

Vincent Wright
REVENUE SOURCES
FY 1980 - 1982

QUARTERLY UPDATE
SEPTEMBER, 1980

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 Thousand of Current Dollars

	FY 1980 Prelim. Actual <u>September</u>	FY 1981 Estimate <u>September</u>	FY 1982 Estimate <u>September</u>
Total Net General Fund Unrestricted Revenues (p. 5)	<u>2,500,600</u>	<u>3,641,500</u>	<u>4,936,400</u>
Total General Fund Restricted Revenues (p. 8)	<u>209,100</u>	<u>320,000</u>	<u>NA</u>
Total General Fund Revenues (p. 8)	<u>2,709,700</u>	<u>3,961,500</u>	<u>NA</u>
Alaska Permanent Fund (p. 9)	<u>344,800</u>	<u>1,287,400</u>	<u>590,825</u>
Native Claims Fund (p. 12)	<u>131,400</u>	<u>-0-</u>	<u>-0-</u>

NA Projections of restricted revenues for FY 1982 were not available at time of publication.

General Fund Unrestricted Revenues

In Thousands of Current Dollars

	<u>FY 1980</u> Prelim. Actual September	<u>FY 1981</u> Estimate September	<u>FY 1982</u> Estimate September
<u>Taxes</u>			
<u>Income</u>			
Corporate - General	17,900	29,000	36,000
Corporate - Petroleum	547,500	770,000	882,900
Fiduciary ⁽¹⁾	100	-0-	-0-
Individual ⁽¹⁾	100,500	-0-	-0-
<u>Gross Receipts</u>			
Alaska Business License	4,200	3,100	3,300
Raw Fish ⁽²⁾	4,300	9,600 ⁽³⁾	6,100
Cold Storage ⁽²⁾	7,600	8,200 ⁽³⁾	7,000
Freezer Ship ⁽²⁾	2,700	3,700 ⁽³⁾	2,800
Salmon Enhancement ⁽⁴⁾	-0-	-0-	1,500
Insurance Companies	10,400	12,100	14,500
Other	2,100	2,300	2,700
<u>Severance</u>			
Gravel, Timber, Etc. ⁽⁵⁾	1,600	1,500	1,500
Oil & Gas Production ⁽⁵⁾	506,500	1,183,500	1,753,300
<u>Property</u>			
Oil & Gas	168,900	170,000	170,000
Vehicle Registration	100	200	200
<u>Sale/Use</u>			
Alcoholic Beverages	7,400	7,600	8,000
Fuel Taxes - Aviation	4,000	4,200	4,300
Fuel Taxes - Highway	18,900	19,700	20,200
Fuel Taxes - Marine	3,200	3,200	3,300
Tobacco Products	1,600	1,800	1,800
<u>Other</u>			
Estate ⁽⁶⁾	200	200	200
School	2,600	-0-	-0-
Total Taxes	<u>1,412,300</u>	<u>2,229,900</u>	<u>2,919,600</u>
 <u>Licenses & Permits</u>			
Business	8,300	9,000	10,100
Non-Business	10,800	12,400	12,500
Total Licenses & Permits	<u>19,100</u>	<u>21,400</u>	<u>22,600</u>
 <u>Intergovernmental Receipts</u>			
Federal Shared Revenues ⁽⁵⁾⁽⁷⁾	4,800	16,900 ⁽⁸⁾	7,400
 <u>State Resource Revenue</u>			
<u>Sale/Use</u>			
Bonus Sales	342,400 ⁽⁷⁾⁽⁹⁾	6,400 ⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾	-0- ⁽¹¹⁾

