

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 86/2
10999 HOUSE RULES

1 **COPIES** of this resolution shall be sent to the Honorable Chen Shui-bian, President of
2 the Republic of China; the Honorable George W. Bush, President of the United States; the
3 Honorable Colin Powell, United States Secretary of State; the Honorable Tommy Thompson,
4 United States Secretary of Health and Human Services; the World Health Assembly; the
5 World Health Organization; Jack K. C. Chiang, Director General, Taipei Economic and
6 Cultural Office, 2001 Sixth Avenue, Suite 2410, Seattle, WA 98121; and to the Honorable
7 Ted Stevens and the Honorable Lisa Murkowski, U.S. Senators, and the Honorable Don
8 Young, U.S. Representative, members of the Alaska delegation in Congress.

April 26th, 2004

Am #1
Adopted

Proposed Amendment to HJR 48 – Conforming to Senate Amendments

- Purpose of Amendment: For clarification – Adding on Taiwan following the Republic of China throughout the Resolution, and substituting Taiwan for *the Republic of China* where redundant.
- Page 1 line 3: add on Taiwan following “China”
- Page 1 line 4: add on Taiwan following “China”
- Page 1 line 7: add on Taiwan following “China”
- Page 1 line 11: delete [the Republic of China, in]
- Page 1 line 14: delete [the Republic of China] and insert Taiwan
- Page 2 line 1: delete [the Republic of China] and insert Taiwan
- Page 2 Line 4: delete [the Republic of China] and insert Taiwan
- Page 2 line 9: delete [the Republic of China] and insert Taiwan
- Page 2 line 12: delete [the Republic of China] and insert Taiwan
- Page 2 line 13: delete [the Republic of China] and insert Taiwan
- Page 2 line 16: delete [the Republic of China] and insert Taiwan
- Page 2 line 25: add on Taiwan following “China”
- Page 2 line 28: add on Taiwan following “China”
- Page 2 line 31: add on Taiwan following “China”

FISCAL NOTE

Adopted

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HJR 48
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
Title "Sending a message of goodwill to BRU Legislative Council
President Chen Shui-bian, and reaffirming the Alaska..." Component: Council and Subcommittees
Sponsor "House Rules Comm by Request..of..EDT" Session Expenses
Requestor House Rules Committee Component No. 783

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	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0

Check 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 legislation has zero fiscal impact on the Legislative Affairs Agency.

Prepared by: Karla Schofield, Deputy Director
Division: Administrative Services
Approved by: Pamela Varni, Executive Director
Agency: Legislative Affairs Agency

Phone 465-6626
Date/Time 4/27/04 10:23 AM
Date 4/27/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHJR 48(RLS)
 (H) Publish Date: 4/30/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
 Title: "Sending a message of goodwill to BRU: Legislative Council
President Chen Shui-bian, and reaffirming the Alaska..." Component: Council and Subcommittees
 Sponsor: "House Rules Comm by Request..of..EDT" Component: Session Expenses
 Requestor: House Rules Committee Component No.: 783

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	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

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

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Prepared by: Karla Schofield, Deputy Director
 Division: Administrative Services
 Approved by: Pamela Varni, Executive Director
 Agency: Legislative Affairs Agency

Phone 465-6626
 Date/Time 4/27/04 10:23 AM
 Date 4/27/2004

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Alaska State Legislature
REPRESENTATIVE CHERYLL BOREN HEINZE
Chair: Economic Development; International Trade & Tourism

Sponsor Statement HJR 48

The Republic of China in Taiwan is an important trading partner of the State of Alaska. The President of Taiwan, Chen Shui-bian visited the State of Alaska last November to reinforce the relationship between the State of Alaska and the Republic of China in Taiwan.

This resolution reaffirms the Alaska State Legislature's action in Legislative Resolve 29, which encouraged the United States Congress to endorse a request by the Republic of China in Taiwan to be granted Observer Status at the World Health Organization. Legislative Resolve 29 also encouraged the United States Congress to negotiate a free trade agreement with Taiwan.

SJR 34 reaffirms, Legislative Resolve 29 and sends a message of goodwill to the President of Taiwan Chen Shui-bian for his reelection.

TAIWAN'S PRESIDENT VISITS ALASKA

President Chen Shui-bian of the Republic of China, and his delegation, will visit Alaska on November 4th and 5th. Alaska will be the last stop of his 7-day trip. During Chen fourth trip overseas, he will first stop in New York City to receive a Human Rights Award and then continue on to Panama to celebrate the country's anniversary.

Upon his return, Chen will stop in Alaska on the invitation of Gov. Frank Murkowski. While in Anchorage, the president will tour some of Alaska's majestic sights and work on strengthening economic ties.

Alaska and Taiwan have an especially good relationship. Since 1989, the state has had trade representation in Taiwan. The two regions are natural trade partners given that Taiwan lacks the abundant natural resources present in Alaska. In 2002, Alaska exported \$22 million dollars worth of products to Taiwan, primarily seafood and forest products.

Chen's first stop will be New York City where the International League for Human Rights (ILHR) will honor him. The ILHR Chairman, Scott Horton, will present the prestigious Human Rights Award to Chen for his extraordinary contributions in promoting Taiwan's human-rights development. Past award recipients have included the Dalai Lama and the former South African President, Nelson Mandela.

The president will then travel to Panama to execute some free-trade agreement between the two countries and to join the country's anniversary celebration.

Chen will fly into Anchorage at 6pm Tuesday and meet with the local Taiwanese-American community that evening. The next day, Gov. Murkowski will host a luncheon in the president's honor at the Alyeska Resort in Girdwood, Alaska.

Chen had hoped to make this trip in May, but delayed the trip due to worldwide fear of SARS and to handle Taiwan's domestic infections.

Last Update: November 1, 2003

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Taken Questions
Office of the Spokesman
Washington, DC
May 10, 2002
Taken Questions from May 10, 2002 Daily Press Briefing

Taiwan: Observer Status at the World Health Organization

Question: What is the U.S. position on Taiwan observership in the World Health Organization (WHO)?

Answer: We support the goal of Taiwan's participation in the work of the World Health Organization (WHO), including observership, and have long worked closely with Taiwan authorities to advance that objective.

We have urged the WHO and its members to find appropriate ways for Taiwan to participate, including observership. We will continue to do so.

Question: Has the State Department responded to a recent letter from Congress on this issue

Answer: We have received letters from a number of senators and congressmen and are in the process of replying.

[End]



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For Immediate Release
Office of the Press Secretary
March 26, 2004

Statement on Taiwan Elections
Statement by the Press Secretary
Announcement of Election Results on Taiwan

We join the American people in congratulating the people of Taiwan on the successful conclusion of their March 20 presidential election. Taiwan's Central Election Commission on March 26 officially proclaimed that Mr. Chen Shui-bian has won reelection, and we congratulate Mr. Chen on his victory.

We recognize that there are pending legal challenges to the results of the March 20 election. We applaud the people of Taiwan for embracing established legal mechanisms and rejecting extra-legal options to resolve their differences. We reject calls for violence, which threaten the very democratic principles to which we and the people of Taiwan are committed.

The maintenance of peace and stability in the Taiwan Strait and the welfare of the people of Taiwan remain of profound importance to the United States. To advance these goals, the United States will fulfill its obligations under the Taiwan Relations Act. It falls to Taiwan and Beijing to build the essential foundations for peace and stability by pursuing dialogue through all available means and refraining from unilateral steps that would alter Taiwan's status.

We will continue to maintain close unofficial ties with the people on Taiwan through the American Institute in Taiwan in accordance with our one China policy, as embodied in the Taiwan Relations Act and our three Joint Communiqués with the People's Republic of China.

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Return to this article at:
<http://www.whitehouse.gov/news/releases/2004/03/20040326-6.html>

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Governor Murkowski 

Press Archive

State of Alaska > Governor > News > News Archive

Taiwan Power, Steel Consider AK Coal

 [Taiwan Delegation Mission, 65.5k mp3](#) [More Audio](#)

FOR IMMEDIATE RELEASE: March 11, 2004 No.04-039

Taiwan Power, Steel Industries Consider Alaska Coal Governor's Efforts Pay Off in Trade Delegation of Technical Experts

(Anchorage) – Governor Frank H. Murkowski's efforts to improve trade opportunities with Pacific Rim nations paid off this week, as a delegation from Taiwan's power and steel industries visited to examine technical issues surrounding the potential development of Southcentral Alaska's vast coal reserves.

