

SB 12

SENATE COMMITTEE REPORT

FURTHER:

3/26/87

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE

Committee considered _____

SB 12

_____ university fund; efd.

and recommended:

replace with CS FOR _____) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3/11/87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED 2 **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/19/87 DATE TURNED INTO OFFICE 3/26/87
Mr. President:

HESS Committee considered SB 12

relating to the university fund; efd.

and recommended:

- replace with CS SB 12 (HESS) same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

FW coming

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

[Signature]

OTHER RECOMMENDATIONS

Paul Jacobson - No Recommendation
Rick Halford No Rec.

Paul Frick No Rec
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA
THE LEGISLATURE

P.O. Box V
Juneau, Alaska 99811

SENATE SECRETARY'S OFFICE

TO

Kathy - Vicki - Finnan

REMARKS:

Please attach
to SBIS ☺

FROM

Nancy

DATE

3/87

No 112

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

SENATE
BILL VERSION: CSSB 12 (HESS) b
PUBLISH DATE: 3/26/87

REQUEST: _____
Revision Date: _____
Title: University Fund
Sponsor: Senate HESS
Requestor: Senate HESS

Agency Affected: Department of Revenue
BRU: Treasury
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	32.8	71.1	129.1	208.1
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	32.8	71.1	129.1	208.1
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	32.8	71.1	129.1	208.1
TOTAL	-	-	32.8	71.1	129.1	208.1

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: March 26, 1987

Approved by Commissioner: [Signature]
Agency: Department of Revenue

Date: 3/26/87

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

University Fund
(\$ 000)

	(1)	(2)	(3)	(4)	(5)	(6)
<u>Fiscal Year</u>	<u>Principal Balance</u>	<u>Securities Safekeeping Fees</u>	<u>Common Stock Management Fees</u>	<u>Performance Measurement Fees</u>	<u>Audit Fees</u>	<u>Total Fees</u>
1989	15,800.0	.8	10.0	12.0	10.0	32.8
1990	48,900.0	2.6	46.5	12.0	10.0	71.1
1991	81,100.0	4.3	102.8	12.0	10.0	129.1
1992	113,600.0	6.0	180.1	12.0	10.0	208.1

Notes:

1. From 2-13-87 HB 42/HJR 2 Fiscal Note prepared by Robert Elliott, Department of Revenue
2. Column 1 x 5.25%/\$1,000, per contract
3. Column 1 x .317%, per contract, x 20%, 30%, 40%, and 50% allocation to stocks for FY 89-92, respectively
4. Per contract
5. Department of Revenue estimate
6. Columns 2 + 3 + 4 + 5

Original sponsors: Faiks, Uehling,
Kelly and Kerttula

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 12 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the university fund; and provid-
7 ing for an effective date."

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

9 * Section 1. AS 37.14 is amended by adding new sections to read:

10 Sec. 37.14.300. UNIVERSITY FUND. (a) There is established as a
11 separate endowment trust fund the university fund consisting of

12 (1) five percent of all mineral lease rentals, royalties,
13 royalty sale proceeds, net profit shares under AS 38.05.180(f) and
14 (g), and federal mineral revenue sharing payments received by the
15 state after January 1, 1989, from mineral leases issued on or before
16 December 1, 1979, and six percent of all bonuses received by the state
17 after January 1, 1989, from mineral leases issued on or before Febru-
18 ary 15, 1980;

19 (2) any other money appropriated to the university fund.

20 (b) Payments due the university fund under (a) of this section
21 shall be made to the fund once each month.

22 (c) The net income of the university fund shall be determined by
23 the commissioner of revenue in accordance with investment accounting
24 principles and in a manner that preserves the distinction between
25 principal and income.

26 Sec. 37.14.310. FUND USE. (a) The principal of the university
27 fund and the capital gains or losses realized on the principal shall
28 be perpetually retained in the fund for investment purposes.

29 (b) At the end of each fiscal year the net income from the
S

1 university fund as determined under AS 37.14.300(c) shall be trans-
2 ferred to the Board of Regents of the University of Alaska. Income of
3 the university fund transferred to the Board of Regents of the Univer-
4 sity of Alaska under this section shall be used for the University of
5 Alaska under AS 14.40 and other applicable provisions of law.

6 (c) Realized net income that has not been transferred to the
7 Board of Regents of the University of Alaska under (b) of this section
8 shall be invested until transferred.