Investment Earnings	119,900	165,000	165,000
Rents ⁽⁷⁾	2,800	3,700	3,700
Royalties ⁽⁵⁾⁽⁷⁾	688,200	1,149,700 ⁽¹³⁾	1,766,200
Sale of State Property	5,600	5,600	5,600
<u>Facilities Related Charges</u>			
Airports	800	900	900
Ferry System - Southeast	18,100	21,600	24,300
Ferry System - Southwest	3,000	2,400	2,700
Other	3,900	6,000	6,400
<u>Service Related Charges</u>			
Court System	2,300	3,000	3,000
Other Service Related Charges	2,000	2,000	2,000
Total State Resources			
Revenues	<u>1,189,000</u>	<u>1,366,300</u>	<u>1,979,800</u>
<u>Miscellaneous Revenues</u>	<u>6,800</u>	<u>7,000</u>	<u>7,000</u>
<u>Total Gross Unrestricted Revenues</u>	<u>2,632,000</u>	<u>3,641,500</u>	<u>4,936,400</u>
Less: Native Claims Payments	<u>131,400</u> ⁽¹⁴⁾	<u>-0-</u>	<u>-0-</u>
<u>Total Net Unrestricted Revenues</u>	<u>2,500,600</u>	<u>3,641,500</u>	<u>4,936,400</u>

- 1) Ch. 1 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.
- 2) Ch. 79 SLA 1979, effective June 30, 1979. FY 1980 represents a transition period with six months of collections under old tax rates and six months of collections under new tax rates.
- 3) FY 1981 represents additional revenue collected due to fisheries processors filing a substantial amount of 1979 tax return extensions which are not expected to be collected until FY 1981.
- 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) Assumes gradual decontrol of oil prices by October 1, 1981.
- 6) Repealed by Ch. 64 SLA 1980, retroactive to January 1, 1980. Some insignificant amounts of revenue are expected to be collected in FY 1981 due to employers still collecting in calendar year 1980.
- 7) Net of 25 percent Permanent Fund contribution.
- 8) Anticipated revenue (\$9.8 million) due to State's winning Court decision may not be collected because of appeal to the Supreme Court.
- 9) Reflects bonuses for undisputed State lands in the Beaufort Sea lease sale. Another \$110.9 million associated with the Dinkum Sands is subject to an agreement with the United States regarding its allocation.
- 10) Reflects lease sale of \$12,771,301.22 held September 16, 1980.
- 11) The Department of Natural Resources projects additional lease sales to be held in 1981 and 1982, however, bonus bids are impossible to anticipate prior to the sales.
- 12) Net of 50 percent Permanent Fund contribution by Ch. 18 SLA 1980.
- 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.
- 14) Native Claims Settlement Fund payments out of current royalties have historically been treated as if they were not received, and the figure reflects the total amount of such payments during FY 1980. An additional \$292,585,066.52 was paid as an appropriation on June 30, 1980, thereby fulfilling the total \$500,000,000 obligation under Sec. 6 of the Alaska Native Claims Settlements Act, but the money for this appropriation is counted as received under the historic practice.

Revenue Breakdown

The total gross General Fund unrestricted revenues for Fiscal Years 1980, 1981 and 1982 are projected to be \$2,632.0 million, \$3,641.5 million, and \$4,936.4 million, respectively. As a result of Native Claims payment deductions, these gross amounts correspond to total net General Fund unrestricted revenues of \$2,500.6 million, \$3,641.5 million, and \$4,936.4 million, respectively, as shown in the preceding table.

