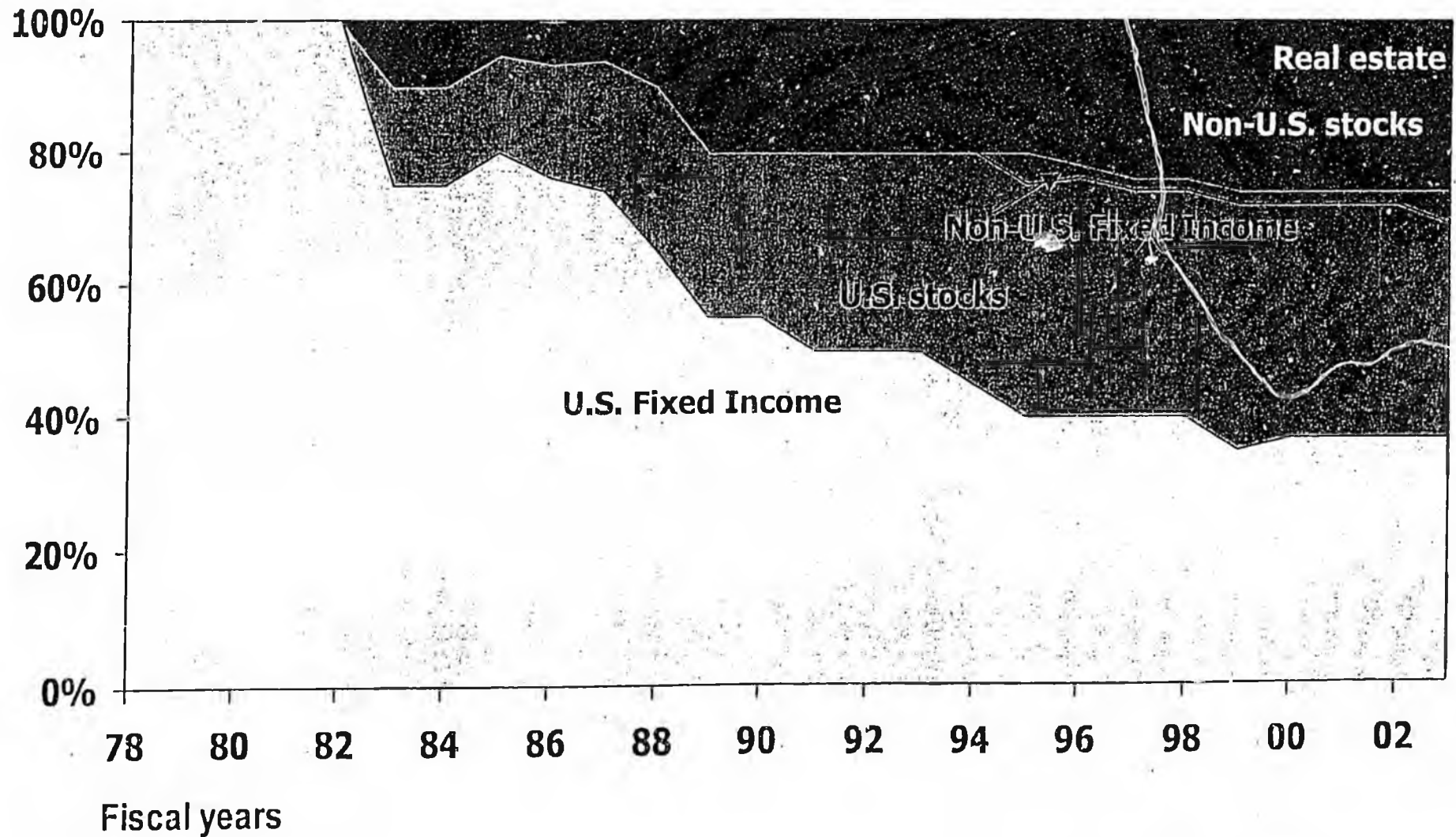


ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 00/2

10885 HOUSE JUDICIARY



# Fund's historical asset allocation



ACCOUNTABILITY

4

TO ALASKANS, FOR ALASKANS



# What is POMV?

**POMV is a spending limit for the Permanent Fund.**

**Under POMV, no more than five percent of the Fund's market value may be withdrawn each year.**

**Under the current system, all realized earnings are available for spending from the Fund.**



# Inflation Proofing

|                            | <b>FY94 to FY03</b> | <b>FY05 to FY14</b> |
|----------------------------|---------------------|---------------------|
| <b>Total return</b>        | <b>7.8%</b>         | <b>7.6%</b>         |
| <b>Inflation rate</b>      | <b>2.5%</b>         | <b>2.6%</b>         |
| <b>Real rate of return</b> | <b>5.3%</b>         | <b>5.0%</b>         |

If no more than 5% is withdrawn from the Fund each year, the gains that result from inflation will remain in the Fund. This will preserve the Fund's purchasing power for future generations.

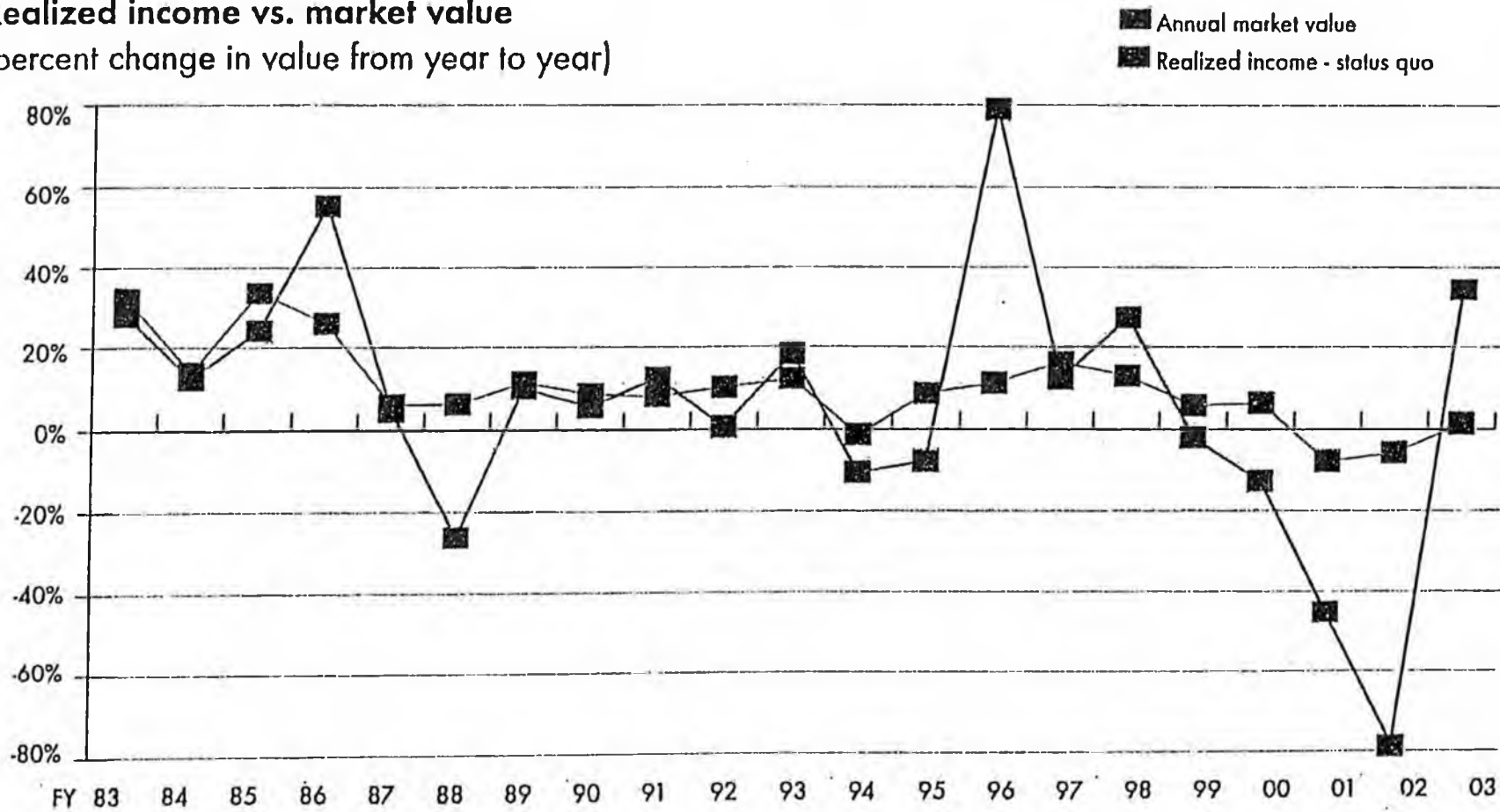


# Realized income v. market value

## Volatility

### Realized income vs. market value

(percent change in value from year to year)



Periods ending June 30

ACCOUNTABILITY



# The dangers of overspending

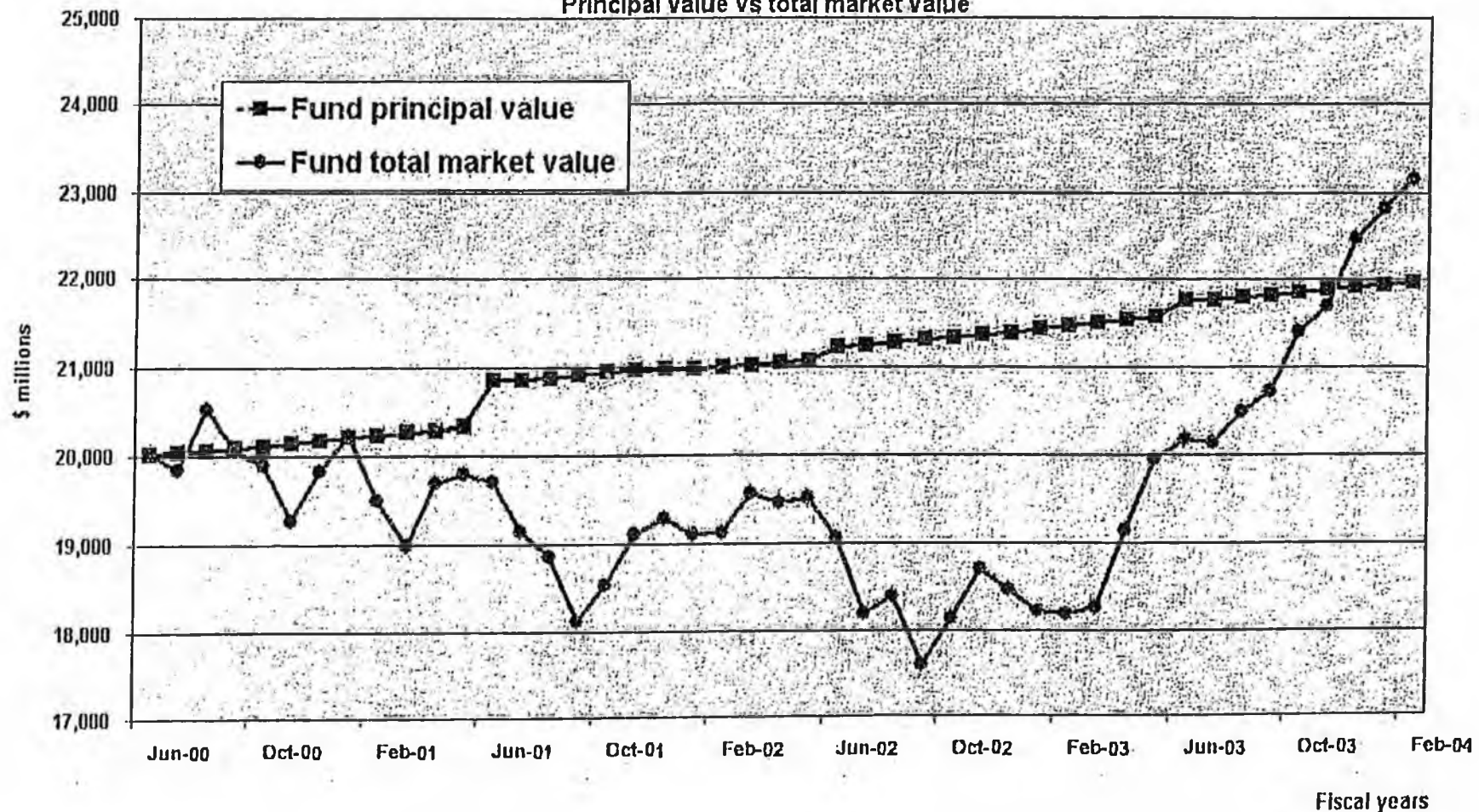
- Overspending in good years means there will be no cushion for down years, and funds may not be available for distribution.
- Overspending in the present decreases a fund's benefit to future generations.
- Overspending can cause recipients to become dependant on an inflated income stream. This will cause hard decisions in the down years, when income isn't as high.



# The dangers of overspending

## Alaska Permanent Fund

Principal value vs total market value



Assumption: June 30, 2000 all available earnings are paid out, total Fund value equals principal, all realized earnings are paid out in distributions and inflation proofing when possible.

ACCOUNTABILITY

9

TO ALASKANS, FOR ALASKANS



## Who uses POMV?

- Anchorage, Fairbanks, North Slope Borough and Sitka residents voted to use POMV for municipal trust accounts.
- Private foundations such as the Rasmuson Foundation and the Ford Foundation are required by the IRS to pay out at least 5% of their market value.
- 83% of colleges and universities polled by the National Association of College and University Business Officers use some form of a POMV payout method.



# Why do we need POMV?

## For the present

- Ensure the option of an annual payout
- Make payout amounts more stable from year to year
- Make payout method compatible with investment strategy

## For the future

- Prevent overspending in the good years
- Maintain purchasing power for the entire Fund



# What are Alaskans asking?

- **Will this change leave the principal unprotected?**
- **How will POMV affect my dividend?**
- **Is POMV a raid on the Permanent Fund?**
- **Why fix the Permanent Fund if it isn't broken?**

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
J JNEAU

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
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WWW.GOV.STATE.AK.US

June 21, 2004

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the income of and appropriations from the Alaska permanent Fund under article IX, section 15(b), Constitution of the State of Alaska, and making conforming amendments. This bill is substantially the same as CS House Bill 298(FIN) am, which passed the House during the second regular session, but with a few new provisions.

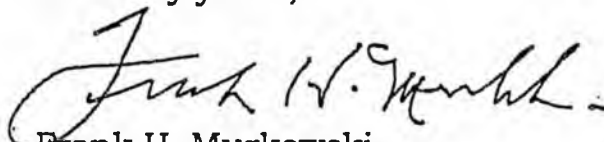
I have separately transmitted to you a joint resolution proposing a "Percent of Market Value" (POMV) amendment to the Alaska Constitution. This bill would make conforming amendments to the enabling act of the Alaska Permanent Fund Corporation necessary to implement that amendment. This bill also would make allocations of the amount available for appropriation from the Alaska Permanent fund after the POMV amendment is adopted. These allocations make provision for aid to municipalities and other communities, public education, and the Permanent Fund dividend. The allocation provisions would give moral force to the Legislature's intent to pay for these important public purposes. A new provision has been added that would adjust the allocation of amounts available for appropriation from the Alaska Permanent Fund so that the dividend will be kept at \$1,000 or more each year. The bill also contains provisions that will conform the Mental Health Trust fund revenue availability and accounting provisions to those proposed for the Alaska Permanent Fund. The Mental Health Trust fund is invested by the Alaska Permanent Fund Corporation and it will be more efficient if the computation of revenue available for appropriation is consistent for both funds.

The Honorable Pete Kott  
June 21, 2004  
Page 2

I believe that this bill provides a vehicle the Legislature can use to resolve how the POMV amendment would be implemented. By placing the implementing provisions in statute, the Legislature retains the power to make necessary adjustments to meet unforeseeable events.

I urge your prompt and favorable consideration of this bill.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski  
Governor

Enclosure

AMENDMENT # 1

OFFERED IN THE HOUSE  
TO: HJR 101

BY REPRESENTATIVE GARA

1 Page 1, line 1:

2 Delete "and limiting"

2 Gara McGuire  
5

3  
4 Page 1, line 2, following "fund":

5 Insert "and limiting those appropriations"

6  
7 Page 1, line 15:

8 Delete "a new subsection"

9 Insert "new subsections"

10  
11 Page 2, following line 3:

12 Insert a new subsection to read:

13 "(c) Each fiscal year at least seven and one-half percent of the total amount  
14 available for appropriation under (b) of this section shall be appropriated as State aid  
15 to municipalities and other communities. The balance remaining available may be  
16 appropriated for other public purposes, including a program of dividend payments for  
17 residents of the State established by law."

HJR

102

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

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June 21, 2004

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a resolution proposing amendments to the Alaska Constitution relating to and limiting appropriations from the Alaska Permanent Fund based on an averaged percent of the fund's market value. Passage of this resolution by the Legislature gives Alaskans a voice on the issue of a long-term fiscal plan. Voters would have the ability to approve the resolution and bring certainty to Alaska's fiscal future for themselves and future generations of Alaskans.

The resolution outlines a long-term fiscal plan that 1) changes the structure of the Alaska Permanent Fund to an endowment model; 2) limits the annual payout from the Alaska Permanent Fund to five percent of the fund's value; 3) allocates the annual payout of 50 percent to dividends, 45 percent to public education, including K-12 and the University, and five percent to communities. Individual dividends would be guaranteed to be at least \$1,000 or 50 percent of the annual payout, whichever is higher. I believe that these allocations reflect the priorities of a majority of the public for the use of the Alaska Permanent Fund.

The resolution is based on provisions of CS House Joint Resolution 26(FIN), which passed the House during the second session of this Legislature. Under the provisions of this resolution, the Alaska Permanent Fund is converted to the Percent of Market Value or "POMV" endowment model. An annual payout of five percent of the value of the fund is set.

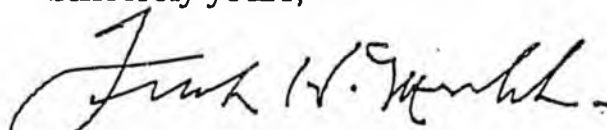
The Honorable Pete Kott  
June 21, 2004  
Page 2

POMV is an accepted method for managing funds. Anchorage, Fairbanks, the North Slope Borough, and Sitka residents have voted to use the POMV model for their municipal trust accounts. Private foundations like the Ford Foundation and about 83 percent of colleges use some form of a POMV payout method.

These allocation provisions have a ten-year "sunset" to allow the Legislature and the voters an opportunity to revisit them to ensure that the allocations continue to meet state needs.

