Alaska Department of Revenue
Tax Division

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Frank Murkowski, Governor
William A. Corbus, Commissioner
Dan E. Dickinson, Director
Charles Logsdon, Chief Petroleum Economist

REVENUE SOURCES BOOK
SPRING 2004

Alaska Department of Revenue, Tax Division
Robert B. Atwood Building, Suite 500
Anchorage, Alaska 99501
907.269.6620 phone 907.269.6644 fax
http://www.tax.state.ak.us

Contact Persons for Questions Related to this Forecast

Dan E. Dickinson, Director
907.269.6620
dan_dickinson@revenue.state.ak.us

Charles Logsdon, Chief Petroleum Economist
907.269.1019
charles_logsdon@revenue.state.ak.us

Denise Hawes, Economist/ Editor
907.269.1020
denise_hawes@revenue.state.ak.us

Contact Persons for Questions Related to Specific Topics

Constitutional Budget Reserve
Tom Boutin
Alaska Department of Revenue
Treasury Division
907.465.2300
tom_boutin@revenue.state.ak.us

Alaska Permanent Fund
Chris Phillips
Alaska Department of Revenue
Alaska Permanent Fund Corporation
907.465.2047
cphillips@alaskapermfund.com

Non-Petroleum Revenue
Brett Fried
Alaska Department of Revenue
Tax Division
907.465.3682
brett_fried@revenue.state.ak.us

Restricted General Fund Revenue
Brad Pierce
Office of the Governor
Management and Budget
907.465.4677
brad_pierce@gov.state.ak.us

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1.

Introduction

1.

General Discussion

The purpose of the semi-annual Revenue Sources Book is to provide the governor, legislature and citizens of the State of Alaska with a summary of our past collections of state revenue and a forecast of future revenue. Our revenue collections are categorized into four major components: oil taxes, non-oil taxes and fees, federal dollars and investment revenues.

Oil revenues continue to dominate the revenue picture — and will continue to provide close to 80% of Unrestricted General Purpose Revenue through FY 2008. Oil production levels, however have fallen to 0.990 million barrels per day from its peak of 2.006 million barrels a day in FY 1988. As a result, oil revenues are much lower now than in the past. The state has relied on annual expenditures from Constitutional Budget Reserve Fund (CBRF) to fill the difference between lower unrestricted revenue while maintaining Alaska's annual budget.

The big picture of state revenues includes earnings from the Permanent Fund, federal revenue and reserves in the CBRF. We hope the information provided in this Sources Book is helpful in answering questions about where Alaska gets its revenue and what the state's revenue future looks like from today's perspective.

Spring 2004 Forecast

This Spring 2004 Revenue Sources Book is organized into the 10 following sections:

1. **Introduction**

2. **Executive Summary**

3. **Oil Revenue**
   Revenue from oil and gas production taxes, corporate income taxes, property taxes and royalties continues to play a big role in Alaska's revenue picture.

4. **Other Revenue (Except Federal & Investment)**
   Revenue from non-oil sources includes alcohol, tobacco, fisheries, estate, motor fuel taxes, non-oil corporate income taxes, user fees and several other revenue sources.

5. **Federal Revenue**
   Federal revenue received by state government is one of Alaska's biggest sources of revenue.

6. **Investment Revenue**
   Investment earnings come from the Alaska Permanent Fund, the Constitutional Budget Reserve Fund, the General Fund and other state investments.

7. **State Endowment Funds**
   Basic policies governing six of the state's endowment funds.

8. **Public Corporations and the University of Alaska**
   The University of Alaska and seven public corporations are treated as separate component units of state government for financial reporting purposes.

9. **Rosetta Stone**
   We reconcile the Department of Revenue's Revenue Sources Book and Department of Administration, Finance Division's Comprehensive Annual Financial Report (CAFR).

10. **Appendices**
    Historical price, production and revenue data is provided. A glossary of terms used in this Revenue Sources Book, General Fund sensitivity matrices and an unrestricted petroleum production and royalty revenue forecast are included in this section.

1.

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2.

EXECUTIVE SUMMARY

A. Total Governmental Revenue

The table below summarizes the state's governmental [1] total revenue outlook by major revenue component (actual FY 2003 and projected FY 2004-2005).

Table 2-1. Total Governmental Revenue
$ Million

	Actual FY 2003	FY 2004	FY 2005
Oil Revenue			
Unrestricted			
Property Tax	48.7	48.5	45.6
Corporate Income Tax	151.1	240.0	200.0
Production Tax	599.0	637.4	509.2
Royalties (including Bonuses and Interest)	840.3	1,022.6	898.8
Subtotal	**1,639.1**	**1,948.5**	**1,653.6**
Restricted			
Royalties to Permanent Fund and School Fund	403.8	349.6	307.2
Settlements to CBRF	22.3	20.0	20.0
NPRA Royalties, Rents and Bonuses	34.6	2.9	12.9
Subtotal	**460.7**	**372.5**	**340.1**
Subtotal Oil	**2,099.8**	**2,320.9**	**1,993.7**
Other Revenue (Except Federal & Investment)			
Unrestricted			
Taxes	179.4	179.2	195.0
Charges for Services	13.9	14.9	16.9
Fines and Forfeitures	7.0	13.0	13.0
Licenses and Permits	33.6	46.2	48.6
Rents and Royalties	6.2	7.0	7.2
Other	9.4	21.5	14.0
Subtotal	**249.5**	**281.8**	**294.7**
Restricted			
Taxes	67.3	74.6	74.6
Charges for Services	195.9	252.6	227.9
Fines and Forfeitures	26.8	23.6	23.8
Licenses and Permits	28.0	28.8	29.7
Rents and Royalties	4.7	4.7	4.7
Other	212.9	128.7	210.5
Subtotal	**535.6**	**513.0**	**571.2**
Subtotal Other (Except Federal & Investment)	**785.1**	**794.8**	**865.9**

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(1) GASB 34 as interpreted by the Finance Division of the Department of Administration in their Comprehensive Annual Financial Report.

Figure 2-1. FY 2003 Total Revenue
$5.9 Billion

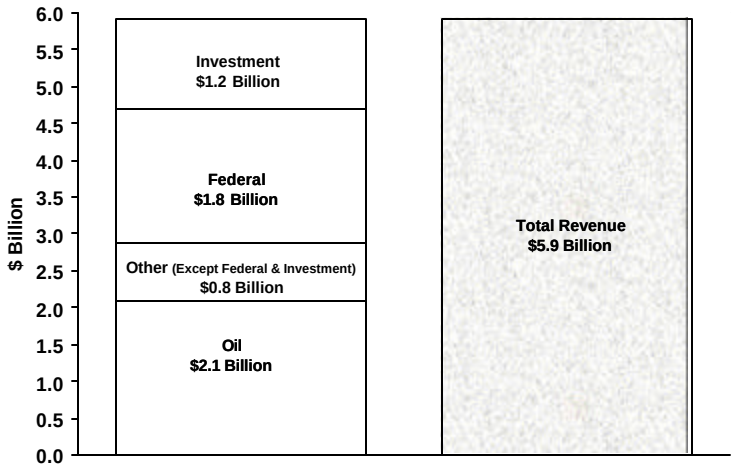


Table 2-1. Total Governmental Revenue, cont.
$ Million

	Actual FY 2003	FY 2004	FY 2005
Federal Revenue			
Restricted			
Federal Receipts	1,769.1	2,436.9	2,981.3
Subtotal Federal Revenue	**1,769.1**	**2,436.9**	**2,981.3**
Investment Revenue			
Unrestricted			
Investments	28.2	11.0	10.5
Interest Paid by Others	30.8	4.0	2.3
Subtotal	**59.0**	**15.0**	**12.8**
Restricted			
Investments	20.3	5.9	4.8
Constitutional Budget Reserve Fund	144.4	90.2	65.5
Other Treasury Managed Funds	24.4	58.8	31.8
Alaska Permanent Fund (GASB) (1)	962.6	4,168.8	2,102.6
Subtotal	**1,151.7**	**4,323.7**	**2,204.7**
Subtotal Investment Revenue	**1,210.7**	**4,338.7**	**2,217.5**
Grand Total	**5,864.7**	**9,891.3**	**8,058.4**

(1) Includes both realized and unrealized gains and losses.

Figure 2-2. FY 2003 Total Revenue: Unrestricted and Restricted $5.9 Billion

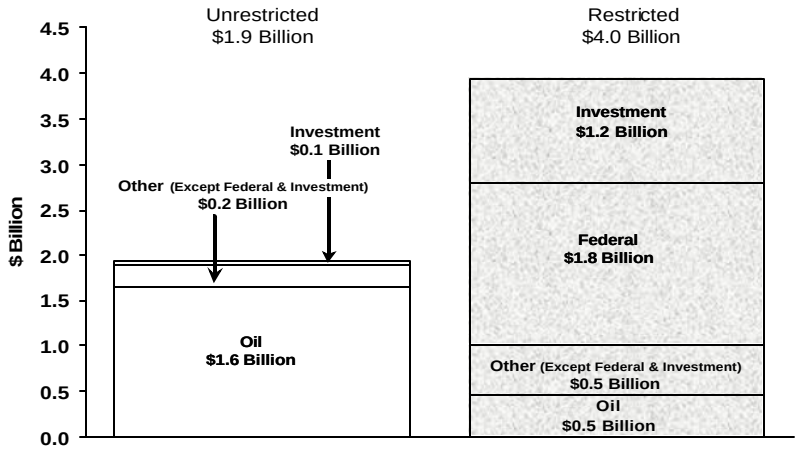


Table 2-2. Total Governmental State Revenue, Actual FY 2003 and Projected 2004-2005 Unrestricted [1] and Restricted by Major Source
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Oil Revenue	1,639.1	1,948.5	1,653.6
Other Revenue (Except Federal & Investment)	249.5	281.8	294.7
Investment Revenue	59.0	15.0	12.8
Subtotal	**1,947.6**	**2,245.3**	**1,961.1**
Restricted			
Oil Revenue	460.7	372.5	340.1
Other Revenue (Except Federal & Investment)	535.6	513.0	571.2
Federal Revenue	1,769.1	2,436.9	2,981.3
Investment Revenue	1,151.7	4,323.7	2,204.7
Subtotal	**3,917.1**	**7,646.1**	**6,097.3**
Grand Total	**5,864.7**	**9,891.3**	**8,058.4**

(1) Total unrestricted revenue as reported for AKSAS (Alaska State Accounting System) with adjustments for

B. Unrestricted General Purpose Revenue

Unrestricted General Purpose Revenue is the amount generally used for budget planning purposes and is designated in budget documents as general fund revenue. The table on the next two pages sets out actual FY 2003 Unrestricted General Purpose Revenue and our revised projections for FY 2004 and 2005.

We forecast Unrestricted General Purpose Revenue by first estimating General Fund Unrestricted Revenue, which includes all unrestricted revenue items in the Alaska State Accounting System (AKSAS), as well as certain program receipts. After consulting with the Governor's Office of Management and Budget and the Legislature, we adjust our forecast of General Fund Unrestricted Revenue to derive a forecast of total Unrestricted General Purpose Revenue. Reductions include: (1) earmarking revenue for specific programs, (2) pass-through revenue for qualified regional aquaculture and dive fishery associations, and (3) revenue shared with local governments and organizations (e.g., fisheries taxes.) Additions include transfers from the unclaimed property trust.

Table 2-4. Unrestricted General Purpose Revenue
$ Million

	Actual FY 2003	FY 2004	FY 2005
OIL REVENUE			
Property Tax	**48.7**	**48.5**	**45.6**
Corporate Income Tax	**151.1**	**240.0**	**200.0**
Production Tax			
Oil and Gas Production	589.8	628.2	499.9
Oil and Gas Hazardous Release	9.2	9.2	9.3
Subtotal Production Tax	**599.0**	**637.4**	**509.2**
Royalties			
Mineral Bonuses and Rents	9.6	10.4	16.1
Oil and Gas Royalties	825.7	1,010.1	880.6
Interest Paid	5.0	2.1	2.1
Subtotal Royalties	**840.3**	**1,022.6**	**898.8**
Subtotal Oil Revenue	**1,639.1**	**1,948.5**	**1,653.6**
OTHER REVENUE (EXCEPT FEDERAL & INVESTMENT)			
Other Tax			
Sales and Use			
Alcoholic Beverage	14.1	15.7	15.7
Cigarette	9.6	9.5	9.5
Other Tobacco Product	6.7	6.8	7.2
Insurance Premium	39.0	42.6	44.7
Electric and Telephone Cooperative	0.2	0.2	0.2
Motor Fuel Tax	37.2	39.0	39.0
Rental Vehicle Tax	0.0	1.0	6.0
Tire Fee	0.0	0.8	2.6
Subtotal	**106.8**	**115.6**	**124.9**
Corporate Income Tax	**47.7**	**45.0**	**50.0**
Fish Tax			
Fisheries Business	13.8	11.6	11.3
Fishery Resource Landing	6.9	1.7	2.7
Subtotal	**20.7**	**13.3**	**14.0**
Other			
Mining	0.4	0.7	3.0
Estate	1.2	2.1	0.6
Charitable Gaming	2.6	2.5	2.5
Subtotal	**4.2**	**5.3**	**6.1**
Subtotal Other Tax	**179.4**	**179.2**	**195.0**

(continued on next page)

Table 2-4. Unrestricted General Purpose Revenue, cont.
$ Million

	Actual FY 2003	FY 2004	FY 2005
OTHER REVENUE (EXCEPT FEDERAL & INVESTMENT)			
Charges for Services			
General Government	10.3	11.3	13.3
Natural Resources	1.7	1.7	1.7
Other	1.9	1.9	1.9
Subtotal Charges for Services	**13.9**	**14.9**	**16.9**
Licenses and Permits			
Motor Vehicle	30.3	42.9	45.3
Other	3.3	3.3	3.3
Subtotal Licenses and Permits	**33.6**	**46.2**	**48.6**
Fines and Forfeitures	**7.0**	**13.0**	**13.0**
Rents and Royalties			
Land Leasing, Rental and Sales	5.4	6.0	6.2
Coal Royalties	0.6	0.8	0.8
Cabin Rentals	0.2	0.2	0.2
Subtotal Rents and Royalties	**6.2**	**7.0**	**7.2**
Other			
Miscellaneous	9.4	10.0	10.0
Unclaimed Property	0.0	11.5	4.0
Subtotal Other	**9.4**	**21.5**	**14.0**
Subtotal Other Revenue (Except Federal & Investment)	**249.5**	**281.8**	**294.7**
INVESTMENT REVENUE			
Investments	28.2	11.0	10.5
Interest Paid by Others	30.8	4.0	2.3
Subtotal Investment Revenue	**59.0**	**15.0**	**12.8**
TOTAL UNRESTRICTED REVENUE	**1,947.6**	**2,245.3**	**1,961.1**

2

C. Oil Price Forecast

Oil revenue will provide between 70% and 80% of forecasted Unrestricted General Purpose Revenue through FY 2015. Two elements are critical to the oil revenue forecast: price and volume.

The spot price of ANS is quoted by subtracting a market differential from the price of West Texas Intermediate (WTI) on the New York Mercantile Exchange (NYMEX).[(1)] There is no price for Alaska oil on the NYMEX. All of Alaska's current oil production is delivered to refineries on the U.S. West Coast (including Alaska and Hawaii). Consequently, Alaska's royalty and production tax revenue depends in large part on the market price of Alaska North Slope crude oil (ANS) at U.S. West Coast refining centers.

Table 2-5 contains actual prices for FY 2003 and the Department of Revenue's forecast of oil prices for the 12-year period beginning with the current fiscal year, FY 2004, and continuing through FY 2015. The short-term oil price forecast (FY 2004-2006) is based on a subjective assessment of market dynamics and trend analysis by participants at a Department of Revenue price scenario meeting. Our long-term forecast (FY 2007-2015) is based on the premise that prices will average $22 per barrel, the low-end of OPEC's current price target range.

The prices we are forecasting are higher than the average market prices experienced over the 18-year period since the 1986 oil price collapse but are consistent with prices since 1999. Figure 2.3 on the next page depicts: (1) the monthly West Coast ANS market price from December 1990 through February 2004; (2) the 60-month moving average West Coast market price for the same period; and (3) a set of ANS prices derived from NYMEX crude oil futures prices for October 1998 and April 2004.

Figure 2-3 illustrates a number of issues with respect to oil prices including:

- The volatility of month-to-month crude oil prices. Monthly ANS West Coast prices during the pertinent time period ranged from just under $10 per barrel to over $35 per barrel.
- The average of the 60-month moving averages is $18.29 per barrel and has increased dramatically since 1999.
- The derived futures market prices illustrates that the current futures market long-term convergence price has increased by about $8.55 per barrel since October 1998.

A very pressing question is whether the higher prices we have seen since 1999 will continue to stay at current levels or perhaps even trend higher. For now, we assume that over the long-term, oil prices will average $22 per barrel, the lower end of the price range (of $22 to $28 per barrel) by which OPEC determines its production quota policies. We have chosen the lower end of the range to account for the difficulty OPEC has had in the past managing oil prices. We will continue to evaluate our assumption on an annual basis in our Fall Revenue Sources Book. ANS West Coast price averaged $25.64 per barrel from March 1999 to March 2004.

(1) The NYMEX futures market is one source for a WTI quote. A daily WTI spot quote could also be determined by a reporting service's daily assessment of the WTI spot market.

Figure 2-3.
ANS West Coast and Futures Market Oil Prices

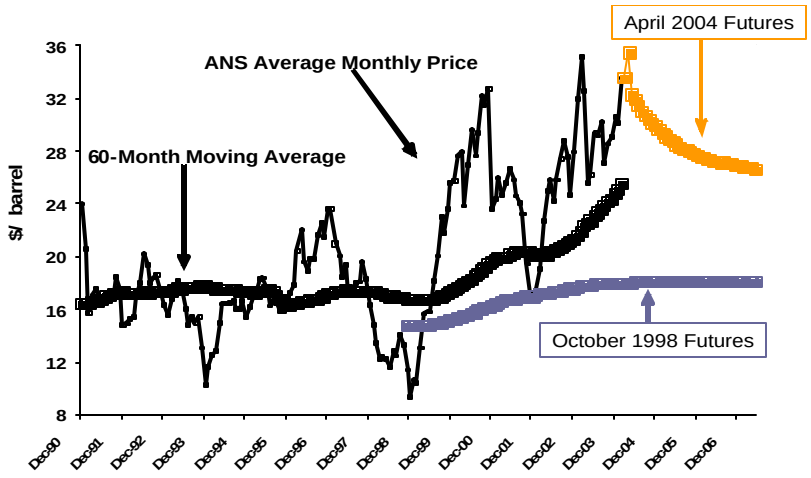


Table 2-5. Delivered Price for ANS Crude Oil
Average WTI, ANS West Coast and ANS Wellhead
$ per barrel

Fiscal Year	WTI [1]	ANS West Coast	ANS Wellhead
Actual 2003	29.47	28.15	23.35
2004	32.50	31.13	26.09
2005	29.75	28.30	23.55
2006	27.35	25.85	20.96
2007	23.65	22.00	17.03
2008	23.65	22.00	16.93
2009	23.65	22.00	16.85
2010	23.65	22.00	16.81
2011	23.65	22.00	16.68
2012	23.65	22.00	16.68
2013	23.65	22.00	16.49
2014	23.65	22.00	16.30
2015	23.65	22.00	16.10

2.

D. Oil Production Forecast

In 1988, ANS production peaked at 2.005 million barrels per day and has steadily declined since. In FY 2002, ANS production averaged 1.004 million barrels per day and in FY 2003, 0.991 million barrels per day. We are estimating that production will average 0.985 million barrels per day in FY 2004.

Our production forecast has been revised since last fall. ANS production will continue above 920 thousand barrels per day through FY 2013 (0.923 million barrels per day) — aided by new fields coming into production: Nanuk and Fiord will add 17,000 barrels per day in FY 2007; the National Petroleum Reserve-Alaska (NPR-A) and Point Thomson, 32,500 barrels per day in FY 2009; Liberty, Sourdough and Flaxman Island, 45,000 barrels per day in FY 2010; and Sandpiper, 12,000 barrels per day in FY 2012.

A detailed field-by-field production forecast can be found in Appendix D on Page A5.

Starting in this forecast, we have begun to categorize our ANS production forecast into three parts: (1) currently producing; (2) currently under development; and (3) currently being evaluated for development. We do this so that the reader will have an understanding about the uncertainty associated with the production levels assumed. We continue to forecast production of those reserves that have already been discovered and at minimum are being evaluated for development. For a discussion of potential production from so far undiscovered reserves please refer to our Fall 2003 Revenue Sources Book.

Figure 2-4. ANS Production Forecast by Category

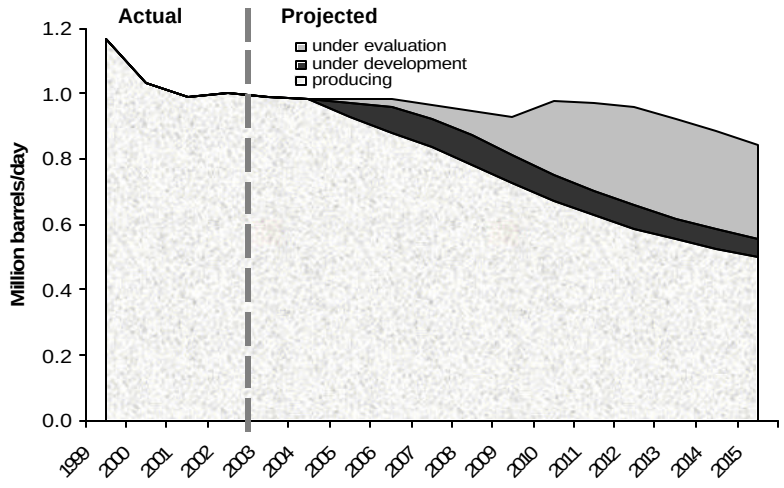


Table 2-6. Alaska Norhty Slope Production
Millions of Barrels/Day

Fiscal Year	Currently Producing	Under Development	Under Evaluation	Total ANS
2004	0.983	0.002	0.000	**0.985**
2005	0.928	0.045	0.007	**0.980**
2006	0.882	0.080	0.018	**0.980**
2007	0.833	0.087	0.045	**0.966**
2008	0.783	0.089	0.075	**0.947**
2009	0.728	0.085	0.115	**0.928**
2010	0.674	0.080	0.224	**0.978**
2011	0.629	0.075	0.271	**0.974**
2012	0.589	0.070	0.302	**0.961**
2013	0.555	0.065	0.303	**0.922**
2014	0.525	0.061	0.298	**0.884**
2015	0.499	0.057	0.288	**0.843**

New Oil Development

As the volumes from Prudhoe Bay and Kuparuk fields continue to decline, some of the decline in production will be offset by new oil development. In our reference-case forecast, new oil is defined as crude already discovered and under evaluation for development. By FY 2011, as the table and figure below show, over one-fifth of our forecasted oil production will come from fields not currently producing oil or even under development. The new oil comes from developments currently under evaluation.

