

Fund Source Report

1012 Rail Enrgy Railbelt Energy Fund

Year Authorized 1986	Year Repealed	Active? No	Mental Health? No	Duplicated? No	Fund Group Unrestricted General
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No Appropriations during last 10 years

Legal Authority

AS 37.05.520

Source of Revenue

Consists of money appropriated to it by the legislature and interest earned on money in the fund.

Restrictions on Use

...programs, projects, and other expenditures to assist in meeting Railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation.

Description and History

Undated

The Railbelt Energy Fund was created in 1986 for the purpose of meeting railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation.

An initial appropriation to the fund of \$200 million was followed by appropriations of \$212.6 million, bringing total capitalization to \$412.6 million by 1993. Interest earnings of \$91 million (through 3/99) were not appropriated to the fund until 2000. At that time, the law redefined the fund to contain future interest received on the money in the fund.

In 1990, \$100 million was appropriated from the Railbelt Energy Fund to the Railbelt Intertie Reserve Account for interties between Soldotna and Anchorage, and between Healy and Fairbanks. In 2004, the utilities involved halted the project. The \$40+ million balance should lapse to the general fund, but was not actually recovered during FY04.

No money was appropriated from the fund for several years, until \$43 million was appropriated in FY03 for the Eklutna transmission line, Anchorage to Fairbanks intertie and a grant to three electric associations. Those appropriations left about \$30 million in the fund.

In the FY07 budget cycle, the intertie balance held by AIDEA (plus interest) was deposited in the RBEF and the fund balance was appropriated for several projects. The Governor vetoed all but one of the appropriations, leaving about \$73 million in the fund.

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Despite statutorily designated uses of the fund, the fund is classified as Unrestricted GF. Money was deposited in the fund long before transfers were added to the budget structure, and transfers to the fund are not recorded in the budget system. Essentially, UGF appropriations to the fund were equivalent to earmarking UGF for future expenditure (without money leaving the treasury, indicating that the fund should be classified as a transfer). Although the budget system does not record transfers to the fund, appropriations from the fund should be recorded as transfers of UGF from the fund in the year of appropriation. Interest earnings since 2000 have not been appropriated to the fund, so the balance cannot be spent without appropriation.

With the expenditure of the full balance of the fund in the FY12 budget cycle, the code is deactivated. It may be reactivated if projects lapse money to the fund and should be grandfathered as UGF.

If the fund is recapitalized, a new DGF code should be created. The current fund is a mixture of fund caps and transfers, but past deposits are not recorded in the budget system. The code and classification of the allocation should be cleaned up before releasing information or preparing historical fiscal summaries. Arguably, the fund should be neither capitalization or transfer, but show as appropriation of UGF.