

ALASKA'S REVENUE SOURCES

Compiled by Research Section

Department of Revenue

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Introduction

In accordance with Alaska Statute 37.07.060 (b)(4) the Revenue Source Book is compiled annually to assist the Governor in formulating a proposed comprehensive financial plan for presentation to the State Legislature. Since fiscal year (FY) 1975, responsibility for compiling and publishing this summary of State Revenues has come under the Department of Revenue's jurisdiction. Within the publication are shown prior year actuals, revised current year estimates, and upcoming year projections.

The State receives three major classes of income: Unrestricted, Restricted, and Special Fund Revenues.

1. Unrestricted Revenues are paid into the General Fund and may be appropriated for any purpose. These receipts are listed in the Source Book by type; i.e. Taxes, Licenses and Permits, etc.
2. Restricted Revenues are those received for specific purposes, primarily from the Federal Government. Only budget category totals are given.
3. Special Fund Revenues are those received into statutorily established funds such as the International Airports Revenue Fund.

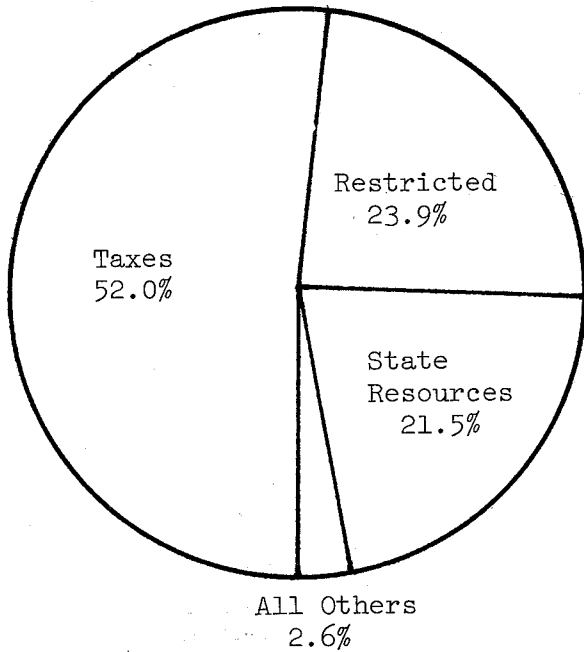
Anticipated State income is projected through the use of a number of data sources: 1) An econometric model developed by the Department of Revenue's Research Section to forecast unrestricted non-petroleum revenues, 2) A petroleum revenue forecasting model created by the Department's Petroleum Revenue Division, and 3) Estimates from individual State agencies.

The Department of Revenue thanks the various State agencies for their cooperation in computing anticipated revenues for publication in this document.

