

REVENUE SOURCES
FY 1981 - 1983

QUARTERLY UPDATE
SEPTEMBER, 1981

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 1981 Prelim. Actual <u>September</u>	FY 1982 Estimate <u>September</u>	FY 1983 Estimate <u>September</u>
Total General Fund Unrestricted Revenues (p. 5)	<u>3,716,800</u>	<u>4,401,700</u>	<u>4,858,600</u>
Total General Fund Restricted Revenues (p. 8)	<u>200,900</u>	<u>306,500</u>	<u>NA</u>
Total General Fund Revenues (p. 8)	<u><u>3,917,700</u></u>	<u><u>4,708,200</u></u>	<u><u>NA</u></u>
Alaska Permanent Fund (p. 9)	<u><u>1,285,100</u></u>	<u><u>2,223,600</u></u>	<u><u>524,100</u></u>

General Fund Unrestricted Revenues

In Thousands of Current Dollars

<u>Taxes</u>	FY 1981 Prelim. Actual <u>September</u>	FY 1982 Estimate <u>September</u>	FY 1983 Estimate <u>September</u>
<u>Income</u>			
Corporate-General	34,800	36,300	43,900
Corporate-Petroleum(1)	860,100	820,000	495,000
Fiduciary(2)	-0-	-0-	-0-
Individual(2)	-0-	-0-	-0-
<u>Gross Receipts</u>			
Alaska Business License	5,400	5,500	5,500
Fish-Canned Salmon	5,900	6,000	5,700
Fish-Shorebased	11,000	11,500	11,000
Fish-Floating	3,800	4,000	3,800
Fish-Marketing(3)	-0-	-0-	-0-
Salmon Enhancement(4)	-0-	1,800	2,400
Insurance Companies	10,600	11,300	11,300
Other	1,200	1,300	1,500
<u>Severance</u>			
Gravel, Timber, etc.	2,700	3,000	5,500
Oil & Gas Production(5)	1,169,900	1,676,900	2,101,000
Oil & Gas Conservation	300	700	700
<u>Property</u>			
Oil & Gas(6)	143,000	155,000	157,000
Vehicle Registration	200	200	200
<u>Sale/Use</u>			
Alcoholic Beverages	8,300	8,800	9,000
Fuel Taxes-Aviation	4,100	4,300	4,500
Fuel Taxes-Highway	15,600	18,000	18,500
Fuel Taxes-Marine	3,500	3,600	3,800
Tobacco Products	1,700	1,800	1,900
<u>Other</u>			
Estate	400	400	400
School(7)	-0-	-0-	-0-
<u>Total Taxes</u>	<u>2,282,500</u>	<u>2,770,400</u>	<u>2,882,600</u>
<u>Licenses & Permits</u>			
<u>Business</u>	9,100	9,900	11,000
<u>Non-Business</u>	10,600	12,500	12,500
<u>Total Licenses & Permits</u>	<u>19,700</u>	<u>22,400</u>	<u>23,500</u>
<u>Intergovernmental Receipts</u>			
<u>Federal Shared Revenues(8)(9)</u>	<u>8,800</u>	<u>19,800</u>	<u>8,500</u>
<u>State Resource Revenue</u>			
<u>Sale/Use</u>			
Bonus Sales(10)(11)(12)	7,600	800	-0-
Investment Earnings	227,700	280,000	314,000
Rents(11)(12)	5,300	5,600	5,600