I urge your prompt and favorable action on this legislation.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski  
Governor

Enclosure

HOUSE COMMITTEE REPORT

6-23-04

(7)

Date Referred to Committee: June 22, 2004

FURTHER REFERRALS: Finance

Date of Committee Action: June 23, 2004

The JUDICIARY Committee considered:

HJR 102

HOUSE JOINT RESOLUTION NO. 102

CONST. AM: PERM FUND P.O.M.V.; DIVIDENDS

Proposing amendments to the Constitution of the State of Alaska relating to and limiting appropriations from the Alaska permanent fund based on an averaged percent of the fund market value and relating to permanent fund dividend payments.

Recommends it be replaced with [ ] HCS or [ ] CS for \_\_\_\_\_ (\_\_\_\_\_)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR \_\_\_\_\_ [ ] Same Title [ ] New Title

- [ ] attach amendments
[ ] add new referral to \_\_\_\_\_ Committee
[ ] Letter of Intent \_\_\_\_\_ Committee

- List of Abbrev for Depts.: ADM, CED, COR, CRT, EED, DEC, DFG, GOV, HSS, LEG, LAW, LWF, MVA, DNR, DPS, REV, DOT, UA

Table with 5 columns: List by Dept(s), \*FN#, Fiscal, Indet., Zero. Title: NEW FISCAL NOTES. Subtitle: \*Assigned by Chief Clerk's Office.

Table with 5 columns: List by Dept(s), FN#, Fiscal, Indet., Zero. Title: PREVIOUS FISCAL NOTES.

Table with 6 columns: Signing with recommendations, Printed Last Name, DP, DNP, NR, AM. Includes signatures and names like Gara, Holm, O'Quinn, Bruenborg, SAMUELSON, Anderson, and Chair: [Signature].

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HJR 102  
(H) Publish Date: 6/22/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Constitutional Amendment RDU AK Permanent Fund Corporation  
Permanent Fund Income Component AK Permanent Fund Corporation  
Sponsor Rules  
Requester Governor Murkowski Component No. 109

**Expenditures/Revenues** (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005    | FY 2006    | FY 2007    | FY 2008    | FY 2009    | FY 2010    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                      |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|

|                        |  |  |  |  |  |  |
|------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES ( ) |  |  |  |  |  |  |
|------------------------|--|--|--|--|--|--|

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)  
This resolution would ask voters in the next general election whether to approve a constitutional amendment that would limit annual appropriations to no more than 5% of the average year-end market value of the Fund for the preceding five years, would specify how earnings of the Fund will be distributed and guarantees a dividend of at least \$1000 per qualified applicant.  
  
This resolution would not affect the budgeted costs to manage and invest the Permanent Fund, nor would it change the amount of income earned by Permanent Fund investments.  
  
See the attached schedule for financial projections of the Fund comparing the "Status Quo" to a 5% POMV spending limit.

Prepared by: Robert D. Storer, Executive Director Phone 465-2047  
Division Alaska Permanent Fund Corporation Date/Time 6/19/2004/1:32 PM  
Approved by: Steve Porter, Deputy Commissioner Date 6/19/2004  
Agency Department of Revenue





*Alaska Permanent Fund Corporation*

POMV payout, split 50% to the Dividend, 45% to public services and 5% to the municipal dividend

|  | FY05           | FY06           | FY07           | FY08           | FY09           | FY10           | FY11           | FY12           | FY13           | FY14           | FY15           | FY05-FY15<br>Totals |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| <b>POMV - 5% (beginning in FY05)</b>                       |                |                |                |                |                |                |                |                |                |                |                |                     |
| Contributions & appropriations (principal)                 | 23,840         | 24,128         | 24,358         | 24,580         | 24,800         | 25,021         | 25,237         | 25,447         | 25,648         | 25,841         | 26,026         |                     |
| Unrealized appreciation/depreciation on assets             | 1,683          | 1,892          | 2,103          | 2,322          | 2,548          | 2,781          | 3,026          | 3,274          | 3,532          | 3,793          | 4,059          |                     |
| Realized earnings account ( REA, after payouts)            | 1,173          | 1,687          | 2,243          | 2,809          | 3,382          | 3,965          | 4,561          | 5,179          | 5,811          | 6,465          | 7,139          |                     |
| <b>Total market value end of year (after payouts)</b>      | <b>26,695</b>  | <b>27,707</b>  | <b>28,703</b>  | <b>29,712</b>  | <b>30,730</b>  | <b>31,768</b>  | <b>32,824</b>  | <b>33,900</b>  | <b>34,991</b>  | <b>36,099</b>  | <b>37,224</b>  | <b>37,224</b>       |
| <b>5 year average market value lagged one year</b>         | <b>25,851</b>  | <b>25,902</b>  | <b>26,508</b>  | <b>27,614</b>  | <b>28,846</b>  | <b>30,012</b>  | <b>31,066</b>  | <b>32,140</b>  | <b>33,234</b>  | <b>34,344</b>  | <b>35,472</b>  |                     |
| <b>Total available for appropriation</b>                   | <b>1,293</b>   | <b>1,295</b>   | <b>1,325</b>   | <b>1,381</b>   | <b>1,442</b>   | <b>1,501</b>   | <b>1,553</b>   | <b>1,607</b>   | <b>1,662</b>   | <b>1,717</b>   | <b>1,774</b>   | <b>16,549</b>       |
| <b>AFPC management costs</b>                               | <b>(43)</b>    | <b>(44)</b>    | <b>(45)</b>    | <b>(47)</b>    | <b>(48)</b>    | <b>(50)</b>    | <b>(51)</b>    | <b>(53)</b>    | <b>(54)</b>    | <b>(56)</b>    | <b>(57)</b>    | <b>(547)</b>        |
| <b>payout 50% after APFC costs - lump sum dividend</b>     | <b>625</b>     | <b>626</b>     | <b>640</b>     | <b>667</b>     | <b>697</b>     | <b>726</b>     | <b>751</b>     | <b>777</b>     | <b>804</b>     | <b>831</b>     | <b>858</b>     | <b>8,001</b>        |
| <b>payout 45% after APFC costs for government services</b> | <b>562</b>     | <b>563</b>     | <b>576</b>     | <b>600</b>     | <b>627</b>     | <b>653</b>     | <b>676</b>     | <b>699</b>     | <b>723</b>     | <b>748</b>     | <b>772</b>     | <b>7,201</b>        |
| <b>payout 5% after APFC costs for municipal dividend</b>   | <b>62</b>      | <b>63</b>      | <b>64</b>      | <b>67</b>      | <b>70</b>      | <b>73</b>      | <b>75</b>      | <b>78</b>      | <b>80</b>      | <b>83</b>      | <b>86</b>      | <b>800</b>          |
| <b>Per person dividend</b>                                 | <b>\$990</b>   | <b>\$990</b>   | <b>\$1,000</b> | <b>\$1,040</b> | <b>\$1,090</b> | <b>\$1,130</b> | <b>\$1,160</b> | <b>\$1,200</b> | <b>\$1,230</b> | <b>\$1,270</b> | <b>\$1,310</b> | <b>\$12,410</b>     |
| <hr/>  |                |                |                |                |                |                |                |                |                |                |                |                     |
| <b>Total available for appropriation</b>                   | <b>1,293</b>   | <b>1,295</b>   | <b>1,325</b>   | <b>1,381</b>   | <b>1,442</b>   | <b>1,501</b>   | <b>1,553</b>   | <b>1,607</b>   | <b>1,662</b>   | <b>1,717</b>   | <b>1,774</b>   | <b>16,549</b>       |
| <b>AFPC management costs</b>                               | <b>(43)</b>    | <b>(44)</b>    | <b>(45)</b>    | <b>(47)</b>    | <b>(48)</b>    | <b>(50)</b>    | <b>(51)</b>    | <b>(53)</b>    | <b>(54)</b>    | <b>(56)</b>    | <b>(57)</b>    | <b>(547)</b>        |
| <b>payout 50% after APFC costs - lump sum dividend</b>     | <b>628</b>     | <b>631</b>     | <b>640</b>     | <b>667</b>     | <b>697</b>     | <b>726</b>     | <b>751</b>     | <b>777</b>     | <b>804</b>     | <b>831</b>     | <b>858</b>     | <b>8,009</b>        |
| <b>payout 45% after APFC costs for government services</b> | <b>559</b>     | <b>558</b>     | <b>576</b>     | <b>600</b>     | <b>627</b>     | <b>653</b>     | <b>676</b>     | <b>699</b>     | <b>723</b>     | <b>748</b>     | <b>772</b>     | <b>7,193</b>        |
| <b>payout 5% after APFC costs for municipal dividend</b>   | <b>62</b>      | <b>63</b>      | <b>64</b>      | <b>67</b>      | <b>70</b>      | <b>73</b>      | <b>75</b>      | <b>78</b>      | <b>80</b>      | <b>83</b>      | <b>86</b>      | <b>800</b>          |
| <b>Guarantee \$1,000 minimum dividend</b>                  | <b>\$1,000</b> | <b>\$1,000</b> | <b>\$1,000</b> | <b>\$1,040</b> | <b>\$1,090</b> | <b>\$1,130</b> | <b>\$1,160</b> | <b>\$1,200</b> | <b>\$1,230</b> | <b>\$1,270</b> | <b>\$1,310</b> | <b>\$12,430</b>     |

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: HJR 102  
(H) Publish Date: 6/22/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
Title Constitutional amendment relating to and RDU Elections  
limiting appropriations from the APF based on an averaged Component Elections  
percent of the fund market value and relating to permanent \_\_\_\_\_  
fund dividend payments. \_\_\_\_\_  
Sponsor Rules \_\_\_\_\_  
Requester Governor Component No. 21

**Expenditures/Revenues** (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005    | FY 2006    | FY 2007    | FY 2008    | FY 2009    | FY 2010    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            | 1.5        |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>1.5</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

|                               |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|

**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Lauri Allred Phone 465-5347  
Division Division of Elections Date/Time 6/18/04 8:38 AM  
Approved by: Laura A. Glaiser, Director Date 6/18/2004  
Agency Office of the Lt. Governor, Division of Elections



**Alaska Permanent Fund Corporation**  
801 West 10<sup>th</sup> Street, Suite 302 Juneau, AK 99801  
Tel: (907) 465-2047 Fax: (907) 586-2057

## Sectional Analysis of WD 0176

### Overview

The Resolution proposes changes to the Alaska Constitution Article IX, Section 15, which governs the Alaska Permanent Fund.

### Summary of Changes

- 1) Page 1, line 9. Adds a reference to the new sections regarding distributions of funds being added to the constitution.
- 2) Page 1, line 10. Removes the words "the principal of which" from the constitution. This change removes the distinction between the principal and the earnings reserve. The Fund becomes one pool of money versus two.
- 3) Page 1, lines 12 & 13. Deletes the guidance for where income of the Fund should be deposited. The intent is for all income to remain in the Fund until appropriated by the Legislature.
- 4) Page 2, lines 1 - 3. Adds a new subparagraph (b) that establishes an annual payout limit of 5% of the total market value of the Fund. The market value will be based on a five-year average. This is to protect the Fund from inflation and preserve the real value over the long term. Additionally, this provision allows the legislature and the administration to know one year in advance the amount available for appropriation.
- 5) Page 2, lines 4 - 5. Allows appropriations for the operating costs of the corporation to be made from the amount available for appropriation from the Permanent Fund in lines 1 - 3 of page 2.
- 6) Page 2 lines 8 - 11. Requires that after the corporation's operating costs are paid, that 50% of the amount remaining will be allocated to individual dividends, 45% will be allocated to public education and 5% will be allocated to municipalities and other communities.

- 7) Page 2, lines 12 – 16. Requires individual dividends to be at least \$1000. If the amount available for dividends is not sufficient, then a sufficient amount will be transferred from the allocation to public education to cover the shortfall.
- 8) Page 2, lines 19 - 22. Adds a transitional provision that makes clear the balance in the Fund's earnings reserve remains in the Permanent Fund. Some have argued that the earnings reserve belongs in the General Fund.
- 9) Page 2, lines 23 - 25. States that the changes first apply to appropriations for fiscal year 2006.
- 10) Page 2, lines 26 & 27. Repeals the provisions contained in this amendment regarding the distribution of the amount available for appropriation and the requirement that dividends be at least \$1000.
- 11) Page 2, lines 28 - 30. States that the amendments will be placed before the voters at the next general election.



*Alaska Permanent Fund Corporation*

POMV payout, split 50% to the Dividend, 45% to public services and 5% to the municipal dividend

|   | <u>FY05</u>   | <u>FY06</u>   | <u>FY07</u>   | <u>FY08</u>   | <u>FY09</u>   | <u>FY10</u>   | <u>FY11</u>   | <u>FY12</u>   | <u>FY13</u>   | <u>FY14</u>   | <u>FY15</u>   | <u>FY05-FY15</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| <b>POMV - 5% (beginning in FY05)</b>                |               |               |               |               |               |               |               |               |               |               |               | <b>Totals</b>    |
| Contributions & appropriations (principal)          | 23,840        | 24,128        | 24,358        | 24,580        | 24,800        | 25,021        | 25,237        | 25,447        | 25,648        | 25,841        | 26,026        |                  |
| Unrealized appreciation/depreciation on assets      | 1,683         | 1,892         | 2,103         | 2,322         | 2,548         | 2,781         | 3,026         | 3,274         | 3,532         | 3,793         | 4,059         |                  |
| Realized earnings account ( REA, after payouts)     | 1,173         | 1,687         | 2,243         | 2,809         | 3,382         | 3,965         | 4,561         | 5,179         | 5,811         | 6,465         | 7,139         |                  |
| Total market value end of year (after payouts)      | <u>26,695</u> | <u>27,707</u> | <u>28,703</u> | <u>29,712</u> | <u>30,730</u> | <u>31,768</u> | <u>32,824</u> | <u>33,900</u> | <u>34,991</u> | <u>36,099</u> | <u>37,224</u> | 37,224           |
| 5 year average market value lagged one year         | 25,851        | 25,902        | 26,508        | 27,614        | 28,846        | 30,012        | 31,066        | 32,140        | 33,234        | 34,344        | 35,472        |                  |
| Total available for appropriation                   | 1,293         | 1,295         | 1,325         | 1,381         | 1,442         | 1,501         | 1,553         | 1,607         | 1,662         | 1,717         | 1,774         | 16,549           |
| AFPC management costs                               | (43)          | (44)          | (45)          | (47)          | (48)          | (50)          | (51)          | (53)          | (54)          | (56)          | (57)          | (547)            |
| payout 50% after APFC costs - lump sum dividend     | 625           | 626           | 640           | 667           | 697           | 726           | 751           | 777           | 804           | 831           | 858           | 8,001            |
| payout 45% after APFC costs for government services | 562           | 563           | 576           | 600           | 627           | 653           | 676           | 699           | 723           | 748           | 772           | 7,201            |
| payout 5% after APFC costs for municipal dividend   | 62            | 63            | 64            | 67            | 70            | 73            | 75            | 78            | 80            | 83            | 86            | 800              |
| Per person dividend                                 | \$990         | \$990         | \$1,000       | \$1,040       | \$1,090       | \$1,130       | \$1,160       | \$1,200       | \$1,230       | \$1,270       | \$1,310       | \$12,410         |
| <b><u>Governor's proposal</u></b>                   |               |               |               |               |               |               |               |               |               |               |               |                  |
| Total available for appropriation                   | 1,293         | 1,295         | 1,325         | 1,381         | 1,442         | 1,501         | 1,553         | 1,607         | 1,662         | 1,717         | 1,774         | 16,549           |
| AFPC management costs                               | (43)          | (44)          | (45)          | (47)          | (48)          | (50)          | (51)          | (53)          | (54)          | (56)          | (57)          | (547)            |
| payout 50% after APFC costs - lump sum dividend     | 628           | 631           | 640           | 667           | 697           | 726           | 751           | 777           | 804           | 831           | 858           | 8,009            |
| payout 45% after APFC costs for government services | 559           | 558           | 576           | 600           | 627           | 653           | 676           | 699           | 723           | 748           | 772           | 7,193            |
| payout 5% after APFC costs for municipal dividend   | 62            | 63            | 64            | 67            | 70            | 73            | 75            | 78            | 80            | 83            | 86            | 800              |
| Guarantee \$1,000 minimum dividend                  | \$1,000       | \$1,000       | \$1,000       | \$1,040       | \$1,090       | \$1,130       | \$1,160       | \$1,200       | \$1,230       | \$1,270       | \$1,310       | \$12,430         |



**Alaska Permanent Fund Corporation**  
**Financial projection comparison of the Alaska Permanent Fund under**  
**current statutes versus POMV 5% lump sum payout, median case. All**  
**dollars in millions except per person dividend.**