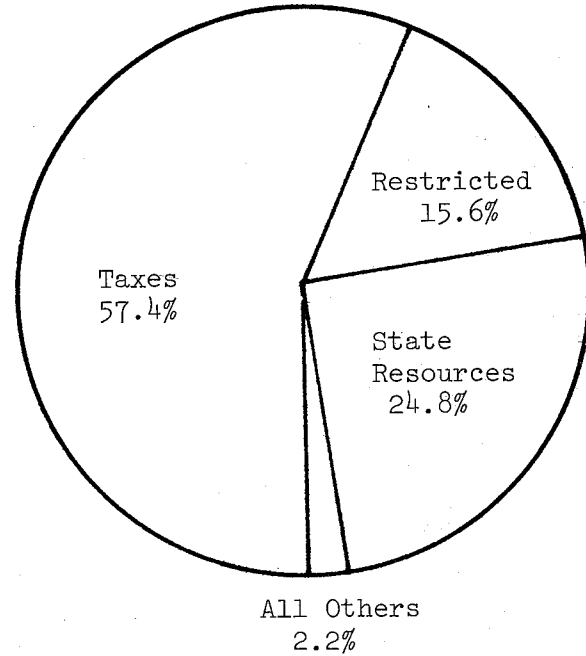
General Fund Components

Historical Comparison

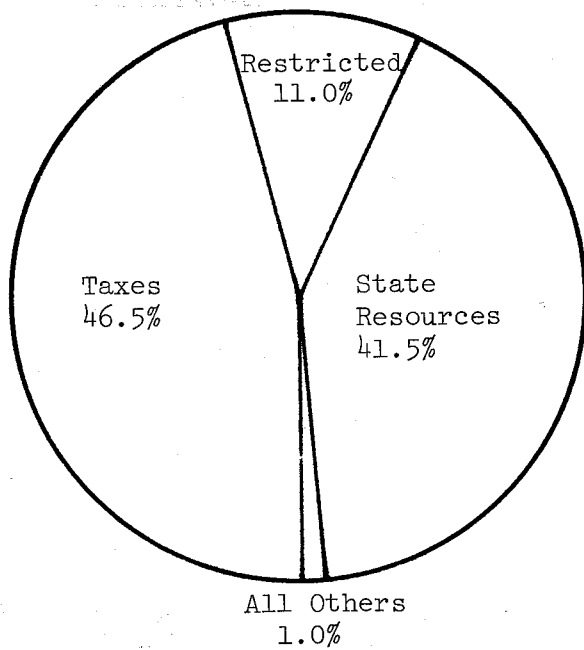
FY 78 ACTUAL



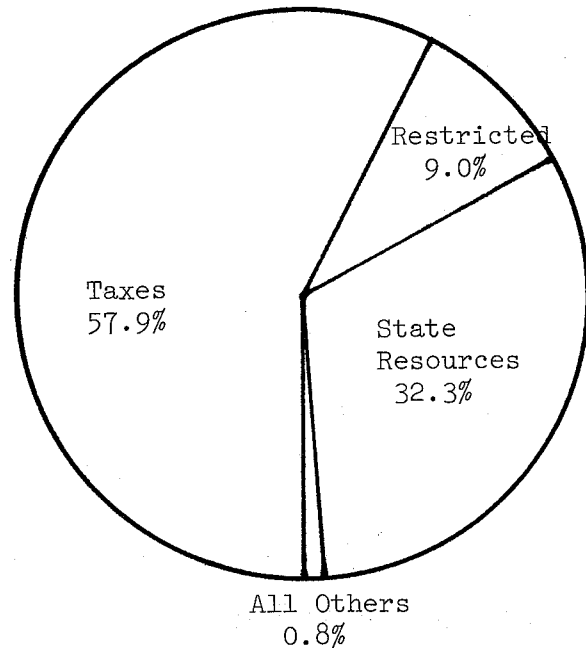
FY 79 ACTUAL



FY 80 PROJECTION



FY 81 PROJECTION



Unrestricted Revenues

In Thousands of Current Dollars

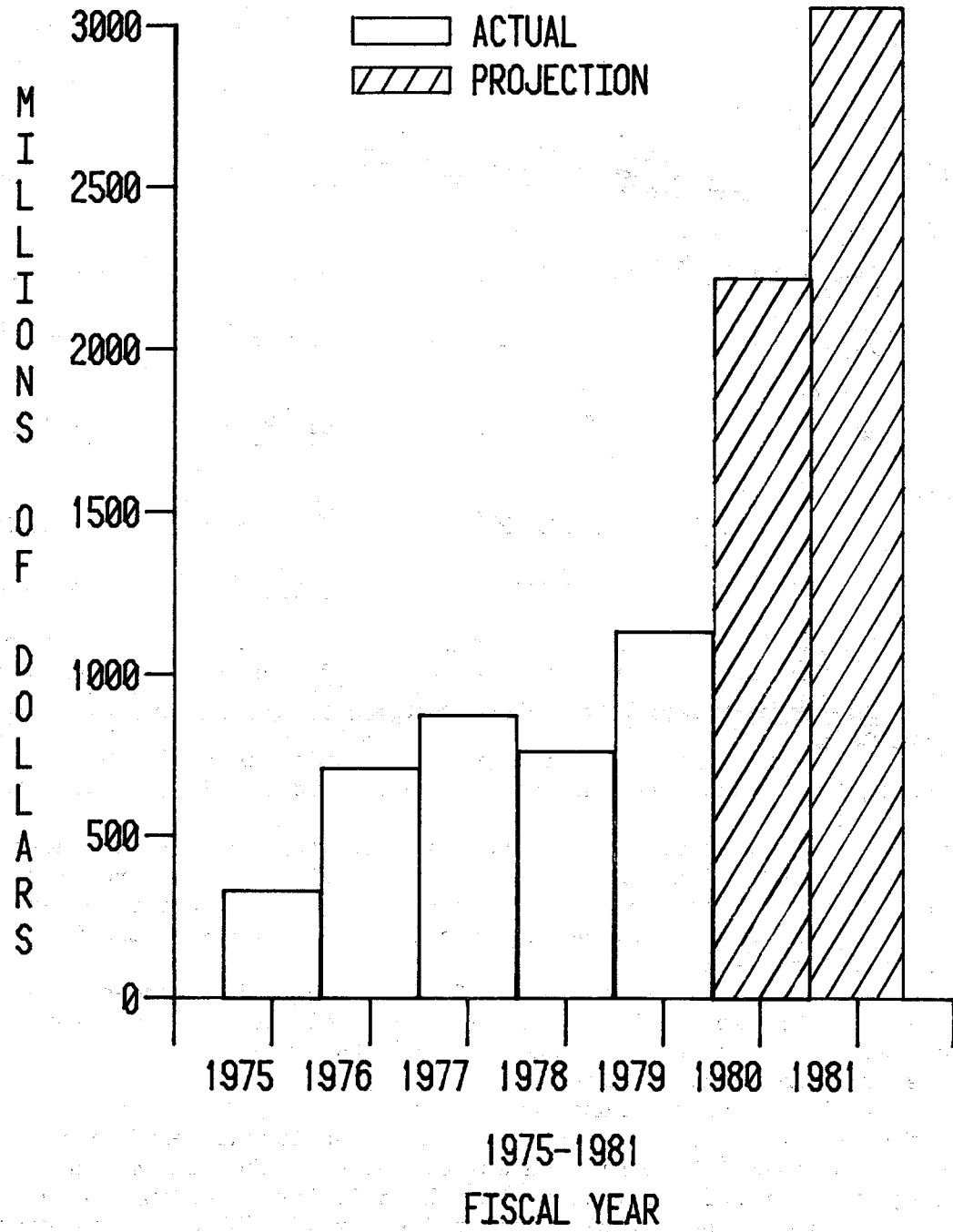
	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>
<u>TAXES</u>	<u>ACTUAL</u>	<u>REVISED ESTIMATE</u>	<u>ESTIMATE</u>
<u>INCOME</u>			
Corporate - General	24,800	15,000	28,000
Corporate - Petroleum ⁽¹⁾	232,600 ⁽²⁾	402,000	558,000
Fiduciary	100	100	100
Individual	117,200	122,000	161,000
<u>GROSS RECEIPTS</u>			
Alaska Business License ⁽³⁾	28,200	4,000	3,000
Raw Fish ⁽⁴⁾	6,700	8,600	13,800
Cold Storage ⁽⁴⁾	3,300	8,700	12,600
Freezer Ship ⁽⁴⁾	1,900	3,600	4,900
Insurance Companies	10,800	12,400	14,300
Other	1,900	2,000	2,300
<u>SEVERANCE</u>			
Gravel, Timber, etc.	1,700	1,500	1,200
Oil and Gas Production ⁽⁵⁾	173,800	432,900	1,045,200
<u>PROPERTY</u>			
Oil and Gas	163,400	175,000	178,000
Vehicle Registration	200	100	200
<u>SALE/USE</u>			
Alcoholic Beverages	7,400	7,700	8,000
Fuel Taxes-Aviation	3,400	3,600	3,700
Fuel Taxes-Highway	16,300	18,400	19,000
Fuel Taxes-Marine	2,600	3,100	3,200
Tobacco Products	1,700	1,700	1,800
<u>OTHER</u>			
Estate	100	200	200
School	2,500	2,500	2,700
TOTAL TAXES	<u>800,600</u>	<u>1,225,100</u>	<u>2,061,200</u>
<u>LICENSES AND PERMITS</u>			
<u>BUSINESS</u>	7,500	8,500	8,500
<u>NON-BUSINESS</u>	12,300	11,300	12,400
TOTAL LICENSES & PERMITS	<u>19,800</u>	<u>19,800</u>	<u>20,900</u>
<u>INTERGOVERNMENTAL RECEIPTS</u>			
<u>FEDERAL SHARED REVENUES⁽⁶⁾</u>	<u>4,100</u>	<u>4,000</u>	<u>4,000</u>