9 Sec. 37.14.320. DUTIES OF THE COMMISSIONER OF REVENUE. The
10 commissioner of revenue is the treasurer of the university fund and
11 shall

12 (1) act as official custodian of the cash and investments
13 belonging to the fund by securing adequate and safe custodial facil-
14 ities;

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

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

20 (4) invest and reinvest the assets of the fund under
21 AS 37.14.330;

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

24 (6) do all acts, whether or not expressly authorized, that
25 the commissioner of revenue considers necessary or proper in adminis-
26 tering the assets of the fund;

27 (7) maintain accounting records of the fund under invest-
28 ment accounting principles and with distinction between the principal
29 and income accounts of the fund;

1 (8) contract with an independent firm of certified public
2 accountants to annually audit the financial condition of the fund's
3 investments and investment transactions;

4 (9) enter into and enforce all contracts or agreements
5 considered necessary, convenient, or desirable for the investment
6 purposes of the fund; and

7 (10) report to the Board of Regents of the University of
8 Alaska the condition and investment performance of the fund.

9 Sec. 37.14.330. INVESTMENTS. (a) The commissioner of revenue
10 is the fiduciary of the university fund and shall invest the fund to
11 provide increasing net income over long-term periods. In investing
12 the assets of the fund the commissioner of revenue shall exercise the
13 judgment and care under the circumstances then prevailing that an
14 institutional investor of ordinary professional prudence, discretion,
15 and intelligence exercises in managing large trust investments with
16 consideration for the purpose of the funds, the investment objectives,
17 the continuing disposition of the fund's investments, and the probable
18 safety of the capital as well as the probable investment returns.

19 (b) In managing the university fund, the commissioner of revenue
20 shall

21 (1) consider the status and income of the fund's capital on
22 both a current and a probable future basis;

23 (2) determine the appropriate investment objectives;

24 (3) establish investment policies aimed at achieving the
25 objectives; and

26 (4) act only in regard to the long-term financial interests
27 of the fund's beneficiaries.

28 (c) The discretionary acquisition or disposition of investments
29 in the fund shall be at competitive national or international market

1 rates or prices or the equivalent in the judgment of the commissioner
2 of revenue.

3 (d) In exercising the duties and powers set out in this section
4 and AS 37.14.320, the commissioner of revenue may

5 (1) delegate investment, custodial, or depository authority
6 on a discretionary or nondiscretionary basis to officers or employees
7 of the state or to independent firms, banks, or trust companies, by
8 designation through appointments, contracts, or letters of authority;

9 (2) invest the university fund on the basis of probable
10 total rate of return as a means of promoting the long-term generation
11 of income;

12 (3) acquire or dispose of investments, either directly,
13 indirectly, or through investment pools or trusts, by competitive or
14 negotiated agreements, contracts, or auctions, in public or private
15 markets;

16 (4) concentrate or diversify the investments of the univer-
17 sity fund as appropriate in order to increase the probable total rate
18 of return on the fund or to decrease the fund's overall exposure to
19 potentially adverse market value risks;

20 (5) protect the market value or the rate of return of the
21 university fund's investments by entering into forward agreements to
22 buy or sell assets at a future date as a hedge against existing held
23 assets or as a precommitment of future cash flows;

24 (6) lend under an agreement and for a fee assets of the
25 university fund against deposited collateral of equivalent market
26 value;

27 (7) hold investments in bearer form or in registered form
28 in the name of the university fund or authorized nominees;

29 (8) use consultants, advisers, custodians, investment

1 services, and legal counsel for assistance in investment matters on
2 either a continuing or a limited term basis and with or without com-
3 pensation; and

4 (9) withhold information that discloses the particulars of
5 the business or the affairs of a private enterprise, investor, bor-
6 rower, adviser, consultant, counsel, or manager as confidential and
7 nonpublic records subject to disclosure only as required in a court
8 proceeding or for purposes of an official law enforcement proceeding.

9 * Sec. 2. This Act takes effect on the effective date of a constitu-
10 tional amendment establishing a university fund.

Introduced: 1/19/87
Referred: Health, Education and Social
Services and Finance

5-0095A

1 IN THE SENATE

BY FAIKS, UEHLING,
KELLY AND KERTTULA

2 SENATE BILL NO. 12

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the university fund; and provid-
7 ing for an effective date."

