

# **REVENUE SOURCES FY 1982 - 1985**

**QUARTERLY UPDATE  
SEPTEMBER, 1982**

**ALASKA  
DEPARTMENT OF REVENUE**

**Jay Hammond, Governor**

# ALASKA'S REVENUE SOURCES

Compiled by Research Section

Department of Revenue

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# Revenue Summary

In Thousands of Current Dollars

	FY 1982 Prelim. Actual <u>September</u>	FY 1983 Estimate <u>September</u>	FY 1984 Estimate <u>September</u>	FY 1985 Estimate <u>September</u>
Total General Fund Unrestricted Revenues (p. 5)	<u>4,105,100</u>	<u>3,443,500</u>	<u>3,211,700</u>	<u>3,243,100</u>
Total General Fund Restricted Revenues (p. 8)	<u>178,600</u>	<u>239,200</u>	<u>242,400</u>	<u>NA</u>
Total General Fund Revenues (p. 8)	<u>4,283,700</u>	<u>3,682,700</u>	<u>3,454,100</u>	<u>NA</u>
Alaska Permanent Fund (p. 9)	<u>1,246,200</u>	<u>407,400</u>	<u>349,900</u>	<u>354,800</u>

# General Fund Unrestricted Revenues

In Thousands of Current Dollars

	FY 1982 Prelim. Actual September	FY 1983 Estimate September	FY 1984 Estimate September	FY 1985 Estimate September
<u>Taxes</u>				
<u>Income</u>				
Corporate-General	34,800	-0-	-0-	-0-
Corporate-Petroleum	668,900	-0-	-0-	-0-
Corporate (1)	-0-	265,000	307,000	330,000
<u>Gross Receipts</u>				
Alaska Business License	5,500	5,800	6,000	6,300
Fish-Canned Salmon	8,600	5,000	5,000	5,000
Fish-Shorebased	8,700	9,000	9,000	9,000
Fish-Floating	5,500	5,500	5,500	5,500
Seafood Marketing (2)	-0-	1,000	1,000	1,000
Salmon Enhancement	2,400	2,400	2,400	2,400
Insurance Companies	13,500	15,800	18,000	21,000
Other	1,400	1,500	1,500	1,600
<u>Severance</u>				
Oil & Gas Production(3)(4)	1,581,100	1,479,700	1,414,900	1,395,200
Oil & Gas Conservation	600	600	600	600
<u>Property</u>				
Oil & Gas(5)	142,700	148,600	153,200	158,000
<u>Sale/Use</u>				
Alcoholic Beverages	9,000	9,000	9,000	9,200
Fuel Taxes-Aviation	6,300	5,100	5,400	5,500
Fuel Taxes-Highway	20,300	21,000	22,000	23,000
Fuel Taxes-Marine	3,700	3,800	4,000	4,200
Tobacco Products	1,900	2,000	2,000	2,000
<u>Other</u>				
Estate	300	500	500	500
<b>Total Taxes</b>	<b><u>2,515,200</u></b>	<b><u>1,981,300</u></b>	<b><u>1,967,000</u></b>	<b><u>1,980,000</u></b>
<u>Licenses &amp; Permits</u>				
<u>Business</u>	10,800	11,000	12,000	12,500
<u>Non-Business</u>	12,700	13,000	13,500	14,000
<b>Total Licenses &amp; Permits</b>	<b><u>23,500</u></b>	<b><u>24,000</u></b>	<b><u>25,500</u></b>	<b><u>26,500</u></b>
<u>Intergovernmental Receipts</u>				
<u>Federal Shared Revenues(6)(7)(8)</u>	<u>21,900</u>	<u>26,600</u>	<u>10,000</u>	<u>10,000</u>
<u>State Resource Revenue</u>				
<u>Sale/Use</u>				
Bonus Sales(6)(9)(10)	5,000	26,100	-0-	-0-
Investment Earnings(11)	323,400	235,000	100,000	100,000
Rents(9)(10)	3,400	5,000	5,000	5,000
Royalties(4)(6)(12)	1,157,300	1,085,600	1,041,200	1,056,000
Sale of State Property	5,100	5,500	5,500	5,500
Gravel, Timber, etc.	1,200	1,500	1,600	1,800

