

**S J R**

**18**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SJR 18

SPONSOR Halford

BILL TITLE Constitutional amendment—public vote  
on expenditure of PF earnings

DATE REFERRED 1-25-89

HEARING SCHEDULED 3-3-89

FISCAL NOTE PREPARED ~~for~~ req. 3/1 am

SPONSOR CONTACTED Theresa 4958

INTERESTED PARTIES CONTACTED

✓ Linda Edgeworth 4611

✓ Jim Kelly, PF 2047

✓ Mary Halloran, OMB 3568  
Jackie Fargnoli

OTHER

# ALASKA STATE LEGISLATURE

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Senator Rick Halford

## MEMORANDUM

To: Senator Pat Pourchot

From: Senator Rick Halford *Rick*

Date: March 1, 1989

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Thank you for your prompt scheduling of Senate Joint Resolution 18, proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund.

Section one of the resolution proposes an amendment to Article IX, section 15 of the State's constitution. It would allow income of the Permanent Fund to be used to increase the principal of the fund, be distributed as dividends to state residents or used to pay for the cost of administering the permanent fund and dividend program. The resolution also puts into the constitution the ability for income from the fund to be appropriated for other purposes as long as three-fourths of the members of each house approve the appropriation and it is approved by a majority vote of the people of the State.

I hope you will join me in allowing the people of the State to decide how the Permanent Fund should be spent, by passing this resolution out of Committee.

**Section 12 - Budget.**

The governor shall submit to the legislature, at a time fixed by law, a budget for the next fiscal year setting forth all proposed expenditures and anticipated income of all departments, offices, and agencies of the State. The governor, at the same time, shall submit a general appropriation bill to authorize the proposed expenditures, and a bill or bills covering recommendations in the budget for new or additional revenues.

**Section 13 - Expenditures.**

No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

**Section 14 - Legislative Post-Audit.**

The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

**Section 15 - Alaska Permanent Fund.**

At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law. [Amendment approved November 2, 1976 - Effective February 21, 1977]

**Section 16 - Appropriation Limit.**

Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-

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**Section 19 - Right to Bear Arms.**

A well-regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed.

**Section 20 - Quartering Soldiers.**

No member of the armed forces shall in time of peace be quartered in any house without the consent of the owner or occupant, or in time of war except as prescribed by law. The military shall be in strict subordination to the civil power.

**Section 21 - Construction.**

The enumeration of rights in this constitution shall not impair or deny others retained by the people.

**Section 22 - Right of Privacy.**

The right of the people to privacy is recognized and shall not be infringed. The legislature shall implement this section. [Amendment approved August 22, 1972 - Effective October 14, 1972]

**Section 23 - Resident Preference**

This constitution does not prohibit the State from granting preferences, on the basis of Alaska residence, to residents of the State over nonresidents to the extent permitted by the Constitution of the United States. [Amendment approved November 8, 1988 - Effective January 4, 1989]

**Article II**

**The Legislature**

**Section 1 - Legislative Power; Membership.**

The legislative power of the State is vested in a legislature consisting of a senate with a membership of twenty and a house of representatives with a membership of forty.

**Section 2 - Members' Qualifications.**

A member of the legislature shall be a qualified voter who has been a resident of Alaska for at least three years and of the district from which elected for at least one year, immediately preceding his filing for office.

A senator shall  
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**Section 3 - I**

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**Section 4 - V**

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**Section 5 - I**

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**Section 6 - I**

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**Section 15 - Special Service Districts.**

Special service districts existing at the time a borough is organized shall be integrated with the government of the borough as provided by law.

**Article XI**

**Initiative, Referendum, and Recall**

**Section 1 - Initiative and Referendum.**

The people may propose and enact laws by the initiative, and approve or reject acts of the legislature by the referendum.

**Section 2 - Application.**

An initiative or referendum is proposed by an application containing the bill to be initiated or the act to be referred. The application shall be signed by not less than one hundred qualified voters as sponsors, and shall be filed with the lieutenant governor. If he finds it in proper form he shall so certify. Denial of certification shall be subject to judicial review. [Amendment approved August 25, 1970 - Effective October 10, 1970]

**Section 3 - Petition.**

After certification of the application, a petition containing a summary of the subject matter shall be prepared by the lieutenant governor for circulation by the sponsors. If signed by qualified voters, equal in number to ten per cent of those who voted in the preceding general election and resident in at least two-thirds of the election districts of the State, it may be filed with the lieutenant governor. [Amendment approved August 25, 1970 - Effective October 10, 1970]

**Section 4 - Initiative Election.**

An initiative petition may be filed at any time. The lieutenant governor shall prepare a ballot title and proposition summarizing the proposed law, and shall place them on the ballot for the first statewide election held more than one hundred twenty days after adjournment of the legislative session following the filing. If, before the election, substantially the same measure has been enacted, the petition is void. [Amendment approved August 25, 1970 - Effective October 10, 1970]

**Section 5 - Referendum Election.**

A referendum petition may be filed only within ninety days after adjournment of the legislative session at which the act was passed. The lieutenant governor shall prepare a ballot title and proposition summarizing the act and shall place them on the ballot for the first statewide election held more than one hundred eighty days after adjournment of that session. [Amendment approved August 25, 1970 - Effective October 10, 1970]

**Section 6 - Enactment.**

If a majority of the votes cast on the proposition favor its adoption, the initiated measure is enacted. If a majority of the votes cast on the proposition favor the rejection of an act referred, it is rejected. The lieutenant governor shall certify the election returns. An initiated law becomes effective ninety days after certification, is not subject to veto, and may not be repealed by the legislature within two years of its effective date. It may be amended at any time. An act rejected by referendum is void thirty days after certification. Additional procedures for the initiative and referendum may be prescribed by law. [Amendment approved August 25, 1970 - Effective October 10, 1970]

**Section 7 - Restrictions.**

The initiative shall not be used to dedicate revenues, make or repeal appropriations, create courts, define the jurisdiction of courts or prescribe their rules, or enact local or special legislation. The referendum shall not be applied to dedications of revenue, to appropriations, to local or special legislation, or to laws necessary for the immediate preservation of the public peace, health, or safety.

**Section 8 - Recall.**

All elected public officials in the State, except judicial officers, are subject to recall by the voters of the State or political subdivision from which elected. Procedures and grounds for recall shall be prescribed by the legislature.

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shall not apply to property held by individuals in fee without restrictions on alienation.

**Section 13 - Consent to Act of Admission.**

All provisions of the act admitting Alaska to the Union which reserve rights or powers to the United States, as well as those prescribing the terms or conditions of the grants of lands or other property, are consented to fully by the State and its people.

