

## HB 412: PERM FUND CORP &amp; AIDEA BD CONFIRMATION

Sponsor: House State Affairs

Referrals: House State Affairs, then Finance

**Board of Trustees Consideration of HB 412**

HB 412 would modify the current Alaska Permanent Fund Corporation Board of Trustees appointment process to require the Legislature to confirm the appointment of all public board members.

Clearly, the state law that sets out the process for the appointment of APFC board members is a policy call for the Legislature and Administration to determine.

With regards to the legislative confirmation provisions related to APFC board members, we would like to bring the following historical information to your attention -

- The original legislation creating the Alaska Permanent Fund Corporation in 1980 included a requirement that all public board members be subject to legislative confirmation following the governor's appointment (FCCSSB 161).
- However, during the bill review and following enactment of FCCSSB 161, both the Department of Law and Legislative Counsel agreed that:
  - The legislative confirmation of APFC board members violated Article III, Section 26 of the Alaska Constitution; and
  - The legislative confirmation provision in the bill was severable, allowing for the remainder of FCCSSB 161 to become law.
- Following this legal conclusion, APFC board member appointments were not submitted to the Legislature for confirmation.
- Subsequently, in 1982, when the Legislature passed CSSSSB 684(FIN)am, the legislative confirmation provisions were removed from codified law.
- Additionally, in 2000, a Constitutional Amendment on the general election ballot calling for legislative confirmation of board appointees to entities that manage significant state assets was rejected by voters.

As the Legislature debates this policy related to the APFC Board of Trustees, we thought it necessary to provide this historical constitutional context.

The Alaska Permanent Fund Corporation is governed by statutes dating back to its establishment in 1980 by the Alaska State Legislature. Political independence and sound fiduciary practices are cornerstones of the governance and successful management of the Alaska Permanent Fund.

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