

HOUSE
COMMITTEE REPORT

(11)

Date referred: 4/11/86

FURTHER REFERRALS:

DATE: 5-2-86

The FINANCE Committee has considered HB 705

"An Act relating to the Alaska research development endowment."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 705 (FIN) same title

new title

and recommends no recommendation

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

Robert Adams
John Coughlin
William ...
Mark ...
John Bailey

SIGNING OTHER RECOMMENDATIONS:

Jim ... - no Rec.
Ronald J. ... - no Rec.
Pat ... no rec
Rich ... NO REC
Steve ... No Recommendation
Joe ... No Rec

Robert Adams
Chairman

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 4/9/86

REQUEST

Bill/Resolution No. : HB 705 (FIN)
 Title : Re: the Alaska Research Development Endowment
 Sponsor : Finance
 Requestor : House Finance Committee
 Date of Request : 4/9/86

FISCAL DETAIL

Agency Affected : Al. Research Development
 BRU : Endowment
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING : (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

The Endowment is required to use revenue generated from its investments as the source of funds for its operating budget. No impact on state general funds is anticipated.

Prepared by : *Robert P. Cook* Phone : 465-3706
 Division : House Finance Committee Date : 4/9/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 705 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska research development
7 endowment; and providing for an effective date."

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

9 * Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that it
10 is necessary to obtain the research information that will be needed to give
11 the state the best attainable future over the next 50 to 100 years or more.

12 (b) The legislature further finds that research is needed for the
13 wise development and use of the state's natural resources. These research
14 areas include energy, mineral resources, fisheries, forestry, and food and
15 agriculture; and also the collection, storage, and dissemination of in-
16 formation; the state's transportation systems; and materials research and
17 engineering.

18 (c) Research is also needed to provide for the care and preservation
19 of the state's natural resources and the culture and heritage of its di-
20 verse peoples. These research areas include man-made changes in weather
21 and climate, including the possibility of a warming trend of the whole
22 earth; environmental protection; and archaeological, anthropological, and
23 linguistic studies of the Native populations.

24 (d) The legislature further finds that research is needed to protect
25 the health and well-being of Alaskans. Three topics are considered: health
26 and disease; social pathology; and building construction and maintenance.

27 (e) Research is also needed on topics for which Alaska is a "natural
28 laboratory" compared with other parts of the nation, and research on topics
29 that support and contribute to improvements in many of the topics listed

1 above. These research areas are: the upper atmosphere; weather and cli-
2 mate; geology; natural hazards; snow, ice, and permafrost; northern oceans;
3 and human resources.

4 (f) The legislature finds that the principle of a partnership of
5 interest among government, academia, business, industry, and residents of
6 Alaska is essential in accomplishing the intent and purposes of this Act.

7 * Sec. 2. AS 14 is amended by adding a new chapter to read:

8 CHAPTER 55. ALASKA RESEARCH DEVELOPMENT ENDOWMENT.

9 Sec. 14.55.010. ALASKA RESEARCH DEVELOPMENT ENDOWMENT. (a)
10 Under art. IX, sec. 17, Constitution of the State of Alaska, there is
11 established the Alaska research development endowment. At least 20
12 percent of all royalties and royalty sale proceeds received by the
13 state from natural gas from the area north of the Alaska Range shall
14 be deposited in the Alaska research development endowment; however,
15 the total deposits from royalties and royalty sale proceeds may not
16 exceed \$1,000,000,000. These deposits shall be considered fund
17 principal and shall be invested by the commissioner of revenue in
18 accordance with AS 37.10.070, except that income from investment of
19 the endowment may not be held for investment, but shall be used to
20 provide funds for research grants, and the costs of administration of
21 the endowment as provided in this chapter.

22 (b) The Alaska research development endowment shall be managed
23 by the Alaska Research Development Corporation established under this
24 chapter.

25 Sec. 14.55.020. ALASKA RESEARCH DEVELOPMENT CORPORATION. There
26 is established the Alaska Research Development Corporation. The
27 corporation is a public corporation in the Department of Revenue, but
28 has a legal existence independent of and separate from the state. The
29 corporation is managed by the board of directors. Exercise by the

1 board of the powers conferred by this chapter is an essential govern-
2 mental function of the state.