STATE RESOURCES REVENUES

<u>SALE/USE</u>			
Bonus Sales ⁽⁶⁾	-0-	342,400 ⁽⁷⁾	-0-
Investment Earnings	59,200	70,000	140,000
Rents ⁽⁶⁾	2,100	2,900	3,400
Royalties ⁽⁶⁾	249,200	637,800 ⁽⁸⁾	963,800 ⁽⁸⁾
Sale of State Property	8,400	8,800	9,300
<u>FACILITIES RELATED CHARGES</u>			
Airports	900	900	900
Ferry System-SE	17,100	19,500	21,600
Ferry System-SW	1,800	2,100	2,400
Other	3,100	4,500	6,400
<u>SERVICE RELATED CHARGES</u>			
Court System	2,800	3,100	3,300
Other	2,300	1,500	1,500
TOTAL STATE RESOURCES REVENUES	<u>346,900</u>	<u>1,093,500</u>	<u>1,152,600</u>
<u>MISCELLANEOUS REVENUES</u>	<u>7,200</u>	<u>4,200</u>	<u>4,300</u>
TOTAL UNRESTRICTED REVENUES	<u>1,178,600</u>	<u>2,346,600</u>	<u>3,243,000</u>
LESS: NATIVE LAND CLAIMS PAYMENTS ⁽⁹⁾	<u>45,600</u>	<u>122,000⁽¹⁰⁾</u>	<u>190,800</u>
TOTAL TO THE STATE	<u>1,133,000</u>	<u>2,224,600</u>	<u>3,052,200</u>

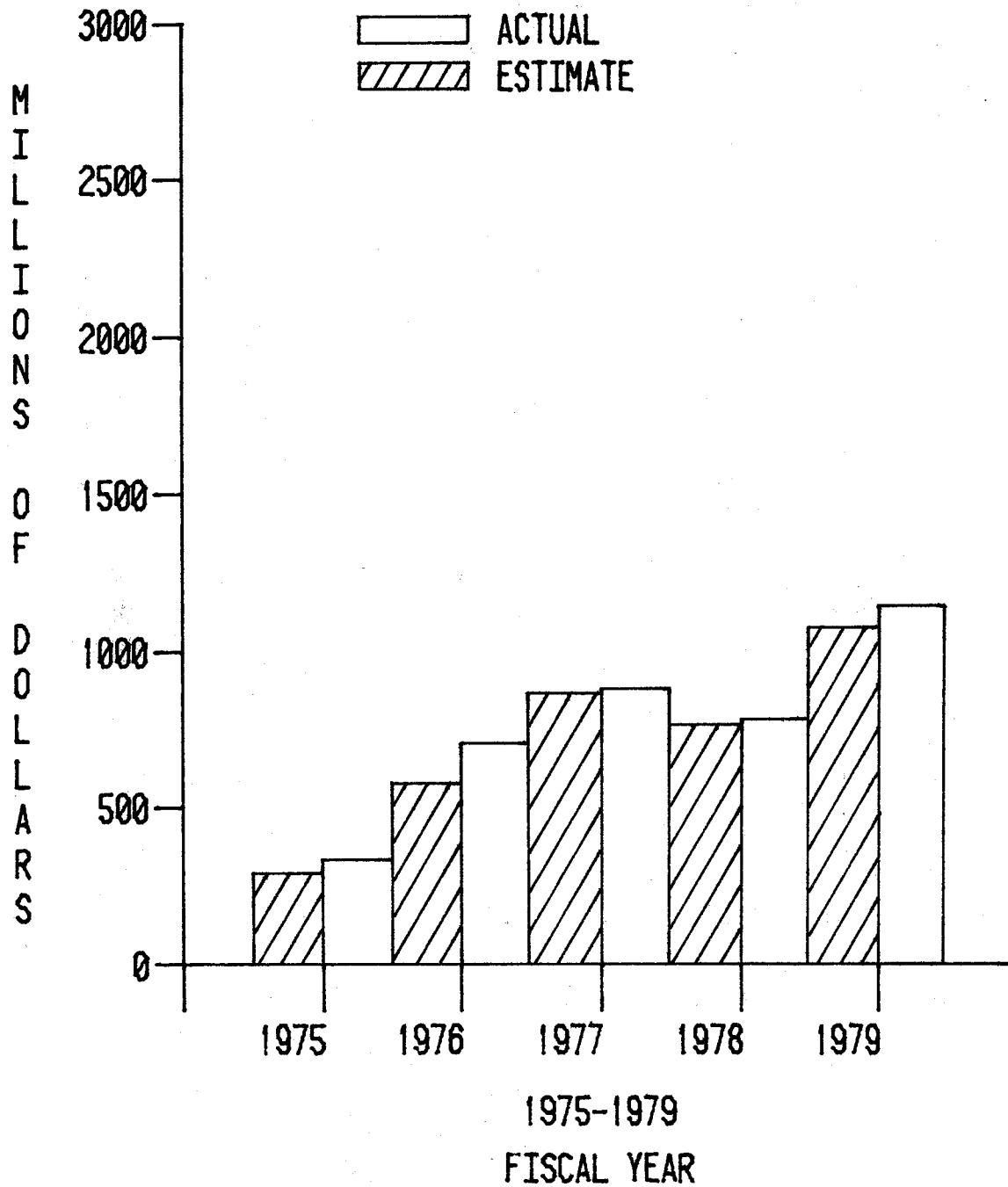
- (1) The figures for FY 80 and FY 81 are dependent upon the Department of Revenue adopting regulations by June 15, 1980 which entail changes to Ch. 110 SLA 1978, effective July 9, 1978.
- (2) Represents five quarters of estimated payments. The payments totaling 163.0 million for the 1978 tax year were paid March 15, 1979. First quarterly payments for the 1979 tax year paid June 15, 1979, totalled \$69.6 million.
- (3) Sec. 3 of Ch. 144 SLA 1978 amended AS 43.70.030 (Alaska Business License Act), effective January 1, 1979, to eliminate the gross receipts tax levy on all businesses with the exception of the net income tax for banks, trust companies, savings and loan associations, and the business license fee itself.
- (4) 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.
- (5) Reserves tax credit applied.
- (6) Net of 25 % Permanent Fund contribution.
- (7) 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.
- (8) Assumes gradual decontrol of oil prices by 10/1/81 and no windfall profits tax on State royalties.
- (9) FY 1979 includes \$6.2 million from settlement of litigation with North Slope Borough. Section 9 of the ANCSA of 12/18/71. See also Ch. 107 SLA 1977, effective 7/1/77.
- (10) The figure does not include any calculations based on the Beaufort Sea lease sale.

