

SB

214

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 214

SPONSOR Halford

BILL TITLE special appropriation to permanent fund

DATE REFERRED 3-10-89

HEARING SCHEDULED 4-21-89

FISCAL NOTE PREPARED NOT NEEDED

SPONSOR CONTACTED Theresa 4958

INTERESTED PARTIES CONTACTED

✓ Mary Halloran, OMB 3508

✓ Jim Kelly, PF 2047

OTHER

S214POOP.TXT
4/21/89

SB 214 SPECIAL APPROPRIATION TO THE PRINCIPAL OF THE PERMANENT
FUND

TO TESTIFY

SEN. HALFORD, SPONSOR (THERESA)

MARY HALLORAN, O.M.B.

NOTIFIED JIM KELLY, PERMANENT FUND CORP.

F.Y.I.

APPROPRIATES EARNINGS RESERVE (\$604 MILLION) TO PRINCIPAL -- NO
EFFECTIVE DATE.

RATIONALE, STATED IN BILL FINDINGS, IS BECAUSE 1990-1996 EARNINGS
WILL BE INADEQUATE TO INFLATION-PROOF THE FUND.

HALFORD INCLUDED IN PACKET RESULTS OF STATEWIDE BUDGET WORKSHOPS:

SPEND EARNINGS RESERVE	39% YES, 58% NO
ELIMINATE INFLATION PROOFING	13% YES, 83% NO

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 4-13-89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER FIN

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 4-22-89

3/10/89
Mr. President:

SA _____ Committee considered SB 214 _____

special appropriation to the principal of the permanent fund

and recommended:

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

FISCAL NOTE(S) attached zero fiscal impact
 appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan Fark

Al Adams - no Rec

[Signature]
Chairman signature and recommendation

Committee backup attached



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of January 31, 1989

FY	PRINCIPAL					INCOME					Reserves	FY	
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Dividends	Per Capita Dividends**	Inflation Proofing			General Fund
78			54		54						1		78
79	54		84		139						7		79
80	139		344		483						12		80
81	483	900	385		1,769						28	59	81
82	1,769	800	401		2,969			\$1,000.00			71	185	82
83	2,969	400	421	231	4,021			\$386.15	231	110	108	110	83
84	4,021	300	366	151	4,838			\$331.29	151		175	203	84
85	4,838	300	368	235	5,741			\$404.00	235		217	206	85
86	5,741		323	216	6,281		1,021	\$556.26	216		303	501	86
87	6,281	1,264	171	148	7,864		1,069	\$708.19	148		391	529	87
88	7,864		418	303	8,585		789	\$826.93	303		424	62	88
89	8,585		184	351	9,120		823	\$836.29	351		458	15	89
90	9,120		190	466	9,775		818	\$859.80	466		475	(122)	90
91	9,775		83	592	10,449		971	\$843.29	592		471	(92)	91
92	10,449		89	632	11,170		1,026	\$828.44	632		467	(74)	92
93	11,170		88	676	11,933		1,087	\$871.92	676		496	(85)	93
94	11,933		85	721	12,740		1,151	\$924.73	721		531	(101)	94
95	12,740		81	769	13,590		1,217	\$989.61	769		572	(125)	95
96	13,590		77	687	14,354	133	1,285	\$1,037.79	687		605	(8)	96
97	14,354		74	716	15,145	149	1,356	\$1,087.60	716		640		97
98	15,145		69	754	15,968	158	1,431	\$1,138.94	754		676		98
99	15,968		65	794	16,828	168	1,508	\$1,191.76	794		714		99
0	16,828		62	836	17,726	177	1,589	\$1,245.87	836		753		0
1	17,726		58	880	18,664	187	1,673	\$1,301.88	880		794		1
2	18,664		55	926	19,644	198	1,762	\$1,359.54	926		836		2
3	19,644		51	973	20,669	208	1,854	\$1,419.10	973		880		3
4	20,669		47	1,023	21,739	220	1,950	\$1,479.46	1,023		927		4
5	21,739		43	1,075	22,857	232	2,051	\$1,543.43	1,075		975		5

Cumulative Totals:		3,964	4,737	14,156	22,857	1,830	28,648	12,999	\$23,172.28	14,155	229		
=====													