3 Sec. 14.55.030. COMPOSITION AND QUALIFICATIONS OF BOARD OF
4 DIRECTORS. (a) The board of directors of the corporation consists of
5 11 members appointed by the governor and two ex officio members.

6 (b) The board shall establish an independent nominating commit-
7 tee which shall provide to the governor a list of two or more well
8 qualified candidates for each vacancy. The governor may consider
9 these candidates before appointing directors.

10 (c) At least eight of the members must be state residents.
11 Based on experience and achievement in their profession and in soci-
12 ety, at least four of the members must have professional recognition
13 in the business community, at least four must have professional recog-
14 nition in the academic community, and at least three must have profes-
15 sional recognition in federal, state, or foreign government.

16 (d) The governor and the president of the University of Alaska
17 are ex officio members of the board.

18 (e) The board shall annually elect a chairman and other neces-
19 sary officers from among its members.

20 Sec. 14.55.040. TERM OF OFFICE. The members of the board serve
21 six-year terms and may be reappointed. Terms shall be staggered.

22 Sec. 14.55.050. REMOVAL AND VACANCIES. (a) The governor may
23 remove a board member from office. A removal by the governor shall be
24 in writing and state the reason for removal. A board member who is
25 removed by the governor may not participate in board business and may
26 not be counted for the purpose of establishing a quorum after the
27 member receives written notice of removal from the governor.

28 (b) A vacancy on the board shall be promptly filled by appoint-
29 ment by the governor. The governor may consider names on the list

1 provided by the nominating committee under AS 14.55.030(b). An ap-
2 ppointee to fill a vacancy holds office for the balance of the term for
3 which the appointee's predecessor on the board was appointed.

4 (c) A vacancy on the board does not impair the authority of a
5 quorum of the board to exercise all the powers and perform all the
6 duties of the board.

7 Sec. 14.55.060. QUORUM. (a) Seven members of the board consti-
8 tute a quorum for the transaction of business and the exercise of the
9 powers and duties of the board.

10 (b) Members of the board serve without compensation, but are
11 entitled to per diem and travel expenses authorized by law for boards
12 under AS 39.20.180.

13 Sec. 14.55.070. CONFLICTS OF INTEREST. The members of the board
14 and compensated employees are subject to the provisions of AS 39.50.

15 Sec. 14.55.080. CORPORATION STAFF. The board shall employ and
16 determine the salary of an executive director. The executive director
17 may, with the approval of the board, select and employ additional
18 staff as necessary. The executive director and all employees of the
19 corporation are in the exempt service under AS 39.25.

20 Sec. 14.55.090. POWERS. In carrying out the powers of the
21 corporation, the board may

- 22 (1) adopt, alter, and use a corporate seal;
23 (2) prescribe, adopt, amend, and repeal bylaws;
24 (3) sue and be sued in the name of the corporation;
25 (4) enter into agreements necessary to the exercise of its
26 powers and functions;

27 (5) accept grants from and contract with the federal gov-
28 ernment and the state or its political subdivisions and to that end
29 comply with the provisions of federal, state, or local programs when

1 necessary, except that it may not enter into agreements in which a
2 permanent state or local government position is financed or partially
3 financed in connection with a project;

4 (6) accept grants and loans from and contract with sources
5 other than those in (5) of this section for the purposes of the work
6 of the corporation;

7 (7) collect, store, and disseminate knowledge of Alaska and
8 the north;

9 (8) appear on behalf of the corporation before boards,
10 commissions, departments, or other agencies of municipal, state, or
11 federal government or international bodies;

12 (9) acquire, hold, use, lease, sell, or otherwise dispose
13 of property of any kind, real, personal, or mixed, or an interest in
14 it;

15 (10) hold patents, copyrights, trademarks, royalties or
16 other evidences of protection or exclusivity issued under the laws of
17 the United States or any state or nation obtained by persons receiving
18 assistance from the corporation;

19 (11) adopt regulations governing the exercise of its powers;
20 and

21 (12) do everything necessary or desirable to carry out the
22 purposes of the corporation.

