

## Fund Source Report

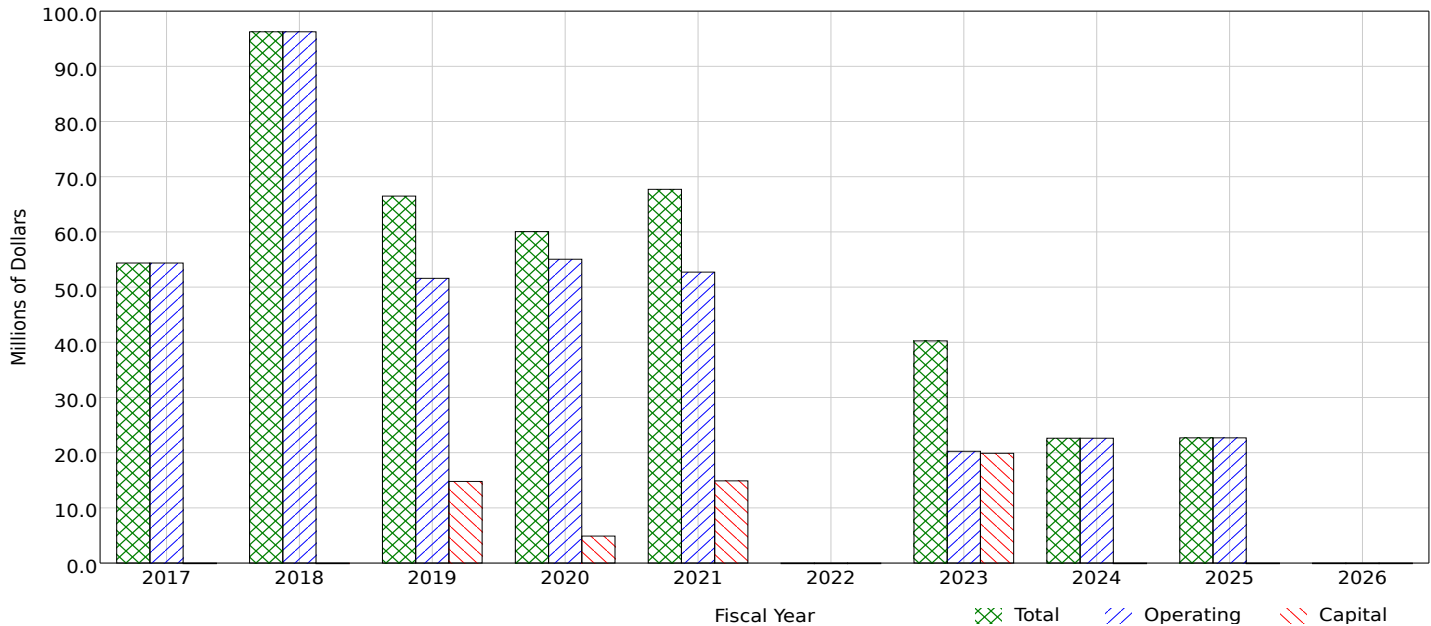
**1076**

**Marine Hwy**

**Alaska Marine Highway System Fund**

Year Authorized 1990	Year Repealed	Active? Yes	Mental Health? No	Duplicated? No	Fund Group Designated General
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### Operating and Capital Appropriations



#### Legal Authority

AS 19.65.060, AS 37.05.550

#### Source of Revenue

Revenues for this fund come from program receipts from ferry passengers and from appropriations of general or other funds. Encumbrances are reserved, and the remaining balance of the fund is reported as unreserved/designated.

#### Restrictions on Use

The legislature may appropriate money from the fund to the Alaska Marine Highway System. Given a sufficient fund balance, the legislature may appropriate money from the fund for refurbishment of existing state ferry vessels, acquisition of additional state ferry vessels, or replacement of retired or outmoded state ferry vessels.

#### Description and History

According to AS 19.65.050, the Alaska Marine Highway warrants continued and predictable state support because it is an essential part of the state transportation system and benefits many communities and the economy of the state.

The Alaska Marine Highway System (AMHS) Fund was established in 1990 to

- 1) enable the Alaska Marine Highway System to manage and operate in a manner that will enhance performance and accountability by allowing the system to account for and spend its generated revenue,
- 2) increase operational efficiency, and
- 3) provide a predictable funding base and stable level of service.

In 1991, the fund was capitalized by depositing AMHS revenue for that year in the fund, while paying for operations with general funds. From 1991 through 1997 the system typically generated about \$40 million in annual revenue and received about \$29 million of general funds annually to provide historical levels of service. The fund balance remained above \$40 million. By 2001 annual revenue had declined to \$37.5 million, GF subsidies declined to \$28 million and operating costs grew to over \$79 million. The result was that the fund balance declined by about \$8 million annually and was projected to be near zero at the end of 2002. From FY02 through FY05, general fund deposits to the AMHS fund were at least \$40 million annually.

Beginning in FY06, the funding mechanism changed in an effort to increase transparency. Instead of depositing general funds into the AMHS fund, the appropriation went directly to the marine highway system so that annual general fund operating costs were clear. The AMHS fund began operating as a stabilization fund--annual revenue went into the fund, then back out to pay for operations. General funds, starting at about \$79 million

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in FY06 and increasing to \$124 million by FY13, were appropriated for operations. if the general fund appropriations and current revenue were insufficient to fund operations, the department could request authority (from the Legislative Budget and Audit Committee) to use money from the AMHS fund to fill the gap. The authority has not been requested.

Effective June 30, 2022, pending enactment of HB 322, the fund will no longer be sweepable.

See

1082 AMHS Vessel Replacement Fund

1135 Alaska Marine Highway System Duplicated Expenditures (inactive)