous requests for service credit and membership in PERS and TRS.

STATE CONTRACTING, BONDING, BIDDERS PREFERENCE, ETC.

Principal emphasis lies in adjusting state law so as to enhance opportunity for Alaska firms, individuals, and small and minority businesses in bidding on state contracts, construction, and employment. Bills currently before the committee are SB 45, 414, and 415. additional legislation may be considered.

ECONOMIC POLICY, LONG RANGE POLICY PLANNING, ALASKA'S FUTURE

Wealth Sharing

A variety of concepts have been enacted, are pending, and are being talked about for providing means for state sharing of oil wealth with Alaskans. Specifically in State Affairs are SB 66 and 67, which provide for royalty oil premium payments to all individuals. Also before the legislature are proposals for PACE and a royalty oil trust.

INTERIM WORK PROGRAM

page 2

We intend to review these and other proposals for state oil revenue distribution, examine alternative means of equitably sharing oil wealth with all Alaskans, and suggest criteria for accomplishing this most effectively.

State Bond Defeasance

Administration policy on retirement of outstanding state general obligation bonds has not yet been set. Committee hearings on SB 13, 296, and 297 begot general support for the concept, but we decided to pursue the issue further during the interim and prepare recommendations in the context of broader economic and expenditure policy. The work will be pursued in cooperation with the Department of Revenue and Governor's Office.

Permanent Fund

Work on the Permanent Fund will deal primarily with broad policy and long term economic aspects. Topics to be considered include long range (15-20-30 years) permanent fund goals, share of state revenues that should be included in the Fund to achieve long term targets, possible establishment of special endowments separate from the Permanent Fund, and the like. Work will be carried out in cooperation with the Budget and Audit subcommittee on the Permanent Fund, the Permanent Fund Board of Trustees, Department of Revenue, and others.

Comprehensive Approach to Alaska's Future

(Senator Terry Stimson, Subcommittee Chairman)

A series of future-oriented seminars will examine how Alaska relates to the nation and the world. Orientation will be on integrating Alaska into the national and international economic and political systems. Seminars will bring together key legislators, selected Alaskans, and nationally recognized futurists to discuss how Alaska can appropriately relate to its own future and to the national and international context in which it functions.

Alaska's Fiscal Future

This work component, to be carried out under contract, will include: (1) a detailed calculation of the asset value to the state of Prudhoe Bay revenues; (2) an analysis of potential revenues from other natural resources, including other petroleum revenues that may be available when Prudhoe Bay income is reduced; (3) calculation of how much can be spent out of assets each year to maintain certain assets level; and (4) analysis of likely timing and impacts on private and public sectors of forced reductions of expenditures and/or increases in taxes to compensate for reductions in future revenues.

Planning and Institutions

We will continue to examine alternatives for long range economic and policy planning dealing with the use of Alaska's wealth, economic development, human resources, and the like. The experience of other states will be examined in terms of applicability to Alaska. Review of ongoing planning activities of state agencies will be continued.

A major objective of this work component is to evolve a process and structure suited to Alaska's needs. Specific attention will be given to institutionalizing long range economic, resources, and development planning within the executive branch, and exploring the most appropriate manner in which the legislature could deal with broad economic policy issues on a continuing basis.

ANCHORAGE STATE OFFICE COMPLEX OVERSIGHT

Continuing oversight will be provided for activities of the Department of Administration and their consultants in planning, design, and other actions leading to site acquisition and construction of the Anchorage state office complex.

PUBLIC ASSISTANCE OVERSIGHT

A general oversight review of public assistance programs of the Department of Health and Social Services will be carried out in coordination with the Legislative Budget and Audit Committee. Oversight will cover effectiveness of the Division of Public Assistance in implementing programs and carrying out legislative intent, identification of program management problems and needs, determination of unmet needs in the area of social services, and other topics that may assist in judging compliance with law and need for additional legislation.

DECENTRALIZATION OF STATE GOVERNMENT

In pursuit of SB 93, a general review will be made of alternative approaches to decentralization of state decision making to regional, district, and local offices, and to limitation of the number of state employees in headquarters offices in the state capital, wherever it may be located. The work will result in proposals for followup through legislation, administrative action, or further, more detailed, analysis.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

EQUIPMENT LOAN AGREEMENT

THE FOLLOWING EQUIPMENT HAS BEEN LOANED TO SEN. FISCHER
SENATE STATE AFFAIRS
(COMMITTEE NAME)

FOR INTERIM USE:

EQUIPMENT:

IBMEM TAG# 3554 SN-28-0153267

IBM CS II TAG# 4932 SN-4817610-09

IBM ET 60 TAG# 4942 SN-110078998

IBM ET 60 # 05980 SN-11-0115-11-3054119

PLEASE SIGN HERE

Kenneth Fleming for Sen. Fischer
(SIGNATURE) TO VERIFY.

AFTER SIGNING AGREEMENT, PLEASE RETURN TO THE LEGISLATIVE AFFAIRS AGENCY,
POUCH Y, JUNEAU, AK.

Senate State Affairs Committee

Anchorage

1

Reason for inventory (annual, personnel change, etc):

Responsible individual (type or print):

ANNUAL Tag Number

Item Number	New Property Control Number	Old Property Control Number	Item Name	Description (mfr, model, s/n, size, etc)	Remarks
1.		31-06636		TIF 7711BK	YC
2.		06636		TYPING STAND BLACK	YC
3.		06630		"	YC
4.		06639		HON 7421R Desk Black+Walnut	YC
5.		06671		HON 7090L ^(Typing arm) Return, Black+Walnut	Y
6.		06638		Watson CFO/2448 Table 24x48 ^{Walnut Top} Black legs	Y
7.		06680		Sec'y chair Haskell F5006	Barrett
8.		06679		" " " "	"
9.		06676		Side Chair Haskell F5005	"
10.		06675		Side Chair Haskell F5005	"
11.		06677		Side Chair Haskell F5005	"
12.		06678		Side Chair Haskell F5005	"
13.		06674		Exec Chair Haskell F500	"
14.		06673		Exec Chair " " "	"
15.		06681		HON 7401 Desk Black+Walnut	
16.		06683		" " "	
17.		06635		Costumer 6 Hooktree, black (Coat Rack)	
18.		06685		HON 548A Bookcase Black	
19.		06686		HON 214C-BK 4 Drawer File Cabinet	
20.		06707		Record 2-call	
21.		06687		HON 214C-BK 4 Drawer File Cabinet	
22.		06688		HON 312C BK 2 Drawer File Cab	
23.		06689		HON 312C BK 2 Drawer File Cabinet	
24.		06682		HON 7401 Desk Black+Walnut	

one copy in your file. Original to be signed, dated, and returned to Departmental Property Officer within working days unless otherwise noted.

I acknowledge that all controlled property items on this have been physically inventoried and are accounted for. I am responsible for the continued control and protection of the items except #54 State-owned property.

Signature of responsible individual:
Danna Fleming

Date signed: *13 on page 2 will revert*
Nov 5, 1981 charge of *Legislative Office, Anchorage*

Reason for inventory (annual, personnel change, etc):

Responsible individual (type or print):

ANNUAL

Index	New Property Control Number	Old Property Control Number	Item Name	Description (mfr, model, s/n, size, etc)	Remarks
1.		06684		HON 548A Bookcase Black	YOS
2.		07090		WALNUT TOP, BLACK LEGS 24x48 Watson CHFO/2448 Chancelok URN Table	YOS
3.		07091		HON 7401 Desk Black+Walnut	YOS
4.		07969		File cabinet (4 drawers tan)	
5.	↓ Items below		only	will return to Juneau ↓	
6.		05986		IBM Electronic Typewriter	
7.		04932		IBM Selectric II	
8.		07092		TIF 1177 Typing Stand Black+Walnut	YOS
9.		04967		IBM Mini cassette recorder	
10.		06132		TOSHIBA BC-1232PV ^{Printing} Calculator	
11.		04942		IBM 60 Electronic Typewriter	
12.		03554		IBM Memory 100 Typewriter	
13.		04969		IBM Mini Cassette Recorder	
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					
23.					

one copy in your file. Original must be signed, dated, and returned to Departmental Property Officer within working days unless otherwise noted.

I acknowledge that all controlled property items on this sheet have been physically inventoried and are accounted for, and that I am responsible for the continued control and protection of State owned property.

Signature of responsible individual:
Karna Fleming

Date signed:
 Nov 5, 1981



Official Business

Alaska State Legislature

Senate

Office of the President

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO : SENATOR VIC FISCHER
SENATE STATE AFFAIRS COMMITTEE

FROM : SENATOR JAY KERTTULA
SENATE PRESIDENT

DATE : AUGUST 17, 1981

SUBJECT: INTERIM BUDGET

Attached is a copy of the approved interim budget for the Senate State Affairs Committee.

If you have any questions, please call my office at 465-3771 or 465-3772.