Unrestricted Revenues



Unrestricted Revenues

Historical Comparison
of Estimates and Actuals



Revenue Breakdown

The total gross unrestricted revenues for Fiscal Years 1980 and 1981 are projected to be \$2,674.5 million and \$3,565.6 million respectively. The corresponding net unrestricted revenues as a result of Permanent Fund and Native Claims payment deductions amounts to \$2,224.6 million and \$3,052.2 million.

The following table depicts a breakdown of gross unrestricted revenues in terms of Petroleum versus Non-Petroleum revenues.

PETROLEUM VS. NON-PETROLEUM REVENUES

(In millions of current dollars)

Petroleum Revenues

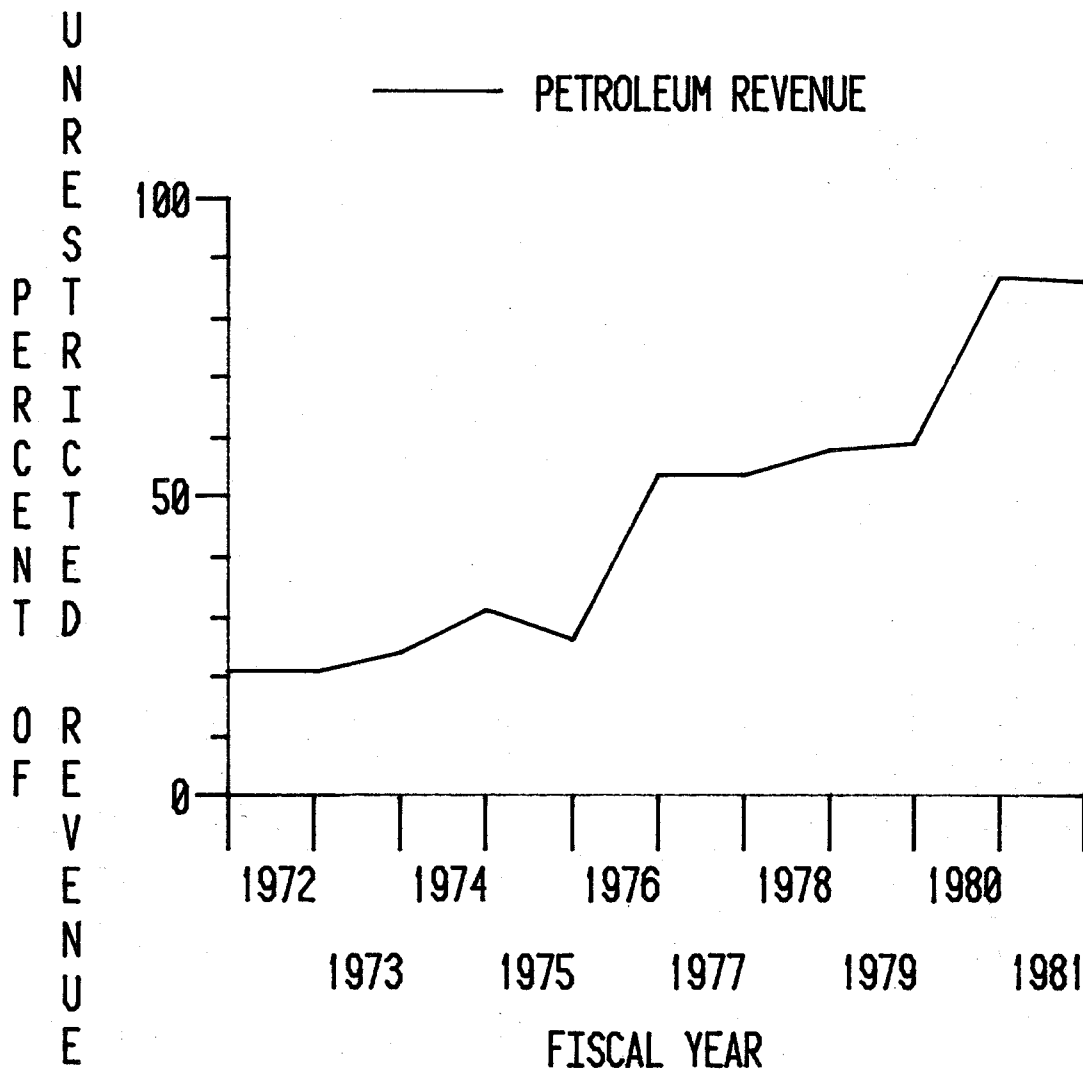
	<u>FY 80</u>	<u>FY 81</u>
Corporate Petroleum	402.0	558.0
Severance Tax	432.9	1,045.2
Royalties	850.4	1,285.0
Property Tax	175.0	178.0
Bonus Sale	456.5	-0-
	<u>\$2,316.8</u>	<u>\$3,066.2</u>