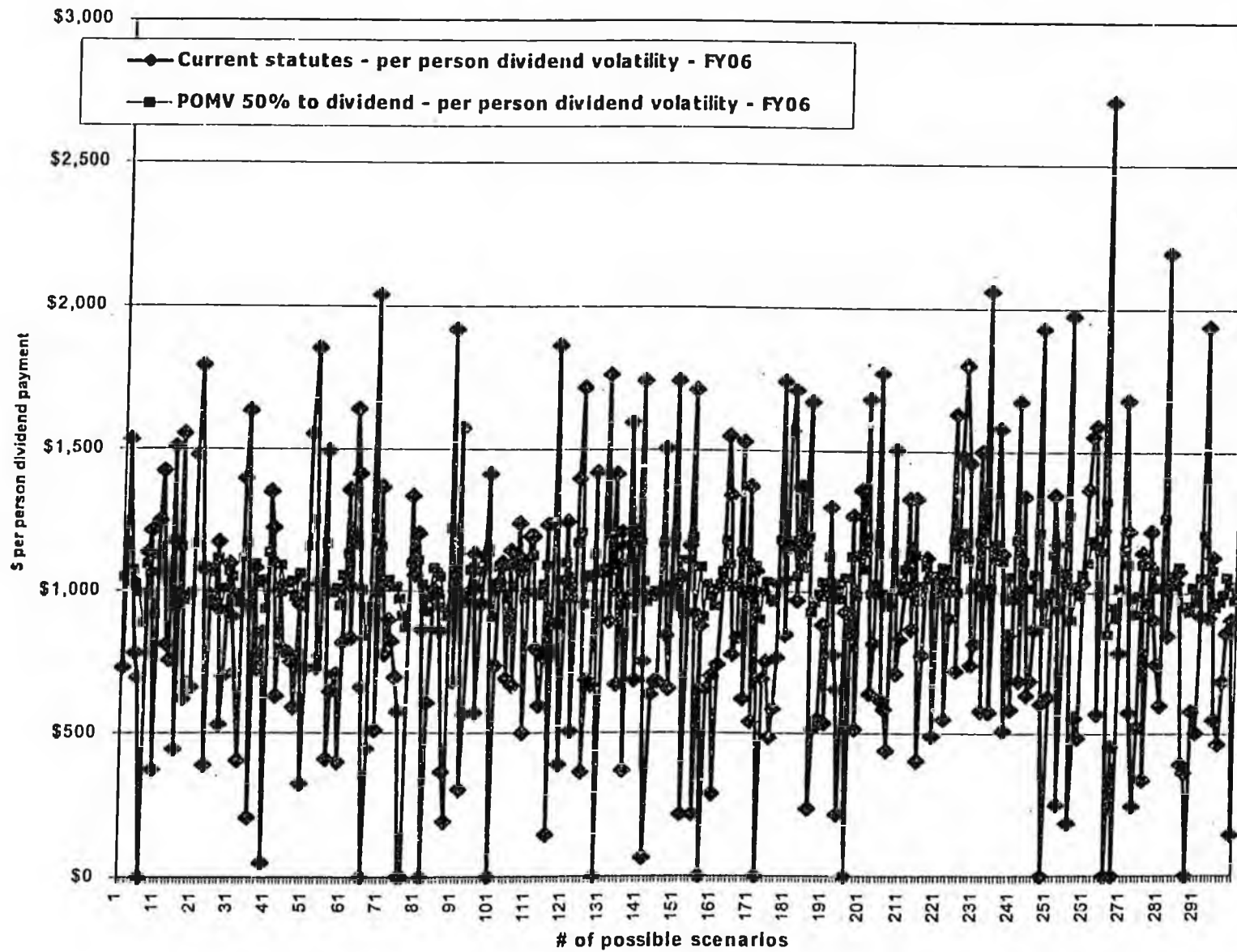
| <b>Current Statutes</b>  | <u>FY05</u>   | <u>FY06</u>   | <u>FY07</u>     | <u>FY08</u>     | <u>FY09</u>     | <u>FY10</u>     | <u>FY11</u>     | <u>FY12</u>     | <u>FY13</u>     | <u>FY14</u>     | <u>FY15</u>     | <u>FY05-FY15</u> |
|--|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|  |               |               |                 |                 |                 |                 |                 |                 |                 |                 |                 | <b>Totals</b>    |
| Contributions & appropriations (principal)                                 | 24,452        | 25,383        | 26,278          | 27,189          | 28,120          | 29,077          | 30,053          | 31,049          | 32,061          | 33,090          | 34,139          |                  |
| Unrealized appreciation/depreciation on assets                             | 1,683         | 1,913         | 2,160           | 2,425           | 2,702           | 2,993           | 3,304           | 3,624           | 3,965           | 4,317           | 4,684           |                  |
| Realized earnings account ( REA, after payouts)                            | 1,297         | 1,879         | 2,375           | 2,778           | 3,185           | 3,617           | 4,074           | 4,568           | 5,092           | 5,658           | 6,263           |                  |
| <b>Total market value end of year (after payouts)</b>                      | <b>27,433</b> | <b>29,176</b> | <b>30,814</b>   | <b>32,393</b>   | <b>34,007</b>   | <b>35,688</b>   | <b>37,431</b>   | <b>39,241</b>   | <b>41,118</b>   | <b>43,065</b>   | <b>45,087</b>   | <b>45,087</b>    |
| <b>Total lump sum dividend appropriation</b>                               | <b>512</b>    | <b>576</b>    | <b>750</b>      | <b>924</b>      | <b>1,002</b>    | <b>1,058</b>    | <b>1,114</b>    | <b>1,170</b>    | <b>1,228</b>    | <b>1,288</b>    | <b>1,350</b>    | <b>10,972</b>    |
| <b>Per person dividend under current statute</b>                           | <b>\$ 790</b> | <b>\$ 890</b> | <b>\$ 1,160</b> | <b>\$ 1,420</b> | <b>\$ 1,530</b> | <b>\$ 1,600</b> | <b>\$ 1,670</b> | <b>\$ 1,740</b> | <b>\$ 1,810</b> | <b>\$ 1,880</b> | <b>\$ 1,950</b> | <b>\$ 16,440</b> |
| Transfer status quo inflation-proofing (REA to Principal)                  | 620           | 643           | 666             | 689             | 713             | 737             | 762             | 787             | 812             | 839             | 865             | 8,132            |
|  |               |               |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
|  | <u>FY05</u>   | <u>FY06</u>   | <u>FY07</u>     | <u>FY08</u>     | <u>FY09</u>     | <u>FY10</u>     | <u>FY11</u>     | <u>FY12</u>     | <u>FY13</u>     | <u>FY14</u>     | <u>FY15</u>     | <u>FY05-FY15</u> |
| <b>POMV - 5% (beginning in FY05)</b>                                       |               |               |                 |                 |                 |                 |                 |                 |                 |                 |                 | <b>Totals</b>    |
| Contributions & appropriations (principal)                                 | 23,840        | 24,128        | 24,358          | 24,580          | 24,800          | 25,021          | 25,237          | 25,447          | 25,648          | 25,841          | 26,026          |                  |
| Unrealized appreciation/depreciation on assets                             | 1,683         | 1,892         | 2,103           | 2,322           | 2,548           | 2,781           | 3,026           | 3,274           | 3,532           | 3,793           | 4,059           |                  |
| Realized earnings account ( REA, after payouts)                            | 1,173         | 1,687         | 2,243           | 2,809           | 3,382           | 3,965           | 4,561           | 5,179           | 5,811           | 6,465           | 7,139           |                  |
| <b>Total market value end of year (after payouts)</b>                      | <b>26,695</b> | <b>27,707</b> | <b>28,703</b>   | <b>29,712</b>   | <b>30,730</b>   | <b>31,768</b>   | <b>32,824</b>   | <b>33,900</b>   | <b>34,991</b>   | <b>36,099</b>   | <b>37,224</b>   | <b>37,224</b>    |
| <b>5 year average market value lagged one year</b>                         | <b>25,851</b> | <b>25,902</b> | <b>26,508</b>   | <b>27,614</b>   | <b>28,846</b>   | <b>30,012</b>   | <b>31,066</b>   | <b>32,140</b>   | <b>33,234</b>   | <b>34,344</b>   | <b>35,472</b>   |                  |
| <b>Total 5 % lump sum average market value available for appropriation</b> | <b>1,293</b>  | <b>1,295</b>  | <b>1,325</b>    | <b>1,381</b>    | <b>1,442</b>    | <b>1,501</b>    | <b>1,553</b>    | <b>1,607</b>    | <b>1,662</b>    | <b>1,717</b>    | <b>1,774</b>    | <b>16,549</b>    |

**Assumptions:**

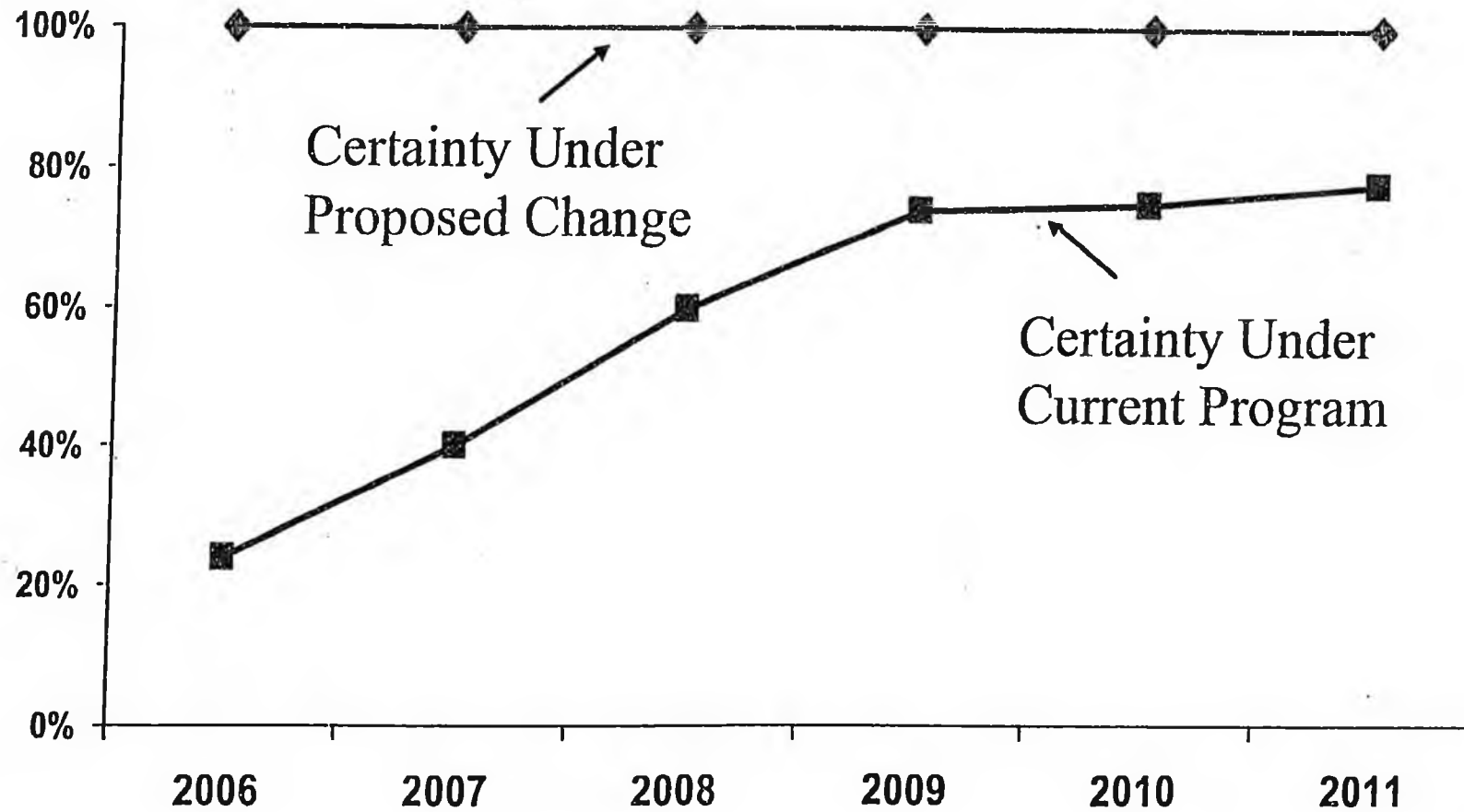
Callan Associates 2004 Capital Market Assumptions, APFC 2004 asset allocation, Spring 2004 revenue forecast, financial statements through 16/30/03. All payouts are assumed to happen at fiscal year end, all dollar values in millions.

POMV payout assumes calculation methodology is 5% of the ending market value (pre payout) for the first five of the last six fiscal years.

# Potential Volatility in Individual Dividend Amount



# Do You Want to Take a Chance -- or be Guaranteed at Least \$1,000?



**ALASKA PERMANENT FUND  
FINANCIAL PROJECTIONS 2004 - 2014  
as of April 30, 2004**

Long-term projections will extend ten years, based on best available information (in millions)

| FY    | Reserved Fund Balance     |                       |                          |                    |                              | Unrealized Gain (Loss) |                | Unreserved Fund Balance |                                       |              |            |                        | TOTAL FUND (1)<br>FY End Balance |         |       |       |        |        |     |
|-------|---------------------------|-----------------------|--------------------------|--------------------|------------------------------|------------------------|----------------|-------------------------|---------------------------------------|--------------|------------|------------------------|----------------------------------|---------|-------|-------|--------|--------|-----|
|       | FY Begin Contrib. Balance | Appro. (1) Prilations | Dedicated State Revenues | Inflation Proofing | FY End Balance Contributions | Net Change             | FY End Balance | Acct. Net Income (1)    | Distributions of Statutory Net Income |              |            | Realized Earnings Acct |                                  |         |       |       |        |        |     |
|       |                           |                       |                          |                    |                              |                        |                |                         | Inflation Proofing                    | General Fund | Net Change | FY End Balance         |                                  | FY      |       |       |        |        |     |
| 77-98 | 0                         | 6,734                 | 6,250                    | 5,533              | 18,517                       | 3,971                  | 3,971          | 22,488                  | 20,683                                | 18,667       | 7,589      | 5,533                  | 268                              | 1,389   | 1,369 | 77-98 | 23,517 |        |     |
| 99    | 18,517                    | 41                    | 155                      | 288                | 19,001                       | (430)                  | 3,541          | 22,542                  | 2,148                                 | 2,544        | 1,045      | 288                    | 3                                | 1,201   | 2,590 | 99    | 25,132 |        |     |
| 00    | 19,001                    | 264                   | 326                      | 423                | 20,014                       | (12)                   | 3,529          | 23,543                  | 2,249                                 | 2,222        | 1,172      | 423                    | 3                                | 382     | 2,972 | 00    | 26,515 |        |     |
| 01    | 20,014                    | 8                     | 339                      | 686                | 21,047                       | (2,146)                | 1,383          | 22,430                  | (924)                                 | 1,199        | 1,113      | 686                    | 4                                | (588)   | 2,384 | 01    | 24,814 |        |     |
| 02    | 21,047                    | (23) (2)              | 258                      | 602                | 21,834                       | (878)                  | 695            | 22,389                  | (617)                                 | 257          | 926        | 602                    | 5                                | (1,248) | 1,138 | 02    | 23,525 |        |     |
| 03    | 21,884                    | 354 (2)               | 398                      | 352                | 22,988                       | 601                    | 1,108          | 24,094                  | 963                                   | 355          | 691        | 352                    | 0                                | (1,035) | 100   | 03    | 24,194 |        |     |
| 10%   | 04                        | 22,988                | 5                        | 343                | 170                          | 23,506                 | (2,157)        | (1,051)                 | 22,455                                | (1,590)      | 682        | 331                    | 170                              | 0       | 61    | 161   | 04     | 22,616 | 10% |
| 25%   | 04                        | 22,988                | 9                        | 343                | 170                          | 23,510                 | (807)          | 299                     | 23,809                                | 195          | 993        | 628                    | 170                              | 0       | 285   | 395   | 04     | 24,204 | 25% |
| Med   | 04                        | 22,988                | 13                       | 343                | 170                          | 23,514                 | 361            | 1,487                   | 24,981                                | 1,752        | 1,378      | 688                    | 170                              | 0       | 640   | 740   | 04     | 26,721 | Med |
| 25%   | 04                        | 22,988                | 17                       | 343                | 170                          | 23,518                 | 1,411          | 2,517                   | 26,035                                | 3,357        | 1,929      | 626                    | 170                              | 0       | 1,133 | 1,233 | 04     | 27,268 | 25% |
| 10%   | 04                        | 22,988                | 21                       | 343                | 170                          | 23,522                 | 2,971          | 3,777                   | 27,299                                | 5,030        | 2,337      | 669                    | 170                              | 0       | 1,499 | 1,599 | 04     | 28,898 | 10% |
|       | 05                        | 23,514                | 14                       | 301                | 619                          | 24,448                 | 218            | 1,685                   | 26,133                                | 1,921        | 1,689      | 512                    | 619                              | 0       | 553   | 1,288 | 05     | 27,431 |     |
|       | 06                        | 24,448                | 17                       | 270                | 643                          | 25,377                 | 232            | 1,917                   | 27,294                                | 2,049        | 1,600      | 575                    | 643                              | 0       | 582   | 1,880 | 06     | 28,174 |     |
|       | 07                        | 25,377                | 19                       | 209                | 665                          | 26,270                 | 247            | 2,164                   | 28,434                                | 2,178        | 1,912      | 749                    | 665                              | 0       | 488   | 2,378 | 07     | 30,812 |     |
|       | 08                        | 26,270                | 24                       | 201                | 688                          | 27,183                 | 261            | 2,425                   | 29,608                                | 2,301        | 2,016      | 924                    | 688                              | 0       | 404   | 2,782 | 08     | 32,390 |     |
|       | 09                        | 27,183                | 23                       | 196                | 712                          | 28,113                 | 274            | 2,698                   | 30,812                                | 2,419        | 2,122      | 1,002                  | 712                              | 0       | 409   | 3,191 | 09     | 34,003 |     |
|       | 10                        | 28,113                | 25                       | 197                | 736                          | 29,071                 | 287            | 2,986                   | 32,057                                | 2,540        | 2,228      | 1,058                  | 736                              | 0       | 434   | 3,624 | 10     | 35,681 |     |
|       | 11                        | 29,071                | 31                       | 169                | 761                          | 30,052                 | 302            | 3,288                   | 33,339                                | 2,666        | 2,333      | 1,114                  | 761                              | 0       | 458   | 4,083 | 11     | 37,422 |     |
|       | 12                        | 30,052                | 28                       | 182                | 786                          | 31,049                 | 316            | 3,604                   | 34,651                                | 2,796        | 2,452      | 1,171                  | 786                              | 0       | 495   | 4,578 | 12     | 39,229 |     |
|       | 13                        | 31,048                | 34                       | 170                | 812                          | 32,084                 | 331            | 3,935                   | 35,999                                | 2,932        | 2,586      | 1,229                  | 812                              | 0       | 525   | 5,103 | 13     | 41,102 |     |
|       | 14                        | 32,064                | 33                       | 160                | 838                          | 33,093                 | 347            | 4,282                   | 37,377                                | 3,072        | 2,692      | 1,288                  | 838                              | 0       | 566   | 5,669 | 14     | 43,046 |     |

| Assumptions:     | Total Return - Inflation | Total Real Return | Realized Return |
|------------------|--------------------------|-------------------|-----------------|
| 10% FY 2004      | -6.34%                   | 2.28%             | -8.62%          |
| 25% FY 2004      | 0.99%                    | 2.28%             | -1.29%          |
| Med FY 2004      | 7.38%                    | 2.28%             | 5.10%           |
| 25% FY 2004      | 13.97%                   | 2.28%             | 11.69%          |
| 10% FY 2004      | 20.83%                   | 2.28%             | 18.55%          |
| FY 2005-2014 (1) | 7.61%                    | 2.60%             | 5.01%           |

- (1) General fund and earnings reserve appropriations to principal, settlement earnings transferred to principal per AS 37.13.145(d), royalty settlement earnings, and other miscellaneous appropriations.
- (2) Final reconciliation on State of AK royalty case.
- (3) \$354 of FY04's projected inflation proofing of \$524 was prefunded in FY03. Senate Bill 283 appropriates the remaining \$170 million on June 30, 2004.
- (4) Accounting net income is statutory net income plus the net change in unrealized gains (losses) and settlement earnings. Statutory net income is realized earnings less settlement earnings and is used to calculate the dividend transfer.
- (5) Total Fund equals reserved fund balance plus the realized earnings account.
- (6) Based on 2003 Callan capital market assumptions and a range of expected returns based on the probability of the return outcome.
- (7) Based on 2004 Callan capital market assumptions and median expected return. Actual results will vary from projections.