JK/aj

Attachment

400 Commodities

Office Supplies anticipated _____
Miscellaneous and unanticipated expenses...\$5,000

500 Equipment

- 1. Furniture \$2,500 (included in #400 on previous page)
- 2. _____
- 3. _____

Petty Cash:

Yes / / No / /

Amount \$ _____ Custodian: _____
Name

Travel Request Books:

Yes / / No / / Custodian _____
Name

Signature: /s/ Senator Vic Fischer _____

Approval Jay Kerttula Date: 8/13/81
Senate President

Senator Jay Kerttula
By: Autumn Jackinsky
Legislative Coordinator



Alaska State Legislature

Senator Vic Fischer · Pouch V · Juneau, Alaska 99811 · (907) 465-4954

TO: Sen. Jalmar Kerttula
Senate President

FROM: Sen. Vic Fischer *V. Fischer*

DATE: July 20, 1981

RE: Interim Budget--Senate State Affairs Committee

SENATE STATE AFFAIRS COMMITTEE

Personal Services

Secretary	7-1-81*1-10-82	\$2135/mo. (15A)	13,401
Researcher	8-1-81*1-10-82	\$2455/mo. (17A)	12,955
Professional Asst.	8-1-81*1-10-82	\$3260/mo. (21A)	17,203
			43,559

Travel, per diem, and honoraria

Committee chairman, members, staff	18,000
Workshop and symposium participants, consultants, etc.	30,000
	48,000

<u>Misc. and unanticipated expenses</u>	5,000
	5,000

<u>Furniture</u>	2,500
	2,500

99,059

PERSONAL OFFICE

Office Expenses, Travel, Per diem	20,000
-----------------------------------	--------

The above is budget revision for the program set out in my previous memo dated June 5, 1981. It is based on certain contracts being funded from sources other than this budget.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

September 14, 1981

TO: INTERIM COMMITTEES

FROM: Richard G. Berg, Director
Administrative Services

SUBJECT: Accounting Procedures

BUDGETS & EXPENDITURES

Attached are printouts covering expenditures for your committee for the months of July and August. Appropriate notes have been made on your forms to help you interpret the information. As it is the responsibility of each committee chairperson to work within the allocated budget, we suggest that you acquaint yourself with the forms and review them for accuracy.

Please note that these budgets only reflect items that have been recorded on the books. They do not include items that are enroute to our office, therefore, it is essential to take items into account for future budget projections, i.e., outstanding travel and per diem checks, telephone bills, etc.

BILLINGS

Your committee has been assigned Account Number 026-Senate State Affairs

When transmitting items to accounting, please complete the billing in the following manner:

O.K. to Pay
John Doe
9/9/81
Account 31-92-1-xxx

We have been receiving billings with no authorization, thus necessitating the procedure of returning the billing to the committee which causes unnecessary delay to the vendor.

RGB:mmm

MEMORANDUM

TO: Senator Jalmar Kerttula
Senate President

FROM: Senator Vic Fischer

DATE: June 3, 1981

RE: Use of Discretionary Committee Funds

Some weeks ago, you suggested that I use part of the \$25,000 allocation to State Affairs Committee for purchase of equipment for the Committee's interim office in Anchorage.

It is my intention to make arrangements on June 13 during my Anchorage trip to obtain office furniture, a tape recorder, telephone answering device, and other appropriate equipment and supplies.

In addition, I would like to issue a request for proposals to provide some consultant services to the Committee in the interim. If possible, I would like to contract before June 30 and obligate any available balance for this purpose. ((I expect to use additional consultant services from the regular interim budget.))

Please indicate whether you concur with these expenditures from the Committee account.

/sq

Senator Vic Fischer

CONCUR:

Senator Jalmar Kerttula
Senate President

LAURA -----

HOW DO WE PROCEED TO RENT OFFICE SPACE IN ANCHORAGE???
TO ARRANGE FOR TELEPHONE SERVICE?
TO PURCHASE FURNITURE, OR BORROW OR STEAL IT?
TO PURCHASE TYPEWRITERS?
TYPE: SELF CORRECTING
MEMORY? TYPE?
OTHER???????

I'D LIKE TO KNOW ANSWERS BY EARLY THURS AM,

THX

000XXX

VVVVVVVVVV

PLS KEEP ATTACHED TOGETHER AND RETURN WITH ANSWERS

AM PLANNING TO RENT SPACE AT \$450/MONTH

KERTTULA HAS TOLD ME I CAN USE PART OF DISCRETIONARY 25K TO BUY
TYPEWRITERS AND OTHER STUFF FOR OFFICE

STIMSON WILL SHARE OFFICE; MAINLY LICIA

5-21-81

MY LIEGE LORD AND FEARLESS COMMANDER:

RE: LOGISTICS OF SETTING UP ANCHORAGE OFFICE

As per my conversations with Leo Wheadon 5-20 and 5-21 setting up your office will be painless with assistance of the Legislative Affairs Agency.

SPACE ACQUISITION:

Have landlord send billing to Legislative Affairs Agency, Pouch Y, Juneau. Be sure billing indicates which committee account is to be debited (e.g., State Affairs). SOMEONE WILL HAVE TO SIGN A CONTRACT; have it sent down to Legislative Affairs Agency for signature.

OFFICE/HEAVY MACHINES:

Select what kinds of typewriters you would like to have in the office and we will let Leo Wheadon know; the Legislative Affairs Agency will ship them to Anchorage Air Freight.

FURNITURE:

Some furniture from past offices is stored in Anchorage. Charity Kadow and Judy Hopkins of the Anchorage Legislative Information Office presumably have the keys; I have informed Sumner of this so that he may follow up on it today.

Other furniture may be leased or purchased; Legislative Affairs Agency should be sent the billing clearly stating which committee account should be debited.

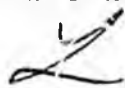
OFFICE SUNDRIES:

Yukon Office Supply will handle your every office need (maybe). Simply be sure to have invoices made out to Legislative Affairs Agency and specific committee when you pick up stuff and sign for it.

PHONE:

Call the phone company when you are two weeks from opening the office (maybe after session) and request that the phone be installed. Of course, Legislative Affairs will pick up the tab as long as you indicate which committee account should be debited.

If you have any other questions I probably don't have a ready answer but will play detective for you.



HUGHORRABE

Dear Mr -

Was pleased to have a chance to speak with you last weekend. Glad to see that you continue to participate the club & thought you might appreciate the enclosed.

Also, as you know, Tom & I are trying to raise out the second floor of the 515 Building. The offer are very competitive and might be good for certain committee.

Includes all utilities & janitorial

Suite #2	(2 offices)	230 sq' @	\$220/mo
Suite #3	(3 offices)	384 sq' @	335/mo
Suite #4	(4 offices)	915 sq' @	875/mo

* Suites #2 + #3 can be combined into one suite.

If you are interested or know of any negotiators who are, please let me know.

Best wishes,

Dave Rose
4326 E 57th Ave
Anch, AK 99524



Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

M E M O R A N D U M

TO: Dick Berg
LAA--Admin. Services

FROM: Senator Fischer
Senate State Affairs Committee

DATE: June 10, 1981

RE: Purchase of supplies

This memorandum is to confirm that the Senate State Affairs Committee discretionary account, originally in the amount of \$25,000 and now (for all practical intents and purposes supplemented by the recent allocation of \$8,045) will be the source of funding for the purchase of certain supplies and furnishings for the Anchorage office where the State Affairs Committee will be based during the interim.

All invoices you receive for purchases of this nature will reflect that the purchaser is the Legislative Affairs Agency, and will indicate the Senate State Affairs Committee for accounting purposes. We have taken care to purchase goods subject to a competitive bid from the stores holding the appropriate award, and we will make sure that all purchases for which the payment process cannot be begun before June 30 will be protected by funds encumbered by means of a delivery order.

If there is other information about the correct procedures which we should know about, please let me know as soon as possible so that no complications arise. Thank you for your assistance with this.

/s/

cc: Leo Wheadon

A handwritten signature in black ink, appearing to read "Vic Fischer", written in a cursive style.



Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

MEMORANDUM

TO: Leo Wheadon
LAA--Supply

FROM: Laura Fleming *Laura Fleming*
Staffperson, Sen. Fischer's office

DATE: June 10, 1981

RE: Office machines

I have talked with both you and Miles about the procedure for having office machines sent to Anchorage for the interim. This memo will serve as a request for the equipment we would like to have shipped up, and if we can provide further details please let me know.

The office will be located at 511 West 4th Ave., Ste. 5, Anchorage, 99501. Someone should be on hand to receive things about a week after adjournment---if you like we can call you when someone is on hand (provided the things are sent Air Freight---otherwise maybe we can have them sent to the Legislative Information Office the last week of session).

- 1) IBM Memory 100 Typewriter, Serial. # 28-0153267, State Tag #31-03554 (Located in Sen. Fischer's office, 205 Behrends)
- 2) Accounting Calculator/Adding Machine with tape, State Tag #31-06132 BC-1232PV Toshiba (Located in 205 Behrends)
- 3) IBM Mini-cassette recorder, State Tag #31-04967
- 4) 1 Correcting Selectric III
- 5) IBM 75 Electronic Typewriter (The one in our office doesn't seem to have a State Tag # on it and I can't locate the serial number--you may want to tag it and send it along with the instruction book nearby.)
- 6) Dictaphone and transcriber for mini-cassette like the one currently in 205 Behrends (this one was provided by Yukon Office Supply while they worked on the mini-cassette adapter belonging to the state--you may want to check on this). I'd like an identical model if I can't get this particular one.
- 6) Cassette recorder of the type used to record committee meetings (spoke to Miles about this)

Finally, if you could see your way clear to include a few accessories when you send up the machines, I'd really appreciate it. For example, at least two non-elite typewriter balls for each of the three typewriters (one Orator ball for two of the three) and some extra ribbon cartridges and erase ribbon cartridges (the ones for the IBM 75 are very odd) and if I'm very, very lucky, maybe you'll send me an extra roll of paper for the printing calculator and some mini and regular cassettes for the tape machines. What do ya say?