Representatives from TaiPower and China Steel, Taiwan's government-owned electrical generating and steel-making companies, arrived in Anchorage Saturday for four days of meetings with private business officials and state development agencies to explore prospects for exporting coal from the Beluga Point deposits west of Anchorage.

"I am very encouraged to see that our efforts at fostering closer personal, business and economic ties with our friends in Taiwan continue to open up new opportunities for Alaskans and Alaska's resources," Murkowski said. "The value of our exports increased by 9 percent last year, most of it to Asian markets. Trade visits like this are essential if we are to continue using our natural resources to generate the jobs, revenue and economic stability our state needs."

The Taiwan delegation includes TaiPower vice president Kuei-Ming Chen and China Steel purchasing manager Chine-Jine Hsiao. They and their colleagues, most of them technical and resource experts, met with the governor, the Office of International Trade, the Department of Natural Resources, and the Alaska Industrial Development and Export Authority.

They also met with representatives of Arctic Slope Regional Corporation, the Alaska Natural Gas Development Authority, Resource Development Council of Alaska, the Alaska Miners Association, and with representatives of Usibelli Coal Mine and Placer Dome. They also met with representatives of two private businesses, PacRim Coal, and KFx Inc., both interested in developing the Beluga coal for Asian markets.

Bob Stiles, development manager for PacRim Coal, a Texas-based company that has invested \$40 million on engineering, environmental and permitting work to market Alaska coal to Asian markets, credited Murkowski's personal diplomacy for attracting Taiwan's interest in Alaska's coal.

The governor advocated Alaska's energy and resources industries in Taiwan, Japan, Korea and Hong Kong during a trade mission last October. A month later, Murkowski welcomed Taiwan President Chen Shui-bian and Taiwan businessmen to Alaska.

"We've been working on the Taiwan market for 20-plus years, but as a result of Governor Murkowski's relationship with the president of Taiwan, we got these companies to take another look at Alaska coal as a potential fuel supply," said Stiles. "There's a very positive long-term potential for Alaska coal in the Taiwan market."

The Usibelli mine in Healy has sold coal to South Korea for decades, and the Beluga field



Photo archive: Addressing the opening of a two-day Syndrome Summit. Frank Murkowski and Nancy Murkowski address the issue of distress at the level especially among the elderly and pledged their support for medical and behavioral professionals working with FAS, the only preventable cause of fetal alcohol syndrome. The two shared the podium with Governor Casto, state manager of the Department of Health and Early Intervention Services. [Enlarge](#)

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represents another export opportunity, said Stiles, whose company controls rights to more than 700 million metric tons in the Beluga Point deposits west of Anchorage. Other coal reserves in the area are controlled by a joint venture company involving Placer Dome, the Vancouver B.C.-based mining company developing the Donlin Creek mine, and CIRI Inc., an Alaska Native regional corporation. While Alaska's sub-bituminous coal is ultra-low sulfur – less than two-tenths of one percent – most Asian coal buyers prefer coal with less than the 25 percent moisture content of the Beluga coal, Stiles said.

Technological advances over the past 15 years now make it possible to economically process the low-quality Beluga coals into a premium energy fuel. This could be the key to finally developing the vast coal fields near Anchorage, which have laid dormant for 30 years. Rick Van Zyl, proposals director for KFX, who previously worked on coal technology projects in South Africa, noted that Beluga coals processed to Taiwan's specifications could open up a new area of trade for Alaska.

"We hope we can give Taiwan coal users what they want at a competitive price, unlocking the potential here in Alaska and improving the energy security of Taiwan," Van Zyl said.

Margy Johnson, director of the state's Office of International Trade, said that such challenges can be overcome but only after establishing positive business and political relationships.

"Japan, South Korea and Taiwan are natural customers for Alaska's resources, and their markets represent growing export opportunities," Johnson said. "Seeing this kind of on-the-ground expression of interest from the largest government corporations in Taiwan is a strong indication that we are continuing to make progress in marketing our resources to the Pacific Rim."

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For more information, contact Office of International Trade Director Margy Johnson at 269-8110.

- » Taiwan Delegation Mission (65.5k mp3) - Margy Johnson, director of the governor's office of international trade, characterizes the Taiwan delegation visit as a preliminary, but important, step in developing markets for Alaska's Beluga coal. :16 "...and sellers together."
- » Alaska's Coal Resources (59.7k mp3) - Stan Foo, the Department of Natural Resources' mining section chief, says Alaska has plenty of coal to entice new customers. :13 "...some additional resources."
- » China Steel Would Consider AK Coal (197.3k mp3) - Chine-Jine Hsiao, purchasing manager for Taiwan's government-owned steelmaking industry, says that his company would be happy to buy Alaska's coal, if it can be brought up to his industry's standards for use in steel-making, as supplies of coking coal are tightening becoming less abundantly available to Taiwan. : 49 "...to buy this."
- » Taiwan Power Seeks Broader Coal Supplies (202.6k mp3) - Kuei-Ming Chen, vice president of Taiwan's government-owned power generating company, says Alaska coal is well-positioned for sale to Taiwan, once technical means are identified to process the coal for Asian market specifications. :50 "...marketplace in Asia

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Office of the Governor Box 110001 Juneau, AK 99811 907.465.3500 465.3532 fax

Taiwan utility reps scout Alaska coal

By the Journal of Commerce
Publication Date: 03/22/04

Taiwanese utility and steel company officials were in Alaska March 6 through March 12 talking with owners of coal deposits in the state.

Coal prices in Pacific Rim markets are increasing, and importers in manufacturing nations like Taiwan are looking for alternative supplies.

Kuei-Ming Chen, vice president of Taipower, Taiwan's government-owned power utility, said his company imports 24 million tons of coal yearly and would like to buy Alaska coal if the price terms are right.

Taipower is now the largest single coal purchaser in Asia, he said.

Chine-Jine Hsiao, purchasing manager for China Steel, said his company buys eight million tons of coal yearly. He is particularly interested in Alaska as a source of coking coal, which is used in steel-making.

The delegation was hosted by state of Alaska officials, who handled introductions to Alaska firms. Margy Johnson, head of the state Office of International Trade, coordinated the visit by the delegation.

Bob Stiles, president of PacCom Coal, a company formed to market coal from Alaska to Asia, credited Gov. Frank Murkowski's personal diplomacy with Taiwanese government leaders in getting the utility and steel officials to Alaska.

"We've been working on the Taiwan market for 20 years, and as a result of the governor's relationships there we got these companies to take another look at Alaska as a potential fuel supply source," Stiles said.

Stiles' company holds rights to 700 million metric tons of coal deposits in the Beluga coal fields west of Anchorage. The Taiwan companies also met with Usibelli Coal Mine, Inc., owners of the state's only producing coal mine at Healy, Placer Dome Inc., which also owns coal in the Beluga fields, and Arctic Slope Regional Corp., which owns large coal deposits on the western North Slope.

Click here to return to story:
http://www.alaskajournal.com/stories/032204/loc_20040322002.shtml

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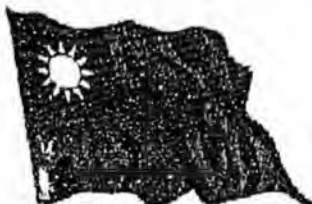
Alaska Department of Community and Economic Development
Trade and Development
 Alaska State Home Page
 Department Home Page
 Division Home Page

Alaska Time **Mon Apr 26 13:01:18 L** Taipei, Taiwan **Tue Apr 27 05:01:18 L**

Taiwan

- Current Information
- Taiwan Information and Export Overview
- Seafood Exports
- Forest Products Exports
- Transportation
- Technical Services
- Frequently Used Links to Other Web Sites

Taiwan Introduction



The Taiwan market for Alaskan commodities and products is important---it helps to diversify Alaska's international exports, which traditionally have gone to two markets, Japan and Korea.

