

Introduced: 3/21/75
Referred: Finance

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1 IN THE SENATE

2 SENATE BILL NO. 297

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska mineral lease bonus
7 permanent fund; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 37.11 is amended by adding new sections to read:

10 CHAPTER 11. PERMANENT [RENEWABLE RESOURCES] FUNDS.

11 ARTICLE 2. ALASKA MINERAL LEASE BONUS PERMANENT FUND.

12 Sec. 37.11.100. PURPOSE. The legislature finds and declares that
13 it is essential to preserve the revenue derived from mineral lease bonus
14 sales, a non-renewable resource, for future generations of Alaskans, and
15 further, that this purpose best can be served by preserving this income
16 in a permanent fund to be used for investment capital by Alaska resi-
17 dents.

18 Sec. 37.11.110. ALASKA MINERAL LEASE BONUS PERMANENT FUND. There
19 is established as a separate fund the Alaska mineral lease bonus perman-
20 ent fund. Receipts designated under sec. 120 of this chapter for deposit
21 in the permanent fund are to be held perpetually in trust for the benefit
22 of both present and future generations of Alaskans.

23 Sec. 37.11.120. FUND PRINCIPAL. Ninety-five per cent of the
24 receipts paid the state from mineral lease bonuses shall be deposited in
25 the permanent fund. These deposits shall be considered fund principal
26 and shall be invested in perpetuity in accordance with AS 37.10.070
27 (investment of surplus state funds). However, the types of investments
28 that may be made are limited to:

29 (1) obligations of, or obligations insured or guaranteed by,

1 the United States or agencies or instrumentalities of the United States;

2 (2) obligations secured by reserves paid in by the United
3 States or agencies or instrumentalities of the United States or obliga-
4 tions of corporations in which the United States is a shareholder or
5 member;

6 (3) notes issued by Farmer's Home Administration;

7 (4) bank certificates of deposit which are secured as to the
8 payment of principal and interest in accordance with Alaska law; or

9 (5) state loan programs that are designed by law as eligible
10 for permanent fund investment.

11 Sec. 37.11.130. USE OF FUND INCOME. (a) Income received from
12 investment fund principal may be:

13 (1) reinvested in investments authorized under sec. 120 of
14 this chapter;

15 (2) appropriated for the administration of the fund; or

16 (3) appropriated to provide funding for operating or capital
17 expenditures.

18 (b) Plans for expenditures of fund income under (a) of this section
19 shall be prepared in detail by the appropriate state department or agency
20 and shall be submitted by the governor in accordance with the Executive
21 Budget Act (AS 37.07) as part of his annual budget presentation to the
22 legislature.

23 Sec. 37.11.140. PROTECTION OF PRINCIPAL. An investment transaction
24 involving fund principal which results in an actual dollar loss of prin-
25 cipal shall be reimbursed in full from fund income before additional
26 income is expended.

27 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
28 070(c).