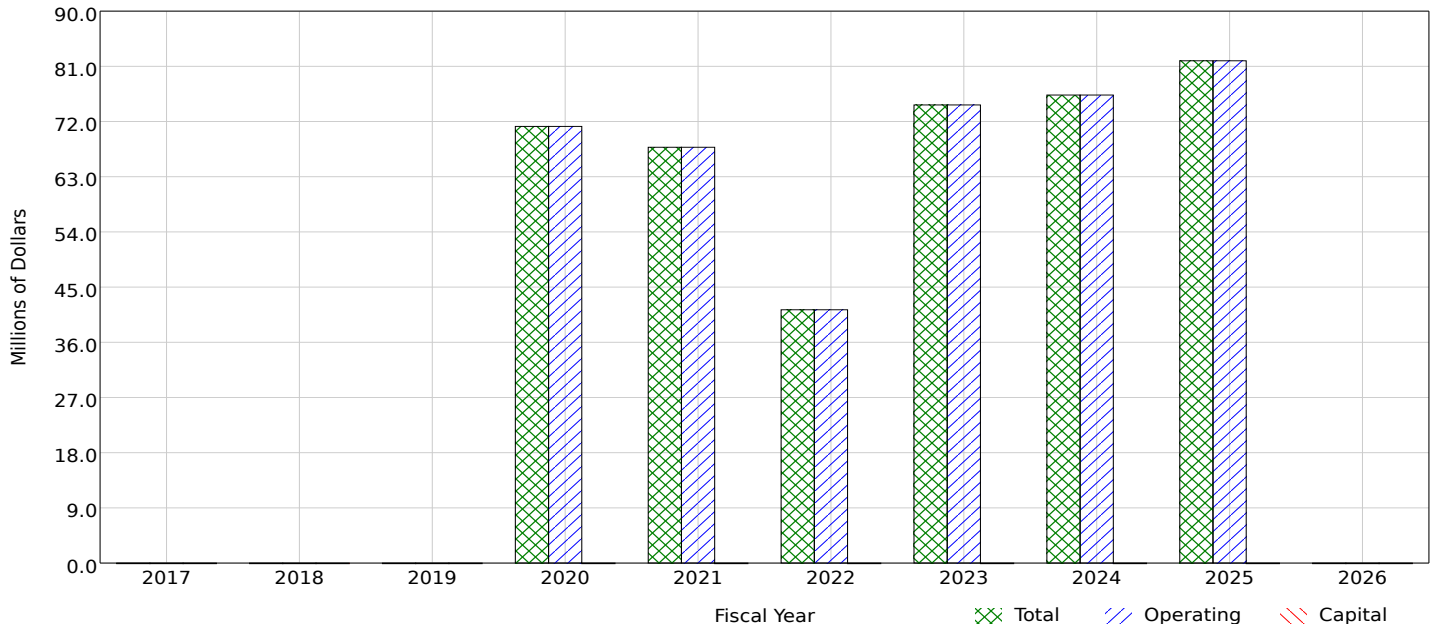


Fund Source Report

1262 Roy to PF Non-mandatory Royalty Deposits to the Permanent Fund

Year Authorized FY21	Year Repealed	Active? Yes	Mental Health? No	Duplicated? No	Fund Group Designated General
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Operating and Capital Appropriations



Legal Authority
AS 37.13.010(a)(2)

Source of Revenue
Mineral lease rentals, royalties, royalty sale proceeds, federal mineral sharing payments and bonuses received by the State that exceed royalties that are subject to a 25% constitutionally mandated deposit to the Permanent Fund.

Restrictions on Use

Description and History
November 2019

Article IX, section 17 of Alaska's constitution mandates that at least 25% of mineral lease rentals, royalties, royalty sale proceeds, federal mineral sharing payments and bonuses received by the State be placed in the Permanent Fund. A 25% share of this group of revenue sources--referred to here as "royalties"--is constitutionally dedicated revenue. As such, it neither flows into the general fund nor requires an appropriation.

AS 37.13.010 addresses additional deposits to the Permanent Fund, including an additional 25% of royalties associated with mineral activity initiated after 1979. These additional royalty deposits are not constitutionally mandated, so must be appropriated to the Permanent Fund. Because statute designates how these additional royalties are to be appropriated, their expenditure--and the revenue underlying them--are classified as designated general funds.

A 1983 Attorney General opinion stated that AS 37.13.010 increased the dedicated share of royalties to the Permanent Fund, based on the Constitutional language that "at least" 25% is dedicated. Based on this opinion, additional revenues flowed without appropriation to the Permanent Fund until Fiscal Year 1991. Starting in that year, the legislature included an appropriation to satisfy AS 37.13.010 in the budget.

In FY18 and FY19, additional royalties were not appropriated to the Permanent Fund; they were classified as unrestricted general fund revenue. In FY20, additional royalties were appropriated from the general fund to the Permanent Fund. Beginning in FY21, appropriation of additional royalties use code 1262, which is classified as designated general funds.