If this order is just simply too tall, let me know and I'll do what I can to modify it. Otherwise, many thanks for all your help, which you have rendered so generously all along.

cc: Miles Collins



Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

M E M O R A N D U M

TO: Senator Kerttula
Senate President

FROM: Senator Fischer *Vic*

DATE: June 5, 1981

RE: Interim Work Program

Attached is the proposed State Affairs Committee program for work during the interim prior to the 1982 session. The program covers legislation currently pending in the committee as well as areas of investigation that should eventually lead to legislation and legislative policy.

Legislative oversight of public assistance programs in the Department of Health and Social Services will be carried out under aegis of the State Affairs Committee with concurrence by Senators Parr and Sturgulewski. Senator Parr suggested that rather than doing the work through the HESS committee, we should do it through State Affairs, since the latter has broad oversight jurisdiction anyway. Our work, which will concentrate on policy and management issues, will be coordinated with the Legislative Budget and Audit Committee.

A rough, tentative budget is also attached for your review. I'd like to discuss it with you.

Your support and endorsement of the proposed interim work program will be greatly appreciated.

/sq

PROPOSED 1981 INTERIM WORK PROGRAM - June 5, 1981

ETHICS CODE, FINANCIAL DISCLOSURE, LEGISLATIVE REFORM, ETC.

Measures pending before State Affairs cover a proposed ethics code (SB 175, 336), revision of APOC regulations on financial disclosure (HB 154, SB 183), changes in legislative procedures (HB 155, SB 333), and proposed constitutional amendments dealing with session length and legislative terms (SJR 6, 9 and 24).

Proposed repeal of the political campaign contribution tax credit (SB 82) was also subject to several public hearings, and the committee agreed to examine alternative schemes for public financing of campaigns.

RETIREMENT

Sixteen bills dealing with PERS and TRS retirement are in committee, and more may reach us before adjournment. These range from a measure that might affect only one individual to a comprehensive housekeeping bill for both state retirement programs.

Proposals will be screened for inclusion in one or several comprehensive retirement bills. The Department of Administration, APEA, and NLA-Alaska have agreed to cooperate in this committee effort.

Bills pending before the committee are SB 121, 143, 195, 196, 197, 262, 356, 360, 361, 394, 400, 402, 471, 472, 557 and 568. There are additional miscellaneous requests for service credit and membership in PERS and TRS.

STATE CONTRACTING, BONDING, BIDDERS PREFERENCE, ETC.

Principal emphasis lies in adjusting state law so as to enhance opportunity for Alaska firms, individuals, and small and minority businesses in bidding on state contracts, construction, and employment. Bills currently before the committee are SB 45, 414, and 415; additional legislation may be considered

ECONOMIC POLICY, LONG RANGE POLICY PLANNING, ALASKA'S FUTURE

Wealth Sharing

A variety of concepts have been enacted, are pending, and are being talked about for providing means for state sharing of oil wealth with Alaskans. Specifically in State Affairs are SB 66 and 67, which provide for royalty oil premium payments to all individuals. Also before the legislature are proposals for PACE and a royalty oil trust.

INTERIM WORK PROGRAM

page 2

We intend to review these and other proposals for state oil revenue distribution, examine alternative means of equitably sharing oil wealth with all Alaskans, and suggest criteria for accomplishing this most effectively.

State Bond Defeasance

Administration policy on retirement of outstanding state general obligation bonds has not yet been set. Committee hearings on Sb 13, 296, and 297 begot general support for the concept, but we decided to pursue the issue further during the interim and prepare recommendations in the context of broader economic and expenditure policy. The work will be pursued in cooperation with the Department of Revenue and Governor's Office.

Permanent Fund

Work on the Permanent Fund will deal primarily with broad policy and long term economic aspects. Topics to be considered include long range (15-20-30 years) permanent fund goals, share of state revenues that should be included in the Fund to achieve long term targets, possible establishment of special endowments separate from the Permanent Fund, and the like. Work will be carried out in cooperation with the Budget and Audit subcommittee on the Permanent Fund, the Permanent Fund Board of Trustees, Department of Revenue, and others.

Comprehensive Approach to Alaska's Future

(Senator Terry Stimson, Subcommittee Chairman)

A series of future-oriented seminars will examine how Alaska relates to the nation and the world. Orientation will be on integrating Alaska into the national and international economic and political systems. Seminars will bring together key legislators, selected Alaskans, and nationally recognized futurists to discuss how Alaska can appropriately relate to its own future and to the national and international context in which it functions.

Alaska's Fiscal Future

This work component, to be carried out under contract, will include: (1) a detailed calculation of the asset value to the state of Prudhoe Bay revenues; (2) an analysis of potential revenues from other natural resources, including other petroleum revenues that may be available when Prudhoe Bay income is reduced; (3) calculation of how much can be spent out of assets each year to maintain certain assets level; and (4) analysis of likely timing and impacts on private and public sectors of forced reductions of expenditures and/or increases in taxes to compensate for reductions in future revenues.

tions

, examine alternatives for long range economic g dealing with the use of Alaska's wealth, ent, human resources, and the like. The exper- ates will be examined in terms of applicability ew of ongoing planning activities of state agen- ntinued.

ive of this work component is to evolve a process and suited to Alaska's needs. Specific attention will be give Institutionalizing long range economic, resources, and develop, eat planning within the executive branch, and explor- ing the most appropriate manner in which the legislature could deal with broad economic policy issues on a continuing basis.

ANCHORAGE STATE OFFICE COMPLEX OVERSIGHT

Continuing oversight will be provided for activities of the Department of Administration and their consultants in planning, design, and other actions leading to site acquisition and construction of the Anchorage state office complex.

PUBLIC ASSISTANCE OVERSIGHT

A general oversight review of public assistance programs of the Department of Health and Social Services will be carried out in coordination with the Legislative Budget and Audit Committee. Oversight will cover effectiveness of the Division of Public Assistance in implementing programs and carrying out legislative intent, identification of program management problems and needs, determination of unmet needs in the area of social services, and other topics that may assist in judging compliance with law and need for additional legislation.

DECENTRALIZATION OF STATE GOVERNMENT

In pursuit of SB 93, a general review will be made of alternative approaches to decentralization of state decision making to regional, district, and local offices, and to limitation of the number of state employees in headquarters offices in the state capital, wherever it may be located. The work will result in proposals for followup through legislation, administrative action, or further, more detailed, analysis.

CORRECTION

CORRECTION

Planning and Institutions

We will continue to examine alternatives for long range economic and policy planning dealing with the use of Alaska's wealth, economic development, human resources, and the like. The experience of other states will be examined in terms of applicability to Alaska. Review of ongoing planning activities of state agencies will be continued.

A major objective of this work component is to evolve a process and structure suited to Alaska's needs. Specific attention will be given to institutionalizing long range economic, resources, and development planning within the executive branch, and exploring the most appropriate manner in which the legislature could deal with broad economic policy issues on a continuing basis.

ANCHORAGE STATE OFFICE COMPLEX OVERSIGHT

Continuing oversight will be provided for activities of the Department of Administration and their consultants in planning, design, and other actions leading to site acquisition and construction of the Anchorage state office complex.

PUBLIC ASSISTANCE OVERSIGHT

A general oversight review of public assistance programs of the Department of Health and Social Services will be carried out in coordination with the Legislative Budget and Audit Committee. Oversight will cover effectiveness of the Division of Public Assistance in implementing programs and carrying out legislative intent, identification of program management problems and needs, determination of unmet needs in the area of social services, and other topics that may assist in judging compliance with law and need for additional legislation.

DECENTRALIZATION OF STATE GOVERNMENT

In pursuit of SF 93, a general review will be made of alternative approaches to decentralization of state decision making to regional, district, and local offices, and to limitation of the number of state employees in headquarters offices in the state capital, wherever it may be located. The work will result in proposals for followup through legislation, administrative action, or further, more detailed, analysis.