<u>Facilities Related Charges</u>				
Airports	1,600	1,600	1,600	1,600
Ferry System-Southeast	24,200	27,500	30,000	32,000
Ferry System-Southwest	4,000	4,000	4,100	4,200
Other	3,400	4,500	4,700	4,800
<u>Service Related Charges</u>				
Court System	2,800	3,300	3,500	3,700
Other	6,000	6,000	6,000	6,000
Total State Resources Revenues	<u>1,537,400</u>	<u>1,405,600</u>	<u>1,203,200</u>	<u>1,220,600</u>
Miscellaneous Revenues	<u>7,100</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Total Unrestricted Revenues	<u>4,105,100</u>	<u>3,443,500</u>	<u>3,211,700</u>	<u>3,243,100</u>

(1) Prior to FY 83, both petroleum and general corporations were taxed separately under AS 43.21 and AS 43.20, respectively. Recently, AS 43.21 was repealed (Ch. 116 SLA 1981, effective FY 83) thereby requiring all corporations to be apportioned under varying conditions as specified in AS 43.20.

(2) Ch. 106 SLA 1981, seafood processors elected to levy a 0.2 percent seafood market assessment, effective July 1, 1982.

(3) Due to the tax law change (Ch. 116 SLA 1981) the nominal tax rates increased from 12.25% to 15.0% for most oil production.

(4) The numbers for FY 83, FY 84, and FY 85 represent the 30 percent cumulative frequency distribution (that is, the revenue level which was reached or exceeded seven times out of ten in the 500 cases generated by the computer). If the average had been used instead for FY 83, FY 84, and FY 85 the production tax numbers would have been \$1,587.6 million, \$1,592.0 million, and \$1,586.3 million, respectively, and the royalty numbers \$1,163.2 million, \$1,163.4 million, and \$1,192.3 million, respectively.

(5) The North Slope Borough's local property tax for 1981 was increased to 91.54 mills from 60.81 mills for 1980. This assessment is a credit against the state tax. Thirty mills of the new rate were for the Borough's operating budget and 61.54 mills for debt service. These are not assumed to decline for 1983, 1984, or 1985.

(6) Net of Permanent Fund contribution by Ch. 18 SLA 1980.

(7) The FY 82 figure includes revenue (\$13.4 million) due to State's winning recent U.S. Supreme Court decision regarding the Kenai Moose Range royalty distribution. All figures reflect the State's 90 percent entitlement.

(8) The FY 83 figure reflects NPR-A lease sales of \$57.1 million held January 27, 1982, and \$9.7 million held May 26, 1982. The state's share is 50 percent of the accepted bids with payment expected in November, 1982.

(9) The Department of Natural Resources projects additional lease sales to be held in 1983, 1984, and 1985. However, bonus bids are impossible to anticipate prior to sales and therefore no estimates are included.

(10) Reflects state lease sales of \$1.5 million held August 25, 1981, \$1.3 million held February 2, 1982, \$32.5 million held May 26, 1982, \$0.7 million held August 25, 1982, and \$26.7 million held September 28, 1982. Due to the timing of collections, some receipts from the May 1982 lease sale are shown as FY 83 revenue.

(11) FY 83 includes that estimated transition portion transferred from the Permanent Fund to the General Fund per Ch. 81 SLA 1982. FY 84 and FY 85 reflect only General Fund investment earnings since Permanent Fund earnings will be not only transferred to provide Permanent Fund dividends, but will be distributed between the Permanent Fund principal and the undistributable income account per Ch. 81 and Ch. 102 SLA 1982.

(12) The State is currently in litigation with Charter Oil Corporation over billings for purchases of royalty oil. The aforementioned numbers include approximately \$60.0 million from July to December 1981 which has not yet been realized.

# Revenue Breakdown

The total General Fund unrestricted revenues for Fiscal Years 1982, 1983, 1984, and 1985 are projected to be \$4,105.1 million, \$3,443.5 million, \$3,211.7 million, and \$3,243.1 million, respectively.

