

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

February 28, 2017

3:31 p.m.

MEMBERS PRESENT

Senator Mike Dunleavy, Chair
Senator David Wilson
Senator Cathy Giessel
Senator Dennis Egan

MEMBERS ABSENT

Senator John Coghill

COMMITTEE CALENDAR

SENATE BILL NO. 46

"An Act establishing October 25 of each year as African American Soldiers' Contribution to Building the Alaska Highway Day."

- MOVED SB 46 OUT OF COMMITTEE

SENATE BILL NO. 21

"An Act relating to appropriations from the income of the Alaska permanent fund; relating to the calculation of permanent fund dividends; and providing for an effective date."

- MOVED SB 21 OUT OF COMMITTEE

SENATE BILL NO. 26

"An Act relating to the Alaska Permanent Fund Corporation, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to the mental health trust fund; relating to deposits into the dividend fund; relating to the calculation of permanent fund dividends; relating to unrestricted state revenue available for appropriation; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 46

SHORT TITLE: OCT 25: AFRICAN-AMERICAN SOLDIERS ALASKA HWY DAY
SPONSOR(s): SENATOR(s) WILSON

02/01/17 (S) READ THE FIRST TIME - REFERRALS
02/01/17 (S) TRA, STA
02/14/17 (S) TRA AT 1:30 PM BUTROVICH 205
02/14/17 (S) Heard & Held
02/14/17 (S) MINUTE(TRA)
02/16/17 (S) TRA AT 1:30 PM BUTROVICH 205
02/16/17 (S) Moved SB 46 Out of Committee
02/16/17 (S) MINUTE(TRA)
02/17/17 (S) TRA RPT 4DP
02/17/17 (S) DP: STEDMAN, BISHOP, WILSON, EGAN
02/28/17 (S) STA AT 3:30 PM BUTROVICH 205

BILL: SB 21

SHORT TITLE: PERMANENT FUND: INCOME; POMV; DIVIDENDS
SPONSOR(s): SENATOR(s) STEDMAN

01/18/17 (S) READ THE FIRST TIME - REFERRALS
01/18/17 (S) STA, FIN
02/02/17 (S) STA AT 3:30 PM BUTROVICH 205
02/02/17 (S) Heard & Held
02/02/17 (S) MINUTE(STA)
02/16/17 (S) STA AT 3:30 PM BUTROVICH 205
02/16/17 (S) Heard & Held
02/16/17 (S) MINUTE(STA)
02/21/17 (S) STA AT 4:30 PM BUTROVICH 205
02/21/17 (S) Heard & Held
02/21/17 (S) MINUTE(STA)
02/22/17 (S) FIN AT 1:30 PM SENATE FINANCE 532
02/22/17 (S) -- MEETING CANCELED --
02/28/17 (S) STA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR DAVID WILSON
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 46.

GARY ZEPP, Staff
Senator David Wilson
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Provided an overview of SB 46.

KATRINA BEVERLY GILL, representing self
State of Maryland
POSITION STATEMENT: Testified in support of SB 46.

JEAN POLLARD, Chair
Alaska Highway Memorial Project
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 46.

VERDIE BOWEN, Director
Office of Veterans Affairs
Alaska Department of Military and Veterans Affairs
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 46.

BERT LARKINS, representing self
New Orleans, Louisiana
POSITION STATEMENT: Testified in support of SB 46.

MARK FISH, representing self
Big Lake, Alaska
POSITION STATEMENT: Testified in opposition of SB 46.

KAREN JONES, representing self
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition of SB 46.

SENATOR BERT STEDMAN
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 21.

CHRISTA MCDONALD, Staff
Senator Mike Dunleavy
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Reviewed Amendment 1 for SB 21.

ACTION NARRATIVE

[3:31:23 PM](#)

CHAIR MIKE DUNLEAVY called the Senate State Affairs Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Wilson, Giessel, Egan, and Chair Dunleavy.

SB 46-OCT 25: AFRICAN-AMERICAN SOLDIERS AK HIGHWAY DAY

[3:31:57 PM](#)

CHAIR DUNLEAVY announced the consideration of SB 46.

