

MINUTES OF THE MEETING
REVENUE ESTIMATING SUBCOMMITTEE OF THE TAXATION COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 30, 1987

The meeting of the Revenue Estimating Subcommittee was called to order by Chairman Harp on January 30, 1987, at 11:30 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members were present with the exception of Reps. Harrington and Sands, and Sen. Hager. Also present were Dave Bohyer, Legislative Council, Terry Johnson, OBPP, and Judy Curtis Waldron and Madalyn Quinlan, LFA.

DISPOSITION OF COMMON SCHOOL INTEREST AND INCOME ACCOUNT: Madalyn Quinlan stated lease payments are included in the income side and royalties are deposited into the common school trust, while interest earned goes to the public school fund trust. (EXHIBIT #1)

Ms. Quinlan advised that the LFA and OBPP are very close in their final estimates.

Terry Johnson stated he was comfortable projecting \$1.9 million to \$2 million in interest earnings. He added that 5% of interest earnings from the Interest and Income Account (I&I) goes into the legacy trust. (EXHIBITS 2,2a)

Sen. Neuman made a motion to APPROVE OBPP figures for I&I, of \$34 million, \$32.711 million and \$33.328 million, for FY87, 88, and 89, respectively. The motion CARRIED unanimously.

DISCUSSION OF INTEREST ON INVESTMENTS: Jim Penner, Assistant Investment Officer, Board of Investments, advised that short term interest rates vary from 5.75%-5.9% right now. He said federal funds today are 6% and that there are early signs the national economy is improving. According to Mr. Penner, the unemployment rate dropped to 7% and factory orders are increasing.

Mr. Penner explained that the "pipelines" feeding manufacturers to merchants to consumers are thin. He said there may be pressure on financial institutions to gear up with loans and that at the end of 1987, short term rates should be a little higher. He cautioned that he did not foresee an economic boom.

Mr. Penner said treasury bonds will be about 5.5 to 7% by the end of 1987, and will average 5-5.5%. He explained that interest yield is coming down, as coupon bonds are being called and refunded, adding they are at 9-9.5% today. Mr. Penner advised there is a need to analyze the coal tax fund, bond by bond, and said Canadian bonds have call protection and are drawing 12-14% interest right now.

Revenue Estimating Subcommittee of the Taxation Committee
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Mr. Penner predicted that the 1987 yield from the coal tax fund may be .05 or .075% less than in 1986. He explained that the utilities companies won't have the cash to call in high coupon utility bonds. He also projected that the coal tax interest rate will drop to about 11 or 11 1/2%.

Sen. Lybeck asked what percent of bonds are Canadian bonds. Mr. Penner replied that they total about 7-8% and that the Board was criticized for purchasing non-U.S. bonds. He added that there are approximately \$17.5 million in bonds in the coal trust fund, and that the total is about \$300 million.

Mr. Penner stated that the nuclear power industry can't finance plants right now, and is doing a sale and lease-back program. He explained that bonds are being called in at par at a loss. Mr. Penner said this is called an M&R.

Chairman Harp asked if this recent activity were unusual. Mr. Penner replied it was not and that recapture has been expanded to below 10 1/2%. He said Exxon called in all its bonds at 8 and 9% and refinanced them at 7%. Mr. Penner advised that he believes the economy is close to hitting its bottom and that it appears other companies believe this too. As an example, he said Prime Computer Co. just issued \$300 million in bonds at 5 3/4%. He added that we are probably 70% through double digit coupon bonds, and that there is a maximum of \$5 million in premium dollars left.

Chairman Harp asked if the Board of Investments would sell stock at the optimum time. Mr. Penner replied the Board cannot put common stock in the trust fund, that it can be deposited only to the retirement fund. He added that equities out-earn fixed income by a wide margin of approximately 11% versus 1% according to a study of two business cycles (ups and downs). Mr. Penner also said a constitutional amendment would be required to change the procedure, but the change should be made to allow common stock for coal trust funds.

Judy Curtis Waldron stated that the amount for FY87 is actually sales from CY85. She said the Department of Administration (DOA), during its conference last fall advised that it didn't have definite plans for sales, but had two planned sales of tax anticipation notes (TAN's) of \$40 million each. She explained that the average balance for the year would be much higher than balances for July and August, and said the LFA is assuming the legislature will balance the budget, but not do more than that. Ms. Waldron added that there is a balance of \$25 million in cash in the highway account right now. (EXHIBIT #3)

Terry Johnson stated his figures were also based on Wharton Econometrics projections, and that he made adjustments for highway funds to be invested beginning in FY87. Mr. Johnson said TAN's are based on DOA information and that the OBPP and LFA have one small difference in interpretation in this area. He explained that if TAN's are issued and the proceeds used within six months of each other there are no requirements, assuming a single, nine month sale. He said DOA must be able to anticipate what general fund flow is and what school district payments are being made much

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earlier than in the past. He explained that the graph for I&I (Exhibit #4) shows general fund receipts over the years and indicates a significant drop in the amount of revenue generated by I&I from 1981 to the present.

