

**REVENUE SOURCES
FY 1982 - 1984**

**QUARTERLY UPDATE
JUNE, 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

	<u>FY 1982 Estimate June</u>	<u>FY 1983 Estimate June</u>	<u>FY 1984 Estimate June</u>
Total General Fund Unrestricted Revenues (p. 5)	<u>4,098,900</u>	<u>3,050,100</u>	<u>3,135,000</u>
Total General Fund Restricted Revenues (p. 8)	<u>231,500</u>	<u>239,200</u>	<u>242,400</u>
Total General Fund Revenues (p. 8)	<u>4,330,400</u>	<u>3,289,300</u>	<u>3,377,400</u>
Alaska Permanent Fund (p. 9)	<u>1,208,900</u>	<u>339,200</u>	<u>326,300</u>

General Fund Unrestricted Revenues

In Thousands of Current Dollars

	FY 1982 Estimate <u>June</u>	FY 1983 Estimate <u>June</u>	FY 1984 Estimate <u>June</u>
<u>Taxes</u>			
<u>Income</u>			
Corporate-General	29,000	32,000	37,000
Corporate-Petroleum (1)	670,000	200,000	235,000
<u>Gross Receipts</u>			
Alaska Business License	5,500	5,800	6,000
Fish-Canned Salmon(2)	8,600	6,000	6,000
Fish-Shorebased(2)	9,000	10,000	10,000
Fish-Floating(2)	5,400	5,500	5,500
Salmon Enhancement	2,400	2,400	2,400
Insurance Companies	14,000	15,000	18,000
Other	1,400	1,500	1,500
<u>Severance</u>			
Oil & Gas Production(3)(4)	1,602,700	1,307,600	1,323,600
Oil & Gas Conservation	700	700	700
<u>Property</u>			
Oil & Gas(5)	143,700	148,600	153,200
<u>Sale/Use</u>			
Alcoholic Beverages	8,800	9,000	9,000
Fuel Taxes-Aviation	6,300	5,100	5,400
Fuel Taxes-Highway	19,000	19,500	20,000
Fuel Taxes-Marine	3,600	3,800	4,000
Tobacco Products	2,000	2,100	2,200
<u>Other</u>			
Estate	500	500	500
 Total Taxes	 <u>2,532,600</u>	 <u>1,755,100</u>	 <u>1,840,000</u>
<u>Licenses & Permits</u>			
<u>Business</u>	10,000	11,000	12,000
<u>Non-Business</u>	12,500	13,000	13,500
 Total Licenses & Permits	 <u>22,500</u>	 <u>24,000</u>	 <u>25,500</u>
<u>Intergovernmental Receipts</u>			
<u>Federal Shared Revenues(6)(7)(8)</u>	<u>22,500</u>	<u>26,600</u>	<u>10,000</u>
<u>State Resource Revenue</u>			
<u>Sale/Use</u>			
Bonus Sales(6)(9)(10)	17,700	-0-	-0-
Investment Earnings	290,000	200,000	220,000
Rents(9)(10)	4,000	5,000	5,000
Royalties(4)(6)(11)	1,154,200	960,300	971,600
Sale of State Property	5,500	5,500	5,500
Gravel, Timber, etc.	2,500	2,500	2,500

<u>Facilities Related Charges</u>			
Airports	1,600	1,600	1,600
Ferry System-Southeast	23,900	26,300	28,900
Ferry System-Southwest	3,500	3,800	4,100
Other	4,200	4,500	4,700
<u>Service Related Charges</u>			
Court System	3,000	3,300	3,500
Other	5,000	5,200	5,500
Total State Resources Revenues	<u>1,515,100</u>	<u>1,218,000</u>	<u>1,252,900</u>
<u>Miscellaneous Revenues</u>	<u>6,200</u>	<u>6,400</u>	<u>6,600</u>
<u>Total Unrestricted Revenues</u>	<u>4,098,900</u>	<u>3,050,100</u>	<u>3,135,000</u>

(1) The reasons for the notable decrease in the Corporate Income Petroleum Tax are 1) the change in tax law (Ch. 116 SLA 1981) passed during the 1981 legislative session which shifted revenue from the income tax to the oil and gas production tax and 2) the softening in oil prices.