The following table depicts a breakdown of General Fund unrestricted revenues in terms of petroleum versus non-petroleum revenues based on the September estimates:

## Petroleum vs. Non-Petroleum Revenues

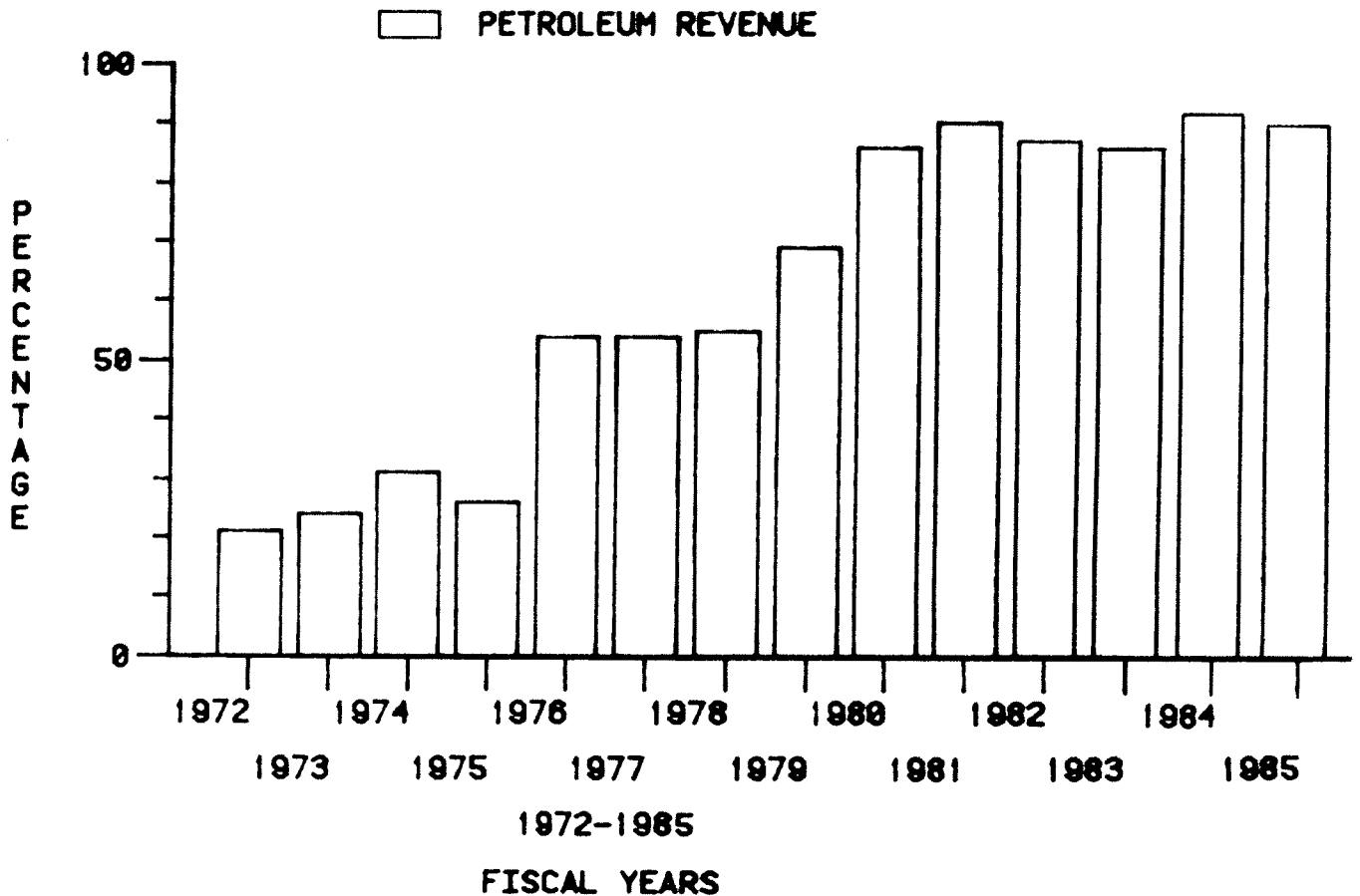
(In Millions of Current Dollars)

	<u>Petroleum Revenues</u>			
	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>
Corporate Petroleum	668.9	230.0	270.0	290.0
Severance Tax	1,581.7	1,480.3	1,415.5	1,395.8
Royalties	1,157.3	1,085.6	1,041.2	1,056.0
Property Tax	142.7	148.6	153.2	158.0
Bonus Sale	5.0	26.1	0.0	0.0
	<u>3,555.6</u>	<u>2,970.6</u>	<u>2,879.9</u>	<u>2,899.8</u>
	<u>Non-Petroleum Revenues</u>			
	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>
Taxes	121.9	122.4	128.3	136.2
Licenses & Permits	23.5	24.0	25.5	26.5
Intergovernmental Receipts	21.9	26.6	10.0	10.0
State Resources Revenues	375.1	293.9	162.0	164.6
Miscellaneous Revenues	7.1	6.0	6.0	6.0
	<u>549.5</u>	<u>472.9</u>	<u>331.8</u>	<u>343.3</u>
Total	<u>4,105.1</u>	<u>3,443.5</u>	<u>3,211.7</u>	<u>3,243.1</u>