**Article XIII**

**Amendment and Revision**

**Section 1 - Amendments.**

Amendments to this constitution may be proposed by a two-thirds vote of each house of the legislature. The lieutenant governor shall prepare a ballot title and proposition summarizing each proposed amendment, and shall place them on the ballot for the next general election. If a majority of the votes cast on the proposition favor the amendment, it shall be adopted. Unless otherwise provided in the amendment, it becomes effective thirty days after the certification of the election returns by the lieutenant governor. [Amendment approved August 25, 1970 - Effective October 10, 1970; Amendment approved August 27, 1974 - Effective October 12, 1974]

**Section 2 - Convention.**

The legislature may call constitutional conventions at any time.

**Section 3 - Call by Referendum.**

If during any ten-year period a constitutional convention has not been held, the lieutenant governor shall place on the ballot for the next general election the question: "Shall there be a Constitutional Convention?" If a majority of the votes cast on the question are in the negative, the question need not be placed on the ballot until the end of the next ten-year period. If a majority of the votes cast on the question are in the affirmative, delegates to the convention shall be chosen at the next regular general election, unless the legislature provides for the election of the delegates at a special election. The lieutenant governor shall issue the call for the convention. Unless other provisions have been made by law, the call shall conform as nearly as possible to the act calling the Alaska

## il asks for weedkillers

d their plans to apply and Garlon 3A herbicides : 2400-square-foot strips in Birchwood. A fourth wetlands near Fire Creek ed later to test effects of d-killers in groundwater. recht, who was ed by the council to it them on a citizens board working with the ty of Alaska research d railroad engineers, said asked Anchorage mayor ik to request the hearing. unicipality does not, she council will initiate the petition required to bring state hearing.

g the meeting, speakers nson of the environmen- terns organization and es, a resident of Tal- and Anchorage who has l" the railroad for years rbcicide use, described icerns. Sykes favored the alternative methods of on control.

recht said the council "lively" discussion prior g to oppose use of herbi- d to recommend research rnuatives, "including labor."

er business, the council presentation concerning g tax revenues which e road district's budget. ht said most council s indicated they support 1 mill rate increase on the o let voters decide.

ablyman Craig Campbell l Dyson were present and d from Sen. Rick Halford t to give an update on matters of local interest.

## l weather sets er use record

peratures in parts of the ka Electric Association area set new low ture records, MEA Sun- t set a new record of its power consumption. cott, consumer affairs or the electric utility, said Electric Association the MEA Palmer head- office that 96 megawatts r had been drawn over lines. That was 3 ts greater than the record, it was advised.

## Hickel executive tells demographics at Tuesday forum

Bill Gee of Hickel Investments will be speaking at the next breakfast forum of the Chugiak - Eagle River Chamber of Commerce on Tuesday, February 7 at 7:30 a.m.

Gee's topic of discussion is "What's in a Number" and will include some comparative analysis of the Chugiak - Eagle River area with similar subcommunities in Anchorage. He will focus specifically on the one- to three-mile radius surrounding the central business district and will present descriptive indicators such as family size, income, population and types of businesses that an area with such a profile can accomodate.

In addition, he will provide a prognosis on our current economic status.

Other speakers on the agenda include Frank Muncy, chairman of Matanuska Electric Assciaton Member Advisory Committee, who will make a short presentation.

The meeting will take place at the North Slope Restaurant and the price of the full breakfast is \$5.50 while the Continental breakfast is priced at \$3.50. Coffee is \$2.

Those needing additional information should contact Marilyn Hill, Executive Director, at 694-4702.

## Eagle River council meeting has full agenda for Feb. 9

A busy agenda is on tap next Thursday (Feb. 9) when Jerry Mackey conducts his first meeting as president of Eagle River community council. The council meets at 7:30 p.m. at the Chugiak - Eagle River Library.

After action on a by-laws amendment instituting staggered terms for officers, the council will hear a presentation from an engineer working on the municipal air quality standards. Steve Morris will discuss and field questions regarding PM10 regulations, results of studies and associated legal implications.

Street maintenance supervisor Dick Pierce is scheduled to discuss status of his section's budget and a potential increase in property tax mill levy to sus- tain next levels of service in light

## Halford bill would have vote on spending of Fund income

Senate Majority Leader Rick Halford, (R-Anch.), has introduced a resolution that would require a vote of the people before any Permanent Fund earnings could be spent. Halford, a vocal opponent of any plan to tap the Permanent Fund, stated, "It is important that the people of the state maintain a link between their dividend and the overall condition and management of the Fund. Any withdrawal of earnings affects future dividends as well as the total balance of the Fund."

Senate Joint Resolution 18 proposes an amendment to the state's constitution that would need to be ratified by a majority of those voting in a statewide election. It would allow income of the Permanent Fund to be used to increase the principal of the fund, be distributed as dividends to state residents, or used to pay for the costs of administering the Permanent Fund and dividend program. The resolution would prohibit the appropriation of income for other purposes without approval of three-fourths of the members of each house and a majority vote of the people in the state.

Halford has been a strong proponent of protecting the Permanent Fund and the earnings of the Fund from legislative appro-

priation. Several years ago Halford led the fight to roll surplus earnings into the principal of the Fund rather than permit the Legislature to appropriate the surplus for government programs.

Joining Halford as sponsors of the constitutional amendment are Senators Jay Kertula (D-Palmer), Jack Coghill (R-Nenana), Jan Faiks (R-Anchorage), and Paul Fischer (R-Soldotna).



What is the best name for the new Chugiak - Eagle River college-level baseball team which will begin play in the Central Alaska Baseball League next year?

**WIN A FREE SEASON PASS AND THE 1st HAT OFF THE PRESS!**

*Entries must be received by February 10, 1989. Winner announced February 15th*

Chugiak - Eagle River Baseball Boosters Club  
c/o John Peck  
P.O. Box 771566  
Eagle River, AK 99577-1566

# PROCESSOR

## Let permanent fund 'stockholders' control its future

PORT ALSWORTH — Schemes to scale ramparts defending the Alaska Permanent Fund abound. Most are not so blatant as to propose a frontal assault. Rather a whole stable of swaybacked Trojan horses have been trotted out ... Though draped by their touts in the vestments of motherhood, one need but peek under the skirts to detect, crouched beneath, some salivating politician tolling his skeleton keys to the strongbox.

Most proposals, of course, will be deemed for worthy cause: deferral of need to reimpose income taxes; retaining current levels of municipal assistance; sustaining loan subsidies; funding the longevity bonus; or even — saints preserve us — underwriting Sustinn hydro.

Few suggest anything so obvious as feeding off the fund's corpus. Rather, they would feed off the fund's fodder: its "undistributed income." The undistributed income account is, in essence, the silo into



Jay Hammond

which sustenance is set aside in fat years to maintain the health of the fund come the lean. It helps inflation-proof the fund and prevents wild fluctuations in dividend levels. To use these emergency rations for any but the original purpose is to leave the fund itself vulnerable. Don't let them do it.

"But," protest some, "I thought the intent of the permanent fund was to provide an income source to

run government once oil wealth began to decline. At just what point then will we know the time has come for the fund to fulfill that role?" The answer? "When the people who own the fund — its stockholders, if you will — say so."

Just as a vote of the stockholders is required before major investments or changes in policy are made by corporate bodies, so should such a vote be required of "stockholders" in the permanent fund.