(2) Fisheries taxes have recently been reallocated by codes to reflect a more accurate distribution of revenues by processing type. As a result, current estimates have been revised.

(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 FY 82 forecasted numbers assume a mean or average case for petroleum revenues, which is consistent with the methodology adopted in past forecasts. The numbers for FY 83 and FY 84 do, however, 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 and FY 84 the production tax numbers would have been \$1,448 million and \$1,565 million, respectively, and the royalty numbers \$1,061 million and \$1,145 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 1982, 1983, or 1984.

(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. FY 82, FY 83, and FY 84 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 1982, 1983, and 1984. 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, and \$32.5 million held May 26, 1982.

(11) 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, and 1984 are projected to be \$4,098.9 million, \$3,050.1 million, and \$3,135.0 million, respectively.

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

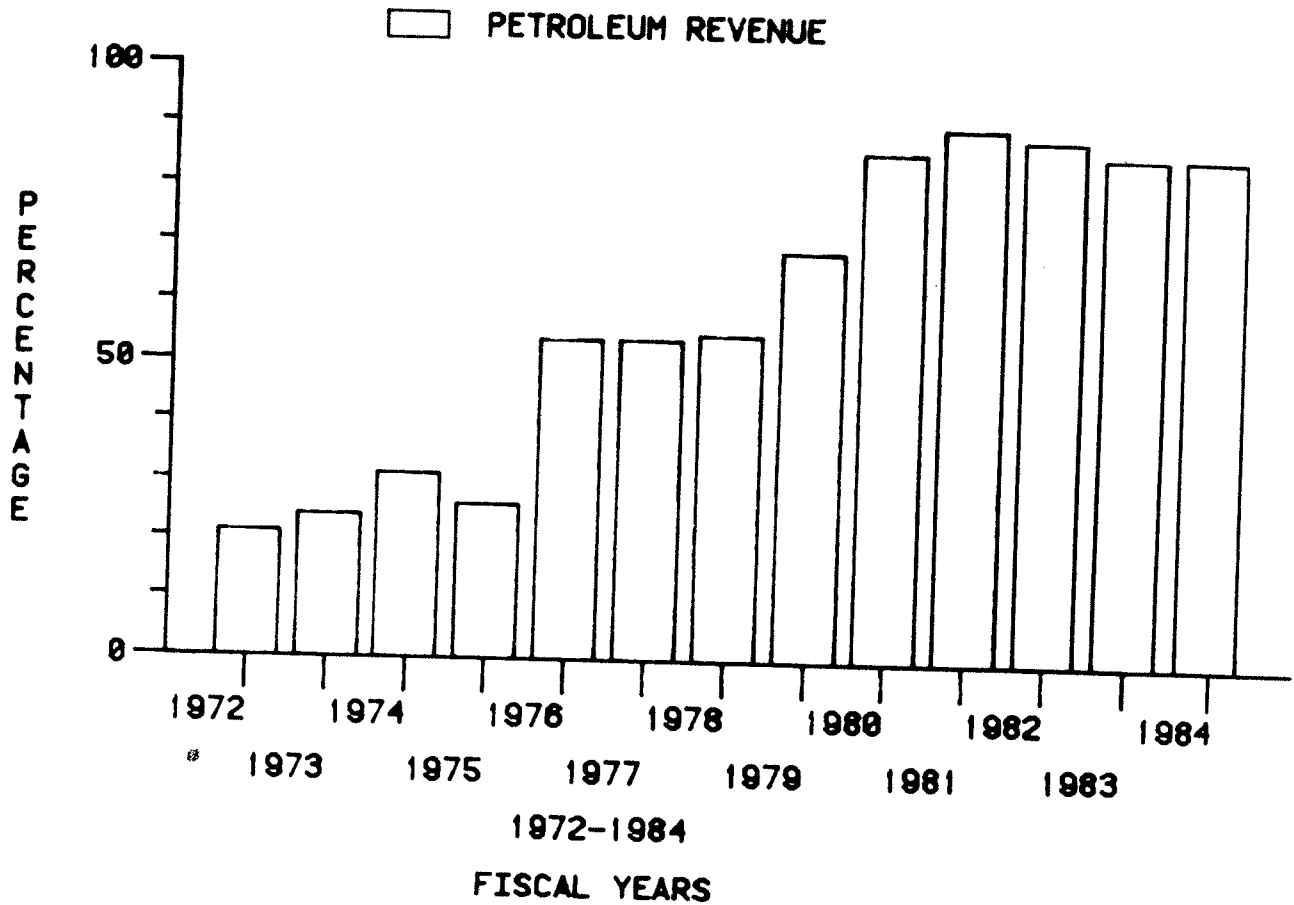
Petroleum vs. Non-Petroleum Revenues

(In Millions of Current Dollars)

	<u>Petroleum Revenues</u>		
	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>
Corporate Petroleum	670.0	200.0	235.0
Severance Tax	1,603.4	1,308.3	1,324.3
Royalties	1,154.2	960.3	971.6
Property Tax	143.7	148.6	153.2
Bonus Sale	17.7	0.0	0.0
	<u>3,589.0</u>	<u>2,617.2</u>	<u>2,684.1</u>
	<u>Non-Petroleum Revenues</u>		
	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>
Taxes	118.0	120.7	127.5
Licenses & Permits	22.5	24.0	25.5
