

# HB 251: Board of Trustees of the Alaska Permanent Fund

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REPRESENTATIVE ANDY JOSEPHSON

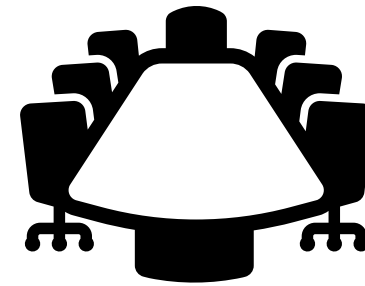
32<sup>ND</sup> LEGISLATURE

# Sectional Analysis

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## Sec. 1:

- Changes membership of the Board of Trustees from six to seven members.
- Changes number of public board seats from four to six.
- Keeps a seat reserved for the Commissioner of Revenue.



# Sectional

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## Sec. 2

- Stipulates one seat on the board must have experience in socially responsible investing.

## Sec. 3

- Changes term length of board members from four to six years.

# Sectional

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## Sec. 4

- Creates a nine-member Appointment Committee that will appoint the Board of Trustees;
  - Two members appointed by the Governor,
  - Two members appointed by the Speaker of the House of Representatives,
  - Two members appointed by the President of the Senate,
  - One member appointed by the leader of the minority organizational caucus of the Senate,
  - One member appointed by the leader of the minority organizational caucus of the House,
  - One member appointed by the Commissioner of Revenue

# Sectional

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## Sec. 4 continued

- The Appointment Committee chooses the six public members of the board.
- Removal of Appointment Committee members is at the discretion of the office charged with their appointment.
- Action from the Appointment Committee requires a majority of full membership.

Nine Member  
Appointment  
Committee



Six Public Seats on the Board  
of Trustees

# Sectional

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## Sec. 5

- Appointment Committee may only *remove* a public board member for cause in writing.

## Sec. 6

- Vacancies on the board are filled by the Appointment Committee, the new board member serves the duration of the seat that they replaced.

## Sec. 8

- The Board of Trustees may remove the Executive Director of the Corporation for cause. They may remove them without cause only with five votes.

# Sectional

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## Sec. 9

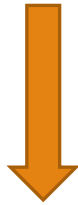
- Provides for the transition from the old structure of the board to the structure in place with HB 251. At the passage of the bill, all board members terms expire. Their seats are filled by the newly created appointment committee in staggered terms.
- The terms are staggered such that each year following the passage of HB 251 exactly one board member's term will expire, with all subsequent terms lasting six years. The board member with a socially responsible investing background will automatically serve in the initial six-year term board seat. There are no term limits.
  - One member for one year;
  - One member for two years;
  - One member for three years;
  - One member for four years;
  - One member for five years;
  - One member for six years (with an SRI background).

# Comparing current structure to HB 251

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## The current structure of the Board of Trustees

Governor



Appoints all six members of the board.  
Two of whom are Commissioners of a  
department. One must come from  
Department of Revenue.

## Structure of the Board under HB 251

Governor, Senate President, Speaker of the House, Minority Caucuses



Nine-member Appointment Committee.



Appoint six public members of the board. The seventh seat is  
reserved for Commissioner of Revenue.