[3:32:27 PM](#)

SENATOR DAVID WILSON, Alaska State Legislature, Juneau, Alaska, sponsor of SB 46, read the sponsor statement for SB 46 as follows:

Senate Bill 46 recognizes the contributions of African American Soldiers in building the Alaska Highway and commemorates those extraordinary efforts by establishing October 25th as "African American Soldiers' Contribution to Building the Alaska Highway Day."

Why October 25th? On this day, African American Army troops of the 93rd and 95th regiments constructing the Alaska-Canadian (ALCAN) Highway north from Dawson Creek, met the white troops constructing the ALCAN Highway heading south. The troops connected the two segments on October 25, 1942, at Contact Creek, near Mile Post 590 in the Yukon Territory.

Four regiments of African American Army Engineers from the 93rd, 95th, and the 97th Engineer General Services Regiments and the 388th Engineer Battalion were deployed to Alaska to assist in building the 1,500 miles of road (The highway cost \$138 million to build at that time). The 10,607 men, of which a third were African American, built the road in eight months and 12 days. This extraordinary accomplishment was compared to the construction of the Panama Canal.

Little recognition has been given to the African American soldiers for their contributions in building the ALCAN Highway; for example:

- The National Archives contains only a few dozen photos of the African American troops among the hundreds taken of the ALCAN Highway construction;

- African Americans were edited out of a 1991 National Geographic feature on the ALCAN highway, despite the fact that the magazine obtained interviews of seven men who served building the ALCAN;
- And, the official 759-page U.S. Army history of the Corps of Engineers covers African Americans' involvement with a one-sentence footnote.

The road was built as an overland route across Alaska during World War II (WW II) for strategic purposes in our country's fight against Japanese aggression. A shortage of manpower early in WW II led to the U.S. Army's decision to send African American troops to Alaska to assist in the ALCAN Highway construction.

At the formal dedication of the road, Brigadier General James A. O'Connor singled out the African American troops for special recognition, "Someday the accomplishments of these African American soldiers - achievements accomplished far from their homes - will occupy a major place in the lore of the North country," he promised. Because of the African American troop's performance in contributing to the construction of the ALCAN Highway, military and civilian leaders decided to desegregate the armed services in 1948. The Federal Highway Administration has called the ALCAN Highway, "the road to civil rights."

This year, 2017, marks the 75th anniversary of the ALCAN Highway. It's fitting we recognize these men and celebrate their contributions in constructing the ALCAN Highway!

[3:35:09 PM](#)

GARY ZEPP, Staff, Senator David Wilson, Alaska State Legislature, Juneau, Alaska, read an introductory overview of SB 46 as follows:

On December 7, 1941, the Japanese bombed Pearl Harbor in Hawaii. America's next concern of World War II was

how close Alaska was to Japan and that fear became a reality after the Japanese bombed Dutch Harbor on June 3 and June 4, and invaded Attu and Kiska in the Aleutian Islands in 1942 as well. American's reaction was to build an overland route across Alaska and Canada in order to support the troops and the supplies. This had to be accomplished quickly and the U.S. troops met the call; they finished the original Alaska highway in eight months and a few days. This was an extraordinary engineering accomplishment for its time. Most African-American soldiers at that time were delegated to labor projects and not usually sent into battle because the military's assessment of African-American soldiers was thought to be substandard when compared to white troops and skills and literacy; that changed after the original construction of the Alaska Highway.

[3:36:29 PM](#)

MR. ZEPP explained the reason for commemorating October 25 as follows:

Why October 25th as Senator Wilson stated? Two crews, one moving north and one moving south completed the road's last link. Later the New York Times reported what happened when they, "met head on in the spruce forest of the Yukon Territory." This is Corporal Refines Sims Jr., an African American from Philadelphia, who was driving south with his bulldozer when he started to see trees toppling over on him, on the other side he slammed his vehicle in reverse and backed out just as another bulldozer driven by Private Alfred Jalufka of Kennedy, Texas, broke through the underbrush. The wire-service photographer captured this image, one African American, one white standing on their respective bulldozers, this occurred 20 miles east of the Alaska-Yukon border as the senator referred to; an article in the Engineering News Record described it as, "Two races working together to build a lifeline to Alaska's defenders amidst spectacularly rugged terrain and horrendous weather conditions."