Non-Petroleum Revenues

	<u>FY 80</u>	<u>FY 81</u>
Taxes	215.2	280.0
Licenses & Permits	19.8	20.9
Intergovernmental Receipts	4.4	4.4
State Resources Revenues	114.1	189.8
Miscellaneous Revenues	4.2	4.3
	<u>\$ 357.7</u>	<u>\$ 499.4</u>
Total	<u>\$2,674.5</u>	<u>\$3,565.6</u>

Petroleum Revenues

Historical Comparison of Gross Revenues as Percentages and in Millions of Current Dollars



<u>Fiscal Year</u>	<u>Total Unrestricted State Revenue</u>	<u>Total Petroleum Revenue</u>	<u>Percent</u>
1971	220.4	46.2	21%
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	878.1	476.3	54%
1978	837.8	483.4	58%
1979	1,262.5	742.0	59%
1980*	2,674.5	2,316.8	87%
1981*	3,565.6	3,066.2	86%

* Estimate

Restricted Revenues

In Thousands of Current Dollars

	<u>1979</u>	<u>1980</u> REVISED	<u>1981</u>
<u>FEDERAL GRANTS-IN-AID</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>ESTIMATE</u>
I. Education	27,800	37,900	37,200
II. Social Services	57,800	89,300	103,700
III. Health	15,400	4,200	5,600
IV. Natural Resources	10,100	15,800	16,600
V. Public Protection	5,300	5,600	5,400
VI. Administration of Justice	3,100	5,400	2,600
VII. Development	1,700	1,500	3,200
VIII. Transportation	84,600	115,000	130,000
IX. General Government	600	200	400
TOTAL FEDERAL GRANTS-IN-AID	<u>206,400</u>	<u>274,900</u>	<u>304,700</u>
 <u>OTHER GRANTS-IN-AID</u>			
I. Education	500	200	300
II. Social Services	1,000	1,900	2,000
III. Health	200	-0-	-0-
IV. Natural Resources	1,200	800	2,900
V. Public Protection	1,600	1,500	1,700
VI. Administration of Justice	300	100	100
VII. Development	500	900	900
VIII. Transportation	1,100	1,100	1,100
IX. General Government	1,100	4,000	2,400
TOTAL OTHER GRANTS-IN-AID	<u>7,500</u>	<u>10,500</u>	<u>11,400</u>
 <u>MISCELLANEOUS RESTRICTED REVENUE-</u>			
ALL CATEGORIES	<u>3,200</u>	<u>3,800</u>	<u>3,900</u>
TOTAL RESTRICTED REVENUE⁽¹⁾	<u>217,100</u>	<u>289,200</u>	<u>320,000</u>
TOTAL GENERAL FUND REVENUE⁽²⁾	<u>1,350,100</u>	<u>2,513,800</u>	<u>3,372,200</u>

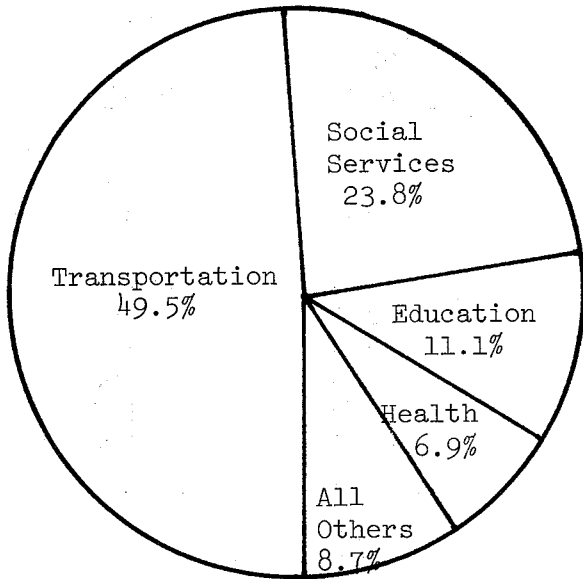
(1) Restricted Revenue figures may not agree with those shown in the Governor's budget due to categorical differences between the budget and accounting system.