ASSUMPTIONS: ----- 2/22/89	4.00% Inflation Rate FY 89 9.06% Rate of Return FY 89 6.00% Inflation Rate FY 91-05 9.00% Rate of Return FY 91-05	* SOURCE: Alaska Department of Revenue Low Case Forecast - November 1988 With Consensus Revenue Estimates for FY 89-90 ** SOURCE: Population Projections From Revenue Low Case Forecast - November 1988
STATUS QUO INCLUDING BUDGET SUBMIT CONSENSUS REVENUE ESTIMATES FOR FY 89-90		



1

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS (in millions)

as of February 28, 1989

PRINCIPAL

INCOME

FY	PRINCIPAL						INCOME					Reserves		
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Dividends	Per Capita Dividends**	Inflation Proofing	General Fund	Add (Delete)	FY End Balance	FY
78			54		54		2				1			78
79	54		84		139		8				7			79
80	139		344		483		32	12			12			80
81	483	900	385		1,769		150	28			28	59	59	81
82	1,769	800	401		2,969		368	71	\$1,000.00		71	185	244	82
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	110	354	83
84	4,021	300	366	151	4,838		530	175	\$331.29	151		203	557	84
85	4,838	300	368	235	5,741		658	217	\$404.00	235		206	763	85
86	5,741		323	216	6,281		1,021	303	\$556.26	216		501	1,264	86
87	6,281	1,264	171	148	7,864		1,069	391	\$708.19	148		529	529	87
88	7,864		418	303	8,585		789	424	\$826.93	303		62	591	88
89	8,585		184	358	9,127		829	458	\$837.42	358		13	604	89
90	9,127		190	466	9,783		819	476	\$861.10	466		(123)	481	90
91	9,783		83	592	10,457		971	472	\$844.58	592		(92)	389	91
92	10,457		89	633	11,179		1,026	468	\$829.90	633		(75)	315	92
93	11,179		88	676	11,942		1,087	497	\$873.55	676		(86)	229	93
94	11,942		85	722	12,749		1,151	531	\$925.08	722		(101)	128	94
95	12,749		81	770	13,600		1,217	573	\$990.14	770		(125)	2	95
96	13,600		77	682	14,359	138	1,286	606	\$1,033.15	682		(2)		96
97	14,359		74	716	15,150	150	1,357	640	\$1,088.12	716				97
98	15,150		69	755	15,974	159	1,431	676	\$1,139.46	755				98
99	15,974		65	795	16,834	168	1,509	714	\$1,192.10	795				99
0	16,834		62	836	17,732	177	1,589	753	\$1,246.38	836				0
1	17,732		58	880	18,670	187	1,674	794	\$1,302.22	880				1
2	18,670		55	926	19,651	198	1,762	836	\$1,360.04	926				2
3	19,651		51	974	20,676	209	1,854	881	\$1,419.60	974				3
4	20,676		47	1,024	21,746	220	1,951	927	\$1,479.95	1,024				4
5	21,746		43	1,076	22,865	232	2,051	976	\$1,543.92	1,076				5
Cumulative Totals:							28,662	13,006	\$23,184.55	14,163	229			

ASSUMPTIONS: 4.08% Inflation Rate FY 89
9.12% Rate of Return FY 89

5.00% Inflation Rate FY 90
8.00% Rate of Return FY 90

* SOURCE: Alaska Department of Revenue
Low Case Forecast - November 1988
With Consensus Revenue Estimates for FY 89-90