He reviewed a map of the Alaska Highway and commented as follows:

The Alaska Highway is considered one of the biggest and most difficult construction projects ever

completed by the U.S. Corps of Engineers; it stretches 1,422 miles from Dawson Creek, British Columbia, to Delta Junction Alaska, at a cost of \$138 million in 1942, taking that in today's dollars equals \$2.1 billion. As a side note and to put it into perspective, on March 30, 1867, Secretary of State William Seward reached agreement with Russia to purchase Alaska for \$7.2 million, that's \$112.2 million in today's dollars.

[3:38:23 PM](#)

MR. ZEPP presented a video: Alaska Highway - "The Road to Civil Rights."

[3:42:52 PM](#)

He thanked the National Park Service and the U.S. Department of Interior for the video. He continued his presentation as follows:

The African American Army regiments that built the Alaska Highway established a reputation for excellence, especially in the field of bridge building; however, their accomplishments were ignored by mainstream media and press. It took decades for them to receive proper recognition for their achievements. Some say they were as "legendary" as the Tuskegee Airmen and the Buffalo Soldiers.

He addressed "Why the recognition of the African American Soldiers?" as follows:

It's about historical context. Race relations in America were very different in 1942 and opportunities for African Americans were rare and expectations were low. Racial segregation included: housing, medical care, education, transportation, and social segregation (restaurants, drinking fountains, bathrooms, etc.).

The movie "Alaska at War" was a documentary on Alaska's role in World War II, such as the opening of oil fields, the Japanese bombing of Dutch Harbor, the struggle to recapture the Aleutian Islands, and the construction of the highway. "Not on African American soldier was shown in the movie," stated Eugene Long, who was enlisted in the 95th Engineer Regiment

deployed to Alaska to assist in building the Alaska Highway.

[3:44:17 PM](#)

MR. ZEPP addressed "Why the recognition of the African American Soldiers?" by considering the following timeline for the Safeguards of Civil Rights:

- 1865: 13th Amendment to the U.S. Constitution abolished slavery and involuntary servitude.
- 1868: 14th Amendment of the U.S. Constitution granted U.S. citizenship to former slaves.
- 1870: 15th Amendment to the U.S. Constitution provided African American men the right to vote.
- 1875: The Civil Rights Act of 1875 was passed and forbid racial segregation in accommodations.
- 1896: U.S. Supreme Court sustained the constitutionality of Louisiana's requirement that railroad companies provide "separate but equal" accommodations for white and black passengers.
- Over the next 25-35 years, equality in racial relations progress was lost, particularly in the South. By 1910, segregation was firmly established across the South and most of the border region.
- 1954: Legal segregation in schools was banned in the U.S. after a series of rulings in the U.S. Supreme Court.
- 1964: All legally enforced public segregation was abolished by the Civil Rights Act.

The U.S. War Department's tradition and policy mandated the segregation of African Americans into separate units, led by white officers. During the construction of the Alaska Highway, African American troops were ordered to not leave camp and mingle with the locals, while the whites were allowed to mingle. They were treated unequally and yet defied expectations in many situations, with even fewer resources.

He addressed "Why the recognition of the African American Soldiers?" as follows:

Little press or mainstream media has been given to the African American soldiers, examples of the lack of press coverage of the African American troops include:

- National Archives contains only a few dozen photos among the hundreds taken of the Alaska Highway construction.
- African Americans were edited out of a 1991 National Geographic feature on the highway, despite the fact that the magazine obtained interviews of seven men who served building the Alaska Highway.
- A souvenir booklet, "Alaska Highway, Army Service Forces," published in 1944 includes 100 photos but only one of an African American soldier.
- The official 759-page U.S. Army history of the Corps covers African American troop involvement with a one-sentence footnote.

[3:46:40 PM](#)

MR. ZEPP addressed "Why the recognition of the African American Soldiers?" as follows:

This event and others that followed during World War II influenced our American leaders and some believe that it was a turning point in race relations in American. By 1948, President Truman signed into law a desegregation plan for the armed forces.