Figure 2-5. New Oil as a Percentage of Projected Oil

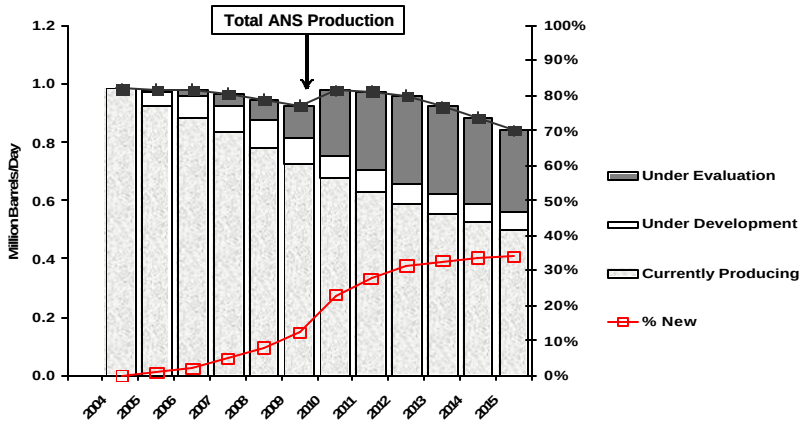


Table 2-6. New Oil as a Percentage of Total Oil
Millions of Barrels/Day

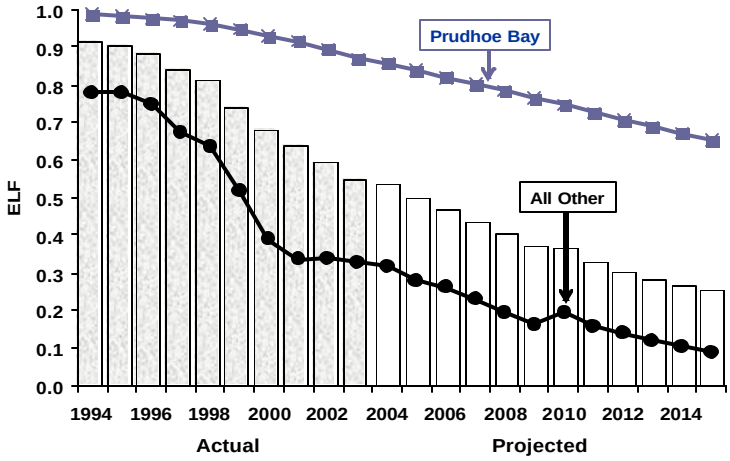
Fiscal Year	Total New Oil	ANS Total	Percent New Oil
2004	0.002	0.985	0.0%
2005	0.007	0.980	0.7%
2006	0.018	0.980	1.9%
2007	0.045	0.966	4.7%
2008	0.075	0.947	8.0%
2009	0.115	0.928	12.4%
2010	0.224	0.978	22.9%
2011	0.271	0.974	27.8%
2012	0.302	0.961	31.5%
2013	0.303	0.922	32.8%
2014	0.298	0.884	33.7%
2015	0.288	0.843	34.1%

Economic Limit Factor

The average production tax rate on the North Slope has been falling as the result of the tax adjustment known as the Economic Limit Factor (ELF). The ELF is a factor that reduces the nominal production tax rate on a producing reservoir based on the average rate of production from the reservoir and the average productivity of the wells producing that reservoir.(1) Since oil production rates and well productivity decline over time as an oil field is being produced, the average production tax rate will fall as well. Further, the ELF reduces the tax rate on smaller oil fields such that most fields producing less than 20,000 barrels per day will pay little or no production tax.

An ever smaller percentage of Alaska's current and projected North Slope oil production will continue to come from old, declining fields, while new production will come from small fields. Therefore, the average tax rate will continue to fall. The average oil production tax rate for North Slope production in FY 1994 was 13.5%; we project that for FY 2004 it will average 7.5%.

Figure 2-6. Economic Limit Factor
Actual FY 1994-2003 and Projected FY 2004-2006



The figure above illustrates the actual weighted average ELF for North Slope oil production since 1994 and our projections of that weighted average through FY 2015. The Prudhoe Bay ELF is also shown, as well as the average ELF for all of the other North Slope fields. The small spike in the other fields average ELF in FY 2010 represents the impact of the assumed startup of Point Thomson production.

(1) The nominal production tax rate is 15% except during a field's first five years of production, when it is 12.25%.

2.

E. Longer-Term Unrestricted Revenue Outlook

Using the price and volume components developed for this spring 2004 forecast, the table below summarizes the department's forecast of total Unrestricted General Purpose Revenue through FY 2015.

Table 2-8. Total Unrestricted General Purpose Revenue Actual FY 2003 and Projected FY 2004-2015

	$Million				
Fiscal Year	(Section 3) Unrestricted Oil Revenue	(Section 4) Unrestricted Other [1] Revenue	(Section 6) Unrestricted Investment Revenue	Total Unrestricted Revenue	Percent from Oil
Actual 2003	1,639.1	249.5	59.0	1,947.6	84
2004	1,948.5	281.8	15.0	2,245.3	87
2005	1,653.6	294.7	12.8	1,961.1	84
2006	1,463.2	294.6	12.8	1,770.5	83
2007	1,157.8	295.2	12.8	1,465.8	79
2008	1,142.0	295.9	12.8	1,450.7	79
2009	1,083.8	296.9	12.8	1,393.6	78
2010	1,080.0	297.4	12.8	1,390.2	78
2011	1,017.6	298.3	12.8	1,328.7	77
2012	965.0	299.2	12.8	1,277.0	76
2013	902.3	299.7	12.8	1,214.8	74
2014	843.0	300.1	12.8	1,156.0	73
2015	786.5	300.6	12.8	1,099.9	72

(1) Except Federal and Investment Revenue.

F. Budget Gap and the Constitutional Budget Reserve

The table below reflects the amount needed to make up the difference between the Department of Revenue's forecast of Unrestricted General Purpose Revenue and the annual general fund budget, shown here as a flat $2.2517 billion (the Governor's proposed budget) for all operating, capital, debt service, lease payments and supplemental appropriations. (1)

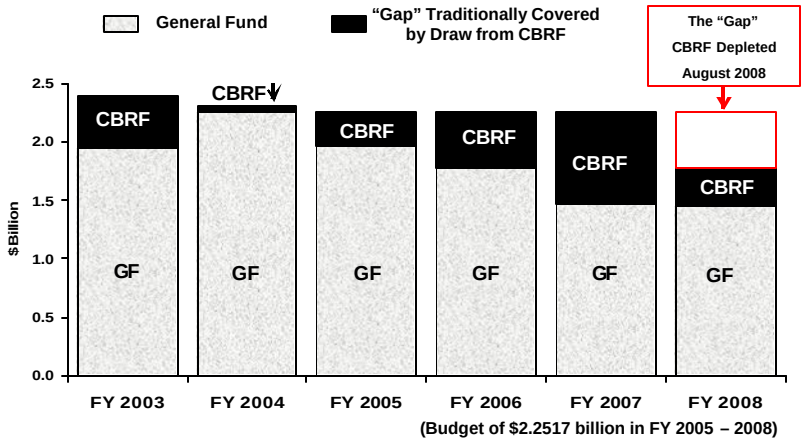
Table 2-9. Difference Between Unrestricted General Purpose Revenue and General Fund Budget "The Gap"(1)
$ Million

Fiscal Year	Total Unrestricted General Purpose Revenue	Transfer from Alaska Science & Technology	(1) General Fund Appropriation	Difference
Actual 2003	1,947.6	95.0	2,496.2 (2)	453.6 (2)
2004	2,245.3	.	2,300.6	55.3
2005	1,961.1	.	2,251.7	290.6
2006	1,770.5	.	2,251.7	481.2
2007	1,465.8	.	2,251.7	785.9
2008	1,450.7	.	2,251.7	801.0
2009	1,393.6	.	2,251.7	858.1
2010	1,390.2	.	2,251.7	861.5
2011	1,328.7	.	2,251.7	923.0
2012	1,277.0	.	2,251.7	974.7
2013	1,214.8	.	2,251.7	1,036.9
2014	1,156.0	.	2,251.7	1,095.7
2015	1,099.9	.	2,251.7	1,151.8

(1) The projected FY 2005-2015 budget of $2.2517 billion is simply a reference point for analysis. Any budget estimate used to determine "The Gap" will have its detractors — some will contend spending should be cut, while others will argue just as strongly that spending should be increased to reflect inflation and population growth.
(2) The "Gap", or draw on the CBRF for FY 2003, is shown as the actual cash withdrawal.

(1) http://www.gov.state.ak.us/omb/04_OMB/fy04fiscal_summary.pdf

Figure 2-7. Spending Gap Traditionally Covered by Draw from CBRF Fills Gap FY 2003-2007 (1)



(1) FY 2003 CBRF draw: $454 million; FY 2004, $55 million; FY 2005, $291 million; FY 2006, $481 million; FY 2007, $786 million; FY 2008, depleted in May 2008 after a $333 million draw.

Table 2-10. When Would the CBRF Be Gone? (1)

Annual State Budget	State Spending and Oil Price Variables					
	$18/bbl	$22/bbl	$25/bbl	Spring 2004 DOR Forecast	$28/bbl	$30/bbl
$2.2 billion	Aug-2006	Aug-2007	Nov-2008	Dec-2008	Mar-2011	Aug-2015
$2.3 billion	May-2006	Mar-2007	Mar-2008	May-2008	Nov-2009	Sep-2013
$2.4 billion	Mar-2006	Nov-2006	Sep-2007	Dec-2007	Dec-2008	Jan-2012
$2.5 billion	Feb-2006	Aug-2006	Apr-2007	Jul-2007	Apr-2008	Sep-2010

Source: Department of Revenue spring 2004 forecast, Fiscal Driver Model of Oil Revenue and CBRF Performance.
(1) FY 2004 price for all scenarios is $31.13 per barrel. Oil price selected in table above is for FY 2005 and beyond.

As approved by voters in 1990, all money from oil and gas and tax and royalty settlements is deposited into the Constitutional Budget Reserve Fund (CBRF). The state has deposited about $5.6 billion into the reserve fund and the fund has earned about $1.6 billion in interest on that money. For 10 of the last 12 years, the state has relied on the CBRF to fill the difference between unrestricted revenue and the annual state budget. Through February 29, 2004, approximately $5.5 billion had been withdrawn from the CBRF to balance the budget, leaving a balance of $2 billion.

The table above reflects the CBRF depletion matrix and the time period the fund could continue to make up the difference between Unrestricted General Purpose Revenue and the general fund budget at various oil prices and budget levels. For example, assuming no change in the state's fiscal system, if we are correct in our oil price forecast and if we assume a flat total General Fund budget of $2.2517 billion per year, the CBRF will be exhausted in August 2008.

3.

OIL REVENUE

3.

Figure 3-1. FY 2003 Oil Revenue
$2.1 Billion

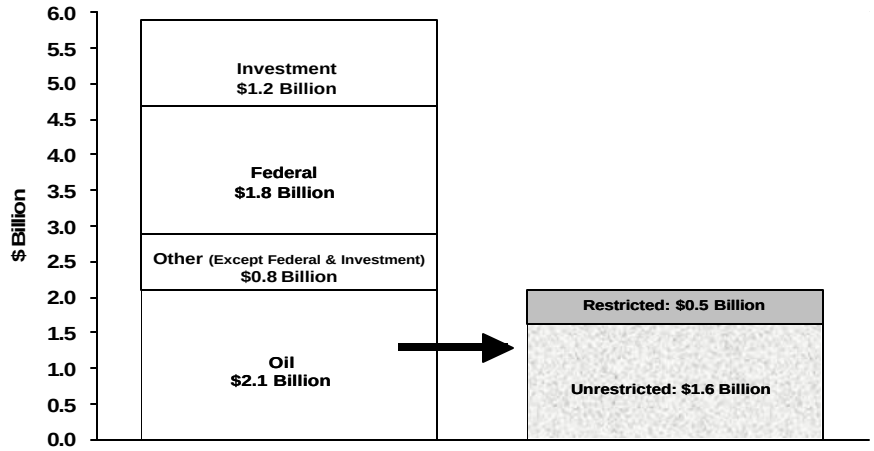


Table 3-1. Total Oil Revenue
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Property Taxes	48.7	48.5	45.6
Corporate Income Taxes	151.1	240.0	200.0
Production Taxes	599.0	637.4	509.2
Royalties (including Bonuses and Interest)	840.3	1,022.6	898.8
Subtotal	**1,639.1**	**1,948.5**	**1,653.6**
Restricted			
Royalties to Permanent Fund & School Fund	403.8	349.6	307.2
Settlements to CBRF	22.3	20.0	20.0
NPRA Royalties, Rents and Bonuses	34.6	2.9	12.9
Subtotal	**460.7**	**372.5**	**340.1**
Total	**2,099.8**	**2,320.9**	**1,993.7**

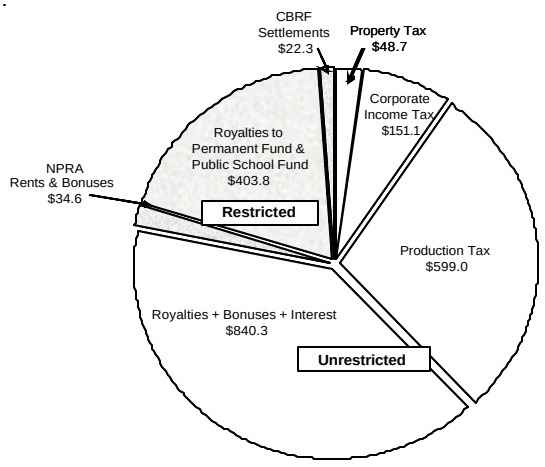
General Discussion

The state receives its oil and gas revenue from four sources: oil and gas production tax, property tax, royalties and corporate income tax. The bulk of the revenue received from taxes and royalties goes into the General Fund for general purpose spending. The passage of HB 11 last year calls for 25% of the royalty revenue to go into the principal of the Permanent Fund and 0.5% of mineral bonuses and royalties to go into the Public School Trust Fund. Currently, the state's share of all lease bonuses from the National Petroleum Reserve-Alaska (NPR-A) goes into the NPR-A Fund.(1) Settlements of tax and royalty disputes between the State of Alaska and oil and gas producers go into the Constitutional Budget Reserve Fund (CBRF).

The figure below shows the actual amount of oil revenue from each source in FY 2003.

As can be seen from the figure, royalties and production taxes constitute the largest part of oil revenue — both restricted and unrestricted. This section begins with a discussion of these two revenue sources, both of which are driven by price and volume. We then review the price forecasting methodology that underlies our forecast, as well as explore how those market prices determine wellhead value. We also review our volume forecast, and close this section with a discussion of oil and gas property taxes, oil and gas corporate income taxes and the restricted portions of oil revenue.

Figure 3-2. FY 2003 Oil Revenue by Category
$ Million



(1) This fund implements a federal requirement that the state use its share of NPR-A oil revenue to satisfy the needs of local communities most affected by development in the NPR-A. For detailed information on this fund, see Section XII-P of Treasury's Investment Policies and Procedures Manual.

3. Unrestricted Oil Revenue

Table 3-2 . Unrestricted Oil Revenue Projections
Actual FY 2003 and Projected FY 2004-2015
$ Million

Fiscal Year	Property Taxes	Corporate Income Taxes	Production Taxes	Royalties including Bonuses & Interest	Total Oil
Actual 2003	48.7	151.1	599.0	840.3	**1,639.1**
2004	48.5	240.0	637.4	1,022.6	**1,948.5**
2005	45.6	200.0	509.2	898.8	**1,653.6**
2006	42.4	186.0	430.1	804.6	**1,463.2**
2007	40.2	173.0	320.5	624.0	**1,157.8**
2008	37.7	161.0	342.8	600.5	**1,142.0**
2009	37.5	150.0	311.6	584.8	**1,083.8**
2010	37.0	140.0	315.9	587.1	**1,080.0**
2011	36.3	130.0	286.6	564.8	**1,017.6**
2012	35.5	121.0	265.7	542.8	**965.0**
2013	34.7	113.0	245.7	508.9	**902.3**
2014	34.0	105.0	225.4	478.7	**843.0**
2015	33.3	98.0	206.2	449.0	**786.5**

Oil and Gas Production Taxes

All oil and gas production in Alaska except the federal and state royalty share is subject to the state's production taxes. The taxes consist of the oil and gas production tax and a hazardous release surcharge levied only on oil. All of these taxes are collected on a monthly basis.

Oil Production Tax

The tax rate for oil depends on the age of the field and the Economic Limit Factor (ELF). The ELF depends on the total daily oil production and the average daily per well oil production from each producing field.

The statutory production tax rate on oil is 12.25% of its value at the point of production for the first five years of field production and 15% thereafter. There is a minimum tax of 80 cents per taxable barrel.

The effective tax rate is calculated by multipling the statutory tax rate, even if it is the minimum 80 cents per barrel, times the ELF. The ELF formula for oil production is:

$$ELF = \left[1 - \frac{(300 \text{ X wells})}{\text{volume}} \right]^{\left[\left(\frac{150{,}000}{\text{volume}} \right)^{\wedge 1.53333} \right]}$$

"Wells" is the number of producing wells in the field and "volume" is the total daily production for the field.

The ELF formula results in lower effective tax rates for smaller, low-production fields and higher tax rates for larger, highly productive fields. There is a unique ELF for every combination of total daily field production and average daily per well production.

The taxable value of oil is determined by deducting allowable marine and pipeline transportation costs from the destination value of the oil at its disposition point. This point is defined as either a third-party sale or delivery to the producer's own refinery. The destination value for most dispositions is tied by regulation to the West Coast spot price of ANS crude oil.

Natural Gas Production Tax

The statutory production tax rate on natural gas is 10% of its value at the point of production, regardless of the age of the field. There is a minimum tax of 6.4 cents per thousand cubic feet.

To calculate the effective tax rate, multiply the statutory tax rate, even if it is the minimum 6.4 cents per thousand cubic feet, by the ELF. The ELF formula for natural gas production is:

ELF = 1-(3000/PPW)

PPW = average gas production per well per day in the field in thousand cubic feet

If the average daily per well gas production from a field is less than 3,000 cubic feet, the ELF is zero and no gas production taxes are assessed.

The taxable value of natural gas depends on the location of its disposition and its use. For Cook Inlet production, the value for gas sent to Japan as LNG is based on the sales price in Japan less marine, processing and pipeline costs; the value for sales to the Nikiski fertilizer plant is indexed to the current market price of anhydrous ammonia; the value for sales for local use is based on the average sales price for the contracts in effect each month. The small volume of taxable North Slope gas production is valued for tax purposes using the following formula linking it to the value for North Slope crude oil:

ANS Gas Taxable Value/mcf = 0.10 (average ANS oil per barrel netback value)

Hazardous Release Surcharge

This tax was enacted following the 1989 grounding of the Exxon Valdez to provide an emergency fund to deal with hazardous substance spills.

The surcharge is comprised of two components: (1) a 3 cents per barrel charge on all oil production, except federal and state royalty barrels, and (2) an additional 2 cents per barrel charge on all oil production except federal and state royalty barrels whenever the balance in the state Oil and Hazardous Substance Release Prevention and Response Fund falls below $50 million. The balance of the fund was $50 million or greater for all of FY 2003, so the surcharge was 3 cents per barrel for the entire fiscal year.

Oil Royalties

Almost all Alaska oil and gas production occurs on lands leased by the state for exploration and development of oil and gas resources. As the land owner, the state earns revenue from leasing state-owned land as: (1) upfront bonuses, (2) annual rent charges and (3) a retained royalty interest in oil and gas production.

Generally, the state issues leases based on a competitive bonus bid system. It has always retained a royalty interest of at least 12.5%. The vast majority of current production is from leases that carry that rate. Some currently producing leases carry rates as high as 20%. Some leases also have a net profit-share production agreement.

State oil and gas leases provide that the state may take its oil royalty in barrels (in-kind) or as a percentage of the production value (in-value). In 2003, the state took approximately 50,500 barrels per day of Prudhoe Bay production in-kind and sold it to the Williams Alaska Petroleum Company, for its refinery in North Pole. The state's royalty share of Alaska North Slope production amounts to about 125,000 barrels per day.

The royalty oil taken in-value is valued according to a formula using a market basket of spot crude oil prices closely approximating the ANS West Coast spot price of oil less a transportation allowance back to the lease.

Oil Production Revenue Forecasting Methodology and Assumptions

The forecasted value of the state's anticipated oil production is based on projections of the destination market price of oil and the cost of shipping oil by pipeline and tanker to market. The forecast is the product of a formal oil price scenario meeting that includes state economists and financial professionals from the Department of Revenue, Department of Natural Resources, Department of Labor, the Governor's Office of Management and Budget and the University of Alaska.

To develop a production volume forecast, the Department of Revenue uses an engineering consultant in conjunction with assistance from the Alaska Department of Natural Resources and the Alaska Oil and Gas Conservation Commission. This production volume forecast is developed from estimates of oil and gas production by field.

Oil Price Forecast

Oil prices have so far been more robust than we expected last fall. In our fall 2003 forecast we projected oil prices for FY 2004, the current year, to average $27.70 per barrel. Through March, the price year-to-date has averaged $30.64 per barrel.

Quick Review of What Has Happened Since the Fall Revenue Forecast

- Evidence continues to accumulate that the global economy has been growing rapidly with oil consumption following suit—particularly in China and the U.S. but in the rest of Asia and much of Europe as well.
- OPEC production has continued to slowly increase despite announced quota cuts in September and confirmed this past February. Iraq production is reportedly back to pre-war levels of roughly 2.5 million barrels per day as both the country's oil production facilities and oil shipping infrastructure has been secured.
- Non-OPEC production has increased slowly with the former Soviet Union accounting for most of this increase.
- With demand up and supply lagging, oil and oil-product inventories remain at historically low levels and prices remain high. At the same time, the dollar continues to decline in value relative to the other major world currencies.
- All of these factors continue to make for a very strong short term oil market.

Short-Term Oil Price Forecast

Oil prices continue at historically high levels. History suggests that at some point there will be a downward correction. Given the state of the current market fundamentals, prices could even go higher. However, high oil prices eventually sow the seeds for lower oil prices as both supply and demand responses occur. Looking ahead 27 months, we have put together two oil price scenarios. The low price scenario assumes factors which lead to lower oil prices. Accordingly, the high price scenario factors lead to higher oil prices. The components of each scenario are in the table below.

Table 3-3. Spring 2004 Oil Price Scenarios

Low Price Factors	High Price Factors
▪ Global economic growth begins slowing by the 1st quarter in 2005 in response to high oil prices.	▪ Global economic growth remains robust.
▪ OPEC production continues to creep up with Iraq production hitting 3.0 million barrels per day by mid-2005 and moderate OPEC countries become concerned about high oil prices and market share.	▪ OPEC production grows modestly but without resulting significantly in an over-supplied market as Iraqi capacity increases stall out at 2.5 million barrels per day due to continued regional political turmoil.
▪ Non-OPEC production increases as new investments in Russia, Africa and Canada offset offset declines elsewhere.	▪ Non-OPEC production also grows modestly but not at a pace that creates dramatic increases in inventory.

3.

Organization of Petroleum Exporting Countries

In February, OPEC announced that it would be lowering its quota by 1 million barrels per day — to 23.5 million barrels per day effective April 1. (The OPEC quota is exclusive of production from Iraq.) At the time the cartel's view was that the market would require an output reduction in order to prevent oil prices from falling. On March 31 OPEC confirmed their commitment to this reduction in crude oil production. A preliminary estimate for OPEC March production was 25.7 million barrels per day. This would require over a 2 million barrel per day cut to fulfill OPEC's April 1, 2004 quota. Given recent upward revisions by the International Energy Agency (IEA) in its demand estimates and continued high oil prices, some wonder why OPEC would curtail production at this time.

OPEC for now appears to have abandoned its stated price target range of $22 and $28 per barrel since oil prices have been above the band since October 2003. Many OPEC watchers suggest that OPEC has implicitly raised the target due to the weak dollar. OPEC members have been heard to argue that because of the dollar's decline in value — with respect to many major world currencies, primarily the Euro — that the current price is actually within their stated price band on a currency-adjusted basis. The next OPEC conference is scheduled for June 3.

Current ANS Oil Market Situation

Alaska North Slope prices have been very strong so far in FY 2004, averaging $30.75 per barrel since June 2003. The price of benchmark West Texas Intermediate (WTI) has averaged $32.02 per barrel implying an average discount for ANS of about $1.40 per barrel. This is 25 cents per barrel better than the five-year average of $1.65 per barrel. The WTI differential in early April is $1.35 per barrel. Contributing to this, in part, are due to the disruptions in ANS production at the Northstar field in February and March.

ANS prices track the OPEC-price basket of internationally traded crude oils and tend to price higher than the basket. The OPEC basket is the benchmark that OPEC uses to gauge the success of its production policy. Since January 2000, the average ANS price has been $0.79 per barrel higher than the average OPEC basket price. ANS typically sells in direct competition with other waterborne crude oils from both Latin America and Asia for delivery to U.S. West Coast refiners in Washington, California and Hawaii.

ANS has a locational advantage over other waterborne crude oils since it is the nearst waterborne source of crude oil for West Coast refiners. Typically, ANS sells at a discount to benchmark WTI. This discount can be quite volatile, but since February 2001 has averaged close to $1.65 per barrel, trading in a range of $1 to $2.30 per barrel 70% of the time. We assume that the differential will average close to $1.50 over the next two years but that over the long run we assume the differential will average $1.65 per barrel.

Prices Over the Longer Term

In the fall 2002 revenue forecast, our assumption for ANS oil prices over the longer term was increased to $22 per barrel. We believed that the accumulated evidence of OPEC's commitment to managing the market from 1999 through 2002, as well as realized prices over this period, supported this increase. At that time, we chose to benchmark our price to the low end of OPEC's target range. Experience had shown that the OPEC cartel is not perfect and that some cheating does occur. Like all cartels, production discipline in an organization — with only voluntary compliance — creates strong economic incentives for individual members to overproduce. With oil prices continuing to average above the upper end of the range, we will review this assumption in preparing the fall 2004 revenue forecast.