# Petroleum Revenues

## Historical Comparison of General Fund Unrestricted Petroleum Revenues as Percentages of General Fund Unrestricted Revenues (in Millions of Current Dollars)



<u>Fiscal Year</u>	<u>Total General Fund Unrestricted Revenues</u>	<u>Total General Fund Unrestricted Petroleum Revenues</u>	<u>Percent</u>
1972	219.2	47.1	21
1973	208.1	49.3	24
1974	255.1	79.3	31
1975	333.3	87.6	26
1976	709.7	386.1	54
1977	874.1	472.5	54
1978	787.4	430.3	55
1979	1,178.5	819.0	69
1980	2,632.6	2,253.5	86
1981	3,718.2	3,299.4	89
1982*	4,105.1	3,555.6	87
1983**	3,443.5	2,970.6	86
1984**	3,211.7	2,879.9	90
1985**	3,243.1	2,899.8	89

\* Preliminary Actual  
\*\* Estimate

# Restricted Revenues

## In Thousands of Current Dollars

	<u>FY 1982</u> Prelim. Actual September	<u>FY 1983</u> Estimate September	<u>FY 1984</u> Estimate September	<u>FY 1985</u> Estimate September
<u>Federal Grants-in-Aid</u>				
I. Education	33,000	37,900	37,900	NA
II. Social Services	60,000	115,300	119,700	NA
III. Health	24,100	2,400	2,100	NA
IV. Natural Resources	12,300	11,500	10,500	NA
V. Public Protection	3,800	5,400	5,700	NA
VI. Administration of Justice	1,300	1,200	1,200	NA
VII. Development	2,200	3,200	3,200	NA
VIII. Transportation	23,100	31,400	31,400	NA
IX. General Government	<u>1,900</u>	<u>100</u>	<u>100</u>	<u>NA</u>
Total Federal Grants-in-Aid	<u>161,700</u>	<u>208,400</u>	<u>211,800</u>	<u>NA</u>
<u>Other Grants-in-Aid</u>				
I. Education	900	400	400	NA
II. Social Services	200	3,000	3,200	NA
III. Health	100	-0-	-0-	NA
IV. Natural Resources	1,400	12,600	12,100	NA
V. Public Protection	1,800	2,400	2,400	NA
VI. Administration of Justice	100	100	100	NA
VII. Development	1,100	800	800	NA
VIII. Transportation	2,500	900	900	NA
IX. General Government	<u>2,000</u>	<u>2,500</u>	<u>2,600</u>	<u>NA</u>
Total Other Grants-in-Aid	<u>10,100</u>	<u>22,700</u>	<u>22,500</u>	<u>NA</u>
Miscellaneous Restricted Revenue-All Categories	<u>6,800</u>	<u>8,100</u>	<u>8,100</u>	<u>NA</u>
Total Restricted Revenue <sup>1/</sup>	<u>178,600</u>	<u>239,200</u>	<u>242,400</u>	<u>NA</u>
Total Unrestricted Revenue	<u>4,105,100</u>	<u>3,443,500</u>	<u>3,211,700</u>	<u>3,243,100</u>
Total General Fund Revenue	<u>4,283,700</u>	<u>3,682,700</u>	<u>3,454,100</u>	<u>NA</u>

<sup>1/</sup> Restricted Revenue figures may not agree with those shown in the Governor's budget due to categorical differences between the budget and accounting system.

NA Projections of Restricted Revenues for FY 1985 not available at time of publication.