In 1992, Colin Powell, Chairman of the Joint Chiefs of Staff, after seeing Ms. Lael Morgan's exhibit in Fairbanks stated, "I had no idea black men had done anything like this." "They are deserving of recognition."

Douglas Brinley, Rice University Historian, "The Alaska Highway was not only the greatest feat of World War II; it is a triumph over racism."

General James O'Connor, during the Alaska Highway dedication stated, "Someday the accomplishments of the African American troops' achievements accomplished far from their home will occupy a major place in the lore of the North country."

This happened in Alaska.

MR. ZEPP presented a video presentation on the Alaska Highway that featured Mr. Reginald Beverly, 95th Engineer Regiment. He disclosed that Mr. Beverly is currently 102 years old.

3:49:06 PM

He addressed "Acknowledgment and Thanks" as follows:

The legacy of the African American Army soldiers wouldn't be known today nor officially recognized by the military if not for the works of many. Just to name a few:

- The U.S. Park Service;
- U.S. Army Corp of Engineers;
- Heath Twitchell Jr. (Historian);
- James Eaton (Curator of the Black History Archive at Florida A&M University);
- Ted Stevens (U.S. Senator);
- Andrew Molloy (Head of Pentagon's Affirmative Action Office);
- Colin Powell (Retired Four Star General);
- Stan Cohen (Author);
- John Virtue (Author);
- Mike Dunham (Anchorage Daily News);
- Cornelia Dean (New York Times);
- Tim Ellis (KUAC News);
- Rickie Longfellow (News Writer);
- Bill Gifford (Washington City Paper);
- Kani Saburi Ayubu (Black Art Depot Today);
- Douglas Brinley (Rice University-Historian);
- Jean Pollard (Educator);
- Lael Morgan (University of Alaska-Professor of Journalism).

Thank you all for your contributions in revealing this remarkable story and your support of Senate Bill 46's efforts to establish October 25th as "African American Soldiers' Contribution to Building the Alaska Highway Day."

He encouraged all Alaskans and visitors to attend the Alaska Highway's 75th anniversary events throughout the state during the upcoming summer.

CHAIR DUNLEAVY thanked Mr. Zepp for his presentation. He opened invited testimony for SB 46.

[3:50:56 PM](#)

KATRINA BEVERLY GILL, representing self, State of Maryland, testified in support of SB 46. She revealed that she is the daughter of Veteran Reginald Beverly, previously noted in Mr. Zepp's presentation. She detailed that Mr. Beverly is one of over 4,000 black soldiers who built the Alaskan Highway in 1942. She provided the committee with details of Mr. Beverly's experience in building the ALCAN Highway as well as his educational and vocational history. She set forth that she supported SB 46 to recognize the contributions of African American soldiers who worked extremely hard on the Alaska Highway and completed the task in record time prior to the time that was given.

CHAIR DUNLEAVY thanked Ms. Gill and Mr. Beverly for his service to his country.

[3:55:18 PM](#)

JEAN POLLARD, Chair, Alaska Highway Memorial Project, Anchorage, Alaska, testified in support of SB 46. She set forth that it is time to recognize the achievements of the African Americans that built the Alaska Highway. She noted that when she graduated from college she did not know about the history of the Alaska Highway. She stated that SB 46 will ensure that future generations will learn about the contributions of the African American soldiers that built the Alaska Highway.

[4:00:53 PM](#)

VERDIE BOWEN, Director, Office of Veterans Affairs, Alaska Department of Military and Veterans Affairs, Anchorage, Alaska, testified in support of SB 46. He remarked that the greatest aspect of SB 46 is the fact that it recognizes a third of those that built the Alaska Highway and did so with less than the rest of the soldiers. He said the contribution by the African American soldiers proved that under great, extreme difficulties that not only were they the same soldier, but equal too. He said what the African American soldiers did on the Alaska Highway was just as significant as the military desegregation that occurred in 1948.

[4:02:30 PM](#)

BERT LARKINS, representing self, New Orleans, Louisiana, testified in support of SB 46. He revealed that his father was one of the black soldiers that built the Alaska Highway. He

disclosed that his father was ecstatic when he heard the black soldiers that built the Alaska Highway would be recognized for their accomplishment.