The only way to absolutely assure such a vote is to mandate it in the Constitution. A two-thirds vote of the legislature and a majority vote of the electorate then would be required to change it. If I had my druthers, all dividend recipients (stockholders) including children would be allowed to cast ballots. Parents could exercise a minor's proxy. That way a much more accurate picture of the prevailing Alaska attitude would be reflected.

A constitutionally mandated vote of the people is in full keeping with the manner in which the fund itself was created. In the belief that such a vote of the people should be involved in the establishment of the fund, I vetoed a legislative approach which failed to provide it and insisted it instead be constitutionally structured. By your vote it was. I feel just as strongly that a constitutionally mandated vote of the people should be required before any basic changes are made in the fund's structure, investment policy or utilization of earnings.

I'm pleased to hear gubernatorial candidates starting to talk about asking the people before any changes are made in the ground rules now governing the permanent fund. I believe that candidate who is perceived as most likely to assure that such a vote is required will emerge as the strongest candidate; if perhaps not the most popular with

those politicians who have designs on the fund.

To the latter I say that the portion of income used for dividends is already available for government programs should you really believe that it must be tapped. User fees or taxes extracted from the enormously expanded "tax base" created by the dividend program can be so utilized. One small problem of course those politicians will have to convince their constituents that the program for which they'd tap your dividends was truly more crucial. It's amazing how less "crucial" some programs become in the minds of the public if they somehow perceive themselves as required to pay for them. The dividend program can do much to set up just such a healthy screening process.

□ Jay Hammond was governor of Alaska from 1974-1982.

## A fact of parenthood: The 'nest' eventually empties

You'll see them at the airport during the holiday season. They're part of an annual ritual that begins before Christmas and ends after New Year's. They are the empty nesters and they're easy to spot.

Before Christmas they flock to the airport to stand around in happy anticipation talking about how time has flown since summer. They catch up on how many nests are empty and where everyone has gone. Then the jetway doors open and out flow the young flock, kids home for the holidays.

The problems associated with canceled flights and long delays are over and now the reunions begin. Rather than complaints, the trips have been an adventure; hanging out in the Seattle airport with friends, checking the stand-by status each time a plane arrived.

The holiday season has a uniquely bitter-sweet quality now. The joy of



Millett Keller

Empty nesters come in many varieties. For some, their young have gone on to college or jobs out of state. For others, the nest has been empty for a long time; the young are out of school and making new nests elsewhere. Some empty nesters still have a few young at home, others have no more young to raise. Everyone who raises a family will eventually

infallible parental counsel. When you send them off, you think about the lions in "Born Free" knowing that the carefree spirit of childhood has passed and they now have to take on adult responsibilities. The freedom from home rule will be accompanied by term papers, midterms, finals, and bills to pay. You hurt for them because your natural instinct is to shelter them from discomfort and stress.

But you know that it's their life now and they have to take on the challenges of adulthood, including the freedom, the responsibility, and the struggle.

Inevitably, the holiday season ends and it's time to empty the nest again. Back at the airport you see the same crowds, but the mood isn't quite the same this time. It will be many months until you see them again. Until then the empty nest

the morning. You mourn over the loss somewhat like a mild form of bereavement. You're supported by the other empty nesters who are sharing the same feelings and by recalling Eric Hoffer's metaphor about life being like a bus ride. We all get on at the same place and we all have the same destination and we spend the entire ride trying to improve our seating position on the bus.

Raising a family means that eventually the nest will be empty except for the parents. The full circle of child rearing is a new joy which brings a couple closer together. All of us had to break our ties with home and start out on our own, creating our own new homes. Life is a growing process which improves us and which only the foolish try to avoid. The pain, the joy and the

## Gramm, Rudman: names to remember

By ROBERT RENO

William Philip Gramm was a former economics professor at Texas A & M, a practicing Episcopalian, honoree of the Freedom Foundation and author of the forgettable book "The Economics of Mineral Extraction" before fame struck him.

Warren Bruce Rudman was a small-town lawyer, former captain of infantry and remembered as a well-liked member of the corps of cadets at Vassar.

# Hammond urges vote on earnings use

By ROBERT LAURIE  
Times Journal Bureau

JUNEAU — Former Gov. Jay Hammond warned lawmakers against using the earnings of the permanent fund to bolster state spending — at least not without thoroughly exploring other revenue options and budget cuts, and putting the question to a vote of the people.

Hammond, a key advocate of the permanent fund program as it developed in the late '70s and early '80s, returned to Juneau this week to speak to lawmakers about his favorite subject. Hammond served as governor from 1974-1982.

"I think the last thing we ought to do

is invade the earnings of the permanent fund," the former Republican governor told the House State Affairs Committee Thursday.

Lawmakers are eyeing the \$600 million balance of the fund's Earnings Reserve Account as an easy way of plugging the bulk of a \$618 million gap between expected revenues and projected state spending next year.

Hammond urged the lawmakers to "look at other revenue enhancements first," including revision of the Economic Limit Factor on the oil industry and reinstatement of the personal income tax, among others.

Hammond said the oil industry is taxed unfairly, but not excessively. Other industries in the state do not carry their fair share of the tax burden, he said, while the oil industry could afford to pay even more.

Asked about a proposal to "loan" money from the earnings to fund state government — an idea he once advanced — Hammond admitted that on further reflection he opposed the concept.

"I see no way to compel repayment of the loan," Hammond said. "What assurances? What collateral is there?"

Windfalls from future settlements of

lawsuits was suggested as one source.

"I think that's more 'wind' than 'fall,'" quipped Hammond.

If lawmakers insist on borrowing or using permanent fund earnings, Hammond suggests putting a checkoff on the dividend application form so Alaskans could say what state programs they want their money to fund.