Figure 3-3. General Fund Unrestricted Revenue Forecast
Reference Case Compared to Low and High Oil Price Scenarios

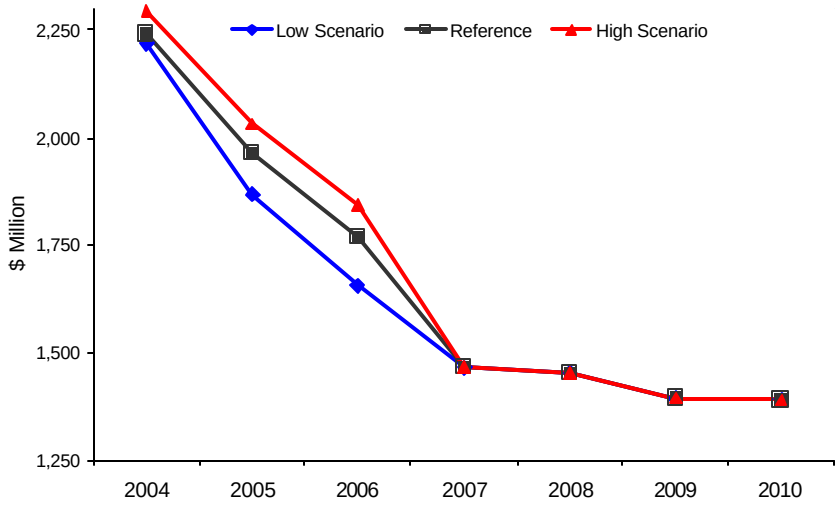


Table 3-4. Oil Price and General Fund Unrestricted Revenue
Reference Case Compared to Low and High Oil Price Scenarios
$ Million

FY	Low Case		Reference Case		High Case	
	$/ barrel	$Million	$/barrel	$Million	$/barrel	$Million
2004	$30.41	2,218.5	$31.13	2,245.3	$32.60	2,293.7
2005	$25.29	1,868.6	$28.30	1,961.6	$31.98	2,030.0
2006	$22.03	1,654.2	$25.85	1,770.5	$29.65	1,840.9
2007	$22.00	1,465.8	$22.00	1,465.8	$22.00	1,465.8
2008	$22.00	1,450.7	$22.00	1,450.7	$22.00	1,450.7
2009	$22.00	1,393.6	$22.00	1,393.6	$22.00	1,393.6
2010	$22.00	1,390.2	$22.00	1,390.2	$22.00	1,390.2
2011	$22.00	1,328.7	$22.00	1,328.7	$22.00	1,328.7
2012	$22.00	1,277.0	$22.00	1,277.0	$22.00	1,277.0
2013	$22.00	1,214.8	$22.00	1,214.8	$22.00	1,214.8
2014	$22.00	1,156.0	$22.00	1,156.0	$22.00	1,156.0
2015	$22.00	1,099.9	$22.00	1,099.9	$22.00	1,099.9

3.

Although major oil companies are careful about publicly stating what they believe oil prices will be in the future, conventional wisdom is that many continue to use oil prices less than $20 per barrel to evaluate oil-development projects. The other thing we know is that the major oil companies change their views about long-run oil prices slowly. Following the oil price crash of 1999, many companies started to use oil prices around $15 per barrel or even lower to run development project economics. As oil prices climb higher in the 21st century, it is likely some companies may be using prices closer to our assumed $22 per barrel for longer-term planning purposes. It was reported in January that BP had raised its planning assumption for oil prices to $20 per barrel for Brent. At current prices this is close to our $22 per barrel assumption for ANS.

For now, we continue to assume a long run average price of $22 per barrel. We know that in any given future year the price of oil will be higher or lower than this; however, we continue to believe that the lower end of the OPEC range is where long-term prices will be on average.

Other Transportation and Production Costs

Transportation Costs

The forced replacement of vessels without double hulls with new, more expensive double hulled vessels, and the continued use of smaller qualified vessels to replace larger vessels retired by compliance with the Federal Pollution Act of 1990, is likely to increase transportation costs in the future.

Trans-Alaska Pipeline System (TAPS) Tariffs

The TAPS tariff is determined according to the TAPS Settlement Methodology, a rate-making method approved by the Federal Energy Regulatory Commission that allows the TAPS owners to recover their costs, including an allowance for profit. Under the agreement, future tariffs will be determined by operating cost trends, the production rate and inflation. Preliminary negotiations have already begin to revisit the TAPS Settlement Method which is scheduled to expire December 31, 2011.

TAPS tariffs are filed on a calendar year basis, with new tariffs taking effect January 1 each year. The expected tariff filing for calendar year 2004 is $3.02 per barrel. The spring 2004 forecast assumptions table on the next page contains projected tariffs for FY 2004-2015.

Feeder Pipeline Costs

Certain additional transportation costs are also incurred to move the various crude oils that comprise ANS from North Slope production fields to Pump Station No. 1 of the Trans-Alaska Pipeline System. These include both feeder pipeline charges and other cost adjustments to account for the different qualities of oil entering the North Slope pipelines as well as market-location differentials for in-state sales. See the table below.

Wellhead Price

The combination of ANS wellhead value and production volume by field form the basis for both state production taxes and royalties. The wellhead value by field is calculated by subtracting the relevant marine transportation and pipeline tariff costs (as well as adjustments for North Slope feeder pipelines and pipeline quality bank) from the appropriate destination value. The table below reflects this calculation for FY 2003-2015.

Table 3-6. Spring 2004 Forecast Assumptions
$ per barrel

FY	ANS West Coast Price	ANS Marine Transportation	TAPS Tariff	Other (1) Deductions & Adjustments	ANS Wellhead
Actual 2003	28.15	1.68	3.34	(0.22)	23.35
2004	31.13	1.64	3.13	0.27	26.09
2005	28.30	1.69	3.09	(0.03)	23.55
2006	25.85	1.74	3.17	(0.03)	20.96
2007	22.00	1.79	3.19	(0.01)	17.03
2008	22.00	1.84	3.23	0.00	16.93
2009	22.00	1.89	3.23	0.02	16.85
2010	22.00	1.94	3.12	0.12	16.81
2011	22.00	1.99	3.14	0.18	16.68
2012	22.00	2.04	3.05	0.23	16.68
2013	22.00	2.09	3.16	0.26	16.49
2014	22.00	2.14	3.29	0.27	16.30
2015	22.00	2.19	3.43	0.28	16.10

(1) Other deductions include other pipeline tariffs, quality bank charges, location differentials and amended information.
(2) FY 2004 includes reported information through January 2004.

3.

Oil Production

We have made some minor changes in our ANS oil production forecast. The changes are summarized as follows:

- We have delayed the startup of Point Thomson one year from 2008 to 2009 pending negotiations between the state and ExxonMobil.
- We have accelerated and increased production from West Sak due to the successful application of drilling technology used to complete horizontal multi-lateral wells and the sanctioning of a new drillsite at J-Pad. We now believe that West Sak will be producing close to 80,000 barrels per day by 2010 compared to our fall assumption of roughly 50,000 barrels per day.
- We have accelerated NPR-A development by one year, with production assumed to reach roughly 40,000 barrels per day by 2010 compared to the 20,000 barrels per day assumed last fall.
- We have increased Alpine output near-term to reflect recently announced facility expansions.
- A review of the development plans and production performance of the currently producing fields resulted in a very modest decrease in Milne Point production.

Figure 3-4 on the next page illustrates how the development timing can effect the production forecast over the next 12 years. The dip shown in FY 2009 is primarily the result of the delay in Point Thomson production. The decline between FY 2004 and FY 2009 illustrates that until a combination of heavy oil, NPRA, Point Thomson and other new fields come on line, ANS production will continue to decline modestly year-to-year.

Figure 3-4. Alaska North Slope Production

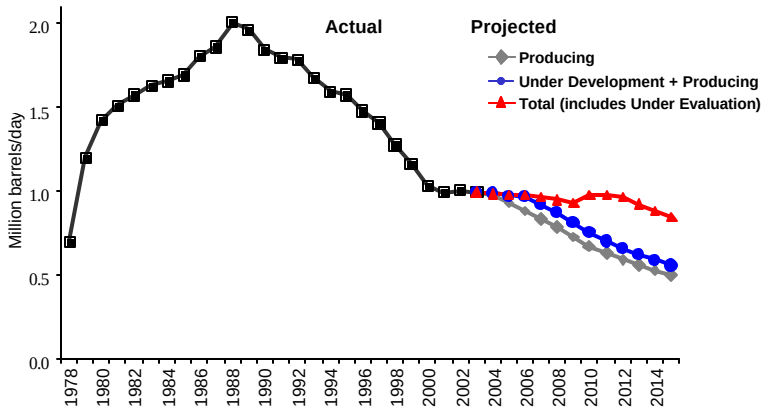


Table 3-7. Alaska Oil and NGL Production
Million Barrels per Day

	Actual FY 2003	FY 2004	FY 2005
Prudhoe Bay	0.433	0.421	0.402
Midnight Sun	0.007	0.005	0.004
Polaris	0.003	0.003	0.003
Orion	0.000	0.003	0.013
Aurora	0.008	0.011	0.012
Borealis	0.027	0.032	0.032
Kuparuk	0.160	0.156	0.147
West Sak	0.007	0.009	0.029
Tabasco	0.004	0.004	0.002
Tarn	0.034	0.032	0.027
Meltwater	0.008	0.002	0.010
Milne Point	0.034	0.031	0.029
Schrader Bluff	0.017	0.020	0.020
Endicott	0.027	0.029	0.027
Eider	0.001	0.001	0.000
Lisburne	0.010	0.011	0.010
Point McIntyre	0.041	0.038	0.038
Niakuk	0.015	0.012	0.010
Alpine	0.098	0.099	0.103
Northstar	0.057	0.067	0.063
Total ANS	**0.992**	**0.985**	**0.980**
Cook Inlet	0.029	0.028	0.024
Total Alaska	**1.021**	**1.014**	**1.004**

3.

Petroleum Property Tax

An annual tax is levied each year on the full and true value of property taxable under AS 43.56. The tax on oil and gas property is the only statewide property tax. The valuation procedure for three distinct classes of property — exploration, production and pipeline transportation — is described below.

Exploration Property

Value is based on the estimated price that the property would bring in an open market under prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels.

The raw data for market value is gathered by the state appraiser by reviewing the details of equipment sales, attending auctions and reviewing trade journals. This data is then applied to the taxable property, taking into account age, capacity, physical and functional obsolescence.

Production Property

Value is determined on the basis of replacement cost new less depreciation, based on the economic life of the proven reserves.

In the case of an offshore oil or gas platform or onshore facility, the number of years of useful life is determined by estimating when the facility would reach its economic limit, not on the basis of the projected physical life of the property. The time period until the estimated operating revenue would equal operating expenses plus the current age of the facility equals the total life. The depreciation factor for the facility equals the years of remaining life *divided* by the total life.

Pipeline Transportation Property

The full and true value of taxable pipeline property is determined with due regard to the economic value of the property based on the estimated life of the proven reserves of gas or unrefined oil that will be transported by the pipeline. We rely upon several standard appraisal techniques to value Alaska pipelines. We primarily rely on the income method under which the value is the present worth of all future income streams of the pipeline. Over 95% of pipeline transportation property is accounted for by the Trans-Alaska Pipeline from Prudhoe Bay to Valdez.

The table on the next page illustrates the property tax distribution between local communities and the state for FY 2003. The property value is assessed by the state. A local tax is levied on the state's assessed value for oil and gas property within a city or borough, and is subject to the local property tax limitations established in AS 43.29.080 and AS 43.29.100. If a municipality has a tax rate of 20 mills or less, the state's mill rate is effectively 20 mills minus the local rate. If the local rate is greater than 20 mills, the state will receive nothing on that property and may receive less on other property belonging to that taxpayer in other jurisdictions.

Table 3-8. FY 2003, Distribution of the Petroleum Property Tax
$ Million

Municipalities	Gross Tax	Local Share	State Share
North Slope	209.3	194.2	15.1
Unorganized	27.2	0.0	27.2
Valdez	13.2	13.2	0.0
Kenai	12.8	7.7	5.1
Fairbanks	5.4	4.4	1.1
Anchorage	0.9	0.8	0.2
Other Municipalities (1)	0.1	0.1	0.0
Total	**268.9**	**220.4**	**48.7**

(1) Other municipalities include Matanuska-Susitna, Cordova and Whittier.

Petroleum Corporate Income Tax

A petroleum corporation's Alaska income tax depends on the relative size of its Alaska vs. worldwide activities and the corporation's total worldwide net earnings. The corporation's Alaska taxable income is derived by apportioning the corporation's worldwide taxable income to Alaska using the average of three factors: the proportion of the corporation's (1) tariffs and sales, (2) oil and gas production, and (3) oil and gas property in Alaska. We begin our forecast by estimating the statistical relationship between historical collections of tax and the value of Alaska oil production. We then adjust the forecast for carryforwards and refunds.

In FY 2004, the carryforward and refund adjustment is over $60 million. This adjustment is a result of oil companies over-estimating their estimated quarterly income taxes. We are forecasting FY 2004 petroleum corporate income tax revenue to be 59% higher due to higher crude oil prices and higher refining margins in 2003 and the first quarter of 2004. Additionally, refunds and carry forwards are lower in FY 2004. In FY 2005, we are projecting that revenue will decrease as a result of lower oil and gas prices and falling refining margins.

3.

Restricted Oil Revenue

The table below reflects restricted oil and gas revenue.

According to Article IX, Section 15 of the Alaska Constitution, a minimum of 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state must be deposited into the Alaska Permanent Fund. In addition, AS 37.14.110 requires a contribution of 0.5% of all royalties and bonuses to the Public School Fund Trust. As explained earlier, settlements with or judgments against the oil industry involving tax and royalty disputes must be deposited in the CBRF.

The state is entitled to 50% of all bonuses, rents and royalties from oil development activity in the federal NPR-A. All such revenue flows into the NPR-A Special Revenue Fund. All of the revenue in the fund each year is available for appropriation in the form of grants to municipalities that demonstrate present or future impact from NPR-A oil development. Of the revenue not appropriated to the municipalities, 25% goes to the Permanent Fund, 0.5% goes to the Public School Trust Fund, and the rest may be appropriated to the Power Cost Equalization and Rural Electric Capitalization Fund. Any remaining revenue after these appropriations lapses into the General Fund.

Table 3-9. Restricted Oil Revenue
$ Million

	Actual FY 2003	FY 2004	FY 2005
Restricted Oil Revenue			
Royalties to Permanent Fund & Public School Fund			
Royalties, Bonuses and Rents to the Permanent Fund	397.6	342.7	301.2
Royalties, Bonuses and Rents to the Public School Fund	6.2	6.9	6.0
Subtotal	**403.8**	**349.6**	**307.2**
Settlements to the CBRF	**22.3**	**20.0**	**20.0**
NPR-A Royalties, Rents and Bonuses	**34.6**	**2.9**	**12.9**
Total	**460.7**	**372.5**	**340.1**

4.

OTHER REVENUE
(EXCEPT FEDERAL & INVESTMENT)

4.

Figure 4-1. FY 2003 Other Revenue (Except Federal & Investment) $0.8 Billion

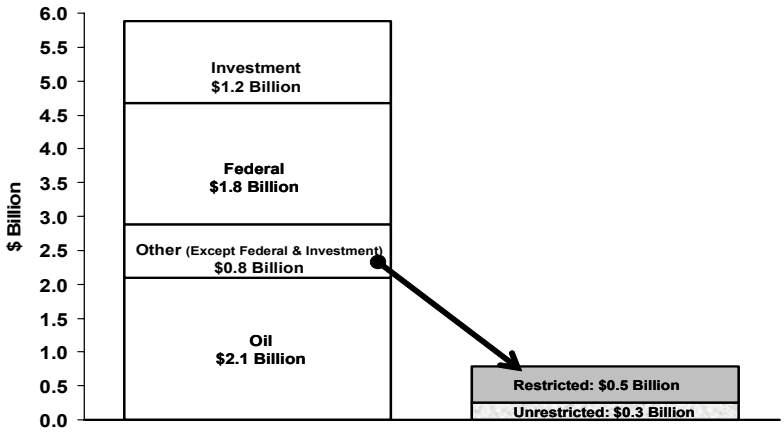


Table 4-1. Other Revenue (Except Federal & Investment) Actual FY 2003 and Projected FY 2004-2005 $ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Taxes	179.4	179.2	195.0
Charges for Services	13.9	14.9	16.9
Fines and Forfeitures	7.0	13.0	13.0
Licenses and Permits	33.6	46.2	48.6
Rents and Royalties	6.2	7.0	7.2
Other	9.4	21.5	14.0
Total Unrestricted	**249.5**	**281.8**	**294.7**
Restricted			
Taxes	67.3	74.6	74.6
Charges for Services	195.9	252.6	227.9
Fines and Forfeitures	26.8	23.6	23.8
Licenses and Permits	28.0	28.8	29.7
Rents and Royalties	4.7	4.7	4.7
Other	212.9	128.7	210.5
Total Restricted	**535.6**	**513.0**	**571.2**
Total	**785.1**	**794.8**	**865.9**

Income from Other Revenue includes non-oil taxes, user fees and licenses. Many of these revenue sources are divided between unrestricted and restricted revenues; the amounts each are reflected in the tables. Restricted revenue includes money deposited in funds other than the Unrestricted General Fund. For purposes of this forecast, restricted revenue also includes receipts that the legislature consistently appropriates or sets aside for a particular purpose or program, such as sharing of fish tax revenue with municipalities.

Other Taxes

Alcoholic Beverages Tax

Alcoholic beverage taxes are collected primarily from wholesalers and distributors of alcoholic beverages sold in Alaska. On October 1, 2002, per gallon tax rates on alcoholic beverages were increased from $0.35 to $1.07 for beer, $0.85 to $2.50 for wine and $5.60 to $12.80 for liquor. Also, starting October 1, 2002, 50% of the revenue is deposited in the Alcohol and Other Drug Abuse Treatment and Prevention Fund. Because the legislature "may use the annual estimated balance in the fund to make appropriations to the Department of Health and Social Services," this revenue is reflected as restricted in the Revenue Sources Book.

Charitable Gaming

Under Alaska law, municipalities and qualified non-profit organizations may conduct certain charitable gaming activities. The purpose of these activities is to derive public benefit in the form of money for the charities and revenues for the state. The Department of Revenue collects permit and license fees, a 1% net proceeds fee, and a 3% pull-tab tax.

Corporate Income Tax

Corporations that do business in Alaska pay the Corporate Net Income Tax unless they are organized under a special IRS rule (Subchapter S) that generally applies to small, closely held companies. A corporation that does business both inside and outside Alaska must apportion its income to determine how much income it earned here. Corporations other than oil and gas corporations apportion their income to Alaska by using a three-factor formula based on sales, property and payroll. Alaska taxable income is determined by applying the apportionment factor to the corporation's modified federal taxable income. Corporate tax rates are graduated from 1% to 9.4% in $10,000 increments of Alaska taxable income. The maximum rate of 9.4% applies to income over $90,000.

Electric Cooperative and Telephone Cooperative Taxes

The electric cooperative and telephone cooperative taxes date back to 1959, when the first Alaska Legislature enacted the Electric and Telephone Cooperative Act to promote cooperatives around the state. The Electric Cooperative Tax is based on kilowatt-hours furnished by qualified electric cooperatives recognized under Title 10 of the Alaska statutes; the Telephone Cooperative Tax is levied on gross revenue of qualified telephone cooperatives under Title 10. All revenue from the co-op taxes is deposited in the General Fund, but revenue from co-ops located in municipalities is treated as restricted revenue in this forecast because it is shared 100% with the municipalities.

Estate Tax

This tax is levied on the transfer of an estate upon death.The Alaska estate tax is tied to the federal tax.The amount of the state tax equals the maximum state credit allowed on the estate's federal return. As a result of changes to the federal estate tax, the Alaska estate tax will be phased out by CY 2005. All revenue derived from estate taxes is deposited in the General Fund.

Fisheries Business Tax

The Fisheries Business Tax is the oldest tax in Alaska, dating from 1913. The tax is levied on businesses that process or export fisheries resources from Alaska. Although the tax usually is levied on the act of processing, the tax is often referred to as a "raw fish tax" because it is generally based on the value paid to commercial fishers for the raw fishery resource. Tax rates vary from 1% to 5%, depending on whether a fishery resource is classified as "established" or "developing," and whether it was processed by an on-shore or floating processor. All revenue from the Fisheries Business Tax is deposited in the General Fund, but not all of it is considered unrestricted for the purposes of this forecast. Each year, the legislature appropriates half the revenue from the tax to qualified municipalities. Given that this sharing formula is in statute, and that the legislature consistently follows the statutory formula, this forecast considers the shared revenues to be restricted.

Fishery Resource Landing Tax

The Fishery Resource Landing Tax was enacted in 1993. The tax is levied on processed fishery resources first landed in Alaska, and is based on the unprocessed statewide average value of the resource. Fishery Resource Landing Taxes are collected primarily from factory trawlers and floating processors that process fishery resources outside of the state's 3-mile limit and bring their products into Alaska for transshipment. Fishery Resource Landing Tax rates vary from 1% to 3%, based on whether the resource is classified as "established" or "developing." All revenue derived from the Fishery Resource Landing Tax is deposited in the General Fund but by statute, 50% is available for sharing with municipalities along the same lines as the Fisheries Business Tax. The revenue to be shared is considered restricted.

Insurance Premium Tax

Insurance companies in Alaska do not pay corporate income tax or sales or other excise taxes. Instead, they pay an Insurance Premium Tax. Receipts from this tax are deposited in the General Fund. However, receipts from the Insurance Premium Tax that are accounted for in the "Workers Safety and Compensation Fund" are shown as restricted.

Mining License Tax

This tax is on the net income of mining property in the state, ranging from 0% to 7%, less exploration and other credits. Except for sand and gravel operations, new mining operations are exempt from the Mining License Tax for a period of 3½ years after production begins.

Motor Fuel Tax

The Motor Fuel Tax dates from 1945 when a tax of 1 cent per gallon was imposed on all motor fuel. The Motor Fuel Tax is levied on motor fuel sold, transferred or used within Alaska. Motor Fuel Taxes are collected primarily from wholesalers and distributors licensed as qualified dealers. Current per gallon rates are 8 cents for highway use, 5 cents for marine use, 4.7 cents for aviation gasoline, 3.2 cents for jet fuel, and a variable rate of 8 cents to 2 cents, depending on the season, for gasohol. Various uses of fuel are exempt from tax, including fuel used for heating or in flights to or from a foreign country. All revenue derived from Motor Fuel Taxes is deposited in the General Fund, but 60% of taxes attributable to aviation fuel sales at municipal airports are shared with the respective municipalities, and hence considered restricted for purposes of this forecast.

Rental Vehicle Tax

This is a 10% tax on passenger vehicle rentals of 90 days or less, and a 3% tax on rentals of recreational vehicles for 90 days or less. The vehicle rental tax provisions became effective January 1, 2004.

Seafood Assessments and Taxes

The Department of Revenue administers several different programs that raise money through seafood assessments. The money raised is then set aside for the legislature to appropriate for the benefit of the seafood industry — either in marketing or in management/development of the industry. The four programs are the Salmon Marketing Tax, Seafood Marketing Assessment, Salmon Enhancement Tax and Dive Fishery Management Assessment. The rates for many of these assessments are actually determined by a vote of the appropriate association within the seafood industry. Although all revenue received under these assessments is deposited in the General Fund, for purposes of this forecast it is treated as restricted revenue. With the exception of the Salmon Enhancement Tax, all other seafood assessments are reflected under the Charges for Services section.

Tire Fee

The tire fee has two components. The first component is a tax of $2.50 on all new tires sold in Alaska for motor vehicles designed for highway use. This part became effective September 26, 2003. The second part of the law imposes an additional $5 fee per tire on all new tires with heavy studs and on the installation of studs on a previously un-studded tire. This component of the law becomes effective July 1, 2004.