Annual Alaska exports to Taiwan are primarily seafood for both human consumption and for animal feed and forest products. Fertilizer is a major export to Taiwan in some years.

Export \$\$ Million	1998	1999	2000	2001	2002
All Commodities	\$70	\$67	\$47	\$31	\$22*
Fertilizer	\$11	\$8	---	\$12	\$2
Forest Products	\$14	\$11	\$13	\$4	\$2
Seafood	\$2	\$5	\$7	\$4	\$6
Animal Feed	\$3	\$6	\$10	\$8	\$8
Oil Products	\$34	\$32	\$10	\$0	\$0
Other	\$6	\$5	\$7	\$3	\$4

*Partial year reported, January - November 2002.

Taiwan's needs for natural resources makes it a natural trading partner for Alaska. Taiwan purchases seafood, animal feed, forest products and, in some years, significant amounts of fertilizer. The volume of Alaska's exports to Taiwan has declined in response to recent downside in Taiwan's economy.

Taiwan is in a period of transition. Years of rapid economic development ended when the GDP dropped for the first time by 1.9 percent. The GDP for 2003 is expected to swing back to a positive 3.4 percent. Along with Hong Kong, Taiwan is finding that more and more international companies deal directly with Chinese markets and partners, rather than through experienced intermediaries in Taiwan. In addition, major Taiwan companies have moved manufacturing facilities to China. Both these conditions create higher unemployment in Taiwan.

Taiwan seeks to improve its economic conditions by increasing the focus on the technical competencies of its workforce and instituting banking reforms and job creation programs.

Although Taiwan is encountering economic challenges, the 22 million

residents of Taiwan continue to enjoy one of the highest per capita incomes in Asia, US\$12,000. That is encouraging for Alaska's continued exports.

Alaska first established trade representation in Taiwan in 1989 and is one of about two dozen U.S. states active in trade promotion in this market. Alaska's current contract trade representative, Ida Pei-Hua Yao began representing the state in 1996.



Alaska Time **Mon Apr 26 13:01:37** Taipei, Taiwan **Tue Apr 27 05:01:37** L

Taiwan

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- [Forest Products Exports](#)
- [Transportation](#)
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- [Frequently Used Links to Other Web Sites](#)

Alaska Seafood Exports to Taiwan

Export \$\$ Million	1998	1999	2000	2001	2002*
Seafood	\$2	\$5	\$7	\$4	\$6
Animal Feed	\$3	\$6	\$10	\$8	\$8

*Partial year reported, January - November 2002.

The possibilities for export of Alaskan seafood products to Taiwan are increasing. One advantage of Alaska seafood is the growing awareness by Taiwanese consumers of environmental issues, including the healthiness of the foods they eat. Fish oil accounted for over one million dollars of the seafood export to Taiwan in 2002.

The exports of seafood waste/animal feed mean that more of the fish is now being used. Historically, Alaska's seafood exports were only the parts of the fish for human consumption. Now, markets like Taiwan are developing to turn the seafood waste from primary processing operations into animal feed.

Alaska's general international image of "pure and clean," the ability of Alaska farmers to grow crops without pesticide, and the taste and quality of Alaska vegetables combine to create niche opportunities for Alaska's excellent produce in Taiwan's "healthy food" markets. The Division of International Trade & Market Development has worked with the State of Alaska Division of Agriculture and the University of Alaska Fairbanks to promote Alaska potatoes, carrots, and cabbage in Taiwan.

[USDA Foreign Agricultural Service Market Reports for Taiwan](#)

[USDA Foreign Agricultural Service Fisheries Export Guide](#)

HJR

101

COMPARISON OF LANGUAGE FOR H.J.R 101 AND H.J.R 26
House Rules Committee Worksheet

Language Identical

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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 joint resolution proposing amendments to the Alaska Constitution relating to and limiting appropriations from the Alaska Permanent Fund based on an averaged Percent of Market Value (POMV) approach. The question presented to legislators by the joint resolution is whether to allow Alaskans to decide if management of the Alaska Permanent Fund should be modernized to a POMV approach. The POMV approach limits annual spending to five percent of the Alaska Permanent Fund's market value.

If adopted by the voters, the constitutional amendments in this joint resolution would change the way in which amounts available for appropriation from the Alaska Permanent Fund are determined. The joint resolution contains the same provisions as CS House Joint Resolution 26(FIN), which passed the House of Representatives during the second session of this Legislature. Under the provisions of this joint resolution, the Legislature could appropriate an amount that would not exceed five percent of the averaged market values of the Alaska Permanent Fund for the first five of the six fiscal years immediately preceding the fiscal year in which the money is appropriated. The provisions do not allocate the amount available for appropriation for a specific purpose.

I remain convinced that Alaskans expect us to resolve the state's long-term fiscal problem this year. This resolution is an important part of what must be a bipartisan solution to the state's fiscal gap.

I urge your prompt and favorable action on this measure.

Sincerely yours,

Handwritten signature of Frank H. Murkowski in black ink.
Frank H. Murkowski
Governor

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HJR 101
 (H) Publish Date: 6/22/01

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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 preceeding five years.

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 /11:43:00 AM
 Approved by: Steve Porter, Deputy Commissioner Date 6/19/2004
 Agency: Department of Revenue



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.

FN #1, HJR 101

	<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>
Current Statutes												Totals
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	
Total market value end of year (after payouts)	27,433	29,176	30,814	32,393	34,007	35,688	37,431	39,241	41,118	43,065	45,087	45,087
Total lump sum dividend appropriation	512	576	750	924	1,002	1,058	1,114	1,170	1,228	1,288	1,350	10,972
Per person dividend under current statute	\$ 790	\$ 890	\$ 1,160	\$ 1,420	\$ 1,530	\$ 1,600	\$ 1,670	\$ 1,740	\$ 1,810	\$ 1,880	\$ 1,950	\$ 16,440
Transfer status quo inflation-proofing (REA to Principal)	620	643	666	689	713	737	762	787	812	839	865	8,132
POMV - 5% (beginning in FY05)												Totals
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	
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Total market value end of year (after payouts)	26,695	27,707	28,703	29,712	30,730	31,768	32,824	33,900	34,991	36,099	37,224	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 5 % lump sum average market value 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

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.

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

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HJR 101
 (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. _____
 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						
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

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

FUND SOURCE (Thousands of Dollars)

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

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
 Division: Division of Elections
 Approved by: Laura A. Glaiser, Director
 Agency: Office of the Lt. Governor, Division of Elections

Phone 465-5347
 Date/Time 6/18/04 8:44 AM
 Date 6/18/2004



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

Sectional Analysis of WD 0168

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 subparagraph (b) 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 6 - 9. 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.
- 6) Page 2, lines 10 - 12. States that the changes first apply to appropriations for fiscal year 2006.
- 7) Page 2, lines 13 - 15. States that the amendments will be placed before the voters at the next general election.



Alaska Permanent Fund

A Fund overview and discussion of POMV

ACCOUNTABILITY

1

TO ALASKANS, FOR ALASKANS



"To benefit all generations..."