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

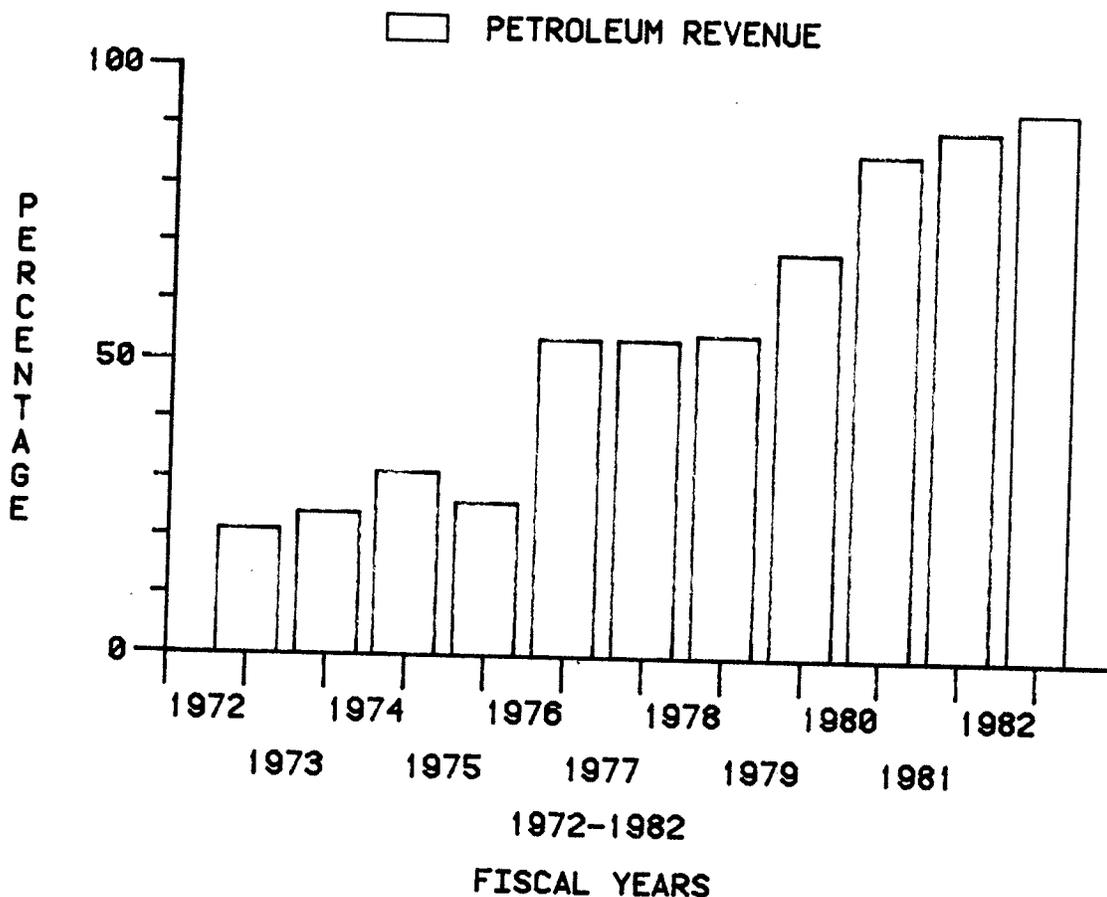
Petroleum vs. Non-Petroleum Revenues

(In Millions of Current Dollars)

	<u>Gross Petroleum Revenues</u>		
	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
Corporate Petroleum	547.5	770.0	882.9
Severance Tax	506.5	1,183.5	1,753.3
Royalties	688.2	1,149.7	1,766.2
Property Tax	168.9	170.0	170.0
Bonus Sale	<u>342.4</u>	<u>6.4</u>	<u>0.0</u>
	<u>2,253.5</u>	<u>3,279.6</u>	<u>4,572.4</u>
	<u>Gross Non-Petroleum Revenues</u>		
	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
Taxes	189.4	106.4	113.4
Licenses & Permits	19.1	21.4	22.6
Intergovernmental Receipts	4.8	16.9	7.4
State Resources Revenues	158.4	210.2	213.6
Miscellaneous Revenues	<u>6.8</u>	<u>7.0</u>	<u>7.0</u>
	<u>378.5</u>	<u>361.9</u>	<u>364.0</u>
Total Gross General Fund Unrestricted Revenues	<u>2,632.0</u>	<u>3,641.5</u>	<u>4,936.4</u>

Petroleum Revenues

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



<u>Fiscal Year</u>	<u>Total Gross General Fund Unrestricted Revenues</u>	<u>Total Gross 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*	2,632.0	2,253.5	86
1981**	3,641.5	3,279.6	90
1982**	4,936.4	4,572.4	93