23 Sec. 14.55.100. DUTIES. The board may distribute grant funds to
24 private individuals, companies, schools, universities, governmental
25 agencies, and research and development entities for the conduct of
26 research.

27 Sec. 14.55.110. BUDGET AND APPROPRIATIONS. The corporation is
28 subject to the provisions of the Executive Budget Act (AS 37.07).

29 Sec. 14.55.120. CORPORATION BUDGET. The revenue generated by

1 the corporation's investments must be identified as the source of the
2 operating budget of the corporation in the state's operating budget
3 under the Executive Budget Act (AS 37.07). The unexpended and unobli-
4 gated balance of the corporation's annual operating budget does not
5 lapse into the general fund at the end of the fiscal year but shall be
6 treated as income under AS 14.55.010.

7 Sec. 14.55.130. ANNUAL REPORT. The board shall prepare an
8 annual report of its activities and submit a copy of the report to the
9 legislature. The annual report shall be transmitted to the legisla-
10 ture at the beginning of each regular session. The report shall
11 include a description of the research grants paid by the corporation
12 and any other information that the board determines should be included
13 to describe the work of the corporation.

14 Sec. 14.55.200. DEFINITIONS. In this chapter

15 (1) "board" means the board of directors of the Alaska
16 Research Development Corporation;

17 (2) "corporation" means the Alaska Research Development
18 Corporation; and

19 (3) "endowment" means the Alaska research development
20 endowment.

21 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

22 (24) employees of the Alaska Research Development Corpo-
23 ration.

24 * Sec. 4. AS 39.50.020(a) is amended by adding a new paragraph to read:

25 (48) board of directors and compensated employees of the
26 Alaska Research Development Corporation (AS 14.55).

27 * Sec. 5. Notwithstanding AS 14.55.040, added by sec. 2 of this Act,
28 the initial terms of members of the board of directors of the Alaska Re-
29 search Development Corporation shall be set under AS 39.05.055(2).

1 * Sec. 6. Notwithstanding AS 14.55.030(b), added by sec. 2 of this Act,
2 the initial members of the board of directors of the Alaska Research Devel-
3 opment Corporation shall be selected and appointed by the governor.

4 * Sec. 7. This Act takes effect on the effective date of an amendment
5 to the Constitution of the State of Alaska creating the Alaska research
6 development endowment.

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STATE OF ALASKA 1986 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: 5/2/86

REQUEST

Bill/Resolution No: HB 705/HJR 71
 Title: Proposing amendments to the Constitution of the State of Alaska creating the Alaska Research Development
 Sponsor: Senate HESS
 Requestor: Senate Resources
 Date of Request: April 29, 1986

FISCAL DETAIL

Agency Affected: Alaska Research Development Endowment
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE		(480.0)	(480.0)	(480.0)	(480.0)	(480.0)

FUNDING: (Thousands of Dollars)

GENERAL FUND		(480.0)	(480.0)	(480.0)	(480.0)	(480.0)
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL		(480.0)	(480.0)	(480.0)	(480.0)	(480.0)

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

This bill dedicates 20% of all state royalties and royalty sale proceeds from North Slope natural gas to the Alaska Research Development Endowment. Currently, approximately \$2.4 million is received by the state from those sources. Consequently, \$480.0 would be dedicated. (2.4 million divided by 2 equals \$480.0)

Prepared By: Charles Logsdon *For*
 Division: Research/Commissioner's Office

Phone: 465-3706
 Date: May 2 1986

Approved by Commissioner: *Mary Jo Hurdale*
 Agency: Department of Revenue

Date: May 2, 1986

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Fiscal Note Analysis
HB 705 and HJR 71

Average expected and risk adjusted contribution to the Alaska
Research Development Endowment as Proposed BY HJR 71 and HB 705 based on
Department of Revenue March 1986 petroleum revenue forecast.
(millions \$)