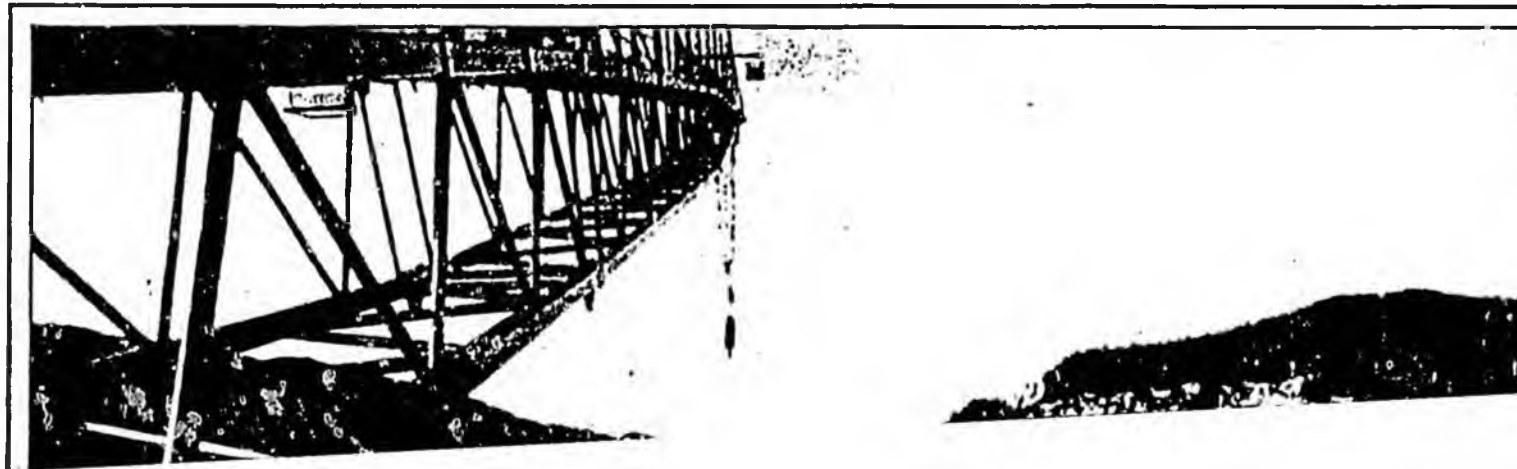
The former governor had little to say in favor of the present governor's plan to dedicate a portion of the fund's earnings to an education endowment.

Gov. Steve Cowper's so-called "education amendment" calls for a constitutional amendment — and the resultant

public vote — on earmarking 40 percent of the fund's earnings over the next 20 to 25 years to education. After 10 years, income from the endowment would begin to replace state general fund money used for public education.

"I've termed it a Trojan horse crossed with a sacred cow," Hammond said. "What you see is not exactly what you get."

The endowment earnings, he said, would simply replace money that is constitutionally mandated to go to education. That money, in turn, would be redirected to programs not necessarily required.



## Driver survives train hit

Snowmachiner faces drunk driving charge

By BILL KELDER

Times Valley Bureau

WASILLA — A Talkeetna

# Alaska State Constitution

## Art IX, Sec 15

nor shall the public credit be used, except for a public purpose.

§ 7. The proceeds of any state tax or other revenue may be dedicated to any special purpose as provided in section 15 of this article, but no revenue required by the federal government for participation in federal programs. This article shall not prohibit the continuance of any special purposes existing upon the adoption of this section by the people.

This section was approved by the voters of Alaska in 1976 and became effective February 21, 1977. The period of time provided in section 15 of this article shall not apply.

§ 8. No state debt shall be contracted by law for capital improvements unless a majority of the qualified voters of the State vote on the question. The State may contract by law and without ratification, debt for the purpose of repelling invasion, for the purpose of defending the State in international disasters, or redeeming indebtedness at the time this constitution was adopted.

§ 9. No state debt shall be contracted by any political subdivision of the State, unless authorized by law and approved by its governing body by a majority vote of those qualified voters of the subdivision.

§ 10. The State and its political subdivisions may contract debt to meet appropriations for the next fiscal year, but all debt so contracted shall be repaid by the end of the next fiscal year.

§ 11. No debt shall be contracted by any political subdivision of the State for the purpose of repelling invasion, for the purpose of defending the State in international disasters, or redeeming indebtedness at the time this constitution was adopted.

Budget

public corporation of the State or a political subdivision, when the only security is the revenues of the enterprise or corporation. The restrictions do not apply to indebtedness to be paid from special assessments on the benefited property, nor do they apply to refunding indebtedness of the State or its political subdivisions.

SECTION 12. The governor shall submit to the legislature, at a time fixed by law, a budget for the next fiscal year setting forth all proposed expenditures and anticipated income of all departments, offices, and agencies of the State. The governor, at the same time, shall submit a general appropriation bill to authorize the proposed expenditures, and a bill or bills covering recommendations in the budget for new or additional revenues.

Expenditures

SECTION 13. No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

Legislative  
Post-Audit

SECTION 14. The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

Alaska  
Permanent  
Fund

SECTION 15. At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All

income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

(The addition of this section was approved by the voters of the State November 2, 1976 and became effective February 21, 1977.)

Reviser's notes. — Reorganized in 1988 to delete repealed paragraphs (1) and (4) — (7).  
 Effect of amendments. — The 1984 amendment repealed former paragraphs (1) and (4) — (7).

**Chapter 13. Alaska Permanent Fund.**

Section	Section
10 Alaska permanent fund	120. Investment responsibilities of the board
20 Findings	140. Income
30 Purpose	145. Disposition of income
40 Alaska Permanent Fund Corporation	150. Corporation budget
50 Composition and qualifications of board of trustees	160. Audits
60 Term of office	170. Reports and publications
70 Removal and vacancies	180. Tax exemption
80 Quorum	190. Political activities
90. Compensation of board members	200. Public access to information
100. Corporation staff	205. Regulations
110. Conflicts of interest	210. Definitions

**Sec. 37.13.010. Alaska permanent fund.** (a) Under art. IX, § 16 of the state constitution, there is established as a separate fund the Alaska permanent fund. The Alaska permanent fund consists of

(1) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued on or before December 1, 1979, and 25 percent of all bonuses received by the state from mineral leases issued on or before February 15, 1980;

(2) 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued after December 1, 1979, and 50 percent of all bonuses received by the state from mineral leases issued after February 15, 1980;

(3) any other money appropriated to or otherwise allocated by law to the Alaska permanent fund.

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

(c) The Alaska permanent fund shall be managed by the Alaska Permanent Fund Corporation established in this chapter. (§ 5 ch 18 SLA 1980)

Legislative history reports. — For the Free Conference Committee Report on ch 18, SLA 1980 (FCCSSB 161), see 1980 House Journal, Joint Supplement No. 7, April 2, 1980

Revenues into fund

**Sec. 37.13.020. Findings.** The people of the state, by constitutional amendment, have required the placement of at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the state into a permanent fund. The legislature finds with respect to the Alaska Permanent Fund Corporation that

(1) the corporation should provide a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans;

(2) the corporation's goal should be to maintain safety of principal while maximizing total return;

(3) the corporation should be used as a savings device managed to allow the maximum use of disposable income from the corporation for purposes designated by law. (§ 5 ch 18 SLA 1980)

**Sec. 37.13.030. Purpose.** It is the purpose of this chapter to provide a mechanism for the management and investment of those permanent fund assets allocated to the Alaska Permanent Fund Corporation in a manner consistent with the findings in AS 37.13.020. (§ 5 ch 18 SLA 1980)

**Sec. 37.13.040. Alaska Permanent Fund Corporation.** There is established the Alaska Permanent Fund Corporation. The corporation is a public corporation and government instrumentality in the Department of Revenue managed by the board of trustees. The purpose of the board is to manage and invest the assets of the corporation in accordance with this chapter. (§ 5 ch 18 SLA 1980)

**Sec. 37.13.050. Composition and qualifications of board of trustees.** (a) The Board of Trustees of the Alaska Permanent Fund Corporation consists of six members appointed by the governor. Two of the members must be heads of principal departments of state government, one of whom shall be the commissioner of revenue. Four members shall be appointed by the governor from the public and may not hold any other state or federal office, position or employment, either elective or appointive, except as a member of the armed forces of either the United States or of this state.