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

9 * Section 1. AS 37.13 is amended by adding a new section to read:

10 Sec. 37.13.015. UNIVERSITY FUND. (a) Under art. IX, sec. 17,
11 Constitution of the State of Alaska, there is established as a sepa-
12 rate fund the university fund consisting of

13 (1) five percent of all mineral lease rentals, royalties,
14 royalty sale proceeds, net profit shares under AS 38.05.180(f) and
15 (g), and federal mineral revenue sharing payments received by the
16 state after January 1, 1989, from mineral leases issued on or before
17 December 1, 1979, and six percent of all bonuses received by the state
18 after January 1, 1989, from mineral leases issued on or before Febru-
19 ary 15, 1980;

20 (2) any other money appropriated to the university fund.

21 (b) Payments due the university fund under (a) of this section
22 shall be made to the fund once each month.

23 (c) The university fund shall be managed by the Alaska Permanent
24 Fund Corporation established in this chapter.

25 (d) Income of the university fund transferred to the Board of
26 Regents of the University of Alaska under AS 37.13.145(b) shall be
27 used for the University of Alaska in accordance with AS 14.40 and
28 other applicable provisions of law.

29 * Sec. 2. AS 37.13.020 is amended to read:
S

1 Sec. 37.13.020. FINDINGS. The people of the state, by consti-
2 tutional amendment, have required the placement of at least 25 percent
3 of all mineral lease rentals, royalties, royalty sale proceeds, and
4 federal mineral revenue sharing payments and bonuses received by the
5 state into a permanent fund and at least five percent of the money
6 from those sources into a university fund. The legislature finds with
7 respect to the Alaska Permanent Fund Corporation that the

8 (1) [THE] corporation should provide a means of conserving
9 a portion of the state's revenues from mineral resources to benefit
10 all generations of Alaskans;

11 (2) [THE] corporation's goal should be to maintain safety
12 of principal while maximizing total return;

13 (3) [THE] corporation should be used as a savings device
14 managed to allow the maximum use of disposable income from the corpor-
15 ation for purposes designated by law.

16 * Sec. 3. AS 37.13.030 is amended to read:

17 Sec. 37.13.030. PURPOSE. It is the purpose of this chapter to
18 provide a mechanism for the management and investment of those perma-
19 nent fund and university fund assets allocated to the Alaska Permanent
20 Fund Corporation in a manner consistent with the findings in AS 37.-
21 13.020.

22 * Sec. 4. AS 37.13.120(a) is amended to read:

23 (a) The prudent-man rule shall be applied by the board in the
24 management and investment of Alaska permanent fund and university fund
25 assets. The prudent-man rule as applied to investments of the corpo-
26 ration means that in making investments the board shall exercise the
27 judgment and care under the circumstances then prevailing that [WHICH]
28 an institutional investor of ordinary prudence, discretion, and intel-
29 ligence exercises in the management of large investments entrusted to

1 it not in regard to speculation but in regard to the permanent dispo-
2 sition of funds, considering probable safety of capital as well as
3 probable income.

4 * Sec. 5. AS 37.13.120(e) is amended to read:

5 (e) The corporation may not borrow funds or guarantee from
6 principal of the Alaska permanent fund or the university fund the
7 obligations of others.

8 * Sec. 6. AS 37.13.120(i) is amended to read:

9 (i) At the time of each investment, the aggregate investment of
10 the Alaska permanent fund and the aggregate investment of the univer-
11 sity fund in each stated category of investment may not exceed the
12 following stated percentage of the total investments of each [THE]
13 fund: mortgages under (g)(16) of this section, 15 percent; real estate
14 investments under (g)(20) of this section, 15 percent; foreign certif-
15 icates of deposit or the equivalent under (g)(19) of this section, 20
16 percent; corporate stocks and debt securities under (g)(8), (9), and
17 (18) of this section, 50 percent. At no time may the [THE] Alaska
18 permanent fund or university fund [MAY AT NO TIME] own more than five
19 percent of the voting stock of a corporation. Domestic stocks, except
20 for bank and insurance company stocks, must be listed at the date of
21 purchase on an exchange registered with the Securities and Exchange
22 Commission.

23 * Sec. 7. AS 37.13.120(j) is amended to read:

24 (j) The assets of the Alaska permanent fund or the university
25 fund may not be used for the purchase of bonds of a corporation, upon
26 which a [ANY] regular interest payment has been defaulted within five
27 years before purchase, except bonds never in default but which have
28 been outstanding for less than five years.