3/1/89
STATUS QUO INCLUDING BUDGET SUMMIT
CONSENSUS REVENUE ESTIMATES FOR FY 89-90

6.00% Inflation Rate FY 91-05
9.00% Rate of Return FY 91-05

** SOURCE: Population Projections From
Revenue Low Case Forecast - November 1988

Statewide Results

Number Surveys Mailed:	248,821				
Number of Responses:	6,541				
Percentage Responding:	3%				
Number of Communities Responding:	150				
<i>Would you favor reductions in the following areas?</i>					
State Government Programs	Yes	No	No Opn	% Yes	% No
Education	2,784	3,493	197	43%	54%
Justice and Public Protection	2,538	3,771	231	39%	58%
Health and Social Services	3,172	3,155	213	— 49%	48%
Transportation	3,455	2,846	239	— 53%	44%
University of Alaska	3,512	2,824	204	— 54%	43%
Natural Resources	3,346	2,942	252	— 51%	45%
Environmental Protection	2,631	3,698	211	40%	57%
Business Development	3,711	2,599	230	— 57%	40%
Revenue	2,494	3,766	280	38%	58%
Individuals & Local Governments	Yes	No	No Opn	% Yes	% No
Public Schools	2,840	3,740	230	42%	55%
Aid to Local Governments	4,185	2,134	221	— 64%	33%
Public and Medical Assistance	3,075	3,235	230	47%	49%
Senior Programs	3,145	3,185	212	48%	49%
Power Cost Equalization	4,420	1,878	242	— 68%	29%
Loan Programs	3,997	2,327	216	— 61%	36%
<i>Would you favor increasing revenues in the following ways?</i>					
Taxes & User Fees	Yes	No	No Opn	% Yes	% No
Personal Income Tax	2,199	4,202	139	34%	64%
Severance Tax ELF	3,654	2,627	259	56%	40%
Statewide Sales Tax	2,232	4,135	173	34%	63%
Fish Landing Tax	3,633	2,573	334	56%	39%
Gasoline Tax	2,891	3,471	175	44%	53%
Alcohol and Cigarette Tax	5,253	1,198	81	80%	18%
Statewide School Tax	3,088	3,231	209	47%	49%
User Fees	3,186	3,131	222	49%	48%
Reallocate Cash & Reserves	Yes	No	No Opn	% Yes	%No
Railbe't Energy Fund	3,587	2,607	346	55%	40%
Permanent Fund Reserves	2,571	3,796	173	39%	58%
Eliminate PF Dividends	1,004	5,410	126	15%	83%
Cap PF Dividends	2,036	4,356	148	31%	67%
Eliminate PF Inflation Proofing	833	5,425	282	13%	83%

Southcentral Results

<i>Would you favor reductions in the following areas?</i>					
State Government Programs	% Yes	% No	Yes	No	No Opn
Education	48%	50%	1,773	1,839	93
Justice and Public Protection	42%	55%	1,545	2,061	114
Health and Social Services	52%	45%	1,944	1,672	104
Transportation	55%	41%	2,057	1,534	129
University of Alaska	57%	40%	2,137	1,478	105
Natural Resources	54%	43%	2,009	1,579	116
Environmental Protection	42%	55%	1,568	2,045	107
Business Development	57%	40%	2,109	1,486	125
Revenue	41%	56%	1511	2067	142
Individuals & Local Governments	% Yes	% No	Yes	No	No Opn
Public Schools	47%	49%	1,762	1,835	123
Aid to Local Governments	67%	30%	2,486	1,119	115
Public and Medical Assistance	50%	47%	1,849	1,749	122
Senior Programs	50%	48%	1,843	1,767	110
Power Cost Equalization	73%	23%	2,722	873	125
Loan Programs	64%	34%	2,365	1,247	108
<i>Would you favor increasing revenues in the following ways?</i>					
Taxes & User Fees	% Yes	% No	Yes	No	No Opn
Personal Income Tax	27%	71%	1,012	2,645	63
Severance Tax ELF	47%	50%	1,747	1,844	129
Statewide Sales Tax	32%	66%	1,198	2,444	78
Fish Landing Tax	56%	39%	2,095	1,463	162
Gasoline Tax	43%	55%	1,586	2,051	80
Alcohol and Cigarette Tax	80%	19%	2,977	710	30
Statewide School Tax	44%	54%	1,625	1,990	99
User Fees	47%	50%	1,748	852	119
Reallocate Cash & Reserves	% Yes	% No	Yes	No	No Opn
Railbelt Energy Fund	53%	42%	1,950	1,574	156
Permanent Fund Reserves	39%	59%	1,444	2,198	78
Eliminate PF Dividends	14%	84%	538	3,128	54
Cap PF Dividends	29%	69%	1,076	2,583	61
Eliminate PF Inflation Proofing	13%	83%	487	3,084	149