* Preliminary Actual
** Estimate

Restricted Revenues

In Thousands of Current Dollars

	<u>FY 1980</u> Prelim. Actual <u>September</u>	<u>FY 1981</u> Estimate <u>September</u>	<u>FY 1982</u> Estimate <u>September</u>
<u>Federal Grants-in-Aid</u>			
I. Education	29,900	37,200	NA
II. Social Services	57,300	103,700	NA
III. Health	19,300	5,600	NA
IV. Natural Resources	6,500	16,600	NA
V. Public Protection	4,800	5,400	NA
VI. Administration of Justice	2,500	2,600	NA
VII. Development	2,400	3,200	NA
VIII. Transportation	69,500	130,000	NA
IX. General Government	<u>400</u>	<u>400</u>	<u>NA</u>
Total Federal Grants-in-Aid	<u>192,600</u>	<u>304,700</u>	<u>NA</u>
<u>Other Grants-in-Aid</u>			
I. Education	1,600	300	NA
II. Social Services	-0-	2,000	NA
III. Health	200	-0-	NA
IV. Natural Resources	500	2,900	NA
V. Public Protection	1,600	1,700	NA
VI. Administration of Justice	100	100	NA
VII. Development	1,300	900	NA
VIII. Transportation	900	1,100	NA
IX. General Government	<u>2,800</u>	<u>2,400</u>	<u>NA</u>
Total Other Grants-in-Aid	<u>9,000</u>	<u>11,400</u>	<u>NA</u>
Miscellaneous Restricted Revenue-All Categories	<u>7,500</u>	<u>3,900</u>	<u>NA</u>
Total Restricted Revenue <u>1/</u>	<u>209,100</u>	<u>320,000</u>	<u>NA</u>
Total Net Unrestricted Revenue	<u>2,500,600</u>	<u>3,641,500</u>	<u>NA</u>
Total General Fund Revenue	<u>2,709,700</u>	<u>3,961,500</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 1982 were not available at time of publication.

Special Funds

In Thousands of Current Dollars

	FY 1980 Prelim. Actual <u>September</u>	FY 1981 Estimate <u>September</u>	FY 1982 Estimate <u>September</u>
<u>Enterprise Funds</u>			
Agriculture Loan Fund	300	800	NA
Child Care Facility Loan	-0-	-0-	NA
Commercial Fish Loan Fund	200	300	NA
Historical District Loan Fund	-0-	-0-	NA
International Airport Revenue Fund	27,600	30,200	NA
Medical Malpractice Loan Fund	100	200	NA
Scholarship Loan Fund	200	300	NA
Small Business Loan Fund	500	500	NA
Tourism Loan Fund	100	200	NA
Water Resources Loan Fund	100 ^{1/}	-0-	NA
World War II Veterans Loan Fund	<u>2,200</u>	<u>2,200</u>	<u>NA</u>
Total Enterprise Funds	<u>31,300</u>	<u>34,700</u>	<u>NA</u>
 <u>Special Revenue Funds</u>			
Alaska Permanent Fund	344,800	1,287,400 ^{2/3/4/}	590,825
Federal Revenue Sharing Fund	7,700	1,900 ^{5/}	NA
Fish & Game Fund	8,700	10,900	NA
Marine Coastal Damage Fund	-0-	-0-	NA
School Fund	2,700	3,000	3,100
Training & Building Fund	<u>400</u>	<u>500</u>	<u>NA</u>
Total Special Revenue Fund	<u>364,300</u>	<u>1,303,700</u>	<u>NA</u>
Total Special Funds	<u>395,600</u>	<u>1,338,400</u>	<u>NA</u>

- ^{1/} Repealed by Ch. 83 SLA 1980 with the fund balance lapsing into the General Fund, effective June 13, 1980.
- ^{2/} Includes \$900,000,000 appropriated to the Alaska Permanent Fund in FY 1981.
- ^{3/} Anticipated revenues (\$3.2 million) due to State's winning Court decision may not be collected because of appeal to the Supreme Court.
- ^{4/} 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.
- ^{5/} Federal funding expires September 30, 1980. Reauthorization was pending at the time of publication.

