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March 24, 2010

The Honorable Mark Neuman  
House of Representatives  
Co-Chair of House Resources Committee  
State Capitol, Room 432  
Juneau, Alaska 99811

The Honorable Craig Johnson  
House of Representatives  
Co-Chair of House Resources Committee  
State Capitol, Room 126  
Juneau, Alaska 99811

Dear Representative Neuman and Representative Johnson:

I attended the hearing on Committee Substitute for House Bill 295 (CRA) before your Committee on March 17, 2010. During the hearing, Legislative Counsel Donald Bullock pointed out the awkward wording of Section 13 of the Bill. This Section starts on page 14 and continues on page 15. It describes a proposed amendment to AS 37.13.010 (a), the statute pertaining to the Alaska permanent fund.

I agree with Mr. Bullock that the amendment proposed in Section 13 is confusing, but I believe a small modification to the structure of the proposed amendment will address Mr. Bullock's concerns. The modification I suggest is to removed the added language in subsection (a) (1) of AS 37.13.010 and place that language in a separate and new subsection (2). Section 13 would then read:

Sec. 13. AS 37.13.010(a) is amended to read:

(a) Under art. IX, sec. 15, of the state constitution, there is established as a separate fund the Alaska permanent fund. The Alaska permanent fund consists of

- (1) 25 percent of all mineral lease rentals, royalties royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue sharing payments received by the

**UNIVERSITY OF ALASKA**

Letter Concerning CS for HB 295 (CRA)

March 24, 2010

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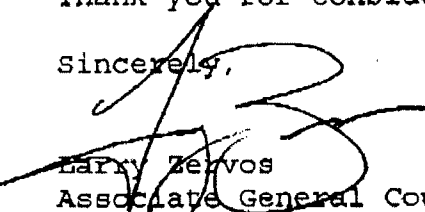
state from mineral leases issued on or before December 1, 1979, and 25 percent of all bonuses received by the state from mineral leases issued on or before February 15, 1980;

- (2) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares derived from lands conveyed to the University of Alaska under AS 14.40.365 and 25 percent of all bonuses derived by the University of Alaska from mineral leases on these lands;
- (3) 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued after December 1, 1979, and 50 percent of all bonuses received by the state from mineral leases issued after February 15, 1980; and
- (4) any other money appropriated to or otherwise allocated by law or former law to the Alaska permanent fund.

Creating a new subsection (2) for the added language removes the confusion caused by the reference to certain dates in the initial draft. Also maintaining the 25% contribution rate to the Alaska permanent fund complies with Article IX, Section 15 of the our constitution and preserves the Legislature's intent to provide resources to the university for higher education purposes.

Thank you for considering my suggestion.

Sincerely,



Larry Zervos  
Associate General Counsel  
University of Alaska

Cc: Donald Bullock, Legislative Counsel  
Anne Nelson, Assistant Attorney General  
Wendy Redman, Vice President University Relations  
Mari Montgomery, Director, University Land Management

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FAX COVER SHEET

Date: 3/24/10

To: Hon. Craig Johnson Fax No.: (907) 465- 3872

From: Larry Zervos

Re: \_\_\_\_\_

Hard copy to follow: Yes

No

Transmitted are 3 pages, including this cover page. Please deliver as soon as possible to the person designated above.

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Message: Please see the attached.

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