(b) The four public members of the board must have recognized competence and wide experience in finance, investments, or other business management-related fields.

(c) The board shall annually elect a chairman from among its members. (§ 5 ch 18 SLA 1980; am § 1 ch 81 SLA 1982)

*dividends*

cedures or remedies available for collection of taxes under this title to recover the payment of a permanent fund dividend that was improperly made. A notice of an improperly paid dividend must be sent to the individual within 10 years after the improper payment. If notice is not sent within the 10-year period, proceedings may not be commenced in court for recovery of the improper payment.

"(c) If the commissioner determines that a permanent fund dividend should not have been credited to an individual's an-

nuity account, the commissioner may, after notice and opportunity for hearing, direct the commissioner of administration to debit the individual's annuity account for the amount wrongly credited. If the credit is the fault of the individual, the debit must be made within 10 years. If the credit is the fault of the state, the debt must be made within three years."

**Effect of amendments.** — The 1988 amendment, effective January 1, 1989, added subsection (c).

**Sec. 43.23.045. Dividend fund.** (a) The dividend fund is established as a separate fund in the state treasury. The dividend fund shall be administered by the commissioner and shall be invested by the commissioner in the same manner as provided in AS 37.10.070.

(b) Notwithstanding any contrary provision of law, each year the commissioner shall transfer to the dividend fund 50 percent of the income of the Alaska permanent fund earned during the fiscal year ending on June 30 of the current year and available for distribution.

(c) *[Repealed, § 24 ch 99 SLA 1985.]*

(d) Unless specified otherwise in an appropriation act, the unexpended and unobligated balance of an appropriation to implement this chapter lapses into the dividend fund on June 30 of the fiscal year for which the appropriation was made and shall be used in determining the amount of and paying the subsequent year's dividend as provided in AS 43.23.025(1)(B). (§ 1 ch 102 SLA 1982; am § 24 ch 99 SLA 1985; am § 3 ch 57 SLA 1987)

**Effect of amendments.** — The 1985 amendment repealed subsection (c).

The 1987 amendment, added subsection (d).

**NOTES TO DECISIONS**

Stated in *Alaska Oil Co. v. Alaska*, 45 Bankr. 358 (D. Alaska 1985).

**Sec. 43.23.055. Duties of the department.** The department shall

(1) annually pay permanent fund dividends from the dividend fund;  
 (2) adopt regulations under the Administrative Procedure Act (AS 44.62) that establish procedures and time limits for claiming a permanent fund dividend; the department shall set the time limit for applications for permanent fund dividends so that the number of eligible applicants is determined by October 1 of the year for which the dividend is declared and permanent fund dividends for a year are paid before April 30 of the year following that year;

(3) adopt regulations under the Administrative Procedure Act (AS 44.62) that establish procedures and time limits for an individual

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*inflation proofing*

*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."

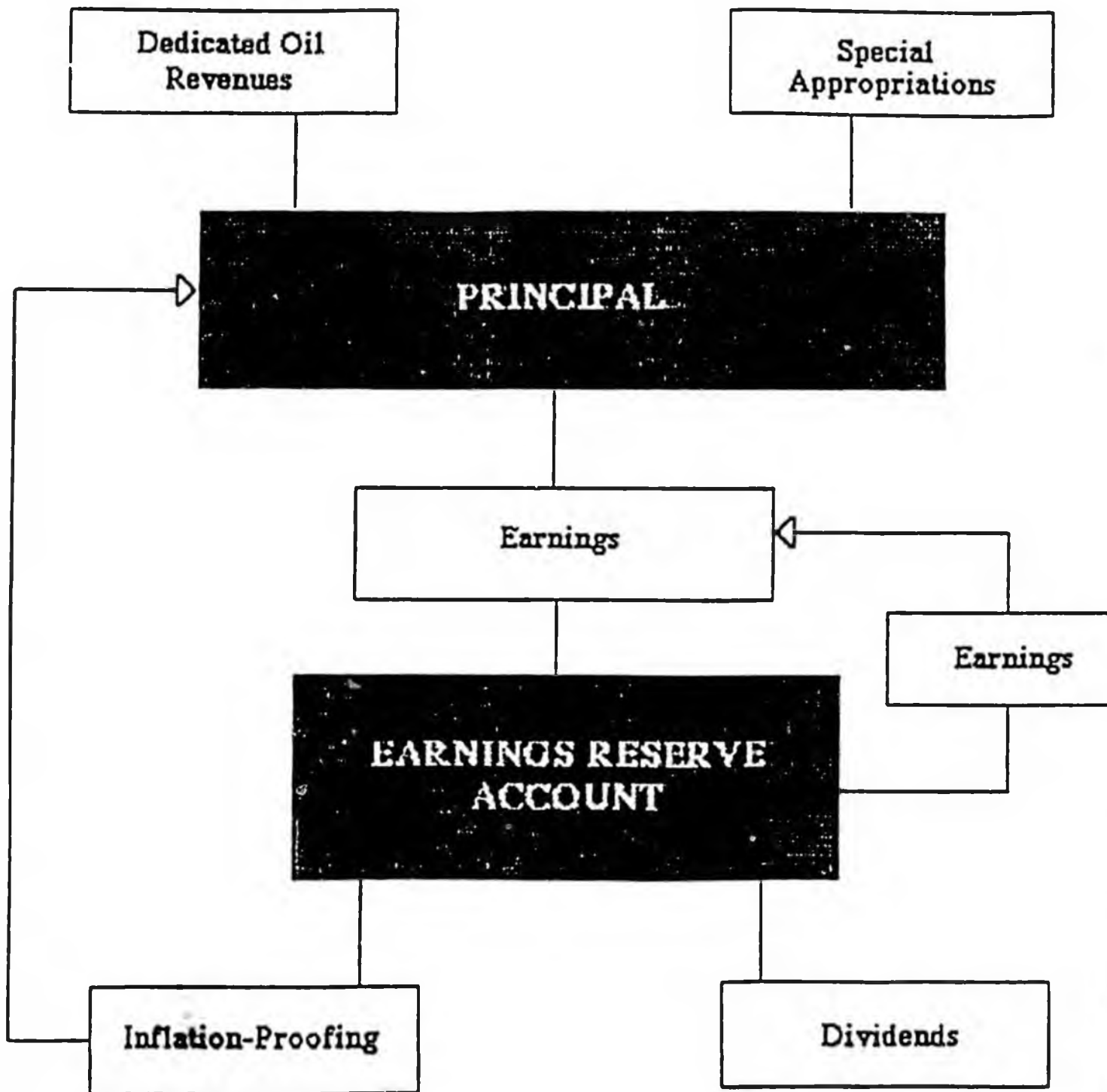
**Sec. 37.13.145. Disposition of income.** At the end of each fiscal year, an amount sufficient to offset the effect of inflation on principal of the Alaska permanent fund during that year, as measured by the change in the calendar year average United States consumer price index for all urban consumers 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 average 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.