PROPOSED INTERIM BUDGET
State Affairs Committee
June 5, 1981

Committee Staff and Consultants \$ 65,830

Travel

Committee	9,000	
Staff & consultants	9,900	<u>18,900</u>

Per Diem

Committee	9,200	
Staff & consultants	11,700	<u>20,900</u>

Contractual

Research contracts	32,000	
Services contracts	24,000	
Computer services	25,000	
Office lease	3,150	
Telephone	2,000	
Postage	450	
Office supplies	900	
Duplicating/printing/etc	3,000	
Other services & supplies	2,000	<u>92,500</u>

TOTAL \$ 198,130

PROPOSED INTERIM BUDGET
State Affairs Committee
June 5, 1981

Committee Staff and Consultants \$ 65,830

Travel

Committee	9,000	
Staff & consultants	9,900	<u>18,900</u>

Per Diem

Committee	9,200	
Staff & consultants	11,700	<u>20,900</u>

Contractual

Research contracts	32,000	
Services contracts	24,000	
Computer services	25,000	
Office lease	3,150	
Telephone	2,000	
Postage	450	
Office supplies	900	
Duplicating/printing/etc	3,000	
Other services & supplies	2,000	<u>92,500</u>

TOTAL \$ 198,130

M E M O R A N D U M

TO: Dick Berg, Director
LAA--Admin. Services

FROM: Sen. Vic Fischer

DATE: June 8, 1981

RE: Purchase of an IBM Display Writer

Although it is rather late in the session, I would like to purchase an IBM Display Writer for use by the Senate State Affairs Committee at the earliest possible time.

If you require any additional information, or if there appears to be any problem with completing the transaction before the end of the month, please let me know.

Thank you for your assistance with this.

IO.

NOW AVAILABLE
FOR FRUGAL LEGISLATORS

DOWNTOWN ANCHORAGE
OFFICE SPACE

Second Floor Opposite
OLD CITY HALL

- 230 Sq. Ft. only - \$200
- 384 Sq. Ft. only - \$335
- 614 Sq. Ft. only - \$525
- 915 Sq. Ft. only - \$875

*\$450/mo ******

SEVEN MONTH LEASES AVAILABLE

Contact DAVE ROSE
(Nights or Weekend)

333-6748

333-6420

incl janit, lights, etc

LANE, TED

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
Phone: 465-3852

LA-A 25
Rev. 10/77

STATE EMPLOYEE

PER DIEM AND TRANSPORTATION REIMBURSEMENT CLAIM

TRIP PURPOSE: assist in legislative drafting for Senate State Affairs Comm.
(Subcom., Task Force)
(Contract, etc.)

PER DIEM:

This is to certify that I left Anchorage on 3/8/82 at 8:00 AM and
(city) (date)
I overnighted in Juneau on 3/8, 3/9, & 3/10
(city) (dates)
in _____ on _____
(city) (dates)
and returned to Anchorage on 3/11/82 at 6 P.M.
(city) (date) (a.m./p.m.)

TRAVEL:

- (1) I used State TR No. _____.
- (2) My taxi and limousine fares were \$18.00. (Please attach receipts if individual tab total exceeds \$6.00)
- (3) Mileage claimed is between _____ and _____, a total of _____ miles.
- (4) Please reimburse me for air fare in the amount of \$ 296.00. (Please attach ticket stub or other receipt.)

For Office Use Only	
Account Code _____	
Advance _____ FW# _____	
Per Diem _____ FW# _____	
Travel _____	
FW# _____ Date _____	

~~_____

_____~~
Signature of Authorizer of Trip
Theodore Lane
Signature of Traveler
707 "A" Street Suite 206
Mailing Address
Anchorage, AK 99501
3/24/82
Date



UNIVERSITY OF ALASKA
Institute of Social and Economic Research
707 "A" St., Suite 206
Anchorage, Alaska 99501
Phone (907) 278-4621

February 22, 1982

Senator Victor Fischer, Chairman
Committee on State Affairs
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Vic:

I'd be delighted to work with you, and your committee, on Senate Bill's 621, 414, 415 and related matters.

I'm spending most of the week of 2/22/82 at the Western Regional Science Association meetings, where I'm giving a paper on the relative cost effectiveness of states using employment tax credits to influence economic development (I'm enclosing a copy for your interest). The week after (3/1/82), I've committed to finishing up an RSEC on "The Demand For Labor in Alaska". I'd therefore propose I be in Juneau the week of - 3/8/82.

I hope this fits your schedule. Please let me know if the above arrangements are ok. I look forward to working with you..

Sincerely,

A handwritten signature in cursive script that reads "Ted".

Theodore Lane
Professor of Economics

TL/aw

Enclosure

T.L.

PASSENGER'S RECEIPT, TAXICAB FARE

Date 3/8/82

Amount of Fare \$ _____

Other Charges \$ _____

Total \$ 4.00

Driver's Name BOB

Bus Number 78
BUS

ALASKAN HOTEL
167 South Franklin
JUNEAU, ALASKA 99801
Phone 586-1000

CUSTOMER'S ORDER NO <u>223</u>		PHONE	DATE <u>3/11/82</u>			
NAME <u>Ted Lane</u>						
ADDRESS						
SOLD BY <u>RLK</u>	CASH	C.O.D.	CHARGE	ON ACCT.	MOUSE RETD	PAID OUT
QTY.	DESCRIPTION			PRICE	AMOUNT	
	<u>3/11 → 3/12</u> <u>Refund</u>				<u>42.00</u>	
				<u>tax</u>	<u>2.52</u>	
					<u><44.52></u>	
RECEIVED BY					TAX	
					<u>TOTAL <44.52></u>	

All claims and returned goods
MUST be accompanied by this bill.

Thank You

LOCAL
BOUNDARY
COMMISSION
REPORT



Official Business

Alaska State Legislature

Senate
Office of the Secretary

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: Senator Vic Fischer
Chairman
State Affairs Committee

FROM: Peggy Mulligan *Peggy Mulligan*
Secretary of the Senate

DATE: January 22, 1981

The attached report by the Local Boundary Commission pursuant to AS 29.6.010 has been referred to your committee.

Enc.

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811

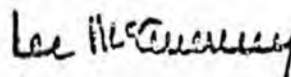
January 21, 1981

The Honorable Jalmar Kerttula
President
Alaska Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Kerttula:

Attached hereto is the Report to the First Session of the Twelfth Legislature by the Local Boundary Commission. The report contains recommendations for changes to the boundaries of three municipalities which, pursuant to Article X, Section 12 of the State Constitution and AS 29.68.010, are to be presented to the Legislature. These recommended boundary changes become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

Sincerely,



Lee McAnerney
Commissioner

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION

REPORT TO THE FIFST SESSION OF
THE TWELFTH LEGISLATURE

JANUARY 21, 1981

CONTENTS

SUMMARY OF ACTIVITIES OF THE LOCAL BOUNDARY COMMISSION DURING THE CALENDAR YEAR 1980	PAGE	2
RECOMMENDATION FOR THE ANNEXATION OF TERRITORY TO THE CITY OF ST. MARY'S	PAGE	8
RECOMMENDATION FOR THE ANNEXATION OF TERRITORY TO THE CITY OF KING COVE	PAGE	10
RECOMMENDATION FOR THE ANNEXATION OF TERRITORY TO THE CITY OF NOME	PAGE	12

SUMMARY OF ACTIVITIES OF THE LOCAL BOUNDARY COMMISSION
DURING THE CALENDAR YEAR 1980

During the past year, the Local Boundary Commission dealt with petitions concerning the following matters:

1. Detachment of the approximate 3,125 square mile Salcha Voting Precinct from the Fairbanks North Star Borough.
2. Annexation of approximately 0.05 square miles to the City of St. Mary's.
3. Annexation of approximately 4.20 square miles to the City of King Cove.
4. Annexation of approximately 235.65 square miles to the City of Nome.
5. Incorporation of the City of Tri Valley as a city of the second class, comprising an area of approximately 0.99 square miles.
6. Annexation of approximately 20.50 square miles to the City of Emmonak.

The action of the Local Boundary Commission with regard to items two, three and four above, requires review by the Legislature. A boundary change recommendation and individual summary of the activities associated with each of these three petitions begins on page 8 of this report. Article X, Section 12 of the State Constitution and AS 29.68.010 provide that

boundary changes recommended in this report shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

A synopsis of the activities associated with the three petitions which do not require Legislative review follows immediately:

- PROPOSED DETACHMENT OF THE SALCHA VOTING PRECINCT FROM THE FAIRBANKS NORTH STAR BOROUGH - On December 12, 1979 the petition for detachment, signed by 184 qualified individuals, was submitted to the Department of Community and Regional Affairs. Eight days later, the Department determined the petition to be acceptable in form and content.

At the time the petition was submitted, no standards had been established to judge a borough detachment proposal. Such standards were subsequently developed and were approved by the Local Boundary Commission on August 18, 1980. The Commissioner of the Department of Community and Regional Affairs adopted the standards as regulations on September 2, 1980. These standards, along with substantial

revisions to other regulations concerning Commission matters, were then submitted to the Department of Law for review and approval required by AS 44.62.060. At this date, the regulations are still under review by the Department of Law. Notwithstanding, the standards established to that degree were used to reach a decision in the Salcha matter.

On September 26, 1980 the Local Boundary Commission held, with prescribed notice, a public hearing on this matter in the Salcha Elementary School. After supplemental information was obtained, the Commission held a meeting on October 27, 1980 in the Fairbanks North Star Borough Assembly Chambers, at which time it decided to reject the petition.

While the Commission was sympathetic to certain concerns expressed by the petitioners, it was determined that the proposed action failed to meet the standards for detachment. Particularly significant in this matter was the fact that a small group of people (seven-tenths of 1% of the population of the Borough) attempted to detach a large area (40% of the Borough). In addition, the detachment would have had severe adverse financial consequences for the Borough through detachment of nearly 20% of its taxable property.

