

HB

160

HOUSE COMMITTEE REPORT

(11)

Date referred: 5/15/87

FURTHER REFERRALS:

5/15
Hub

DATE: 5-15-87

The Finance Committee has considered HB 160

"An Act establishing the Commission on the Future of the Permanent Fund; providing for public testimony on the use that should be made of the income and principal of the permanent fund; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 160 (FIN) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published 4/10
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

W. G. ...
Pat Hancock
...
Mark ...
...
...
...

SIGNING OTHER RECOMMENDATIONS:

Ronald J. ... - No Rec.
Steve ... No Recommendation
Peter ... - NR
Ray Wallin Adopt State Affair Comm.

Robert ...
Chairman's signature

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: CS HB 160 (FIN)
Publish Date: _____

Revision Date: _____
Title: Establishing the Commission
on the Future of the Permanent Fund
Sponsor: Boucher and Davidson
Requestor: House Finance Committee

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

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

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary.)

Funds will be absorbed in FY 88 Permanent Fund Corporation's budget.

Prepared by: Al Adams, Chair Phone: 465-3706
Division: House Finance Committee Date: 5/15/87

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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

Original sponsors: Boucher, Davidson
and Koponen

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 160 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Commission on the Future of
7 the Permanent Fund; providing for public testimony on
8 the use that should be made of the income of the
9 permanent fund; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA.

11 * Section 1. FINDINGS. The legislature finds that it is in the best
12 interest of the state for a commission to be established to gather public
13 testimony concerning the use that should be made of the income from the
14 permanent fund. The commission shall also report its findings and make
15 recommendations to the governor and the legislature on the use that should
16 be made of the income of the permanent fund.

17 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
18 Department of Revenue the Commission on the Future of the Permanent Fund
19 consisting of the chairman of the board of directors of the Alaska Perma-
20 nent Fund Corporation, the commissioner of revenue, two members of the
21 Senate appointed by the president of the Senate, two members of the House
22 of Representatives appointed by the speaker of the House, and five ap-
23 pointees of the governor as follows:

24 (1) one former elected state official who has been involved with
25 the permanent fund;

26 (2) one executive from an oil company doing business in the
27 state;

28 (3) one person representing Native interests;

29 (4) one person from the private sector involved in business or

1 finance; and

2 (5) one person representing the public.

3 (b) The commission shall elect a chairman from among its members.

4 (c) Members of the commission serve without compensation but members
5 appointed by the governor are entitled to per diem and travel expenses as
6 authorized by law for boards and commissions under AS 39.20.180 and legis-
7 lator members are entitled to per diem and travel expenses under AS 24.-
8 10.105.

9 * Sec. 3. DUTIES OF THE COMMISSION. (a) The Commission on the Future
10 of the Permanent Fund shall conduct hearings in each judicial district of
11 the state to gather testimony from the public concerning the use that
12 should be made of the income of the permanent fund. The commission shall
13 use the telecommunication network to provide the opportunity for maximum
14 statewide public testimony.

15 (b) By February 1, 1988, the commission shall submit a report to the
16 governor and the legislature summarizing the public testimony and contain-
17 ing its recommendations about the use that should be made of the income of
18 the permanent fund.

19 * Sec. 4. This Act is repealed February 2, 1988.

20 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).
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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 160 (JUD)

Publish Date: _____

REQUEST _____

Revision Date: _____

Agency Affected: Revenue

Title: An Act Establishing the Commission
on the Future of the Permanent Fund

BRU: _____

Sponsor: Reps. Boucher and Davidson

Components: _____

Requestor: Rep. Boucher

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	95.6	47.8	-	-	-
TRAVEL	-	61.9	32.5	-	-	-
CONTRACTUAL	-	63.3	41.7	-	-	-
SUPPLIES	-	1.0	.5	-	-	-
EQUIPMENT	-	3.5	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	225.4	122.5	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	225.4	122.5	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	225.4	122.5	-	-	-

POSITIONS:

FULL-TIME	-	2	2	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

See attachment.