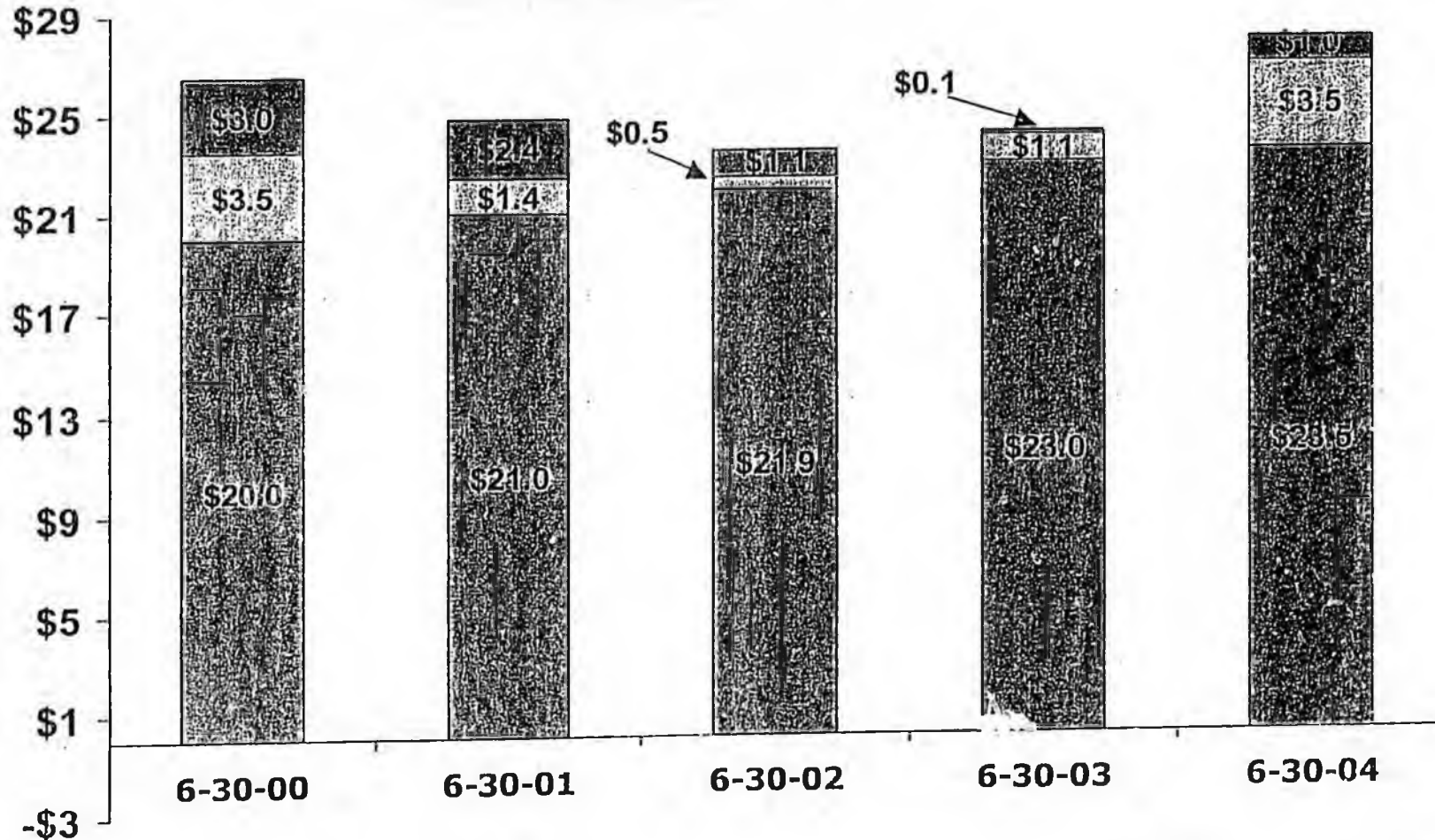
AS 37.13.020 (1)

...the Fund should provide
a means of conserving a portion
of the state's revenue from mineral resources
to benefit all generations of Alaskans.



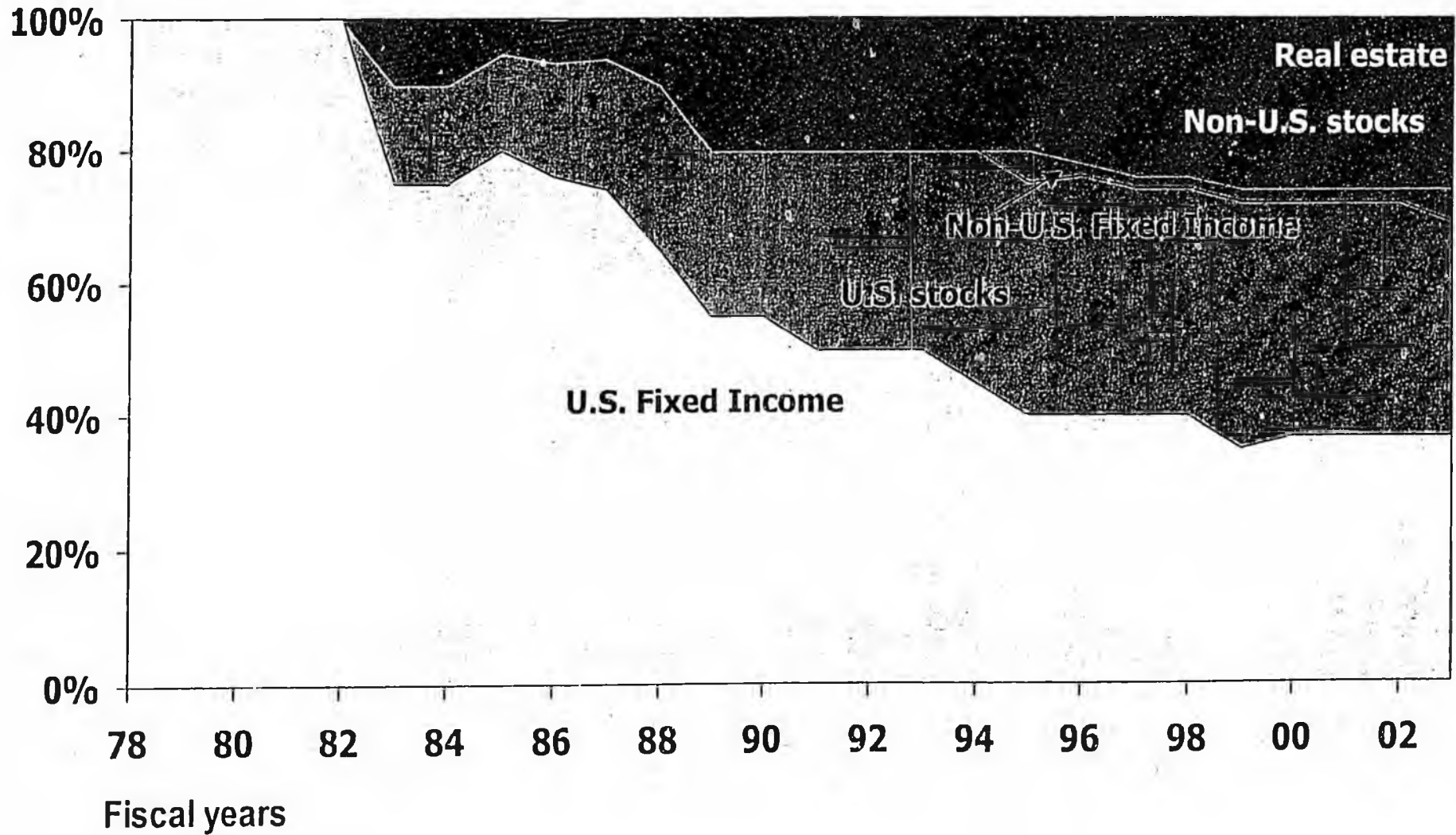
Permanent Fund market value

- Realized income account
- Unrealized earnings
- Contributions





Fund's historical asset allocation





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

	FY94 to FY03	FY05 to FY14
Total return	7.8%	7.6%
Inflation rate	2.5%	2.6%
Real rate of return	5.3%	5.0%

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.