Alaska Permanent Fund Contributions

Inception to Date

	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
July		794,995.01	7,502,051.26	10,692,715.90	73,815,667.41
August		2,521,153.06	5,919,366.32	17,708,447.48	118,431,979.94
September		4,021,045.20	5,844,160.01	17,327,178.30	
October		4,831,261.69	5,895,954.01	16,537,475.13	
November		4,979,386.81	5,983,431.49	17,457,131.59	
December		4,217,990.44	6,157,251.64	38,079,084.53	
January		4,215,503.35	6,464,609.73	113,926,615.55	
February		4,145,894.12	6,785,168.90	21,060,774.83	
March	1,530,416.42	3,648,367.18	6,292,339.61	20,607,758.22	
April	815,439.57	5,088,252.18	7,953,713.53	23,040,206.02	
May	788,450.99	5,603,327.04	9,065,491.87	21,783,285.17	
June	<u>822,403.54</u>	<u>6,376,079.60</u>	<u>10,043,535.99</u>	<u>26,565,267.13</u>	
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/ 192,247,647.35</u>

Cumulative Fund Balance as of August 31, 1980

Interest Earnings Transferred to General Fund

First Quarter (July-Sept.)	12,370.79	605,651.99	1,938,034.46
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
Total	<u>900,433.81</u>	<u>5,702,925.68</u>	<u>14,441,450.14</u>