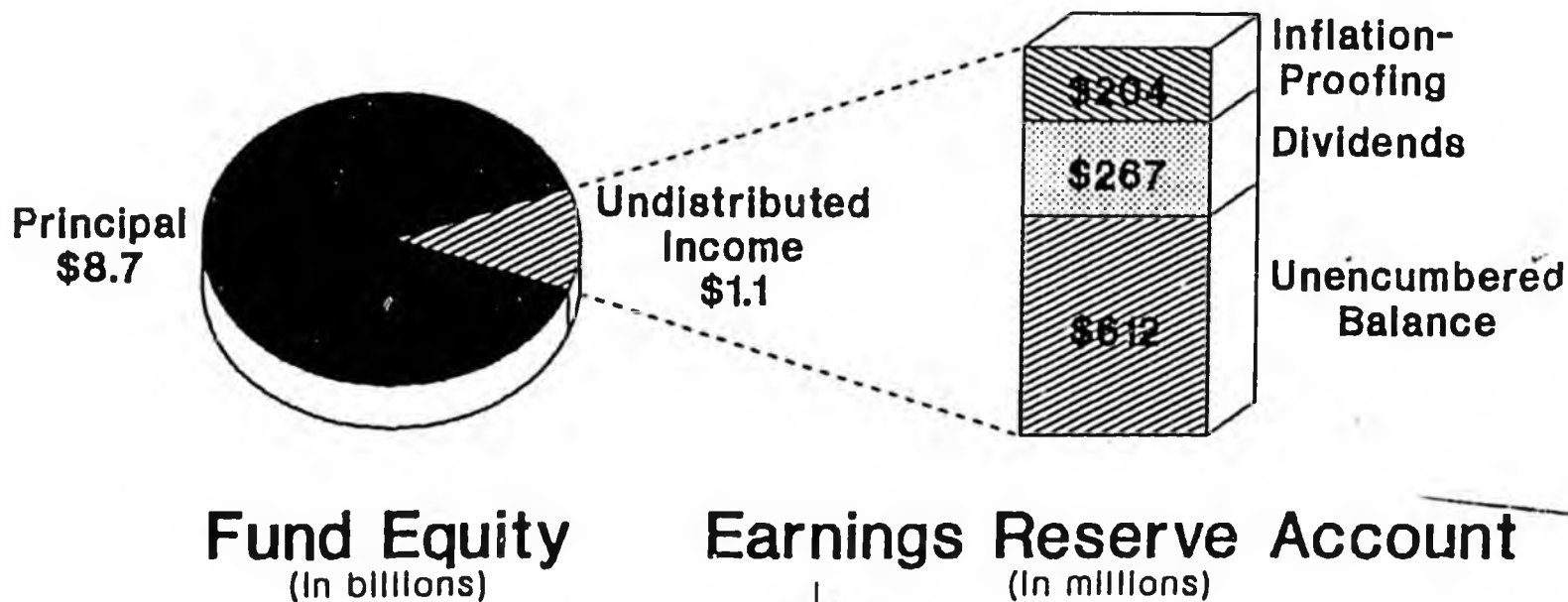
**Sec. 37.13.150. Corporation budget.** The revenue generated by the corporation's investments must be identified as the source of the operating budget of the corporation in the state's operating budget under AS 37.07 (Executive Budget Act). The unexpended balance of the corporation's annual operating 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)