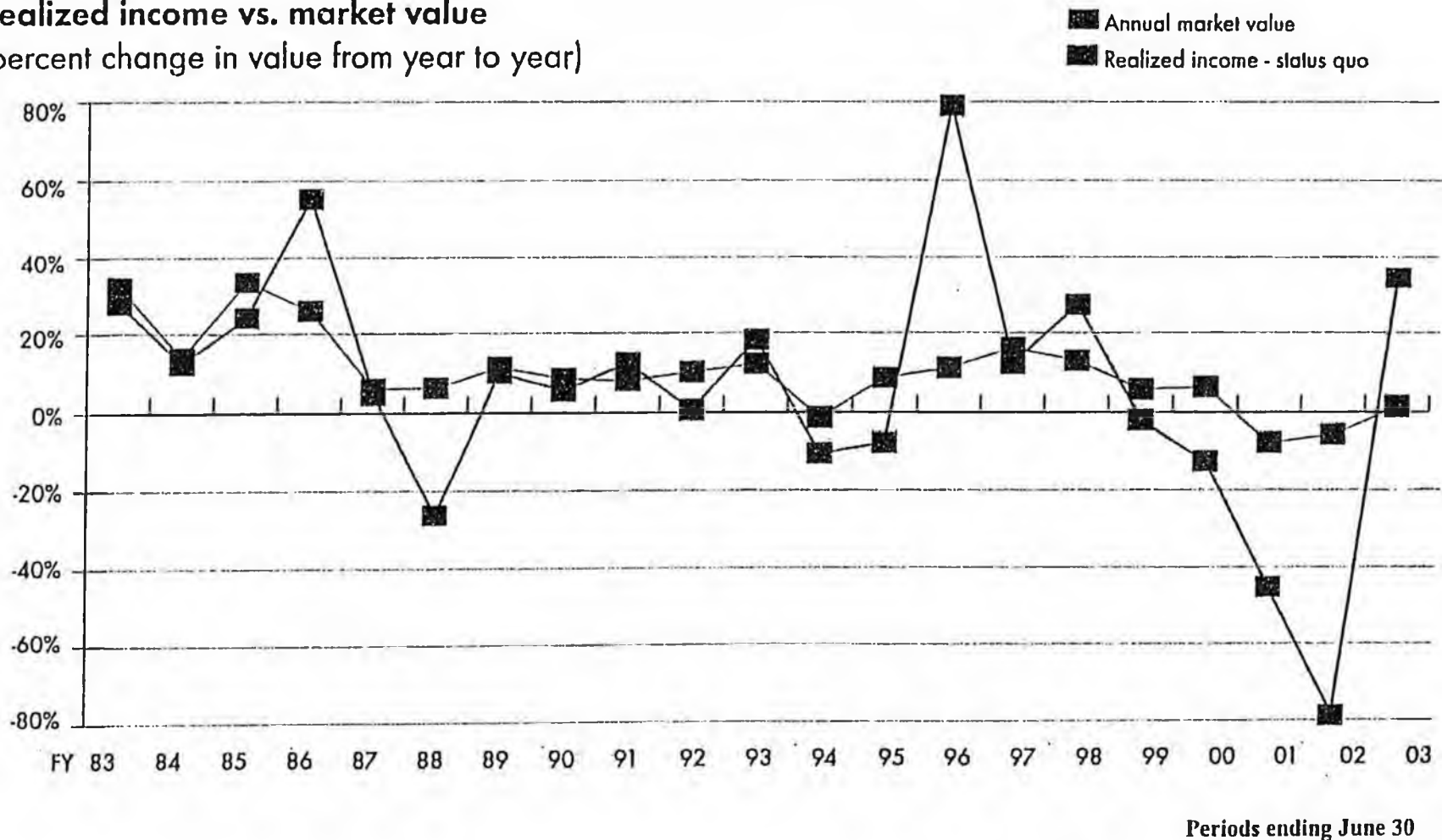


Realized income v. market value

Volatility

Realized income vs. market value

(percent change in value from year to year)



ACCOUNTABILITY



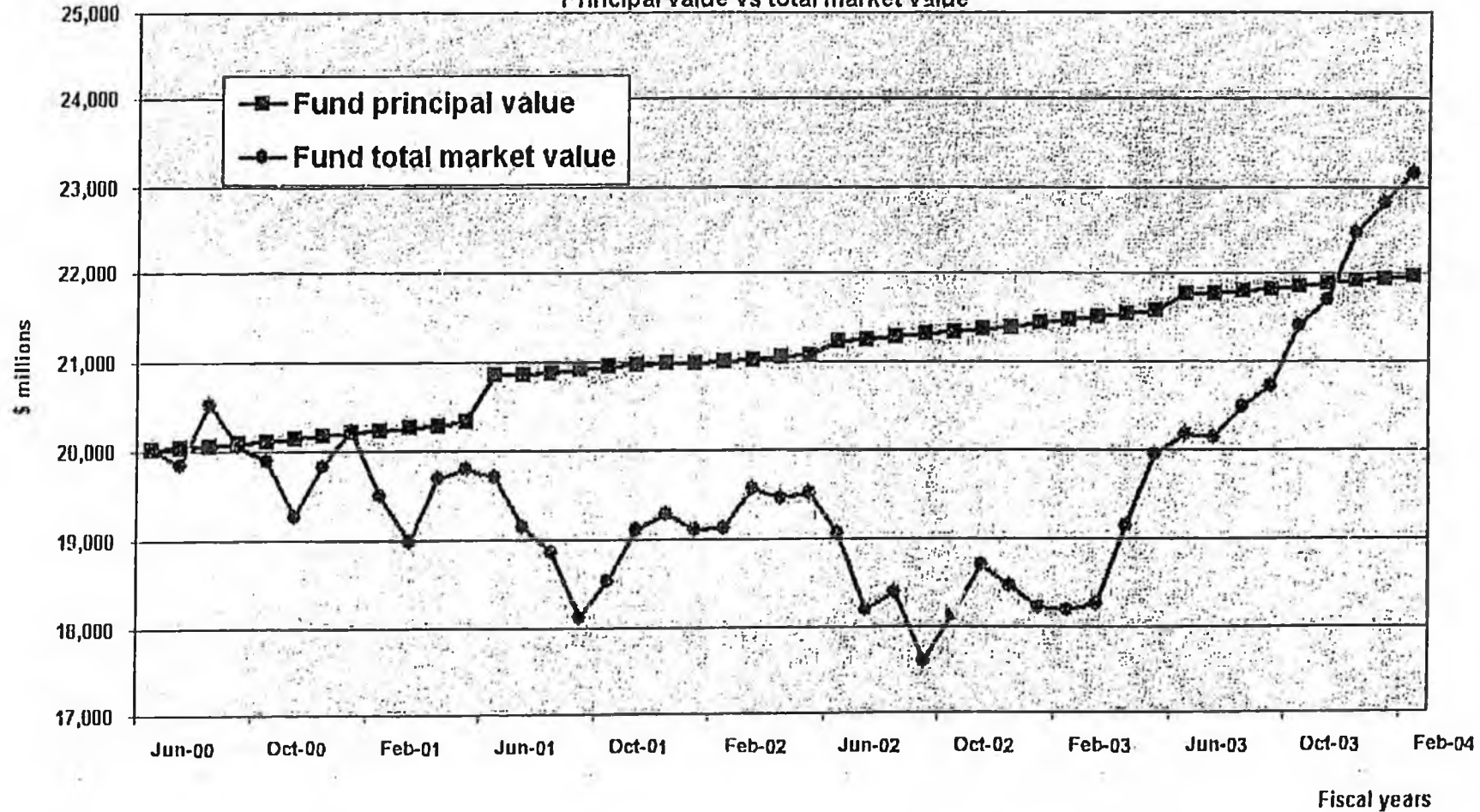
The dangers of overspending

- 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



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
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 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.

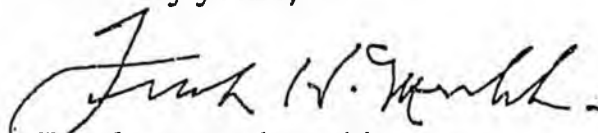
I have separately transmitted to you a joint resolution proposing a "Percent of Market Value" (POMV) amendment to the Alaska Constitution. This bill would make conforming amendments to the enabling act of the Alaska Permanent Fund Corporation necessary to implement that amendment. This bill also would 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 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

AMENDMENT # 1

OFFERED IN THE HOUSE
TO: HJR 101

BY REPRESENTATIVE GARA

- 1 Page 1, line 1: *2 Gara McGuire*
2 Delete "and limiting" *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.

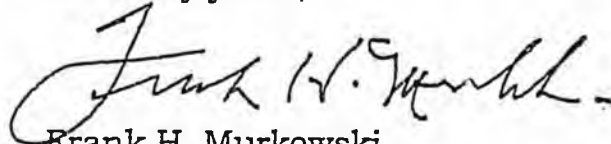
The Honorable Pete Kott
June 21, 2004
Page 2

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

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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
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.