Royalties(8)	1,118,500(13)	1,249,800	1,565,000
Sale of State Property	4,900	5,500	8,200
<u>Facilities Related Charges</u>			
Airports	1,100	1,200	1,400
Ferry System-Southeast	21,100	24,400	26,800
Ferry System-Southwest	3,400	3,600	3,800
Other	3,700	4,000	4,500
<u>Service Related Charges</u>			
Court System	2,500	3,300	3,500
Other	<u>4,600</u>	<u>4,900</u>	<u>5,200</u>
Total State Resources			
Revenues	<u>1,400,400</u>	<u>1,583,100</u>	<u>1,938,000</u>
<u>Miscellaneous Revenues</u>	<u>5,400</u>	<u>6,000</u>	<u>6,000</u>
<u>Total Unrestricted Revenues</u>	<u>3,716,800</u>	<u>4,401,700</u>	<u>4,858,600</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 past legislative session which shifted revenue from the income tax to the oil and gas production tax and (2) the current softening in oil prices.
- 2) Ch. SSSLA 1980, repeals the Alaska Net Income Tax for individuals and fiduciaries and provides for individuals to continue receiving tax credits for political contributions and household and dependent care service, retroactive to January 1, 1980. Ch. 2 SSSLA 1980, provides refunds of 1979 individual income taxes.
- 3) Ch. 106 SLA 1981, effective July 28, 1981, enables funding for the Alaska Seafood Marketing Institute (ASMI); however, eligible processors have not as yet voted on the voluntary assessment.
- 4) Ch. 154 SLA 1980, effective July 2, 1980, levies either a 2 percent or 3 percent Salmon Enhancement Tax to be determined by qualified regional aquaculture associations.
- 5) The upward revision in severance taxes, despite lowered oil price expectations, is due to the tax law change (Ch. 116 SLA 1981) which increased nominal tax rates from 12.25% to 15.0%.
- 6) 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 or 1983.
- 7) Repealed by Ch. 64 SLA 1980, retroactive to January 1, 1980.
- 8) Net of 25 percent Permanent Fund contribution.
- 9) Includes estimated revenue (\$13.5 million) due to State's winning recent U.S. Supreme Court decision regarding the Kenai Moose Range royalty distribution; however, payment is not expected until FY 82. FY 82 and FY 83 figures reflect the State's 90 percent entitlement.
- 10) The Department of Natural Resources projects additional lease sales to be held in 1982 and 1983. However, bonus bids are impossible to anticipate prior to sales and therefore no estimates are included.
- 11) Net of Permanent Fund contribution by Ch. 18 SLA 1980.
- 12) Reflects lease sales of \$12.8 million held September 16, 1980, \$4.3 million held May 13, 1981, and \$1.5 million held August 25, 1981.
- 13) The FY 1981 royalty value reflects the retroactive payment due the State, by the North Slope producers, for the recently negotiated settlement regarding field costs previously deducted from the royalty wellhead value.

Revenue Breakdown

The total General Fund unrestricted revenues for Fiscal Years 1981, 1982, and 1983 are projected to be \$3,716.8 million, \$4,401.7 million and \$4,858.6 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:

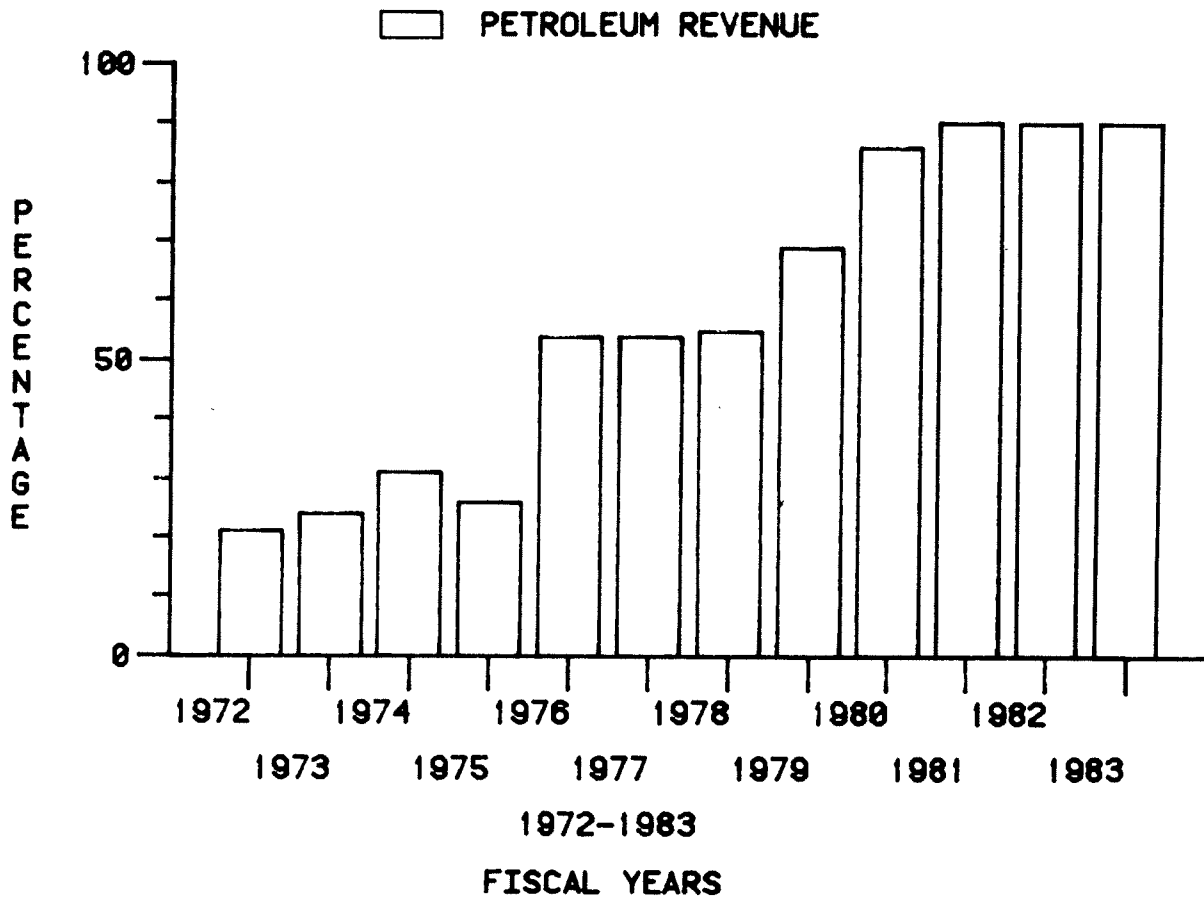
Petroleum vs. Non-Petroleum Revenues

(In Millions of Current Dollars)

	<u>Petroleum Revenues</u>		
	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
Corporate Petroleum	860.1	820.0	495.0
Severance Tax	1,170.2	1,677.6	2,101.7
Royalties	1,118.5	1,249.8	1,565.0
Property Tax	143.0	155.0	157.0
Bonus Sale	<u>7.6</u>	<u>0.8</u>	<u>0.0</u>
	<u>3,299.4</u>	<u>3,903.2</u>	<u>4,318.7</u>
	<u>Non-Petroleum Revenues</u>		
	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>
Taxes	109.2	117.8	128.9
Licenses & Permits	19.7	22.4	23.5
Intergovernmental Receipts	8.8	19.8	8.5
State Resources Revenues	274.3	332.5	373.0
Miscellaneous Revenues	<u>5.4</u>	<u>6.0</u>	<u>6.0</u>
	<u>417.4</u>	<u>498.5</u>	<u>539.9</u>
Total	<u>3,716.8</u>	<u>4,401.7</u>	<u>4,858.6</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*	3,716.8	3,299.4	89
1982**	4,401.7	3,903.2	89
1983**	4,858.6	4,318.7	89

*Preliminary Actual

**Estimate

Restricted Revenues

In Thousands of Current Dollars

	FY 1981 Prelim. Actual <u>September</u>	FY 1982 Estimate <u>September</u>	FY 1983 Estimate <u>September</u>
<u>Federal Grants-in-Aid</u>			
I. Education	27,600	38,700	NA
II. Social Services	66,100	129,400	NA
III. Health	23,600	3,000	NA
IV. Natural Resources	8,000	13,800	NA
V. Public Protection	4,900	5,900	NA
VI. Administration of Justice	1,800	1,300	NA
VII. Development	5,700	3,800	NA
VIII. Transportation	40,200	80,700	NA
IX. General Government	<u>1,900</u>	<u>400</u>	<u>NA</u>
Total Federal Grants-in-Aid	<u>179,800</u>	<u>277,000</u>	<u>NA</u>
<u>Other Grants-in-Aid</u>			
I. Education	700	500	NA
II. Social Services	100	2,000	NA
III. Health	100	-0-	NA
IV. Natural Resources	2,300	8,900	NA
V. Public Protection	2,000	1,300	NA
VI. Administration of Justice	100	100	NA
VII. Development	500	800	NA
VIII. Transportation	1,400	1,600	NA
IX. General Government	<u>1,800</u>	<u>3,900</u>	<u>NA</u>
Total Other Grants-in-Aid	<u>9,000</u>	<u>19,100</u>	<u>NA</u>
Miscellaneous Restricted Revenue-All Categories	<u>12,100</u>	<u>10,400</u>	<u>NA</u>
Total Restricted Revenue ^{1/}	<u>200,900</u>	<u>306,500</u>	<u>NA</u>
Total Unrestricted Revenue	<u>3,716,800</u>	<u>4,401,700</u>	<u>4,858,600</u>
Total General Fund Revenue	<u>3,917,700</u>	<u>4,708,200</u>	<u>NA</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.

