



25th ALASKA STATE LEGISLATURE SENATE REPUBLICAN CAUCUS

SENATOR GENE THERRIAULT, MINORITY LEADER
STATE CAPITOL, ROOM 427, 465-4797 (FAX 465-3884)

SENATOR CON BUNDE
SENATOR FRED DYSON
SENATOR TOM WAGONER
SENATOR GARY WILKEN

www.aksenateminority.com

Fact Sheet for: Senate Bill 35

Contact: Sheila Peterson, 465-3709

Bill Version: CSSB 35 (STA)

Sponsor: Senator Gary Wilken

Short Title: APPROP: FUNDS

Summary:

- Makes the following appropriations from the general fund on June 30, 2007:
 - \$250 million to the Public Education Fund
 - \$250 million to the earnings reserve account of the permanent fund
 - \$250 million to the Alaska Housing Finance Corporation capital account
 - \$250 million to the constitutional budget reserve account
- Reduces the appropriations in proportion to the amount of the shortfall if the amount of money in the general fund is less than \$1 billion on June 30, 2007.

Benefits:

- Saves this year's surplus revenue in four separate accounts, each with a unique focus.
- Allows the State to live within its means by saving surplus revenue for a time when lower oil and gas prices result in decreased revenue.
- Gives the Legislature access to the funds if specific needs arise.

Background:

- The December revenue forecast by the Department of Revenue predicts record revenues for the current fiscal year due to the new Petroleum Profits Tax, followed by an expected long term revenue decline because of decreasing oil production and lower crude oil prices. Although the total revenue tally will not be official until March 31, 2007, it is estimated that Alaska may enjoy a \$1.35 billion surplus for the 2007 fiscal year.

To live within its financial means, the State must save the surplus for the time when lower oil and gas prices decrease State revenue. The "Bank a Billion" legislation saves this year's surplus revenue in four separate accounts, each with its own unique focus. Although set aside for future use, the money could be accessed by the legislature for specific needs such as K-12 public education, and general capital construction projects.

Half of the surplus, \$500 million, is appropriated to two separate funds that are more politically protected and, therefore, more difficult to access. The legislature has the use of these savings, but the financial need must be proven to the satisfaction of the public before the legislature will respond.

SKILLED

RESPONSIBLE

CONSERVATIVE