Fiscal Year	Average Expected North Slope Gas Royalties	30% Case North Slope Gas Royalties	Average Expected Contribution to ARDE	30% Case Contribution to ARDE
1987	2.72	2.72	.544	.544
1988	2.84	2.82	.568	.564
1989	2.74	2.70	.548	.540
1990	2.47	1.31	.494	.262
1991	2.54	1.64	.508	.328
1992	2.64	1.13	.528	.226
1993	3.83	0	.766	0
1994	4.73	0	.946	0
1995	29.95	0	5.99	0
1996	31.45	0	6.29	0
1997	53.14	5.98	10.62	1.19
1998	56.25	6.16	11.25	1.23
1999	59.72	6.46	11.94	1.29
2000	95.79	6.46	19.15	1.29

James
5/2/86 ✓

Original sponsor: Finance Committee

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BY THE FINANCE COMMITTEE

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

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12 ety, at least four of the members must have professional recognition
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15 sional recognition in federal, state, or foreign government.

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27 member receives written notice of removal from the governor.

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Alaska State Legislature

STEVE FRANK

DISTRICT 20A
Finance Committee

1125 Sunset Drive
Fairbanks, Alaska 99701
(907) 452-3421



White in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-3709

House of Representatives

MEMORANDUM

TO: House Finance Committee Members
FROM: Representative Steve Frank
DATE: May 1, 1986
RE: Alaska Research Development Endowment
HCR 71 & HB 705

HCR 11, approved by the legislature last year, set the stage for the introduction of HCR 71 and HB 705 creating the Alaska Research Development Endowment (ARDE).

Under HCR71, ARDE is designed to be a vehicle to determine and fund the necessary research to meet the challenge of Alaska's future. The idea is to constitutionally dedicate to research a small percentage of our total resource revenues, specifically our natural gas resources north of the Brooks Range, most of which are not currently being developed.

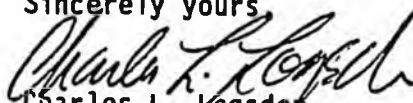
The Alaska Research Development Corporation, which would be created by the passage of HB705, would identify those projects which could unlock the knowledge necessary for the development of the state's natural resources, preserve the heritage and culture of Alaska's people and fund research necessary to protect the health and welfare of the people of our state. ARDE would merely identify and fund the research projects, not perform the actual research. The research would be conducted by grant recipients including individuals, universities, companies, and governmental agencies.

The scope of ARDE's efforts would be directed toward the entire state, not just the Arctic region, as the Federal Arctic Science and Policy Act is. ARDE would dovetail the Federal Act as well as compliment research currently being done through the University of Alaska's Organized Research. As

Rep. Steve Frank
Page 2
April 17, 1986

In our March 1986 Forecast we estimated North Slope gas royalties equal to \$212 million in FY 2000 (adjusted for probability of system completion).

Sincerely yours,



Charles L. Logsdon
Petroleum Economist

CLL:ds

STATE OF ALASKA

DEPARTMENT OF REVENUE

PETROLEUM RESEARCH DIVISION

BILL SHEFFIELD, GOVERNOR

550 W. 7TH AVENUE, SUITE 550
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-5364

April 17, 1986

The Honorable Steve Frank
Alaska State Legislature
PO Box V
Juneau, Alaska 99811

Dear Representative Frank:

Unfortunately many of the cost and pricing issues concerning the Trans Alaska Gas System (TAGS) are not easy to pin down. I have attempted to answer your questions about expected gas royalties using the best data we have available which includes information from the Department of Natural Resources and gas prices used in our petroleum production revenue forecast.

1. Assuming that a TAGS is built how much gas would be transported annually through the line?

We estimate roughly 1.8 bcf/day.

2. How much royalty is currently received by the State from North Slope gas?

We received \$163,350 for January 1986 production.

3. What wellhead values are currently reported for North Slope gas and what values would you expect to be reported if an economically feasible TAGS was built?

The prices vary considerably by producer. No doubt legal action will be undertaken at some time to determine what price is correct. This January at Prudhoe Bay SOHIO reported a price of \$.25/mcf while Exxon reported a price of \$3.37/mcf. The average price reported for royalties was \$.51/mcf. ARCO reported a price of \$1.91/mcf for Kuparuk production.