Additional information on the financial projections 2004 - 2014

- A. The projections for the current fiscal year show a range of expected returns and Fund value based on market volatility and current statutory language for the dividend calculation and the appropriation for FY04 inflation proofing.
- B. The FY04 center line represents the median case of possible outcomes. As the values move away from the center they become less likely to occur.
- C. All subsequent fiscal year end values (FY05 - FY14) are calculated using the median expected rate of return and the current dividend and inflation proofing formulas as outlined in AS 37.13.140 and 145.

Note: slight differences are due to rounding

**Note:** The APFC is changing the format of our projection sheet beginning next month, May 2004. The new look is shown above and the original format is attached for your reference. The main difference is the presentation of the current fiscal year activity, which will use beginning values and annual assumptions to provide a range of expected fiscal year end results. The Fund's values are subject to market volatility and projected future returns, which are unknown. Historically, there have been times when the Fund experienced large short term market swings, as evidenced by the September 2002 quarterly Fund return of -7.45% and the June 2003 quarterly return in excess of 10%; both occurring in the same fiscal year. The fundamental point is that short term market swings can dramatically affect fiscal year end results, and a range of expected outcomes more accurately represents our projections for the current fiscal year.

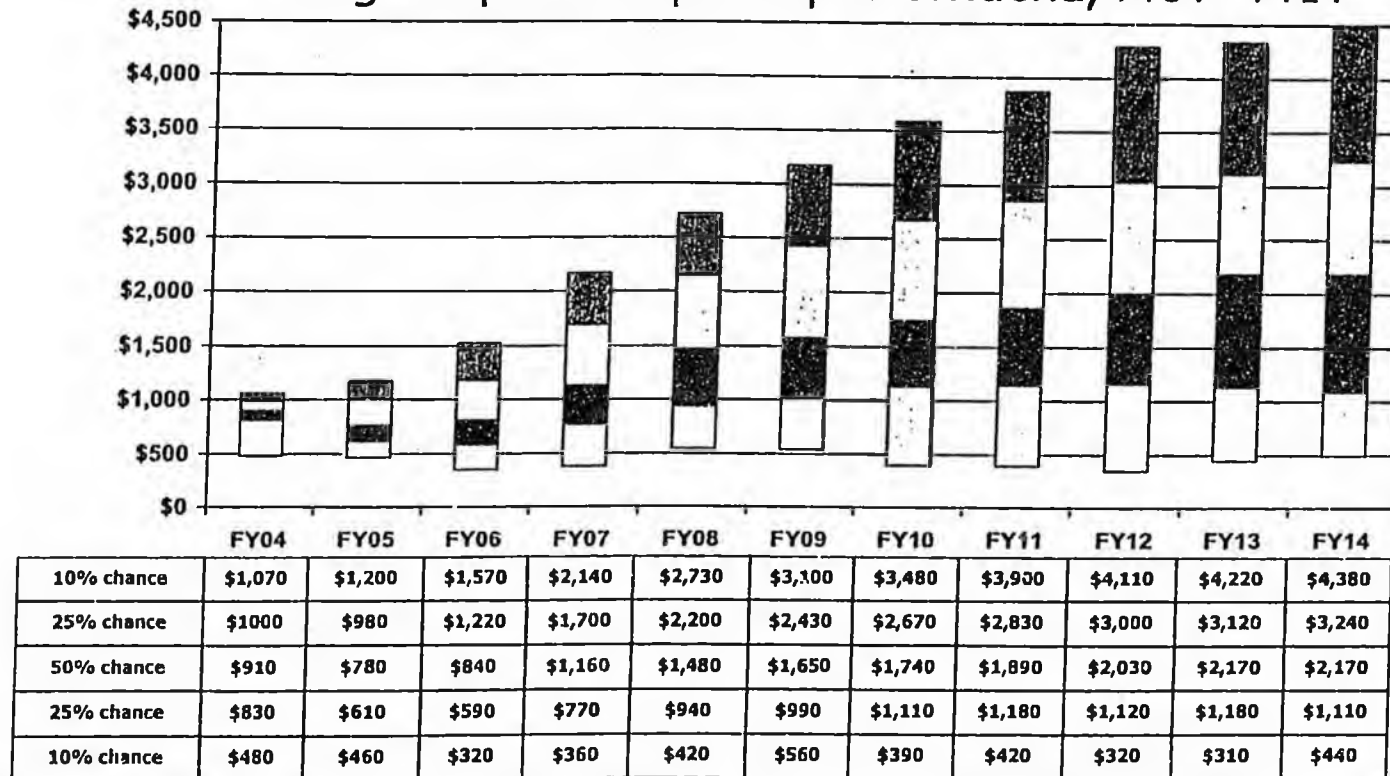


Alaska Permanent Fund Corporation

Financial projection comparison of the Alaska Permanent Fund under current statutes versus POMV 5% lump sum payout (beginning in FY05). All dollars in millions except per person dividend.

| Current Statutes                                | FY04   | FY05   | FY06   | FY07   | FY08   | FY09   | FY10   | FY11   | FY12   | FY13   | FY14   | FY04-FY14 Totals |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|
| Contributions & appropriations (principal)      | 23,514 | 24,452 | 25,383 | 26,278 | 27,189 | 28,120 | 29,077 | 30,053 | 31,049 | 32,061 | 33,090 |                  |
| Unrealized appreciation/depreciation on assets  | 1,467  | 1,683  | 1,913  | 2,160  | 2,425  | 2,702  | 2,993  | 3,304  | 3,624  | 3,965  | 4,317  |                  |
| Realized earnings account ( REA, after payouts) | 740    | 1,297  | 1,879  | 2,375  | 2,778  | 3,185  | 3,617  | 4,074  | 4,568  | 5,092  | 5,658  |                  |
| Total market value end of year (after payouts)  | 25,721 | 27,433 | 29,176 | 30,814 | 32,393 | 34,007 | 35,688 | 37,431 | 39,241 | 41,118 | 43,065 | 43,065           |
| Total lump sum dividend appropriation           | 568    | 512    | 576    | 750    | 924    | 1,002  | 1,058  | 1,114  | 1,170  | 1,228  | 1,288  | 10,190           |

Range of possible per capita dividend, FY04 – FY14



Callan Associates 2004 Capital Market Assumptions, APFC 2004 asset allocation, Spring 2004 revenue forecast, financial statements through 06/30/03. All payouts are assumed to happen at fiscal year end, all dollar values in millions, graph shows the per person dividend and a range of outcomes.

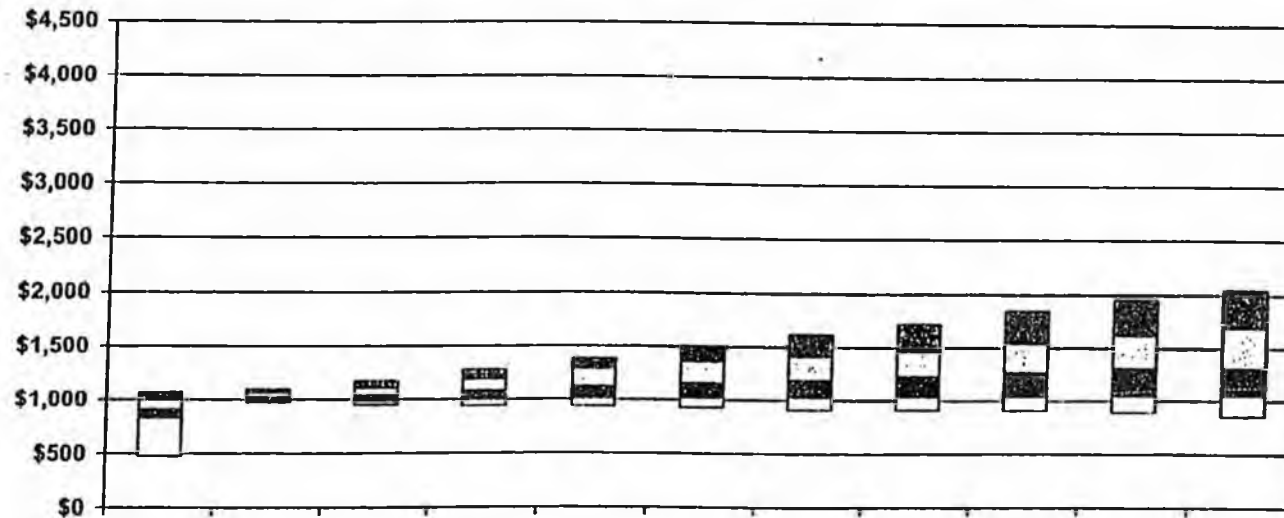


**Alaska Permanent Fund Corporation**

Financial projection comparison of the Alaska Permanent Fund under current statutes versus POMV 5% lump sum payout (beginning in FY05). All dollars in millions except per person dividend.

|   | FY04          | FY05          | FY06          | FY07          | FY08          | FY09          | FY10          | FY11          | FY12          | FY13          | FY14          | FY04-FY14 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|
| <b>POMV - 5% (beginning in FY05)</b>                                |               |               |               |               |               |               |               |               |               |               |               |           |
| Contributions & appropriations (principal)                          | 23,514        | 23,832        | 24,121        | 24,350        | 24,572        | 24,791        | 25,012        | 25,227        | 25,437        | 25,637        | 25,830        | Totals    |
| Unrealized appreciation/depreciation on assets                      | 1,467         | 1,683         | 1,892         | 2,103         | 2,322         | 2,548         | 2,781         | 3,026         | 3,273         | 3,532         | 3,793         |           |
| Realized earnings account ( REA, after payouts)                     | 740           | 1,179         | 1,694         | 2,250         | 2,816         | 3,390         | 3,973         | 4,570         | 5,188         | 5,820         | 6,475         |           |
| <b>Total market value end of year (after payouts)</b>               | <b>25,721</b> | <b>26,694</b> | <b>27,706</b> | <b>28,702</b> | <b>29,711</b> | <b>30,729</b> | <b>31,767</b> | <b>32,823</b> | <b>33,899</b> | <b>34,990</b> | <b>36,098</b> |           |
| 5 year average market value lagged one year                         | 25,828        | 25,851        | 25,902        | 26,508        | 27,613        | 28,845        | 30,011        | 31,065        | 32,139        | 33,233        | 34,343        |           |
| Total 5 % lump sum average market value available for appropriation | 568           | 1,293         | 1,295         | 1,325         | 1,381         | 1,442         | 1,501         | 1,553         | 1,607         | 1,662         | 1,717         | 15,344    |

**Range of per capita dividend, FY04 – FY14**



|            | FY04    | FY05    | FY06    | FY07    | FY08    | FY09    | FY10    | FY11    | FY12    | FY13    | FY14    |
|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 10% chance | \$1,070 | \$1,100 | \$1,180 | \$1,280 | \$1,380 | \$1,510 | \$1,620 | \$1,730 | \$1,850 | \$1,960 | \$2,050 |
| 25% chance | \$1000  | \$1,070 | \$1,110 | \$1,190 | \$1,290 | \$1,350 | \$1,410 | \$1,470 | \$1,550 | \$1,620 | \$1,690 |
| 50% chance | \$910   | \$1,030 | \$1,040 | \$1,080 | \$1,120 | \$1,160 | \$1,190 | \$1,230 | \$1,270 | \$1,310 | \$1,310 |
| 25% chance | \$830   | \$1,000 | \$990   | \$1,000 | \$1,010 | \$1,020 | \$1,030 | \$1,040 | \$1,040 | \$1,050 | \$1,060 |
| 10% chance | \$480   | \$970   | \$950   | \$940   | \$940   | \$930   | \$910   | \$910   | \$910   | \$890   | \$850   |

**Assumptions:**

Callan Associates 2004 Capital Market Assumptions, APFC 2004 asset allocation, Spring 2004 revenue forecast, financial statements through 06/30/03. All payouts are assumed to happen at fiscal year end, all dollar values in millions, graph shows the per person dividend and a range of outcomes. POMV payout assumes calculation methodology is 5% of the ending market value (pre payout) for the first five of the last six fiscal years.

Proposed Local Government Assistance (Under POMV, HJR 26, HB 298)

| Local Government       | Type           | Local Gov't Assistance | Senate District(s) |
|------------------------|----------------|------------------------|--------------------|
| Adak                   | City           | \$62,781               | S                  |
| Akhiok                 | City           | \$54,346               | R                  |
| Akiachak               | Unincorporated | \$25,000               | S                  |
| Akiak                  | City           | \$78,715               | S                  |
| Akutan                 | City           | \$117,057              | S                  |
| Alakanuk               | City           | \$106,747              | T                  |
| Alatna                 | Unincorporated | \$25,000               | C                  |
| Aleknagik              | City           | \$70,023               | S                  |
| Aleutians East Borough | Borough        | \$255,538              | S                  |
| Allakaket              | City           | \$58,691               | C                  |
| Ambler                 | City           | \$74,795               | T                  |
| Anaktuvuk Pass         | City           | \$77,181               | T                  |
| Anderson               | City           | \$100,442              | D                  |
| Angoon                 | City           | \$93,029               | C                  |
| Aniak                  | City           | \$96,949               | C                  |
| Anvik                  | City           | \$59,202               | C                  |
| Arctic Village         | Unincorporated | \$25,000               | C                  |
| Atka                   | City           | \$58,095               | S                  |
| Atmautluak             | Unincorporated | \$25,000               | S                  |
| Atkasuk                | City           | \$71,046               | T                  |
| Barrow                 | City           | \$426,356              | T                  |
| Beaver                 | Unincorporated | \$25,000               | C                  |
| Bethel                 | City           | \$552,632              | S                  |
| Bettles                | City           | \$52,812               | C                  |
| Big Salt               | Unincorporated | \$25,000               | C                  |
| Birch Creek            | Unincorporated | \$25,000               | C                  |
| Brevig Mission         | City           | \$76,755               | T                  |
| Bristol Bay Borough    | Borough        | \$344,153              | S                  |
| Buckland               | City           | \$84,935               | T                  |
| Central                | Unincorporated | \$25,000               | C                  |
| Chalkyitsik            | Unincorporated | \$25,000               | C                  |
| Chefornak              | City           | \$83,980               | S                  |
| Chenega                | Unincorporated | \$25,000               | C                  |
| Chevak                 | City           | \$125,322              | T                  |
| Chignik                | City           | \$57,583               | S                  |
| Chistochina            | Unincorporated | \$25,000               | C                  |
| Chitina                | Unincorporated | \$25,000               | C                  |
| Chuathbaluk            | City           | \$58,691               | C                  |
| Circle                 | Unincorporated | \$25,000               | C                  |
| Clark's Point          | City           | \$55,624               | S                  |
| Coffman Cove           | City           | \$63,889               | A                  |
| Cold Bay               | City           | \$58,095               | S                  |
| Copper Center          | Unincorporated | \$25,000               | C                  |
| Cordova                | City           | \$252,109              | C                  |
| Craig                  | City           | \$150,032              | C                  |
| Crooked Creek          | Unincorporated | \$25,000               | C                  |
| Deering                | City           | \$61,162               | T                  |
| Delta Junction         | City           | \$133,843              | F                  |
| Deltana                | Unincorporated | \$25,000               | C                  |
| Denali Borough         | Borough        | \$362,643              | D                  |
| Dillingham             | City           | \$252,194              | S                  |

Proposed Local Government Assistance (Under POMV, HJR 26, HB 298)

| Local Government             | Type           | Local Gov't Assistance | Senate District(s) |
|------------------------------|----------------|------------------------|--------------------|
| Diomedea                     | City           | \$60,992               | T                  |
| Dot Lake Village             | Unincorporated | \$25,000               | C                  |
| Dry Creek                    | Unincorporated | \$25,000               | C                  |
| Eagle                        | City           | \$60,736               | C                  |
| Eagle Village                | Unincorporated | \$25,000               | C                  |
| Edna Bay                     | Unincorporated | \$25,000               | C                  |
| Eek                          | City           | \$74,710               | S                  |
| Egegik                       | City           | \$57,157               | S                  |
| Ekwok                        | City           | \$60,906               | S                  |
| Elfin Cove                   | Unincorporated | \$25,000               | A                  |
| Elim                         | City           | \$79,055               | T                  |
| Emmonak                      | City           | \$115,012              | T                  |
| Evansville                   | Unincorporated | \$25,000               | C                  |
| Fairbanks                    | City           | \$2,562,392            | E                  |
| Fairbanks North Star Borough | Borough        | \$4,602,506            | D & E & F          |
| False Pass                   | City           | \$55,879               | S                  |
| Fort Yukon                   | City           | \$98,908               | C                  |
| Four Mile Road               | Unincorporated | \$25,000               | C                  |
| Gakona                       | Unincorporated | \$25,000               | C                  |
| Galena                       | City           | \$115,012              | C                  |
| Gambell                      | City           | \$105,128              | T                  |
| Glennallen                   | Unincorporated | \$25,000               | F                  |
| Goldstream                   | Unincorporated | \$25,000               | C                  |
| Golovin                      | City           | \$62,440               | T                  |
| Goodnews Bay                 | City           | \$70,876               | S                  |
| Grayling                     | City           | \$64,144               | C                  |
| Gulkana                      | Unincorporated | \$25,000               | C                  |
| Gustavus                     | City           | \$87,320               | C                  |
| Haines Borough               | Borough        | \$448,275              | C                  |
| Healy Lake                   | Unincorporated | \$25,000               | C                  |
| Hollis                       | Unincorporated | \$25,000               | A                  |
| Holy Cross                   | City           | \$67,808               | C                  |
| Homer                        | City           | \$466,914              | R                  |
| Hoonah                       | City           | \$122,511              | C                  |
| Hooper Bay                   | City           | \$145,005              | T                  |
| Houston                      | City           | \$164,091              | H                  |
| Hughes                       | City           | \$55,538               | C                  |
| Huslia                       | City           | \$74,795               | C                  |
| Hydaburg                     | City           | \$81,526               | C                  |
| Hyder                        | Unincorporated | \$25,000               | C                  |
| City & Borough of Juneau     | Borough        | \$2,915,507            | B                  |
| Kachemak                     | City           | \$90,303               | R                  |
| Kake                         | City           | \$108,111              | C                  |
| Kaktovik                     | City           | \$75,136               | T                  |
| Kaltag                       | City           | \$69,512               | C                  |
| Kasaan                       | City           | \$54,686               | C                  |
| Kasigluk                     | Unincorporated | \$25,000               | S                  |
| Kenai                        | City           | \$657,095              | Q                  |
|                              |                |                        | C & P & Q          |
| Kenai Peninsula Borough      | Borough        | \$2,945,670            | & R                |
| Kenny Lake                   | Unincorporated | \$25,000               | C                  |