FN #1, HJR 102

	<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>
Current Statutes												Totals
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	
Total market value end of year (after payouts)	27,433	29,176	30,814	32,393	34,007	35,688	37,431	39,241	41,118	43,065	45,087	45,087
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Per person dividend under current statute	\$ 790	\$ 890	\$ 1,160	\$ 1,420	\$ 1,530	\$ 1,600	\$ 1,670	\$ 1,740	\$ 1,810	\$ 1,880	\$ 1,950	\$ 16,440
Transfer status quo Inflation-proofing (REA to Principal)	620	643	666	689	713	737	762	787	812	839	865	8,132
POMV - 5% (beginning in FY05)												Totals
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)	26,695	27,707	28,703	29,712	30,730	31,768	32,824	33,900	34,991	36,099	37,224	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 5 % lump sum average market value 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

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.

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

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						
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

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

FUND SOURCE (Thousands of Dollars)

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

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 10th 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>
POMV - 5% (beginning in FY05)												Totals
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	1,603	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
Governor's proposal												
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.**

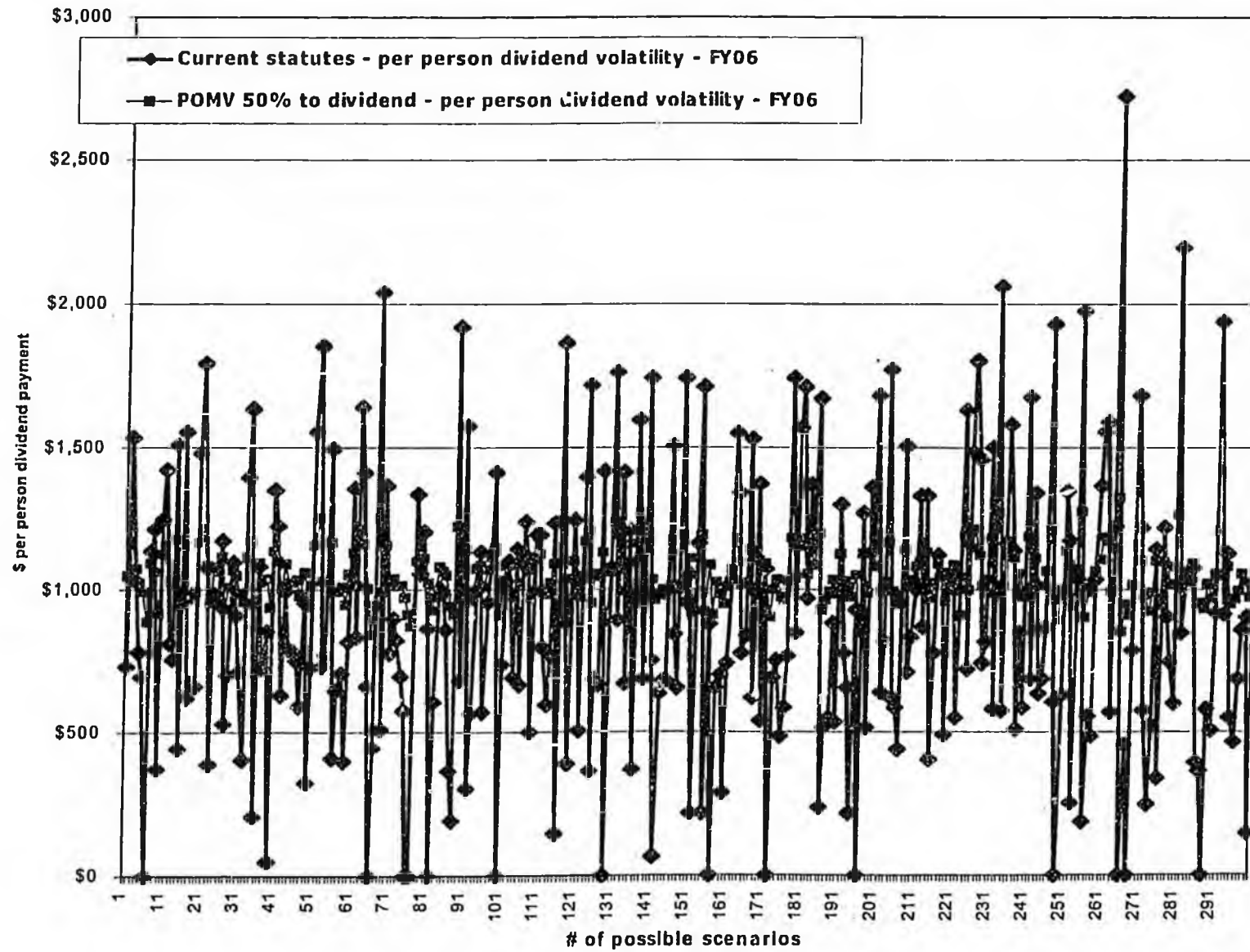
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY05-FY15</u>
Current Statutes												Totals
Contributions & appropriations (principal)	24,452	25,383	26,278	27,189	28,120	29,077	30,053	31,049	32,061	33,090	34,139	
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	
Total market value end of year (after payouts)	27,433	29,176	30,814	32,393	34,007	35,688	37,431	39,241	41,118	43,065	45,087	45,087
Total lump sum dividend appropriation	512	576	750	924	1,002	1,058	1,114	1,170	1,228	1,288	1,350	10,972
Per person dividend under current statute	\$ 790	\$ 890	\$ 1,160	\$ 1,420	\$ 1,530	\$ 1,600	\$ 1,670	\$ 1,740	\$ 1,810	\$ 1,880	\$ 1,950	\$ 16,440
Transfer status quo inflation-proofing (REA to Principal)	620	643	666	689	713	737	762	787	812	839	865	8,132
POMV - 5% (beginning in FY05)												Totals
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)	26,695	27,707	28,703	29,712	30,730	31,768	32,824	33,900	34,991	36,099	37,224	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 5 % lump sum average market value 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

Assumptions:

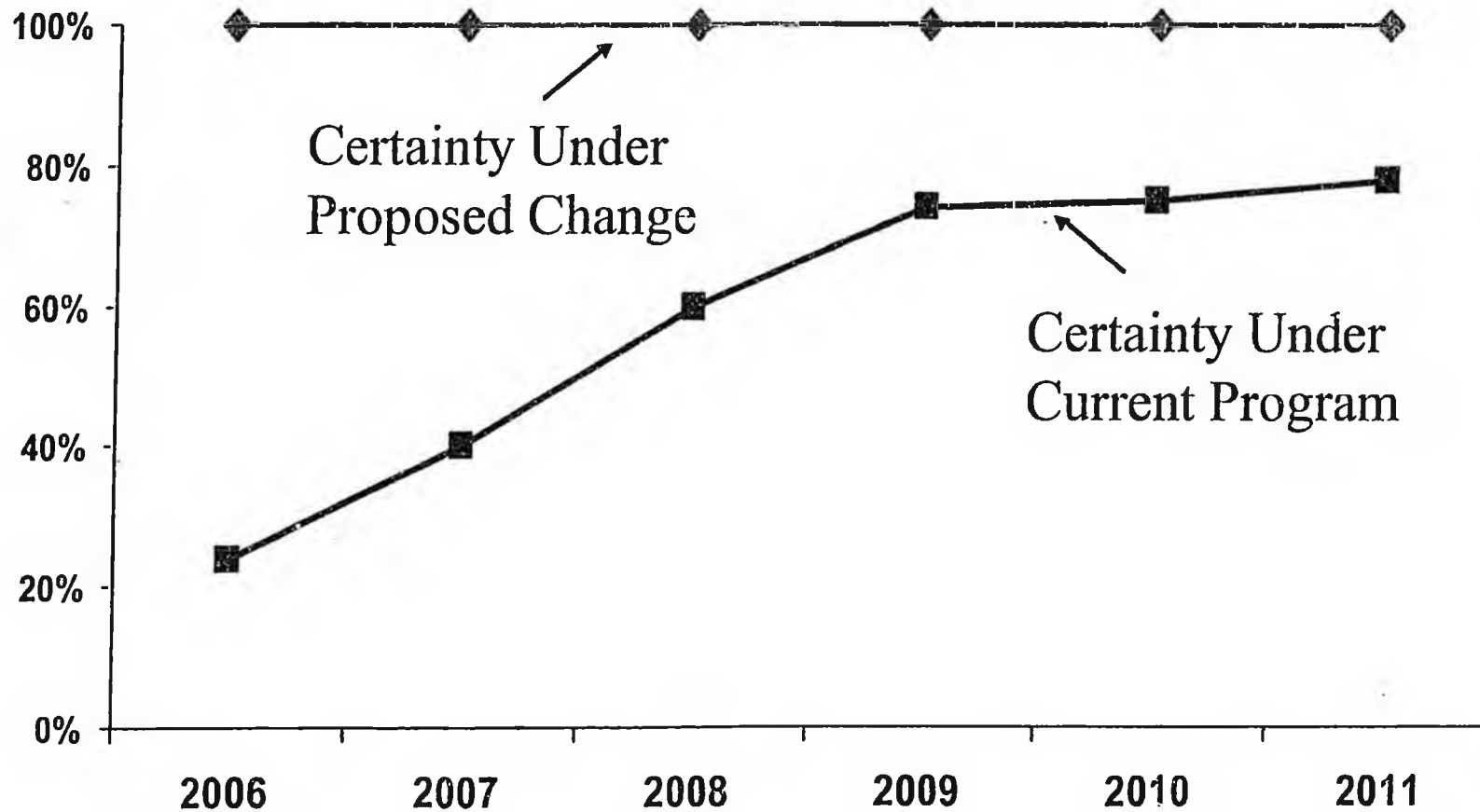
Callan Associates 2004 Capital Market Assumptions, APFC 2004 asset allocation, Spring 2004 revenue forecast, financial statements through 06/30/03. All payouts are assumed to happen at fiscal year end, all dollar values in millions.