Tobacco Tax

The Tobacco Tax dates from 1949, when a tax of 3 cents per pack of cigarettes and 2 cents per ounce of tobacco was enacted. The Tobacco Tax is levied on cigarettes and tobacco products sold, imported or transferred into Alaska. Tobacco Taxes are collected primarily from licensed wholesalers and distributors. The tax rate on cigarettes is $1 per pack of 20 cigarettes. The tax rate on other tobacco products — such as cigars and chewing tobacco — is 75% of the wholesale price. Seventy-six percent of cigarette tax revenue is deposited in the School Fund; 24% in the General Fund. All tobacco products tax revenue is deposited in the General Fund; all cigarette and tobacco products license fees are deposited in the School Fund. Revenue deposited in the School Fund is dedicated to the rehabilitation, construction, repair and insurance costs of school facilities.

Table 4-2. Other Tax (Except Federal & Investment)
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Sales and Use Tax			
Alcoholic Beverage	14.1	15.7	15.7
Cigarette	9.6	9.5	9.5
Other Tobacco Product	6.7	6.8	7.2
Insurance Premium	39.0	42.6	44.7
Electric and Telephone Cooperative	0.2	0.2	0.2
Motor Fuel	37.2	39.0	39.0
Rental Vehicle Tax	0.0	1.0	6.0
Tire Fee	0.0	0.8	2.6
Subtotal	**106.8**	**115.6**	**124.9**
Corporation Income Tax	**47.7**	**45.0**	**50.0**
Fish Tax			
Fisheries Business	13.8	11.6	11.3
Fishery Resource Landing	6.9	1.7	2.7
Subtotal	**20.7**	**13.3**	**14.0**
Other			
Mining	0.4	0.7	3.0
Estate	1.2	2.1	0.6
Charitable Gaming	2.6	2.5	2.5
Subtotal	**4.2**	**5.3**	**6.1**
Total Unrestricted	**179.4**	**179.2**	**195.0**
Restricted			
Sales and Use Tax			
Alcoholic Beverage (Alcohol & Drug Treatment)	11.2	15.7	15.7
Insurance Premium (Workers Safety & Compensation)	4.3	4.3	4.6
Electric and Telephone Cooperative (Municipal Share)	3.5	3.7	3.7
Cigarette (School Fund)	30.6	30.2	30.2
Motor Fuel - Aviation (Municipal Share)	0.2	0.2	0.2
Subtotal	**49.8**	**54.1**	**54.4**
Fish Tax			
Fisheries Business (Municipal Share)	12.2	13.4	13.1
Fishery Resource Landing (Municipal Share)	2.9	4.1	4.2
Salmon Enhancement (Aquaculture Assoc. Share)	2.4	3.0	2.9
Subtotal	**17.5**	**20.5**	**20.2**
Total Restricted	**67.3**	**74.6**	**74.6**
Grand Total	**246.7**	**253.8**	**269.6**

Charges for Services

The charges for services reported in the next table do not include all charges for state services — they just reflect those that do not fit into other categories in this report. Most of these receipts are restricted revenue because they are returned to the program from which they were generated.

The only unrestricted revenue listed under charges for services in this report comes from fees and other program charges that do not have program receipt designations, or are not otherwise segregated and appropriated back to the program.

Marine Highway Fund

The revenue from certain transportation enterprises is reported here as a charge for state services. The Alaska Marine Highway Fund is in the General Fund and receives the revenue from operations of the state ferry system. The legislature has discretion over how the revenue is spent, but because it is customarily spent on Alaska Marine Highway operations, it is considered restricted.

Program Receipts

The definition of program receipts under AS 37.05.146 is "fees, charges, income earned on assets and other state money received by a state agency in connection with the performance of its functions." The statute then lists all programs with program receipt authority. The statutory list includes many programs that are not included in Charges for Services because they are elsewhere in this forecast — such as federal receipts, trust funds and the Permanent Fund — or not state money, such as the public employee retirement funds. The table on the next page lists some of the larger individual programs and the receipts from those programs.

"Statutorily Designated" program receipts are those receipts from contracts, grants, gifts or bequests. "Receipt Supported Services" are, in general, appropriated back to state agencies to administer the programs generating the receipts. Those not listed separately, or not described elsewhere in this forecast, are included in the catchall "Other."

4.

Table 4-3. Charges for Services
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
General Government	10.3	11.3	13.3
Natural Resources	1.7	1.7	1.7
Other	1.9	1.9	1.9
Total Unrestricted	13.9	14.9	16.9
Restricted			
General Government	1.9	1.9	1.9
Natural Resources	0.9	0.9	0.9
Marine Highway Receipts	41.5	42.7	42.5
Receipt Supported Services (1)	81.8	74.0	78.6
Statutorily Designated (1)	55.1	117.3	88.5
Other (2)	14.7	15.8	15.5
Total Restricted	195.9	252.6	227.9
Grand Total	209.8	267.5	244.8

(1) FY 2003 value is from the Alaska State Accounting System. FY 2004 and FY 2005 estimates are from the Office of Management and Budget and reflects what agencies expect to receive in receipt supported services.
(2) Other includes the following categories: RCA receipts (FY 2003, $6 million), test fisheries (FY 2003, $2 million), timber sale receipts (FY 2003, $0.5 million), oil and gas conservation (FY 2003, $4.2 million) and DCED business licenses (FY 2003, $2.1 million). FY 2004 and FY 2005 estimates are from the Office of Management and Budget and reflects what agencies expect to receive in other restricted program receipts.

Fines and Forfeitures

This category includes civil and criminal fines and forfeitures, and money received by the state from the settlement of various civil lawsuits. The majority of the receipts under this category are from tobacco litigation and other settlements.

Tobacco Settlement

The tobacco settlement was signed by 46 states (including Alaska) in November 1998. The first payment from the settlement was made in FY 2000. In 2000 and 2001, the legislature authorized the sale of 80% of the future revenue stream from the tobacco settlement to a new public corporation, the Northern Tobacco Securitization Corporation, a subsidiary of the Alaska Housing Finance Corporation. The new corporation, in turn, sold bonds based on this revenue stream, and paid to the state the money raised by the bond sale, which the legislature appropriated for schools, the university and harbor projects. Starting in FY 2002, the remaining 20% of the settlement revenue each year will be deposited into the new Tobacco Use Education and Cessation Fund. We also show the 80% that goes directly to the Northern Tobacco Securitization Corporation for payment of the bonds.

Table 4-4. Fines and Forfeitures
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Fines and Forfeitures	7.0	13.0	13.0
Total Unrestricted	7.0	13.0	13.0
Restricted			
Tobacco Settlement (Northern Tobacco Securitization Corp.) (1)	20.0	17.4	17.6
Tobacco Settlement (Tobacco Use Education & Cessation Fund) (1)	5.0	4.4	4.4
Other	1.8	1.8	1.8
Total Restricted	26.8	23.6	23.8
Grand Total	33.8	36.6	36.8

(1) Assumes that all four "Original Participating Manufacturers" pay their annual payments in full.

4. Licenses and Permits

Licenses and permits represent another source of government revenue derived from charges for participating in activities regulated by the state. The majority of the receipts under this category are from motor vehicle registration and fishing and hunting license fees.

Fishing and Hunting Licenses Fees

The majority of these fees are appropriated to a special revenue fund called the Fish and Game Fund. Money in the fund may only be spent for fish and game management purposes.

Motor Vehicle Registration Fees

Most motor vehicle registration fees are unrestricted license and permit revenue. However, some registration fees are reflected under restricted receipt supported services.

Table 4-5. Licenses and Permits
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Motor Vehicles	**30.3**	**42.9**	**45.3**
Other Fees	**3.3**	**3.3**	**3.3**
Total Unrestricted	**33.6**	**46.2**	**48.6**
Restricted			
Fishing and Hunting			
Hunting and Fishing Fees (Fish and Game Fund)	23.1	23.3	23.5
Sanctuary Fees (Fish and Game Fund)	0.1	0.1	0.1
Subtotal	**23.2**	**23.4**	**23.6**
Other Fees	**4.8**	**5.4**	**6.1**
Total Restricted	**28.0**	**28.8**	**29.7**
Grand Total	**61.6**	**75.0**	**78.3**

Rents and Royalties

The majority of the unrestricted receipts under this category are from leasing, rental and sale of state land. Although certain restricted receipts are deposited in the Permanent Fund, Mental Health Trust Fund and Public School Trust Fund, these are treated elsewhere.

Table 4-6. Rents and Royalties
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Land Leasing, Rental and Sale	5.4	6.0	6.2
Coal Royalties	0.6	0.8	0.8
Cabin Rentals	0.2	0.2	0.2
Total Unrestricted	6.2	7.0	7.2
Restricted			
Land Leasing, Rental and Sale	4.7	4.7	4.7
Total Restricted	4.7	4.7	4.7
Grand Total	10.9	11.7	11.9

Other

This category includes unrestricted contributions, unclaimed property and miscellaneous other receipts.

Unclaimed Property

Under the unclaimed property statutes, a person holding abandoned property belonging to someone else must turn the property over to the state, which holds the property in trust until claimed by its rightful owner. Most unclaimed property is in the form of cash (checking and savings accounts), stocks and bonds (including dividends) and safe-deposit box contents. Other property includes utility deposits, traveler checks and wages. Because not all unclaimed property owners are located, amounts received from holders exceed the refunds to owners. The Treasury Division maintains a minimum balance in the trust account and periodically transfers excess funds to the General Fund.

Dividends and Miscellaneous

The restricted portion of Other includes transfers, frequently as dividends, from component organizations of state government, as well as certain miscellaneous revenues.

Table 4-7. Other Revenue
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Miscellaneous	9.4	10.0	10.0
Unclaimed Property (1)	0.0	11.5	4.0
Total Unrestricted	9.4	21.5	14.0
Restricted			
Alaska Housing Finance Corporation (2)	54.0	66.7	66.2
Alaska Industrial Development and Export Authority (2)	20.2	20.6	26.3
Alaska Municipal Bond Bank Authority (2)	0.9	1.3	1.4
Alaska Student Loan Corporation (2)	3.8	4.1	80.6
Alaska Energy Authority (2)	0.4	1.1	1.1
Alaska Science & Technology Foundation (2)	98.7	0.0	0.0
Miscellaneous (3)	34.9	34.9	34.9
Total Restricted	212.9	128.7	210.5
Grand Total	222.3	150.2	224.5

(1) One-time transfer of $11.5 million to the General Fund in FY 2004 as a result of payments and interest from a former settlement.
(2) Payments from component units is reflected in the Comprehensive Annual Financial Report for FY 2003 and estimates from the Office of Management and Budget for FY 2004 and FY 2005.
(3) Revenue shown under account codes for "other" or "contributions" in the Alaska State Accounting System for General Fund subfunds and special revenue funds.

5.

FEDERAL REVENUE

5.

Figure 5-1. FY 2003 Federal Revenue
$1.8 Billion

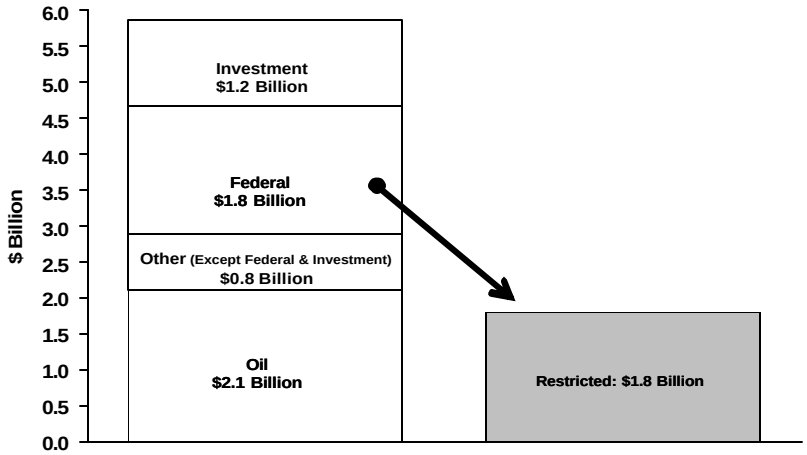


Table 5-1. Total Federal Revenue to the State
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual	Budgeted	
	FY 2003	FY 2004	FY 2005
Restricted			
Federal Receipts	1,769.1	2,436.9	2,981.3
Total Restricted	1,769.1	2,436.9	2,981.3

Source: Office of Management and Budget.

Federal government spending has figured prominently in Alaska's history and is still a major force today, in spite of the maturing and diversification of Alaska's economy. The federal fiscal year (FFY) runs from October 1 through September 30. In FFY 2002, the federal government spent $7.6 billion in Alaska.(1) Part of that spending comes from the activities of the various agencies of the federal government, part is in the form of grants to state and local governments, and still another part is payments to individuals.

The University of Alaska, Institute of Social and Economic Research (ISER), attributes one out of three Alaskan jobs to federal spending. This ISER paper on the importance of federal spending on the Alaska economy can be found at: http://iser.uaa.alaska.edu/publications/federalspendingak/pdf.

(1) This and the data for the two federal fund figures on the adjacent page come from the Consolidated Federal Funds Report for FY 2002, U.S. Census Bureau, U.S. Department of Commerce, Washington, D.C. 20233.

Per capita, more federal money is spent in Alaska than in any other state. Federal spending is increasing in Alaska faster than in any other state — in FFY 2002, federal spending grew by 18%. As the figure below shows, federal government expenditures in Alaska have grown faster than in the rest of the states for five of the past seven years.

Figure 5-2. Annual Federal Spending Increase, Alaska and U.S.

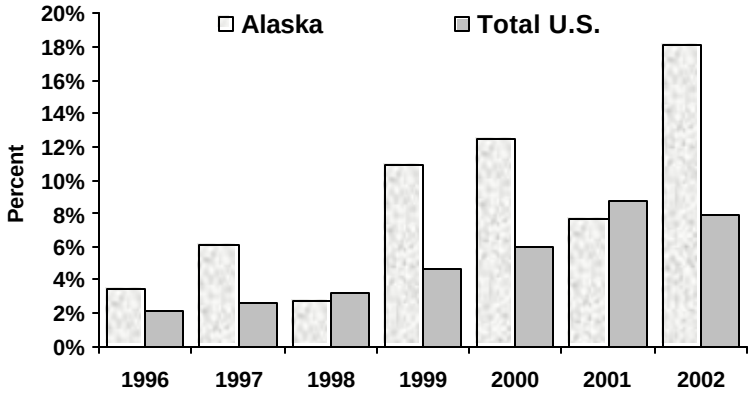
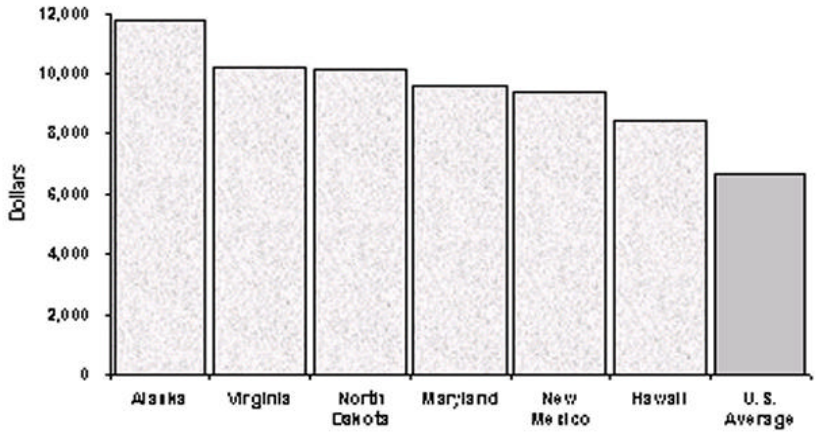


Figure 5-3. FFY 2002: Federal Spending per Capita, Top Six States



Among federal agencies, the Department of Defense spends the most in Alaska, followed by the Department of Health and Human Services. Together, they account for nearly half of all federal spending in the state. Not surprisingly, a large portion of federal money flows into Alaska through salaries of federal employees. However, more than one-third of all federal spending is in the form of grants, mostly to state and local governments, but also to non-profit organizations.

5.

Table 5-2. Total Federal Spending, FFY 2002
$ Million

By Agency

	$Million	Percent
Defense	1,975	26
Health & Human Services	1,823	24
Social Security	591	8
Other Agencies	3,173	42
Total	**7,562**	**100**

By Category

	$Million	Percent
Grants	3,127	41
Salaries & Wages	1,499	20
Procurement	1,396	18
Retirement & Disability	981	13
Other Direct Payments	559	7
	7,562	**100**

Source: Consolidated Federal Funds Report for FY 2002, U.S. Census Bureau, U.S. Department of Commerce, Washington, D.C. 20233

In FY 2003, the state received and spent $1.8 billion of federal funds. Alaska received $1.91 for every $1 collected in federal taxes from the State of Alaska.(1) This funding is restricted to specific uses, such as road improvements, Medicaid payments and aid to schools. Approximately 48% of total federal money spent by the state in FY 2003 was for capital projects. Potential changes to federal law, differing federal and state fiscal years and changing numbers of eligible Alaskans in certain programs make forecasting federal revenue difficult. The estimates that we present for FY 2004 and 2005 are therefore necessarily rough.

It is important to note that the state routinely budgets for more federal money than it actually receives. The legislature authorizes agencies to receive and spend the maximum that federally funded programs might need. Actual amounts normally turn out to be less. Also, some of the federal money appropriated for multi-year capital projects is received and spent in years following the one in which the money is appropriated.

For FY 2004, the state budgeted $2.4 billion in federal receipts. Most federal funding required state matching money. The budgeted state match in FY 2004 is $323.4 million. All federal funds, whether spent in the operating or capital budget, are restricted to specific uses. The largest categories of federal spending, as budgeted for FY 2004, are Medicaid ($567 million), highways and airports ($742 million), public safety ($618 million) and education ($287 million).

(1) Tax Foundation Special Report No. 124 , "Federal Tax Burdens and Expenditure by State," July 2003, www.taxfoundation.org.

6.

INVESTMENT REVENUE

6.

Figure 6-1. FY 2003 Investment Revenue
$1.2 Billion

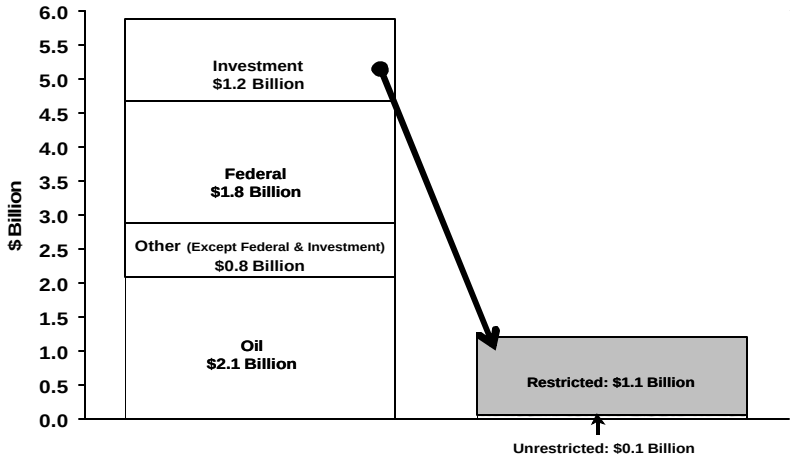


Table 6-1. Total Investment Revenue [1]
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Investments of Governmental Funds	28.2	11.0	10.5
Interest Paid by Others	30.8	4.0	2.3
Subtotal	**59.0**	**15.0**	**12.8**
Restricted			
Investments of Governmental Funds	20.3	5.9	4.8
Constitutional Budget Reserve Fund	144.4	90.2	65.5
Other Treasury Managed Governmental Funds	24.4	58.8	31.8
Alaska Permanent Fund [2]	962.6	4,168.8	2,102.6
Subtotal	**1,151.7**	**4,323.7**	**2,204.7**
Total	**1,210.7**	**4,338.7**	**2,217.5**

(1) Governmental Accounting Standards Board (GASB) principles require the recognition of changes in the value of investments as income or losses at the end of each trading day, whether the investment is actually sold or not.
(2) Total Permanent Fund realized and unrealized earnings.

Investment Forecast

To forecast investment revenue for the current fiscal year — FY 2004 — we combine actual performance through February 29 with a projection for the rest of the year. Normally, forecasts and estimated capital market median returns are based on information supplied by the state's investment consultant, Callan Associates Inc., and its "Five-Year Capital Market Estimated Returns" (see the table below.)

Table 6-2. Callan Associates Inc.'s Five-Year Capital Market Estimated Returns (Next Revision October 2004)

Asset Class	Benchmark for Asset Class	%/Year Median Expected Return	%/Year Expected Risk
Equities			
U.S. Broad	Callan Associates Inc. (CAI) Broad Market	9.0	16.9
U.S. Large Cap	Standard and Poors (S&P) 500	8.8	16.2
U.S. Small Cap	CAI Small	10.1	23.5
International	Morgan Stanley Capital International EAFE	9.3	20.3
Fixed Income			
Domestic Broad Market	Lehman Brothers Aggregate	4.75	4.50
Domestic Short Term (cash equivalent)	Three-Month U.S. Treasury Bill	2.70	0.70
Domestic Intermediate Term	Merrill Lynch 1- to 5-Year Government	4.00	3.15
International	Salomon Brothers Non-U.S. Government	4.65	9.60
Other			
Real Estate		7.6	16.5
Economic Variables			
Inflation		2.6	1.4

The continued volatility in the world's financial markets makes focus on the expected risk columns in the table above particularly appropriate. The numbers in this column represent a statistical measure called standard deviation, which is the most commonly used measure of risk in the investment world. The standard deviation allows you to estimate a range in which you would expect results to fall two-thirds of the time. For example, Callan estimates an average annual return for the domestic broad market fixed-income asset class of 4.75% and an expected risk for that asset class of 4.5%. That means Callan is forecasting that two-thirds of the time the annual return for the domestic broad fixed-income asset class will fall between 0.25% (the median expected average annual return of 4.75% *minus* the expected risk of 4.5%) and 9.25% (the median expected return *plus* the expected risk).

The probability that a particular asset class or portfolio will have a negative return over a given period of time is another way to reflect the riskiness of that asset class or portfolio. The investment income summary tables in this section of the revenue forecast include an estimate of the probability of negative returns for each fund over a one-year period.

6.

We use Callan's Five-Year Market assumptions for the CBRF Special Subaccount, Public School Trust Fund and Alaska Children's Trust. For the General Fund and Other Non-Segregated Investments (GeFONSI) and the Constitutional Budget Reserve Fund (CBRF) Regular Account, we use the current yields-to-maturity of the relevant asset classes. (See comparison table below.)

Table 6-3. Callan Associates Inc.'s Capital Market Returns vs. Current Yield to Maturity

Asset Class	Benchmark for Asset Class	% per year Callan Associates Inc.	% per year Current Yield Expected to Maturity
Fixed Income			
Domestic Short Term (cash equivalent)	Three-Month U.S. Treasury Bill	2.70	0.95
Domestic Intermediate Term	Merrill Lynch 1- to 5-Year Government	4.00	1.87
Domestic Broad Market (Long Term)	Lehman Brothers Aggregate	4.75	3.74

(1) Yield as of March 16, 2004.

Unrestricted Investment Revenue

Unrestricted investment revenue is earned on the General Fund non-segregated investments managed by the Treasury Division.

"Interest Paid by Others" is interest received by the state other than by its investments. In FY 2003, the state received $28.5 million in interest earnings accumulated over 10 years on grant funds awarded to the Southern Intertie Project. We are assuming that interest on the grant will generate $1.7 million in interest in FY 2004.

Oil and gas royalty interest is included in General Fund unrestricted oil revenue.

Table 6-4. Unrestricted Investment Revenue
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Unrestricted			
Investments	28.2	11.0	10.5
Interest Paid by Others	30.8	4.0	2.3
Total	**59.0**	**15.0**	**12.8**

Table 6-5. Investment Revenue Summary
Actual FY 2003 and Projected FY 2004-2005

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	50%	Three-Month U.S. Treasury Bill
Intermediate-Term, Fixed-Income Pool	50%	Merrill Lynch 1- to 5-Year Government Index

Investment Balance February 29, 2004	$1,080.5 Million
Projected Annual Rate of Return	1.41 %
Probability of Negative Return Over 1 Year	20.52 %
Actual Total Investment Income, FY 2003	$ 48.5 Million
Projected Total Investment Income, FY 2004	$ 16.9 Million
Projected Total Investment Income, FY 2005	$ 15.3 Million

$ Million

	Actual FY 2003	FY 2004	FY 2005
Investment Revenue Unrestricted	28.2	11.0	10.5
Investment Revenue Restricted (1)	20.3	5.9	4.8
Total	**48.5**	**16.9**	**15.3**

(1) Includes subfunds of the General Fund.