# HOW THE PERMANENT FUND WORKS



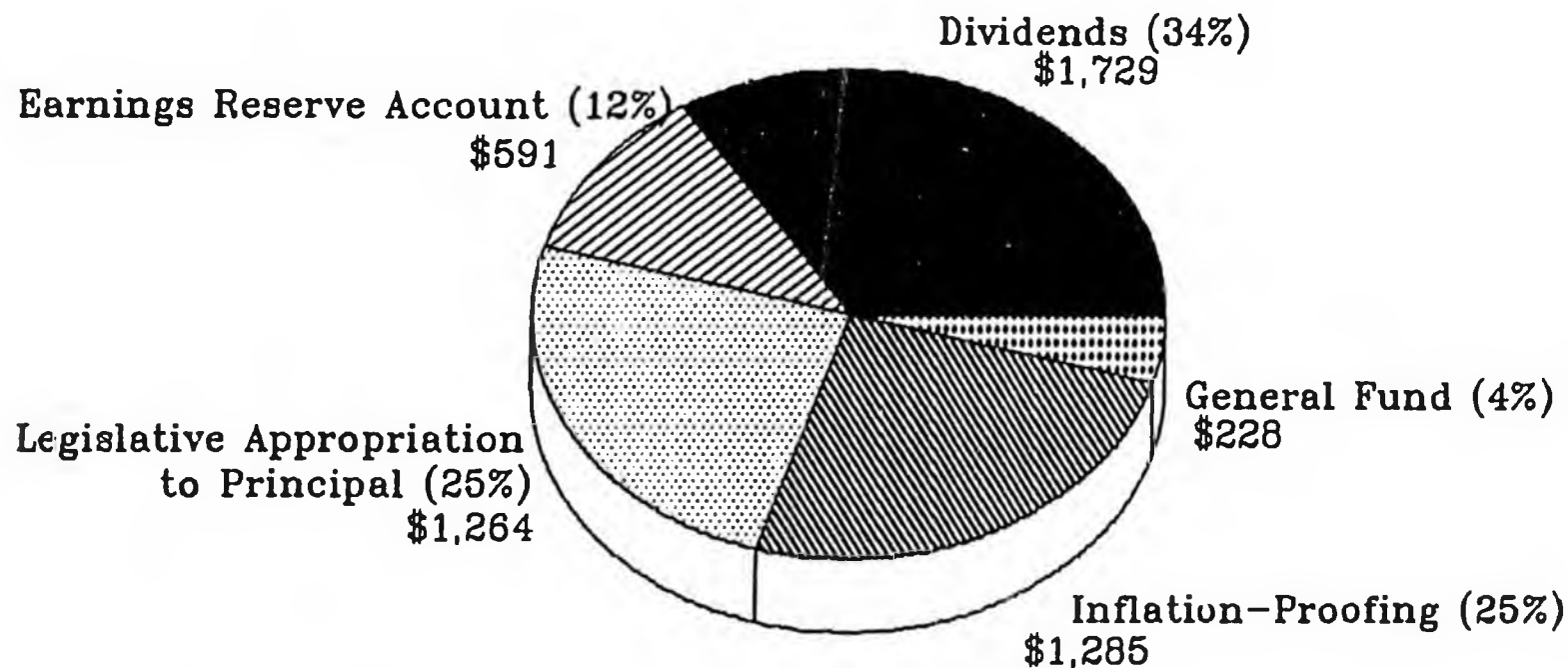
# COMPOSITION OF FUND EQUITY

as of January 31, 1989



# USE OF FUNDS

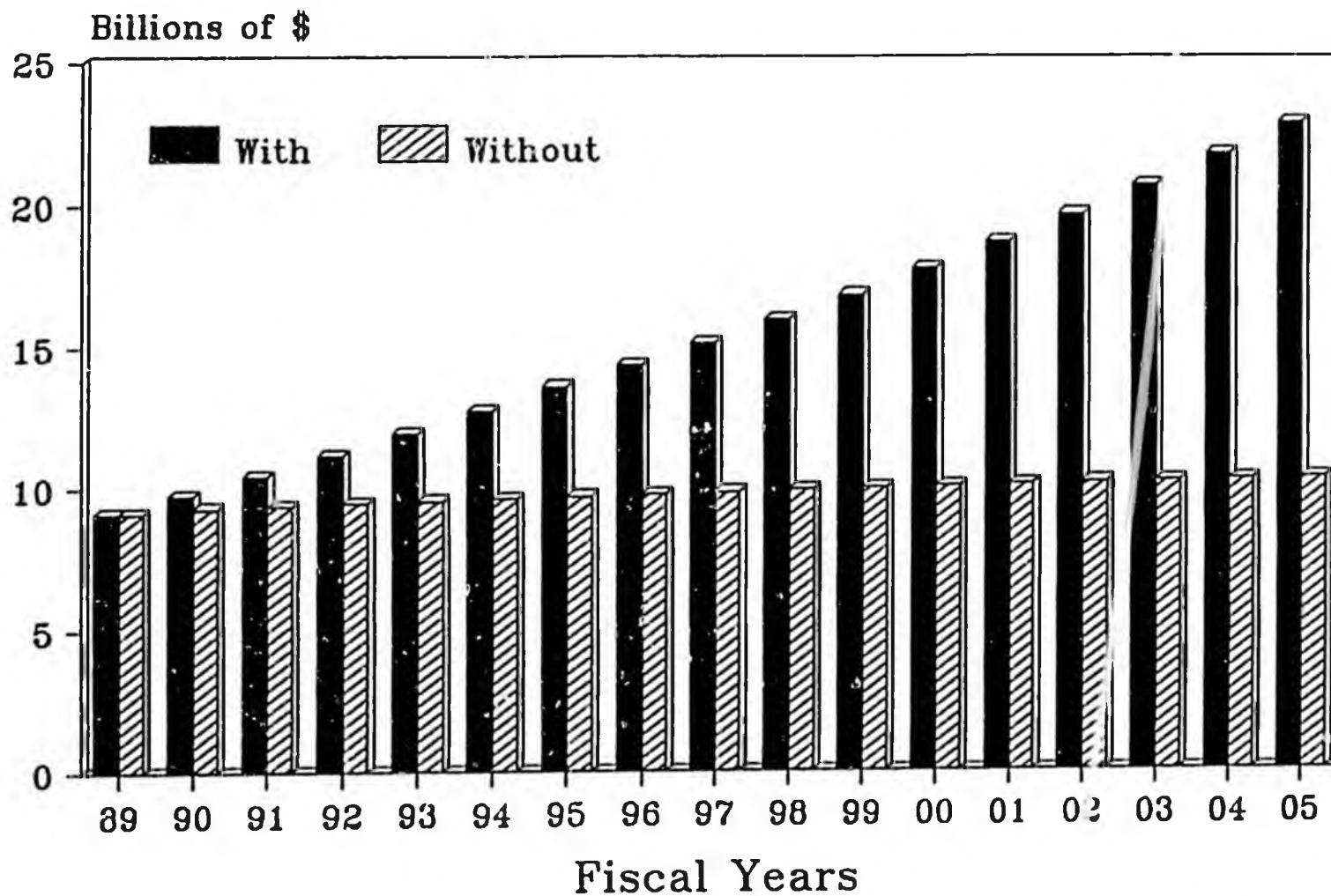
Distribution of Income Since Inception  
(in millions)