(2) Actual and estimated revenues are reported herein on a cash basis and therefore may not agree with those given in the State's Annual Report which used a modified accrual basis.

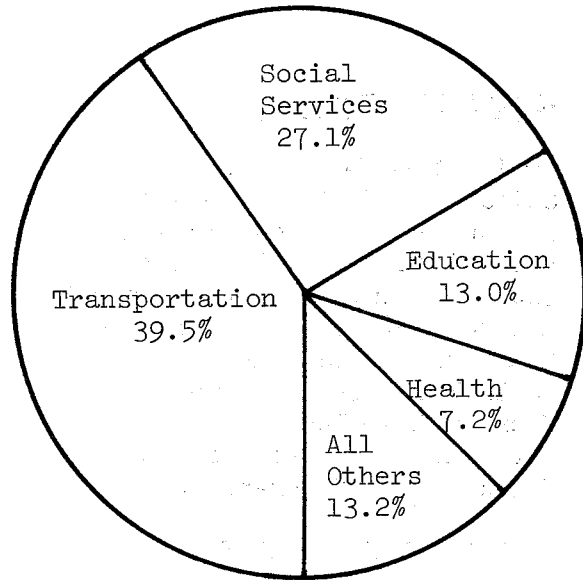
Restricted Revenues

Historical Comparison

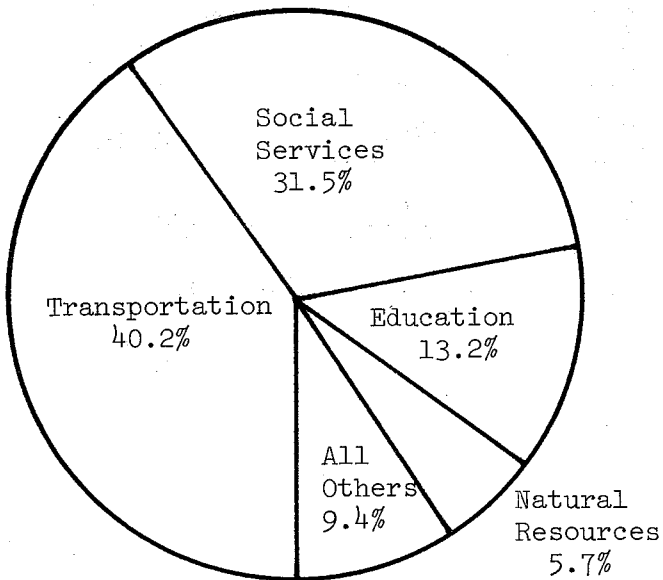
FY 78 ACTUAL



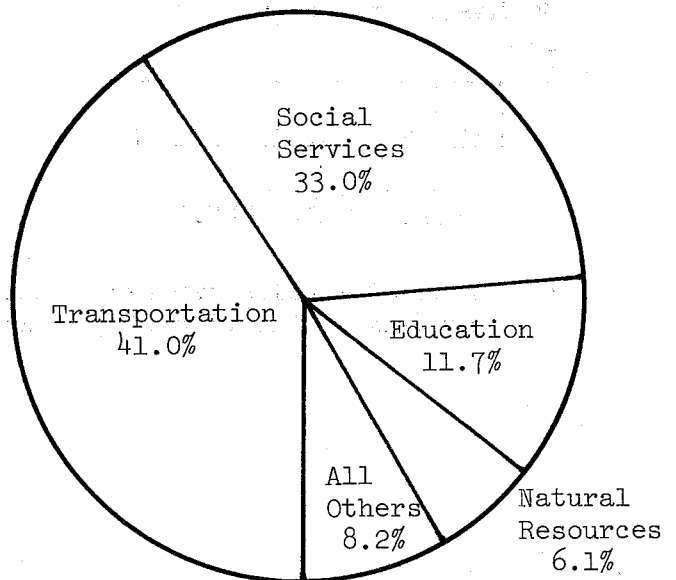
FY 79 ACTUAL



FY 80 PROJECTION



FY 81 PROJECTION



Special Funds

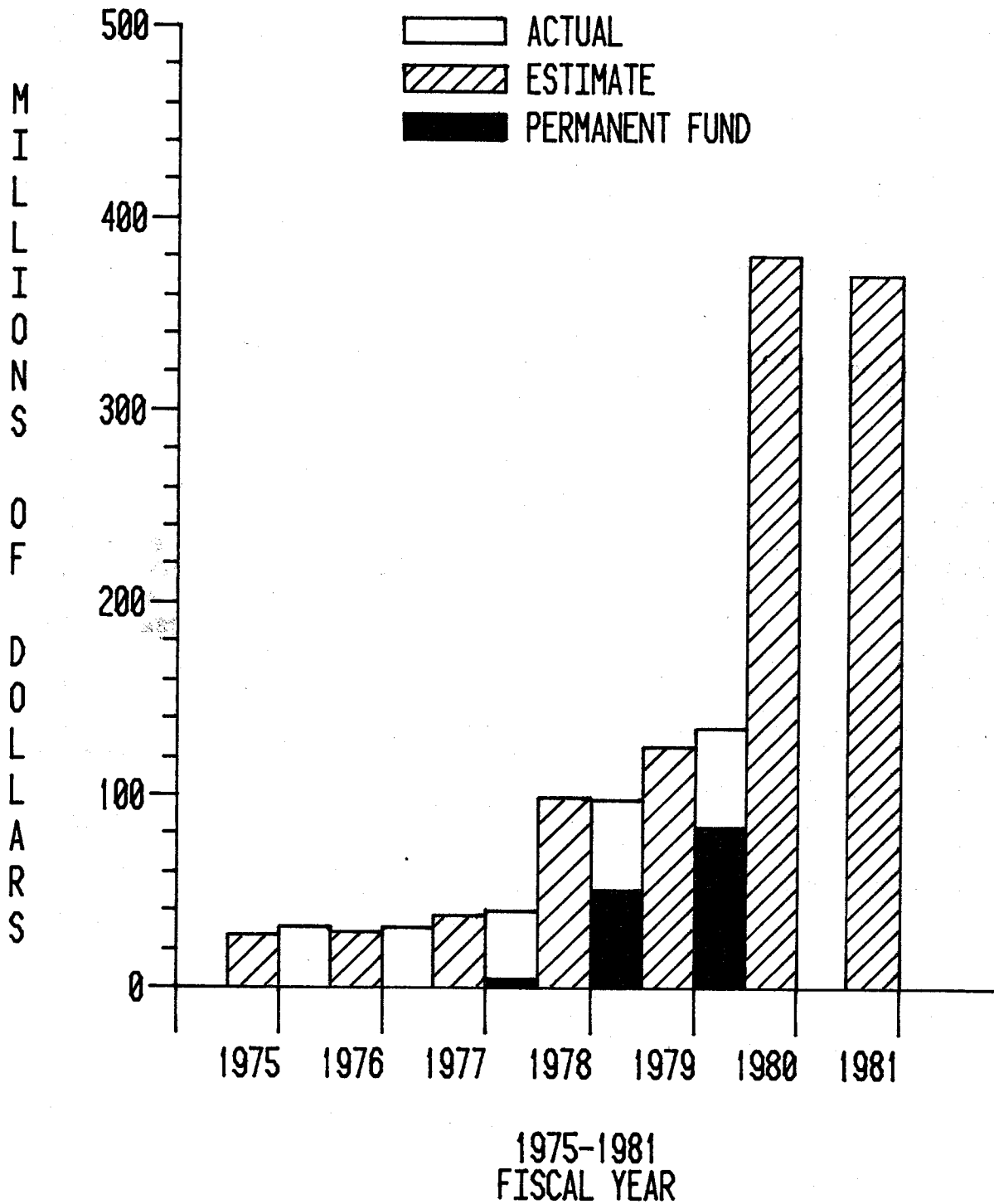
In Thousands of Current Dollars

	<u>1979</u>	<u>1980</u> REVISED	<u>1981</u>
<u>ENTERPRISE FUNDS</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>ESTIMATE</u>
Agriculture Loan Fund	200	300	800
Child Care Facility Loan Fund	-0-	-0-	-0-
Commercial Fish Loan Fund	100	200	300
Historical District Loan Fund	-0-	-0-	-0-
International Airport Revenue Fund	26,700	27,200	30,200
Medical Malpractice Loan Fund	1,500	200	200
Scholarship Loan Fund	100	300	300
Small Business Loan Fund	100	300	500
Tourism Loan Fund	100	200	200
Water Resources Loan Fund	100	100	100
World War II Veterans Loan Fund	<u>2,900</u>	<u>2,300</u>	<u>2,200</u>
TOTAL ENTERPRISE FUNDS	<u>31,800</u>	<u>31,100</u>	<u>34,800</u>
 <u>SPECIAL REVENUE FUNDS</u>			
Alaska Permanent Fund	83,900	327,900	322,600
Federal Revenue Sharing Fund	7,400	7,600	-0- ⁽¹⁾
Fish and Game Fund	8,900	9,900	10,900
Marine Coastal Damage Fund	100	-0-	-0-
School Fund	2,800	2,800	3,000