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Restricted Investment Revenue

Restricted investment revenue consists of earnings from governmental funds, the CBRF, other treasury managed governmental funds and the Alaska Permanent Fund.

Table 6-6. Restricted Investment Revenue
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Restricted			
Investments of Governmental Funds	20.3	5.9	4.8
Constitutional Budget Reserve Fund	144.4	90.2	65.5
Other Treasury Managed Governmental Funds	24.4	58.8	31.8
Alaska Permanent Fund (1)	962.6	4,168.8	2,102.6
Total	**1,151.7**	**4,323.7**	**2,204.7**

(1) Annual unrealized and realized earnings from Permanent Fund Table 6-12.

Table 6-7. CBRF Investment Revenue Summary
Actual FY 2003 and Projected, FY 2004-2005

Asset Allocation Regular Account

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-Income Pool	22%	Three-Month U.S. Treasury Bill
Intermediate-term, Fixed-Income Pool	58%	Merrill Lynch 1- to 5-Year Government Index
Broad Market Fixed-Income Pool	20%	Lehman Brothers Aggregate Bond Index

Regular Account Balance February 29, 2004	$1,546.6 Million
Projected Annual Rate of Return	2.04 %
Probability of Negative Return Over 1 Year	22.92 %

Asset Allocation Special Subaccount

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	41%	Lehman Brothers Aggregate Bond Index
Domestic Equity Pool	43%	Russell 3000 Index
International Equity Pool	16%	MSCI EAFE Index

Special Subaccount Balance February 29, 2004	$ 421.3 Million
Projected Annual Rate of Return	7.31 %
Probability of Negative Return Over 1 Year	24.35 %

Total Investment Income ($Million)

	Actual FY 2003	FY 2004	FY 2005
Regular Account	126.6	31.3	32.8
Special Subaccount	17.8	58.9	32.7
Total	144.4	90.2	65.5

6.

Table 6-8. Constitutional Budget Reserve Fund Cash Flows
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Beginning Cash Balance CBRF	**2,469.3**	**2,092.4**	**2,147.3**
Beginning Main Account Balance	**2,114.4**	**1,719.7**	**1,715.7**
Earnings on Main Account Balance (1)	126.6	31.3	32.8
Petroleum Tax, Royalty Settlements (2)	22.3	20.0	20.0
Loan to GF (prior year)	(89.3)	0.0	0.0
Loan to GF (current year) (3)	(454.3)	(55.3)	(290.6)
Payback of Cash Flow Draw	0.0	0.0	0.0
Ending Main Account Balance	**1,719.7**	**1,715.7**	**1,477.9**
Beginning Special Subaccount Balance	**354.9**	**372.7**	**431.6**
Earnings on Special Subaccount Balance (1)	17.8	58.9	32.7
Loan to GF from Special Subaccount	0.0	0.0	0.0
Ending Special Subaccount Balance	**372.7**	**431.6**	**464.3**
Total CBRF Balance	**2,092.4**	**2,147.3**	**1,942.2**

(1) The projected earnings rate for FY 2004 and FY 2005 for the undesignated subaccount is 2.04% to reflect the historically low short rates that currently exist. Starting in FY 2006, the estimated rate increases to 3.862%. The earnings estimate for the special subaccount is 7.314%. These projections are based on Callan's capital market assumptions and the Department of Revenue, Treasury Division's asset allocation.
(2) Settlement estimates are provided by the Department of Revenue and Department of Law.
(3) The FY 2003 draw is based on the audited cash balance in the CBRF as of June 30, 2003. FY 2004 CBRF draw projections are provided by the Office of Management and Budget (OMB) and do not represent final budget numbers. The estimated future loan figures are slightly different than those found in the Executive Summary. Table 2-10 was based on flat budget projections while OMB's estimate in this table is based on the asssumption that certain portions of the budget will change with population.

The treasury manages two other governmental funds, the Public School Trust and the Alaska Children's Trust. Tables for each of these, and for the Power Cost Egualization Fund, are on the two pages that follow.

Table 6-9. Public School Trust Investment Revenue Summary
Actual FY 2003 and Projected FY 2004-2005

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	59%	Lehman Brothers Aggregate Index
Domestic Equity Pool	41%	Russell 3000 Index

Public School Trust Fund Balance February 29, 2004	$ 297.7 Million
Projected Annual Rate of Return	6.49 %
Probability of Negative Return Over 1 Year	20.90 %

Total Investment Income and Distributable Income ($ Million)

	Actual FY 2003	FY 2004	FY 2005
Public School Trust Total Investment Income	17.5	32.4	18.6
Public School Trust Distributable Income	9.3	9.5	10.2

Table 6-10. Alaska Children's Trust Investment Revenue Summary
Actual FY 2003 and Projected FY 2004-2005

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	59%	Lehman Brothers Aggregate Index
Domestic Equity Pool	41%	Russell 3000 Index

Alaska Children's Trust Balance February 29, 2004	$10.4 Million
Projected Annual Rate of Return	6.49 %
Probability of Negative Return Over 1 Year	20.90 %

Total Investment Income and Distributable Income ($ Million)

	Actual FY 2003	FY 2004	FY 2005
Alaska Children's Trust Total Investment Income	0.7	1.1	0.7
Alaska Children's Trust Distributable Income	0.3	0.3	0.4

6.

Table 6-11. Power Cost Equalization Investment Revenue Summary
Actual FY 2003 and Projected FY 2004-2005

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	38%	Lehman Brothers Aggregate Index
Domestic Equity Pool	43%	Russell 3000 Index
International Equity Pool	19%	MSCI EAFE Index

Power Cost Equalization Balance February 29, 2004	$180.7 Million
Projected Annual Rate of Return	7.44 %
Probability of Negative Return Over 1 Year	24.85 %

Total Return and Distributable Funds ($ Million)

	Actual FY 2003	FY 2004	FY 2005
Power Cost Equalization Endowment Total Return	6.2	25.3	12.5
Power Cost Equalization Endowment Distributable Funds	12.8	12.6	11.4

Table 6-12. Alaska Permanent Fund Managed by the Permanent Fund Corporation [1]
Actual FY 2003 and Projected FY 2004-2005
$ Million

	Actual FY 2003	FY 2004	FY 2005
Reserved Assets — Principal			
Total Reserved Assets — Beginning Balance	**22,389.4**	**24,094.3**	**27,049.0**
Contributions and Appropriations			
Contributions and Appropriations — Beginning Balance	21,884.2	22,988.0	23,520.5
Dedicated Petroleum Revenue	397.6	342.7	301.2
Inflation Proofing Transfer from Realized Earnings	352.1	169.0 [2]	619.4
Deposits to Principal and Settlement Earnings	354.1	20.8	22.4
Subtotal — Contributions and Appropriations	**22,988.0**	**23,520.5**	**24,463.4**
Unrealized Appreciation/Depreciation			
Appreciation/Depreciation — Beginning Balance	505.2	1,106.3	3,528.5
Annual Unrealized Gain/Loss [3]	601.1	2,422.2	(31.1)
Subtotal — Unrealized Appreciation/Depreciation	**1,106.3**	**3,528.5**	**3,497.4**
Total Reserved Assets — Ending Balance	**24,094.3**	**27,049.0**	**27,960.9**
Realized Earnings Account			
Realized Earnings Account — Beginning Balance	1,135.8	100.0	1,051.8
Annual Realized Earnings	361.5	1,746.6	2,133.7
Dividend Payment to the State of Alaska [4]	(690.7)	(605.0)	(593.0)
Inflation Proofing Transfer to Reserved Assets	(352.1)	(169.0) [2]	(619.4)
Other Transfers to Reserved Assets	(354.1) [2]	(20.8)	(22.4)
Other Appropriations Out of the Fund	(0.4)	0.0	0.0
Realized Earnings Account— Ending Balance	**100.0**	**1,051.8**	**1,950.7**
Market Value — Total Fund Invested Assets Value			
Contributions and Appropriations End-of-Year Balance	22,988.0	23,520.5	24,463.4
Unrealized Appreciation/Depreciation End-of-Year Balance	1,106.3	3,528.5	3,497.4
Realized Earnings End-of-Year Balance (Statutory Earnings)	100.0	1,051.8	1,950.7
Fund Balance (Market Value) End-of-Year Balance	**24,194.3**	**28,100.8**	**29,911.6**
Annual Accounting Net Income [3]	**962.6**	**4,168.8**	**2,102.6**

(1) Data projected using Permanent Fund Corporation's February 29, 2004, financial statements and the spring 2004 mineral revenue forecast. Callan Associates, Inc.'s, 2004 capital market assumptions: 17.30% total return projected for FY 2004 (using actual data for eight months and projected median return data for four months). Future fiscal year total return assumptions are projected at 7.61%.
(2) $354 million of FY 2004's projected inflation proofing of $523 million was prefunded in FY 2003. Currently, there is legislation pending for the remaining $169 million balance.
(3) The sum of annual unrealized gains/losses and annual realized earnings. According to an Attorney General opinion, the unrealized portion of gains/losses of accounting net income is considered a component of reserved assets.
(4)The permanent fund dividend payment is recorded as a liability at fiscal year end, and is paid out the following month.

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7.

STATE ENDOWMENT FUNDS

7.

This section of the revenue forecast compares some important attributes of six existing endowment funds. The University of Alaska endowment is included in this comparison because it is one of the Alaska state public endowment funds that employs the annual distribution practices typical of the vast majority of endowments in the United States and Canada.(1)

The fiduciary for each of these endowment funds has the responsibility for establishing an asset allocation policy for the fund. The table below compares the asset allocation policies for these endowments.

Today, under the standards adopted by the Governmental Accounting Standards Board (GASB), public funds complying with those standards determine and report their income by recognizing changes in the value of securities as income, or losses, as they occur at the end of each trading day, regardless of whether the securities are actually sold and the income taken, or realized. All six of these endowments report annual income on this basis. However, as reflected in the table, four of them — two of the funds administered by the Alaska Permanent Fund Corporation, the Public School Trust and the Alaska Children's Trust — use other measures of annual income for their distributions.

In determining the amount of income available for distribution each year for the two funds managed by the Alaska Permanent Fund Corporation (Alaska Permanent Fund and Mental Health Trust Fund), gains or losses on individual stocks and bonds are not recognized until the stock or bond is sold. For calculating distributable income for the Public School Trust and the Alaska Children's Trust, only interest earned and dividends paid are treated as income. Gains and losses in the value of individual stocks and bonds are never recognized as income. By law, those gains and losses remain with the principal of the fund.

Table 7-1. Target Asset Allocation — State Endowment Funds
Percent

	Cash	U.S. Bonds	Int'l Bonds	U.S. Equities	Int'l Equities	Real Estate	Alternative Investments	Total
Alaska Permanent Fund	0	28	4	37	18	10	3	100
Mental Health Trust	0	28	4	37	18	10	3	100
Public School Trust	0	58	0	42	0	0	0	100
Alaska Children's Trust	0	58	0	42	0	0	0	100
Power Cost Equalization	0	42	0	41	17	0	0	100
University of Alaska Endowment	1	28	0	36	12	5	18	100

(1) The predominant practice, making annual distributions of 4% to 5% of the market value of the endowment, developed following a 1968 Ford Foundation study. See The Ford Foundation *Managing Educational Endowments* (New York, New York; 1968).

Table 7-2. Calculation of Annual Income — State Endowment Funds

	Financial Reporting of Income	Distributable Income
Alaska Permanent Fund	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on securities actually sold
Mental Health Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on securities actually sold
Public School Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Alaska Children's Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Power Cost Equalization Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)
University of Alaska Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)

7.

Table 7-3. Distributable Income Determination — State Endowment Funds

Alaska Permanent Fund	The annual distribution for the Permanent Fund Dividend follows the formula in AS 37.13.140-.150, which equals 10.5% of the past five years' total realized income but not to exceed 50% of the balance in the Fund's Realized Earnings Account (REA). The 50% limitation has never been triggered.
Mental Health Trust	The Mental Health Trust Board adopted a policy to annually distribute 3.5% of the market value of the fund's total assets beginning in FY 2001. For FY 1996-1998 it was 3%; for FY 1999-2000 it was 3.25%. Because of recent declines in market value, the Trust Board is exploring a redefinition of "principal" so that losses in market value would be proportionally allocated to the principal account and the income account.
Public School Trust	The annual distribution is 4.75% of a five-year moving average of the fund principal's market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable income account balance so the fund is better able to retain its ability to distribute in a sustained bear market.
Alaska Children's Trust	The annual distribution is 4.75% of a five-year moving average of the fund principal's market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable income account balance so the fund is better able to retain its ability to distribute in a sustained bear market.
Power Cost Equalization Endowment	The annual distribution is 7% of the fund's market value. For the initial transition years, use the market value on February 1 for the subsequent fiscal year. Thereafter, use 7% of the monthly average value for a specified 36-month period.
University of Alaska Endowment	The annual distribution is 5% of a five-year moving average of the market value of the fund.

Table 7-4. Inflation-Proofing Procedures — State Endowment Funds

Alaska Permanent Fund	An annual appropriation is needed to inflation proof the principal of the Permanent Fund (but not the accumulated earnings pursuant to AS 37.13.145. The legislative appropriation then requires a transfer from the REA to the fund's principal an amount equal to a calculated U.S. Consumer Price Index's effect on the value of the principal contributions and appropriations. The Alaska Permanent Fund Corporation's Trustees have proposed a constitutional amendment that would inflation proof the entire fund by limiting the annual distribution of earnings to 5% of the market value of the fund.
Mental Health Trust	The Mental Health Trust Authority has adopted two policies to inflation proof the fund. It limits distributions to 3.5% of the fund's market value. (The authority's ultimate distribution rate goal of 5% should still inflation proof the fund.) The authority also has adopted a policy transferring money from the reserve account to the principal whenever the reserve exceeds four times the annual income distribution.
Public School Trust	The asset allocation policy is such that, in combination with the requirement that the fund's capital gains and losses remain part of the principal of the fund, the retained capital gains are adequate to inflation proof the fund.
Alaska Children's Trust	The asset allocation policy is such that, in combination with the requirement that the fund's capital gains and losses remain part of the principal of the fund, the retained capital gains are adequate to inflation proof the fund.
Power Cost Equalization Endowment	The legislature, in selecting a 7% distribution policy, expressly elected not to inflation proof this fund, but rather to distribute all, or almost all, of its anticipated annual earnings.
University of Alaska Endowment	The university's distribution policy of 5% of the moving five-year average of the fund's market value should inflation proof the fund.

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8.

PUBLIC CORPORATIONS & UNIVERSITY OF ALASKA

8.

Public Corporations

The state has established the following public corporations to carry out certain public policies:

- Alaska Housing Finance Corporation (AHFC)
- Alaska Industrial Development and Export Authority (AIDEA)
- Alaska Energy Authority (AEA)
- Alaska Student Loan Corporation (ASLC)
- Alaska Municipal Bond Bank Authority (AMBBA)
- Alaska Aerospace Development Corporation
- Alaska Railroad Corporation

These seven corporations and the University of Alaska are component units of state government whose activities are accounted for in the State's Comprehensive Annual Financial Report separately from the activities of primary state government.

Four of these corporations — the Alaska Housing Finance Corporation (AHFC), Alaska Industrial Development Authority (AIDEA), Alaska Student Loan Corporation (ASLC) and Alaska Municipal Bond Bank Authority (AMBBA) — pay some portion of their income as a "dividend" to the state.

The members of the AIDEA Board of Directors also serve as Board of Directors of AEA. AIDEA and AEA continue to exist as separate legal entities. AEA has no employees; AEA contracts to have AIDEA employees administer AEA programs. Other corporations have their own staffs and boards. While neither the sale of bonds nor the expenditure of bond proceeds by these corporations are subject to the Executive Budget Act, expenditures for the day-to-day administration of all of these corporations except the Alaska Railroad are subject to the Executive Budget Act.

The following six tables summarize the activities of these seven corporations.

Table 8-1. Public Corporations - Missions
What does the corporation do and how does it do it?

Alaska Housing Finance Corporation

Using proceeds from the sale of bonds backed by its corporate assets, AHFC purchases home mortgages from Alaska banks. Income from payments on these mortgages repays bond holders and adds to the corporation's income, thereby enabling the corporation, since FY 1991, to pay an annual dividend and/or return of capital to the state. In addition to ensuring that Alaskans, especially Alaskans of low and moderate income and those in remote and underdeveloped areas of the state, have adequate housing at reasonable cost, the corporation administers federally and state funded multi-residential, senior and low-income housing, residential energy and home weatherization programs. In recent years, the legislature has authorized AHFC to finance the construction of schools, University of Alaska housing and other capital projects identified by the legislature.

Alaska Industrial Development and Export Authority

By lending money, guaranteeing loans or becoming an owner, AIDEA makes financing available for industrial, export and other business enterprises in Alaska. The corporation earns money from interest on its loans, investments, leases and operations of its properties. The corporation has paid an annual dividend to the state since FY1997.

Alaska Energy Authority

AEA provides loans to rural utilities, communities and individuals to pay for the purchase or upgrade of equipment and for bulk fuel purchases. Additionally, the agency administers the Power Cost Equalization program, subsidizing rural electric costs with the Power Cost Equalization Endowment. AEA also receives federal and state money to provide technical advice and assistance in energy planning, management and conservation in rural Alaska. AEA operates and maintains state-owned power projects, such as Bradley Lake and the Alaska Intertie.

Alaska Student Loan Corporation

The Alaska Student Loan Corporation uses proceeds from bond sales to finance education loans made by the Alaska Commission on Postsecondary Education. Loan repayments satisfy bond obligations and enhance the corporation's capital asset base. Alaska statutes authorize the board of directors to annually declare a return to the state of a portion of its net income. The board has declared return of capital payments for each year beginning in FY 2001 through FY 2005.

Alaska Municipal Bond Bank Authority

The Bond Bank loans money to Alaska municipalities in Alaska for capital improvement projects. The bank's larger capital base, its reserve funds and its credit rating enable to sell bonds at lower interest rates than the municipalities could obtain on their own. The Bond Bank earns interest on the money it holds in reserve and has returned a dividend to the state every year since 1977.

Alaska Aerospace Development Corporation

This corporation finances aerospace-related ventures in Alaska, including the establishment and operation of a commercial space vehicle launch facility in Kodiak, space science and engineering research and promoting tourism at the Poker Flat rocket range and other facilities. Eventually, income from investments and operations will be returned to a revolving fund to make more loans and acquire properties.

Alaska Railroad Corporation

The corporation operates freight and passenger rail services between Seward and Fairbanks, including a spur line to Whittier. In addition, the corporation generates revenues from real estate it owns.

8.

Table 8-2. Public Corporations - State Capitalization
How did the state capitalize the corporation?

Alaska Housing Finance Corporation

The legislature appropriated $739.9 million in cash and $292.5 million in mortgages held by the General Fund to the corporation between 1976 and 1984. The payments on those mortgages and additional mortgages purchased with the cash, have helped build the corporation's asset base and allow it to return some capital to the state each year. In 1993, AHFC received an additional $27.7 million in cash and $9.3 million in equity when the legislature merged the Alaska State Housing Authority with this corporation.

Alaska Industrial Development and Export Authority

Between 1981 and 1991, the State of Alaska transferred various loan portfolios worth $297.1 million and $69.2 million in cash to this corporation. In 1998, the state transferred ownership of the Ketchikan Shipyard.

Alaska Energy Authority

The legislature established the AEA in 1976 to finance and operate power projects. This corporation has also administered rural energy programs at various times, including the present. As a result of legislatively mandated reorganizations, capital has moved into and out of the corporation. At the end of FY 2001, this corporation reported contributed capital of $963.5 million.

Alaska Student Loan Corporation

In FY 1988, the state transferred $260 million of existing student loans to this corporation. Additional appropriations of cash between FY 1988 and FY 1992 totaled $46.7 million.

Alaska Municipal Bond Bank Authority

Between 1976 and 1986, the legislature appropriated $18.6 million to the Bond Bank to be used for backing bond issues. In addition, the legislature gave the Bond Bank $2.5 million in 1981 to cover an anticipated default by a municipality. The municipality did not default, and the Bond Bank retained the appropriation.

Alaska Aerospace Development Corporation

Since 1993, the state has contributed $10.9 million from the Science and Technology Endowment.

Alaska Railroad Corporation

The state bought the railroad from the federal government in 1985. The purchase price of $22.7 million was recorded as the state's capitalization.

Table 8-3. Public Corporations - Financial Facts, FY 2003 [1]

	$ Million				
	Total Assets	Assets Less Liabilities Book Value	Unrestricted Net Assets	FY 2002 Operating Budget	Total [2] Positions
Alaska Housing Finance Corporation	$5,056	$1,738	$148	$40.5	377
Alaska Industrial Development and Export Authority	$1,159	$822	$810	$6.5	65
Alaska Energy Authority	$579	$423	$221	$20.0	See AIDEA[3]
Alaska Student Loan Corporation	$834	$323	$11	$10.4	104
Alaska Municipal Bond Bank Authority	$319	$41	$20	$0.6	1
Alaska Aerospace Development Corporation [4]	$84	$52	$0.7	$5.4	28
Alaska Railroad Corporation [5]	$440	$137	$117	$78.3	751

(1) All figures are effective as of June 30, 2003, except for the Alaska Railroad which reports on a calendar year basis.
(2) Permanent Full Time (PFT), Permanent Part Time (PPT) and Temporary (TMP) are included in total positions.
(3) The Alaska Industrial Development and Export Authority (AIDEA) provides staff for the activities of the Alaska Energy Authority (AEA). A significant portion of AIDEA's 65 member staff is engaged in AEA programs.
(4) Unaudited.
(5) The Alaska Railroad reports financial data on a calendar year. Assets and book value shown in this table are from audited December 31, 2003, financial statements. The operating budget figure shown here is for CY 2004.

8.

Table8-4. Public Corporations - Revenue and Net Income
$ Million

	FY 2003 Revenue	FY 2003 Operating Income	FY 2003 Net Income
Alaska Housing Finance Corporation	$348.4	$67.1	($28.2)
Alaska Industrial Development and Export Authority	$79.5	$42.4	$22.6
Alaska Energy Authority	$56.8	($23.6)	($14.5)
Alaska Student Loan Corporation	$37.1	$26.8	$21.5
Alaska Municipal Bond Bank Authority	$14.0	$3.7	$3.0
Alaska Aerospace Development Corporation	$0.4	($1.9)	($2.0)
Alaska Railroad Corporation [1]	$127.6	$11.9	$14.5

(1) The Alaska Railroad reports financial data on a calendar year. CY 2003 covers the second half of FY 2003 and the first half of FY 2004.

Table 8-5. Public Corporations - Dividends to the State
How, if at all, does the corporation pay dividends to the state?

Alaska Housing Finance Corporation

The Twenty-Third Legislature in 2003 enacted SCSHB 256 (the "2003" Act) which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. As approved and signed into law by the Governor, the Transfer Plan calls for annual transfers as follows (in $ thousands): FY 2004 $103,000; FY 2005 $103,000; FY 2006 $103,000; FY 2007 Lesser of 95% Net Income or $103,000; FY 2008 Lesser of 85% Net Income or $103,000; FY 2009 and thereafter Lesser of 75% Net Income or $103,000.

Alaska Industrial Development and Export Authority

By statute, AIDEA must make available to the state not less than 25% and not more than 50% of its total net income for a base year, defined as the year two years prior to the dividend year. The dividend is further limited to no more than the total amount of its *unrestricted* net income in the base year (AS 44.88.088). Net income is defined in the statutes.

Alaska Energy Authority

AEA does not pay a dividend or return capital to the state on a regular basis. However, in FY 2000 this corporation returned $55.6 million of contributed capital to the Railbelt Energy Fund and the General Fund

Alaska Student Loan Corporation

This corporation, at the discretion of its board of directors, may make available to the state a return of contributed capital or dividend for any base year in which the net income of the corporation is $2 million or more. A base year is defined as the year two years before the payment year. If the board authorizes a payment, it must be between 10% and 35% of net income for the base year (AS 14.42.295).

Alaska Municipal Bond Bank Authority

By statute, the Bond Bank annually returns earnings or income of its reserve fund, in excess of expenses, to the state.

Alaska Aerospace Development Corporation

AADC does not pay a dividend or return capital to the state.

Alaska Railroad Corporation

The ARRC does not pay a cash dividend to the General Fund; however, it does make significant contributions to Alaskans and the communities it serves through charitable donations, operational, real estate and capital improvements.

