

HOUSE BILL NO. 189

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES BOYER, Davidson, Koponen, B.Davis, Ulmer, Brown, Moyer, C.Davis

Introduced: 3/6/91

Referred: Health, Education & Social Services, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska heritage endowment fund and amending the responsibilities
2 of the Alaska State Museum and of the Museum Collections Advisory Committee; and
3 providing for an effective date."

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

5 * **Section 1. FINDINGS AND PURPOSE.** (a) The legislature finds that

6 (1) cultural, artistic, archival, and scientific materials represent and document Alaska's
7 land and people from prehistoric times to the present;

8 (2) archival material and artifacts relate historical events and personalities, provide for
9 advancement of historical and scientific research, and communicate information about the history of the
10 state from one generation to another;

11 (3) Alaska Native art and antiquities, historical art, and contemporary artistic
12 achievements are an integral part of the state's cultural diversity and provide a basis for understanding
13 our individual and collective identity;

14 (4) much of Alaska's cultural and historic resources have been and remain in great

1 demand nationally and internationally, as a consequence of which the state has been stripped of a
2 substantial portion of its material cultural heritage; the process continues with sale from in-state
3 collections to nonresidents of works of significant artistic or historical value;

4 (5) acquisition, a primary function of museums, historical libraries, and archives is a
5 process that is necessarily carefully planned and highly selective in order that collections be capable of
6 supporting the long-range goals of a large and diverse constituency;

7 (6) it is not possible for public institutions to develop a balanced and planned collection
8 by means of donations alone; recent changes in federal tax laws have diminished donations as a principal
9 source of money to sustain the development of balanced and planned collections; at the same time, while
10 many individuals who possess materials important to Alaska would like to assure that those materials
11 remain in the state or return to it, they often find it impossible to make the necessary financial sacrifice
12 that attaches to donation of those materials;

13 (7) purchased acquisitions enable public institutions to develop their collections
14 systematically in accordance with established long-range plans;

15 (8) public institutions that are charged with responsibility for development and
16 maintenance of collections must respond to acquisition opportunities as they arise, but the availability
17 of premiere Alaskan objects and collections by acquisition cannot be predicted;

18 (9) a lack of access at all times to funding for major acquisitions results in the loss of
19 opportunity to acquire essential material; once missed, the acquisition opportunity may be one that is
20 gone forever;

21 (10) the establishment of an endowment as a source of income would materially assist
22 Alaska's public institutions to compete successfully to acquire exceptional cultural and historical
23 materials and resources for retention within the state and for return to the state.

24 (b) To secure to Alaskans in this and future generations the pride, identity, and importance that
25 attaches to the state's heritage of cultural and historical resources, the legislature is establishing the
26 Alaska heritage endowment fund, the income from which will provide a stable source of money for the
27 state's acquisition of outstanding Alaskan Native art, historical Alaska art, historical objects, and archival
28 material.

29 * Sec. 2. AS 14.57.050(b) is amended to read:

30 (b) Artifacts, natural history specimens, art objects, collections, or other items, materials
31 or properties that relate to the history of Alaska and are appropriate for preservation in the state

1 museum of a value of \$1,000 or more may not be acquired by purchase, gift, or exchange, or
2 otherwise [,] nor may any item owned by, or in the custody of, the state museum be disposed of
3 by sale, gift, exchange, or otherwise, without the written approval of the committee. In
4 recommending the acquisition or disposal of an item under this subsection for the state
5 museum, the committee shall evaluate the need for the item or collection proposed for
6 acquisition or disposal with reference to the long-range goals of the state museums.

7 * Sec. 3. AS 14.57.080 is amended to read:

8 Sec. 14.57.080. DEFINITION [DEFINITIONS]. In AS 14.57.020 - 14.57.080, [THIS
9 CHAPTER] "committee" means the state Museum Collections Advisory Committee.

10 * Sec. 4. AS 14.57 is amended by adding new sections to read:

11 ARTICLE 2. USE OF NET INCOME OF ALASKA HERITAGE ENDOWMENT FUND.

12 Sec. 14.57.100. ACQUISITIONS. Subject to appropriation by the legislature for the
13 purpose, the director may use the balance of the net income account of the Alaska heritage
14 endowment fund under AS 37.14.310 to acquire culturally or historically significant artifacts,
15 natural history specimens, art objects, collections, and other items, materials, or properties that
16 represent and document Alaska's land, natural history, and people for

- 17 (1) the state museum and any of its branches;
18 (2) the state library, state historical library, and state archives;
19 (3) the museum of the University of Alaska; and
20 (4) museums and libraries established and operated by municipalities and by

21 nonprofit corporations qualified to conduct operations in the state, but only if the museum or
22 library has demonstrated, to the satisfaction of the director, an ability to provide adequate
23 protection and care of collections in its possession in accordance with generally accepted
24 professional practices and standards.

