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# Representative H.A. "Red" Boucher

Chairman House Committee on State Affairs • Special Committee on Telecommunications  
Member Labor & Commerce Committee • Chairman Commission on the Future of the Permanent Fund

## MEMORANDUM

From: H.A. 'Red' Boucher, Chairman

To: House State Affairs Committee Members

Date: February 21, 1990

Subject: Proposed legislation relating to the **Payout Rule** recommended by The Commission On The Future of the Permanent Fund in their January 31, 1990, report.

The Commission on the Future of the Permanent Fund's report, "**Alaskans on the Future of the Fund**", made several recommendations suggesting statute modifications designed to preserve the value of the Fund and assure a stable flow of earnings into the future. One of the main recommendations was the adoption of the "**payout rule**". The attached HB 564 would implement this concept.

The "**payout rule**" was developed in the 1960's by the Harvard Trust Fund and was suggested by the staff of the Permanent Fund Corporation. The "**payout rule**" would require that no more than five percent (5%) of the total value of all assets in the Fund be transferred to the legislature for distribution. Annual earnings would remain invested except that which is needed to meet the percentage payout.

The "**payout rule**" is a significant change in the current procedures of the Permanent Fund. To fully understand this legislation, I intend to form a subcommittee and hold work sessions over the next two weeks to address your questions and concerns regarding this legislation. I have spoken with the Department of Revenue and the Permanent Fund Corporation and they have agreed to participate in these discussion as well.

I would like to invite those members of the House State Affairs Committee who wish to serve on this subcommittee to advise me of your interest by Friday.

Figure 2:

PAYOUT RULE-PROPOSED SYSTEM

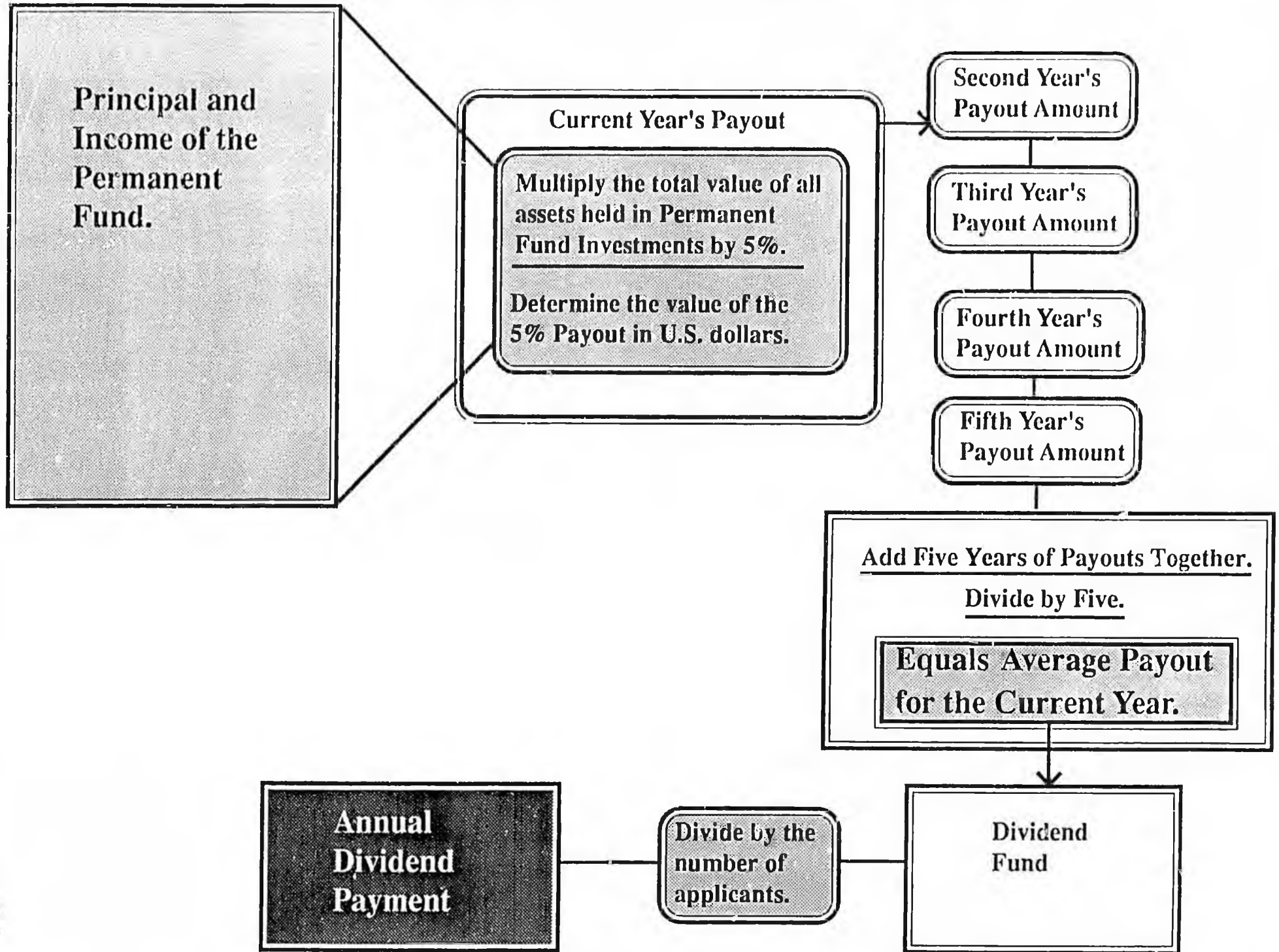


Figure 1: ALASKA PERMANENT FUND - CURRENT SYSTEM