Proposed Local Government Assistance (Under POMV, HJR 26, HB 298)

| Local Government          | Type           | Local Gov't Assistance | Senate District(s) |
|---------------------------|----------------|------------------------|--------------------|
| Ketchikan                 | City           | \$731,820              | A                  |
| Ketchikan Gateway Borough | Borough        | \$686,341              | A                  |
| Kiana                     | City           | \$84,764               | T                  |
| King Cove                 | City           | \$112,797              | S                  |
| Kipnuk                    | Unincorporated | \$25,000               | S                  |
| Kivalina                  | City           | \$83,060               | T                  |
| Klawock                   | City           | \$122,511              | C                  |
| Klukwan                   | Unincorporated | \$25,000               | C                  |
| Kobuk                     | City           | \$60,651               | T                  |
| Kodiak                    | City           | \$572,996              | R                  |
| Kodiak Island Borough     | Borough        | \$837,412              | R                  |
| Koliganek                 | Unincorporated | \$25,000               | S                  |
| Kongiganak                | Unincorporated | \$25,000               | S                  |
| Kotlik                    | City           | \$101,891              | T                  |
| Kotzebue                  | City           | \$312,094              | T                  |
| Koyuk                     | City           | \$78,970               | T                  |
| Koyukuk                   | City           | \$59,458               | C                  |
| Kupreanof                 | City           | \$52,556               | A                  |
| Kwethluk                  | City           | \$112,201              | S                  |
| Kwigillingok              | Unincorporated | \$25,000               | S                  |
| Lake & Peninsula Borough  | Borough        | \$327,879              | R & S              |
| Lake Minchumina           | Unincorporated | \$25,000               | C                  |
| Larsen Bay                | City           | \$58,180               | R                  |
| Lime Village              | Unincorporated | \$25,000               | C                  |
| Lower Kalskag             | City           | \$72,750               | S                  |
| Manley Hot Springs        | Unincorporated | \$25,000               | C                  |
| Manokotak                 | City           | \$84,509               | S                  |
| Marshall                  | City           | \$81,356               | C                  |
| Matanuska-Susitna Borough | Borough        | \$4,846,452            | F & G & H          |
| McCarthy                  | Unincorporated | \$25,000               | C                  |
| McGrath                   | City           | \$85,361               | C                  |
| Mekoryuk                  | City           | \$67,467               | S                  |
| Mentasta Lake             | Unincorporated | \$25,000               | C                  |
| Metlakatla                | City           | \$169,118              | C                  |
| Minto                     | Unincorporated | \$25,000               | C                  |
| Mountain Village          | City           | \$113,905              | T                  |
| Municipality of Anchorage | Borough        | \$23,596,771           | H - P              |
| Napakiak                  | City           | \$82,378               | S                  |
| Napaskiak                 | City           | \$85,701               | S                  |
| Naukati Bay               | Unincorporated | \$25,000               | C                  |
| Nelchina                  | Unincorporated | \$25,000               | F                  |
| Nenana                    | City           | \$94,222               | C                  |
| New Stuyahok              | City           | \$92,007               | S                  |
| Newhalen                  | City           | \$64,229               | R                  |
| Newtok                    | Unincorporated | \$25,000               | S                  |
| Nightmute                 | City           | \$69,427               | S                  |
| Nikolai                   | City           | \$60,821               | C                  |
| Nikolski                  | Unincorporated | \$25,000               | S                  |
| Nome                      | City           | \$343,791              | T                  |
| Nondalton                 | City           | \$68,490               | R                  |
| Noorvik                   | City           | \$105,299              | T                  |

Proposed Local Government Assistance (Under POMV, HJR 26, HB 298)

| Local Government         | Type           | Local Gov't Assistance | Senate District(s) |
|--------------------------|----------------|------------------------|--------------------|
| North Pole               | City           | \$190,250              | F                  |
| North Slope Borough      | Borough        | \$273,943              | T                  |
| Northway Village         | Unincorporated | \$25,000               | C                  |
| Northwest Arctic Borough | Borough        | \$312,882              | T                  |
| Nuiqsut                  | City           | \$85,446               | T                  |
| Nulato                   | City           | \$79,141               | C                  |
| Nunam Iqua               | City           | \$67,382               | T                  |
| Nunapitchuk              | City           | \$92,433               | S                  |
| Old Harbor               | City           | \$67,979               | R                  |
| Oscarville               | Unincorporated | \$25,000               | S                  |
| Ouzinkie                 | City           | \$64,485               | R                  |
| Palmer                   | City           | \$516,419              | G                  |
| Paxson                   | Unincorporated | \$25,000               | F                  |
| Pelican                  | City           | \$59,628               | A                  |
| Petersburg               | City           | \$310,731              | A                  |
| Pilot Point              | City           | \$55,964               | S                  |
| Pilot Station            | City           | \$98,056               | T                  |
| Pitka's Point            | Unincorporated | \$25,000               | T                  |
| Platinum                 | City           | \$53,408               | S                  |
| Point Baker              | Unincorporated | \$25,000               | C                  |
| Point Hope               | City           | \$111,775              | T                  |
| Port Alexander           | City           | \$55,964               | A                  |
| Port Heiden              | City           | \$57,413               | S                  |
| Port Lions               | City           | \$71,387               | R                  |
| Port Protection          | Unincorporated | \$25,000               | C                  |
| Quinhagak                | City           | \$99,334               | S                  |
| Rampart                  | Unincorporated | \$25,000               | C                  |
| Red Devil                | Unincorporated | \$25,000               | C                  |
| Ruby                     | City           | \$64,400               | C                  |
| Russian Mission          | City           | \$76,414               | C                  |
| Saint George             | City           | \$62,696               | S                  |
| Saint Mary's             | City           | \$99,846               | T                  |
| Saint Michael            | City           | \$85,190               | T                  |
| Saint Paul               | City           | \$95,926               | S                  |
| Sand Point               | City           | \$130,690              | S                  |
| Savoonga                 | City           | \$109,985              | T                  |
| Saxman                   | City           | \$86,213               | A                  |
| Scammon Bay              | City           | \$90,047               | T                  |
| Selawik                  | City           | \$119,954              | T                  |
| Seldovia                 | City           | \$75,562               | R                  |
| Seward                   | City           | \$282,869              | R                  |
| Shageluk                 | City           | \$62,440               | C                  |
| Shaktoolik               | City           | \$69,001               | T                  |
| Shishmaref               | City           | \$100,613              | T                  |
| Shungnak                 | City           | \$72,494               | T                  |
| Silver Springs           | Unincorporated | \$25,000               | C                  |
| City & Borough of Sitka  | Borough        | \$1,007,569            | A                  |
| Skagway                  | City           | \$121,999              | C                  |
| Slana                    | Unincorporated | \$25,000               | C                  |
| Sleetmute                | Unincorporated | \$25,000               | C                  |
| Soldotna                 | City           | \$395,852              | Q                  |

Proposed Local Government Assistance (Under POMV, HJR 26, HB 298)

| Local Government          | Type           | Local Gov't Assistance | Senate District(s) |
|---------------------------|----------------|------------------------|--------------------|
| Stebbins                  | City           | \$98,568               | T                  |
| Stevens Village           | Unincorporated | \$25,000               | C                  |
| Stony River               | Unincorporated | \$25,000               | C                  |
| Takotna                   | Unincorporated | \$25,000               | C                  |
| Tanacross                 | Unincorporated | \$25,000               | C                  |
| Tanana                    | City           | \$74,710               | C                  |
| Tatitlek                  | Unincorporated | \$25,000               | C                  |
| Tazlina                   | Unincorporated | \$25,000               | C                  |
| Teller                    | City           | \$70,620               | T                  |
| Tenakee Springs           | City           | \$59,032               | C                  |
| Tetlin                    | Unincorporated | \$25,000               | C                  |
| Thorne Bay                | City           | \$90,899               | A                  |
| Togiak                    | City           | \$120,210              | S                  |
| Tok                       | Unincorporated | \$25,000               | C                  |
| Toksook Bay               | City           | \$98,738               | S                  |
| Tolsona                   | Unincorporated | \$25,000               | F                  |
| Tuluksak                  | Unincorporated | \$25,000               | S                  |
| Tuntutuliak               | Unincorporated | \$25,000               | S                  |
| Tununak                   | Unincorporated | \$25,000               | S                  |
| Twin Hills                | Unincorporated | \$25,000               | S                  |
| Unalakleet                | City           | \$113,138              | T                  |
| Unalaska                  | City           | \$423,885              | S                  |
| Upper Kalskag             | City           | \$69,683               | S                  |
| Valdez                    | City           | \$395,937              | F                  |
| Venetie                   | Unincorporated | \$25,000               | C                  |
| Wainwright                | City           | \$97,119               | T                  |
| Wales                     | City           | \$63,463               | T                  |
| Wasilla                   | City           | \$622,160              | G                  |
| Whale Pass                | Unincorporated | \$25,000               | C                  |
| White Mountain            | City           | \$68,234               | T                  |
| Whittier                  | City           | \$65,167               | P                  |
| Wiseman                   | Unincorporated | \$25,000               | C                  |
| Wrangell                  | City           | \$230,041              | A                  |
| City & Borough of Yakutat | Borough        | \$308,878              | C                  |
| <b>TOTAL</b>              |                | <b>\$66,691,122</b>    |                    |

HJR 26 would have modernized the Permanent Fund's investment model to an endowment with a 5% limit on annual spending. HB 298 prescribed how the 5% should be spent: 50% to pay Permanent Fund dividends; 45% to fund K-12 education and the University of Alaska; and 5% for local government financial aid. For FY 05 this would have meant \$637 million for dividends; \$573 million for K-12 and the University of Alaska; and \$67 million for local government assistance.

Calculations under scenario preferred by DCED: \$250,000 minimum each borough; \$50,000 minimum each city; \$25,000 maximum each eligible unincorporated community in the Unorganized Borough. Balance allocated on a per capita basis to boroughs and cities (approximately \$85 per person).



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June 4, 2004

The Honorable Frank Murkowski  
Governor of Alaska  
P.O. Box 110001  
Juneau, AK 99811

Dear Governor Murkowski:

Municipal leaders thank you for your strong leadership in advocating for a viable fiscal plan for Alaska.

Municipal leaders strongly support the POMV Endowment approach and will coordinate efforts to have municipal leaders contact legislators. We will also work to encourage citizens and organizations to contact legislators.

We urge you to consider the following items for the Special Session:

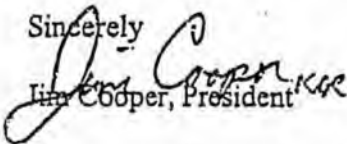
FY 05 critical one-time "lifelines" to ensure that communities remain viable until a fiscal plan is implemented:

- **Revenue Sharing "lifeline" for small communities.** (\$8 million, up to \$50K per community) Small communities are being devastated this year by the loss of revenue sharing, high oil prices, and other climbing costs. (See attached partial list of impacts.)
- **PERS "lifeline" for all municipalities.** (\$19 million) There is a growing public reaction to state cuts that fuel local tax increases or severe local public service cuts. Many municipalities have already had to raise property tax rates and/or cut public services due to state mandated PERS increases, the loss of revenue sharing, and broad local cost increases related to the high price of fuel. Communities with local tax caps cannot raise taxes and have primarily cut public services. A PERS "lifeline" will help alleviate local budget crises this year. (See attached PERS impacts by community)

Long-term Fiscal Plan

- **POMV Endowment plan adopted by the House with a Community Dividend.** A state fiscal plan would be the most important state action taken in a decade. In addition, a Community Dividend would create a new relationship with local government to strengthen and expand the role and responsibility of local people and local governments.
- **Adopt House Bill 461** which gives municipalities a tool to adopt or raise a **local telephone user fee** to pay for e-911 and emergency dispatch. We also urge you to support a **statewide bond issue for roads** to improve community transportation systems.

Sincerely

  
Jim Cooper, President

cc. Municipalities  
Alaska Legislature

## Revenue Sharing Impact Facts

- Per State DCED, the following 34 cities, relied on revenue sharing for 25% to 94% of all operating revenues with average total municipal operating budgets of \$112,000 per city. Manokotak, Bettles, Atkasuk, White Mountain, Kupreanof, Port Heiden, Napakiak, Napaskiak, Cheformak, Ekwok, Kasaan, Chuathbaluk, Selawik, Newhalen, Kivalina, Tenakee Springs, Teller, Anderson, Aniak, Koyukuk, Grayling, Buckland, Hughes, Point Hope, Fort Yukon, Eagle, Akhiok, Holy Cross, Allakaket, Upper Kalskag, Quinhagak, Noorvik, Anaktuvuk Pass, Huslia.
- 40-45 municipalities rely on their revenue sharing to buy fuel in bulk before barge transportation ceases for the winter, (According to Yukon Fuel). If a community cannot afford to purchase its winter fuel early, it costs \$1 to \$2 more per barrel to have it flown in. Communities are already facing over 25% higher fuel prices due to the high price of oil. Yukon Fuel directly serves: Akiak, Anvik, Chevak, Chuathbaluk, Eek, Ekwok, Grayling, Holy Cross, Kaltag, Kotlik, Koyuk, Koyukuk, Mekoryuk, New Stuyahok, Shageluk, Shaktoolik, Shishmaref, Stebbins, Toksook Bay, Wales.
- Loss of municipal insurance is a sign of a community in distress. (From the AML Joint Insurance Association -Kevin Smith, Executive Director):
  - This fiscal year, 71 of 140 municipal members are on payment contracts. (While several years ago payment contracts were unusual.)
  - Last year, 31 municipalities nearly had to be canceled for failure to pay their workers' compensation and liability contributions prior to the Governor's allocation of \$40,000 of federal funds for each community. Still, 9 municipalities lost their insurance or are pending cancellation.
- Without revenue sharing the following municipalities reported that they do not have "the financial resources necessary to provide minimum public services/continue as a city or borough." (3/04 Municipal Fiscal Conditions survey): Anaktuvuk Pass, Cordova, Deering, Elim, Gambell, Golovin, Hoonah, Hughes, Huslia, Larsen Bay, Little Diomed, Mountain Village, McGrath, Napakiak, Nenana, Nondalton, Noorvik, Old Harbor, Ouzinkie, Savoonga, Selawik, St. Mary's, Togiak, White Mountain. About half of Alaska's municipalities responded so it is likely that the actual number of communities in distress are at least double the municipalities listed here.
- Loss of Public Safety and Maintenance: Per AML (Municipal Fiscal Survey, 10/03), many small municipalities have already been forced to eliminate or severely reduce basic services like public safety and road maintenance. Public safety cuts and/or road maintenance anticipated as of September-October 2003: Akiak (public safety), Atka (maintenance), Bettles (fire & maintenance), Buckland (maintenance); Chuathbaluk (maintenance), Chevak (public safety), Dillingham (maintenance); Egegik (maintenance), Elim (maintenance & public safety), Fort Yukon (maintenance), Golovin (maintenance & public safety), Hooper Bay (public safety), Huslia (maintenance), Kalskag (public safety), Kiana (public safety), Koyukuk (maintenance), Koyuk (maintenance), Manokotak (public safety & maintenance), Napakiak (public safety), Nenana (maintenance), North Pole (public safety), Northwest Arctic Borough for 5 cities (public safety and maintenance), Nuiqsut (maintenance), Ouzinkie (public safety), Pelican (public safety & maintenance), Savoonga (public safety), Selawick (public safety), Sand Point (maintenance), Tanana (public safety), Upper Kalskag (maintenance), Wrangel (public safety), White Mountain (maintenance), City and Borough Yakutat (public safety). Additionally, many more municipalities have already cut public safety, or never had it.