Interior Results

<i>Would you favor reductions in the following areas?</i>					
State Government Programs	% Yes	% No	Yes	No	No Opn
Education	39%	59%	382	577	27
Justice and Public Protection	37%	59%	385	608	34
Health and Social Services	47%	50%	482	509	36
Transportation	52%	44%	538	455	34
University of Alaska	44%	54%	450	550	27
Natural Resources	49%	47%	502	482	43
Environmental Protection	41%	56%	422	574	31
Business Development	60%	37%	617	376	34
Revenue	38%	58%	390	593	44
Individuals & Local Governments	% Yes	% No	Yes	No	No Opn
Public Schools	38%	59%	390	601	36
Aid to Local Governments	61%	35%	627	364	36
Public and Medical Assistance	47%	50%	478	518	31
Senior Programs	42%	54%	430	555	42
Power Cost Equalization	66%	31%	674	318	35
Loan Programs	61%	36%	622	373	32
<i>Would you favor increasing revenues in the following ways?</i>					
Taxes & User Fees	% Yes	% No	Yes	No	No Opn
Personal Income Tax	42%	56%	427	572	28
Severance Tax ELF	70%	26%	724	270	33
Statewide Sales Tax	34%	63%	348	648	31
Fish Landing Tax	56%	37%	571	385	71
Gasoline Tax	45%	51%	463	522	42
Alcohol and Cigarette Tax	79%	20%	805	202	18
Statewide School Tax	53%	43%	541	445	40
User Fees	48%	49%	488	505	34
Reallocate Cash & Reserves	% Yes	% No	Yes	No	No Opn
Railbelt Energy Fund	45%	50%	459	515	53
Permanent Fund Reserves	36%	60%	374	619	34
Eliminate PF Dividends	16%	82%	168	838	21
Cap PF Dividends	30%	67%	311	691	25
Eliminate PF Inflation Proofing	12%	84%	125	866	36

Southeast Results

<i>Would you favor reductions in the following areas?</i>					
State Government Programs	% Yes	% No	Yes	No	No Opn
Education	36%	59%	399	650	49
Justice and Public Protection	34%	61%	379	669	53
Health and Social Services	42%	54%	459	597	45
Transportation	44%	51%	481	567	53
University of Alaska	53%	43%	582	472	47
Natural Resources	45%	50%	493	548	60
Environmental Protection	35%	61%	390	667	44
Business Development	55%	41%	611	447	43
Revenue	32%	62%	354	688	59
Individuals & Local Governments	% Yes	% No	Yes	No	No Opn
Public Schools	39%	57%	426	629	46
Aid to Local Governments	61%	35%	671	387	43
Public and Medical Assistance	39%	57%	430	627	44
Senior Programs	49%	48%	540	525	36
Power Cost Equalization	58%	37%	637	407	57
Loan Programs	55%	40%	610	440	51
<i>Would you favor increasing revenues in the following ways?</i>					
Taxes & User Fees	% Yes	% No	Yes	No	No Opn
Personal Income Tax	43%	54%	475	596	30
Severance Tax ELF	62%	27%	749	296	56
Statewide Sales Tax	39%	58%	429	639	33
Fish Landing Tax	52%	43%	574	469	58
Gasoline Tax	47%	51%	516	560	25
Alcohol and Cigarette Tax	82%	17%	898	184	16
Statewide School Tax	52%	44%	574	485	38
User Fees	53%	44%	582	483	36
Reallocate Cash & Reserves	% Yes	% No	Yes	No	No Opn
Railbelt Energy Fund	67%	25%	734	279	88
Permanent Fund Reserves	42%	54%	466	600	35
Eliminate PF Dividends	18%	79%	197	867	37
Cap PF Dividends	38%	58%	422	638	41
Eliminate PF Inflation Proofing	12%	82%	131	903	67