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)

Reserved Fund Balance							Unrealized Gain (Loss)		Unreserved Fund Balance						TOTAL FUND				
FY	FY Begin Contrib. Balance	Appro. (1) millions	Dedicated State Revenues	Inflation Proofing	FY End Balance Contributions	FY End Balance	Unrealized Gain (Loss)		Acct. Net Income (4)	Statutory Net Income	Distributions of Statutory Net Income			Realized Earnings Acct		FY	FY End Balance		
							Net Change	FY End Balance			Reserved Balance	Dividends	Inflation Proofing	General Fund	Net Change			FY End Balance	
77-98	0	6,734	6,250	5,633	18,517	18,517	3,971	3,971	22,488	20,683	18,667	7,589	5,333	268	1,389	1,389	77-98	23,877	
99	18,517	41	155	268	19,001	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	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	21,047	(2,146)	1,383	22,430	(924)	1,199	1,113	686	4	(588)	2,384	01	24,614	
02	21,047	(23) (7)	258	602	21,884	21,884	(878)	505	22,389	(617)	257	926	602	5	(1,248)	1,136	02	23,525	
03	21,884	354 (7)	398	352	22,988	22,988	601	1,106	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)	562	331	170	0	61	161	04	22,616	10%
25%	04	22,988	9	343	170	23,510	(807)	299	23,809	185	893	528	170	0	295	395	04	24,204	25%
Med	04	22,988	13	343	170	23,514	361	1,467	24,981	1,752	1,378	568	170	0	640	740	04	25,721	Med
25%	04	22,988	17	343	170	23,518	1,411	2,517	26,035	3,357	1,928	626	170	0	1,133	1,233	04	27,268	25%
10%	04	22,988	21	343	170	23,522	2,671	3,777	27,299	5,030	2,337	859	170	0	1,499	1,599	04	28,888	10%
	05	23,514	14	301	619	24,448	218	1,685	26,133	1,921	1,689	512	619	0	598	1,288	05	27,431	
	06	24,448	17	270	643	25,377	232	1,917	27,294	2,049	1,800	575	643	0	582	1,868	06	28,174	
	07	25,377	19	209	665	26,270	247	2,164	28,434	2,178	1,912	749	665	0	498	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	189	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	31,048	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	32,064	331	3,935	35,999	2,032	2,566	1,229	812	0	525	5,103	13	41,102	
	14	32,064	33	160	838	33,095	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%	10%	2.33%
25% FY 2004	0.99%	2.28%	-1.29%	25%	4.11%
Med FY 2004	7.38%	2.28%	5.10%	Med	6.90%
25% FY 2004	13.97%	2.28%	11.69%	25%	7.99%
10% FY 2004	20.83%	2.28%	18.55%	10%	9.68%
FY 2005-2014 (1)	7.61%	2.60%	5.01%		6.77%

- (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 Caltan capital market assumptions and a range of expected returns based on the probability of the return outcome.
- (7) Based on 2004 Caltan 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 values 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 AC 37.13.140 and 145.

Note: slight differences are due to rounding

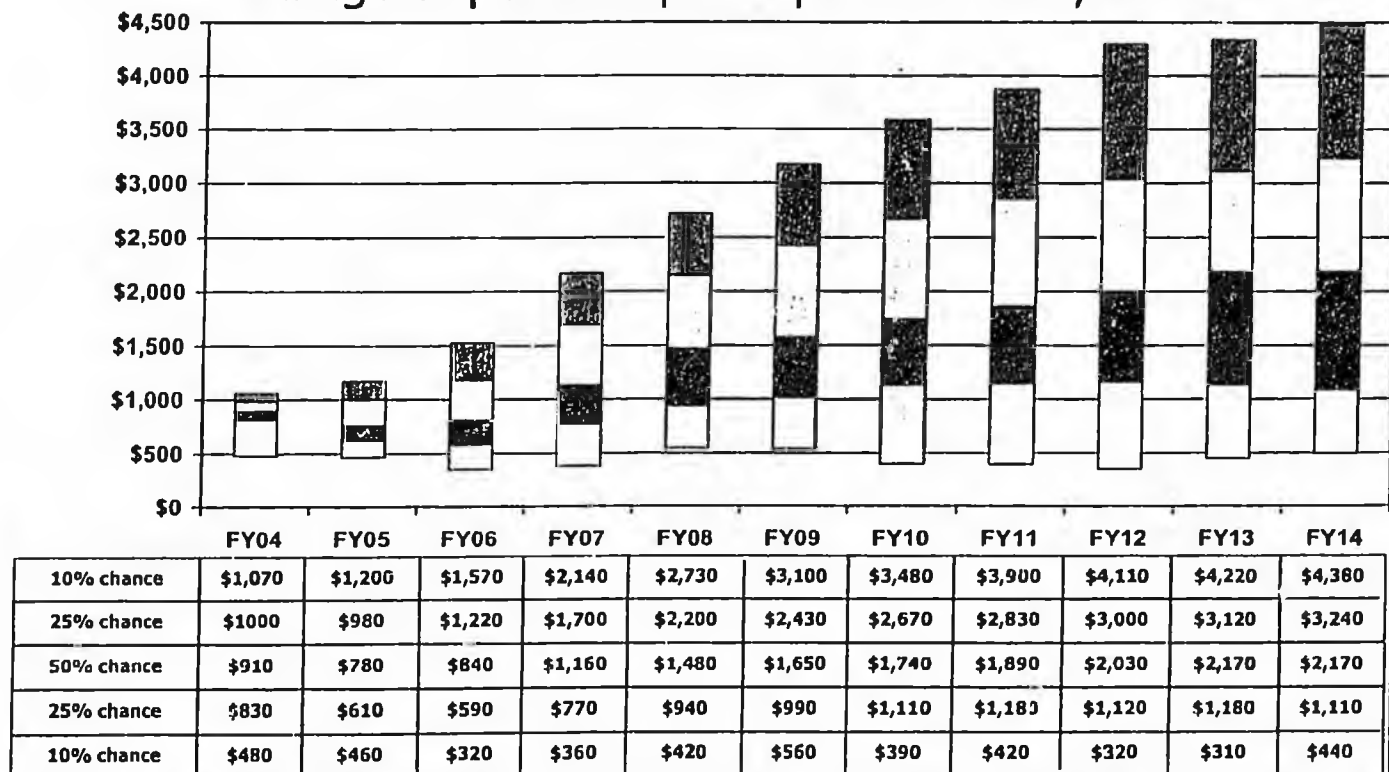
Note: The APFC is changing the format of our projection sheet beginning next month, May 2004. The new look is shown above and the original format is attached for your reference. The main difference is the presentation of the current fiscal year activity, which will use beginning values and annual assumptions 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.