Chairman Harp commented that DOA forecast a better position in March and issued lessor notes than in the past, which seems contrary to what the actual situation is. Terry Johnson replied that in March, DOA anticipates it can borrow up to 90% of the projected deficit of \$58 million, for any given months, since the rules have been changed. He added that DOA has indicated it could have multiple sales (TAN issues) in FY88 and 89.

Chairman Harp asked if this would have a dramatic effect on those years. Mr. Johnson replied it would, depending upon how the Legislature deals with the budget.

Sen. Neuman asked how highway funds would be affected if the gas tax passes. Judy Curtis Waldron replied they won't be affected if the gas tax is increased and those dollars are spent immediately.

Chairman Harp asked if the Department of Highways were actually going to issue \$100 million in bonds. Terry Johnson responded that according to the fiscal note for the gas tax bill, more dollars will be available, and since that is not current, no loss is taken into account in OBPP and LFA figures.

Chairman Harp asked what the daily average balances were in 1979-80. Terry Johnson replied those balances were \$99 million in 1974, \$203 million in 1980 and \$313 million in 1982. Judy Curtis Waldron advised those balances were \$275 million in 1982 (without TAN's), \$250 million in 1983, \$222 million in 1984, \$226 million in 1985, \$121 million in 1986.

Terry Johnson told the Subcommittee he is concerned about how much of the average daily balance will remain after the budget is balanced. He stated the Governor's proposal provides for a substantial daily fund balance by 1989, taking into consideration the loss of interest from trust earnings.

Sen. Neuman suggested the Subcommittee wait a few days before setting its estimates for I&I.

Terry Johnson advised that the Subcommittee will need to address revenue impact as a separate issue, as directed by current law.

ADJOURNMENT: There being no further business before the Subcommittee, the meeting was adjourned at 12:55 p.m.


Representative John Harp,
Chairman

DAILY ROLL CALL

HOUSE TAXATION REVENUE ESTIMATING SUBCOMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1-30-81

Office of the Legislative Fiscal Analyst
30-Jan-87

#1
1-30-87
Rev Est Sum

Common School Interest and Income
Comparison of Revenue Estimates

- - - Fiscal 1987 - - -

Income	LFA	OBPP
Agricultural Leases	\$5.500	\$4.219
Grazing Leases	3.000	2.993
Oil and Gas Leases	2.605	3.706
Non-drilling Penalties	2.400	2.719
Oil and Gas Bonuses	0.333	0.738
Other Rentals	0.181	0.212
Total	\$14.019	\$14.587
Trust Fund Earnings		
Deposit	\$10.463	\$11.000
Premiums on Bond Calls	1.400	2.900
Long-term Rate	7.98%	7.98%
Interest Earnings	21.433	21.519
Investment Earnings		
Land Interest	\$0.025	\$0.024
Short-term Rate	5.85%	5.85%
Total Earnings	\$35.975	\$36.799
Distribution to Schools	\$33.825	\$34.959

Office of the Legislative Fiscal Analyst
30-Jan-87

Common School Interest and Income
Comparison of Revenue Estimates

- - - Fiscal 1988 - - -

Income	LFA	OBPP
Agricultural Leases	\$6.000	\$4.219
Grazing Leases	3.000	2.993
Oil and Gas Leases	2.500	3.706
Non-drilling Penalties	2.000	2.719
Oil and Gas Bonuses	0.378	0.738
Other Rentals	0.183	0.212
Total	\$14.061	\$14.587
Trust Fund Earnings		
Deposit	\$11.020	\$11.000
Premiums on Bond Calls	0.000	0.000
Long-term Rate	8.46%	8.46%
Interest Earnings	20.939	19.228
Investment Earnings		
Land Interest	\$0.025	\$0.024
Short-term Rate	6.39%	6.39%
Total Earnings	\$35.000	\$34.433
Distribution to Schools	\$32.899	\$32.711