Northern Results

<i>Would you favor reductions in the following areas?</i>					
State Government Programs	% Yes	% No	Yes	No	No Opn
Education	44%	56%	4	5	0
Justice and Public Protection	22%	78%	2	7	0
Health and Social Services	33%	67%	3	6	0
Transportation	78%	22%	7	2	0
University of Alaska	33%	67%	3	6	0
Natural Resources	44%	56%	4	5	0
Environmental Protection	11%	89%	1	8	0
Business Development	78%	22%	7	2	0
Revenue	33%	67%	3	6	0
Individuals & Local Governments	% Yes	% No	Yes	No	No Opn
Public Schools	44%	56%	4	5	0
Aid to Local Governments	56%	44%	5	4	0
Public and Medical Assistance	44%	56%	4	5	0
Senior Programs	56%	44%	5	4	0
Power Cost Equalization	33%	67%	3	6	0
Loan Programs	44%	56%	4	5	0
<i>Would you favor increasing revenues in the following ways?</i>					
Taxes & User Fees	% Yes	% No	Yes	No	No Opn
Personal Income Tax	11%	89%	1	8	0
Severance Tax ELF	67%	33%	6	3	0
Statewide Sales Tax	44%	56%	4	5	0
Fish Landing Tax	56%	44%	5	4	0
Gasoline Tax	33%	67%	3	6	0
Alcohol and Cigarette Tax	78%	22%	7	2	0
Statewide School Tax	44%	56%	4	5	0
User Fees	78%	22%	7	2	0
Reallocate Cash & Reserves	% Yes	% No	Yes	No	No Opn
Railbelt Energy Fund	67%	22%	6	2	1
Permanent Fund Reserves	44%	56%	4	5	0
Eliminate PF Dividends	22%	78%	2	7	0
Cap PF Dividends	33%	67%	3	6	0
Eliminate PF Inflation Proofing	22%	78%	2	7	0

Northwest Results

<i>Would you favor reductions in the following areas?</i>					
State Government Programs	% Yes	% No	Yes	No	No Opn
Education	23%	66%	15	43	7
Justice and Public Protection	34%	54%	22	35	8
Health and Social Services	45%	45%	29	29	7
Transportation	54%	35%	35	23	7
University of Alaska	42%	48%	27	31	7
Natural Resources	48%	42%	31	27	7
Environmental Protection	34%	55%	22	36	7
Business Development	49%	40%	32	26	7
Revenue	28%	60%	18	39	8
Individuals & Local Governments	% Yes	% No	Yes	No	No Opn
Public Schools	26%	65%	17	42	6
Aid to Local Governments	52%	38%	34	25	6
Public and Medical Assistance	37%	54%	24	35	6
Senior Programs	42%	49%	27	32	6
Power Cost Equalization	38%	52%	25	34	6
Loan Programs	48%	43%	31	28	6
<i>Would you favor increasing revenues in the following ways?</i>					
Taxes & User Fees	% Yes	% No	Yes	No	No Opn
Personal Income Tax	60%	35%	39	23	3
Severance Tax ELF	66%	26%	43	17	5
Statewide Sales Tax	38%	52%	25	34	6
Fish Landing Tax	65%	25%	42	16	7
Gasoline Tax	52%	40%	34	26	5
Alcohol and Cigarette Tax	85%	8%	55	5	5
Statewide School Tax	57%	29%	37	19	9
User Fees	43%	46%	28	30	7
Reallocate Cash & Reserves	% Yes	% No	Yes	No	No Opn
Railbelt Energy Fund	65%	29%	42	19	4
Permanent Fund Reserves	37%	54%	24	35	6
Eliminate PF Dividends	14%	83%	9	54	2
Cap PF Dividends	28%	66%	18	43	4
Eliminate PF Inflation Proofing	15%	75%	10	49	6