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY04-FY14 Totals
Current Statutes												
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.

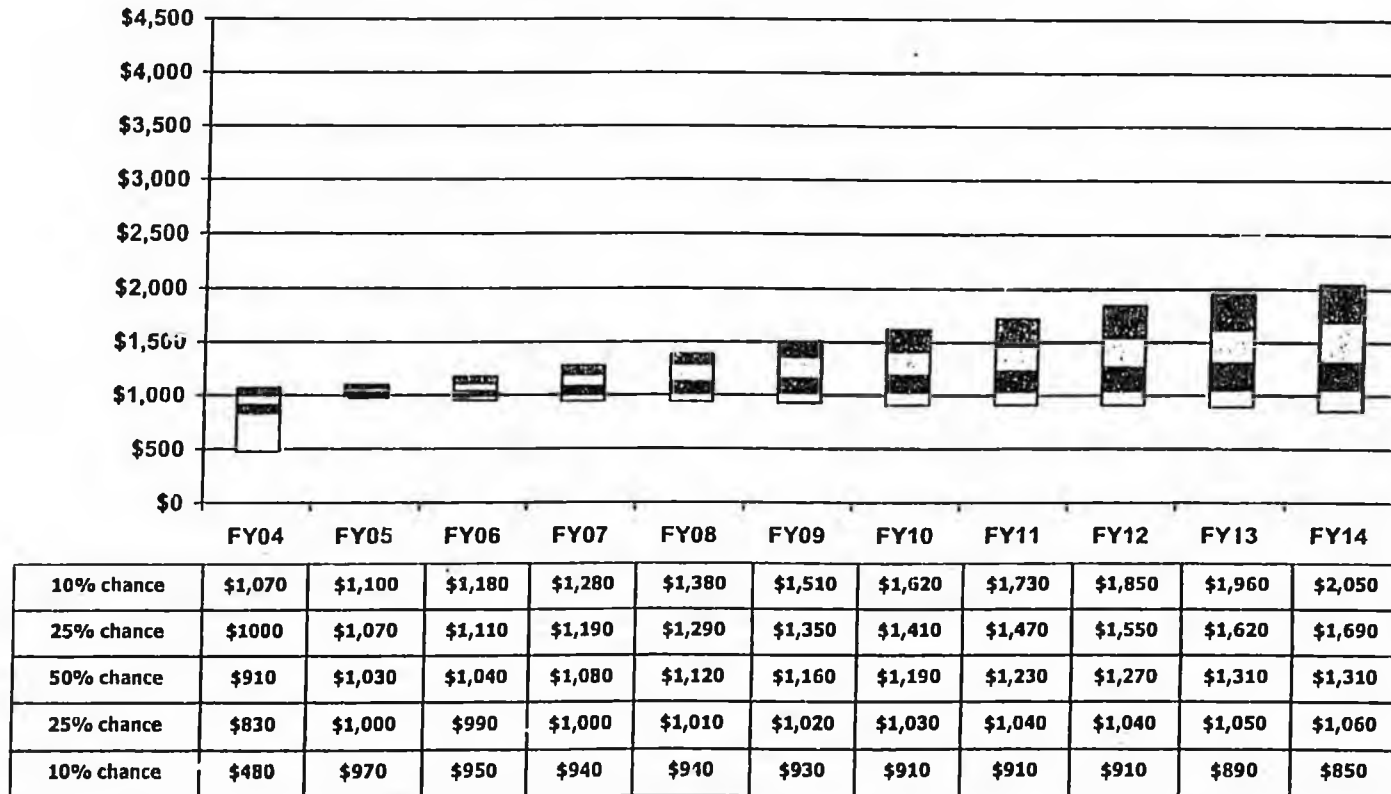


Alaska Permanent Fund Corporation

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 Totals
POMV - 5% (beginning in FY05)												
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	
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	
Total market value end of year (after payouts)	25,721	26,694	27,706	28,702	29,711	30,729	31,767	32,823	33,899	34,990	36,098	36,098
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



Assumptions:

Cailan 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	\$86,980	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
Shaktooik	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	\$75,000	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
TOTAL		\$66,691,122	

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).



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

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:

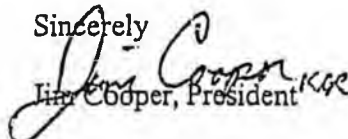
FY 05 critical one-time "lifelines" to ensure that communities remain viable until a fiscal plan is implemented:

- **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, Chefornak, 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 Estimated Municipal Payroll	FY 05 Rate Incr	* FY 05 PERS Increase Dollars	**Value of 1 "Mill" of Property Tax	**FY 05 Local Prop Tax Mill Rate Needed for PERS 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%	\$294,021	\$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 Estimated Municipal Payroll	FY 05 Rate Incr	* FY 05 PERS Increase Dollars	** Value of 1 "Mill" Property Tax	**Local Prop Tax Mill Rate Needed for PERS 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

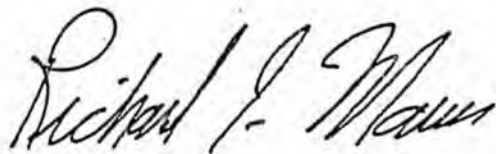
WHEREAS, public schools through no fault of their own are faced with burgeoning costs to the teacher and public employee retirement systems; and

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

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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
website: 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 Theriault in his presentation to the Senate Finance Committee on March 19.

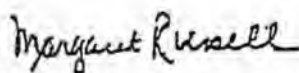
The GFCC has been in strong support of the POMV methodology as an investment discipline. We recognize that the POMV system would insulate the Fund's annual distribution from market and political volatility, ensure inflation proofing and provide a relatively uniform and predictable annual distribution.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

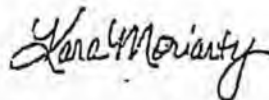
If further state revenues were needed after continued budget discipline and some use of the Permanent Fund's earnings reserves, the Legislature, only then, should consider implementation of a broad based, statewide tax.

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

- Ac Media, LLC
- Alaska Petroleum
- Alaska Airlines
- Alaska Communications Systems
- Alaska Railroad
- Alaska USA Federal Credit Union
- Alvex Pipeline Service Company
- ADP Alaska
- BP Exploration, Inc.
- Callmar One
- ConocoPhillips Alaska, Inc.
- Dominion Bank
- Design Alaska
- Exxon Mobil
- Fairbanks Building
- Food & Beverage Council of the Yukon
- Fairbanks Gold Mining, Inc.
- Fairbanks Mine
- Fairbanks Memorial Hospital
- DePaul Center
- Fairbanks Natural Gas, LLC
- First Nations Bank Alaska
- Flowline Alaska
- GOV
- Golden Heart Candles
- Gold River Valley
- Electric Association
- Key Bank of Alaska
- MAC Federal Credit Union
- McKinley Bank
- Northrim Bank
- Phone Directories Company
- Sartway
- Sartway Scaffold Service
- Samana Showers & Galt
- Seelens Foundation for Mercy
- Tranah Valley Clinic
- Tridacore Technologies, Inc.
- Tobacco Creek Golf & Country Club
- University of Alaska Fairbanks
- Wells Fargo
- Wendy
- Westmark Fairbanks Hotel & Conference Center
- Williams Alaska Petroleum



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 KR

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,

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
www.alaskatia.org

cc: Kris

Alaska State Hospital & Nursing Home Association

We're helping people care for people!

7765
OFFICE
LO

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:

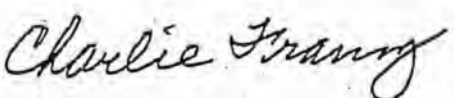
The Alaska State Hospital and Nursing Home Association membership wishes to go on record supporting your call for the Alaska Legislature to find a workable solution to the fiscal imbalance confronting the State. We stand ready to assist you and the Legislature in crafting a revenue solution that will 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



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,

A handwritten signature in cursive script, appearing to read 'Robert S. Prunella', is written over a horizontal line.

Robert S. Prunella
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:

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

19 Delete "(3)"

20 Insert "(2)"

21 Delete "five"

22 Insert "ten"

23

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)"