Public Employees' Retirement System (PERS) Municipalities & Hospitals Only

ESTIMATED FY 05 Change in Employer Contribution

\* From Division of Retirement and Benefits

\*\* Based on "2003 Alaska Taxable" DCED

<<<PERS>>> 5.0% (D)

\*\*FY 05  
Local  
Prop Tax  
Mill Rate  
Needed  
for PERS  
Increase!

| Fund | Employer                        | FY 05<br>Estimated<br>Municipal<br>Payroll | FY 05<br>Rate<br>Incr | * FY 05<br>PERS<br>Increase<br>Dollars | **Value of<br>1 "Mill" of<br>Property<br>Tax | **FY 05<br>Local<br>Prop Tax<br>Mill Rate<br>Needed<br>for PERS<br>Increase! |
|------|---------------------------------|--|-----------------------|--|--|--|
| PERS | PETERSBURG, CITY& MEDICAL CTR.  | \$6,702,627                                | 5.0%                  | \$335,131                              | \$191,012                                    | 1.75   |
| PERS | CORDOVA, CITY & MEDICAL CENTER  | \$4,427,981                                | 5.0%                  | \$221,400                              | \$111,769                                    | 1.98   |
| PERS | SAXMAN, CITY OF                 | \$415,247                                  | 5.0%                  | \$20,762                               | \$12,100                                     | 1.72   |
| PERS | UNALASKA, CITY OF               | \$9,508,993                                | 5.0%                  | \$475,450                              | \$342,385                                    | 1.39   |
| PERS | NENANA, CITY OF                 | \$373,857                                  | 5.0%                  | \$18,693                               | \$14,705                                     | 1.27   |
| PERS | CRAIG, CITY OF                  | \$1,821,035                                | 5.0%                  | \$91,052                               | \$72,297                                     | 1.26   |
| PERS | SITKA, CITY/BOROUGH, & HOSPITAL | \$11,507,548                               | 5.0%                  | \$792,470                              | \$639,629                                    | 1.24   |
| PERS | WRANGELL, CITY OF               | \$2,426,833                                | 5.0%                  | \$121,342                              | \$100,285                                    | 1.21   |
| PERS | WHITTIER, CITY OF               | \$944,422                                  | 5.0%                  | \$47,221                               | \$39,389                                     | 1.20   |
| PERS | NOME, CITY & UTILITIES          | \$2,496,407                                | 5.0%                  | \$173,791                              | \$173,516                                    | 1.00   |
| PERS | SEWARD, CITY OF                 | \$3,720,505                                | 5.0%                  | \$186,025                              | \$200,255                                    | 0.93   |
| PERS | DILLINGHAM, CITY OF             | \$2,355,455                                | 5.0%                  | \$117,773                              | \$130,552                                    | 0.90   |
| PERS | JUNEAU, CITY AND BOROUGH OF     | \$43,232,840                               | 5.0%                  | \$2,161,642                            | \$2,640,000                                  | 0.82   |
| PERS | KETCHIKAN, CITY OF              | \$8,020,487                                | 5.0%                  | \$401,024                              | \$547,376                                    | 0.73   |
| PERS | PELICAN, CITY OF                | \$126,474                                  | 5.0%                  | \$6,324                                | \$8,632                                      | 0.73   |
| PERS | KENAI, CITY OF                  | \$5,369,573                                | 5.0%                  | \$268,479                              | \$366,726                                    | 0.73   |
| PERS | KODIAK, CITY OF                 | \$5,663,400                                | 5.0%                  | \$283,170                              | \$388,182                                    | 0.73   |
| PERS | HOMER, CITY OF                  | \$4,738,657                                | 5.0%                  | \$236,933                              | \$332,626                                    | 0.71   |
| PERS | PALMER, CITY OF                 | \$2,563,992                                | 5.0%                  | \$128,200                              | \$189,946                                    | 0.67   |
| PERS | HAINES BOROUGH                  | \$2,037,530                                | 5.0%                  | \$101,877                              | \$175,187                                    | 0.58   |
| PERS | BRISTOL BAY BOROUGH             | \$1,368,016                                | 5.0%                  | \$68,401                               | \$141,500                                    | 0.48   |
| PERS | SOLDOTNA, CITY OF               | \$2,689,459                                | 5.0%                  | \$134,473                              | \$298,700                                    | 0.45   |
| PERS | NORTH POLE, CITY OF             | \$2,073,587                                | 5.0%                  | \$103,679                              | \$259,625                                    | 0.40   |
| PERS | WASILLA, CITY OF                | \$3,347,381                                | 5.0%                  | \$167,369                              | \$437,138                                    | 0.38   |
| PERS | SKAGWAY, CITY OF                | \$1,398,477                                | 5.0%                  | \$69,924                               | \$205,046                                    | 0.34   |
| PERS | ANCHORAGE, MUNICIPALITY OF      | \$127,572,934                              | 5.0%                  | \$6,378,647                            | \$19,126,104                                 | 0.33   |
| PERS | SELDOVIA, CITY OF               | \$96,359                                   | 5.0%                  | \$4,818                                | \$19,007                                     | 0.25   |
| PERS | VALDEZ, CITY OF                 | \$4,929,091                                | 5.0%                  | \$246,455                              | \$1,049,202                                  | 0.23   |
| PERS | FAIRBANKS, CITY OF              | \$5,896,416                                | 5.0%                  | \$294,821                              | \$1,321,750                                  | 0.22   |
| PERS | NORTH SLOPE BOROUGH             | \$47,405,369                               | 5.0%                  | \$2,370,268                            | \$10,714,796                                 | 0.22   |
| PERS | KETCHIKAN GATEWAY BOROUGH       | \$3,978,212                                | 5.0%                  | \$198,911                              | \$935,122                                    | 0.21   |
| PERS | FAIRBANKS NORTH STAR BOROUGH    | \$16,735,548                               | 5.0%                  | \$836,777                              | \$4,452,200                                  | 0.19   |
| PERS | SAXMAN SEAPORT                  | \$38,479                                   | 5.0%                  | \$1,924                                | \$12,100                                     | 0.16   |
| PERS | KODIAK ISLAND BOROUGH           | \$2,191,832                                | 5.0%                  | \$109,592                              | \$770,982                                    | 0.14   |
| PERS | KENAI PENINSULA BOROUGH         | \$12,062,817                               | 5.0%                  | \$603,141                              | \$4,277,332                                  | 0.14   |
| PERS | MATANUSKA-SUSITNA BOROUGH       | \$9,566,280                                | 5.0%                  | \$478,314                              | \$3,612,276                                  | 0.13   |
| PERS | KACHEMAK, CITY OF               | \$59,167                                   | 5.0%                  | \$2,958                                | \$28,614                                     | 0.10   |
| PERS | ALLAKAKET, CITY OF              | \$49,434                                   | 5.0%                  | \$2,472                                | none   |  |
| PERS | BARROW, CITY OF                 | \$1,036,873                                | 5.0%                  | \$51,844                               | none   |  |

| Fund  | Employer                     | FY 05<br>Estimated<br>Municipal<br>Payroll | FY 05<br>Rate<br>Incr | * FY 05<br>PERS<br>Increase<br>Dollars | ** Value of<br>1 "Mill"<br>Property<br>Tax | **Local<br>Prop Tax<br>Mill Rate<br>Needed<br>for PERS<br>Increase! |
|-------|------------------------------|--|-----------------------|--|--|---|
| PERS  | DELTA JUNCTION, CITY OF      | \$65,919                                   | 5.0%                  | \$3,296                                | none                                       |   |
| PERS  | HUSLIA, CITY OF              | \$92,276                                   | 5.0%                  | \$4,614                                | none                                       |   |
| PERS  | KALTAG, CITY OF              | \$28,529                                   | 5.0%                  | \$1,426                                | none                                       |   |
| PERS  | NORTHWEST ARCTIC BOROUGH     | \$700,747                                  | 5.0%                  | \$35,037                               | none                                       |   |
| PERS  | RUBY, CITY OF                | \$118,657                                  | 5.0%                  | \$5,933                                | none                                       |   |
| PERS  | SAINT GEORGE, CITY OF        | \$366,136                                  | 5.0%                  | \$18,307                               | none                                       |   |
| PERS  | AKUTAN, CITY OF              | \$287,937                                  | 5.0%                  | \$14,397                               | sales tax only                             |   |
| PERS  | ALEUTIANS EAST BOROUGH       | \$974,507                                  | 5.0%                  | \$48,725                               | sales tax only                             |   |
| PERS  | ANDERSON, CITY OF            | \$38,730                                   | 5.0%                  | \$1,936                                | sales tax only                             |   |
| PERS  | ANGOON, CITY OF              | \$307,662                                  | 5.0%                  | \$15,383                               | sales tax only                             |   |
| PERS  | ATKA, CITY OF                | \$71,502                                   | 5.0%                  | \$3,575                                | sales tax only                             |   |
| PERS  | BETHEL, CITY OF              | \$4,537,734                                | 5.0%                  | \$226,887                              | sales tax only                             |   |
| PERS  | DENALI BOROUGH               | \$568,543                                  | 5.0%                  | \$28,427                               | sales tax only                             |   |
| PERS  | EGEGIK, CITY OF              | \$97,862                                   | 5.0%                  | \$4,893                                | sales tax only                             |   |
| PERS  | ELIM, CITY OF                | \$175,041                                  | 5.0%                  | \$8,752                                | sales tax only                             |   |
| PERS  | FORT YUKON, CITY OF          | \$295,768                                  | 5.0%                  | \$14,788                               | sales tax only                             |   |
| PERS  | GALENA, CITY OF              | \$1,320,610                                | 5.0%                  | \$66,031                               | sales tax only                             |   |
| PERS  | HOONAH, CITY OF              | \$638,162                                  | 5.0%                  | \$31,908                               | sales tax only                             |   |
| PERS  | HOOPER BAY, CITY OF          | \$592,669                                  | 5.0%                  | \$29,633                               | sales tax only                             |   |
| PERS  | KAKE, CITY OF                | \$291,898                                  | 5.0%                  | \$14,595                               | sales tax only                             |   |
| PERS  | KING COVE, CITY OF           | \$1,035,132                                | 5.0%                  | \$51,757                               | sales tax only                             |   |
| PERS  | KLAWOCK, CITY OF             | \$820,343                                  | 5.0%                  | \$41,017                               | sales tax only                             |   |
| PERS  | KOTZEBUE, CITY OF            | \$3,138,622                                | 5.0%                  | \$156,931                              | sales tax only                             |   |
| PERS  | KOYUK, CITY OF               | \$21,463                                   | 5.0%                  | \$1,073                                | sales tax only                             |   |
| PERS  | LAKE AND PENINSULA BOROUGH   | \$632,700                                  | 5.0%                  | \$31,635                               | sales tax only                             |   |
| PERS  | NOORVIK, CITY OF             | \$351,910                                  | 5.0%                  | \$17,595                               | sales tax only                             |   |
| PERS  | QUINHAGAK, CITY OF           | \$29,932                                   | 5.0%                  | \$1,497                                | sales tax only                             |   |
| PERS  | SAINT MARY'S, CITY OF        | \$306,495                                  | 5.0%                  | \$15,325                               | sales tax only                             |   |
| PERS  | SAINT PAUL, CITY OF          | \$1,366,801                                | 5.0%                  | \$68,340                               | sales tax only                             |   |
| PERS  | SAND POINT, CITY OF          | \$758,056                                  | 5.0%                  | \$37,903                               | sales tax only                             |   |
| PERS  | SELAWICK, CITY OF            | \$77,442                                   | 5.0%                  | \$3,872                                | sales tax only                             |   |
| PERS  | TANANA, CITY OF              | \$217,611                                  | 5.0%                  | \$10,881                               | sales tax only                             |   |
| PERS  | THORNE BAY, CITY OF          | \$279,855                                  | 5.0%                  | \$13,993                               | sales tax only                             |   |
| PERS  | TOKSOOK BAY, CITY OF         | \$16,994                                   | 5.0%                  | \$850                                  | sales tax only                             |   |
| PERS  | UNALAKLEET, CITY OF          | \$264,140                                  | 5.0%                  | \$13,207                               | sales tax only                             |   |
| PERS  | YAKUTAT, CITY AND BOROUGH OF | \$439,129                                  | 5.0%                  | \$21,956                               | sales tax only                             |   |
| PERS  | ANCHORAGE PARKING AUTHORITY  | \$1,020,063                                | 5.0%                  | \$51,003                               | see Anch                                   |   |
| TOTAL |                              |  |                       | \$19,430,923                           |  |   |

STATE BOARD OF  
EDUCATION  
& EARLY DEVELOPMENT

**Resolution  
of the  
State Board of Education & Early Development**

*Requesting the Legislature to Adopt a Long-Term Fiscal  
Plan*

**Resolution 01-2004**

WHEREAS, the Alaska Legislature has committed itself to developing a quality state education system that holds the state schools accountable for results; and

WHEREAS, the public schools are attempting to meet higher expectations so that all students meet essential skills in reading, writing, mathematics and science by 2013; and

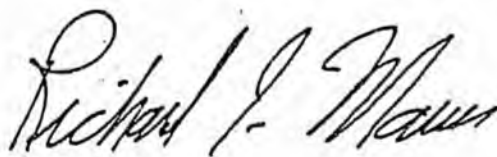
WHEREAS, public schools through no fault of their own are faced with burgeoning costs to the teacher and public employee retirement systems; and

WHEREAS, the Legislature has further demonstrated its commitment to education by increasing the public school foundation program by \$82 million for Fiscal Year 2005; and

WHEREAS, Governor Murkowski has called the Legislature into special session to address Alaska's long term fiscal problems aimed at assuring adequate funding of basic state services, such as education; and

WHEREAS, the Legislature will not be able meet its commitments to a quality system of public schools available to every child in Alaska without a long-term, stable source of state revenues; so

THEREFORE, the State Board of Education & Early Development requests the Alaska Legislature to adopt a long-term fiscal plan aimed at protecting essential state services, including education.



Chair, State Board of Education & Early Development

June 11, 2004

ALASKA COUNCIL



OF SCHOOL ADMINISTRATORS

326 Fourth Street, Suite 404 • Juneau, Alaska 99801  
Phone: (907) 586-9702 • Fax: 586-5879  
web site: www.alaskaacsa.org

## Alaska Council of School Administrators

June 17, 2004

State Senate  
House of Representatives  
State Capitol Building  
Juneau, AK 99801-1182

RECEIVED  
JUN 17 2004  
Alaska Department of Education  
& Early Development

Dear Senators and Representatives:

As you recall, last October and again in March, ACSA signed a letter to encourage you to act on a fiscal plan this year. Despite recent high oil price projections, massive projected fiscal problems next year and beyond underscore the need for action this year.

Our organization is firmly supportive of the implementation of a 5% Percent of Market Value management of the Permanent Fund, and the use of Fund earnings to provide PFDs and a balanced state budget with adequate levels of public services.

Please take action to implement a fiscal plan during the special legislative session next week.

Respectfully,

Mary A. Francis, Ph.D.  
Executive Director

MF:klc

cc: ACSA Board of Directors  
bcc: Commissioner Roger Sampson

# GREATER \* FAIRBANKS CHAMBER OF COMMERCE

800 Cushman St., Suite 114, Fairbanks, AK 99701  
phone: (907) 452-1105, fax: (907) 456-6968

e-mail: [staff@fairbankschamber.org](mailto:staff@fairbankschamber.org)  
website: [www.fairbankschamber.org](http://www.fairbankschamber.org)

April 20, 2004

Governor Frank Murkowski  
Alaska State Capitol  
FAX: (907) 465-3532

Dear Governor Murkowski,

The Greater Fairbanks Chamber of Commerce recognizes and applauds the efforts of the Governor and the Legislature to work towards a balanced state budget, while minimizing further withdrawals from the Constitutional Budget Reserve.

To that end, we have reviewed the discussion advanced by HJR47 and by Sen. Gene Therriault in his presentation to the Senate Finance Committee on March 19.

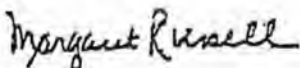
The GFCC has been in strong support of the POMV methodology as an investment discipline. We recognize that the POMV system would insulate the Fund's annual distribution from market and political volatility, ensure inflation proofing and provide a relatively uniform and predictable annual distribution. Therefore, it is included in the top 5 of our 2004 Legislative priorities.

Additionally, we have encouraged the Legislature to consider use of the Permanent Funds earnings reserves to help support state services, while inflation proofing the principal of the fund (rather than the market value), and continuing to pay a reasonable annual dividend. Although POMV is ultimately the key to a long term, stable annual distribution, the Legislature currently has the authority to, and should, use Permanent Fund earnings reserves under the current system as necessary.

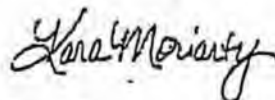
If further state revenues were needed after continued budget discipline and some use of the Permanent Fund's earnings reserves, the Legislature, only then, should consider implementation of a broad based, statewide tax.

With these positions in mind, we would urge the Legislature to reach a consensus on current and future use of the Permanent Fund earnings reserves, including POMV by the end of session. If a POMV measure is adopted this Legislative session, we are committed in using all of our resources to gain voter approval in November.

Sincerely,



Margaret Russell  
Board Chair



Kara Moriarty  
President/CEO

## Benefactors

- Co-Media, LLC
- Alaska Veterinary
- Alaska Airlines
- Alaska Communications Systems
- Alaska Railroad
- Alaska USA Federal Credit Union
- Alexis Exports Service Company
- Alaska Air Comm
- BP Exploration, Inc.
- Cellular One Alaska
- ConocoPhillips Alaska, Inc.
- Demise, LLC
- Design Alaska
- Esso Mobil
- Fairbanks Building & Construction Trades Council of the Union
- Fairbanks Gold Mining, Inc.
- Fairbanks Mine
- Fairbanks Memorial Hospital
- Fairbanks Dental Center
- Fairbanks Mutual Gas, LLC
- First National Bank Alaska
- Flowline Alaska
- Golden Heart Alliance
- Golden Valley Electric Association
- Key Bank of Alaska
- MAC Federal Credit Union
- McKinley Bank
- Northrim Bank
- Phone Directory Company
- Patway
- Sarway School Service
- Sanna Flowers & Gifts
- Sevenson Financial Services
- Tanana Valley Clinic
- Thruway Technologies, Inc.
- Trump Green and Air Services
- University of Alaska Fairbanks
- Wells Fargo
- Westmark Fairbanks Hotel & Conference Center



*everychild. one voice.*

## **Immediate Enactment of a Long Term Fiscal Plan for Alaska**

- Whereas:** Alaska state government currently spends more money than it receives as revenue each year; and
- Whereas:** The Constitutional Budget Reserve is being depleted and will soon be unavailable to continue to make up the difference between spending and revenue, and
- Whereas:** This fiscal gap threatens the stability of current and future educational funding; and
- Whereas:** The fiscal gap also threatens the state's ability to fund other programs and services essential to the wellbeing of Alaska's children; and
- Whereas:** The longer a solution to the fiscal gap is delayed the harder it will be to solve the problem; **therefore be it**
- Resolved:** That the Alaska PTA supports the enactment of a long term fiscal plan for Alaska during this legislative session.

# The TRUST

The Alaska Mental Health Trust Authority

April 16, 2004

RECEIVED

APR 21 2004

Governor Frank Murkowski  
Office of the Governor  
P.O. Box 110001  
Juneau AK 99811

GOVERNOR'S OFFICE

Dear Governor Murkowski :

As health and human service funders, we are writing to urge you to maintain essential state funding for health and human service programs and to develop a comprehensive, long-range fiscal plan for Alaska.

Providing health and human services to Alaskans in need is shared among government, the nonprofit sector, and private support. Each plays a critical and interconnected role. In particular, there has been a long and productive relationship between the state and nonprofit service providers. The state relies on nonprofits to provide services at less cost than government could do. Nonprofits rely upon the state for a core level of funding to keep the infrastructure viable. Nonprofits then leverage additional funds through other public and private donations that further reduce costs the state.

The system has been working well in Alaska. In fact, according to a November 2003 report prepared by the Nelson A. Rockefeller Institute of Government, Alaska is one of only four states that saw a decreased reliance upon government funding among health and human service nonprofit agencies. All other states reported that nonprofits needed more government funding over the study's 10-year review period. Alaska also had the most significant decrease in government funding of those four states that were relying less on government funds.

The Department of Health and Social Services proposed FY04 and FY05 funding cuts, and its plans for Medicaid refinancing undermine the stability of a system that serves our most vulnerable population. We understand that Medicaid is a serious financial drain and that creative refinancing approaches are important. However, it is shortsighted to drain other service programs to offset Medicaid costs. Increased reliance on Medicaid has led to immediate savings in state funds, but with looming federal deficits, it also increases the likelihood that those funds will not be available in the future. We urge you to move with caution in taking funding actions that are too optimistic about the level and pace of refinancing that can occur. Putting all of our eggs in that one basket is precipitously dangerous and jeopardizes the stability of the health and human services infrastructure.

We appreciate that providing services requires money. We understand that the issues around creating a long-range fiscal plan are contentious and politically charged. Yet, the risks to Alaskans increase every year that we do not get our state finances in order.

In order to address Alaska's fiscal situation, we support an honest and full public debate over the proposed budget and its impacts, ongoing budget discipline, and the need for new revenues.