The wellhead price assuming TAGS in place will depend on the world gas price and the transmission system cost. Given the high cost of the transmission system and the poor outlook for energy prices, the wellhead price may be quite close to zero.

4. How much in royalties would you expect the State to receive annually from North Slope gas if TAGS is built?

For every \$1.00/mcf at the wellhead with an assumed production level of 1.8 bcf/day, the State would receive \$82.125 million in royalties annually.

envisioned, ARDE could be a significant future funding source for the University's research projects related specifically to Alaska.

The Corporation's Board of Directors would be composed of eleven members, four each from the business community and academic community, and three with professional recognition in government, in addition to the Governor and the president of the University of Alaska as ex officio members. The board would employ a limited staff to aid in grant determination and administration. The Corporation would be subject to the Executive Budget Act providing the Legislature with an annual review, much in the same way we review the budget of the Alaska Permanent Fund Corporation.

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

April 23, 1986

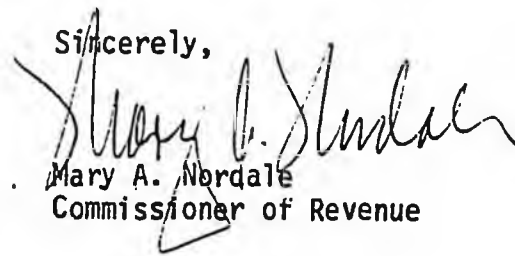
The Honorable Steve Frank
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: HCR 71 and HB 705 .

Dear Representative Frank:

I have reviewed the fiscal notes prepared for both HCR 71 and HB 705 and have found the estimates to be consistent with the North Slope Gas Royalty revenues projected by the Department of Revenue in the March 1986 Revenue Forecast.

Sincerely,



Mary A. Nordale
Commissioner of Revenue

MAN:m11
86-99

Offered: 3/13/85
Referred: Rules

Original sponsors: Boucher, Ringstad,
Gruenberg, et al

1 IN THE HOUSE BY THE HEALTH, EDUCATION AND
2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 11 (HESS) SOCIAL SERVICES COMMITTEE
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 Relating to the University of Alaska
6 Foundation.
7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
8 WHEREAS art. VII, secs. 4 and 5 and art. VIII, secs. 1 and 2 of the
9 Constitution of the State of Alaska call for the promotion and protection
10 of public health, providing for the public welfare, the settlement of lands
11 and the development of resources, and the utilization, development, and
12 conservation of all state natural resources; and
13 WHEREAS although the Arctic Science and Policy Act of 1984 is commend-
14 able and its passage long overdue, the Act focuses on federal interests and
15 priorities solely and it is directed only at part of the state; and
16 WHEREAS the economic viability of the state, the well-being of its
17 inhabitants, and the promise of a reasonable future for coming generations
18 depends upon the support of applied and fundamental research directed at
19 specific Alaskan problems; and
20 WHEREAS these physical, biological, medical, and social problems are
21 only partially, or not at all, addressed by conventional sources of support
22 resulting in significant gaps in both scientific and technical research
23 endeavors;
24 BE IT RESOLVED that the Alaska State Legislature commends and supports
25 the University of Alaska Foundation in its endeavors to forecast research
26 needs and to find and fill the gaps in the current research effort, and be
27 it
28 FURTHER RESOLVED that the Alaska State Legislature encourages the
29 University of Alaska Foundation to seek support for long-term and stable

1 funding for this research.