Southwest Results

<i>Would you favor reductions in the following areas?</i>					
State Government Programs	% Yes	% No	Yes	No	No Opn
Education	28%	69%	31	77	3
Justice and Public Protection	37%	61%	41	68	2
Health and Social Services	31%	68%	34	75	2
Transportation	61%	36%	68	40	3
University of Alaska	50%	48%	55	53	3
Natural Resources	47%	50%	52	55	4
Environmental Protection	25%	72%	28	80	3
Business Development	44%	51%	49	57	5
Revenue	33%	59%	37	65	9
Individuals & Local Governments	% Yes	% No	Yes	No	No Opn
Public Schools	39%	59%	43	65	3
Aid to Local Governments	54%	42%	60	47	4
Public and Medical Assistance	45%	50%	50	55	6
Senior Programs	38%	60%	42	67	2
Power Cost Equalization	36%	60%	40	67	4
Loan Programs	53%	43%	59	48	4
<i>Would you favor increasing revenues in the following ways?</i>					
Taxes & User Fees	% Yes	% No	Yes	No	No Opn
Personal Income Tax	49%	50%	54	55	2
Severance Tax ELF	73%	22%	81	24	6
Statewide Sales Tax	41%	54%	45	60	6
Fish Landing Tax	57%	37%	63	41	7
Gasoline Tax	50%	48%	55	53	3
Alcohol and Cigarette Tax	89%	10%	99	11	1
Statewide School Tax	58%	39%	64	43	4
User Fees	56%	41%	62	45	4
Reallocate Cash & Reserves	% Yes	% No	Yes	No	No Opn
Railbelt Energy Fund	62%	31%	69	34	8
Permanent Fund Reserves	41%	57%	45	63	3
Eliminate PF Dividends	14%	85%	15	94	2
Cap PF Dividends	34%	63%	38	70	3
Eliminate PF Inflation Proofing	14%	82%	15	91	5

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Cahling



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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: April 21 Committee Hearing
DATE: April 21, 1989

On Friday, April 21 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SJR 18, Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund

SJR 18 would amend the Constitution to specify that income of the permanent fund may be appropriated only for dividends, to the fund principal, for administrative costs of the fund, and for other purposes that a majority of the legislature and the voters approve.

A draft committee substitute that makes the following changes has been prepared:

- 1) Provides for a 2/3, rather than a 3/4, majority vote by the legislature.
- 2) Requires that the public renew its approval of SJR 18 every six years.

SB 214, An Act making a special appropriation to the principal of the permanent fund

SB 214 would appropriate the balance in the earnings reserve account of the permanent fund to the principal of the fund. The current balance is approximately \$604 million.

IN ADDITION, THE FOLLOWING BILLS WILL BE BACK BEFORE THE COMMITTEE:

SB 146, An Act allowing gaming devices on ferries

SB 146 would authorize the installation and use of video gaming devices on state ferries, with revenues from the games being appropriated to fund the operation of the ferry system. It is my intent to move this bill from committee on Friday.

SB 168, An Act authorizing gambling enterprises in municipalities

SB 168 would allow certain municipalities, by adoption of an ordinance, to operate a gambling enterprise. To be eligible, a municipality must have a substantial history of gambling and be substantially dependent on tourism. The bill would allow similar gambling operations on the state ferry system.

A draft committee substitute which makes the following changes is being prepared at the sponsor's request:

- 1) Eliminates the provisions regarding the ferry system.
- 2) Transfers the responsibility for state oversight of the municipal operations from the Department of Revenue to the Department of Commerce. This is consistent with Executive Order 74, which transferred games of chance and contests of skill.
- 3) Provides for a share of the gambling proceeds to be used for prevention programs, as well as for treatment and counseling of compulsive gamblers.

It is my intent to move this bill out of committee today.

HB 91, An Act relating to protection for certain public employees and certain other persons who report or participate in a proceeding connected with a matter of public concern

HB 91, the "whistleblower bill", would prohibit public employers from discharging, threatening, or otherwise discriminating against employees simply because they disclose information of public concern before a public body.

A draft committee substitute which makes the following changes is being prepared:

- 1) Exempts the Alaska Railroad. Current statute provides that employees of the railroad are not employees of the state.
- 2) Exempts municipalities that, by ordinance, adopt substantially similar protections. This exemption is

Committee Memo
April 21, 1989
Page 3

consistent with the resolution passed by the Anchorage Municipal Assembly.

A zero fiscal note prepared by the Court System is attached. It is my intent to move this bill out of committee today.

HB 138, An Act establishing a state employee incentive award system

HB 138 would establish a monetary incentive program to encourage employees to improve state operations. A draft committee substitute that makes the following changes is attached:

- 1) Requires an annual report to the Legislature detailing who received awards, the basis for each award, and the amount of the award.
- 2) Prohibits commissioners, deputy commissioners, assistant commissioners, directors, and deputy directors from receiving awards.

It is my intent to move this bill out of committee today.