Beyond rejecting the detachment petition, in an effort to deal with the heart of this matter, the Commission has requested that the Borough develop and implement a plan to address the concerns of the Salcha area residents.

Specific suggestions made by the Commission in this regard include review of existing property taxing practices and improvement of communication with, and representation of, the outlying areas of the Borough.

Since no boundary change was recommended by the Commission in this instance, Legislative review is not necessary.

PROPOSED INCORPORATION OF THE CITY OF TRI VALLEY - On March 18, 1980 the incorporation petition for this community, near Healy, was submitted containing the signatures of 29 qualified individuals. On July 22, 1980, the Department of Community and Regional Affairs determined the petition to be acceptable in form and content. On August 19, 1980 the Department held, with prescribed notice, the public informational meeting at the Tri Valley School as required by AS 29.18.070. On September 27, 1980 the five members of the Commission conducted a physical inspection of the territory proposed for incorporation and held a public hearing on the matter, with prescribed notice, in the Tri Valley School. Immediately following the public hearing,

the Commission rendered its decision to reject the petition for incorporation.

The petition was rejected as the Commission determined that the proposal failed to meet the necessary standards prescribed in AS 29.18.011. Specifically, the boundaries proposed did not include all areas necessary to provide municipal services on an efficient scale. Further, the economy of the community did not include the human and financial resources necessary to provide local services.

Legislative review is not necessary in matters of incorporation.

ANNEXATION OF APPROXIMATELY 20.50 SQUARE MILES TO THE CITY

OF EMMONAK - On August 18, 1980, the City of Emmonak submitted its petition for annexation by election of residents of the territory. The petition was determined to be acceptable in form and content by the Department of Community and Regional Affairs on September 18, 1980.

On October 20, 1980 the Commission conducted a review limited to a determination that the annexation would not be inimical to the interests of the State or any municipality, and that the area of territory proposed for annexation is

not so disproportionate to the population as to warrant adjustment of the proposed boundaries or rejection of the petition.

On October 27, 1980 the Commission approved the petition. In late December the annexation proposal was put before the voters, but was rejected.

Even if the voters had approved the annexation measure, Legislative review is not required for this type of annexation.

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION

RECOMMENDATION NUMBER ONE TO THE FIRST
SESSION OF THE TWELFTH LEGISLATURE

RECOMMENDATION FOR THE ANNEXATION OF TERRITORY
TO THE CITY OF ST. MARY'S

WHEREAS, on August 9, 1979, the City of St. Mary's submitted a petition to the Local Boundary Commission (hereinafter "Commission") through the Department of Community and Regional Affairs (hereinafter "Department") pursuant to the provisions of 19 AAC 15.010 - .130 requesting the annexation of Lots 1A and 1B of Block 1 in Tract A and all of Tract B, USS #5507, Andreafsky Townsite; and

WHEREAS, on October 4, 1979, the Department determined the petition to be acceptable in form and content; and

WHEREAS, for compelling reasons, the Commission elected to exercise its authority under the provisions of 19 AAC 15.070(e) to treat the petition as a legislative review annexation proposal; and

WHEREAS the Commission conducted a physical inspection of the territory proposed for annexation and held a public hearing on the matter, with prescribed notice, in the St. Mary's City Council Chambers on November 15, 1979; and

WHEREAS a majority of the testimony presented at the hearing as well as written materials received subsequent to the hearing, including materials from representatives of the City of St. Mary's and the Andraefsky Townsite Council, indicated that the interests of the State, the City of St. Mary's and the Andraefsky Townsite would best be served through annexation of the entire Andraefsky Townsite; and

WHEREAS the Commission held, with prescribed notice, a meeting to render a decision on the petition for annexation February 29, 1980;

NOW, THEREFORE, based upon the petition of the City of St. Mary's, the investigation and report of the Department, the physical inspection of the territory by the Commission, and the information obtained from the public hearing, the Commission recommends that the following described territory be annexed to the City of St. Mary's:

Beginning at a point which is Corner No. 2 of U.S. Survey No. 2984 in Section 27, T23N, R76W, Seward Meridian, proceed on a bearing approximately N 110° W a distance of 5,800 feet more or less to the NW Corner of N.A. No. F031704, thence N 180° W along the west boundary of N.A. No. F031704 and beyond to the north bank of the Andraefsky River a distance of 4,250 feet more or less, thence north and east along the Meander of the north bank of the Andraefsky River to the Meander Corner, Corner No. 1 of U.S. Survey No. 2984 a distance of 7,600 feet more or less, thence N 21° 27' W along the west boundary of U.S. Survey No. 2984 to the point beginning a distance of 2,700 feet, more or less and containing 374 acres, more or less, situated in the Second Judicial District, State of Alaska.

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION

RECOMMENDATION NUMBER TWO TO THE FIRST
SESSION OF THE TWELFTH LEGISLATURE

RECOMMENDATION FOR THE ANNEXATION OF TERRITORY
TO THE CITY OF KING COVE

WHEREAS, on August 21, 1980, the City of King Cove submitted a petition for legislative review to the Local Boundary Commission (hereinafter "Commission") through the Department of Community and Regional Affairs (hereinafter "Department") in accordance with applicable laws and regulations of the State of Alaska, requesting the annexation of approximately 4.2 square miles of territory; and

WHEREAS, on September 8, 1980, the Department determined the petition to be acceptable in form and content; and

WHEREAS, on September 28, 1980 the Commission conducted a physical inspection of the territory proposed for annexation and held a public hearing on the matter, with prescribed notice, in the King Cove School Library; and

WHEREAS, on October 27, 1980 the Commission held, with prescribed notice, a meeting to render a decision on the petition for annexation;

NOW, THEREFORE, based upon the City of King Cove's petition, the investigation and the report of the Department, the physical inspection of the territory by three members of the Commission, and the information obtained from the public hearing, the Commission recommends that the following described territory be annexed to the City of King Cove:

Beginning at the protracted NW corner of the SE 1/4 of Section 16, T59S, R86W, Seward Meridian; thence east to the line of mean high water of King Cove Lagoon; thence meandering northeasterly along the line of mean high water of King Cove Lagoon to the point of intersection with the west boundary of Section 11, T59S, R86W, S.M.; thence north to the protracted NW corner of Section 11, T59S, R86W, S.M.; thence east to the protracted NE corner of Section 11, T59S, R86W, S.M.; thence south to the protracted SE corner of Section 26, T59S, R86W, S.M.; thence west to the protracted SW corner of the SE 1/4 of Section 28, T59S, R86W, S.M.; thence north to the line of mean high water of King Cove; thence meandering northeasterly along the line of mean high water of King Cove to the point of intersection with the north boundary of Section 28, T59S, R86W, S.M.; thence west to the protracted SW corner of the SE 1/4 of Section 21, T59S, R86W, S.M.; thence north to the protracted NW corner of the SE 1/4 of Section 16, T59S, R86W S.M., the point of beginning; excepting those lands identified as Bureau of Land Management Serial no. AA 2612, an Indian Allotment Application, lying within protracted Sections 15 and 16, T59S, R86W, S.M.; and excepting the area now comprising the City of King Cove, which is described as follows: The area bounded by the King Cove's shoreline and latitude 55° 03' 06" north to the south; by the King Cove Lagoon shoreline and latitude 55° 04' 06" north to the north; by longitude 162° 19' 48" west to the west; and by longitude 162° 18' 06" west to the east, and commonly known as the King Cove Village Site; containing 6.5 square miles, more or less, situated in the Third Judicial District, State of Alaska.

STATE OF ALASKA
LOCAL BOUNDARY COMMISSION

RECOMMENDATION NUMBER THREE TO THE FIRST
SESSION OF THE TWELFTH LEGISLATURE

RECOMMENDATION FOR THE ANNEXATION OF TERRITORY
TO THE CITY OF NOME

WHEREAS, on July 14, 1980 the City of Nome submitted a petition to the Local Boundary Commission (hereinafter "Commission") through the Department of Community and Regional Affairs (hereinafter "Department") in accordance with applicable laws and regulations of the State of Alaska, requesting the annexation of approximately 235.65 square miles; and

WHEREAS, on July 25, 1980 the Department determined the petition to be acceptable in form and content; and

WHEREAS, on November 21, 1980 the Commission conducted a physical inspection of the area proposed for annexation and held a public hearing on the matter, with prescribed notice, in the Nome City Council Chambers; and

WHEREAS, on December 11, 1980 the Commission held, with prescribed notice, a meeting to render a decision on the petition for annexation;

NOW, THEREFORE, based upon the extensive briefings of the Petitioner and the Respondents, the investigation and the report as amended by the Department, the physical inspection of the territory by two members of the Commission, and the information obtained from the public hearing, the Commission recommends that the following described territory be annexed to the City of Nome:

Beginning at the protracted NW corner of Section 11, T11S, R34W, Kateel River Meridian; thence east to the protracted NE corner of Section 7, T11S, R33W, K.R.M.; thence south to the protracted SE corner of Section 31, T11S, R33W, K.R.M.; thence continuing south along the same line to a point 4,000 feet seaward of the mean high tide line of Norton Sound; thence meandering northwesterly along a line 4,000 feet seaward of and paralleling the mean high tide line of Norton Sound to a point due south of the protracted SW corner of the SE 1/4 of the SE 1/4 of Section 28, T11S, R34W, K.R.M.; thence north to the protracted NW corner of the NE 1/4 of the NE 1/4 of Section 21, T11S, R34W, K.R.M.; thence east to the protracted SE corner of Section 15, T11S, R34W, K.R.M.; thence north to the protracted NW corner of Section 11, T11S, R34W, K.R.M., the point of beginning; excepting the area now comprising the City of Nome; containing 17.83 square miles, more or less, situated in the Second Judicial District, State of Alaska.