Prepared By: James B. Rhode
Division: Commissioner's Office

Phone: 465-2300

Date: April 2, 1987

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: April 2, 1987

Distribution (by Agency preparing fiscal note):

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

Continuation of Fiscal Note/Bill Analysis

House Bill 160

Future of Permanent Fund Commission

FY 88 - (12 months)

1. Positions

1 PX Permanent full-time Executive Secretary II, Range 14A, including salary and benefits at \$3,100.77/month for 12 months	37.2
1 PX Permanent full-time Special Assistant I, Range 21A, including salary and benefits at \$4,871.95/month for 12 months	58.4
TOTAL PERSONAL SERVICES	95.6

2. Travel

In-state travel	45.7
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Out-of-state travel (This assumes that half the Commission members and staff will choose to meet with the managers of similar funds, e.g. University of California Endowment, the Rockefeller Foundation and the Harvard Endowment.)	16.5
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TOTAL TRAVEL	61.9
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3. Contractual Services

Printing	10.0
Teleconferencing	50.0
Transcription of hearing	1.9
Advertising	1.4
Space (Utilize DOR space, conference room)	0.0

TOTAL CONTRACTUAL SERVICES	63.3
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4. <u>Supplies</u>	1.0
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5. Equipment

1 Wang V250, to utilize DOR VS 90 in Anchorage for Word Processing, with necessary software	<u>3.5</u>
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TOTAL FY88	225.4
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FY 89

1. Positions

Same as FY 88, but for six months only. 47.8

2. Travel

In-state - half the meetings. 22.9

Out-of-state - New York/Boston 9.6

TOTAL TRAVEL 32.5

3. Contractual Services

Printing (includes final report) 15.0

Telecommunications (1/2) 25.0

Transcription of hearings (1/2) 1.0

Advertising (1/2) .7

Space 0.0

TOTAL CONTRACTUAL SERVICES 41.7

4. Supplies .5

5. Equipment 0.0

TOTAL FY89 122.5



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

STATE AFFAIRS COMMITTEE

LETTER OF INTENT

HOUSE BILL 160

APRIL 9, 1987

House Bill 160 would establish a nine-member commission on the future of the Permanent Fund, including one member each from the House and the Senate. The State Affairs Committee Substitute adds one additional member from each body, making an eleven-member commission. It is the intent of the House State Affairs Committee that these four legislative members would be from the majority and minority caucuses of each house.

A handwritten signature in cursive script, reading "Fran Ulmer", written over a horizontal line.

Fran Ulmer, Chair
House State Affairs Committee



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

TO: Al Adams, Chair
House Finance Committee

FROM: Fran Ulmer, Chair
House State Affairs Committee

DATE: April 8, 1987

RE: HB 160 Fiscal Note: Out-of-State Travel

HB 160 was passed out of committee on April 8, 1987, with the recommendation that out-of-state travel be eliminated from the fiscal note. It was the Committee's feeling that expertise regarding the investment policy of the principal and use of the earnings of the Permanent Fund already existed in Alaska, thus outside travel to obtain additional information was unnecessary.

HB 160
Commission on the Permanent Fund, and Providing for Public
Testimony

Intent

The intent of the bill is to establish a commission for the gathering of public input on the subject of how the Permanent Fund should be used.

Rationale

The public should be consulted for the following reasons:

- 1) The Fund was originally set up by public referendum -- the vote was 2 to 1 in support of the Fund.
- 2) The Fund has evolved into a program where the sole beneficiaries of the Fund are the people of the state.
- 3) There is now considerable debate over how the earnings of the Permanent Fund should be used, and some of the proposals would radically change the way Fund earnings are distributed to the public.

Sectional Analysis

Section 1: FINDINGS. Briefly describes the history of the Fund and the rationale behind the establishment of the Commission on the Future of the Permanent Fund. The duties of the Commission are described.

Section 2: COMMISSION ESTABLISHED. Describes the 9 members of the Commission.

Section 3: DUTIES OF THE COMMISSION.

- Conduct hearings in each judicial district of the state.
- Gather testimony from the public concerning the use that should be made of the income and principal of the Permanent Fund.
- Use the telecommunications network to provide for maximum statewide testimony.
- Report to the governor and legislature by February 1, 1989
 - summarizing the public testimony, and
 - making recommendations about the use of the Fund's income and principal.

Section 4 & 5: Repeal date (2/2/89) and effective date (immediately).