Office of the Legislative Fiscal Analyst
30-Jan-87

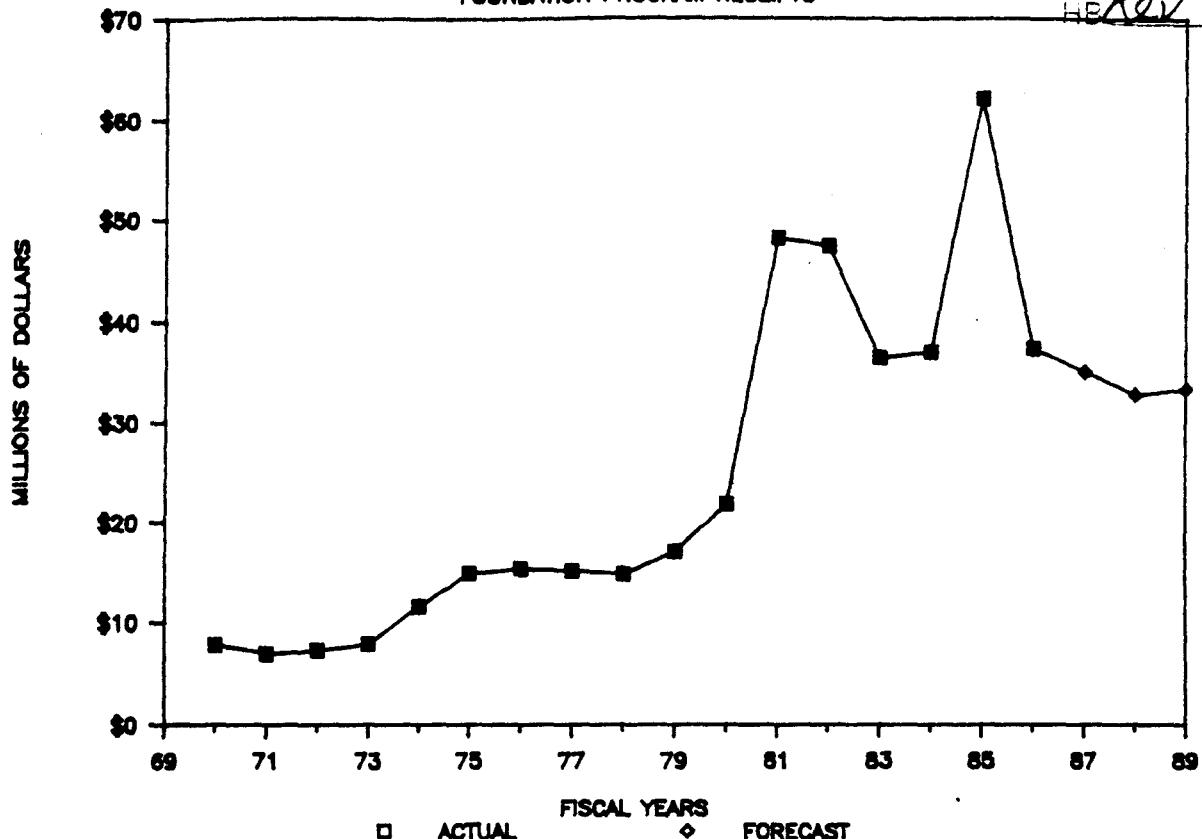
Common School Interest and Income
Comparison of Revenue Estimates

- - - Fiscal 1989 - - -

Income	LFA	OBPP
Agricultural Leases	\$6.000	\$4.219
Grazing Leases	3.000	2.993
Oil and Gas Leases	2.500	3.706
Non-drilling Penalties	2.000	2.719
Oil and Gas Bonuses	0.378	0.738
Other Rentals	0.183	0.212
Total	\$14.061	\$14.587
Trust Fund Earnings		
Deposit	\$11.610	\$11.000
Premiums on Bond Calls	0.000	0.000
Long-term Rate	9.21%	9.21%
Interest Earnings	21.925	19.693
Investment Earnings		
Land Interest	\$0.025	\$0.024
Short-term Rate	7.11%	7.11%
Total Earnings	\$35.986	\$35.082
Distribution to Schools	\$33.835	\$33.328

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INTEREST AND INCOME
FOUNDATION PROGRAM RECEIPTS

EXHIBIT #2
DATE 1-30-87
HB Rev Est Subc



YR	FP RECEIPTS	PERCENT CHANGE
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A 69		
A 70	7.813054	
A 71	6.930139	-11.30%
A 72	7.287004	5.15%
A 73	7.905829	8.49%
A 74	11.606605	46.81%
A 75	14.905773	28.42%
A 76	15.390972	3.26%
A 77	15.128545	-1.71%
A 78	14.854923	-1.81%
A 79	17.122330	15.26%
A 80	21.882375	27.80%
A 81	48.265782	120.57%
A 82	47.478286	-1.63%
A 83	36.398297	-23.34%
A 84	36.982835	1.61%
A 85	62.050661	67.78%
A 86	37.301053	-39.89%
F 87	34.959794	-6.28%
F 88	32.710445	-6.43%
F 89	33.315879	1.85%