Table 8-6. Public Corporations - Operating Expenses and Dividends
$ Million

	Operating Expenses Subject to the Executive Budget Act		Dividends and/or Return of Capital	
	Actual FY 2003	Budget FY 2004	Actual FY 2003	Budget FY 2004
Alaska Housing Finance Corporation	$38.4	$40.3	$103.0 (1)	$103.0
Alaska Industrial Development and Export Authority	$5.5	$6.6	$20.2	$16.4 (2)
Alaska Energy Authority	$18.7	$19.7	na	na
Alaska Student Loan Corporation	$8.5	$8.6	$5.3	$5.0
Alaska Municipal Bond Bank Authority	$0.6	$0.5	$1.6	$0.9
Alaska Aerospace Development Corporation	$2.3	$12.4	na	na
Alaska Railroad Corporation	na	na	na	na

(1) This figure reflects the provision in Chapter 130, SLA 2000, that $103 million will be transferred to the state each year through Fiscal 2008. Because some of this money is earmarked for multi-year capital projects, actual cash transfers in any given year may vary.
(2) The FY 2004 AIDEA dividend is currently appropriated at $16.4 million. The Board has authorized a dividend of $18.2 million.

University of Alaska

Table 8-7. University of Alaska

$ Million				
Lands and Facilities June 30, 2003	Total Assets June 30, 2003	Unrestricted Net Assets	FY 2004 Operating Budget	FY 2004 Total Positions
$703.9 (1)	$984.8	$40.8	$649.6	4,045

(1) Includes depreciation. Past years' figures did not include depreciation, in accordance with accounting principles for universities at that time.

9.

ROSETTA STONE

9.

Introduction

This Revenue Sources Book published by the Department of Revenue, the Summary of Appropriations published by the Legislative Finance Division, and the Comprehensive Annual Financial Report (CAFR) published by the Finance Division of the Department of Administration all present detailed information about where the state gets the money for its budgeted day-to-day operations.

Although these three documents concern the same subject matter, they serve very different purposes. This Revenue Sources Book concerns the first step in the process, estimating available "general purpose" or "unrestricted" revenue for appropriation in the next fiscal year. It is published each spring and fall. While the main focus in preparing this book is the unrestricted revenue, we also look at many sources of restricted revenues as well.

At the far end of the spectrum from this forecast is the CAFR. The CAFR reports what actually happened to state dollars during the prior fiscal year, and is published in December about six months after the end of the fiscal year — about two years after the publication of the Revenue Sources Book that had estimated the available revenue for that year. New standards set by the Government Accounting Standards Board in GASB Statement 34 promulgated a fairly major restructuring of its required financial reporting model. The 2002 CAFR was the first time the State of Alaska used the new reporting model.

In between the publication of our forecast and the CAFR, thousands of events occur and many different "snapshots" of the state's finances are taken. The Summary of Appropriations is one such snapshot, which records how much spending the legislature and governor authorized in the legislative session that just ended. The Summary of Appropriations is published in July, at the start of the fiscal year. In July 2003, the Summary of Appropriations for FY 2004 was published. The 2003 Fall Forecast provided a comparison between the revenues reported in the FY 2004 budget and Revenue Sources Book.

Even though these three books concern the same subject matter, they present it differently. The purpose of this section is to reconcile these documents. Going from one document to the other can be very difficult because each uses a different system to classify various kinds of state money, so a sum of money in one report may be broken up into many different pieces in a different report, or vice-versa. In addition, some of the critical terms used in the classification are defined very differently between the books.

Defining "Fund"

Alaska's public finances are generally described under one of two different systems: "accounting funds" or "budget funds." Many accounting funds have a corresponding budget fund. For other funds, a single budget fund can incorporate several entire accounting funds or parts of various accounting funds, and the reverse is true as well. Some budget funds have no corresponding accounting fund. As will be fleshed out below, a major difference between the two systems of funds is how each defines the "general fund."

Only about 110 of the approximately 181 budget funds are active(1) — and some of these are used to designate duplicated receipts. When a budget writer says money is coming from a particular fund, the writer identifies a source that may include money already set aside under that fund code or a stream of revenues earmarked for that fund code.

Accounting funds are funds established under general accepted accounting principles as codified by the Governmental Accounting Standards Board (GASB).(2) According to GASB, a fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These rules apply to all the states, counties, cities and other public jurisdictions across our country. They are meant to increase the transparency of public finances and the accountability of public officials. Accountants track revenues into specific GASB-defined funds. However, when an accountant says money is coming from such and such a fund, again, he or she is identifying a source that may include money on hand already set aside under that fund code or from a stream of revenues earmarked for that fund code.

(1) The list of fund codes can be found several places including "The Swiss Army Knife of Budget Handbooks," which can be found at http://www.legfin.state.ak.us/, with more recent additions found only in the budget itself.
(2) The GASB is a sister organization to the more well know FASB or Financial Accounting Standards Board. GASB sets out generally accepted accounting principles (GAAP) for governmental entities; FASB sets out GAAP for private businesses. Both are under the auspices of the Financial Accounting Foundation.

9.

Defining "General Fund"

The General Fund is the general operating fund of the state. All public money coming into the state treasury that is not authorized or required by law to be placed in a special fund constitutes the General Fund. As noted above, the accounting "General Fund" and the budgeting "general fund" are not the same thing. For example, the FY 2003 budget passed in the spring of 2002 was predicated on $1.5 billion in general fund revenue. The FY 2003 CAFR shows General Fund revenue for the period of $4.2 billion. Did several billion dollars go missing? No. What accounts for this difference is just that the accountants and budget writers use the term "general fund" differently.

The accountants' General Fund starts with everything in the budget writers' general fund, which represents the core government dollars that are designated as "unrestricted" in this Revenue Sources Book. The accountant's General Fund, however, also includes the following:

- Sub-accounts or subfunds of the General Fund. A budget writer will consider a General Fund subfund as a separate fund, and will discuss moving money from the general fund to a subfund. But such a transfer would not show up in the accountant's final report, because, to the accountants, it had no effect on the General Fund. For example, in conformance with GASB 34 standards the Constitutional Budget Reserve is considered a subfund of the General Fund.

- Federal dollars that are spent in general fund programs. No accounting funds are defined by the fact that they have only federal dollars. On the other hand, six specific budget codes refer to different kinds of federal funds.

To distinguish between these two concepts, in this document we will capitalize the accountants' General Fund, and keep the budget writers' general fund in lowercase.

Reconciling This Revenue Sources Book With the State's Comprehensive Annual Financial Report

Budgeting is a dynamic process and there are many different budget documents available. The Department of Administration, Division of Finance issues (and the Division of Legislative Audit audits) the CAFR every December to report on the fiscal year that ended six months earlier in June.(1) The CAFR provides a very detailed accounting of the state's fiscal picture and activities for the previous year. As an aside, GASB, in Statement 34, promulgated a fairly radical restructuring of its required financial reporting model, and the state used that model for the 2002 CAFR for the first time.

GASB 34 established a new structure for governmental reporting. All the state's funds are divided into three categories; governmental, proprietary and fiduciary funds. Discretely presented component units such as the University or Alaska Housing Finance Corporation continue to be reported separately.

Most of the state's basic services are reported in governmental funds, and with a handful of exceptions the revenues in these funds line up with the revenues in the Revenue Sources Book. There are five types of governmental funds; debt service funds, permanent funds, special revenue funds, capital project funds and the General Fund. The table below summarizes the revenues reported by the CAFR in governmental funds.

Table 9-1. 2003 CAFR Revenues in Governmental Funds
Dollars

	Debt Service Funds Sttmnt 3.02 (2 funds)	Capital Project Funds Sttmnt 3.02 (3 funds)	Permanent Funds Sttmnt 1.13 & 3.02 (2 funds)	Special Revenue Funds Sttmnt 3.02 (11 funds)	General Fund Sttmnt 1.13 (1 fund, 2 subfunds)	Total Govrnmentl Funds Sttmnt 1.13 (17 funds)
Taxes			-	30,646	1,032,140	1,062,786
Licenses & Permits			-	25,100	75,714	100,814
Charges for Services			-	340	167,165	167,505
Fines & Forfeitures			8	250	10,219	10,477
Rents & Royalties			403,858	34,556	848,288	1,286,702
Premiums & Cont.			-	19,794	10,015	29,809
Interest & Investment	1,793	1,502	870,085	1,665	202,732	1,077,777
Change in Fair Value	32	-	146,206	-	-	146,238
Federal			-	20,137	1,749,007	1,769,144
Grants & Contracts			-	40		40
Payments in from Component Units			-		80,728	80,728
Other Revenues	20,044	-	-	141	17,624	37,809
	21,869	**1,502**	**1,420,157**	**132,669**	**4,193,632**	**5,769,829**

Source: State of Alaska 2003 Comprehensive Annual Financial Report.

9.

There are two debt service funds. The Northern Tobacco Securitization Corporation issued bonds and uses 80% of the stream that the state receives under the Tobacco Litigation Master Settlement Agreement to service the debt. The other fund is used to service the general obligation bonds issued by the state in 2003.

There are three capital projects funds, that handle the proceeds from those bond sales.

There are two permanent funds, the Alaska Permanent Fund and the Public School Trust Fund, both discussed in Section 6 of this book

There are 11 special revenue funds, which can be found listed in Table 9-3. Over three-quarters of the revenues are found in just three special revenue funds, the Fish and Game Fund where revenues are derived from licenses, permits and federal support, the School Fund that derives its revenue from the cigarette tax and the NPR-A fund, comprised of federal NPR-A royalties.

There is only one General Fund though it has many subfunds. There are two major subfunds of the General Fund detailed in the CAFR, the Constitutional Budget Reserve Subfund and the Permanent Fund Dividend Subfund.

At the end of this section you will find Tables 9-2 and 9-3. Table 9-2 is organized like Table 2-1 — Total Revenue — of this Revenue Sources Book. Most of the numbers are taken from the Revenue Sources Book, although occasionally they are broken out a little more finely than in the Revenue Sources Book. In that case the figures are taken from the CAFR, or computed as a difference between two figures. Along the left hand side of the table a source is given for each figure. Along the right hand side of the page in Table 9-2 is shown the pertinent line of Table 9-3 identifying where that same dollar amount can be found in the CAFR. Table 9-2 details the full $5,864.7 million found in the Revenue Sources Book, and then adds detail on reconciling credits of $19.7 million, for a grand total of $5,845 million.

Table 9-2 is organized like the CAFR, using the same building blocks that totaled to $5,845 million. Again, along the left hand side of the table a source is given for each figure. Since the Revenue Sources Book reports in much finer detail, most of the time multiple revenues have to be summed to equal a figure reported in the CAFR. Along the right hand side of the page in Table 9-3 is shown the pertinent line of Table 9-2 identifying where that same dollar amount can be found in the Revenue Sources Book. Total governmental fund revenues of $5,769.8 million are summed, and then an additional $75.1 million not found in the governmental section of the CAFR but found in the Revenue Sources Book is presented to arrive at a total for the table of $5,844.9 million.

What is the additional $19.7 million credit necessary to reconcile the CAFR to the Revenue Sources Book? This amount falls into six classes. Miscellaneous plug figures representing adjustments, rounding or reclassifications of various revenue pieces net out to $4.3 million. The next three differences are GO Bond Funds, Debt Funds and Capital Project Funds which together represent $3.3 million and which we have not traced through to the Revenue Sources Book. Selected revenues from special revenue funds represent another $1.6 million

Finally, this is all offset by a $29 million reclassification. Interest earned on certain AIDEA accounts is shown one way in AKSAS and the Revenue Sources Book. However, the CAFR classifies it as AIDEA revenue – or non governmetnal fund revenue.

What about the additional $75.1 million found in Table 2-1 revenues that are not found in the CAFR operating revenues as shown in Table 9-3? This figure is actually the net of $36.2 million in expenses and $111.5 million in additional revenue.

The $36.2 million is found in the CAFR at Schedule 1.13, but is designated as operating expense. We report the earnings of the Permanent Fund net of its expenses, while the CAFR more accurately shows total revenues and then reflects operating expenses of the Permanent Fund as "expenses," coming out to the same net figure found in this book. In addition, there are minor rounding differences, contributing to the credit.

That is offset by the transfer of the operating fund from the Alaska Science and Technology Fund back into the general fund. We showed that as governmental fund revenues for FY 2003 whereas the CAFR shows it as a liquidation. In addition, there are other funds not traced through to the CAFR.

Table 9.2. Revenue Organized Like Revenue Sources Book

RSB ROW 1	Source	Description	Amount	RSB Table Line Item	RSB Table Subtotal	RSB Table Subtotal & Total	CAFR ROW 1
3	**OIL REVENUE**						
4	**Unrestricted**						
5	Royalties (including Bonuses)						
6	Table 2-4	Royalties (including Bonuses)	825.7	825.7			73
7	Table 2-4	Mineral Bonuses and Rents	9.6	9.6			74
8	Table 2-4	Interest Paid by Others (general fund)	5.0	5.0			89
9	Subtotals Royalties (including Bonuses)				840.3		
10	Corporate income Tax						
11	Table 2-4	Corporate Petroleum Tax	151.1	151.1			20
12	Subtotal Corporate Income Tax				151.1		
13	Property Tax						
14	Table 2-4	Property Tax	48.7	48.7			21
15	Subtotal Property Tax				48.7		
16	Severance Tax						
17	Table 2-4	Oil & Gas Hazardous Release	9.2	9.2			22
18	Table 2-4	Severance Tax	589.8	589.8			23
19	Subtotal Severance Tax				599.0		
20	**Subtotal Unrestricted**					**1,639.1**	
21							
22	**Restricted**						
23	CBRF						
24	Adj 1 (Table 3-9 & Schdl 3.12)	Interest Portion of Tax and Royalty CBRF Bound Settlements	10.3				121
25	Plug Figure	Plug Figure to Reconcile CAFR and RSB for CBRF	(0.1)				222
26	Schdl 3.12	Penalty Portion of Tax and Royalty CBRF Bound Settlements	0.1				126
27	Schdl 3.12	Royalty Portion of CBRF-Bound Settlements	0.5				129
28	Schdl 3.12	Tax Portion of CBRF-Bound Settlements	11.5				132
29	CBRF Subtotal			22.3	22.3		
30	NPRA						
31	Table 3-9	NPRA	34.6	34.6			164
32	Subtotal NPRA				34.6		
33	Dedicated Royalties						
34	Table 3-9	Royalties to School Fund	6.2	6.2			204
35	Table 3-9	Royalties to Permanent Fund	397.6	397.6			195
36	Dedicated Royalties Subtotal				403.8		
37	**Subtotal Restricted**					**460.7**	
38							
39							
40	**NON-OIL REVENUE (EXCEPT FEDERAL & INVESTMENT)**						
41	**Unrestricted**						
42	Taxes						
43	Table 4-2	Alcoholic Beverage (General Fund)	14.1	14.1			24
44	Table 4-2	Charitable Gaming (General Fund)	2.6	2.6			25
45	Table 4-2	Cigarette (General Fund)	9.6	9.6			26
46	Table 4-2	Corporation General Income Tax (General Fund)	47.7	47.7			27
47	Table 4-2	Electric and Telephone Cooperative (General Fund)	0.2	0.2			28
48	Table 4-2	Estate (General Fund)	1.2	1.2			29
49	Table 4-2	Fisheries Business (General Fund)	13.8	13.8			30

Table 9.2. Revenue Organized Like Revenue Sources Book

RSB ROW 1	Source	Description	Amount	RSB Table Line Item	RSB Table Subtotal	RSB Table Subtotal & Total	CAFR ROW 1
50	Table 4-2	Fishery Resource Landing (General Fund)	6.9	6.9			31
51	Table 4-2	Insurance Premium (General Fund)	39.0	39.0			32
52	Table 4-2	Mining (General Fund)	0.4	0.4			33
53	Table 4-2	Motor Fuel Tax-Aviation (General Fund)	37.2	37.2			34
54	Table 4-2	Other Tobacco Product (General Fund)	6.7	6.7			35
55	Subtotal Taxes				179.4		
56	Charges for services						
57	Table 4-3	General Government (General Fund)	10.3	10.3			56
58	Table 4-3	Natural Resources (General Fund)	1.7	1.7			57
59	Schdl 3.12	PFDD Subfund C/S	0.3				114
60	Adj 2 (Table 4-3 & Schdl 3.12)	Other General Fund C/S (not including PFDD)	1.6				58
61	Subtotal Other			1.9			
62	Subtotal Charges for Services				13.9		
63	Fines and Forfeitures						
64	Adj 2 (Table 4-4 & Schdl 3.12)	Fines and Forfeitures (General Fund)	7.0	7.0			68
65	Schdl 3.12	PFDD Subfund F/F	0.0	0.0			116
66	Subtotal Fines and Forfeitures				7.0		
67	Licenses and Permits						
68	Table 4-5	Motor Vehicle Fees (General Fund)	30.3	30.3			47
69	Table 4-5	Other fees (general Fund)	3.3	3.3			48
70	Subtotal Licenses and Permits				33.6		
71	Rents and Royalties						
72	Table 4-6	Cabin Rentals (General Fund)	0.2	0.2			75
73	Table 4-6	Coal Royalties (General Fund)	0.6	0.6			76
74	Table 4-6	Land Leasing, Rental and Sale (General Fund)	5.4	5.4			77
75	Subtotal Rents and Royalties				6.2		
76	Other						
77	Schdl 3.12	PFDD Subfund Other	0.2				117
78	Adj 2 (Table 4-7 & Schdl 3.12)	Other General Fund "other" (less PFDD)	9.2	9.4			108
79	Subtotal Other				9.4		
80	**Subtotal Unrestricted**					**249.6**	
81							
82	**Restricted**						
83	Taxes						
84	Table 4-2	Alcoholic Beverage (alcohol & Drug Treatment)	11.2	11.2			37
85	Table 4-2	Electric and Telephone Cooperative (General Fund: Municipal Share)	3.5	3.5			38
86	Table 4-2	Fisheries Business (General Fund: Municipal Share)	12.2	12.2			39
87	Table 4-2	Fishery Resource Landing (General Fund: Municipal Share)	2.9	2.9			40
88	Table 4-2	Insurance Premium (Workers Safety & Comp)	4.3	4.3			36
89	Table 4-2	Motor Fuel Tax-Aviation (General Fund: Municipal Share)	0.2	0.2			41
90	Table 4-2	Salmon Enhancement (General Fund: Qualifying Regional Associations)	2.4	2.4			42
91	Table 4-2	Cigarette Taxes (Special Revenue Fund: School Fund)	30.6	30.6			167
92	Subtotal Taxes				67.3		

Table 9.2. Revenue Organized Like Revenue Sources Book

RSB ROW 1	Source	Description	Amount	RSB Table Line Item	RSB Table Subtotal	RSB Table Subtotal & Total	CAFR ROW 1
93	Charges for Services						
94	Table 4-3	General Government (General Fund)	1.9	1.9			61
95	Table 4-3	Natural Resource (General Fund)	0.9	0.9			60
96	Table 4-3	Marine Highway Receipts (General Fund: Marine Highway Fund)	41.5	41.5			59
97	Table 4-3	Statutorily Designated Receipts C/S	55.1	55.1			62
98	Adj 3 (Table 4-3 & Schdl 3.12)	Receipt Supported Services C/S in RSB, C/S in CAFR	43.9				64
99	Adj 3 (Table 4-3 & Schdl 3.12)	ASMI (Tax in CAFR, RSS in RSB)	4.4				43
100	Adj 3 (Table 4-3 & Schdl 3.12)	L&P in CAFR, RSS in RSB	31.1				53
101	Adj 3 (Table 4-3 & Schdl 3.12)	R&R in CAFR, RSS in RSB	2.5				79
102	Subtotal Receipt Supported Services			81.9			
103	Adj 3 (Table 4-3 & Schdl 3.12)	C/S in CAFR, Restricted "Other" C/S in RSB	12.6				65
104	Adj 3 (Table 4-3 & Schdl 3.12)	L&P in CAFR, Restricted "Other" C/S in RSB	2.1				52
105	Subtotal Other			14.7			
106	Subtotal Charges for Services				196.0		
107	Fines & Forfeitures						
108	Table 4-4	NTSC Other (Tobacco Settlement)	20.0	20.0			8
109	Table 4-4	Mitigation Accounts (General Fund) Other	1.8	1.8			69
110	Table 4-4	Tobacco Settlement (Tobacco Use Ed & Cess Fund)	5.0	5.0			109
111	Subtotal Fines & Forfeitures				26.8		
112	Licenses And Permits						
113	Schedule 3.32	Fees (Clean Air Protection Fund) in CAFR, Other L&P in RSB	2.4				138
114	Adj 3 (Table 4-5 Schdl 3.12)	Remaining Other Fees	1.0				51
115	Adj 3 (Table 4-5 Schdl 3.12)	Corp State Taxes - (Tax in CAFR, L&P In RSB)	1.4				44
116	Subtotal Other Fees			4.8			
117	Table 4-5	Hunting and Fishing Fees (Fish and Game Fund) SR	23.1	23.1			151
118	Table 4-5	Sanctuary Fees (Fish and Game Fund) SR	0.1	0.1			153
119	Subtotal Licenses and Permits				28.0		
120	Rents And Royalties						
121	Table 4-6	Land Leasing, Rental and Sale (General Fund)	4.7	4.7			78
122	Subtotal Rents and Royalties				4.7		
123	Other						
124	Table 4-7	AHFC Dividend	54.0	54.0			97
125	Table 4-7	AIDEA Dividend	20.2	20.2			98
126	Table 4-7	ASLC Dividend	3.8	3.8			99
127	Table 4-7	AMBBA Dividend	0.9	0.9			100
128	Table 4-7	Alaska Energy Authority	0.4	0.4			101
129	Table 4-7	Alaska Science & Technology	98.7	98.7			227
130	Schdl 3.32	EVST P/C	15.7				189
131	Schdl 3.32	Second Injury F/F	0.1				170
132	Schdl 3.32	Second Injury P/C	4.1				171
133	Schdl 3.32	Premiums & Contributions	9.7				83
134	Adj. 3 (Table 4-7 & Schdl 3.32)	Miscellaneous (General Fund)	5.2				107
135	Subtotal Miscellaneous			34.9			
136	Subtotal Other				212.9		
137	**Subtotal Restricted**					**535.6**	
138							

Table 9.2. Revenue Organized Like Revenue Sources Book

RSB ROW 1	Source	Description	Amount	RSB Table Line Item	RSB Table Subtotal	RSB Table Subtotal & Total	CAFR ROW 1
139							
140	**FEDERAL REVENUE**						
141	**Restricted**						
142	Schdl 3.32	Fish & Game Fed	20.1				145
143	Schdl 3.12	PFDD Subfund Fed	0.4				115
144	Adj 4 (table 5-1)	Other Federal Revenues	1,748.6	1,769.1			104
145	**Subtotal Restricted**				1,769.1		
146	**Federal Subtotal**					**1,769.1**	
147							
148	**INVESTMENT**						
149	**Unrestricted**						
150	Gefonsi						
151	Table 6-1	Treasury Interest and Investment Income	28.2	28.2			87
152	Subtotal GeFONSI				28.2		
153	Interest Paid by Others						
154	Table 6-1	Interest Paid by Others (general fund)	30.8	30.8			88
155	Subtotal				30.8		
156	**Subtotal Unrestricted**					**59.0**	
157							
158	**Restricted**						
159	Other Gefonsi Investment						
160	Adj 5 (Table 6-1)	Other General Fund Sub-fund investments	12.0				92
161	Adj 5 (Table 6-1)	Other Investments for non-governmental funds	6.6				226
162	Schdl 3.32	Alyeska Settlement	0.4				180
163	Schdl 3.32	EVOS I/I	0.2				184
164	Schdl 3.32	EVST I/I	0.4				188
165	Schdl 3.32	F&G I/I	0.6				148
166	Subtotal Other Gefonsi Investment			20.3	20.3		
167	CBRF						
168	Adj 1 (Table 3-9 & Schdl 3.12)	Interest Portion of Tax and Royalty CBRF Bound Settlements	(10.3)				122
169	Plug Figure	Plug Figure to Reconcile CAFR and RSB for CBRF	(0.1)				223
170	Schdl 3.12	CBRF Investments	154.8				123
171	Subtotal CBRF			144.4	144.4		
172	Other Treasury Managed Funds						
173	Children's Trust						
174	Table 6-10	Children's Fund Investment	0.7	0.7			90
175	Subtotal Children's Trust						
176	Power Cost Equalization						
177	Table 6-11	Power Cost Equalization	6.2				227
178	Subtotal PCE			6.2	-		
179	Public School Trust						
180	Schdl 3.02 (table 7-9)	Public School Investment Earnings	10.2				207
181	Schdl 3.02 (table 7-9)	Public School Investment Earnings	7.3				210
182	Subtotal Public Trust			17.5			
183	Subtotal Other Treasury Managed Funds				24.4		