FULL PAGE AD:

THE ANCHORAGE TIMES MAY 13, 1987
ANCHORAGE DAILY NEWS MAY 14, 1987

~~Respect~~ HB 160 Permanent Fund Issue Your State, Your Money, Your Future, Your Voice

Alaska. The future of our state. The quality of life. Choices for the public. All are being decided right now by your elected representatives in Juneau. One of the most hotly debated issues relates to the use of the Permanent Fund, created to be Alaska's savings account. So far this session 42 Bills have been introduced on ways to use the Permanent Fund. I think it is high time we stop introducing bills, and create a forum for the people we represent. That is what HB 160 is all about; taking the necessary time to evaluate alternatives as you, the Alaska people, see them. HB 160 would establish the *Commission on the Future of the Permanent Fund* to provide for statewide public testimony on the proper use of the income from the Permanent Fund.

I consider this the most important piece of legislation I have introduced in my three years as a state representative. Time is running out... that is why I am paying for this ad. If HB 160 passes in the few remaining days of the session, the process could start this summer. Please read the bill, it is presented below.

IN THE HOUSE BY BOUCHER AND DAVIDSON
HOUSE BILL NO. 160
IN THE LEGISLATURE OF
THE STATE OF ALASKA
FIFTEENTH LEGISLATURE - FIRST SESSION
A BILL

For an Act entitled: "An Act establishing the Commission on the Future of the Permanent Fund, providing for public testimony on the use that should be made of the income and principal of the permanent fund, and providing for an effective date."

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

*Section 1. FINDINGS (a) The legislature finds that the Alaska permanent fund, created by the people of Alaska through an amendment to the state constitution, has evolved from a mechanism for reserving money from current spending to a trust fund, with sole beneficiaries that are the people of the state.

(b) The fund has enjoyed public support for the following reasons:

- (1) the income of the fund has proven reliable due to strict investment guidelines, adherence to the prudent person rule, and good management;
- (2) legislative appropriations to the fund have exceeded the amounts required to be deposited in the fund; and
- (3) since 1963 all attempts to appropriate income

from the fund for purposes other than paying dividends have been successfully resisted.

(c) The Alaska permanent fund has become a major factor in the state's financial planning for the following reasons:

- (1) the income of the fund is now second to no other revenue and will soon exceed that revenue; and
- (2) there are now legislative proposals designed to divert fund income from dividend distribution and inflation proofing to other governmental purposes.

(d) Therefore, the legislature finds that it is in the best interest of the state for a commission to be established to gather public testimony concerning the use that should be made of the income and principal from the permanent fund. The commission shall also report its findings and make recommendations on the use that should be made of the income and principal of the permanent fund to the governor and the legislature.

*Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the Department of Revenue the Commission on the Future of the Permanent Fund consisting of the chairman of the board of directors of the Alaska Permanent Fund Corporation, the commissioner of revenue, a member of the senate appointed by the president of the senate, a member of the house of representatives appointed by the speaker of the house, and five appointees of the governor as follows:

- (1) one former elected state official who has been involved with the permanent fund;
- (2) one executive from an oil company doing business in the state;

- (3) one person representing Native interests;
- (4) one person from the private sector involved in business of finance; and
- (5) one person representing public interest causes.

(b) The commission shall elect a chairman from among its members.

(c) Members of the commission serve without compensation but members appointed by the governor are entitled to per diem and travel expenses as authorized by law for boards and commissions under AS 29.20.180.

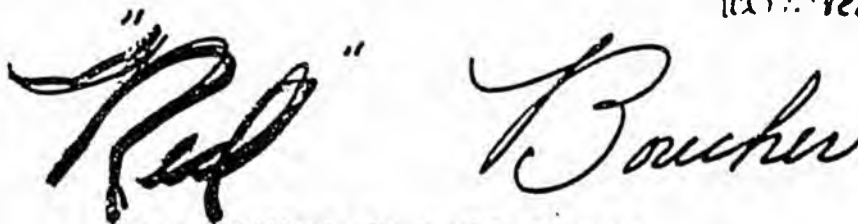
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(b) By February 1, 1988, the commission shall submit a report to the governor and the legislature summarizing the public testimony and containing its recommendations about the use that should be made of the income and principal of the permanent fund. The commission may also comment on the changes in the management and investment of the fund that may be needed as a result of its recommendations.

