

SCOMM

#9:176

MINUTES

House Special Committee on
the Alaska Permanent Fund

February 21, 1978 11:00 AM
Room 124, Capitol

The meeting was called to order by Chairman Gruening.
Committee members Rep. Haugen, Rep. Hayes, Rep. Meekins and
Committee staff Mike Doogan and Tom Singer were present.

Under discussion was HB 682 and Tom Singer's memo consolidating
changes to 682 of 2/9/78.

Item 1: It was moved by Rep. Gruening to substitute
"seasonal" for "unstable" and "non-stable" on p.1, l. 24 &
27. After discussion, it was decided to find another word
and the motion was withdrawn.

Item 2: Rep. Gardiner moved to adopt and there was no
objection.

Item 3: Rep. Meekins moved to adopt and there was no
objection.

Items 4 and 5: Rep. Gardiner moved to adopt and there was
no objection.

Item 6: After discussion the item was deferred.

Item 9: Rep. Gardiner moved to delete "board" from
p.5, line 14 and there was no objection.

Item 10: Rep. Gruening moved to delete "public" p. 6, l. 14
and to delete "groups" and strike the rest of the subsection
after "state" on line 15. There was no objection.

Item 11: Rep. Gardiner moved to delete "have" and add "are"
and after "income producing" add "and economically viable"
on page 6, line 19. There was no objection.

Rep. Meekins moved to reserve item 10 until next meeting and
there was no objection.

The meeting adjourned at 12:00 PM.

M E M O R A N D U M

To: Subcommittee on the Renewable Resources Development
Fund of the House Special Committee on the Alaska
Permanent Fund.

From: Tom Singer
Administrative Assistant

Subject: HB 682 Nonrenewable Resource Revenues

Date: 2/9/78

SUGGESTED CHANGES

Seasonal
no-
1. Page 1, lines 23-24 and 27: The phrases "high unemployment and unstable economy" and "sporadic and non-stable development" might be rephrased. The legislature might more properly find that Alaska's economy and unemployment are seasonal in nature, particularly those portions of the economy and employment relating to renewable resources. *by Tim Wallace per Mike Joogan*

adopted
2. Page 2, line 1, delete "reductions in" and substitute "insufficiency of".

adopted
3. Page 2, line 5, following the word "state" add "and a lack of scientific information concerning the resources;".

adopted
4. Page 2, line 24, following the word "achieve" delete "their most appropriate use" and substitute "an appropriate use of the resources."

5. Page 2, line 26, following the word "state" add "which will constitute an appropriate use of the resources;".

deferred
6. Page 3, lines 7-9: These lines (subsection b of 37.12.050) substantially limit the amount of money available for investments and grants as provided in the rest of HB 682. Also, line 8, following the word "source", add "except income received under AS 37.11.070 from investment fund income".

no
7. Page 3, lines 23-24; Page 4, lines 5-6: The Committee might want to consider an alternate approach to the matter of legislative approval of removal of a trustee. Such an alternate approach would make removal legal if not specifically disapproved by a majority of the legislature in joint session.

no -
8. Page 4, lines 19-20: The matter of durational residency is complex and in continual litigation. If the committee finds that it wants to retain durational residency for trustees, then it might consider adding the usual boilerplate section saying that if any portion of the bill is found unconstitutional then the rest of the bill still stands.

*adopted
per
minutes*

9. Page 5, line 14: This limits trustees and employees from "board activity" if they have an investment. Should this be changed to "all activity" so that, for instance, an employee cannot do any work preliminary to board action?

*Adopt
in concept
per min.*

10. Page 6, lines 15-17: What does "in order to facilitate investment by the board in specific projects which do not warrant direct supervision by the corporation" mean? If the corporation is to be responsible to the public for its investments, it can be assumed that some supervision will be required for all investments.

11. Page 6, line 19, ~~delete "have income producing potential"~~ and substitute "~~and~~ economically viable".

12. Page 6, lines 20-23, delete all material and substitute:

(13) provide grants to state agencies, municipalities, or non-profit corporations only for projects for the rehabilitation, enhancement, and development of a common property resource or which have potentially broad application to the public;

The Committee may want to substitute the word "and" for "or" in the fourth line of this section to limit grants to those which achieve both conditions. With "or", a grant can be made for projects "which have potentially broad application to the public", a rather broad power.

13. Page 6, line 24, delete "to implement this chapter" and substitute "governing the exercise of its corporate powers".

14. Page 6, lines 25 and 26, delete all material and substitute:

(15) deposit funds, or invest surplus funds through the permanent fund (AS 37.13) in such obligations as the board of trustees of the Alaska Renewable Resources Corporation may determine;

15. Page 6, line 25, page 12, line 29 and page 13, line 1:

(a) "permanent fund" should read "Alaska Permanent Fund Corporation".