Intergovernmental Receipts	22.5	26.6	10.0
State Resources Revenues	340.7	255.2	281.3
Miscellaneous Revenues	6.2	6.4	6.6
	<u>509.9</u>	<u>432.9</u>	<u>450.9</u>
Total	<u>4,098.9</u>	<u>3,050.1</u>	<u>3,135.0</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**	4,098.9	3,589.0	88
1983**	3,050.1	2,617.2	86
1984**	3,135.0	2,684.1	86

**Estimate

Restricted Revenues

In Thousands of Current Dollars

	<u>FY 1982</u> Estimate <u>June</u>	<u>FY 1983</u> Estimate <u>June</u>	<u>FY 1984</u> Estimate <u>June</u>
<u>Federal Grants-in-Aid</u>			
I. Education	37,400	37,900	37,900
II. Social Services	105,700	115,300	119,700
III. Health	3,500	2,400	2,100
IV. Natural Resources	13,100	11,500	10,500
V. Public Protection	4,900	5,400	5,700
VI. Administration of Justice	1,200	1,200	1,200
VII. Development	3,900	3,200	3,200
VIII. Transportation	34,700	31,400	31,400
IX. General Government	<u>100</u>	<u>100</u>	<u>100</u>
Total Federal Grants-in-Aid	<u>204,500</u>	<u>208,400</u>	<u>211,800</u>
<u>Other Grants-in-Aid</u>			
I. Education	300	400	400
II. Social Services	2,700	3,000	3,200
III. Health	-0-	-0-	-0-
IV. Natural Resources	8,000	12,600	12,100
V. Public Protection	2,400	2,400	2,400
VI. Administration of Justice	100	100	100
VII. Development	800	800	800
VIII. Transportation	1,100	900	900
IX. General Government	<u>3,600</u>	<u>2,500</u>	<u>2,600</u>
Total Other Grants-in-Aid	<u>19,000</u>	<u>22,700</u>	<u>22,500</u>
Miscellaneous Restricted Revenue-All Categories	<u>8,000</u>	<u>8,100</u>	<u>8,100</u>
Total Restricted Revenue ^{1/}	<u>231,500</u>	<u>239,200</u>	<u>242,400</u>
Total Unrestricted Revenue	<u>4,098,900</u>	<u>3,050,100</u>	<u>3,135,000</u>
Total General Fund Revenue	<u>4,330,400</u>	<u>3,289,300</u>	<u>3,377,400</u>