25 Sec. 14.57.110. OWNERSHIP OF ACQUIRED ITEMS. Except when ownership of an
26 item is transferred under AS 14.57.120(c), an item acquired under AS 14.57.100 becomes the
27 property of the state museum.

28 Sec. 14.57.120. CRITERIA APPLICABLE TO ACQUISITIONS FROM THE FUND.

29 (a) In making acquisitions from the net income account of the fund, the director shall attempt
30 to eliminate or reduce competition among institutions making acquisitions for permanent
31 collections.

1 (b) The director shall establish by contract the terms and conditions of custody,
2 protection, conservation, and exhibition of an item acquired by the state museum if the item is
3 acquired and custody of it is assigned to another institution.

4 (c) Subject to approval given by the Museum Collections Advisory Committee under
5 AS 14.57.050(b), the director may

6 (1) transfer ownership of an item to an institution having custody of an item
7 acquired from the net income account of the fund if the director is satisfied that the institution
8 will provide necessary care and protection of the item; or

9 (2) assign long-term custody of an item to an institution having custody of an
10 item acquired from the net income account of the fund if the director is satisfied that the
11 institution to which custody of the item is transferred will provide necessary care and protection
12 of the item.

13 Sec. 14.57.130. DISPOSITION OF ACQUIRED ITEMS. Subject to approval of the
14 Museum Collections Advisory Committee under AS 14.57.050(b), the director may sell,
15 exchange, or otherwise convey title to an item acquired from the net income account of the fund
16 in accordance with generally accepted principles governing the disposal of these items.

17 Sec. 14.57.199. DEFINITIONS. In AS 14.57.100 - 14.57.199,

18 (1) "director" means the director of the state museum;

19 (2) "fund" means the Alaska heritage endowment fund established in
20 AS 37.14.300;

21 (3) "net income account" means the account established in AS 37.14.310.

22 * Sec. 5. AS 37.14 is amended by adding new sections to read:

23 ARTICLE 4. ALASKA HERITAGE ENDOWMENT FUND.

24 Sec. 37.14.300. ALASKA HERITAGE ENDOWMENT FUND ESTABLISHED. The
25 Alaska heritage endowment fund is established as a separate endowment trust fund of the state.
26 The principal of the fund consists of

27 (1) legislative appropriations to the fund; and

28 (2) gifts, bequests, and contributions of cash or other assets made by a person who
29 has specified their placement in the fund principal.

30 Sec. 37.14.310. NET INCOME ACCOUNT. (a) The net income account is established
31 in the Alaska heritage endowment fund. The net income account of the fund consists of

1 (1) money and other assets given by persons to the fund whose placement in the
2 principal of the fund is not required by AS 37.14.300(2);

3 (2) amounts earned on the investment of gifts, bequests, and contributions of cash
4 or other assets whose placement in the principal of the fund is required under AS 37.14.300(2);
5 and

6 (3) subject to legislative appropriation, the net income of money appropriated to
7 the principal of the fund under AS 37.14.300(1); the net income of the fund shall be determined
8 by the commissioner of revenue in accordance with investment accounting principles and in a
9 manner that preserves the distinction between principal and income.

10 (b) Unless otherwise provided by the act making an appropriation under (a)(3) of this
11 section, an amount appropriated to the net income account under (a)(3) of this section does not
12 lapse.

13 Sec. 37.14.320. POWERS AND DUTIES OF THE COMMISSIONER OF REVENUE.

14 The commissioner of revenue is the treasurer of the fund and has the power and duty to

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

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

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

20 (4) invest and reinvest the assets of the fund as provided in this section and as
21 provided for the investment of funds under AS 14.25.180(c) and AS 37.14.170;

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

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

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

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

29 (9) report to the commission the condition and investment performance of the
30 fund;

31 (10) do all acts, whether or not expressly authorized, that the commissioner of

1 revenue considers necessary or proper in administering the assets of the fund.

2 Sec. 37.14.330. USE OF FUND. (a) The principal of the fund and any capital gains or
3 losses realized on the principal shall be retained perpetually in the fund for investment as
4 specified in AS 37.14.320.

5 (b) The balance of the net income account of the fund may be appropriated for the
6 following purposes:

7 (1) reimbursement to the Department of Revenue for the costs of establishing and
8 managing the fund;

9 (2) the administrative expenses of the Museum Collection Advisory Committee
10 relating to acquisitions from the fund, as determined by the legislature; and

11 (3) acquisitions authorized by AS 14.57.100 - 14.57.199.

12 (c) Realized net income that has not been appropriated, or that has been appropriated but
13 not expended, shall be invested until appropriated or expended.

14 Sec. 37.14.340. DEFINITION. In AS 37.14.300 - 37.14.340, "fund" means the Alaska
15 heritage endowment fund established by AS 37.14.300.

16 * Sec. 6. This Act takes effect July 1, 1991.