

FISCAL IMPLICATIONS

This bill does not actually appropriate the corpus of the permanent fund; it merely enables future transfers and allows the inclusion of the permanent fund in the calculation of reserve levels.

OTHER SUBSTANTIVE ISSUES

Permanent fund balances are invested by the State Investment Council in a diversified portfolio of stocks and bonds. Annual returns have been mostly negative since inception; cumulative losses total \$5.5 million. Policymakers should anticipate further losses in FY 2003; November fund pricing implies a loss of \$5.7 million, or 9.6 percent, since the beginning of the fiscal year.

SS/njw:yr