Common School Interest and Income Account
Receipts by Revenue Category
Fiscal Years 1978 through Present

Revenue Source	Fiscal 1978	Fiscal 1979	Fiscal 1980	Fiscal 1981	Fiscal 1982	Fiscal 1983	Fiscal 1984	Fiscal 1985	Fiscal 1986
Oil and Gas									
Oil and Gas Leases	\$6,405,360	\$6,199,746	\$11,194,018	\$35,146,226	\$16,797,707	\$7,640,488	\$5,044,936	\$4,507,158	\$3,701,535
Bonus Payments									
Non-Ornilling Penalties	\$881,193	\$1,084,516	\$1,190,338	\$1,373,886	\$1,581,186	\$1,435,485	\$4,235,937	\$1,185,744	\$736,849
	\$7,286,553	\$7,284,262	\$12,374,356	\$36,520,112	\$18,378,893	\$9,075,973	\$11,292,005	\$2,011,132	\$2,729,571
Agricultural and Grazing									
Agricultural	\$4,193,905	\$5,465,184	\$4,632,395	\$5,785,549	\$7,218,901	\$7,917,372	\$8,352,083	\$6,012,040	\$4,217,358
Grazing	\$1,729,492	\$1,973,656	\$3,891,869	\$4,166,595	\$3,765,209	\$3,183,873	\$3,223,016	\$2,355,629	\$2,968,679
	\$5,923,387	\$7,438,840	\$8,524,264	\$9,952,144	\$10,984,110	\$11,101,245	\$11,575,099	\$8,967,669	\$7,186,037
Other Leases									
Seismic Exploration	\$150,301	\$181,275	\$228,186	\$377,349	\$206,868	\$169,348	\$147,067	\$139,451	\$141,744
Interest Earnings									
Land Contracts-i	\$79,174	\$72,076	\$63,289	\$53,837	\$46,255	\$37,630	\$33,982	\$28,179	\$24,249
Repurchase Agmts	\$143,305	\$244,137	\$422,423	\$417,496	\$119,156	\$53,471	\$53,748	\$19,312	\$104,574
Commercial Paper	\$18,290				0				\$2,665
Banker's Acceptance	\$244,364	\$513,714	\$872,427	\$1,798,828	\$1,318,842	\$626,544	\$213,646	\$62,612	\$538,591
Industrial Bonds		\$996	\$4,973	\$324,089	\$1,451	\$753	\$5,251	\$18,967	
US Treasury Bills	\$89		\$275,109	\$499,524	\$2,305,411	\$1,320,242	\$1,243,279	\$2,291,169	\$2,011,323
US Treas Profit/Loss					0				\$3,224
Federal Agencies									
SITP	\$152,785	\$190,302	\$190,302	\$222,652	\$329,456	\$168,606	\$230,144	\$57,500	
	\$638,007	\$1,027,225	\$1,842,414	\$3,879,227	\$4,605,233	\$2,840,045	\$2,461,958	\$2,822,612	\$2,744,626
Securities on Loan									
Common School T & L	\$3,719,282	\$6,519,873	\$4,766,727	\$10,603,981	\$11,896,201	\$14,169,068	\$15,308,382	\$18,762,302	\$22,638,679
Total Interest and Income	\$17,717,530	\$22,451,475	\$27,735,947	\$61,332,713	\$46,265,391	\$37,434,132	\$41,474,344	\$39,143,543	\$39,979,273

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#3
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Rev Est Sub

2013 年 1 月 1 日起，新修订的《中华人民共和国水土保持法》正式施行。

在於此，故其後人之學，亦復以爲子思之學，而不知子思之學，實爲孟子之學也。

THE JOURNAL OF CLIMATE

“我就是想让你知道，我对你没有恶意，我对你没有恶意。”

總計，4月份，中國進口的，600,000,000 吨，100,000,000 吨，總計，1,600,000,000 吨，價值，800,000,000 金圓，總計，1,600,000,000 吨，價值，800,000,000 金圓。