LONG RANGE

ECONOMIC

PLANNING-

LOVE

PROJECT



Alaska State Legislature

Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

M E M O R A N D U M

TO:

FROM: Sen. Vic Fischer *Vic*

DATE: December 20, 1981

RE: Long range planning papers

Enclosed are three papers prepared in support of the Senate State Affairs Committee's interim work on economic policy and long range policy planning. The two basic papers deal with long range revenue and expenditure analysis. The third examines special aspects of the state's mortgage loan program.

I would very much appreciate your comments on these papers by January 11, 1982. Please send any comments you have to Pouch V, Juneau, Alaska 99811.

PART I

Policy Makers Guide to Revenue Forecasting

- A Look Inside the "Black Box" -

For the Senate State Affairs Committee

Senator Victor Fischer, Chair

James Packard Love
Harvard University
December 1, 1981

Contents

Introduction	10
Known North Slope Oil Resources	10
Production	11
Price	14
Digression on Real vs. Nominal Prices	16
State Share of Revenue	16
Putting It All Together	18
Cook Inlet	18
Non-Petroleum Revenue Sources	22
New Discoveries on Frontier Acreage	24
Prudhoe Bay/Trans-Canadian Gasline	28
Summary	28
Notes	32

Revenue Forecasting

Introduction

Alaska is faced with a revenue future which is unique, to put it mildly. Virtually every policy maker and nearly every citizen is fully aware that the short-term cash flow from petroleum taxes and royalties is very large, recently pegged at approximately \$10,000 per capita. Another well-known observation is that this revenue stream is tied to a non-renewable source. Important questions to ask include: just what is the shape of this revenue stream over time; will policy changes influence the timing and amount of the revenues; and what are the critical assumptions upon which the projections are based?

In order to answer these questions, major revenue sources are examined separately. First, the known North Slope oil resources are discussed. This is followed by a review of Cook Inlet oil production and non-petroleum revenue sources, including revenue from income-producing investments. Finally, a word is offered regarding speculative oil resources in frontier areas.

Known North Slope Oil Resources

Petroleum revenue forecasting seems like a formidable task to most Alaskans. One has to compute the state's receipts from a number of taxes plus royalty payments. Prices are estimated. Future production from both old and new oil fields is predicted. Estimates are constantly revised--in the past

mostly upwards, lately mostly downwards. Huge sums of money are involved.

A quick look at the Department of Revenue's quarterly revenue forecasts confirms some of these initial concerns. Weighted probabilities, high and low scenarios, and a bewildering statistical presentation confront the reader. But is revenue forecasting really a "black box" which ordinary citizens and policy makers can't fathom?

Despite impressions to the contrary, most Alaskans can readily grasp the essential details of revenue forecasts, and little more than a pencil and paper is necessary to make useful estimates of future petroleum receipts. The problem can be broken into three parts:

1. What will the future production rates be?
2. What will the price of oil be?
3. What share of the gross revenue will the state collect through taxes and royalties?

In some cases the forecaster will have precise answers to the questions. As often as not informed guesses or helpful "rule of thumb" calculations are used. Most of the work is not overly technical or difficult, although at times it may seem tedious.

Production

The North Slope has attracted industry interest for decades, but the prospect of major oil resources was not confirmed until the 1968 discovery of Prudhoe Bay. This field is not only the largest oil field in the United States,

but it is one of the largest fields ever discovered in the world. Current production of 1.5 million barrels per day is greater than the total production from most OPEC countries.¹ Unfortunately, this bonanza will not last forever. The Legislature's Division of Finance estimates that by 1991 the field will begin to experience an 18% annual decline in production.²

By next year Prudhoe Bay will be joined by Kuparuk, the first new field since Prudhoe Bay to begin commercial production. Initial production from Kuparuk is estimated at 100,000 barrels per day, to be expanded to 125,000 barrels per day by 1984. There are varying estimates of how long this production rate will continue. The most optimistic scenario has the field beginning an annual decline of 8% by 1996.³

State officials now consider commercial production from the Lisburne formation in the Beaufort Sea a certainty at some time in the future. Estimates for the timing of development and production vary, but 200,000 barrels per day by 1991 is reasonable. According to officials of the Department of Natural Resources, production is expected to level out for six years, and then begin a 10% decline in output.⁴

The yearly production from the three fields through the year 2005 is shown in Table 1-1.

Table 1-1
 Estimated Oil Production from Three North Slope Oil Fields.
 1981 through 2005
 (millions of barrels)

Year	Field		
	Prudhoe Bay	Kuparuk	Lisourne
1981	548		
82	548	27	
83	548	37	
84	548	46	
85	548	46	
86	548	46	
87	548	46	
88	548	46	
89	548	46	
90	548	46	
1991	449	45	73
92	368	46	73
93	302	46	73
94	248	46	73
95	203	46	73
96	166	46	73
97	136	42	66
98	112	39	59
99	92	36	53
2000	75	33	48
2001	62	30	43
2	51	28	39
3	41	25	35
4	34	23	31
5	28	22	28
TOTALS	7,847	940	840

SOURCE: Ed Phillips, Alaska State Department of Natural Resources.

Price

The price of oil has proven to be a difficult variable to predict. For example, in 1977 ISER forecast a \$7 wellhead value for Prudhoe Bay.⁵ In two years it was more than double that. Then, just as state economists were predicting that prices would increase 2% annually in "real" terms, declining demand and increased output from Saudi Arabia brought about a worldwide oil glut and the prospect of stable or falling real prices.

Is it possible for forecasters to anticipate the type of shocks to the oil market the world has seen in the past ten years? Probably not. No one knows for certain the future stability of the Saudi regime, the price of alternative energy sources ten or fifteen years hence, or any number of other critical factors in determining the long-run price trends for the oil industry. On the other hand, the petroleum market is historically much more stable than the market for other raw materials, and at least for the present OPEC appears to be holding together.

This is one area where the best that can be done is to take an informed guess. Today Prudhoe Bay oil is selling for about \$22 a barrel at the wellhead. While it is certainly conceivable that the long-run price trend will be different, it is unclear whether the real price will go up or down.

In cases like this it is prudent to use a range of prices--so that the consumer of the data can see how sensitive the forecast is to changes in the uncertain variable. For example, a reasonable approach would be to use two prices, such as \$20 and \$25 per barrel. A more elaborate forecast might use a wider band of prices, or even variations such as steadily falling or increasing prices. Too much information is sometimes confusing, however. Since the purpose of this analysis is to introduce the reader to the forecasting process, little is to be gained from such elegant price scenarios, and the simpler two-price estimate is used.

Why pick a narrow range of prices, like \$20 and \$25 per barrel, rather than \$15 and \$30 or some other combination? The forecaster must use judgment in picking price scenarios. A wide range of prices is "safer" in some respects, because it is easier to be right! On the other hand, by using a range of prices relatively close to what the market is saying today, the forecast will give the reader a better idea of what the revenue stream will be like if the market does not experience significant changes, and for most purposes this is the most useful data to have. Of course, if major changes in state policy are evaluated on the basis of long-range revenue forecasts, it would be helpful to augment this initial choice with an analysis of more extreme price scenarios--particularly low-price scenarios, since it is usually worse for the government to guess too high than too low.

Digression on real versus nominal prices. One of the most common areas of confusion in forecasting arises when different assumptions for inflating future prices are used. A \$22 barrel of oil will be worth \$47 in ten years if 8% inflation is used, or \$68 if 12% is used. How can policy makers evaluate future revenue forecasts unless these inflation assumptions are understood?

A much simpler approach is to use constant dollars. This will make most forecasting reports much clearer. Future revenues will be seen for what they really are in terms of purchasing power. In this analysis forecasts are presented in 1981 dollars.

State Share of Revenue

The state share of oil revenues from production is the sum of tax and royalty payments. Taxes on oil production include the severance, corporate income, and ad valorem property tax on facilities and pipelines. The severance tax is nominally 15%, although if production falls below a certain volume per well the effective tax rate drops.⁶ The corporate income tax allows as deductions all other state taxes, royalties and development costs. More important, the income tax is computed according to the "unitary" method, which means that it is based on the firm's worldwide profits, with the tax liability determined by Alaska's share of the firm's property, sales, and payroll.⁷

The state share of gross production is thus a function of the rate of production from a field, the size of the

royalty, development costs, and the firm's worldwide profitability. For Prudhoe Bay it works out to around 30% of the value of production. For Kuparuk it may be a bit less, because of the lower rates of production and higher development costs, but for forecasting purposes 30% will suffice.