In order to have a vibrant future, we must all work together to ensure a capable and ready workforce, healthy citizens, and opportunities for our children. As you deliberate about a long-range fiscal plan and the level of health and human services you will provide, we ask you to carefully consider the consequences of budget cuts to programs that serve those less fortunate.

We must protect the health and welfare of Alaskans in need while creating a stable fiscal environment for everyone. You have the opportunity to create long-term stability for Alaskans, and a health and human services delivery system that improves the productivity of our citizens. We stand ready to work with you as you take the steps necessary to make this a reality.

Sincerely,

Alaska Mental Health Trust Authority  
United Way of Anchorage  
United Way of Matanuska-Susitna  
United Way of Valdez



7595  
OMB  
LO  
HB  
DD  
cc K/R

March 28, 2004

RECEIVED

APR - 5 2004

Honorable Governor Frank Murkowski  
State of Alaska  
PO Box 110001  
Juneau, AK 99811-0001

GOVERNOR'S OFFICE

Dear Governor Murkowski:

In February 2004, the ATIA board of directors met in Juneau to discuss long-term funding and our proposed legislation. We also met with our state legislators at our annual industry fly-in to obtain support for the assessment from our elected leaders.

During the board meeting significant discussion took place to identify a context for supporting the assessment that addresses other significant concerns for your administration and all Alaskans. To that end, the ATIA board approved a motion to support:

- (1) The Administration and Legislature's efforts to identify and implement a long-term fiscal plan for the state with continued focus on budget discipline; and
- (2) The appropriation of a portion of the earnings from the Permanent Fund to help support state services. Furthermore, we strongly support the creation of a "percent of market value" structure for the Permanent Fund. Using some of the Permanent Fund earnings for state government should not preclude the Alaska Permanent Fund Dividend program from continuing and growing.

ATIA, as the official statewide tourism-marketing arm for Alaska, carries a continuing obligation to its membership to promote their businesses and the industry. The assessment is the most likely means to fulfilling that mandate by making our state's tourism marketing efforts competitive with other major destinations.

The revenue generated from the assessment is significant for marketing purposes but falls short of closing the fiscal gap. It is our belief that implementing the POMV structure to the Permanent Fund, combined with sound budget discipline, will provide both you and the legislature with a meaningful way to address our state's current budget situation.

Sincerely,

A handwritten signature in black ink, appearing to be 'R. Peck', written over a horizontal line.

Ron Peck  
President & COO

RP:jf

2600 Cordova Street, Suite 201  
Anchorage, AK 99503-2745  
Tel: 907-929-ATIA (2842)  
Fax: 907-561-5727  
ATIA@alaskatia.org

cc: Kuis

7765  
OTHERS  
LO

# Alaska State Hospital & Nursing Home Association

*We're helping people care for people!*

April 15, 2004

Honorable Frank Murkowski  
Governor, State of Alaska  
Office of the Governor  
P.O. Box 110001  
Juneau, Alaska 99811

RECEIVED

APR 16 2004

GOVERNOR'S OFFICE

Dear Governor Murkowski:

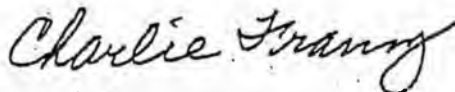
The Alaska State Hospital and Nursing Home Association membership wishes to go on record supporting your call for the Alaska Legislature to find a workable solution to the fiscal imbalance confronting the State. We stand ready to assist you and the Legislature in crafting a revenue solution that will serve Alaska well in the years ahead, and that will insure a quality of life that all Alaskans can agree is important to preserve for future generations.

Alaskans have shown a strong commitment to provide safety net programs that help low income families. Alaskans have also shown a long standing commitment to providing world class education to our children so they may compete more effectively in a global economy, and to provide a workforce that will attract employers to our State. Alaskans have supported state policies that ensure rural Alaskans have access to quality health care in hospitals and nursing homes close to home and family.

All of these programs directly impact quality of life, overall economic viability, and employment opportunities in our communities. We believe as an Association that the State cannot continue to ignore the revenue realities facing it. The recent Conference of Alaskans identified various solutions for addressing this problem. Conference participants and other Alaskans have advanced many good ideas for balancing the budget including use of permanent fund earnings, tobacco tax increases, and a host of other measures. We believe that some combination of these can be agreed upon by all to close the revenue gap that the State is now facing.

Unless bold and timely action is taken by the Legislature to work with your office to address this issue, we can only expect to see more erosion of critical state services and programs in the years ahead. The need for strong leadership is more critical than ever to chart the economic future of Alaska and we look forward to helping you and the Alaska Legislature accomplish that.

Sincerely,



Charlie Franz, Chairman  
Board of Directors *by nb*



ADOPTED AUGUST 1972

# CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929 (907) 874-2381  
FAX: (907) 874-3952

June 18, 2004

Fax Received  
JUN 18 2004  
Office of the Governor

The Honorable Frank Murkowski  
Office of the Governor  
PO Box 11001  
Fax 907-465-3532  
Juneau, AK 99811-0001

Dear Governor Murkowski:

I am writing in support of the POMV and a Community Dividend.

I endorse the proposed 50:45:05 split, or hopefully a somewhat higher percentage being designated to municipal support.

It is my sincere hope that the upcoming Legislative Special Session will be very positive, and that our legislators approach the issues with the best interests of the state in their hearts and minds.

I want to personally thank you for your exemplary leadership in attempting to solve our state's financial crises.

Sincerely,

Robert S. Pruncella  
City Manager

AMENDMENT # 1

OFFERED IN THE HOUSE  
TO: HJR 102

BY REPRESENTATIVE GARA

1 Page 2, line 3, following "year.":

2 Insert "An appropriation from the fund shall be made for each fiscal year to be used  
3 for a program of dividend payments to State residents established by law. The amount  
4 appropriated for the dividend program shall equal at least the amount that would have been  
5 used for the dividend program under AS 37.13.140 and 37.13.145, as those statutes read on  
6 January 1, 2004, or the entire amount that may be appropriated from the fund under this  
7 subsection, whichever is less."

8

9 Page 2, lines 8 - 9:

*1 yes  
6 no*

10 Delete all material.

11

12 Page 2, line 10:

13 Delete "(2)"

14 Insert "(1)"

15 Delete "forty-five"

16 Insert "ninety"

17

18 Page 2, line 11:

19 Delete "(3)"

20 Insert "(2)"

21 Delete "five"

22 Insert "ten"

23

*Page 2 line 12 insert "(3) the remainder may  
be made available for public services authorized by  
law."  
Page 2 line 10, delete "and", insert "; and" after "percent"  
~~page 2 line~~ at page 2 line 11, and delete "."*

1 Page 2, lines 12 - 17:

2 Delete all material.

3

4 Page 2, line 27:

5 Delete "Sections 15(c) and (d)"

6 Insert "Section 15(c)"

AMENDMENT #2

OFFERED IN THE HOUSE  
TO: HJR 102

BY REPRESENTATIVE GARA

1 Page 2, line 3, following "year.":

2 Insert "An appropriation from the fund shall be made for each fiscal year to be used  
3 for a program of dividend payments to State residents established by law. The amount  
4 appropriated for the dividend program shall equal the lesser of

5 (1) seventy percent of the amount that may be appropriated from the  
6 fund under this subsection or the amount that would have been used for the dividend  
7 program under AS 37.13.140 and 37.13.145, as those statutes read on January 1, 2004,  
8 whichever is greater; or

9 (2) the entire amount that may be appropriated from the fund under  
10 this subsection."

2 yes  
5 no

11  
12 Page 2, lines 8 - 9:

13 Delete all material.

14

15 Page 2, line 10:

16 Delete "(2)"

17 Insert "(1)"

18 Delete "forty-five"

19 Insert "ninety"

20

21 Page 2, line 11:

22 Delete "(3)"

23 Insert "(2)"

page 2 line 12 insert "(3) the remainder  
may be made available for public services  
authorized by law."

page 2 line 10, delete "and", insert "and"  
after percent at page 2 line 11, and delete."

1 Delete "five"  
2 Insert "ten"  
3

4 Page 2, lines 12 - 17:  
5 Delete all material.

6  
7 Page 2, line 27:  
8 Delete "Sections 15(c) and (d)"  
9 Insert "Section 15(c)"

AMENDMENT # 3

OFFERED IN THE HOUSE  
TO: HJR 102

BY REPRESENTATIVE GARA

1 Page 2, line 3, following "year.":

2           Insert "Except for appropriations for a program of dividend payments for residents of  
3 the State established by law, no appropriations shall be made from the fund for a fiscal year  
4 unless, during that fiscal year, the amount of State funding for operation of elementary and  
5 secondary public schools is increased by at least the amount necessary to offset inflation,  
6 based upon increases during the second preceding calendar year in consumer prices for most  
7 State residents."

8

9 Page 2, line 17, following ".":

10           Insert "However, no appropriations shall be made under (c) of this section unless those  
11 appropriations are permitted to be made under (b) of this section."

*Withdrawn*

AMENDMENT # 4

OFFERED IN THE HOUSE  
TO: HJR 102

BY REPRESENTATIVE SAMUELS

1 Page 1, line 3:

2 Delete "and relating to permanent fund dividend payments"

3 Insert ", relating to permanent fund dividend payments, and limiting state taxes  
4 on the incomes of individuals"

5

6 Page 2, following line 17:

7 Insert a new subsection to read:

8 "(e) The State may not levy or collect a tax for a year on the income of an  
9 individual in an amount that exceeds the amount of the dividend for that same year  
10 paid to a resident as the result of appropriations made under (c)(1) and (d) of this  
11 section."

12

13 Page 2, line 27:

14 Delete "and (d)"

15 Insert "(d), and (e)"

*withdrawn*

**HJR**

**103**

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

June 21, 2004

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a resolution relating to an appropriation or "spending" limit. This resolution gives voters the chance to directly voice their opinion on a spending limit at the ballot box. A spending limit is an integral part of the transition to a long-range fiscal plan for Alaska.

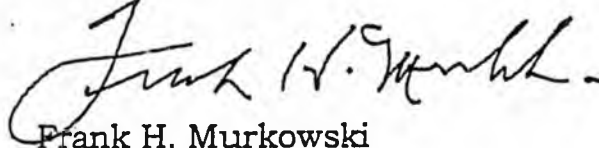
I have used as a model for this resolution the final Senate version of House Joint Resolution 9 (HJR 9), which was rejected by the Senate during the last regular session of the Legislature (SCS CS HJR 9(FIN)(fld S)). This joint resolution differs from SCS CS HJR 9(FIN)(fld S) in that it contains some technical changes that were recommended by the Department of Law. In the list of appropriations excluded from the appropriation limit, references to "state lease debt" have been changed to "capital leases" to more accurately reflect the description of these obligations in governmental accounting. Other technical language changes were made to more clearly provide that the "excluded" appropriations are to be excluded from the appropriation limit itself as well as from calculation of the appropriation limit.

The resolution presents the public with the opportunity to approve a spending limit with "teeth" in it. If approved by the Legislature and passed by the voters, it will control government spending. A leaner and more efficient state government will be produced. Passage of the resolution sends the signal the Legislature has heard the public's message and will allow Alaskans to vote on the issue.

The Honorable Gene Therriault  
June 21, 2004  
Page 2

I urge your prompt and favorable action on this resolution.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Frank H. Murkowski". The signature is written in a cursive style with a large initial "F" and a long horizontal stroke at the end.

Frank H. Murkowski  
Governor

Enclosure

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

June 21, 2004

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a resolution relating to an appropriation or "spending" limit. This resolution gives voters the chance to directly voice their opinion on a spending limit at the ballot box. A spending limit is an integral part of the transition to a long-range fiscal plan for Alaska.

The model for this resolution is the version of Committee Substitute House Joint Resolution 9 (CS HJR 9) as it passed the House in the regular session (CS HJR 9(FIN) am). There are some technical changes, which were recommended by the Department of Law. Specifically, in the list of appropriations excluded from the appropriation limit, references to "state lease debt" have been changed to "capital leases" to more accurately reflect the description of these obligations in governmental accounting. Other technical changes were made to more clearly provide that the "excluded" appropriations are to be excluded from the appropriation limit itself as well as from calculation of the appropriation limit.

The resolution presents the public with the opportunity to approve a spending limit with enough "teeth" in it to be effective. If approved by the Legislature and passed by the voters, it will prevent government spending from growing too large, too fast. Alaskans want spending controlled to produce a leaner, more efficient, effective state government. Passage of the resolution sends the signal the Legislature has heard the message and will allow Alaskans to vote on the issue.

I urge your prompt and favorable action on this resolution.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Frank H. Murkowski".

Frank H. Murkowski  
Governor

Enclosure



# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HJR 103  
 (H) Publish Date: 6/22/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: GOV  
 Title Constitutional amendment relating RDU Elections  
 to spending limits. Component Elections  
 Sponsor Rules  
 Requester Governor Component No. 21

**Expenditures/Revenues (Thousands of Dollars)**

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

| OPERATING EXPENDITURES | FY 2005    | FY 2006    | FY 2007    | FY 2008    | FY 2009    | FY 2010    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            | 1.5        |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>1.5</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

|                               |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|

**FUND SOURCE (Thousands of Dollars)**

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

Estimate of any current year (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Lauri Allred Phone 465-5347  
 Division: Division of Elections Date/Time 6/7/04 2:46 PM  
 Approved by: Laura A. Glaiser, Director Date 6/7/2004  
 Agency: Office of the Lt. Governor, Division of Elections

**Spending Limit – Proposal to the House  
Based on CSHJR 9 (FIN) am**

**Sectional Analysis**

**Section 1. Article IX, Appropriation Limit**

Repeals and replaces the existing Appropriation Limit in Article IX, Section 16 of the Alaska Constitution with the following:

(a) Establishes a moving three-year average as the base for the application of the limit. The intent is to smooth out year-to-year variations to provide a more predictable limit for long-range planning.

The base is tied to actual appropriations, which are generally available two years prior to the fiscal year being considered. Thus the moving average is based on the earliest three of the previous four fiscal years. Each year's limit is computed separately from the previous year limit.

(1) The rate of allowable annual change in the limit is determined by adding the two variables (inflation plus population growth) multiplied by 0.75.

(A) Establishes the average of the Anchorage Consumer Price Index (CPI) as one of the variables for determining the annual change in the spending. Like the base, the CPI used is a three-year average derived from the calendar years corresponding to the fiscal years upon which the base is determined.

(B) Sets the second variable in calculating the change in the spending limit as the average rate of annual population change for the same calendar years as the CPI variable.

(2) Further restricts the rate of allowable change in the limit to be not more than annual growth in personal incomes of state residents.

(b) Provides that the Legislature will implement by law the limit's calculation stipulated in (a).

(c) Allows the limit to be exceeded by:

- Up to two percent through an affirmative vote of two thirds of the members of each house of the legislature; and
- Up to four percent with a three-fourths vote.

- (d) Allows certain appropriations to remain exempt from the base limit calculation:
- (1) appropriations to the Permanent Fund
  - (2) appropriations of Permanent Fund dividends
  - (3) appropriations for a natural disaster declared by the Governor
  - (4) duplicated expenditures
  - (5) GO and revenue bond proceeds and capital lease financing proceeds
  - (6) GO and revenue bond debt service and capital lease finance obligations
  - (7) federal funds
  - (8) reappropriations
  - (9) reimbursable services agreements and interagency transfers
  - (10) monies held in trust
  - (11) University of Alaska tuition receipts
  - (12) gifts, grants, bequests or contracts
  - (13) deposits to the CBR and reverse sweep of GF accounts
  - (14) dedicated funds
- (e) Excludes from the limit's calculation the amount by which the limit was overridden by a supermajority of the legislature as provided in Section 1, Subsection 2 (c) above.

**Section 2. Amends Article XV. Schedule of Transitional Measures.**

(a) Specifies that the constitutional limit first applies to FY 2006 appropriations and establishes artificial base year limits of \$3.3 billion in FY 04 and \$3.4 billion in FY 05 to feed into the 3 year average for purposes of calculating the FY 06 appropriation limit.

(b) Sets a July 1, 2009 sunset date for the amendment.

**Section 3.**

Provides for the amendment to go before voters in the 2004 general election.

**Spending Limit – Proposal to the Senate  
Based on SCS CSHJR 9 (FIN) (fld S)**

**Sectional Analysis**

**Section 1. Article IX, Appropriation Limit**

Repeals and replaces the existing Appropriation Limit in Article IX, Section 16 of the Alaska Constitution with the following:

(a) Establishes a moving three-year average as the base for the application of the limit. The intent is to smooth out year-to-year variations to provide a more predictable limit for long-range planning.

The base is tied to actual appropriations, which are generally available two years prior to the fiscal year being considered. Thus the moving average is based on the earliest three of the previous four fiscal years. Each year's limit is computed separately from the previous year limit.

(1) The rate of allowable annual change in the limit is determined by adding the two variables (inflation plus population growth) multiplied by 0.75.

(A) Establishes the average of the Anchorage Consumer Price Index (CPI) as one of the variables for determining the annual change in the spending. Like the base, the CPI used is a three-year average derived from the calendar years corresponding to the fiscal years upon which the base is determined.

(B) Sets the second variable in calculating the change in the spending limit as the average rate of annual population change for the same calendar years as the CPI variable.

(2) Further restricts the rate of allowable change in the limit to be not more than annual growth in personal incomes of state residents.

(b) Provides that the Legislature will implement by law the limit's calculation stipulated in (a).

*Provides a "no ratchet-down" clause that stipulates if the calculated appropriation limit is less than the previous years' appropriation level, the default limit will be the previous year's appropriation level.*

- (c) Allows the limit to be exceeded by:
  - Up to two percent through an affirmative vote of two thirds of the members of each house of the legislature; and
  - Up to four percent with a three-fourths vote.
  
- (d) Allows certain appropriations to remain exempt from the base limit calculation:
  - (1) appropriations to the Permanent Fund
  - (2) appropriations of Permanent Fund dividends
  - (3) appropriations for a natural disaster declared by the Governor
  - (4) duplicated expenditures
  - (5) GO and revenue bond proceeds and capital lease financing proceeds
  - (6) GO and revenue bond debt service and *capital lease finance* obligations
  - (7) federal funds
  - (8) reappropriations
  - (9) reimbursable services agreements and interagency transfers
  - (10) monies held in trust
  - (11) University of Alaska tuition receipts, *fees, contract receipts, or other non-General Fund sources*
  - (12) gifts, grants, bequests or contracts
  - (13) deposits to the CBR and reverse sweep of GF accounts
  - (14) dedicated funds
  
- (e) Excludes from the limit's calculation the amount by which the limit was overridden by a supermajority of the legislature as provided in Section 1, Subsection 2 (c) above.