[4:05:28 PM](#)

MARK FISH, representing self, Big Lake, Alaska, testified in opposition of SB 46. He asked that SB 46 be amended to recognize all soldiers for an Alaska Highway Day. He disclosed that his grandfather had worked on constructing the ALCAN Highway. He admitted that the bill is well intended, but informed that both blacks and whites had worked together in a racially divided country for a common cause in building the ALCAN Highway.

[4:08:31 PM](#)

KAREN JONES, representing self, Wasilla, Alaska, testified in opposition of SB 46. She asked that the bill be amended to include all soldiers. She disclosed that her father was a civilian contractor on the Alaska Highway. She noted that her father endured challenging conditions during the highway's construction. She revealed that 12-men died on a resupply mission during construction. She pointed out that recent history has noted the contribution of black soldiers in the Alaska Highway's construction. She stated that October 25 should be a date that recognizes all that had served during a most difficult time in the nation's history.

[4:12:26 PM](#)

CHAIR DUNLEAVY closed public testimony.

[4:12:42 PM](#)

SENATOR GIESSEL moved to report SB 46, version 30-LS0431\A, from committee with individual recommendations and attached zero fiscal note.

[4:12:54 PM](#)

CHAIR DUNLEAVY announced that there being no objection, SB 46 moved from the Senate State Affairs Standing Committee.

SENATOR GIESSEL commented as follows:

I am happy to support this bill, but one of the things that I can't fail to notice is the Corps of Engineers approved this building of the road through wetlands and permafrost, it was built in less than a year, if only we could do that today.

CHAIR DUNLEAVY reiterated that SB 46 moved from committee. He noted that the Delta Junction area will be having a celebration during the upcoming summer in commemoration of the Alaska Highway's completion.

[4:13:48 PM](#)

At ease.

SB 21-PERMANENT FUND: INCOME; POMV; DIVIDENDS

[4:14:51 PM](#)

CHAIR DUNLEAVY announced the consideration of SB 21. He declared that public testimony is closed on SB 21.

[4:15:11 PM](#)

At ease.

[4:15:48 PM](#)

CHAIR DUNLEAVY called the committee back to order. He asked Senator Stedman, sponsor of SB 21, if he had any final comments or remarks.

[4:15:57 PM](#)

SENATOR BERT STEDMAN, Alaska State Legislature, Juneau, Alaska, sponsor of SB 21, said the bill is an integral part of a fiscal solution for Alaska. He commented as follows:

There are a lot of Alaskans that are very concerned that as we try to move through to a fiscal solution, the biggest pot of gold is the permanent fund sitting there, roughly \$57 billion, a very large, sweet target of which we could probably appropriate, us in the Legislature, somewhere around currently \$8 billion or \$9 billion and then maybe an additional \$4 billion or so of unrealized earnings. It's very easy to go in for us in the Legislature to appropriate large sums out of the permanent fund.

The concern is as we move forward to try to find a fiscal solution is that we ensure that the viability of the permanent fund stays intact and that we that were fortunate enough to live through the vast oil boom of the last four decades leaves something for our kids and our children's children on into the future, that we don't over the next decade just liquidate it or cripple it in a significant way. We are very fortunate to be stewards of the subsurface assets in

the State of Alaska unlike all other states, and it's incumbent upon us to look forward to the next generation.

Senate Bill 21 would basically ring-fence or set aside and protect the permanent fund from adverse withdrawals setting up a percent of market value management approach to it where you could only take out 4.5 percent per year of a 5-year moving average of the fund going back 6 years; and that [4.5] percent, 50 percent of that would go automatically to dividends, which is 2.25 percent, the other 50 percent would be available for us in the Legislature to appropriate either to the general fund to deal with fiscal issues at the time, when clearly that's the time we have today, but looking forward there will be a time when it's not needed and we can appropriate that back to the permanent fund to make the permanent fund grow faster, or add it to the dividends if we want to increase the dividends.