Offered: 4/11/86
Referred: Finance

Original sponsor: Finance Committee

1 IN THE HOUSE
2
3 CS FOR HOUSE BILL NO. 705 (HESS)
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 FOURTEENTH LEGISLATURE - SECOND SESSION
6 A BILL
7 For an Act entitled: "An Act relating to the Alaska research development
8 endowment."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that it
11 is necessary to obtain the research information that will be needed to give
12 the state the best attainable future over the next 50 to 100 years or more.
13 (b) The legislature further finds that research is needed for the
14 wise development and use of the state's natural resources. These research
15 areas include energy, defense, mineral resources, fisheries, forestry, and
16 food and agriculture; and also the collection, storage, and dissemination
17 of information; the state's transportation systems; and materials research
18 and engineering.
19 (c) Research is also needed to provide for the care and preservation
20 of the state's natural resources and the culture and heritage of its di-
21 verse peoples. These research areas include manmade changes in weather and
22 climate, including the possibility of a warming trend of the whole earth;
23 environmental protection; and archaeological, anthropological, and linguis-
24 tic studies of the Native populations.
25 (d) The legislature further finds that research is needed to protect
26 the health and well-being of Alaskans. Three topics are considered: health
27 and disease; social pathology; and building construction and maintenance.
28 (e) Research is also needed on topics for which Alaska is a "natural
29 laboratory" compared with other parts of the nation, and research on topics
that support and contribute to improvements in many of the topics listed

1 above. These research areas are: the upper atmosphere; weather and cli-
2 mate; geology; natural hazards; snow, ice, and permafrost; northern oceans;
3 and human resources.

4 * Section 2. AS 14 is amended by adding a new chapter to read:

5 CHAPTER 55. ALASKA RESEARCH DEVELOPMENT ENDOWMENT.

6 Sec. 14.55.010. ALASKA RESEARCH DEVELOPMENT ENDOWMENT. (a)
7 Under art. IX, sec. 17, Constitution of the State of Alaska, there is
8 established the Alaska research development endowment. At least 20
9 percent, up to a total of \$1,000,000,000, of all royalties and royalty
10 sale proceeds from North Slope natural gas received by the state shall
11 be deposited in the Alaska research development endowment. All income
12 from investment of the endowment shall be deposited in the Alaska
13 research development endowment. Money in the endowment may be expend-
14 ed as provided in this chapter.

15 (b) The Alaska research development endowment shall be managed
16 by the Alaska Research Development Corporation established in this
17 chapter.

18 Sec. 14.55.020. ALASKA RESEARCH DEVELOPMENT CORPORATION. There
19 is established the Alaska Research Development Corporation. The
20 corporation is a public corporation and government instrumentality in
21 the Department of Education, but has a legal existence independent of
22 and separate from the state. The corporation is managed by the board
23 of directors. Exercise by the board of the powers conferred by this
24 chapter is an essential governmental function of the state.

25 Sec. 14.55.030. COMPOSITION AND QUALIFICATIONS OF BOARD OF
26 DIRECTORS. (a) The Board of Directors of the corporation consists of
27 11 members appointed by the governor, and two ex officio members.

28 (b) At least eight of the members must be state residents.
29 Based on experience and achievement in their profession and in

1 society, at least four of the members must have professional recogni-
2 tion in the business community, at least four must have professional
3 recognition in the academic community, and at least three must have
4 professional recognition in federal, state, or local government.

5 (c) The governor and the president of the University of Alaska
6 are ex officio members of the board.

7 (d) The board shall annually elect a chairman and other neces-
8 sary officers from among its members.

9 Sec. 14.55.040. TERM OF OFFICE. The members of the board serve
10 five-year terms and may be reappointed. Terms shall be staggered.

11 Sec. 14.55.050. REMOVAL AND VACANCIES. (a) The governor may
12 remove a board member from office. A removal by the governor shall be
13 in writing and state the reason for removal. A board member who is
14 removed by the governor may not participate in board business and may
15 not be counted for the purpose of establishing a quorum after the
16 member receives written notice of removal from the governor.

17 (b) A vacancy on the board shall be promptly filled by appoint-
18 ment by the governor. An appointee to fill a vacancy holds office for
19 the balance of the term for which the appointee's predecessor on the
20 board was appointed.

21 (c) A vacancy on the board does not impair the authority of a
22 quorum of the board to exercise all the powers and perform all the
23 duties of the board.

24 Sec. 14.55.060. QUORUM. (a) Seven members of the board consti-
25 tute a quorum for the transaction of business and the exercise of the
26 powers and duties of the board.

27 (b) Members of the board serve without compensation, but are
28 entitled to per diem and travel expenses authorized by law for boards
29 under AS 39.20.180.