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cate of deposit. The board
order to ensure continued
this subsection. (§ 5 ch 18
; am § 1 ch 83 SLA 1986)

ent in the first sentence of sub-
m) substituted "that" for "which"
; "equivalent instruments" and
the language beginning "or by a
and ending "secondary market"
obligations" following "which in-
ts."

Sec. 37.13.130. Gains and losses. [Repealed, § 13 ch 81 SLA 1982.]

Sec. 37.13.140. Income. Net income of the corporation shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals 21 percent of the net income of the corporation for the last five fiscal years, including the fiscal year just ended, but may not exceed net income of the corporation for the fiscal year just ended plus the balance in the earnings reserve account described in AS 37.13.145. (§ 5 ch 18 SLA 1980; am § 8 ch 81 SLA 1982; am § 1 ch 28 SLA 1986)

Effect of amendments. — The 1986 amendment in the first sentence substituted "shall" for "must" and in the second sentence substituted "21 percent of the

net income" for "the average net income" and "earnings reserve" for "undistributed income."

Sec. 37.13.145. Disposition of income. At the end of each fiscal year, an amount sufficient to offset the effect of inflation on principal of the Alaska permanent fund during that year, as measured by the change in the calendar year average United States consumer price index for all urban consumers shall be transferred from net income as defined in AS 37.13.140, excluding income on the earnings reserve account in the Alaska permanent fund, to the principal of the Alaska permanent fund for reinvestment. The balance of the income available for distribution under AS 37.13.140 shall be transferred to the earnings reserve account in the Alaska permanent fund. Money in the earnings reserve account shall be invested in investments authorized under AS 37.13.120. Income from the investment of the earnings reserve account shall be treated as an addition to that account. (§ 9 ch 81 SLA 1982; am § 2 ch 28 SLA 1986)

Cross references. — For transfer of certain income earned by the Alaska permanent fund prior to July 1, 1982, to the undistributed income account, see § 15, ch. 81, SLA 1982.

Effect of amendments. — The 1986 amendment in the first sentence substituted "the change in the calendar year av-

erage United States consumer price index for all urban consumers" for "a nationally recognized index," in the second sentence substituted "income available for distribution under" for "net income as defined in," and substituted "earnings reserve" for "undistributed income" throughout the section.

Sec. 37.13.150. Corporation budget. The revenue generated by the corporation's investments must be identified as the source of the operating budget of the corporation in the state's operating budget under AS 37.07 (Executive Budget Act). The unexpended balance of the corporation's annual operating budget does not lapse at the end of the fiscal year but shall be treated as income under AS 37.13.140. (§ 5 ch 18 SLA 1980; am § 10 ch 81 SLA 1982)

ALASKA STATE LEGISLATURE

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Senator Rick Halford

MEMORANDUM

To: Senator Pat Pourchot, Chairman
Senate State Affairs Committee

From: Senator Rick Halford *Rick*

Date: March 31, 1989

I would appreciate a hearing on Senate Bill 214 at your earliest convenience.

Senate Bill 214 is a straightforward bill that appropriates the unexpended and unobligated balance of the Earnings Reserve Account into the principal of the Permanent Fund.

The Permanent Fund Corporation's financial projections as of January 31, 1989, indicates that earnings of the reserve account will be needed to adequately inflation-proof the Fund beginning in FY 90. I introduced SB 214 in order to maintain the protection of the principal of the Permanent Fund and to ensure that the dividend program remains secure. I believe this legislation is in the best interest of the people of the State of Alaska.

Thank you for your attention to this matter.

1 IN THE SENATE

BY HALFORD, JONES,
FAIKS AND KERTTULA

2

SENATE BILL NO. 214

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making a special appropriation to the princi-
7 pal of the permanent fund."

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

9 * Section 1. FINDINGS. The Alaska Permanent Fund Corporation has
10 projected that there will be a shortfall in the earnings of the permanent
11 fund in fiscal years 1990 - 1996 that will require additional investment to
12 adequately inflation-proof the fund, as required by AS 37.13.145.

13 * Sec. 2. The unexpended and unobligated balance in the earnings re-
14 serve account (AS 37.13.145) is appropriated to the principal of the perma-
15 nent fund.

as of 4/19/89

\$604,000,000