NA Projections of Restricted Revenues for FY 1983 were not available at time of publication.

Special Funds

In Thousands of Current Dollars

	FY 1981 Prelim. Actual <u>September</u>	FY 1982 Estimate <u>September</u>	FY 1983 Estimate <u>September</u>
<u>Enterprise Funds</u>			
Agriculture Loan Fund	700	1,100	NA
Alternative Technology and Energy Loan Fund	-0-	100	NA
Bulk Fuel Loan Fund	-0-	100	NA
Child Care Facility Loan Fund	-0-	-0-	NA
Commercial Fish Loan Fund	4,800	2,500	NA
Fisheries Product Loan Fund(1)	-0-	-0-	NA
Fisheries Enhancement Loan Fund	-0-	-0-	NA
Historical District Loan Fund	-0-	-0-	NA
International Airport Revenue Fund	28,800	30,100	NA
Medical Malpractice Loan Fund	100	200	NA
Mining Loan Fund	-0-	-0-	NA
Residential Energy Conservation Loan Fund	-0-	100	NA
Scholarship Loan Fund	300	500	NA
Small Business Loan Fund	2,800	3,600	NA
Tourism Loan Fund	600	700	NA
World War II Veterans Loan Fund	<u>2,000</u>	<u>1,800</u>	<u>NA</u>
Total Enterprise Funds	<u>40,100</u>	<u>40,800</u>	<u>NA</u>
<u>Special Revenue Funds</u>			
Alaska Permanent Fund (2)(3)(4)(5)	1,285,100	2,223,600	524,100
Federal Revenue Sharing Fund (6)	3,800	3,800	NA
Fish and Game Fund	11,300	11,500	NA
Marine Coastal Damage Fund	-0-	-0-	NA
School Fund	2,800	3,000	3,200
Training & Building Fund	<u>400</u>	<u>500</u>	<u>NA</u>
Total Special Revenue Funds	<u>1,303,400</u>	<u>2,242,400</u>	<u>NA</u>
Total Special Funds	<u>1,343,500</u>	<u>2,283,200</u>	<u>NA</u>

- 1) Ch. 41 SLA 1981, Effective June 26, 1981.
 - 2) Includes \$900,000,000 appropriated to the Alaska Permanent Fund in FY 1981.
 - 3) Includes \$1,800,000,000 appropriated to the Alaska Permanent Fund in FY 1982.
 - 4) Includes estimated revenue (\$4.0 million) due to State's winning recent U.S. Supreme Court decision regarding the Kenai Moose Range royalty distribution; however, payment is not expected until FY 82. FY 82 and FY 83 figures reflect the State's 90 percent entitlement.
 - 5) The FY 1981 Permanent Fund Contribution reflects the retroactive payment due the State, by the North Slope producers, for the recently negotiated settlement regarding field costs previously deducted from the royalty wellhead value.
 - 6) Federal funding expired September 30, 1980. Reauthorization was pending for FY 1982 at the time of publication.
- NA Projections of Special Funds for FY 83 were not available at time of publication.

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	
October		4,831,261.69	5,895,954.01	16,537,475.13	80,318,945.90	
November		4,979,386.81	5,983,431.49	17,457,131.59	81,058,413.83	
December		4,217,990.44	6,157,251.64	38,079,084.53	227,586,680.94	
January		4,215,503.35	6,464,609.73	113,926,615.55	130,570,546.51	
February		4,145,894.12	6,785,168.90	21,060,774.83	133,457,322.86	
March	1,530,416.42	3,648,367.18	6,292,339.61	20,607,758.22	136,547,664.57	
April	815,439.57	5,088,252.18	7,953,713.53	23,040,206.02	41,284,063.24	
May	788,450.99	5,603,327.04	9,065,491.87	21,783,285.17	38,812,822.79	
June	822,403.54	6,376,079.60	10,043,535.99	26,565,267.13	41,344,707.04	
Total	3,956,710.52	50,443,255.68	83,907,074.36	344,785,939.85	1/1,285,102,774.56	278,032,749.80