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

Special Funds

In Thousands of Current Dollars

	<u>FY 1982</u> <u>Estimate</u> <u>June</u>	<u>FY 1983</u> <u>Estimate</u> <u>June</u>	<u>FY 1984</u> <u>Estimate</u> <u>June</u>
<u>Enterprise Funds</u>			
Agriculture Loan Fund	1,100	2,000	2,300
Alternative Technology and Energy Loan Fund	200	500	800
Bulk Fuel Loan Fund	100	100	100
Child Care Facility Loan Fund	-0-	-0-	-0-
Commercial Fish Loan Fund	2,100	2,500	2,900
Fisheries Enhancement Loan Fund	-0-	-0-	-0-
Fisheries Mortgage and Note Fund	-0-	100	300
Fisheries Product Loan Fund	-0-	-0-	-0-
Historical District Loan Fund	-0-	-0-	-0-
International Airport Revenue Fund	30,500	32,400	34,600
Medical Malpractice Loan Fund	200	200	200
Mining Loan Fund	-0-	-0-	-0-
Residential Energy Conservation Loan Fund	100	300	500
Scholarship Loan Fund	500	800	1,600
Small Business Loan Fund	4,000	4,200	4,000
Tourism Loan Fund	-0-	-0-	-0-
World War II Veterans Loan Fund	<u>1,700</u>	<u>1,500</u>	<u>1,300</u>
Total Enterprise Funds	<u>40,500</u>	<u>44,600</u>	<u>48,600</u>
<u>Special Revenue Funds</u>			
Alaska Permanent Fund (1)(2)	1,208,900	339,200	326,300
Fish and Game Fund	7,500	8,000	8,300
Marine Coastal Damage Fund	-0-	-0-	-0-
School Fund	3,300	3,500	3,700
Training & Building Fund	<u>500</u>	<u>400</u>	<u>400</u>
Total Special Revenue Funds	<u>1,220,200</u>	<u>351,100</u>	<u>338,700</u>
Total Special Funds	<u>1,260,700</u>	<u>395,700</u>	<u>387,300</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. FY 82, FY 83, and FY 84 figures reflect the State's 90 percent entitlement.

Alaska Permanent Fund Contributions

Inception to Date

	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982
July		794,995.01	7,502,051.26	10,692,715.90	73,815,667.41	131,800,154.14
August		2,521,153.06	5,919,366.32	17,708,447.48	118,431,979.94	146,232,595.66
September		4,021,045.20	5,844,160.01	17,327,178.30	181,873,959.53	311,522,554.20
October		4,831,261.69	5,895,954.01	16,537,475.13	80,318,945.90	74,715,699.12
November		4,979,386.81	5,983,431.49	17,457,131.59	81,058,413.83	238,409,719.66
December		4,217,990.44	6,157,251.64	38,079,084.53	227,586,680.94	136,099,671.48
January		4,215,503.35	6,464,609.73	113,926,615.55	130,570,546.51	37,857,084.47
February		4,145,894.12	6,785,168.90	21,060,774.83	133,457,322.86	41,298,798.67
March	1,530,416.42	3,648,367.18	6,292,339.61	20,607,758.22	136,547,664.57	31,697,641.57
April	815,439.57	5,088,252.18	7,953,713.53	23,040,206.02	41,284,063.24	30,438,115.16
May	788,450.99	5,603,327.04	9,065,491.87	21,783,285.17	38,812,822.79	34,336,699.40
June	822,403.54	6,376,079.60	10,043,535.99	26,565,267.13	41,344,707.04	
Total	<u>3,956,710.52</u>	<u>50,443,255.68</u>	<u>83,907,074.36</u>	<u>344,785,939.85</u>	<u>1,285,102,774.56</u>	<u>1,214,408,733.53</u>

Cumulative Fund Balance as of May 31, 1982

Interest Earnings Transferred to General Fund

First Quarter (July-Sept.)	12,370.79	605,651.99	1,938,034.46	9,234,109.73	931,481.21
Second Quarter (Oct.-Dec.)	148,250.03	1,282,489.03	3,428,220.15		
Third Quarter (Jan.-Mar.)	115,436.96	962,645.91	6,682,092.76		
Fourth Quarter	27,019.00	624,376.03	2,852,138.75	2,393,102.77	54,000,000.00
(Apr.-June)				2/	3/
Total	<u>27,019.00</u>	<u>900,433.81</u>	<u>5,702,925.68</u>	<u>14,441,450.14</u>	<u>63,234,109.73</u>