Total Amount of Income Transferred to General Fund as of June 30, 1980

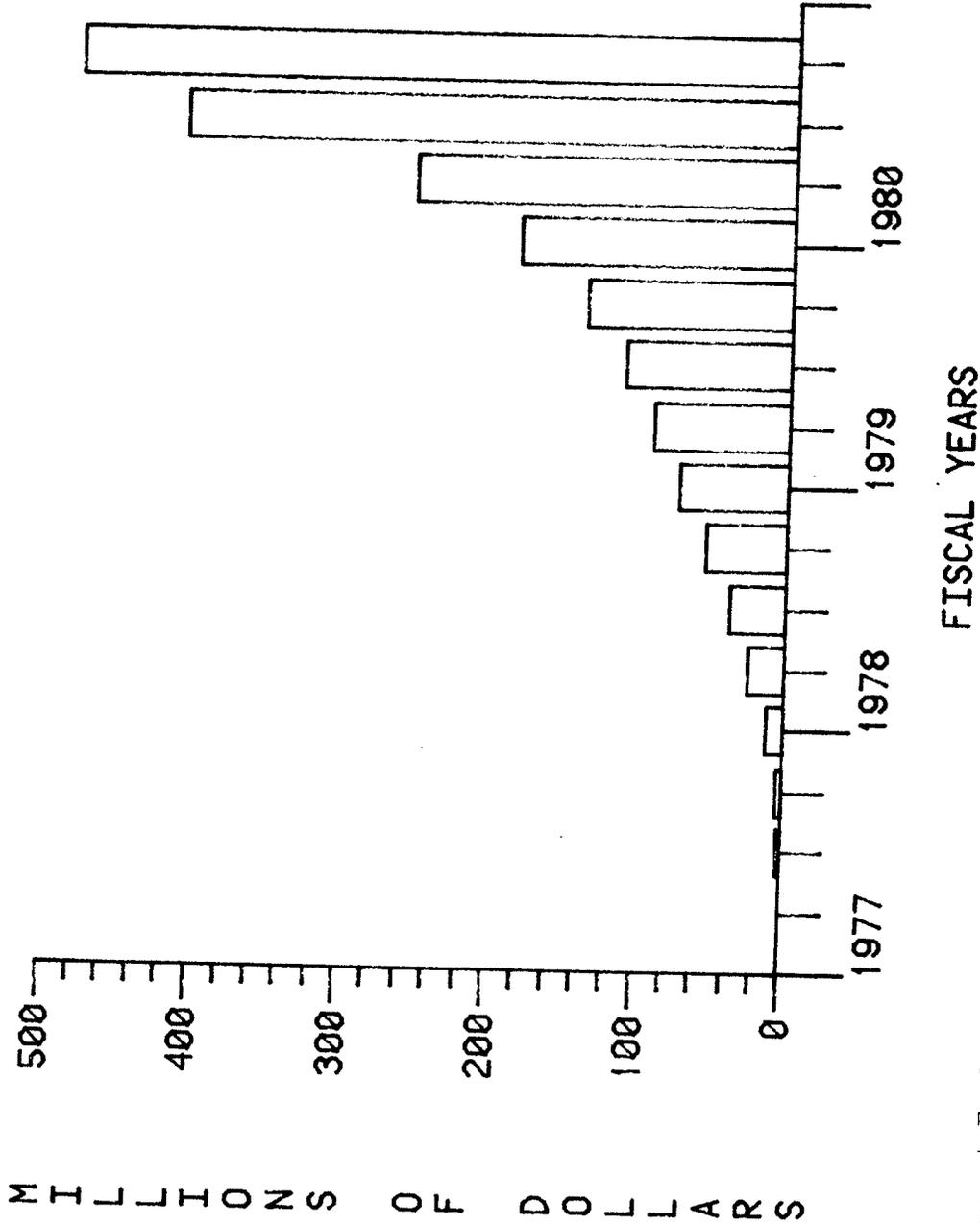
21,071,828.63

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 will be transferred during September 1980 for the balance due the General Fund in June 1980 from the Permanent Fund as provided for by

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. Furthermore, on May 21, 1980, a special appropriation (Ch. 35 SLA 1980) was signed appropriating \$900 million from the General Fund to the Permanent Fund with payments beginning July 1, 1980.

Native Claims Payments

Inception to Date

Alaska Native Claims Fund

Under the terms of Sec. 9 of the Alaska Native Claims Settlement Act regarding mineral leases, the State was obligated to pay into the Alaska Native Fund two percent of the gross value of royalties received by the State for minerals produced or removed from State lands and two percent of all rentals and bonuses from such leases. The same conditions were imposed on the Federal Government for mineral leases on Federal lands in Alaska. State payments have continued to June 30, 1980. THIS OBLIGATION HAS BEEN FULLY DISCHARGED.

		<u>Amount of Payment</u>
Fiscal Year 1972		-0- <u>1/</u>
" " 1973		462,661.00
" " 1974		-0-
" " 1975		1,609,614.00
" " 1976		133,400.00
" " 1977		161,070.00
" " 1978		22,829,548.97 <u>2/</u>
" " 1979		45,592,774.90
" " 1980		131,417,690.84
July	5,622,146.54	
August	6,322,264.81	
September	10,745,561.93	
October	10,247,234.46	
November	10,050,684.02	
December	10,884,022.61	
January	11,493,342.35	
February	11,665,986.84	
March	12,922,484.11	
April	12,599,024.95	
May	14,189,463.14	
June	<u>14,675,475.08</u>	
Total Amount Paid by the State through June 30, 1980		<u>\$202,206,759.71</u>
Total Amount Paid by the Federal Bureau of Land Management through June 30, 1980 in behalf of the State		<u>\$ 5,208,173.77</u>
Special Appropriation Transferred by the State on June 30, 1980		<u>\$292,585,066.52</u>
Total to the Native Claims Fund through June 30, 1980		<u>\$500,000,000.00</u>

1/ The Alaska Native Claims Settlement Act became effective December 18, 1971.
2/ Oil-flow through the pipeline from Prudhoe Bay began June 20, 1977. Responsibility for payments to the Claims Fund was transferred to the Department of Revenue, effective July 1, 1977. Since that date, time between payments has averaged 30 days.



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