# Special Funds

In Thousands of Current Dollars

	FY 1982 Prelim. Actual September	FY 1983 Estimate September	FY 1984 Estimate September	FY 1985 Estimate September
<u>Enterprise Funds</u>				
Agriculture Loan Fund	1,100	2,000	2,300	NA
Alternative Technology and Energy Loan Fund	100	500	800	NA
Bulk Fuel Loan Fund	-0-	100	100	NA
Child Care Facility Loan Fund	-0-	-0-	-0-	NA
Commercial Fish Loan Fund	1,600	2,500	2,900	NA
Fisheries Enhancement Loan Fund	-0-	-0-	-0-	NA
Fisheries Mortgage and Note Fund	-0-	100	300	NA
Fisheries Product Loan Fund	-0-	-0-	-0-	NA
Historical District Loan Fund	-0-	-0-	-0-	NA
International Airport Revenue Fund	32,600	32,400	34,600	NA
Medical Malpractice Loan Fund	100	200	200	NA
Mining Loan Fund	-0-	-0-	-0-	NA
Residential Energy Conservation Loan Fund	100	300	500	NA
Scholarship Loan Fund	500	800	1,600	NA
Small Business Loan Fund	2,900	4,200	4,000	NA
Tourism Loan Fund	100	-0-	-0-	NA
World War II Veterans Loan Fund	1,800	1,500	1,300	NA
<b>Total Enterprise Funds</b>	<u>40,900</u>	<u>44,600</u>	<u>48,600</u>	<u>NA</u>
<u>Special Revenue Funds</u>				
Alaska Permanent Fund (1)(2)	1,246,200	407,400	349,900	354,800
Fish and Game Fund	5,200	8,000	8,300	NA
Marine Coastal Damage Fund	-0-	-0-	-0-	NA
School Fund	3,100	3,300	3,300	3,300
Training & Building Fund	600	400	400	NA
<b>Total Special Revenue Funds</b>	<u>1,225,100</u>	<u>419,100</u>	<u>361,900</u>	<u>NA</u>
<b>Total Special Funds</b>	<u>1,296,000</u>	<u>463,700</u>	<u>410,500</u>	<u>NA</u>

(1) The FY 82 figure includes \$800 million of the \$1.8 billion appropriated to the Alaska Permanent Fund per Ch. 61 SLA 1981 and Ch. 101 SLA 1982.

(2) Includes revenue (\$4.5 million) due to State's winning recent United States Supreme Court decision regarding the Kenai Moose Range royalty distribution. All figures reflect the State's 90 percent entitlement.

NA Projections of Special Funds for FY 85 not available at time of publication.

# Alaska Permanent Fund Contributions

## Inception to Date

### Alaska Permanent Fund Contributions

FY 1977	3,956,710.52
FY 1978	50,443,255.68
FY 1979	83,907,074.36
FY 1980	344,785,939.85 (1)
FY 1981	1,285,102,774.56
FY 1982	1,246,215,909.77
FY 1983	
July	43,610,480.52
August	<u>32,711,540.99</u>
Cumulative Fund Balance As of August 31, 1982	<u>3,090,733,686.25</u>