**Section 2. Amends Article XV. Schedule of Transitional Measures.**

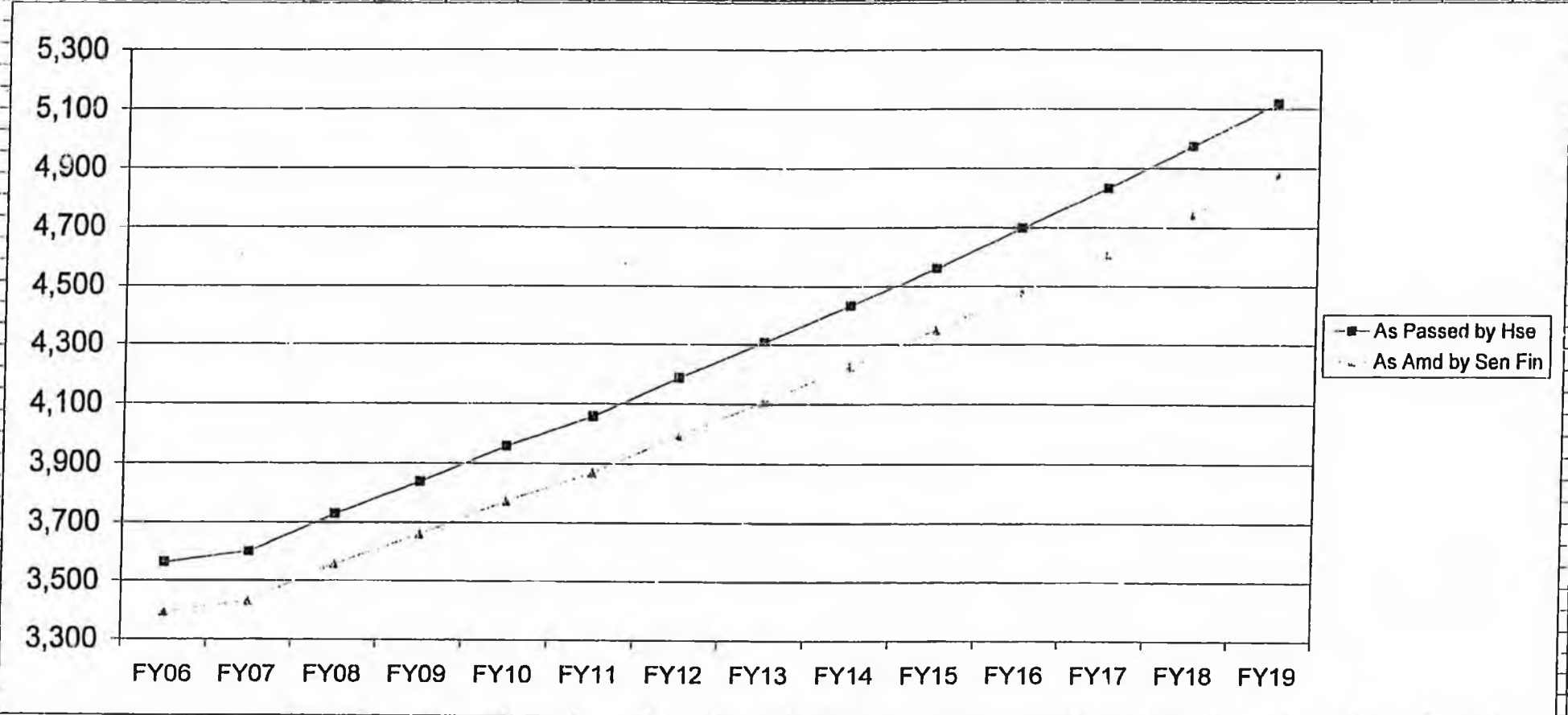
- (a) Specifies that the constitutional limit first applies to FY 2006 appropriations and establishes artificial base year limits of \$3.15 billion in FY 04 and \$3.25 billion in FY 05 to feed into the 3 year average for purposes of calculating the FY 06 appropriation limit.
  
- (b) Sets a July 1, 2009 sunset date for the amendment.

**Section 3.**

Provides for the amendment to go before voters in the 2004 general election.

| Variables:                                   |      | Spending Limit Comparison<br>(As passed by House and amended by Sen Fin) |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|--|------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Inflation                                    | 3.0% |  |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Population                                   | 1.0% |  |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|  | 4.0% |  |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|  | 9.0% |  |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| CS HJR 9 (FIN) am<br>(as passed by House)    |      | FY02   | FY03  | FY04  | FY05  | FY06  | FY07  | FY08  | FY09  | FY10  | FY11  | FY12  | FY13  | FY14  | FY15  | FY16  | FY17  | FY18  | FY19  |
| annual growth                                |      | 3,297  | 3,213 | 3,300 | 3,400 | 3,564 | 3,602 | 3,729 | 3,839 | 3,959 | 4,058 | 4,188 | 4,308 | 4,435 | 4,561 | 4,698 | 4,834 | 4,976 | 5,121 |
| annual % change                              |      |  |       |       | 362   | 164   | 37    | 128   | 110   | 120   | 100   | 130   | 120   | 127   | 127   | 137   | 136   | 142   | 145   |
|  |      |  |       |       |       |       | 1.05% | 3.54% | 2.94% | 3.12% | 2.52% | 3.20% | 2.85% | 2.94% | 2.86% | 3.00% | 2.89% | 2.93% | 2.91% |
|  | 9.0% |  |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| CS HJR 9 (FIN) am<br>(as amended by Sen Fin) |      | FY02   | FY03  | FY04  | FY05  | FY06  | FY07  | FY08  | FY09  | FY10  | FY11  | FY12  | FY13  | FY14  | FY15  | FY16  | FY17  | FY18  | FY19  |
| annual growth                                |      | 3,143  | 3,046 | 3,150 | 3,250 | 3,393 | 3,432 | 3,558 | 3,661 | 3,773 | 3,870 | 3,994 | 4,107 | 4,228 | 4,349 | 4,479 | 4,608 | 4,744 | 4,882 |
| annual % change                              |      |  |       |       | 2,861 | 143   | 39    | 126   | 102   | 112   | 97    | 124   | 113   | 121   | 121   | 130   | 129   | 135   | 138   |
|  |      |  |       |       |       |       | 1.14% | 3.68% | 2.88% | 3.06% | 2.58% | 3.20% | 2.83% | 2.95% | 2.87% | 2.99% | 2.88% | 2.94% | 2.92% |

FY05 Conference Committee numbers after exemptions. The difference (\$362 or \$389) is to allow for all circumstances that may arise in the FY05 final budget and for expected growth such as PERS/TRS & medicaid in the next several years.



AMENDMENT # 1A

OFFERED IN THE HOUSE  
TO: HJR 103

BY REPRESENTATIVE GARA

- 1 Page 1, lines 9 - 10:  
2 Delete "the lesser of  
3 (1) seventy-five percent of"  
4  
5 Page 1, line 11:  
6 Delete "(A)"  
7 Insert "(1)"  
8  
9 Page 1, line 14:  
10 Delete "(B)"  
11 Insert "(2)"  
12  
13 Page 2, line 1:  
14 Delete "; or"  
15 Insert "."  
16  
17 Page 2, lines 2 - 4:  
18 Delete all material.  
19  
20 Page 3, line 16:  
21 Delete "."  
22 Insert ";"  
23

24  
5r

Amendment # 1 B

1 Page 3, following line 16:

2 Insert a new paragraph to read:

3 "(15) that portion of an appropriation for elementary or secondary  
4 public school operations that exceeds the amount appropriated for the immediately  
5 preceding fiscal year for elementary or secondary public school operations."

3 y McGuire  
4 n

Gruenberg moved to divide

Logic:  
Inflation has caused education funding to  
be underfunded by \$50 million until this year.

23-GH2167A.1  
Cook  
6/22/04

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE MCGUIRE

TO: HJR 103

1 Page 1, line 1:

2 Delete "amendments"

3 Insert "an amendment"

4

5 Page 1, line 6, through page 3, line 29:

6 Delete all material and insert:

7 "Section 16. Appropriation Limit. Appropriations for a fiscal year shall not  
8 exceed the amount available for appropriation during that fiscal year. The following  
9 are excluded from this section:

10 (1) amounts in or transferred from the permanent fund that are  
11 available for appropriation or are appropriated; and

12 (2) amounts in the budget reserve fund or appropriated from the fund  
13 under Section 17 of this article."

14

15 Page 3, line 30:

16 Delete "amendments"

17 Insert "amendment"

*Not offered*

23-LS2032A  
Cook  
6/17/04

*Amendment #2*

**HOUSE JOINT RESOLUTION NO.**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-THIRD LEGISLATURE - FIRST SPECIAL SESSION**

**BY REPRESENTATIVE BERKOWITZ** *Gara & Gruenberg*

Introduced:  
Referred:

**A RESOLUTION**

1 **Proposing an amendment to the Constitution of the State of Alaska relating to an**  
2 **appropriation limit.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** Article IX, sec. 16, Constitution of the State of Alaska, is repealed and  
5 readopted to read:

6 **Section 16. Appropriation Limit.** General fund appropriations by the  
7 legislature shall not exceed anticipated revenue.

8 \* **Sec. 2.** The amendment proposed by this resolution shall be placed before the voters of  
9 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the  
10 State of Alaska, and the election laws of the state.

*24*  
*5A*

ing philosophies concerning the propriety of making cash payments directly to residents, which this sec-

tion expressly reserves to it. 1983 Op. Att'y Gen. No. 01.

**NOTES TO DECISIONS**

**Expectancy is not a financial interest.** — In a suit in federal court seeking injunctive relief barring state trial judges and jurors from deciding a dispute over royalties allegedly due from a plaintiff corporation to the state for oil drilled on state land, where the plaintiff contended that its counterclaims in the royalty litigation might conceivably affect the quantity of money in Alaska's Permanent Fund, and where the United States District Court Judges for this District of Alaska received dividends, as do all resident Alaska judges, recusal of the judge was not warranted because the expectancy a citizen has in receiving Per-

manent Fund dividends is not a financial interest but is subject to legislative whim. *Exxon Corp. v. Henry*, 792 F. Supp. 72 (D. Alaska 1992).

Quoted in *Williams v. Zobel*, 619 P.2d 422 (Alaska 1980); *Alaska Oil Co. v. Alaska*, 45 Bankr. 356 (Alaska 1985); *State v. Anthony*, 810 P.2d 155 (Alaska 1991); *State, Dept of Revenue v. Cosio*, 858 P.2d 621 (Alaska 1993).  
 Stated in *Zobel v. Williams*, 457 U.S. 55, 102 S.Ct. 2309, 72 L. Ed. 2d 672 (1982).

Cited in *United States v. Pleier*, 849 F. Supp. 132 (D. Alaska 1994).

**Section 16. Appropriation Limit.** Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

**Effective dates.** — This section took effect December 24, 1982 (12th Legislature's FSS FCCSSJR 4 (1981)).

**Opinions of attorney general.** — This section imposes an appropriation limit rather than a spending limit. The legislature may make appropriations which exceed available revenues, but obligations may not be paid under those appropriations unless there is enough surplus money available in the treasury. 1983 Op. Att'y Gen. No. 01.

There is history which supports a liberal interpretation of the term "capital project" as used in this section. 1983 Op. Att'y Gen. No. 01.

If the legislature enacts any other distribution program which is consistent with the intent of the permanent fund dividend law (AS 43.23), any appropriation to implement that program will be exempt from the appropriation limit of this section. 1983 Op. Att'y Gen. No. 01.

If the legislature provides that an appropriation may not be expended until a later fiscal year, the

appropriation should be counted only against the limit for that later fiscal year. 1983 Op. Att'y Gen. No. 01.

The one-third appropriation allocation reserved for capital projects and loan appropriations may be disregarded when economic conditions impose a total appropriation limit which is more restrictive than that set out in this section. 1983 Op. Att'y Gen. No. 01.

Appropriations that are available for expenditure in a fiscal year should be counted only against the appropriation limit of this section for the first fiscal year during which they could be completely expended. This should be done even if an unexpended balance is carried forward into the next fiscal year; that balance must be considered obligated for the purposes of the appropriation limit. 1983 Op. Att'y Gen. No. 01.

Appropriations to retire municipal general obligation, school bond indebtedness under AS 14.11 are "required" and qualify as an exception to the spending limit of this section. 1983 Op. Att'y Gen. No. 01.

**Section 17. Budget Reserve Fund.** (a) There is established as a separate fund in

the State treasury the bi permanent fund under Sec July 1, 1990, as a result administrative proceeding lease bonuses, rentals, royalties or bonuses, or property, shall be deposited shall be invested so as to yi shall be retained in the fun the fund under this subse authorized under (b) or (c).

(b) If the amount availat appropriated for the previou reserve fund. However, the may not exceed the amo appropriation, to provide fo made in the previous calen

(c) An appropriation from upon affirmative vote of thr

(d) If an appropriation i appropriated is repaid, the ation at the end of each suc fund. The legislature shall i

**Effective date.** — This section t January 2, 1991 (16th Legislature' (Fin) am H (1990).)

**Opinions of attorney general.** — This section clearly and unambiguously sta to revenues received after July 1 retrospectively to settlement proce the beginning of fiscal year 1990. This section did not take effect until Jan Op. Att'y Gen. No. 2.

This section did not repeal the reserve fund established by AS ; statutory fund continues in effect repealed by the legislature. 1993 Op.

- I. Administrative Proceedings.
- II. Appropriation Amounts.
- III. Applications.

**I. ADMINISTRATIVE PRO**

**Attributes.** — Attributes of an a ceeding include: 1) a dispute must ment reflecting the fact of the dispu function similar to that of a complain or an accusation or statement of Administrative Procedure Act, AS must be served by one party on the o the document must set in motion scribed by statute or regulation ; dispute will ultimately be resolved. 872 P.2d 171 (Alaska 1994).

**Rulemaking proceedings.** — Rulemaking administrative procee not included within the meaning of istrative proceeding" used in subsec

SB

8



# CSSB 8(JUD)

*" An Act relating to tampering with public records."*

Senator Bettye Davis

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 8  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Law  
Title "An Act relating to tampering with public BRU Criminal Division  
records." Component All  
Sponsor Senator Davis  
Requester Senate HESS Committee Component No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

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

| OPERATING EXPENDITURES | FY 2004    | FY 2005    | FY 2006    | FY 2007    | FY 2008    | FY 2009    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                      |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|

|                        |  |  |  |  |  |  |
|------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES ( ) |  |  |  |  |  |  |
|------------------------|--|--|--|--|--|--|

**FUND SOURCE (Thousands of Dollars)**

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

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

This bill increases the penalty to a C felony for knowingly making a false entry in or falsely altering a public record; or knowingly destroying, mutilating, suppressing, concealing, removing, or otherwise impairing the verity, legibility, or availability of a public record, knowing that the person lacks the authority to do so, if the public record relates to a child under 18 years of age in the care or custody of the state. This crime of tampering with public records is currently a class A misdemeanor.

Anytime a misdemeanor crime is changed to a felony, the costs of prosecution increase. However, the Department of Law does not expect many of these new felony prosecutions to arise, and does not anticipate a fiscal impact from passage of this legislation.

Prepared by: Joan M. Kasson Phone (907) 465-5370  
Division Attorney General's Office Date/Time 3/4/03 2:33 PM  
Approved by: Kathryn Daughhete for Gregg D. Renkes, Attorney General Date 3/4/2003  
Agency Department of Law

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSSB 8  
(S) Publish Date: 5/7/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title: An Act related to tampering with BRU: Legal and Advocacy Services  
public records Component: Public Defender Agency  
Sponsor: Senators Dyson & Davis  
Requester: (S)HESS Committee Component No.: 1631

**Expenditures/Revenues (Thousands of Dollars)**

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

| OPERATING EXPENDITURES | FY 2004    | FY 2005    | FY 2006    | FY 2007    | FY 2008    | FY 2009    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                      |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|

|                        |  |  |  |  |  |  |
|------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES ( ) |  |  |  |  |  |  |
|------------------------|--|--|--|--|--|--|

**FUND SOURCE (Thousands of Dollars)**

| FUND SOURCE                             | FY 2004    | FY 2005    | FY 2006    | FY 2007    | FY 2008    | FY 2009    |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts                   |            |            |            |            |            |            |
| 1003 GF Match                           |            |            |            |            |            |            |
| 1004 GF                                 |            |            |            |            |            |            |
| 1005 GF/Program Receipts                |            |            |            |            |            |            |
| 1037 GF/Mental Health                   |            |            |            |            |            |            |
| Other (Specify Type--Do not abbreviate) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2003) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** *(Attach a separate page if necessary)*  
These two bills, when combined, would amend the crime of tampering with public records in the first degree, a C felony, to include knowingly making a false entry in or falsely altering a public record, or knowingly tampering with a public record, knowing that the person lacks the authority to do so, when the public record relates to child in the state's legal custody, or when the violation is with the intent to conceal a fact material to an investigation or services provided under child protective, juvenile delinquency, or vulnerable adult laws. Currently the offense of tampering with public records is an A misdemeanor. Representing an indigent defendant on a felony charge is generally more costly than a misdemeanor charge, however, the Agency does not anticipate many prosecutions for this new offense that would involve Agency appointment. Therefore, a zero fiscal impact.

Prepared by: Linda K. Wilson, Deputy Director Phone: (907)-334-4416  
Division: Public Defender Agency Date/Time: 5/6/03 4:32 PM  
Approved by: Mike Miller, Commissioner Date: 5/6/2003  
Agency: Department of Administration

# Alaska State Legislature

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## Senator Bettye Davis

### Senate Bill 8

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## Sponsor Statement

# Alaska State Legislature

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<http://www.akdemocrats.org>

## Senator Bettye Davis

Senate Bill 8

" An Act relating to tampering with public records."

### Sponsor Statement

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*The tampering of public records at any time is illegal and can create problems and set in motion a series of unintended consequences. However when the tampering involves the records of a child under the age of 18 or vulnerable adults in the care or custody of the state those consequences can be grave.*

*Accurate and honest record keeping are of paramount importance to the state in the decisions that must be made for our most vulnerable citizens. The mere fact that these individuals are already in the care or custody of the state suggests that they must be handled with extra care. We must take that extra step to insure all records dealing with their care are maintained with highest standard of integrity.*

*I ask for your support in the passage of this important legislation.*

# Alaska State Legislature

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## Senator Bettye Davis

### Senate Bill 8

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## Sectional Analysis

### Changes within Statute

### Areas in Title 47 Impacted by Bill

### Sentences of Imprisonment for Felonies