The Lisburne production is much more problematic. First, the ownership of the land is disputed, with the state and federal government locked in a lengthy lawsuit over the title to lands around the coastline and a string of "barrier" islands. Some of the land was leased in 1969, for a 12.5% royalty. Most of the land was leased in 1979-- under two different leasing systems. About half of the acreage in the 1979 sale was leased under a sliding scale royalty system, where the royalty rate is determined by the rate of production per tract.⁸ Some of the tracts were leased under a system where the state retained a 20% royalty, plus a net profit share. The amount of the profit share was determined at the auction through competitive bidding and thus is different for each tract. The best lands were sold for 70% to 93% profit shares.⁹

No one knows with certainty what the state's share of the Lisburne production will be. That will depend upon which tracts have oil and which tracts are dry. But it is clear that on state-owned lands the share will be greater than the present 30% realized from Prudhoe Bay. A reasonable estimate for the average is 50% of gross revenue from the state lands.

From these figures we can translate the production figures in Table 1 to the state's weighted share of production.*

This is simply 30% of all Prudhoe Bay and Kuparuk production, plus 50% of Lisburne production, and is shown in Table 1-2.

Putting It All Together

As noted above, the revenue forecast is based on three questions: 1) How much future production? 2) What will the price be? and 3) How much of the production does the state get through taxes and royalties? Expressed as an equation, the forecasting process looks like this:

$$(\text{production}) \times (\text{state share}) \times (\text{price}) = \text{revenue}$$

Revenues are thus estimated for the three North Slope oil fields (Table 1-3).

Cook Inlet

Oil was first discovered in Cook Inlet on July 19, 1957, and commercial production began in 1958. By 1959 petroleum had become a major source of revenue for the state. The state share of federal royalty payments came to \$4.2 million, which "seems small by today's standards, but in 1959 that represented a sizable share of the state's \$31-million budget."¹⁰ By the 1960s a number of oil and gas fields had been discovered in the Cook Inlet area, and the increased production

*For the purposes of this analysis all of Lisburne production is assumed to be on state lands. In fact, the ownership of many of the prime Beaufort Tracts is in litigation.

Table 1-2

State of Alaska's Weighted Share of North Slope Production
(millions of barrels)

Year	30% of Prudhoe Bay and Kuparuk	50% of Lisburne	Total
1981	164		164
82	173		173
83	176		176
84	178		178
85	178		178
86	178		173
87	178		178
88	178		178
89	178		178
90	178		178
1991	149	37	186
92	124	37	161
93	104	37	141
94	88	37	125
95	75	37	112
96	64	37	101
97	53	33	86
98	45	30	75
99	38	27	65
2000	32	24	56
2001	28	22	50
2	24	20	44
3	20	18	38
4	17	16	33
5	15	14	29
TOTAL	2,635	426	3,061

Table 1-3

Projected Oil Revenue from Three North Slope Oil Fields*
 under Two Different Price Assumptions
 (millions of 1981 dollars)

year	State Share of Production (millions of barrels)	\$20/b	\$25/b
1981	164	\$3,280	\$4,100
82	173	3,460	4,325
83	176	3,520	4,400
84	178	3,560	4,450
85	178	3,560	4,450
86	178	3,560	4,450
87	178	3,560	4,450
88	178	3,560	4,450
89	178	3,560	4,450
90	178	3,560	4,450
1991	186	3,720	4,650
92	161	3,220	4,025
93	141	2,820	3,525
94	125	2,500	3,125
95	112	2,240	2,800
96	101	2,020	2,525
97	86	1,720	2,150
98	75	1,500	1,875
99	65	1,300	1,625
2000	56	1,120	1,400
2001	50	1,000	1,250
2	44	880	1,100
3	38	760	950
4	33	660	825
5	29	580	725
TOTALS		\$61,220	\$76,525

*Includes Prudhoe Bay, Kuparuk, and Lisburne fields.

plus higher state taxes combined to make petroleum an even more significant source of revenue.

Today Cook Inlet represents but a small fraction of total state oil and gas revenues. In the calendar year 1982 state tax and royalty receipts from Cook Inlet production are estimated at \$175 million.¹¹ Over time the field will be even less of a factor in the state revenue picture. The production comes from mature reservoirs, and reserves are dwindling. Gregg Ericson estimates that Cook Inlet will experience an annual 12.2% decline in production.¹²

Because of the mechanics of the severance tax, which is adjusted downward as production approaches an "economic limit," state revenues will decline faster than production. It is estimated that by 1990 Cook Inlet fields will be exempt from the severance tax altogether.¹³ Within just four years revenues may dip below \$100 million, as measured by 1981 values.

Revenue forecasters soon learn when it is important to take pains to describe a revenue stream, and when it isn't. In the case of Cook Inlet, the total amount of money is not large, and a rough rule of thumb estimate is probably good enough. One way to do this is to show a constant decline in revenue which is somewhat greater than the decline in production. Fifteen percent annually is a reasonable estimate.

Non-Petroleum Revenue Sources

If Prudhoe Bay shut down tomorrow, the pipeline blew up, or the price of oil dropped to pre-OPEC levels, Alaska would have to rely upon non-petroleum revenues to finance state government. Alaska has never had a statewide sales tax. The statewide property tax is limited to oil and gas facilities. The personal income tax was repealed in 1980, and in 1981 most businesses were relieved of the obligation to pay the corporate income tax.

In the wake of these tax reductions, Alaska's non-petroleum revenue sources are limited to a handful of license and user fees, excise taxes, the remnants of the corporate income tax, and income from investments. The tax, license and user fees come to about \$100 million per year.¹⁴

Income from investments is rapidly becoming an important source of revenue. By 1982 the nominal value of interest income from invested state funds will exceed by perhaps a three-to-one margin or more the income from all other non-petroleum revenue sources. Does this mean that the state is on the way to self-sufficiency? Unfortunately, the answer is no, or at least not at this stage in the game. Nominal returns from investments must be adjusted for inflation before they can properly be evaluated. Consider, for example, a \$3 billion investment fund which earns a nominal return of 10%. \$300 million of income shows up on the state's books. But what if the rate of inflation is 8%? The value

of the \$3 billion in principal is depreciated by
[3 billion - (3 billion/1.08)] = \$240 million, in terms of
future purchasing power. This leaves a net return, after in-
flation is considered, of only \$77 million, or 2.6%.

When nominal returns are defined as income, the purchas-
ing power of the "principal" is allowed to decline by the
amount of inflation. Thus, the \$300 million in "earnings"
is really a combination of \$77 million in investment returns,
and a \$222 million reduction in the size of the investment
fund. If this is allowed to continue over time the investment
fund will dwindle--like the Cook Inlet oil reservoirs--to
an insignificant amount.

The question of investment earnings is an important
variable in forecasting long-range revenues for the state.
Some say it is the most important variable. It is, however,
very much determined by two policy choices. First, how much
money is set aside for investments. Second, will the money
be invested to maximize financial returns, or will it be
loaned out at subsidized interest rates for Alaskan projects
which achieve explicit or implicit income distribution
objectives or promote economic development?

The question of the size of the state's investment port-
folio is examined in some detail in the next section, which
discusses spending strategies. The question of the invest-
ment objectives has temporarily been decided in favor of
maximizing financial returns. Each meeting of the legislature,

and each new governor, however, will review this decision. Powerful political support exists for shifting investments from "Wall Street" to local projects at low interest rates. The issue is far from resolved. An important policy consideration is how a subsidized loan strategy will impact the state's long-range revenue picture. If returns are consistently zero or less, in real terms, there will be no investment earnings, and only a gradual erosion of the investment principal. On the other hand, a policy of maximizing financial returns should be able to earn a real return of 2% to 5%. Over the long run a return of 3% is a reasonable estimate.¹⁵

New Discoveries on Frontier Acreage

So far the discussion has been limited to revenue sources which are relatively certain. What about new discoveries of oil or gas on frontier acreage? Can this be estimated too? In theory, the answer is yes. It seems obvious that some new oil discoveries will occur in the future, and to ignore them will result in an understating of the state's revenues. The forecaster might include the "expected" reserves in frontier areas. This is just a way of saying that experts guess how much oil is in a wilderness area, and then guess the probability of the first guess coming true. The first guess multiplied by the second guess is the "expected" reserves.

Expected reserves in Alaska appear to be very large. However, just how large depends upon who is doing the

expecting. For example, during the D-2 debate the congress was treated to wildly different estimates of the oil potential of the Arctic Wildlife range. The oil companies and the state "expected" a lot of oil. The environmentalists "expected" very little oil.

Not all differences in estimates of speculative reserves are a function of bias or hidden agendas. There is just not enough information available for anyone to know for certain whether wildcat acreage will produce or not--or for that matter when it will produce. There is an element of risk in these forecasts which must be reckoned with. Consider the following.