Now this structure is set up ignoring the current fiscal position of the state; in other words, the percentage withdrawal amount is driven by the asset allocation of the fund and its goal is to be in perpetuity. That 4.5 percent would allow the permanent fund to not change its management style and would block us from taking more than 4.5 percent out per year. It just so happens we are around the mid-50s in billions in the permanent fund, if we were at \$100 billion it would be double the numbers, and if we were at \$25 billion it would be half the numbers. The dividend calculation defaults out at \$1,700; now I know some folks around the state might think that's too big of a dividend and some folks might think it's too small of a dividend, but it's a 50-50 split and it happens to be the time frame we are in allowing that balance to be measured at about \$55 billion.

So that Mr. Chairman is what is in front of the committee on a second hearing. I think there's some amendments and some other discussions, but I just wanted to take a few minutes to frame it for the people at home because this is not a bill that fixes our physical deficit, it is a bill to protect the permanent fund from us, the Legislature, and to ensure that we have an intact, vast amount of wealth from our

oil boom going forward to future generations of Alaskans and we are not talking two or three generations, we are talking in perpetuity.

[4:20:51 PM](#)

SENATOR GIESSEL commented as follows:

I appreciate the carefulness that Senator Stedman has put into this bill. I especially like that 50-50 split. Certainly, citizens at home receiving their check in the mail can say, "Okay, this is how much I got and I know how much government got, I'm going to keep an eye on how they spend the 50 percent they got." I think that would create a more engaged citizenry and that's a good thing.

CHAIR DUNLEAVY asked Senator Stedman if he wanted to touch upon the future of the fund someday that there may be discussions about constitutionalization.

SENATOR STEDMAN explained as follows:

I've been asked how come I didn't write the bill and come forward with a constitutional amendment, it's because clearly, it's the constitution that protects the corpus of the permanent fund, we cannot spend it without authorization of the people. We can spend and have the authority to as the Legislature, as the appropriators, all of the earnings and trading profits of the fund which we call the earnings reserve.

There are two reasons why it's not requested as a constitutional amendment today. Number one is the cash-flow draws and needs in the current environment of the state, I don't think we have the time to get there right away. Also, I would like to see the opportunity for all of us in the Legislature to have a discussion with our constituents to make sure that they are onboard in protecting the permanent fund for future generations and they are comfortable with the endowment approach so that we can move forward. I think that would be nice if we could have that come after the statutory bill has passed, which is what we have in front of us and we have a thorough understanding at the public level.

This is very clear and transparent, this is not smoke and mirrors, there's not a lot of moving parts, it's very straight forward; and then, hopefully we will have the ability in the future to have a constitutional amendment and that would enclose the earnings account, basically there would be no need for it, it would just go away for all practical purposes, and we the Legislature could only get our hands-on 4.5 percent per year, and half of that then would go to the citizens for dividends.

We would not be able to take the easy road, which is vote huge chunks out of the earnings reserve which we can do today with a simple majority vote and a signature by the governor, we can easily move \$7 billion or \$8 billion this year, and to me it just makes me want to stay awake at night worrying about that, it's not any public servant I don't think ever came to Juneau to see that.

[4:23:59 PM](#)

CHAIR DUNLEAVY moved to adopt Amendment 1, labeled 30-LS0128\0.1:

30-LS0128\0.1
Martin
2/17/17

AMENDMENT 1

OFFERED IN THE SENATE

Page 1, line 2, following "**dividends;**":

Insert "**authorizing an advisory vote on legislative action that changes the calculation of the permanent fund dividend and the amount available for distribution from the earnings reserve account and making the legislative action contingent on the advisory vote receiving an affirmative majority vote;**"

Page 3, line 19:

Delete all material and insert:

"* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

ADVISORY VOTE. At a special election to be held on September 26, 2017, in substantial compliance with the election laws of the state, including absentee voting and the preparation, publication, and mailing of an election pamphlet under AS 15.58, the lieutenant governor shall place before the qualified voters of the state a question advisory to the legislature and the governor. The election pamphlet for the special election must comply with AS 15.58.020(a)(6), including the requirement that it contain statements that advocate voter approval or rejection of the question. Notwithstanding AS 15.80.005 and other laws relating to preparation of the ballot proposition, the question shall appear on the ballot in the following form:

Q U E S T I O N

Do you approve of the passage by the Alaska State Legislature of a bill that changes the calculation of the permanent fund dividend and the amount available for distribution from the earnings reserve account established under AS 37.13.145?