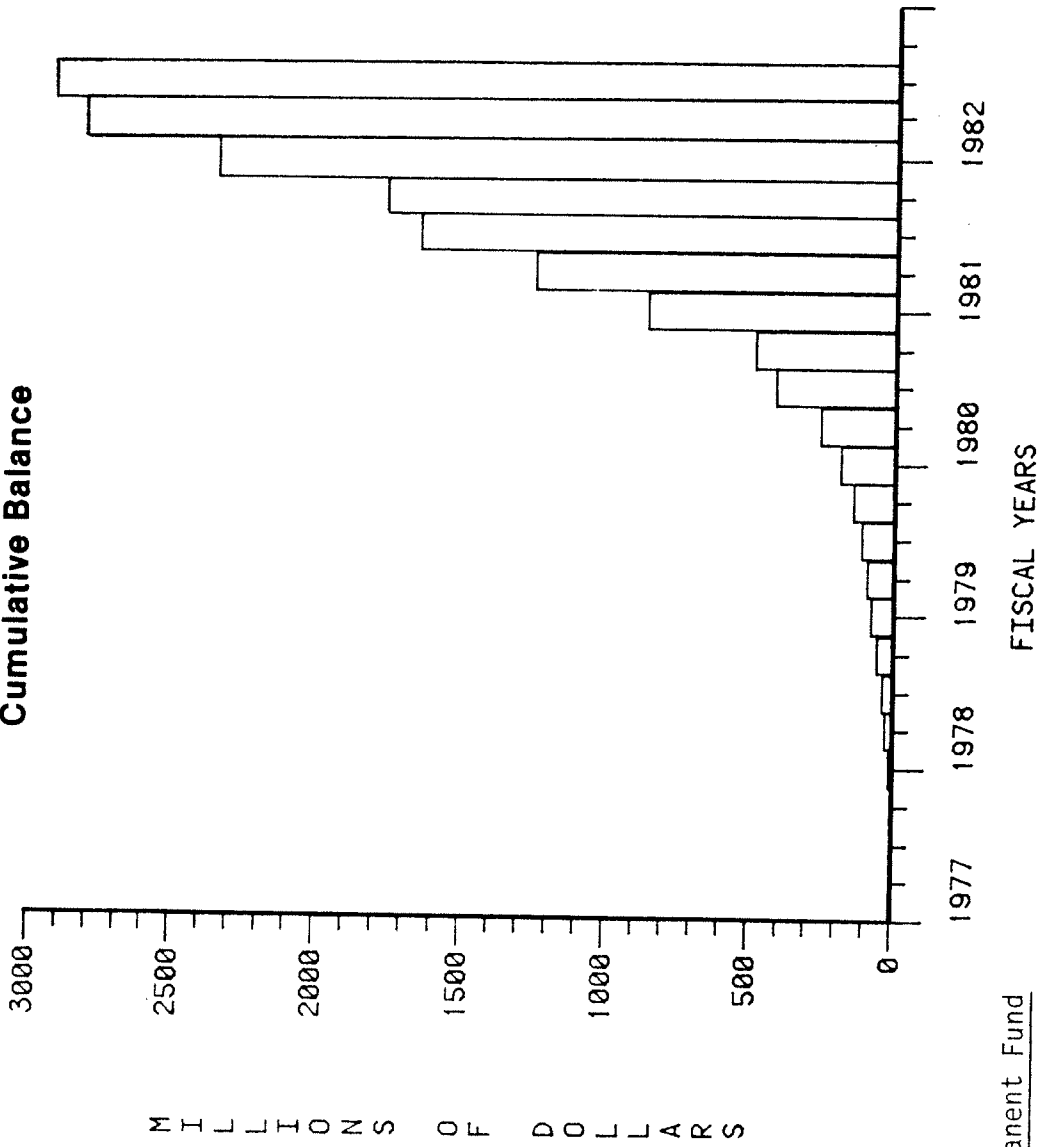
Total Amount of Income Transferred to General Fund as of May 31, 1982

85,237,419.57

- 1/ Includes \$114,546,830.13 as 25 percent of bonuses and lease rentals for the undisputed State portion of the 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 1980 for the balance due the General Fund in June 1980 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.