29 * Sec. 8. AS 37.13.120(m) is amended to read:

1 (m) Certificates of deposit or the equivalent instruments that
2 are not of a quality that may be readily sold in a secondary market at
3 prices reflecting fair value must be secured by a pledge as collateral
4 of investments authorized for the Alaska permanent fund and the uni-
5 versity fund under (g)(1), (2), (8), or (12) - (17) of this section or
6 by a pledge as collateral of obligations of the state or instrumen-
7 talities of the state that are rated at least "A" by a major bond
8 rating service and have a demonstrated secondary market, which invest-
9 ments or obligations have value at least equal to the face value of
10 the certificate of deposit. The board may require substitution of
11 collateral in order to ensure continued satisfaction of the require-
12 ments set out in this subsection.

13 * Sec. 9. AS 37.13.140 is amended to read:

14 Sec. 37.13.140. INCOME. Net income of the corporation shall be
15 computed annually as of the last day of the fiscal year in accordance
16 with generally accepted accounting principles, excluding any unrealiz-
17 ed gains or losses. Income from the Alaska permanent fund available
18 for distribution equals 21 percent of the net income of the corpo-
19 ration from that fund for the last five fiscal years, including the
20 fiscal year just ended, but may not exceed net income of the corpo-
21 ration from that fund for the fiscal year just ended plus the balance
22 in the earnings reserve account described in AS 37.13.145. Income
23 from the university fund available for distribution equals the net
24 income of the corporation from that fund for the fiscal year just
25 ended.

26 * Sec. 10. AS 37.13.145 is amended to read:

27 Sec. 37.13.145. DISPOSITION OF INCOME. At the end of each
28 fiscal year, an amount sufficient to offset the effect of inflation on
29 principal of the Alaska permanent fund during that year, as measured

1 by the change in the calendar year average United States consumer
2 price index for all urban consumers shall be transferred from net
3 income from the Alaska permanent fund as defined in AS 37.13.140,
4 excluding income on the earnings reserve account in the Alaska perma-
5 nent fund, to the principal of the Alaska permanent fund for reinvest-
6 ment. The balance of the income from the Alaska permanent fund
7 available for distribution under AS 37.13.140 shall be transferred to
8 the earnings reserve account in the Alaska permanent fund. Money in
9 the earnings reserve account shall be invested in investments
10 authorized under AS 37.13.120. Income from the investment of the
11 earnings reserve account shall be treated as an addition to that
12 account.

13 * Sec. 11. AS 37.13.145 is amended by adding a new subsection to read:

14 (b) At the end of each fiscal year the net income from the
15 university fund as defined in AS 37.13.140 shall be transferred to the
16 Board of Regents of the University of Alaska.

17 * Sec. 12. AS 37.13.170 is amended to read:

18 Sec. 37.13.170. REPORTS AND PUBLICATIONS. By September 30 of
19 each year, the board shall publish a report of the corporation for
20 distribution to the governor, legislature, and the public. The report
21 shall be written in easily understandable language. The report must
22 include financial statements audited by independent outside auditors,
23 a statement of the amount of money received by the Alaska permanent
24 fund and the university fund from each investment during the period
25 covered, a statement of investments of the corporation including an
26 appraisal at market value, a description of corporation investment
27 activity during the period covered by the report, a comparison of the
28 corporation performance with the intended goals contained in AS 37.-
29 13.020, an examination of the impact of the investment criteria of

1 this chapter on the corporation portfolio with recommendations of any
2 needed changes, and any other information the board believes would be
3 of interest to the governor, the legislature, and the public. The
4 annual income statement and balance sheet of the corporation from the
5 Alaska permanent fund and the annual income statement and balance
6 sheet of the corporation from the university fund shall be published
7 in at least one newspaper in each judicial district. The income
8 statements [STATEMENT] and balance sheets [SHEET] for the two fiscal
9 years preceding the publication of the election pamphlet under AS
10 15.58 shall be included in that pamphlet.

11 * Sec. 13. This Act takes effect on the effective date of a constitu-
12 tional amendment establishing a university fund.
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**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: CS SB12 HESS
Publish Date: 3-26

Revision Date: SB 12
Title: Relating to the University Fund

Agency Affected: University of Alaska
BRU: all

Sponsor: Senator Faiks
Requestor: Senate HESS

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-	Undetermined	Undet	Undet

CAPITAL						
---------	--	--	--	--	--	--

REVENUE				Positive	Positive	Positive
---------	--	--	--	----------	----------	----------

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: Brian Rogers, Director of Budget Development Phone: 474-6490
Division: University of Alaska Date: February 6, 1987

Approved by Vice President Sherman Carter Date: February 6, 1987
Agency: University of Alaska

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. Senate Bill 12

Analysis

Assumptions

The university fund will be managed by the board of trustees of the Alaska Permanent Fund. No university personnel will be involved in fund management. Income from the fund will be available to the university annually from the prior year's net revenues.