Yes [] No []

* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

NOTICE TO THE REVISOR OF STATUTES. The director of elections shall notify the revisor of statutes when the results of the election have been certified under AS 15.15.450 if the advisory vote authorized in sec. 6 of this Act receives an affirmative majority vote.

* **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT. Sections 1 - 5 of this Act take effect only if the director of elections notifies the revisor of statutes under sec. 7 of this Act that the question in the advisory vote under sec. 6 of this Act received an affirmative majority vote.

* **Sec. 9.** If, under sec. 8 of this Act, secs. 1 - 5 of this Act take effect, they take effect on July 1 in the year following the year in which the notice is given under sec. 7 of this Act.

* **Sec. 10.** Section 6 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 11.** Except as provided in secs. 9 and 10 of this Act, this Act takes effect July 1, 2017."

[4:24:08 PM](#)

SENATOR GIESSEL objected for purposes of discussion.

[4:24:18 PM](#)

CHRISTA MCDONALD, Staff, Senator Mike Dunleavy, Alaska State Legislature, Juneau, Alaska, said Amendment 1 places an advisory vote of the people to have SB 21 become effective and explained as follows:

- Section 6: is the language of the advisory vote that reads, "Do you approve of the passage by the Alaska State Legislature of a bill that changes the calculation of the permanent fund dividend and the amount of it available for distribution from the earnings reserve account?".
- Section 7: establishes that the Director of Elections will notify the reviser of statutes if the vote receives a majority.
- Section 8: creates a conditional requirement of an affirmative majority vote in order for Sections 1 to 5 of the bill to become effective which is SB 21 which you see before you.
- Section 9: states that Sections 1 to 5 of the legislation will take place on June 1 after an affirmative majority vote.
- Section 10: issues the advisory vote and states that it will become effective immediately.
- Section 11: is the rest of the effective dates of the bill.

CHAIR DUNLEAVY noted that the last advisory vote regarding the permanent fund went to the people 18 years ago. He pointed out the permanent fund is a unique instrument not just in this country, but worldwide. He admitted that there are varying opinions on the purpose of the permanent fund and the dividend, but explained that the reason he offered the amendment is that the people of Alaska are partners with their government

regarding the permanent fund issue and the 50-50 proposition. He said the people constitutionalized the permanent fund decades ago during a time when the Alaska Legislature was spending a lot of money and they wanted to figure out a way to preserve the money for future generations. He noted that after the permanent fund was constitutionalized, other instruments as well went to the people for a vote over a 12-year period, including the Constitutional Budget Reserve, the appropriations limit, and a statutory dividend.

[4:27:24 PM](#)

SENATOR GIESSEL expressed concern that the amendment calls for a vote of the people in less than 6 months. She pointed out that people may not completely understand the fiscal situation and the gravity of the decision. She added that the special election means there are extra costs and its turnout will be unpredictable. She stated that she is not convinced that the people's feelings will be received with clarity. She reiterated that she is not convinced that folks would understand the ramifications of a "yes" or "no" vote. She asked if he had considered the factors she noted in terms of a special election.

CHAIR DUNLEAVY replied that the people are probably more in tune with the permanent fund issue than many others that the Legislature deals with. He opined that the permanent fund issue is of such magnitude that the people of Alaska should be a part of it.

SENATOR EGAN noted that Senator Stedman is the sponsor of SB 21 and asked what his thoughts were on the proposed amendment.

[4:30:46 PM](#)

SENATOR STEDMAN replied as follows:

The committee of jurisdiction always makes bills better. I would like to see at the end of the day constitutional protection for the permanent fund and a percent-of-market value setup with a reasonable payout targeted toward the structure and longevity of the permanent fund, not our cashflow needs, and I think that's what the bill does. I always respect the will of the committees.

CHAIR DUNLEAVY noted that SB 21 is referred to another committee and continued discussions will address the contents of the bill. He suggested that the bill be moved to the next committee with the amendment. He asked if the objection was maintained.