1 Sec. 14.55.070. CONFLICTS OF INTEREST. Members of the board and
2 the executive director are subject to the provisions of AS 39.50.

3 Sec. 14.55.080. EMPLOYMENT OF PERSONNEL. The board shall employ
4 and determine the salary of an executive director. The executive
5 director may, with the approval of the board, select and employ addi-
6 tional staff as necessary. The executive director and all employees
7 of the corporation are in the exempt service under AS 39.25.

8 Sec. 14.55.090. POWERS. In carrying out the powers of the
9 corporation, the board may

10 (1) adopt, alter, and use a corporate seal;
11 (2) prescribe, adopt, amend, and repeal bylaws;
12 (3) sue and be sued in the name of the corporation;
13 (4) enter into agreements necessary to the exercise of its
14 powers and functions;

15 (5) accept grants from and contract with the federal gov-
16 ernment and the state or its political subdivisions and to that end
17 comply with the provisions of federal, state, or local programs when
18 necessary, except that it may not enter into agreements in which a
19 permanent state or local government position is financed or partially
20 financed in connection with a project;

21 (6) accept grants and loans from and contract with sources
22 other than those in (5) of this section for the purposes of the work
23 of the corporation;

24 (7) appear on behalf of the corporation before boards,
25 commissions, departments, or other agencies of municipal, state, or
26 federal government;

27 (8) acquire, hold, use, lease, sell, or otherwise dispose
28 of property of any kind, real, personal, or mixed, or an interest in
29 it;

1 (9) hold patents, copyrights, trademarks, royalties or
2 other evidences of protection or exclusivity issued under the laws of
3 the United States or any state or nation obtained by persons receiving
4 assistance from the corporation;

5 (10) adopt regulations governing the exercise of its powers;
6 and

7 (11) do everything necessary or desirable to carry out the
8 purposes of the corporation.

9 Sec. 14.55.100. DUTIES. The board may distribute grant funds to
10 private individuals, companies, schools, universities and governmental
11 agencies for the conduct of research.

12 Sec. 14.55.110. BUDGET AND APPROPRIATIONS. The corporation is
13 subject to the provisions of the Executive Budget Act (AS 37.07).

14 Sec. 14.55.120. CORPORATION BUDGET. The revenue generated by
15 the corporation's investments must be identified as the source of the
16 operating budget of the corporation in the state's operating budget
17 under the Executive Budget Act (AS 37.07). The unexpended balance of
18 the corporation's annual operating budget does not lapse at the end of
19 the fiscal year but shall be deposited in the Alaska research develop-
20 ment endowment.

21 Sec. 14.55.130. ANNUAL REPORT. The board shall prepare an
22 annual report of its activities and submit a copy of the report to the
23 legislature. The annual report shall be transmitted to the legisla-
24 ture at the beginning of each regular session. The report shall
25 include a description of the research grants paid by the corporation
26 and any other information that the board determines should be included
27 to describe the work of the corporation.

28 Sec. 14.55.140. DEFINITIONS. In this chapter

29 (1) "board" means the Board of Directors of the Alaska

1 Research Development Corporation;

2 (2) "corporation" means the Alaska Research Development
3 Corporation; and

4 (3) "endowment" means the Alaska research development
5 endowment.

6 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

7 (24) employees of the Alaska Research Development Corpo-
8 ration.

9 * Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

10 (48) Board of Directors and the executive director of the
11 Alaska Research Development Corporation (AS 14.55.030 and 14.55.080).

12 * Sec. 5. Notwithstanding AS 14.55.040, added by sec. 2 of this Act,
13 the initial terms of members of the Board of Directors of the Alaska Re-
14 search Development Corporation shall be set under AS 39.05.055(2).

Introduced: 4/2/86
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 705

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the Alaska research development
endowment."

7

8

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

9

* Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that it

10 is necessary to obtain the research information that will be needed to give
11 the state the best attainable future over the next 50 to 100 years or more.

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15 food and agriculture; and also the collection, storage, and dissemination
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2 nition in the academic community, and at least three must have profes-
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