*Sec. 4. This Act is repealed February 2, 1989.

*Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

Now that you have read HB 160, it is time to express your opinion. To do so call Legislative Affairs at 278-3668 and tell them you want to send a Public Opinion Message to all representatives and senators concerning HB 160. Or contact your representative/s and senator by sending a telegram or letter to P.O. Box V, Juneau, Alaska 99811. The future of your Permanent Fund could depend on it.

"Red"

Boucher

Paid For By: Friends of "Red" Boucher
P.O. Box 111038, Anchorage, AK 99511
(907) 349-2192 — Anchorage (907) 465-4931 — Juneau

ANCHORAGE DAILY NEWS
OF
MAY 14 1987
1:43 PM
1000

Original sponsors: Boucher and Davidson

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 160 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Commission on the Future of
7 the Permanent Fund; providing for public testimony on
8 the investment policy for the principal and the use
9 that should be made of the income of the permanent
10 fund; and providing for an effective date."

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

12 * Section 1. FINDINGS. (a) The legislature finds that the Alaska
13 permanent fund, approved by the people of Alaska through an amendment to
14 the state constitution, has evolved from a mechanism for reserving money
15 from current spending to a trust fund, to benefit the people of the state.

16 (b) The fund has enjoyed public support for the following reasons:

17 (1) the income of the fund has proven reliable due to strict
18 investment guidelines, adherence to the prudent-man rule, and good manage-
19 ment; and

20 (2) legislative appropriations to the fund have exceeded the
21 amounts required to be deposited in the fund.

22 (c) The Alaska permanent fund has become a major factor in the
23 state's financial planning for the following reasons:

24 (1) the income of the fund is now second to oil revenue and will
25 soon exceed that revenue; and

26 (2) there are now legislative proposals designed to divert fund
27 income from dividend distribution and inflation proofing to other govern-
28 mental purposes.

29 (d) Therefore, the legislature finds that it is in the best interest

1 of the state for a commission to be established to gather public testimony
2 concerning the investment policy for the principal and the use that should
3 be made of the income from the permanent fund. The commission shall also
4 report its findings and make recommendations to the governor and the
5 legislature on the investment policy for the principal and the use that
6 should be made of the income of the permanent fund.

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8 Department of Revenue the Commission on the Future of the Permanent Fund
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11 Senate appointed by the president of the Senate, two members of the House
12 of Representatives appointed by the speaker of the House, and five ap-
13 pointees of the governor as follows:

14 (1) one former elected state official who has been involved with
15 the permanent fund;

16 (2) one executive from an oil company doing business in the
17 state;

18 (3) one person representing Native interests;

19 (4) one person from the private sector involved in business or
20 finance; and

21 (5) one person representing public interest causes.

22 (b) The commission shall elect a chairman from among its members.

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24 appointed by the governor are entitled to per diem and travel expenses as
25 authorized by law for boards and commissions under AS 39.20.180 and legis-
26 lator members are entitled to per diem and travel expenses under AS 24.-
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29 of the Permanent Fund shall conduct hearings in each judicial district of

1 the state to gather testimony from the public concerning the investment
2 policy for the principal and the use that should be made of the income of
3 the permanent fund. The commission shall use the telecommunication network
4 to provide the opportunity for maximum statewide public testimony.

5 (b) By February 1, 1989, the commission shall submit a report to the
6 governor and the legislature summarizing the public testimony and contain-
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9 commission may also comment on changes in the management of the fund that
10 may be needed as a result of its recommendations.

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1 IN THE HOUSE

BY BOUCHER AND DAVIDSON

2

HOUSE BILL NO. 160

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act establishing the Commission on the Future of
7 the Permanent Fund; providing for public testimony on
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24 for purposes other than paying dividends have been successfully resisted.

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26 state's financial planning for the following reasons:

27 (1) the income of the fund is now second to oil revenue and will
28 soon exceed that revenue; and

29 (2) there are now legislative proposals designed to divert fund

1 income from dividend distribution and inflation proofing to other govern-
2 mental purposes.

3 (d) Therefore, the legislature finds that it is in the best interest
4 of the state for a commission to be established to gather public testimony
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