Table 9.2. Revenue Organized Like Revenue Sources Book

RSB ROW 1	Source	Description	Amount	RSB Table Line Item	RSB Table Subtotal	RSB Table Subtotal & Total	CAFR ROW 1
184	Permanent Fund Corporation						
185	Schdl 1.13	Permanent Fund Earnings	859.9				198
186	Schdl 1.13	Permanent Fund Earnings	138.9				199
187	Adj 6 PFC Financial Statements	Permanent Fund Corporation Expenses converting Gross to Net	(36.2)				231
188	Subtotal Permanent Fund Corporation			962.6	962.6		
189	**Subtotal Restricted**					**1,151.6**	
190							
191							-
192	**TOTAL Revenue in Table 2-1 of Revenue Sources Book**					**5,864.7**	
193							-
194	**Items not in the Revenue Sources Book**						
195	Reconciliation/Plug Figures						
196	Plug Figure	Adj. or rounding to tie to CAFR GF Payment from Component Units	1.4	1.4			96
197	Plug Figure	Adj. or rounding to tie to CAFR GF L/P	6.5	6.5			50
198	Plug Figure	Adj. or rounding to tie to CAFR GF C/S	(2.6)	(2.6)			63
199	Plug Figure	Adj. or rounding to tie to CAFR GF R/R	(0.9)	(0.9)			80
200	Plug Figure	Adj. or rounding to tie to CAFR GF F/F	1.3	1.3			70
201	Plug Figure	Adj. or rounding to tie to CAFR GF Other	(2.0)	(2.0)			110
202	Plug Figure	Adj. or rounding to tie to CAFR GF P&C	0.3	0.3			84
203	Plug Figure	Adj. or rounding to tie to CAFR GF I/I	0.3	0.3			93
204	Subtotal				4.3		
205	GO Bond Funds						
206	Schedule 3.42	GO Bond Redemption Fund I/I	0.4	0.4			11
207	Subtotal				0.4		
208	Debt Funds						
209	Schdl 3.42	Northern Tobacco Securitization Corporation NIDPV	0.0	0.0			6
210	Schdl 3.42	Northern Tobacco Securitization Corporation I/I	1.4	1.4			7
211	Subtotal				1.4		1,503
212	Capital Projects Funds						1,504
213	Schedule 3.02	Capital Project Fund I/I	1.5	1.5			15
214	Subtotal				1.5		
215	Special Revenue Funds						
216	Schdl 3.32	Fish & Game F/F	0.1	0.1			142
217	Schdl 3.32	Fish & Game C/s	0.3	0.3			156
218	Schdl 3.32	F&G Other	0.1	0.1			159
219	Schdl 3.32	Fisherman's Fund L/P	1.0	1.0			174
220	Schdl 3.32	F&G Grants	0.0	0.0			160
221	Schdl 3.32	Reclamation Bonding Pool C/S	0.0	0.0			177
222	Subtotal				1.6		
223	Reclass to Non Governmental Funds				-		
224	Reclass	CAFR reclass of AIDEA interest to non governmental Funds	(29.0)	(29.0)			91
225	AKSAS/DOA	Reclass of F&G L/P from General to F&G	1.4	1.4			49
226	AKSAS/DOA	Reclass of F&G L/P from General to F&G	(1.4)	(1.4)			152
227	Subtotal				(29.0)		
228	**Total Items not in Revenue Sources Book**					**(19.7)**	
229							
230	**Grand Total, Matches Table 9.3 Grand Total**					**5,845.0**	

Table 9.3. Revenue Organized Like CAFR

CAFR ROW 1	Source	Description	Amount	Subtotal Revenue Type	Subtotal Fund	Subtotal Fund Type	Total	RSB ROW 1
3	**Governmental Funds**							
4	Debt Service Funds							
5	NTSC							
6	Schdl 3.42	Northern Tobacco Securitization Corporation NIDPV	0.0	0.0				209
7	Schdl 3.42	Northern Tobacco Securitization Corporation I/I	1.4	1.4				210
8	Table 4-4	NTSC Other (Tobacco Settlement)	20.0	20.0				108
9	Total NTSC				21.5			
10	GOB Redemption							
11	Schedule 3.42	GO Bond Redemption Fund I/I	0.4	0.4				206
12	Total GOB Redemption				0.4			
13	Total Debt Service Funds					21.9		
14	Capital Project Fund							
15	Schedule 3.02	Capital Project Fund I/I	1.5	1.5				213
16	Total Capital Project Funds				1.5	1.5		
17	General Funds							
18	General Fund less CBRF & PFDD subfunds							
19	Taxes							
20	Table 2-4	Corporate Petroleum Tax	151.1					11
21	Table 2-4	Property Tax	48.7					14
22	Table 2-4	Oil & Gas Hazardous Release	9.2					17
23	Table 2-4	Severance Tax	589.8					18
24	Table 4-2	Alcoholic Beverage (General Fund)	14.1					43
25	Table 4-2	Charitable Gaming (General Fund)	2.6					44
26	Table 4-2	Cigarette (General Fund)	9.6					45
27	Table 4-2	Corporation General Income Tax (General Fund)	47.7					46
28	Table 4-2	Electric and Telephone Cooperative (General Fund)	0.2					47
29	Table 4-2	Estate (General Fund)	1.2					48
30	Table 4-2	Fisheries Business (General Fund)	13.8					49
31	Table 4-2	Fishery Resource Landing (General Fund)	6.9					50
32	Table 4-2	Insurance Premium (General Fund)	39.0					51
33	Table 4-2	Mining (General Fund)	0.4					52
34	Table 4-2	Motor Fuel Tax-Aviation (General Fund)	37.2					53
35	Table 4-2	Other Tobacco Product (General Fund)	6.7					54
36	Table 4-2	Insurance Premium (Workers Safety & Comp)	4.3					88
37	Table 4-2	Alcoholic Beverage (alcohol & Drug Treatment)	11.2					84
38	Table 4-2	Electric and Telephone Cooperative (General Fund: Municipal Share)	3.5					85
39	Table 4-2	Fisheries Business (General Fund: Municipal Share)	12.2					86
40	Table 4-2	Fishery Resource Landing (General Fund: Municipal Share)	2.9					87
41	Table 4-2	Motor Fuel Tax-Aviation (General Fund: Municipal Share)	0.2					89
42	Table 4-2	Salmon Enhancement (General Fund: Qualifying Regional Associations)	2.4					90
43	Adj 3 (Table 4-3 & Schdl 3.12)	ASMI (Tax in CAFR, RSS in RSB)	4.4					99
44	Adj 3 (Table 4-5 Schdl 3.12)	Corp State Taxes - (Tax in CAFR, L&P In RSB)	1.4					115
45	Subtotal Taxes			1,020.7				
46	Licenses & Permits							
47	Table 4-5	Motor Vehicle Fees (General Fund)	30.3					68
48	Table 4-5	Other fees (general Fund)	3.3					69
49	AKSAS/DOA	Reclass of F&G L/P from General to F&G	1.4					225
50	Plug Figure	Adj. or rounding to tie to CAFR GF L/P	6.5					197
51	Adj 3 (Table 4-5 Schdl 3.12)	Remaining Other Fees	1.0					114

Table 9.3. Revenue Organized Like CAFR

CAFR ROW 1	Source	Description	Amount	Subtotal Revenue Type	Subtotal Fund	Subtotal Fund Type	Total	RSB ROW 1
52	Adj 3 (Table 4-3 & Schdl 3.12)	L&P in CAFR, Restricted "Other" C/S in RSB	2.1					104
53	Adj 3 (Table 4-3 & Schdl 3.12)	L&P in CAFR, RSS in RSB	31.1					100
54	Subtotal Licenses & Permits			75.7				
55	Charges for Services							
56	Table 4-3	General Government (General Fund)	10.3					57
57	Table 4-3	Natural Resources (General Fund)	1.7					58
58	Adj 2 (Table 4-3 & Schdl 3.12)	Other General Fund C/S (not including PFDD)	1.6					60
59	Table 4-3	Marine Highway Receipts (General Fund: Marine Highway Fund)	41.5					96
60	Table 4-3	Natural Resource (General Fund)	0.9					95
61	Table 4-3	General Government (General Fund)	1.9					94
62	Table 4-3	Statutorily Designated Receipts C/S	55.1					97
63	Plug Figure	Adj. or rounding to tie to CAFR GF C/S	(2.6)	-				198
64	Adj 3 (Table 4-3 & Schdl 3.12)	Receipt Supported Services C/S in RSB, C/S in CAFR	43.9					98
65	Adj 3 (Table 4-3 & Schdl 3.12)	C/S in CAFR, Restricted "Other" C/S in RSB	12.6					103
66	Subtotal Charges for Services			166.9				
67	Fines & Forfeitures							
68	Adj 2 (Table 4-4 & Schdl 3.12)	Fines and Forfeitures (General Fund)	7.0					64
69	Table 4-4	Mitigation Accounts (General Fund) Other	1.8					109
70	Plug Figure	Adj. or rounding to tie to CAFR GF F/F	1.3					200
71	Subtotal Fines & Forfeitures			10.1				
72	Rents & Royalties							
73	Table 2-4	Royalties (including Bonuses)	825.7					6
74	Table 2-4	Mineral Bonuses and Rents	9.6					7
75	Table 4-6	Cabin Rentals (General Fund)	0.2					72
76	Table 4-6	Coal Royalties (General Fund)	0.6					73
77	Table 4-6	Land Leasing, Rental and Sale (General Fund)	5.4					74
78	Table 4-6	Land Leasing, Rental and Sale (General Fund)	4.7					121
79	Adj 3 (Table 4-3 & Schdl 3.12)	R&R in CAFR, RSS in RSB	2.5					101
80	Plug Figure	Adj. or rounding to tie to CAFR GF R/R	(0.9)					199
81	Subtotals Rents & Royalties			847.8				
82	P&C							
83	Schdl 3.32	Premiums & Contributions	9.7					133
84	Plug Figure	Adj. or rounding to tie to CAFR GF P&C	0.3					202
85	Subtotal P&C			10.0				
86	Investments							
87	Table 6-1	Treasury Interest and Investment Income	28.2					151
88	Table 6-1	Interest Paid by Others (general fund)	30.8					154
89	Table 2-4	Interest Paid by Others (general fund)	5.0					8
90	Table 6-10	Children's Fund Investment	0.7					174
91	Reclass	CAFR reclass of AIDEA interest to non governmental Funds	(29.0)					224
92	Adj 5 (Table 6-1)	Other General Fund Sub-fund investments	12.0					160
93	Plug Figure	Adj. or rounding to tie to CAFR GF I/I	0.3					203
94	Subtotal Investment			48.0				
95	Payments in From Component Units							
96	Plug Figure	Adj. or rounding to tie to CAFR GF Payment from Component Units	1.4					196
97	Table 4-7	AHFC Dividend	54.0					124
98	Table 4-7	AIDEA Dividend	20.2					125
99	Table 4-7	ASLC Dividend	3.8					126
100	Table 4-7	AMBBA Dividend	0.9					127

Table 9.3. Revenue Organized Like CAFR

CAFR ROW 1	Source	Description	Amount	Subtotal Revenue Type	Subtotal Fund	Subtotal Fund Type	Total	RSB ROW 1
101	Table 4-7	Alaska Energy Authority	0.4					128
102	Subtotal Payments in From Component Units			80.7				
103	Federal							
104	Adj 4 (table 5-1)	Other Federal Revenues	1,748.6					144
105	Subtotal Federal			1,748.6				
106	Other							
107	Adj. 3 (Table 4-7 & Schdl 3.32)	Miscellaneous (General Fund)	5.2					134
108	Adj 2 (Table 4-7 & Schdl 3.12)	Other General Fund "other" (less PFDD)	9.2					78
109	Table 4-4	Tobacco Settlement (Tobacco Use Ed & Cess Fund)	5.0					110
110	Plug Figure	Adj. or rounding to tie to CAFR GF Other	(2.0)					201
111	Subtotal Other			17.4				
112	Total General Fund				4,025.9			
113	PFDD							
114	Schdl 3.12	PFDD Subfund C/S	0.3	0.3				59
115	Schdl 3.12	PFDD Subfund Fed	0.4	0.4				143
116	Schdl 3.12	PFDD Subfund F/F	0.0	0.0				65
117	Schdl 3.12	PFDD Subfund Other	0.2	0.2				77
118	Subtotal PPFD				0.9			
119	CBRF							
120	Interest and Other Investments							
121	Adj 1 (Table 3-9 & Schdl 3.12)	Interest Portion of Tax and Royalty CBRF Bound Settlements	10.3					24
122	Adj 1 (Table 3-9 & Schdl 3.12)	Interest Portion of Tax and Royalty CBRF Bound Settlements	(10.3)					168
123	Schdl 3.12	CBRF Investments	154.8					170
124	Subtotal Interest and Other Investment Income			154.8				
125	F/F							
126	Schdl 3.12	Penalty Portion of Tax and Royalty CBRF Bound Settlements	0.1					26
127	Subtotal F/F			0.1				
128	R&R							
129	Schdl 3.12	Royalty Portion of CBRF-Bound Settlements	0.5					27
130	Subtotal R&R			0.5				
131	Taxes							
132	Schdl 3.12	Tax Portion of CBRF-Bound Settlements	11.5					28
133	Subtotal Taxes			11.5				
134	Subtotal CBRF				166.8			
135	Total General Fund less CBRF & PFDD subfunds					4,193.6		
136	Special Revenue Funds (Schedule 3.02)							
137	Clean Air / Licenses & Permits							
138	Schedule 3.32	Fees (Clean Air Protection Fund) in CAFR, Other L&P in RSB	2.4	2.4				113
139	Subtotal Clean Air (Licenses & Permits)				2.4			
140	Fish & Game							
141	F/F							
142	Schdl 3.32	Fish & Game F/F	0.1					216
143	Subtotal F/F			0.1				
144	Federal							
145	Schdl 3.32	Fish & Game Fed	20.1					142
146	Subtotal Federal			20.1				
147	Invest							
148	Schdl 3.32	F&G I/I	0.6					165
149	Subtotal Invest			0.6				

Table 9.3. Revenue Organized Like CAFR

CAFR ROW 1	Source	Description	Amount	Subtotal Revenue Type	Subtotal Fund	Subtotal Fund Type	Total	RSB ROW 1
150	Licenses & Permits							
151	Table 4-5	Hunting and Fishing Fees (Fish and Game Fund) SR	23.1					117
152	AKSAS/DOA	Reclass of F&G L/P from General to F&G	(1.4)					226
153	Table 4-5	Sanctuary Fees (Fish and Game Fund) SR	0.1					118
154	Subtotal Licenses & Permits			21.8				
155	C/S							
156	Schdl 3.32	Fish & Game C/s	0.3					217
157	Subtotal C/S			0.3				
158	Other							
159	Schdl 3.32	F&G Other	0.1					218
160	Schdl 3.32	F&G Grants	0.0					220
161	Subtotal Other			0.2				
162	Subtotal Fish & Game				43.1			
163	NPRA /R&R							
164	Table 3-9	NPRA	34.6	34.6				31
165	Subtotal NPRA /R&R				34.6			
166	School Fund /taxes							
167	Table 4-2	Cigarette Taxes (Special Revenue Fund: School Fund)	30.6	30.6				91
168	Subtotal School Fund/ taxes				30.6			
169	Second Injury Fund							
170	Schdl 3.32	Second Injury F/F	0.1	0.1				131
171	Schdl 3.32	Second Injury P/C	4.1	4.1				132
172	Total Second Injury Fund				4.3			
173	Fishermans Fund							
174	Schdl 3.32	Fisherman's Fund L/P	1.0	1.0				219
175	Total Fisherman's Fund'				1.0			
176	Reclamation bonding Pool							
177	Schdl 3.32	Reclamation Bonding Pool C/S	0.0	0.0				221
178	Total Reclamation Bonding Pool				0.0			
179	Alyeska/ Invest							
180	Schdl 3.32	Alyeska Settlement	0.4	0.4				162
181	Subtotal Alyeska / Invest				0.4			
182	EVOS							
183	Invest							
184	Schdl 3.32	EVOS I/I	0.2					163
185	Subtotal Invest			0.2				
186	Subtotal EVOS				0.2			
187	Exxon Valdez Settlement Trust							
188	Schdl 3.32	EVST I/I	0.4	0.4				164
189	Schdl 3.32	EVST P/C	15.7	15.7				130
190	Subtotal Oil Rest				16.1			
191	Total SR Funds					132.6		
192	Permanent Funds							
193	PFC							
194	Royalties							
195	Table 3-9	Royalties to Permanent Fund	397.6					35
196	Subtotal Royalties			397.6				

Table 9.3. Revenue Organized Like CAFR

CAFR ROW 1	Source	Description	Amount	Subtotal Revenue Type	Subtotal Fund	Subtotal Fund Type	Total	RSB ROW 1
197	Investment							
198	Schdl 1.13	Permanent Fund Earnings	859.9					185
199	Schdl 1.13	Permanent Fund Earnings	138.9					186
200	Subtotal Investment			998.8				
201	Subtotal PFC				1,396.4			
202	Public School Trust/ Invest							
203	Royalties							
204	Table 3-9	Royalties to School Fund	6.2					34
205	Subtotal Royalties			6.2				
206	Investment							
207	Schdl 3.02 (table 7-9)	Public School Investment Earnings	10.2					180
208	Subtotal Investment			10.2				
209	Net Increase or Decrease in Fair Value							
210	Schdl 3.02 (table 7-9)	Public School Investment Earnings	7.3					181
211	Subtotal net Increase or Decrease in Fair Value			7.3				
212	Subtotal Public School Trust				23.7			
213	Total Permanent Funds					1,420.1		
214	**Total Governmental Funds**						**5,769.7**	
215								
216								
217								
218								
219								
220	**Items Not Found in Governmental Funds of CAFR**							
221	Plug Figures							
222	Plug Figure	Plug Figure to Reconcile CAFR and RSB for CBRF	(0.1)	(0.1)				25
223	Plug Figure	Plug Figure to Reconcile CAFR and RSB for CBRF	(0.1)	(0.1)				169
224	Subtotal Plug Figures				(0.2)			
225	Non Governmental Fund Revenues in RSB (& PCE)							
226	Adj 5 (Table 6-1)	Other Investments for non-governmental funds	6.6	6.6				161
227	**Table 6-11**	**Power Cost Equalization**	**6.2**	**6.2**				177
228	Table 4-7	Alaska Science & Technology	98.7	98.7				129
229	Subtotal Non-Governmental Fund Revenues in RSB				111.5			
230	Permanent Fund Corporation Expenses							
231	PFC Financial Statements	Permanent Fund Corporation Expenses converting Gross to Net	(36.2)	(36.2)				187
232	Subtotal Permanent Fund Corporation Expenses				(36.2)			
233						75.1		
234								
235	**Grand Total, Matches Table 9.2 Grand Total**						**5,844.9**	

Footnotes to Tables 9-2 and 9-3.

(1) For deposits into the CBRF the CAFR includes the interest portion of settlements in the “interest and investment income”, while the RSB attributes the interest to the tax type.
(2) The Permanent Fund Dividend Division is a subfund of the general fund that the CAFR breaks out separately. This figure represents the amount left after subtracting the PFDD amount from the GF figure in the RSB.
(3) Some general fund Licenses and Permits, Charges for Services, and “other” in the RSB are split into GF charges for services, licenses and permits, “other” and taxes in the CAFR using details from AKSAS.
(4) Federal dollars which the CAFR assigns to individual funds are broken out of the RSB’s single federal number.
(5) Earnings shown in the CAFR are divided between their appropriate RSB designations using information from treasury.
(6) The RSB reports permanent fund earnings (loss) net of expenses, while the RSB reports the total earnings (loss).

10.

APPENDICES

A. General Fund Unrestricted Revenue Sensitivity Matrices

$ Million

FY 2004

$/barrel	Million barrels/day 0.90	0.95	1.00
20.00	1,710	1,720	1,720
21.00	1,710	1,720	1,720
22.00	1,720	1,730	1,740
23.00	1,750	1,760	1,770
24.00	1,790	1,810	1,830
25.00	1,830	1,860	1,890
26.00	1,870	1,910	1,950
27.00	1,920	1,970	2,020
28.00	1,960	2,020	2,080
29.00	2,010	2,070	2,140
30.00	2,050	2,130	2,200
31.00	2,090	2,180	2,260
32.00	2,140	2,230	2,330

FY 2005

$/barrel	Million barrels/day 0.90	0.95	1.00
20.00	1,420	1,470	1,510
21.00	1,470	1,520	1,570
22.00	1,530	1,580	1,620
23.00	1,580	1,630	1,680
24.00	1,630	1,680	1,740
25.00	1,680	1,740	1,800
26.00	1,730	1,790	1,860
27.00	1,790	1,850	1,910
28.00	1,840	1,900	1,970
29.00	1,890	1,960	2,030
30.00	1,940	2,010	2,090
31.00	1,990	2,070	2,140
32.00	2,040	2,120	2,200

FY 2006

$/barrel	Million barrels/day 0.90	0.95	1.00
20.00	1,370	1,420	1,460
21.00	1,430	1,470	1,520
22.00	1,480	1,530	1,570
23.00	1,530	1,580	1,630
24.00	1,580	1,630	1,690
25.00	1,630	1,690	1,750
26.00	1,680	1,740	1,800
27.00	1,730	1,800	1,860
28.00	1,790	1,850	1,920
29.00	1,840	1,910	1,970
30.00	1,890	1,960	2,030
31.00	1,940	2,010	2,090
32.00	1,990	2,070	2,150

B. Unrestricted Petroleum Production Tax and Royalty Revenue Forecast

$ Million

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY2014	FY 2015
Alaska North Slope												
Oil Royalty - NET (1)	951.1	835.8	732.4	566.1	546.8	529.3	531.3	508.4	485.9	451.3	420.4	389.8
Oil Severance Tax (2)	604.5	478.9	399.5	289.8	311.6	280.0	283.1	253.1	231.7	211.3	190.5	171.0
Conservation Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hazardous Release Fund	9.0	9.0	9.0	8.9	8.8	8.6	9.1	9.1	9.0	8.6	8.2	7.8
Gas Royalty (3)	4.1	1.3	1.1	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Gas Severance Tax	1.2	2.0	1.7	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1
Subtotal	**1,569.8**	**1,326.9**	**1,143.8**	**867.0**	**869.4**	**820.0**	**825.6**	**772.7**	**728.7**	**673.3**	**621.2**	**570.7**
Cook Inlet												
Oil Royalty - NET (1)	24.1	20.0	16.5	12.8	12.0	11.4	10.8	10.3	9.9	9.5	9.2	8.8
Oil Severance Tax (2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Conservation Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hazardous Release Fund	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Gas Royalty (3)	32.9	25.7	26.5	27.4	28.2	29.2	30.1	31.1	32.1	33.2	34.3	35.4
Gas Severance Tax	22.5	19.0	19.7	20.3	20.9	21.6	22.3	23.0	23.7	24.5	25.3	26.1
Subtotal	**79.7**	**65.0**	**63.0**	**60.7**	**61.4**	**62.3**	**63.4**	**64.6**	**65.9**	**67.3**	**68.9**	**70.5**
TOTAL PRODUCTION TAX and ROYALTY REVENUE	**1,649.6**	**1,391.9**	**1,206.7**	**927.7**	**930.9**	**882.4**	**889.0**	**837.3**	**794.6**	**740.6**	**690.1**	**641.2**
Bonuses	**10.4**	**16.1**	**28.0**	**16.8**	**12.4**	**14.0**	**14.0**	**14.0**	**14.0**	**14.0**	**14.0**	**14.0**
TOTAL PRODUCTION TAX + ROYALTIES + BONUSES	**1,660.0**	**1,408.0**	**1,234.7**	**944.5**	**943.3**	**896.4**	**903.0**	**851.3**	**808.6**	**754.6**	**704.1**	**655.2**

(1) Unrestricted oil royalty revenue is net of Permanent Fund and Public School Fund contributions. Includes oil interest paid.
(2) Includes Exploration Credit.
(3) Net of Permanent Fund and Public School Fund contributions under HB 11.

