

**HOUSE JOINT RESOLUTION NO. 14**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVE CRAWFORD**

**Introduced: 2/14/01**

**Referred: State Affairs, Judiciary, Finance**

**A RESOLUTION**

1 **Proposing amendments to the Constitution of the State of Alaska relating to the budget**  
2 **reserve fund and to the Alaska heritage fund; and providing for an effective date for the**  
3 **amendments.**

4 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1.** Article IX, sec. 17(a), Constitution of the State of Alaska, is amended to read:

6 **Section 17. Alaska Heritage [BUDGET RESERVE] Fund.** (a) There is  
7 established as a separate fund in the State treasury the Alaska heritage [BUDGET  
8 RESERVE] fund. Except for money deposited into the permanent fund under Section  
9 15 of this article, all money received by the State after **June 30, 2003** [JULY 1, 1990],  
10 as a result of the termination, through settlement or otherwise, of an administrative  
11 proceeding or of litigation in a State or federal court involving mineral lease bonuses,  
12 rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or  
13 bonuses, or involving taxes imposed on mineral income, production, or property, shall  
14 be deposited in the Alaska heritage [BUDGET RESERVE] fund. **Except as**  
15 **provided in (b) of this section and subject to (d) of this section, money** [MONEY]

1 in the Alaska heritage [BUDGET RESERVE] fund shall be used only for those  
 2 income-producing investments specifically designated by law as eligible for  
 3 Alaska heritage fund investments [INVESTED SO AS TO YIELD COMPETITIVE  
 4 MARKET RATES TO THE FUND]. Income of the fund shall be retained in the fund.  
 5 Section 7 of this article does not apply to deposits made to the fund under this  
 6 subsection. Money may be appropriated from the fund only as authorized under (b)  
 7 [OR (c)] of this section.

8 \* **Sec. 2.** Article IX, sec. 17(b), Constitution of the State of Alaska, is repealed and  
 9 readopted to read:

10 (b) Appropriations from the Alaska heritage fund for a fiscal year may not  
 11 exceed five percent of the average of the year-end market values of the fund for the  
 12 five fiscal years that immediately precede the fiscal year for which the appropriations  
 13 are made.

14 \* **Sec. 3.** Article IX, sec. 17(c), Constitution of the State of Alaska, is repealed and  
 15 readopted to read:

16 (c) Appropriations may be made to the Alaska heritage fund at any time.

17 \* **Sec. 4.** Article IX, sec. 17(d), Constitution of the State of Alaska, is repealed and  
 18 readopted to read:

19 (d) The prudent investor rule shall be applied in the management and  
 20 investment of Alaska heritage fund assets. The prudent investor rule as applied to  
 21 investments of the fund requires exercise of the judgment and care under the  
 22 circumstances then prevailing that an institutional investor of ordinary prudence,  
 23 discretion, and intelligence exercises in the management of large investments  
 24 entrusted to the investor, not in regard to speculation but in regard to permanent  
 25 disposition of funds, considering probable safety of capital as well as probable  
 26 income.

27 \* **Sec. 5.** Article XV, Constitution of the State of Alaska, is amended by adding a new  
 28 section to read:

29 **Section 30. Effective Date and Transition for Amendments Relating to the**  
 30 **Alaska Heritage Fund.** (a) The 2002 amendments establishing the Alaska heritage  
 31 fund and repealing the budget reserve fund (art. IX, sec. 17) take effect July 1, 2003.

1                   (b) The Alaska heritage fund is the successor to the budget reserve fund (art.  
2                   IX, sec. 17), and, on July 1, 2003, the balance in the budget reserve fund shall be  
3                   transferred to the Alaska heritage fund.

4           \* **Sec. 6.** The amendments proposed by this resolution shall be placed before the voters of  
5           the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the  
6           State of Alaska, and the election laws of the state.