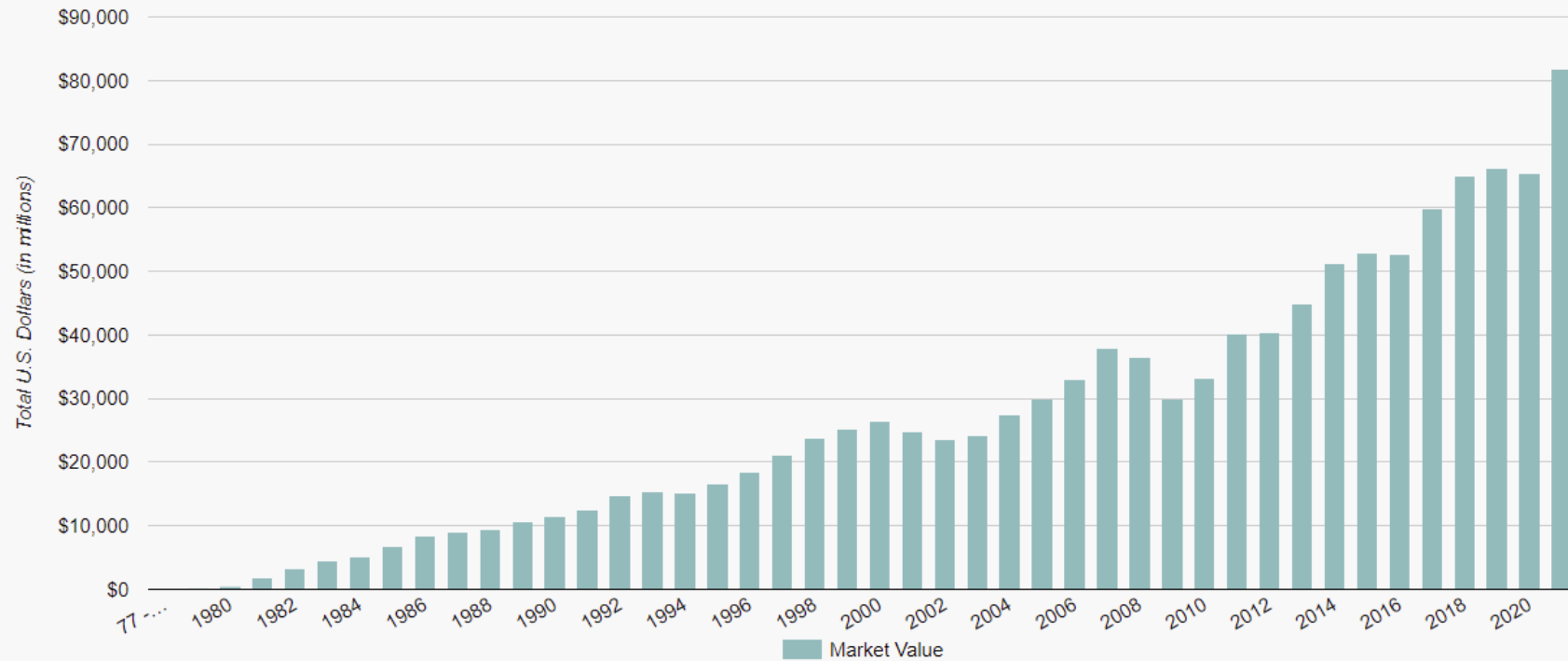


# Goal of HB 251

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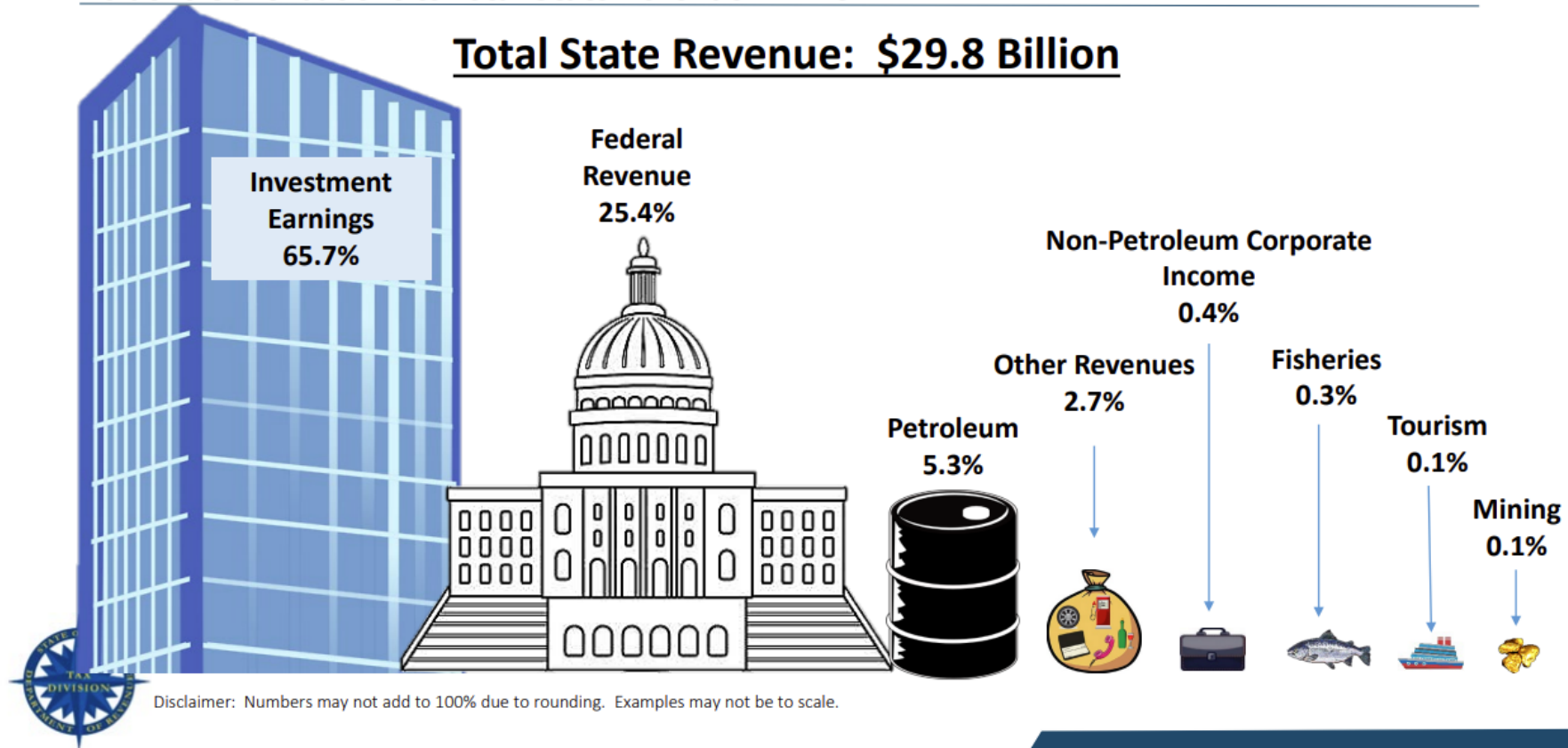
- The Alaska Permanent Fund was enshrined in the State Constitution in 1976. Its Corporation was created in statute four years later to manage the Fund. In the intervening 40 years, the Fund's governance structure has become outdated relative to its scope and importance. Reform is needed to protect the wealth that future Alaskans deserve.
- HB 251 increases public membership and oversight of the Board of Trustees from four out of six members to six out of seven; it adds a layer of protection through the Appointment Committee between elected officials and the Board of Trustees.
- This bill recognizes the importance of the Permanent Fund, and re-structures its governance accordingly.

# PERMANENT FUND VALUE



## Relative Contributions to Total State Revenue: FY 2021

**Total State Revenue: \$29.8 Billion**



Source: DOR Fall 2021 Revenue Sources Book

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