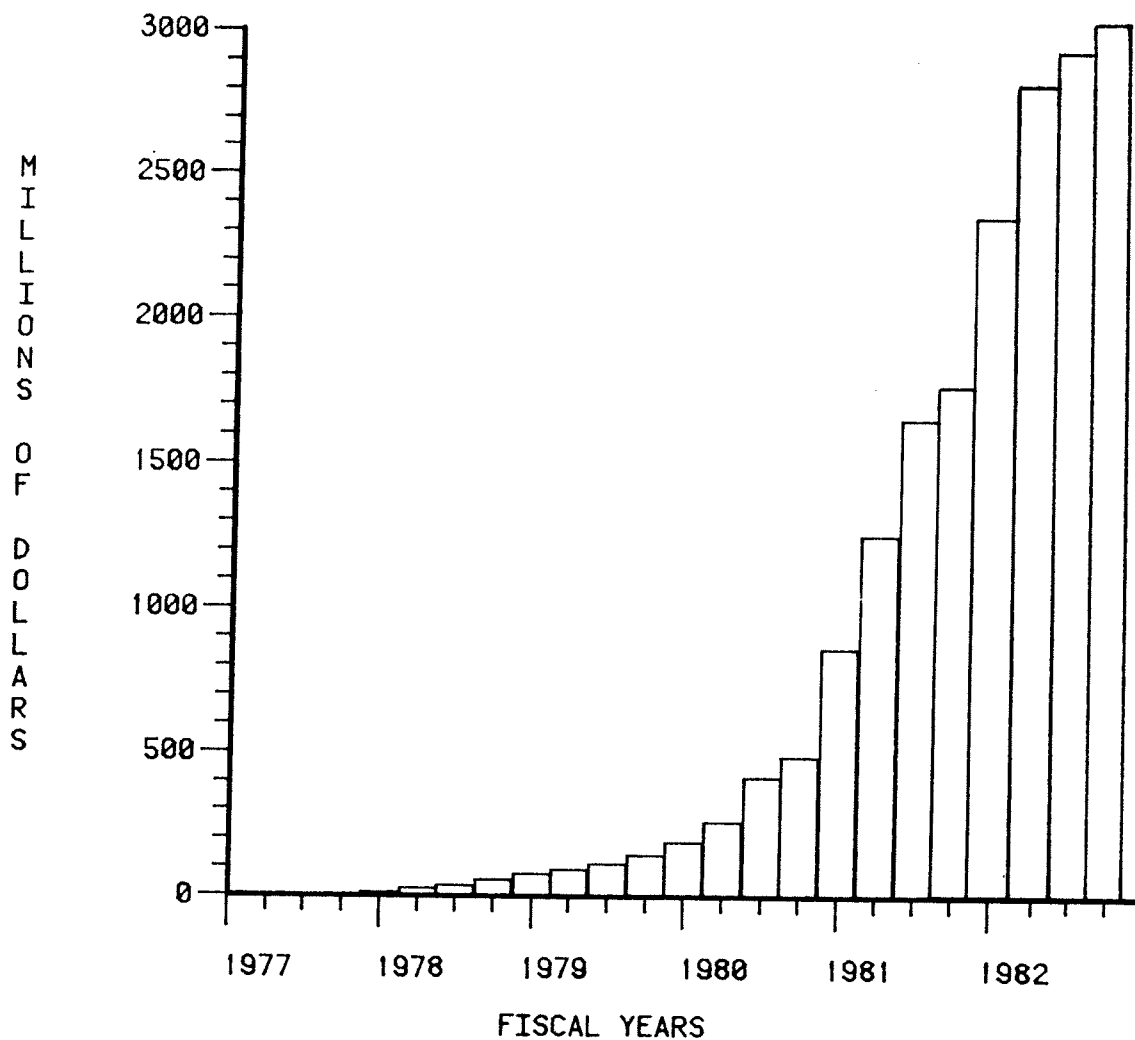
### Interest Earnings Transferred to General Fund

FY 1977	27,019.00
FY 1978	900,433.81
FY 1979	5,702,925.68
FY 1980	14,441,450.14 (2)
FY 1981	63,234,109.73 (3)
FY 1982	<u>141,931,481.21</u>
Total Income Transferred to General Fund As of August 31, 1982	<u>226,237,419.57</u>

- (1) Includes \$114,546,830.13 as 25 percent of bonuses and lease rentals for the undisputed State portion of Beaufort Sea lease sale. Litigation over the legality of that sale is still pending.
- (2) Another \$9,234,109.73 was transferred during September 1980 for the balance due the General Fund in June 1980 from the Permanent fund as provided for by law.
- (3) Another \$931,481.21 was transferred during September 1981 for the balance due the General Fund in June 1981 from the Permanent Fund as provided for by law.

# Alaska Permanent Fund

## Historical Comparison of Cumulative Balance



### Alaska Permanent Fund

The Alaska Permanent Fund was established by a constitutional amendment effective February 21, 1977. The amendment stated that contributions to the fund must consist of at least 25 percent of mineral lease rentals, royalties, royalty sale proceeds, Federal mineral revenue sharing payments and bonuses received by the State. Enacted legislation (Ch. 18 SLA 1980) has modified this contribution rate to the Permanent Fund from 25 percent to 50 percent. As a result, any future revenues transferable from Beaufort Sea production and any future lease sale bonuses will be subject to the 50 percent rate. During FY 1981, a special appropriation (Ch. 35 SLA 1980) appropriated \$900 million from the General Fund to the Permanent Fund. Similarly, an additional \$1.8 billion was appropriated (Ch. 61 SLA 1981) for FY 1982 with payments beginning July 1, 1981; however, this appropriation has recently been legislatively amended (Ch. 101 SLA 1982) so that no less than \$800 million will be deposited in FY 82.