Training and Building Fund	<u>400</u>	<u>400</u>	<u>500</u>
TOTAL SPECIAL REVENUE FUND	<u>103,500</u>	<u>348,600</u>	<u>337,000</u>
TOTAL SPECIAL FUNDS	<u>135,300</u>	<u>379,700</u>	<u>371,800</u>

(1) Federal funding expires September 30, 1980. Reauthorization was pending at the time of publication.

Special Funds

Historical Comparison



Alaska Permanent Fund Contributions

February 21, 1977 to November 30, 1979

	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>
July		794,995.01	7,502,051.26	10,692,715.90
August		2,521,153.06	5,919,366.32	17,708,447.48
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	
January		4,215,503.35	6,464,609.73	
February		4,145,894.12	6,785,168.90	
March	1,530,416.42	3,648,367.18	6,292,339.61	
April	815,439.57	5,088,252.18	7,953,713.53	
May	788,450.99	5,603,327.04	9,065,491.87	
June	822,403.54	6,376,079.60	10,043,535.99	
Total	<u>3,956,710.52</u>	<u>50,443,255.68</u>	<u>83,907,074.36</u>	<u>79,722,948.40</u>

CUMULATIVE FUND BALANCE AS OF NOVEMBER 30, 1979

\$218,029,988.96

INTEREST EARNINGS TRANSFERRED TO GENERAL FUND

1st Quarter (July - Sept.)		12,370.79	605,651.99	\$1,883,659.46
2nd Quarter (Oct. - Dec.)		148,250.03	1,282,489.03	
3rd Quarter (Jan. - Mar.)		115,436.96	962,645.91	
4th Quarter (Apr. - June)	27,019.00	624,376.03	2,852,138.75	
Total	<u>27,019.00</u>	<u>900,433.81</u>	<u>5,702,925.68</u>	<u>1,883,659.46</u>