Cumulative Fund Balance as of August 31, 1981

2,046,228,504.77

Interest Earnings Transferred to General Fund

First Quarter (July-Sept.)	12,370.79	605,651.99	1,938,034.46	9,234,109.73
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 (Apr.-June)	624,376.03	2,852,138.75	2,393,102.77	54,000,000.00
Total	27,019.00	900,433.81	14,441,450.14	63,234,109.73

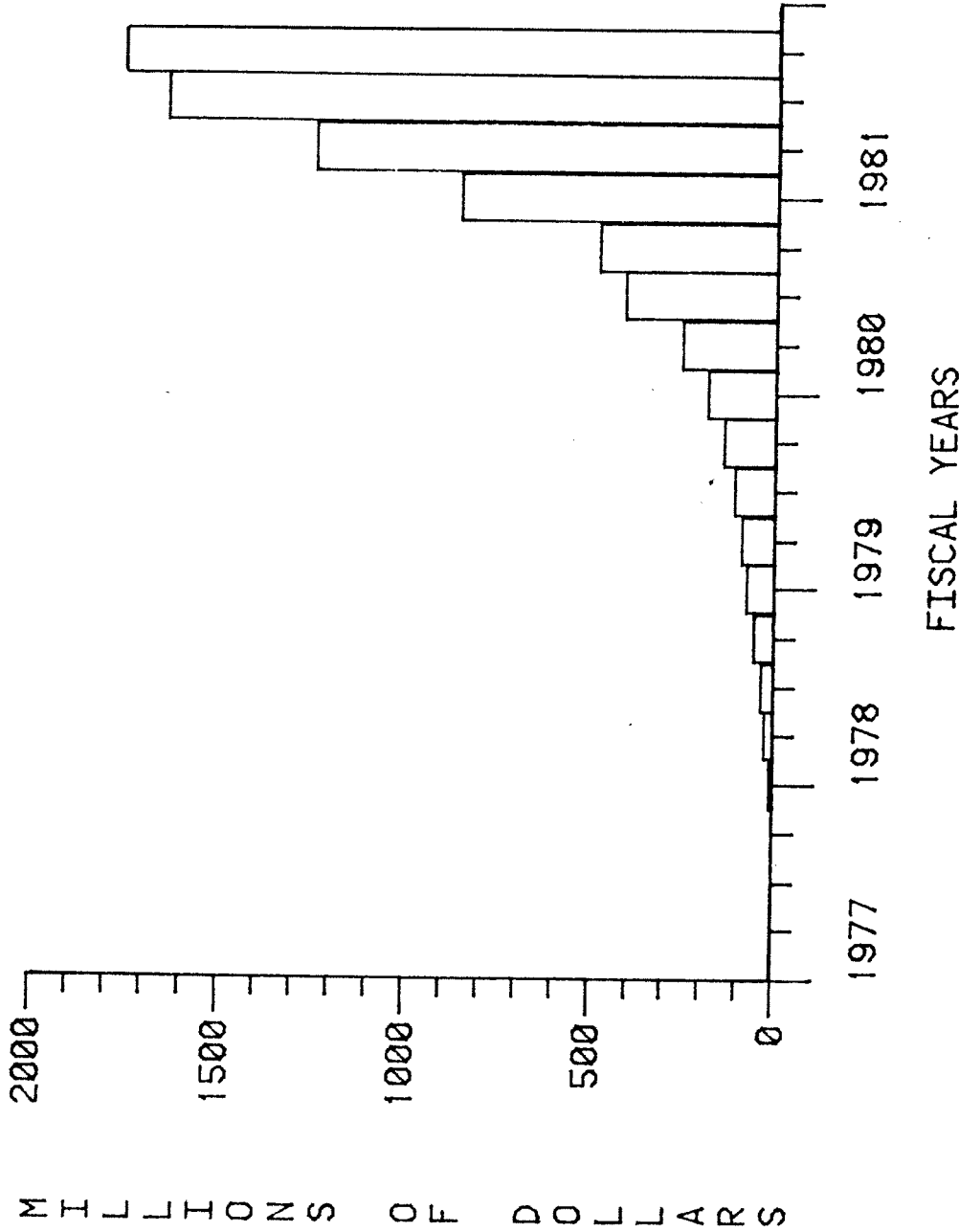
Total Amount of Income Transferred to General Fund as of June 30, 1981

84,305,938.36

- 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 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. Recently 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.