C. Historical and Projected Crude Oil Prices

$ Million

FY	WTI		ANS West Coast		ANS Wellhead	
	nominal	real2004	nominal	real2004	nominal	real2004
1990	20.06	29.69	17.22	25.49	11.90	17.61
1991	24.95	35.28	21.57	30.50	15.38	21.75
1992	20.69	27.95	16.64	22.48	11.21	15.14
1993	20.69	27.11	17.83	23.36	12.81	16.78
1994	16.69	21.23	14.05	17.87	9.57	12.17
1995	18.54	23.01	16.77	20.82	11.51	14.29
1996	19.20	23.13	17.74	21.37	12.60	15.18
1997	22.54	26.42	20.90	24.50	16.40	19.23
1998	18.03	20.67	15.86	18.18	11.91	13.65
1999	14.09	15.88	12.73	14.35	8.47	9.55
2000	24.82	27.43	23.27	25.72	18.82	20.80
2001	30.41	32.40	27.85	29.68	22.24	23.70
2002	23.80	24.56	21.78	22.48	16.80	17.34
2003	29.47	30.09	28.15	28.74	23.35	23.84
2004	**32.50**	**32.50**	**31.13**	**31.13**	**26.09**	**26.09**
2005	29.75	29.00	28.30	27.58	23.55	22.95
2006	27.35	25.98	25.85	24.56	20.96	19.91
2007	23.65	21.90	22.00	20.37	17.03	15.77
2008	23.65	21.34	22.00	19.85	16.93	15.28
2009	23.65	20.80	22.00	19.35	16.85	14.82
2010	23.65	20.27	22.00	18.86	16.81	14.41
2011	23.65	19.76	22.00	18.38	16.68	13.94
2012	23.65	19.26	22.00	17.92	16.68	13.58
2013	23.65	18.77	22.00	17.46	16.49	13.09
2014	23.65	18.30	22.00	17.02	16.30	12.61
2015	23.65	17.83	22.00	16.59	16.10	12.14

D. Historical and Projected Crude Oil Production

Million Barrels per Day

FY	(1) Prudhoe Bay	(2) PBU-Satellite	Kuparuk	(3) Kup-Satellite	(4) Milne Point	(5) Endicott	(6) GPMA	Alpine	Nanuk	Northstar	Fiord	Point Thomson	NPRA	Liberty	(7) Known Onshore	(8) Known Offshore	**Total ANS**
1985	1.534	.	0.161	.	.	.	.	.	.	.	.	.	.	.	.	.	**1.694**
1986	1.555	.	0.238	.	0.009	.	.	.	.	.	.	.	.	.	.	.	**1.802**
1987	1.564	.	0.272	.	0.006	.	0.018	.	.	.	.	.	.	.	.	.	**1.859**
1988	1.605	.	0.287	.	0.000	0.069	0.044	.	.	.	.	.	.	.	.	.	**2.006**
1989	1.524	.	0.300	.	0.002	0.098	0.038	.	.	.	.	.	.	.	.	.	**1.962**
1990	1.396	.	0.300	.	0.011	0.103	0.037	.	.	.	.	.	.	.	.	.	**1.846**
1991	1.330	.	0.299	.	0.018	0.108	0.039	.	.	.	.	.	.	.	.	.	**1.794**
1992	1.300	.	0.316	.	0.020	0.111	0.037	.	.	.	.	.	.	.	.	.	**1.783**
1993	1.193	.	0.322	.	0.018	0.115	0.031	.	.	.	.	.	.	.	.	.	**1.679**
1994	1.082	.	0.308	.	0.018	0.099	0.085	.	.	.	.	.	.	.	.	.	**1.593**
1995	0.991	.	0.303	.	0.021	0.099	0.159	.	.	.	.	.	.	.	.	.	**1.572**
1996	0.891	.	0.283	.	0.022	0.089	0.189	.	.	.	.	.	.	.	.	.	**1.474**
1997	0.809	.	0.267	.	0.052	0.068	0.208	.	.	.	.	.	.	.	.	.	**1.404**
1998	0.713	.	0.260	0.001	0.053	0.058	0.190	.	.	.	.	.	.	.	.	.	**1.275**
1999	0.636	0.003	0.241	0.025	0.055	0.048	0.156	.	.	.	.	.	.	.	.	.	**1.164**
2000	0.570	0.004	0.212	0.037	0.053	0.044	0.115	.	.	.	.	.	.	.	.	.	**1.035**
2001	0.540	0.007	0.197	0.031	0.052	0.037	0.089	0.038	0.000	.	.	.	.	.	.	.	**0.991**
2002	0.487	0.026	0.176	0.039	0.052	0.033	0.075	0.096	0.000	0.019	.	.	.	.	.	.	**1.004**
2003	0.433	0.045	0.160	0.052	0.051	0.029	0.065	0.098	0.000	0.057	.	.	.	.	.	.	**0.991**
2004	0.421	0.053	0.156	0.050	0.051	0.029	0.060	0.099	0.000	0.067	0.000	0.000	0.000	0.000	0.000	0.000	**0.985**
2005	0.402	0.062	0.147	0.068	0.049	0.027	0.059	0.103	0.000	0.063	0.000	0.000	0.000	0.000	0.000	0.000	**0.980**
2006	0.383	0.074	0.143	0.088	0.048	0.026	0.054	0.110	0.000	0.054	0.000	0.000	0.000	0.000	0.000	0.000	**0.980**
2007	0.367	0.083	0.134	0.089	0.046	0.023	0.051	0.110	0.007	0.046	0.010	0.000	0.000	0.000	0.000	0.000	**0.966**
2008	0.354	0.085	0.127	0.094	0.044	0.021	0.048	0.103	0.014	0.036	0.020	0.000	0.000	0.000	0.000	0.000	**0.947**
2009	0.339	0.082	0.120	0.096	0.041	0.020	0.045	0.090	0.014	0.029	0.020	0.030	0.003	0.000	0.000	0.000	**0.928**
2010	0.325	0.076	0.114	0.101	0.039	0.018	0.041	0.074	0.012	0.023	0.018	0.070	0.023	0.035	0.010	0.000	**0.978**
2011	0.312	0.071	0.108	0.102	0.037	0.017	0.038	0.061	0.010	0.019	0.015	0.065	0.043	0.050	0.025	0.000	**0.974**
2012	0.300	0.066	0.103	0.107	0.035	0.016	0.036	0.051	0.009	0.015	0.014	0.061	0.059	0.048	0.030	0.012	**0.961**
2013	0.288	0.062	0.099	0.103	0.033	0.015	0.033	0.044	0.007	0.013	0.012	0.057	0.076	0.038	0.028	0.015	**0.922**
2014	0.278	0.058	0.094	0.098	0.031	0.014	0.031	0.038	0.006	0.011	0.011	0.053	0.089	0.031	0.025	0.014	**0.884**
2015	0.269	0.054	0.091	0.094	0.030	0.013	0.029	0.033	0.006	0.010	0.009	0.050	0.095	0.027	0.023	0.013	**0.843**

(1) Includes NGLs from Central Gas Facility shipped to TAPS
(2) Midnight Sun, Polaris, Aurora, Borealis and Orion
(3) West Sak, Tabasco, Tarn, Meltwater and Palm
(4) Milne Point, Schrader Bluff and Sag River
(5) Endicott, Sag Delta, Eider and Badami
(6) Lisburne, Point McIntyre, Niakuk, West Beach & North Prudhoe Bay State
(7) Sourdough, Yukon Gold and Flaxman
(8) Sandpiper and Other Offshore discoveries

E. Historical General Fund Unrestricted Revenue

$ Million

FY	1991	1992	1993	1994	1995	1996	(1) 1997	(1) 1998	(1) 1999	(1) 2000	(1) 2001	(1) 2002	(1) 2003
TAX PORTION													
Property Tax	**85.0**	**69.0**	**66.9**	**61.5**	**57.3**	**56.0**	**53.6**	**51.3**	**48.8**	**45.0**	**45.1**	**49.6**	**48.7**
Sales/Use													
Alcoholic Beverages	12.2	12.0	11.9	12.0	12.0	12.0	11.6	11.8	12.2	12.7	12.0	12.9	25.3
Tobacco Products	14.0	14.3	14.0	14.1	14.4	14.2	13.7	15.4	15.2	16.3	16.3	15.5	16.3
Insurance Premium	24.4	25.5	26.3	26.1	27.9	28.2	28.4	33.7	28.4	28.7	32.2	37.4	43.3
Electric and Telephone Cooperative	2.1	2.1	2.2	2.6	2.3	2.5	2.7	2.3	3.7	3.2	3.3	3.1	3.7
Motor Fuel Tax (2)	39.8	43.3	40.8	40.5	39.6	37.7	35.3	35.6	37.8	42.1	37.5	40.2	37.4
Total	**92.5**	**97.2**	**95.2**	**95.3**	**96.2**	**92.2**	**94.6**	**91.7**	**97.3**	**103.0**	**101.3**	**109.1**	**126.0**
Income Tax													
Corporation General	37.9	33.7	25.1	44.3	67.0	53.3	48.4	53.4	53.8	56.3	59.5	53.4	47.7
Corporation Petroleum	185.1	165.5	117.6	17.8	128.5	173.7	269.4	200.1	145.1	162.7	338.1	178.4	151.1
Total	**223.0**	**199.2**	**142.7**	**62.1**	**195.5**	**227.0**	**317.8**	**253.5**	**198.9**	**219.0**	**397.6**	**231.8**	**198.8**
Severance Tax													
Oil and Gas Production	1,253.8	1,022.2	989.4	662.8	769.8	771.7	907.0	564.4	358.6	693.2	694.4	486.7	589.8
Oil and Gas Conservation	2.3	2.3	2.1	2.3	2.0	1.8	1.7	1.6	1.4	0.0	0.0	0.0	0.0
Oil and Gas Hazardous Release	28.0	28.7	26.1	27.0	22.1	13.7	12.9	11.8	11.1	9.5	9.4	9.6	9.2
Total	**1,284.1**	**1,053.2**	**1,017.6**	**692.1**	**793.9**	**787.2**	**921.6**	**577.8**	**371.1**	**702.7**	**703.8**	**496.3**	**599.0**
Other Natural Resource Tax													
Salmon and Seafood Marketing	3.3	2.8	3.6	5.8	7.9	8.6	7.6	5.6	5.3	7.2	5.7	4.8	4.4
Salmon Enhancement	6.2	4.2	6.8	5.0	5.7	5.2	4.2	4.2	3.9	5.3	3.6	3.7	2.4
Dive Fishery Management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Fisheries Business	31.1	30.1	42.2	33.9	39.0	38.2	31.0	28.5	25.9	36.7	30.5	25.3	26.0
Fish Landing	0.0	0.0	0.0	0.1	7.3	7.1	7.3	3.8	5.9	5.3	7.3	7.1	9.8
Total	**40.6**	**37.1**	**52.6**	**44.8**	**59.9**	**59.1**	**50.1**	**42.1**	**41.0**	**54.7**	**47.3**	**41.1**	**42.8**
Other Tax													
Estate	3.3	1.0	0.9	1.6	1.2	1.7	1.7	5.5	1.7	2.5	2.7	3.1	1.2
Other	2.0	2.1	2.0	2.2	2.6	2.5	2.4	3.9	2.9	2.5	4.3	3.2	3.0
Total	**5.3**	**3.1**	**2.9**	**3.8**	**3.8**	**4.2**	**4.1**	**9.4**	**4.6**	**8.4**	**7.0**	**6.3**	**4.2**
TOTAL TAXES	**1,730.5**	**1,458.8**	**1,377.9**	**959.6**	**1,206.6**	**1,228.1**	**1,438.9**	**1,032.9**	**761.7**	**1,132.8**	**1,302.0**	**934.2**	**1,019.5**

FY	1991	1992	1993	1994	1995	1996	(1) 1997	(1) 1998	(1) 1999	(1) 2000	(1) 2001	(1) 2002	(1) 2003
NON TAXES													
Licenses and Permits	29.1	32.4	32.7	35.7	34.7	60.9	69.0	74.6	63.7	69.2	37.3	42.2	33.6
Intergovernmental Receipts													
Federal Shared Revenues	14.8	11.4	10.3	4.3	4.2	1.0	2.0	2.2	0.8	1.0	0.3	0.1	0.0
Charges for Services													
Marine Highways	40.7	42.3	40.8	40.4	41.5	38.5	38.6	37.1	38.8	38.3	37.6	32.2	41.5
Other	16.5	44.1	14.3	18.0	18.1	36.9	39.5	34.9	31.8	43.7	27.0	19.1	13.9
Total	57.2	86.4	55.1	58.4	59.6	75.4	78.1	72.0	70.6	82.0	64.6	51.3	55.4
Fines and Forefeitures	0.0	0.0	0.0	0.0	0.0	9.4	8.2	37.7	12.5	46.2	33.6	6.6	7.0
Rents and Royalties													
Mineral Bonuses, Rents, Royalties	24.8	6.5	44.3	5.2	5.6	6.9	7.4	23.0	25.6	4.0	7.1	14.6	9.6
Oil and Gas Royalties	951.6	702.4	711.3	512.1	628.3	642.2	759.2	480.4	322.6	727.9	781.0	581.2	830.7(3)
Timber Sales	0.4	0.6	0.6	0.4	0.6	1.5	1.9	0.8	0.3	0.3	0.4	0.2	0.0
Sale of State Property	4.7	1.0	4.0	9.0	21.8	8.1	8.6	8.1	10.6	9.4	10.5	9.1	6.2
Total	981.5	710.5	760.2	526.7	656.3	658.7	777.1	512.3	359.1	741.6	799.0	605.1	846.5
Investment Earnings	125.0	101.8	70.9	31.7	72.4	64.1	77.1	60.6	46.5	48.1	78.8	43.1	59.0(4)
Miscellaneous Revenue	14.9	61.4	45.0	36.2	49.2	35.8	44.6	33.5	37.3	27.1	34.9	42.3	9.4
Subtotal NON-TAX REVENUE	**1,222.5**	**1,003.9**	**974.2**	**693.0**	**876.4**	**905.3**	**1,056.1**	**792.8**	**590.5**	**1,015.2**	**1,048.5**	**790.7**	**1,010.9**
Plus: Income from prior years	33.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NON-TAX REVENUE	**1,256.1**	**1,003.9**	**974.2**	**693.0**	**876.4**	**905.3**	**1,056.1**	**792.8**	**590.5**	**1,015.2**	**1,048.5**	**790.7**	**1,010.9**
TOTAL TAX REVENUE	**1,730.5**	**1,458.8**	**1,377.9**	**959.6**	**1,206.6**	**1,228.1**	**1,438.9**	**1,032.9**	**761.7**	**1,132.8**	**1,302.1**	**934.2**	**1,019.5**
TOTAL GENERAL FUND UNRESTRICTED REVENUE	**2,986.6**	**2,462.7**	**2,352.1**	**1,652.6**	**2,083.0**	**2,133.4**	**2,495.0**	**1,825.8**	**1,352.2**	**2,148.0**	**2,350.6**	**1,724.9**	**2,030.4**

(1) After FY 1996, all General Fund statutorily designated program receipts are excluded; after FY 2000, all receipt-supported services are excluded.
(2) Motor Fuel Tax includes aviation, highway and marine.
(3) Starting in FY 2001 oil and gas royalties adjusted to include interest earnings.
(4) Starting in FY 2001 investment revenue adjusted to exclude oil and gas interest earnings.

F. Historical Petroleum Revenue

$ Million

FY	Corporate Petroleum Tax	Petroleum Production Tax	Petroleum Property Tax	Reserve Tax	(1) (2) Royalties	(1) (2) Bonuses & Rents	(3) Petroleum Special Settlements	Total Petroleum Revenue	(4) Cumulative Total Petroleum Revenue	Total Unrestriced General Purpose Revenue	% of Total Unrestricted General Purpose Revenue
1978	8.4	107.7	173.0	.	150.6	1.8	.	**441.5**	2,797.8	**764.9**	**58%**
1979	232.6	173.8	163.4	.	250.2	1.6	.	**821.6**	3,619.4	**1,133.0**	**73%**
1980	547.5	506.5	168.9	.	689.4	344.2	.	**2,256.5**	5,875.9	**2,501.2**	**90%**
1981	860.1	1,170.2	143.0	.	1119.7	11.3	.	**3,304.3**	9,180.2	**3,718.0**	**89%**
1982	668.9	1,581.7	142.7	.	1174.4	7.1	.	**3,574.8**	12,755.0	**4,108.4**	**87%**
1983	236.0	1,493.7	152.6	.	1105.6	38.7	.	**3,026.6**	15,781.6	**3,631.0**	**83%**
1984	265.1	1,393.1	131.0	.	1058.5	13.9	.	**2,861.6**	18,643.2	**3,390.1**	**84%**
1985	168.6	1,389.4	128.4	.	1042.2	14.9	.	**2,743.5**	21,386.7	**3,260.0**	**84%**
1986	133.9	1,107.9	113.5	.	845.0	38.9	418.2	**2,657.4**	24,044.1	**3,075.5**	**86%**
1987	120.4	648.5	102.5	.	448.3	4.3	70.5	**1,394.5**	25,438.6	**1,799.4**	**77%**
1988	158.0	818.7	96.2	.	701.5	11.3	163.9	**1,949.6**	27,388.2	**2,305.8**	**85%**
1989	166.0	698.8	89.7	.	611.5	16.7	257.7	**1,840.4**	29,228.6	**2,186.2**	**84%**
1990	117.2	1,001.6	89.8	0.0	753.7	4.2	154.8	**2,121.3**	31,349.9	**2,507.2**	**85%**
1991	185.1	1,284.8	85.0	0.0	958.7	24.7	33.5	**2,571.8**	33,921.7	**2,986.6**	**86%**
1992	165.5	1,053.2	69.0	0.0	708.2	6.8	4.7	**2,007.4**	35,929.1	**2,462.6**	**82%**
1993	117.6	1,017.6	66.9	0.0	716.7	44.3	4.7	**1,967.8**	37,896.9	**2,352.0**	**84%**
1994	17.8	692.1	61.5	0.0	516.1	5.1	0.1	**1,292.7**	39,189.6	**1,652.5**	**78%**
1995	128.5	793.9	57.3	0.0	631.8	5.0	0.7	**1,617.2**	40,806.8	**2,082.9**	**78%**
1996	173.7	787.2	56.0	0.0	642.2	5.7	0.0	**1,664.8**	42,471.6	**2,133.3**	**78%**
1997	269.4	921.6	53.6	0.0	759.2	6.4	0.0	**2,010.2**	44,481.8	**2,494.9**	**81%**
1998	200.1	577.8	51.3	0.0	480.4	23.0	0.0	**1,332.6**	45,814.4	**1,825.5**	**73%**
1999	145.1	371.1	48.8	0.0	322.6	25.6	0.0	**913.2**	46,727.7	**1,352.1**	**68%**
2000	162.7	702.7	45.0	0.0	731.9	4.0	0.0	**1,646.3**	48,373.9	**2,147.6**	**77%**
2001	338.1	703.8	45.1	0.0	781.0	7.1	0.0	**1,875.1**	50,249.0	**2,282.0**	**82%**
2002	178.4	496.3	49.6	0.0	581.2	14.6	0.0	**1,320.1**	51,569.1	**1,668.0**	**79%**
2003	151.1	599.0	48.7	0.0	830.7	9.6	0.0	**1,639.1**	53,208.2	**1,947.6**	**84%**

(1) These categories are primarily composed of petroleum revenue.
(2) Royalties and bonuses and rents are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.
(3) Revenue shown here is not subject to deposit in the CBRF. All other tax settlements are deposited in the CBRF.
(4) This table shows historical petroleum revenue for FY 1978-2003. The cumulative petroleum revenue total is based on revenue beginning in FY 1959.

G. Glossary of Terms Used in Revenue Sources Book

General Fund Revenue: General Fund Revenue has different meanings in different contexts. In the state's official financial reports, General Fund Revenue is used to designate the sum of Unrestricted General Purpose Revenue, General Fund subaccount revenue, program receipts and federal dollars spent through the General Fund.

General Fund Unrestricted Revenue: Revenue designated as General Fund in the state accounting system (AKSAS). This includes revenues we show as restricted in this report, such as shared taxes or Alaska Marine Highway System revenues.

Unrestricted General Purpose Revenue: Revenue not restricted by the constitution, state or federal law, trust or debt restrictions or customary practice. Most legislative and public debate over the budget each year centers on this category of revenue. In deriving this figure from General Fund Unrestricted Revenues, we have excluded customarily restricted revenues such as shared taxes and Alaska Marine Highway System revenues.

Restricted Revenue: Revenue restricted by the constitution, state or federal law, trust or debt restrictions or customary practice. The legislature can of course at any time remove restrictions that are solely imposed by either Alaska statute or customary practice. When these dollars are restricted General Fund revenues, they are either recorded in a restricted subaccount of the General Fund or are General Fund taxes customarily shared with other entities or are program receipts.

Federal Revenue: When the federal government gives money to states, it restricts how that money can be used. Highway and airport construction funds, Medicaid and education funding cannot be used for other purposes. In addition to restricting how the money is spent, the federal government often requires states to put up matching funds to qualify for the federal funding.

Dedicated Revenue: Restricted revenue recognized as such under the applicable provisions of the Alaska Constitution fits into this category. Other than the mineral revenue constitutionally dedicated to the Permanent Fund, all of the other revenue sources in this category were restricted by statute before statehood and therefore are not subject to the constitutional prohibition against dedicated funds. They include such funds as the Fish and Game Fund, Disabled Fisherman's Fund and Public School Fund.

Restricted Program Receipts: This revenue is earmarked in state statute or by contract for specific purposes. Examples include University of Alaska tuition payments, marine highway receipts, payments to various revolving loan funds and public corporation receipts. Some of this revenue is actually dedicated as a consequence of the provisions of Article 18, Section 11 of the Alaska Constitution. The remainder, while statutorily earmarked, may be appropriated to purposes other than those reflected in the example if the legislature so chooses.

G. Glossary of Terms Used in Revenue Sources Book, cont.

Customarily Restricted Revenue: Though not specifically dedicated by statute, these revenue sources have historically been treated by the legislature as if they were restricted. The largest item in this category is Permanent Fund earnings in excess of what is needed each year for dividends and inflation proofing. Though the money could be spent as unrestricted revenue, the legislature has always chosen to retain it in the Permanent Fund's Earnings Reserve Account or appropriate it to the fund's principal.

Permanent Fund Statutory Income: The annual Permanent Fund dividend is based on statutory income. This is the sum of realized gains and losses of all Permanent Fund investment transactions during the year, plus interest, dividends and rents earned by the fund. Though the legislature may appropriate the earnings for any purpose it chooses, the historical practice has been to restrict the use of realized income to dividends and inflation proofing, and then either leaving the excess in the Earnings Reserve Account or transferring it to the principal of the Permanent Fund.

Permanent Fund GASB (or Market) Income: Under standards adopted by the Governmental Accounting Standards Board, the Permanent Fund's income — and that of any other government fund — is the difference between the purchase price of the investments and their market value at a given point in time, plus any dividends, interest or rent earned on those investments. Under GASB standards, the Permanent Fund does not have to sell the investment to count the gain or loss as it changes value. It is called "marking to market," that is, measuring the value of the fund's investments by the current market price. This can produce a much different picture than Permanent Fund statutory income, which does not reflect fluctuating investment values until the assets are sold.

Constitutional Budget Reserve Fund: Created by voters in 1990, the Constitutional Budget Reserve Fund holds the proceeds from settlements of oil and gas and mining tax and royalty disputes since July 1, 1990 minus the withdrawals. It generally requires a three-quarters majority vote of each chamber of the legislature to withdraw money from the fund.

In accordance with AS 37.07.060 (b)(4), the Revenue Sources book is compiled biannually by the Department of Revenue to assist the governor in formulating a proposed comprehensive financial plan for presentation to the Alaska State Legislature. Within the publication are shown prior year actuals, revised current year estimates and future year projections.

Anticipated state income is projected through the use of a number of data sources:

(1) econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues;

(2) a petroleum revenue model created by the department's Tax Division; and

(3) estimates from individual state agencies.

We thank the various state agencies for their cooperation in computing anticipated revenues for publication in this Spring 2004 Revenue Sources Book.

The Department of Revenue complies with Title II of the Americans With Disabilities Act of 1990. This publication is available in alternative communication formats upon request. Please contact the division's representative at 907.465.3692 or 907.465.3678(TDD) to make necessary arrangements.

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Tax Division
550 West 7th Avenue, Suite 500
Anchorage, Alaska 99501