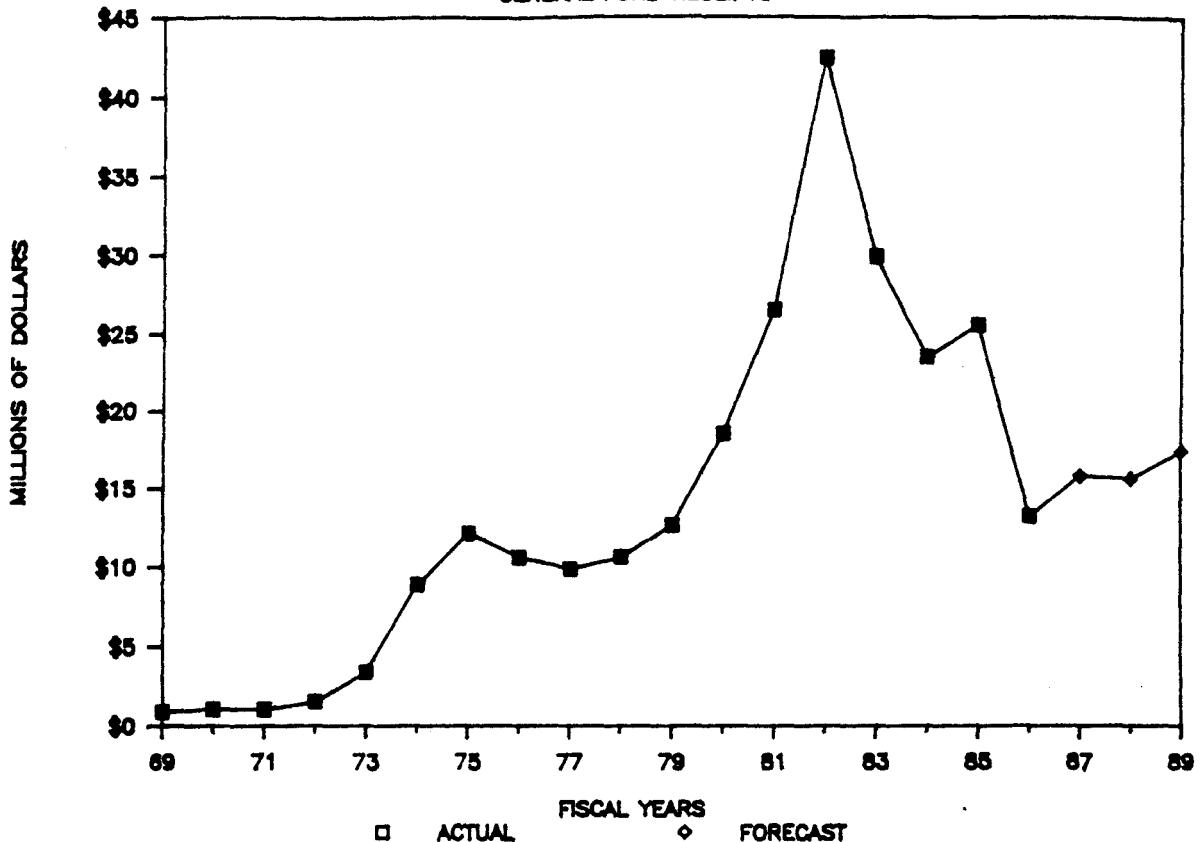
Table 1: Demographic characteristics of the study sample. The sample

Capital stock	\$32,200,000	\$40,000,000	\$60,000,000
Surplus	\$60,200,000	\$68,000,000	\$68,000,000
		(\$32,000,000) (\$28,000,000)	

Generalized linear mixed models: THE GLMMIX procedure

LEA	\$174,117,000	\$169,250,000	\$160,980,000
Executive	\$194,000,000	\$194,800,000	\$174,800,000
Other	\$19,483,000	(\$55,320,000)	(\$53,865,000)

12mt
 INTEREST ON INVESTMENTS
 GENERAL FUND RECEIPTS



YR	TOTAL RECEIPTS	PERCENT CHANGE
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A 69	0.872740	
A 70	1.064999	22.03%
A 71	1.027335	-3.54%
A 72	1.507755	46.76%
A 73	3.391643	124.95%
A 74	8.884671	161.96%
A 75	12.150937	36.76%
A 76	10.607372	-12.70%
A 77	9.891246	-6.75%
A 78	10.663504	7.81%
A 79	12.714971	19.24%
A 80	18.633664	46.55%
A 81	26.566775	42.57%
A 82	42.442554	59.76%
A 83	29.918421	-29.51%
A 84	23.527514	-21.36%
A 85	25.527889	8.50%
A 86	13.285291	-47.96%
F 87	15.857400	19.36%
F 88	15.706620	-0.95%
F 89	17.476380	11.27%