SENATOR GIESSEL maintained her objection.

CHAIR DUNLEAVY asked that a roll call vote be taken on Amendment 1.

A roll call vote was taken. Senator Wilson and Chair Dunleavy voted in favor of Amendment 1 and Senators Giessel and Egan voted against it. Therefore, Amendment 1 failed by a 2:2 vote.

[4:32:41 PM](#)

At ease.

[4:45:14 PM](#)

CHAIR DUNLEAVY called the committee back to order. He asked if there was a motion to move SB 21.

[4:45:20 PM](#)

SENATOR GIESSEL moved to report SB 21, version 30-LS0128\O from committee with individual recommendations and attached fiscal note(s).

[4:45:30 PM](#)

CHAIR DUNLEAVY announced that there being no objection, SB 21 moved from the Senate State Affairs Standing Committee. He asked if there were any closing comments or questions.

SENATOR WILSON read a "Letter of Intent" from the Senate State Affair Committee regarding SB 21 as follows:

It is the intent of the Senate State Affairs Committee that when subsequent committees of referral in both bodies of the Alaska Legislature consider Senate Bill 21 (Permanent Fund: Income; POMV, Dividends), or any related legislation dealing with the use of the earnings of the Permanent Fund, that those committees strongly consider including the following elements.

1. Protection of the corpus of the Permanent Fund against the erosive effect of inflation over time.
2. A draw limit on the portion of earnings of the Permanent Fund drawn for use by state government.
3. A savings rule which captures and saves at least some peak revenue, and places these savings into the corpus of the Permanent Fund.

CHAIR DUNLEAVY announced that the letter of intent will be incorporated as the bill moves on to the next committee of referral. He asked if committee members had any closing comments.

SENATOR WILSON thanked Senator Stedman for putting forth SB 21. He said the issues that SB 21 addresses are complicated. He added that he appreciated the committee's time to address SB 21 and other bills related to the permanent fund. He opined that hopefully the next committees will spend time diving deep down into the issues that SB 21 addresses as well as listening to Alaskans. He stated that he is a strong believer of the government not having any more than what he has. He reiterated that he appreciates Senator Stedman's efforts and others' efforts put forth during the interim to work on the bill.

4:47:31 PM

CHAIR DUNLEAVY said he agreed with many of the sentiments that Senator Stedman stated. He reiterated that the permanent fund was constitutionalized decades ago because the people of Alaska did not trust the Legislature. He hoped that the state was not entering another period where Alaskans are going to question the Legislature's motives.

He set forth that he looked forward to working with Senator Stedman and others to ensure that the permanent fund is ring-fenced to make sure the worst possible fears are not realized. He added that he is going to keep pushing for the involvement of Alaskans in the protection of the permanent fund because they are partners in the process. He remarked that he was not sure Alaskans were going to support a plan that they are not a part of.

SENATOR GIESSEL addressed the letter of intent for SB 21 as follows:

The letter of intent is very positive, and I think really fits well with Senator Stedman's bill, SB 21; he has used the title "Grow and Guard the Permanent Fund" and I think we all agree with that.

The statement has been made, "The people of Alaska entrusting to their elected officials," and I agree with that, in fact I spoke about that on the Senate floor. I believe that trust was eroded when the governor vetoed 50 percent of the dividend in 2016; this is a grave, serious decision that the elected

officials of this body should be making with the deliberation we are going through right now.

I hope we can restore that trust through this deliberation with public comment and the various committees this bill will go through.

[4:49:47 PM](#)

CHAIR DUNLEAVY asked if there was a motion to move the letter of intent regarding the items that Senator Wilson had put into public record.

SENATOR GIESSEL moved that the letter of intent be attached to SB 21 as it moves through the committee process.

[4:50:12 PM](#)

CHAIR DUNLEAVY found no objection, and SB 21, with the letter of intent, was reported from the Senate State Affairs Standing Committee.

[4:50:18 PM](#)

There being no further business to come before the committee, Chair Dunleavy adjourned the Senate State Affairs Standing Committee at 4:50 p.m.