

HOUSE BILL NO. 333

IN THE LEGISLATURE OF THE STATE OF ALASKA
 TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES OGG, COGHILL, AND HOLM, Wilson

Introduced: 1/12/04

Referred: House Special Committee on Education, Health, Education and Social Services, Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to an endowment for public education; and providing for an effective
 2 date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 14.40.170(a) is amended to read:

5 (a) The Board of Regents shall

6 (1) appoint the president of the university by a majority vote of the
 7 whole board, and the president may attend meetings of the board;

8 (2) fix the compensation of the president of the university, all heads of
 9 departments, professors, teachers, instructors, and other officers;

10 (3) confer such appropriate degrees as it may determine and prescribe;

11 (4) **except as provided under AS 14.40.507,** have the care, control,
 12 and management of

13 (A) all the real and personal property of the university; and

14 (B) land

1 (i) conveyed to the Board of Regents by the
 2 commissioner of natural resources in the settlement of the claim of the
 3 University of Alaska to land granted to the state in accordance with the
 4 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance
 5 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and

6 (ii) selected by the University of Alaska and conveyed
 7 to it by the commissioner of natural resources under AS 14.40.365;

8 (5) keep a correct and easily understood record of the minutes of every
 9 meeting and all acts done by it in pursuance of its duties;

10 (6) under procedures to be established by the commissioner of
 11 administration, and in accordance with existing procedures for other state agencies,
 12 have the care, control, and management of all money of the university and keep a
 13 complete record of all money received and disbursed;

14 (7) adopt reasonable rules for the prudent trust management and the
 15 long-term financial benefit to the university of the land of the university;

16 (8) provide public notice of sales, leases, exchanges, and transfers of
 17 the land of the university or of interests in land of the university;

18 (9) administer, manage, market, and promote a postsecondary
 19 education savings program, including the Alaska Higher Education Savings Trust
 20 under AS 14.40.802 and the Alaska advance college tuition savings fund under
 21 AS 14.40.803 - 14.40.817.

22 * **Sec. 2.** AS 14.40.291(a) is amended to read:

23 (a) Notwithstanding any other provision of law, university-grant land, state
 24 replacement land that becomes university-grant land on conveyance to the university,
 25 land selected by and conveyed to the University of Alaska under AS 14.40.365, **land**
 26 **conveyed to the state and the University of Alaska under AS 14.40.507**, and any
 27 other land owned by the University of Alaska is not and may not be treated as state
 28 public domain land. Land conveyed to the University of Alaska under AS 14.40.365
 29 shall be managed under AS 14.40.365 - 14.40.368 and policies of the Board of
 30 Regents of the University of Alaska.

31 * **Sec. 3.** AS 14.40 is amended by adding new sections to read:

1 **Sec. 14.40.495. Education fund established.** (a) The education fund is
2 established as a separate fund of the state.

3 (b) The principal of the fund consists of
4 (1) sums transferred to the fund under AS 14.40.505; and
5 (2) gifts, bequests, and contributions of cash or other assets from a
6 person.

7 (c) The net income of the fund shall be determined by the commissioner of
8 revenue in accordance with investment accounting principles and in a manner that
9 preserves the distinction between principal and income.

10 **Sec. 14.40.497. Powers and duties of the commissioner of revenue.** The
11 commissioner of revenue is the treasurer of the fund and has the power and duty to

12 (1) act as official custodian of the cash and investments belonging to
13 the fund by securing adequate and safe custodial facilities;

14 (2) receive all items of cash and investments belonging to the fund;

15 (3) collect the principal and income from investments owned or
16 acquired by the fund and deposit the amounts in separate principal and income
17 accounts for the fund;

18 (4) invest and reinvest the assets of the fund as provided in this section
19 and as provided for the investment of funds under AS 37.14.170;

20 (5) exercise the powers of an owner with respect to the assets of the
21 fund;

22 (6) maintain accounting records of the fund in accordance with
23 investment accounting principles and with distinction between the principal and
24 income accounts of the fund;

25 (7) engage an independent firm of certified public accountants to
26 annually audit the financial condition of the fund's investments and investment
27 transactions;

28 (8) enter into and enforce contracts or agreements considered
29 necessary for the investment purposes of the fund;

30 (9) report to the board the condition and investment performance of the
31 fund; and

1 (10) do all acts, whether or not expressly authorized, that the
2 commissioner of revenue considers necessary or proper in administering the assets of
3 the fund.

4 **Sec. 14.40.499. Administration of the fund; fund board established.** (a)
5 The fund shall be administered by the Education Fund Board.

6 (b) The Education Fund Board is established in the Department of Education
7 and Early Development. The board is composed of

8 (1) the President of the University of Alaska;

9 (2) two members of the Board of Regents of the University of Alaska,
10 selected by the president of the board;

11 (3) two members of the State Board of Education and Early
12 Development, selected by the president of the board;

13 (4) the commissioner of education and early development or the
14 commissioner's designee; and

15 (5) three public members appointed by the governor; in appointing the
16 public members, the governor shall give a preference to persons who have experience
17 and expertise in education.

18 (c) Each public member of the board is appointed for a term of four years, and
19 may be reappointed.

20 (d) Members of the board are entitled to per diem and travel allowances as
21 provided by law for members of state boards and commissions.

22 **Sec. 14.40.501. Powers and duties of the board.** When acting as
23 administrator of the fund, the board shall

24 (1) hold regular and special meetings it considers necessary; the board
25 may hold meetings by teleconference;

26 (2) keep audio tape recordings of each meeting of the board to be made
27 available on request; and

28 (3) submit to the governor and make available to the legislature by
29 February 1 each year a report describing the annual level of contributions to, income
30 of, and expenses of the fund.

31 **Sec. 14.40.503. Uses of fund principal and net income.** (a) The principal of

1 the fund shall be retained perpetually in the fund for investment as specified in
2 AS 14.40.497.

3 (b) The net income of the fund may be annually appropriated by the
4 legislature equally for the support of public elementary and secondary education and
5 for support of the University of Alaska.

6 **Sec. 14.40.505. Funding from state and university lands.** During each
7 fiscal year, the commissioner of revenue shall transfer to the fund created in
8 AS 14.40.495 a sum equal to the total receipts derived from the management of state
9 and University of Alaska land described under AS 14.40.507, including amounts paid
10 to the state as proceeds of sale or annual rent of surface rights, mineral lease rentals,
11 royalties, royalty sale proceeds, and federal mineral revenue-sharing payments or
12 bonuses.

13 **Sec. 14.40.507. Joint state and university land endowment.** The
14 commissioner of natural resources shall convey to the University of Alaska and the
15 state, as tenants in common, one percent of land conveyed to the state under Sec. 6(b)
16 of the Alaska Statehood Act (P.L. 85-508, 72 Stat. 339). Notwithstanding the transfer
17 of ownership, the rights of management and development of land conveyed under this
18 section shall be retained by the Department of Natural Resources.

19 **Sec. 14.40.509. Definitions.** In AS 14.40.495 - 14.40.509,

20 (1) "board" means the Education Fund Board;

21 (2) "fund" means the education fund established in AS 14.40.495.

22 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 INITIAL TERMS OF PUBLIC MEMBERS. Of the three public members first
25 appointed under AS 14.40.499(a)(5), added by sec. 3 of this Act,

26 (1) one person shall serve a term of two years;

27 (2) one person shall serve a term of three years; and

28 (3) one person shall serve a term of four years.

29 * **Sec. 5.** This Act takes effect July 1, 2004.