

HB

160

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DEAN FARRIS

TITLE:

ADDRESS: 728 EAST 8TH AVENUE, APT.#3

CITY: ANCHORAGE, ALASKA

ZIP: 99501

PHONE: 274-4110

BILL NO: HB 160

SUBJECT: COMMISSION ON FUTURE OF PERMANENT FUND

MESSAGE: NO TO HB 160. DELETE EVERYTHING FROM SJR 40 EXCEPT THE 40-30-30 SPLIT.

ADD A 50-25-25 AND A 60-20-20 OPTION. THE PRINCIPALS CAN THEN DECREASE THE DIVIDEND, KEEP IT THE SAME, OR INCREASE IT. POLLS AND COMMISSIONS ARE UNRELIABLE. ALL COMMISSIONS SHOULD BE CHOSEN BY LOT, AND PAID \$150.00 A DAY.

FOMID: 03151530

DATE: 05/05/87

TIME: 15:15:30

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES

ADAMS	BARNES
BOUCHER	BOYER
BROWN	CATO
COLLINS	COTTEN
DAVIDSON	DAVIS
DONLEY	ELLIS
FRANK	FURNACE
GOLL	GRUENBERG
GRUSSENDORF	HANLEY
HERRMANN	HOFFMAN
HUDSON	KOPONEN
LARSON	MARTIN
MENARD	MILLER
NAVARRE	PEARCE
PETTYJOHN	PHILLIPS
POURCHOT	RIEGER
SHULTZ	SPRINGER
SUND	SWACKHAMMER
TAYLOR	WALLIS
ZAWACKI	

Jc file 1



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.



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

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.

7 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
8 Department of Revenue the Commission on the Future of the Permanent Fund
9 consisting of the chairman of the board of directors of the Alaska Perma-
10 nent Fund Corporation, the commissioner of revenue, two members of the
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.

23 (c) Members of the commission serve without compensation but members
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.-
27 10.105.

28 * Sec. 3. DUTIES OF THE COMMISSION. (a) The Commission on the Future
29 of the Permanent Fund shall conduct hearings in each judicial district of
CSHB 160(SA)

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-
7 ing its recommendations about the investment policy for the principal and
8 the use that should be made of the income of the permanent fund. The
9 commission may also comment on changes in the management of the fund that
10 may be needed as a result of its recommendations.

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 This Act is repealed February 2, 1989.

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

Delete "and principal" ?
STRIKE

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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

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unethical use of the Fund and the
the use that should be made of the income and princi-

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effective date."

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

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13

permanent fund, created by the people of Alaska through an amendment to the

14

state constitution, has evolved from a mechanism for reserving money from

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current spending to a trust fund, with sole beneficiaries that are the

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people of the state.

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

18

(1) the income of the fund has proven reliable due to strict

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investment guidelines, adherence to the prudent-man rule, and good manage-

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ment;

21

(2) legislative appropriations to the fund have exceeded the

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amounts required to be deposited in the fund; and

23

(3) since 1983 all attempts to appropriate income from the fund

24

for purposes other than paying dividends have been successfully resisted.

25

(c) The Alaska permanent fund has become a major factor in the

26

state's financial planning for the following reasons:

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(1) the income of the fund is now second to oil revenue and will

28

soon exceed that revenue; and

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

question rec to
next session too
-> STATE ASSIGN TO TRUCK COM IN THE WEEK

OK (some how) - however more is one of control. is this the right mix.

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
5 concerning the use that should be made of the income and principal from the
6 permanent fund. The commission shall also report its findings and make
7 recommendations on the use that should be made of the income and principal
8 of the permanent fund to the governor and the legislature.

9 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
10 Department of Revenue the Commission on the Future of the Permanent Fund
11 consisting of the chairman of the board of directors of the Alaska Perma-
12 nent Fund Corporation, the commissioner of revenue, a member of the senate
13 appointed by the president of the senate, a member of the house of repre-
14 sentatives appointed by the speaker of the house, and five appointees of
15 the governor as follows:

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17 the permanent fund;

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19 state;

20 (3) one person representing Native interests;

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

23 (5) one person representing public interest causes.

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

25 (c) Members of the commission serve without compensation but members
26 appointed by the governor are [entitled to per diem and travel] expenses as
27 authorized by law for boards and commissions under AS 39.20.180.

28 * Sec. 3. DUTIES OF THE COMMISSION. (a) The Commission on the Future
29 of the Permanent Fund shall conduct hearings in each judicial district of

Executive BOARD
US
ADVISORY -> can select people with interest to
ACROSS BOARD

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4 tunity for maximum statewide public testimony.

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10 a result of its recommendations.

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5-0694B

Cook

4/6/87

Original sponsors: Boucher and Davidson

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14 sentatives appointed by the speaker of the House, and five appointees of
15 the governor as follows:

*Letter directed to members
Majority + Minority*

- 16 (1) one former elected state official who has been involved with
- 17 the permanent fund;
- 18 (2) one executive from an oil company doing business in the
- 19 state;
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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

A

REQUEST _____

Bill Version: HB 160
Publish Date: _____

Revision Date: _____
Title: An Act Establishing the Commission
on the Future of the Permanent Fund
Sponsor: Reps. Boucher and Davidson
Requestor: Rep. Boucher

Agency Affected: Revenue
BRU: _____
Components: _____

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 Phone: 465-2300
Division: Commissioner's Office Date: April 2, 1987

Approved by Commissioner: Hugh Malone Date: April 2, 1987
Agency: Department of Revenue

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

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

TOTAL TRAVEL 61.9

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

4. Supplies 1.0

5. Equipment

1 Wang V250, to utilize DOR VS 90 in Anchorage
for Word Processing, with necessary software 3.5

TOTAL FY88 225.4

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

MEMO - Reduce to page MEMOTO

HOUSE FUND 2