Program Summary

No new positions or expenditures will be necessary to manage the fund. Income from the fund will be used for university operations; decisions on use of the fund's income will be made by the board of regents of the University of Alaska.

Comments

The University of Alaska is in favor of the proposed legislation. Over time, it will build an endowment for the university system similar to that of other leading resource states. The fund's income will allow the university system to increase its delivery of programs and services to the people of Alaska, and will provide greater stability in the budget and expenditure process. It is impossible at this time to determine which programs and services the board of regents will provide utilizing the fund's income.

A projection of the amount of income from the fund which would become available to the university for programs and services depends on the assumptions chosen for oil prices and investment rates of return. Such a projection must be made by the Alaska Department of Revenue and/or the Alaska Permanent Fund Corporation, rather than the University of Alaska.

ALASKA STATE LEGISLATURE

15th Legislature ... 1st Session

SENATE BILL..... NO. 12.....

By FAIKS, UEHLING, KELLY,
KERTTULA.....

"An Act relating to the university fund; and providing for an effective date."

Introduced in the Senate .. 1/19 .., 19..87

HISTORY IN THE SENATE

19 87	Read first time and referred to Committee on												
1 19	HESS AND FINANCE												
3 26	Reported back with <i>HESS</i> recommendation that <i>replace</i> <i>W.S. 2 do pass, & move final vote, zero fiscal, Fin.</i>												
	Read second time and												
	Read third time and												
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
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Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed Signed by President Sent to House												
SECRETARY OF THE SENATE													

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
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Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed Signed by Speaker Returned to Senate												
CHIEF CLERK OF THE HOUSE													

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.



Official Business

Alaska State Legislature

Senate

Finance Committee

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

April 6, 1987

TO: Senator Willie Hensley

FROM: Senator John Binkley, Co-Chairman
Senator Don Bennett, Co-Chairman

RE: Subcommittee Assignment -
Senate Bill 12
Senate Joint Resolution 1

A handwritten signature in black ink, appearing to read "John Binkley", with a long horizontal flourish extending to the right.

We are assigning Senate Bill 12, "An Act relating to the university fund" and Senate Joint Resolution 1, "Proposing amendments to the state constitution creating a university fund," to you for subcommittee work. This bill and resolution were received in Finance on March 26. We would to schedule these before the Finance Committee as soon as possible so your expeditious consideration will be appreciated.

As noted in our previous memorandum on subcommittee assignments, we request that you notify the sponsor that the bill is in your subcommittee. You may request other members of the Finance Committee to participate in your consideration of the bill. Please notify all Finance Committee members of any public hearings you may schedule so they can participate if they wish.

When you are ready to report the bill back to committee, please notify Senator Binkley's office so that it can be scheduled for hearing before the full committee.

cc: Senator Jan Faiks

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

REQUEST: _____

Bill Version : SB 12/SJR 1

Publish Date : _____

Revision Date: _____

Agency Affected : Revenue

Title : Creating the University Fund/
Amending the Constitution

BRU: _____

Sponsor : Faiks

Components : _____

Requestor: _____

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						

CAPITAL						
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REVENUE						
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FUNDING: (Millions of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
GENERAL FUND			(16.3)	(34.1)	(33.2)	(33.5)
Univ. Fund Prin. Balance			15.8	48.9	81.1	113.6
Univ. Fund Income			.5	1.9	3.9	5.8
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: Robert Elliott *RE* Phone: 2173

Division: Research Section Date: _____

Approved by Commissioner: [Signature] Date: 1/26/87

Agency: REVENUE CORRECTION

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 12/SJR 1

Analysis:

Figures are based on estimated mineral revenues for January 1987 Revenue Sources, and assume a six percent nominal interest rate and voter approval of the Constitutional Amendment (SJR 1). University Fund Income represents amount transferred to the Board of Regents at the end of each fiscal year. The above decrease in General Fund revenues includes not only the loss of mineral revenues but the subsequent decrease in General Fund investment earnings. Estimated revenues from proposed bonus sales were not included since bids are impossible to anticipate prior to sales.