TOTAL AMOUNT OF INCOME TRANSFERRED TO GENERAL FUND
AS OF NOVEMBER 30, 1979

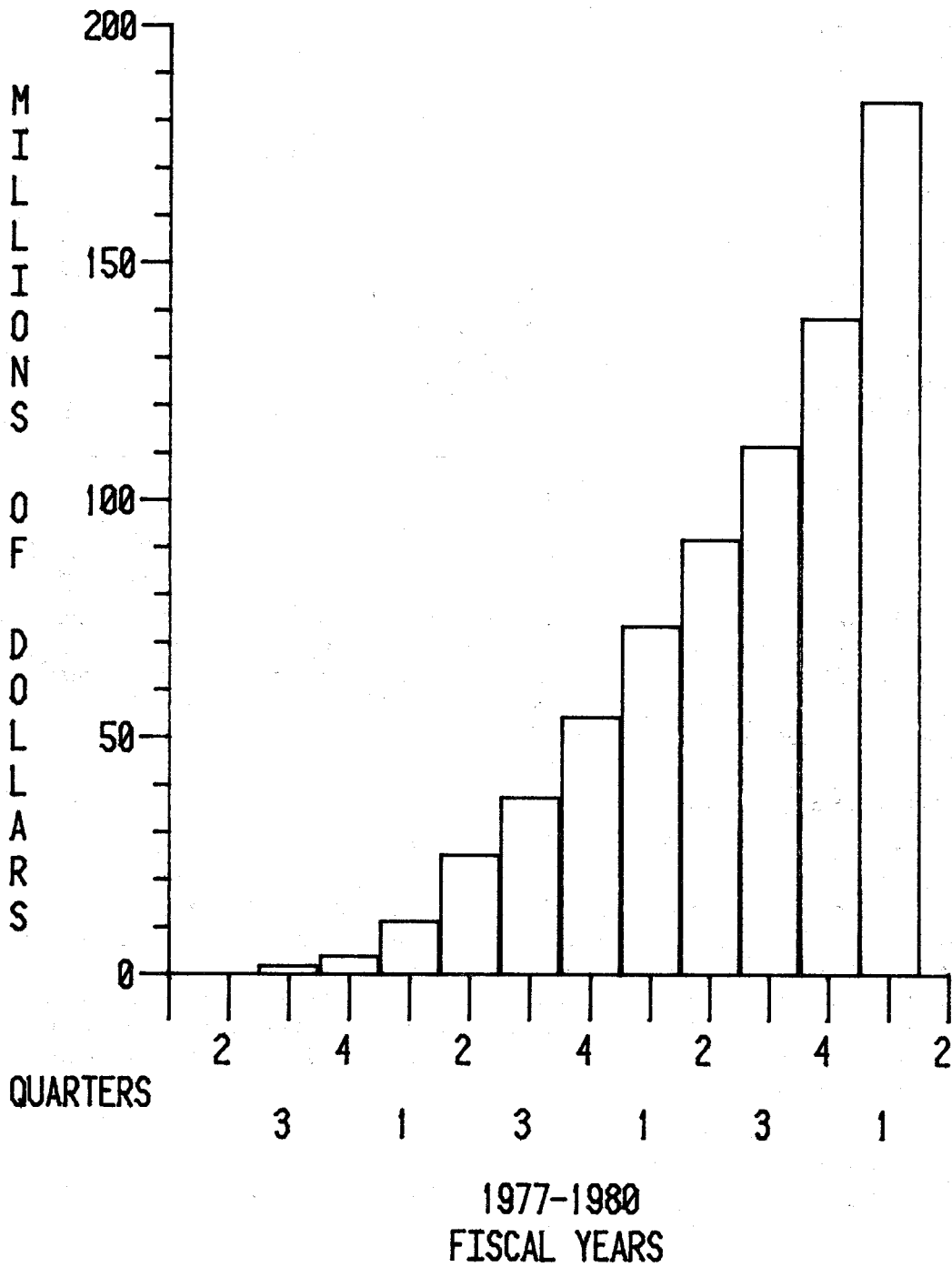
\$8,514,037.95

ALASKA PERMANENT FUND

The Alaska Permanent Fund was established by a constitutional amendment effective February 21, 1977. Contributions to the fund must consist of at least 25% of mineral lease rentals, royalties, royalty sale proceeds, Federal mineral revenue sharing payments and bonuses received by the State. Income from the fund must be deposited in the General Fund unless otherwise provided by law.

Alaska Permanent Fund

HISTORICAL COMPARISON OF CUMULATIVE BALANCE



Native Claims Payments

Inception to Date

AMOUNT OF PAYMENT

Fiscal Year 1972		-0-	(1)
Fiscal Year 1973		462,661.00	
Fiscal Year 1974		-0-	
Fiscal Year 1975		1,609,614.00	
Fiscal Year 1976		133,400.00	
Fiscal Year 1977		161,070.00	
Fiscal Year 1978		22,829,548.97	(2)
Fiscal Year 1979		45,592,774.90	
Fiscal Year 1980		53,871,914.37	
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	<u>10,884,022.61</u>		

TOTAL AMOUNT PAID TO THE NATIVE CLAIMS FUND
BY THE STATE THROUGH DECEMBER 31, 1979

\$124,660,983.24

- (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.

ALASKA NATIVE CLAIMS FUND.

Under the terms of Sec. 9 of the Alaska Native Claims Settlement act regarding mineral leases, the State is obligated to pay into the Alaska Native Fund 2% of the gross value of royalties received by the State for minerals produced or removed from State lands and 2% of all rentals and bonuses from such leases. The same conditions are imposed on the Federal Government for mineral leases on Federal lands in Alaska. Payments are to continue until such time as the combined amount paid by the State and Federal Government reaches \$500,000,000. State payments into the fund must be made within sixty days from the date the revenues are received by the State.