Everyone, including the oil industry, predicted vast oil discoveries in the Gulf of Alaska--but after a half billion dollars in bonus bids and millions more in exploration expenditures, this area is practically abandoned today. Other optimistic development scenarios have fallen by the wayside in recent years, and today are amusing, if not embarrassing examples of how dangerous it is to anticipate speculative oil reserves. For example, in 1977 the University of Alaska's Institute for Social Economic and Government Research (now known as ISER) predicted a "limited" development scenario of 2 million barrels of oil per day by 1980 (contrasted to actual production of about 1.65 million), increasing to 2.9 million b/d by 1985 and 3.7 million b/d by 1990. The same study offered an "accelerated" development

scenario of 4.8 million b/d by 1985, and 7.5 million b/d by 1990. The "maximum" development scenario was a mind-boggling 4.9 million b/d by 1985, and 10 million b/d by 1990.¹⁶

Such predictions seem absurd today. State officials are concerned with simply keeping the pipeline full past 1990, at its current capacity of 1.5 million barrels per day. But the lesson is not how stupid earlier forecasters were, but how easy it is to overestimate development prospects, and, more important, how tragic it would be if state policies were grounded on speculative development which never took place.

Yet another reason for being cautious about predicting new revenue sources for the state is the likely distribution of new discoveries with respect to land ownership. Prudhoe Bay, Kuparuk, and much if not all of the Lisburne formation are on state lands.* Most observers, however, say that the best wildcat action will be on OCS lands--which are owned by the federal government. Alaska cannot levy severance or property taxes against OCS acreage, or collect royalties. Even the ability to tax income from such development is questioned.

Moreover, of the remaining on-shore prospects, nearly all of the attractive acreage is owned by the federal government or the Native Corporations. The state will be unable to collect royalties from the native lands, and only some of the federal lands will share royalties with the state.

*How much of the Lisburne Field is on state lands will depend, as noted earlier, on litigation.

The state of Alaska has been left with, in the words of one expert, "table scraps," and future discoveries of oil may contribute only marginally to future state revenues.

Finally, it should be noted that there is a tendency when estimating production from speculative reserves to get carried away with recent trends. When Prudhoe Bay was announced it seemed like the beginning of a new gold rush in Alaska. Yet after thirteen years of exploration the industry has announced the start-up of only one new oil field--Kuparuk--and even the high estimates of Kuparuk production peg it at less than 10 percent of Prudhoe Bay output.

Thus, it can be said that while in theory it is fine to include production from speculative acreage in revenue forecasts, it remains a difficult task. Whatever figures are included are bound to be controversial, subjective in nature, and risky. Moreover, the door is wide open for manipulation of figures by those with an ax to grind regarding state finances. Proponents of expensive projects will be tempted to shade estimates on the high side. Opponents of expensive projects will undoubtedly be accused of shading estimates of the low side.

A more conservative approach is to limit the forecast to oil fields which have been confirmed "by the drill bit" and are reasonably certain of commercial production by a given date. While this may (but not necessarily) result in an underestimation of production, it at least deals with known quantities, and consumers of the data can proceed with more confidence than would otherwise be the case.

Prudhoe Bay/Trans-Canadian Gas Line

One final potential revenue source which deserves mention is the sale of natural gas reserves from the Prudhoe Bay oil field and the property taxes from the building of a new gasline to transport the gas to the lower forty-eight via Canada. This project has been repeatedly delayed, and the price estimates constantly revised upwards. While there is little doubt that the gas reserves will eventually be marketed, the timing of the development is uncertain. Many of the state's petroleum experts now do not believe that the gasline project will fly as presently conceived. Thus, until the economic feasibility of a scheme for marketing the gas is developed, no revenue will be projected.

Summary

The major sources of projected revenue for the state are petroleum development, and income from investments. From 1982 to 2005, petroleum taxes and royalties represent more than 94% of all non-investment revenues (see Tables 1-4 and 1-5). Production from the North Slope alone is estimated to contribute 93% of revenues. About 75% of North Slope revenues are attributed to the Prudhoe Bay field.

The tax and royalty income actually realized from petroleum development can be changed by three major events. First, new discoveries may occur, or estimates of future

Table 1-4
 Petroleum and Non-Petroleum Revenues Summarized
 (Investment Income Excluded)
 (millions of 1981 dollars)
 \$20/b Price of Oil

Year	Petroleum		Non-Petroleum*	Total
	North Slope	Cook Inlet		
1982	\$3,460	\$175	\$103	\$3,738
83	3,520	149	106	3,755
84	3,560	126	109	3,755
85	3,560	107	112	3,779
86	3,560	91	115	3,766
87	3,560	78	118	3,756
88	3,560	66	122	3,748
89	3,560	56	125	3,741
90	3,560	48	129	2,737
1991	3,720	41	132	3,893
92	3,220	34	136	3,390
93	2,820	29	140	2,989
94	2,500	25	144	2,669
95	2,240	21	148	2,409
96	2,020	18	152	2,190
97	1,720	15	157	1,892
98	1,500	13	161	1,674
99	1,300	11	166	1,482
2000	1,120	9	171	1,300
2001	1,000	8	175	1,183
02	880	7	180	1,063
03	760	6	186	952
04	660	5	191	856
05	580	4	196	780
TOTALS	\$57,940	\$1,142	\$3,474	\$62,556

Petroleum revenues as a percentage of total revenues: 94%

North Slope petroleum revenues as a percentage of total revenues: 93%

*Increase is the same rate as population: 2.85%.

Table 1-5
 Petroleum and Non-Petroleum Revenue Summarized
 (Investment Income Excluded)
 (millions of 1981 dollars)
 \$25/b Price of Oil

Year	Petroleum		Non-Petroleum*	Total
	North Slope	Cook Inlet		
1982	\$4,325	\$175	\$103	\$4,603
83	4,400	149	106	4,655
84	4,450	126	109	4,685
85	4,450	107	112	4,669
86	4,450	91	115	4,656
87	4,450	78	118	4,646
88	4,450	66	122	4,638
89	4,450	56	125	4,631
90	4,450	48	129	4,627
1991	4,650	41	132	4,823
92	4,025	34	136	4,195
93	3,525	29	140	3,694
94	3,125	25	144	3,294
95	2,800	21	148	2,969
96	2,525	18	152	2,695
97	2,150	15	157	2,322
98	1,875	13	161	2,049
99	1,625	11	166	1,802
2000	1,400	9	171	1,580
2001	1,250	8	176	1,433
02	1,100	7	180	1,287
03	950	6	186	1,137
04	825	5	191	1,021
05	725	4	196	925
TOTALS	\$72,425	\$1,142	\$3,474	\$77,041

Petroleum revenues as a percentage of total revenues: 95%

North Slope petroleum revenues as a percentage of total revenues: 94%

*Increase is the same rate as population: 2.85%.

production from existing fields may be revised.* Second, the future price of oil may increase or decrease in real terms. Third, the state can change tax laws, and increase or decrease the state "take" from petroleum production.

The size of the state's investment earnings will likewise be a function of the same variables which determine the petroleum revenue stream, although the relationships is by no means certain or obvious.** The real guts of the investment earnings projections are two policy variables. First, how much of current petroleum revenues will be spent and how much will be saved? Second, what investment objectives will the state pursue? Until these questions are resolved, it is impossible to make meaningful predictions of future investment earnings.

Other non-petroleum revenues include taxes, license and user fees, and the sale of other natural resources. At present these activities are not significant sources of revenue. The future levels of such items as state taxes on firms and individuals may well change if spending patterns result in a rapid exhaustion of resource wealth. Just how willing future generations of Alaskans will be to reinstate the individual income tax or other taxes remains an open question.

*One might add the firming up of marketing plans for Prudhoe Bay gas reserves.

**On the one hand, an increase of petroleum revenue will provide the means for additional savings. On the other hand, new discoveries or more favorable geological reports on existing fields may reduce anxiety about the future and thereby reduce an important incentive to save today.

Notes

¹On a per capita basis Alaska's 1980 oil production was "nearly thrice that of Kuwait, more than four times that of Saudi Arabia, almost six times that of Libya, ten times that of Gabon, thirty times that of Venezuela, and almost four hundred times that of Indonesia." Malcolm Gillis, "The Effects of In-State Investment: Lessons from Oil-Fired Development in Other Parts of the Worlds," prepared for the Permanent Fund Trustees (October 23, 1981).

²Milt Barker, "General Fund and Permanent Fund Balance Projections," Memorandum to Senator Sturgulewski and Rep. Hugh Malone (June 19, 1981).

³Ed Phillips, personal communication (November 1981).

⁴Ibid.

⁵David T. Kresge, Thomas A. Morehouse, and George Rogers, Issues in Alaska Development (ISER, University of Washington Press, 1977).

⁶For a discussion of the Alaskan severance tax, see James Love, State Taxes on Petroleum Production, July 7, 1981.

⁷The method of computing the state income tax was changed in 1981. FCCSSB 524.

⁸For a discussion of the sliding scale royalty system as used in the Beaufort Sea area, see James Love, "Choice of Federal Sliding Scale Royalty Formula for Beaufort Sea Sale," prepared for the House Interimr Committee on Oil and Gas Leasing Policy (January 13, 1980).

⁹Oil and Gas Journal (December 17, 1979).

¹⁰Mike Bradner, "Historical Review of Alaska Petroleum Taxes, 1955-1978" (April 1979).

¹¹Personal communication, Charles Logston (November 1981).

¹²Ibid.

¹³Ibid.

¹⁴Milt Barker, personal communication (November 1981).