(b) These sections seem to be in conflict. The first gives cash management authority to the APFC, the second to the commissioner of revenue. Shouldn't these sections be made consistent?

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16. Page 8, lines 5-7, delete all material and substitute:

(C) sufficient capital is not available from other sources on reasonable terms;

17. Page 8, lines 24 and 25 delete all material.

18. Page 8, line 28, following the word "utilized" delete "when other mechanisms are not feasible and when the benefits of the grant will accrue to the general public" and substitute "as authorized by Sec. 37.12.150 (13)."

19. Page 9, line 2, add:

(3) require investments made by the corporation to be secured by means determined to be appropriate by the board.

20. Page 9, line 5, following the word "invest" add "or otherwise provide financial assistance of".

21. Page 9, line 9, following the word "than" delete "25" and substitute "49".

22. Page 9, line 13, following the word "of" delete "10" and substitute "30".

23. Page 10, line 4, delete "grant" and substitute "provide".

24. Page 10, line 8, the Committee may want to consider adding a durational requirement (three years) because the state has an overriding interest in distributing the benefits of this program to Alaskans who have been here longer than 30 days.

25. Page 10, lines 9 and 10, delete "it is owned by a majority who are residents of the state" and substitute "the majority interest is beneficially owned by residents of the state and a majority of the owners are residents of the state."

26. Page 10, line 24, following the word "chapter" add "detailed infrastructure requirements required by or complementary with corporation investment activity."

27. Page 11, lines 5 and 6, delete "directly appropriated by the legislature only as authorized" and substitute "appropriated".

28. Page 11, line 10, delete "a certified public accountant" and substitute "an independent outside auditor".

29. Page 11, line 19, add:

Sec. 37.12.230. TAX EXEMPTION. The corporation is exempt from all taxes and assessments in the state. All security instruments issued by the corporation, their transfer, and their income are exempt from all taxes and assessments in the state. (from HB 596)

Sec. 37.12.240. EMPLOYMENT PRACTICES. (a) In the performance of contracts let by a recipient of financial assistance under this chapter for construction, repair, preliminary surveys, engineering studies, consulting, maintenance work or any other retention of services necessary to complete any project for which the assistance was made, 95 per cent residents shall be employed where they are available and qualified. If 10 or fewer persons are employed under the contract, then 90 per cent residents shall be employed where they are available and qualified.

(b) The commissioner of commerce and economic development shall incorporate into all lending instruments issued under this chapter the provisions of (a) of this section and a provision calling for immediate foreclosure of the loan for violation of the provisions of (a) of this section.

(c) In addition to immediate foreclosure of his loan, as provided in (b) of this section, a borrower who violates the provisions of (a) of this section is ineligible for any loan under this chapter for 10 years following the violation.

(d) Municipalities and state agencies and departments when contracting for services concerning any aspects of administration and financing of the fund shall comply with AS 36.10. (from SB 429)

Sec. 37.12.250. TECHNICAL ASSISTANCE. Before a project is approved for financial assistance, the corporation shall perform a study to determine its economic and technical feasibility. If the project is subsequently approved for financial assistance, the corporation shall provide such technical assistance as is considered necessary and desirable by the board. The cost of the study and assistance provided under this section shall be borne by the corporation. (from SB 429)

OR

Sec. 37.12.250. TECHNICAL ASSISTANCE. (a) The corporation may provide financing for pre-investment activities including feasibility studies, when, in its opinion, the proposed investment is of high priority and the financing is not available from other sources on reasonable terms and conditions. Amounts so advanced may form a part of a later investment, if the enterprise or project is financed by the corporation.

(b) The corporation may provide for technical and management advice and assistance to proposed and actual investments as it considers necessary in the circumstances.
(from HB 298)

Sec. 27.13.260. PUBLIC ACCESS TO INFORMATION. Information in the possession of the corporation is a public record, except that information which discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record. Confidential information may be disclosed only for the purposes of an official law enforcement investigation or when its production is required in a court proceeding. These restrictions do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports, items, persons, or enterprises.
(from HB 596)

30. Page 11, lines 23 and 24, delete all material.
31. Page 12, line 15, following the word "fund" add "or the Alaska Renewable Resources Corporation".
32. Page 12, line 27, following the word "fund" add "or the Alaska Renewable Resources Corporation".
33. Page 13, line 5, following the word "shall" add "be allocated to the Alaska Renewable Resources Corporation".
34. Page 13, line 19, delete "1982" and substitute "1988".