Total Net Income Produced: \$5.1 Billion

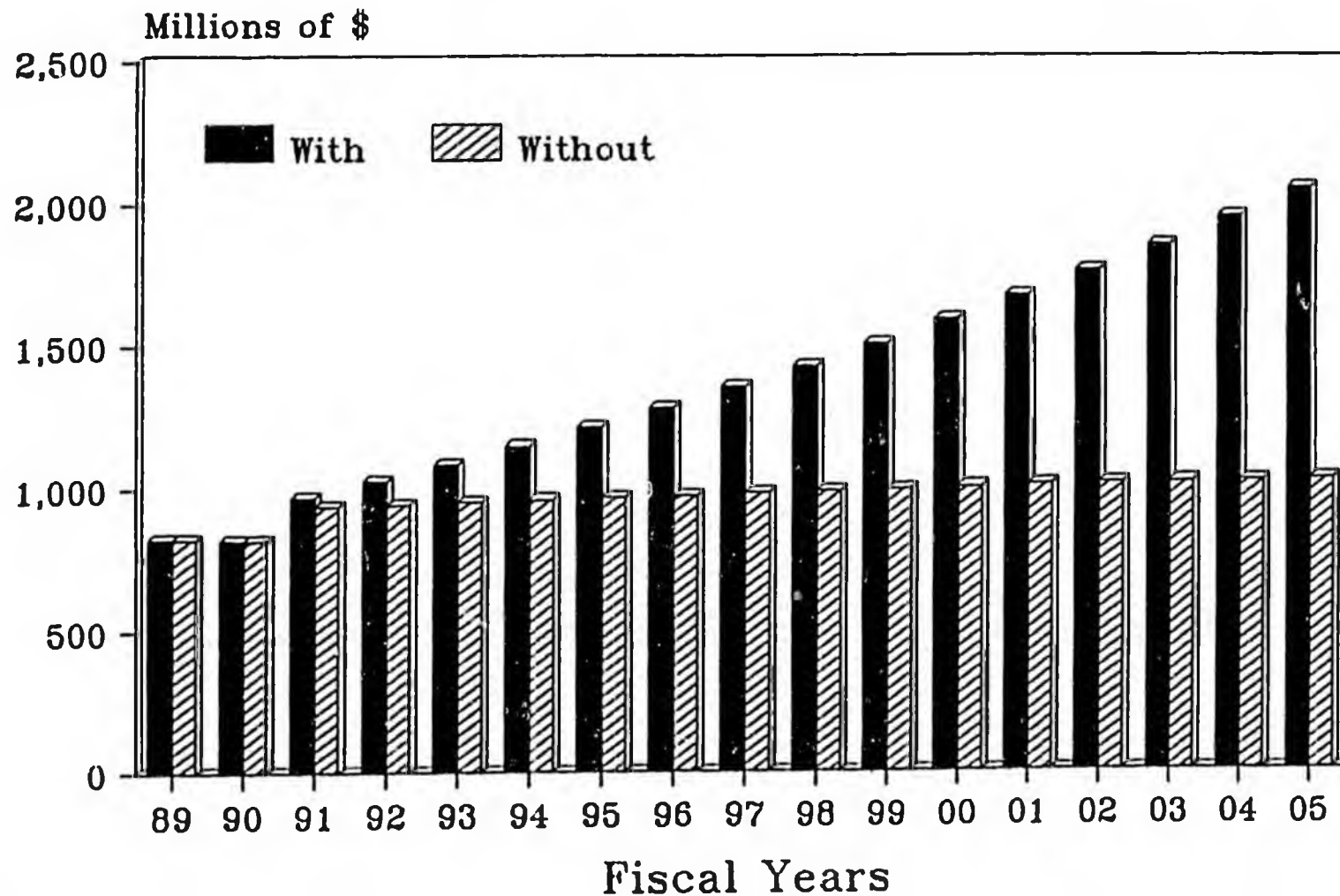
Source: APFC

# IMPORTANCE OF INFLATION-PROOFING To Growth of Principal



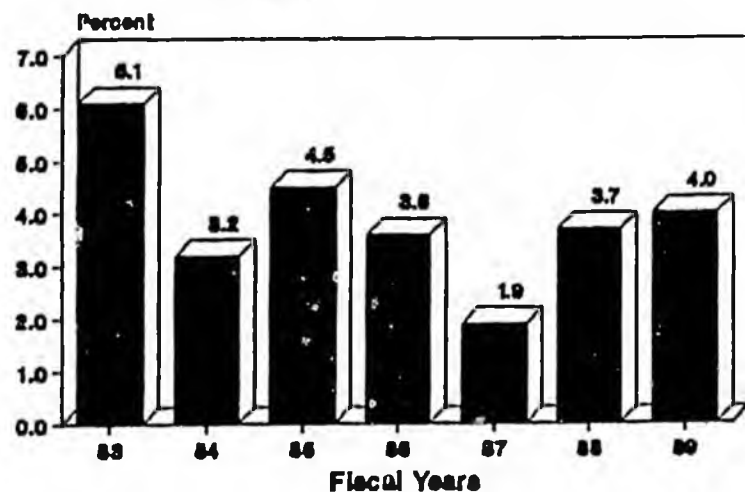
Source: APFC

# IMPORTANCE OF INFLATION-PROOFING To Growth of Net Income

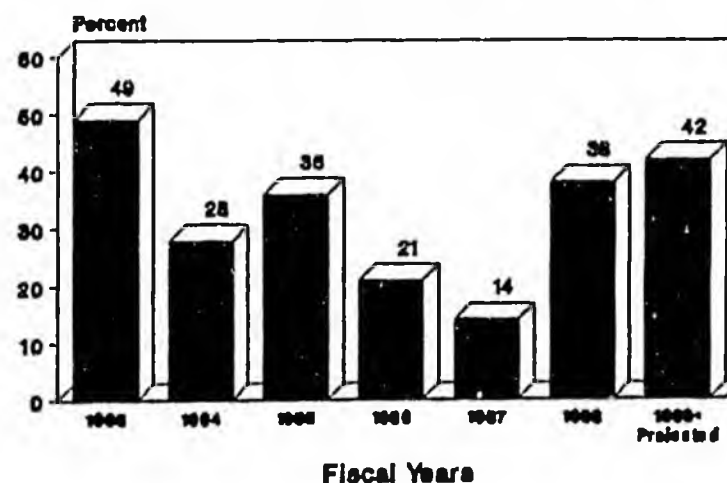


Source: APFC

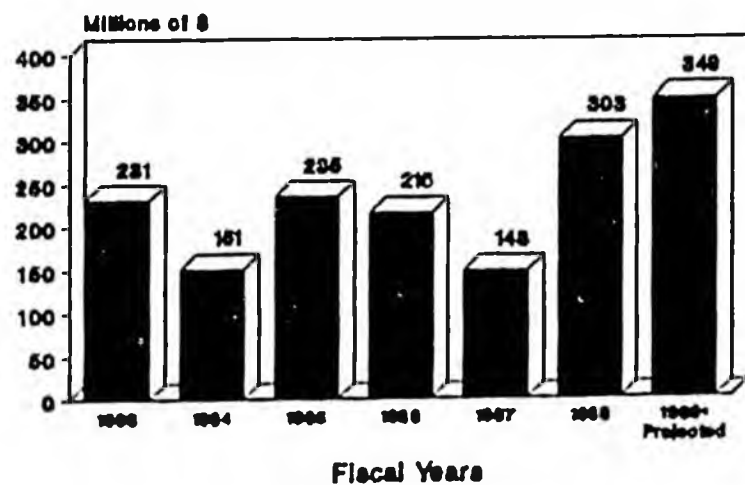
### ANNUAL % CHANGES IN THE CPI Used to Calculate Inflation-Proofing



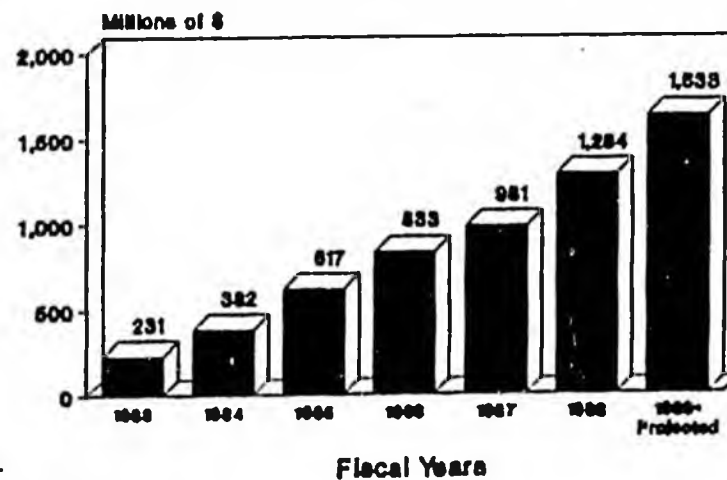
### INFLATION-PROOFING AMOUNTS As a % of Annual Net Income



### INCOME ADDED TO PRINCIPAL By Inflation-Proofing



### INCOME ADDED TO PRINCIPAL By Inflation-Proofing (Cumulative)



**USE OF ONE-TIME MEASURES  
TO BALANCE ALASKA'S BUDGET  
(Millions of Dollars)**

FY 87

10% REDUCTION OPERATING PROGRAMS	\$ 194.0
ZERO OUT BUDGET RESERVE FUND	\$ 427.4
RAILBELT ENERGY FUND SOURCE CHANGE	\$ 50.0
LOAN PROGRAM CLOSEOUTS	\$ 19.7
CAPITAL PROJECT CLEAN-UP	\$ 86.0
SETTLEMENT PAYMENTS (TAPS, ARCO, 8-G)	\$ 70.5
LEASE BONUSES	\$ .5
OTHER BACK TAX PAYMENTS	\$ 5.5
<b>TOTAL ONE-TIME MEASURES</b>	<b>\$ 853.60</b>

FY88

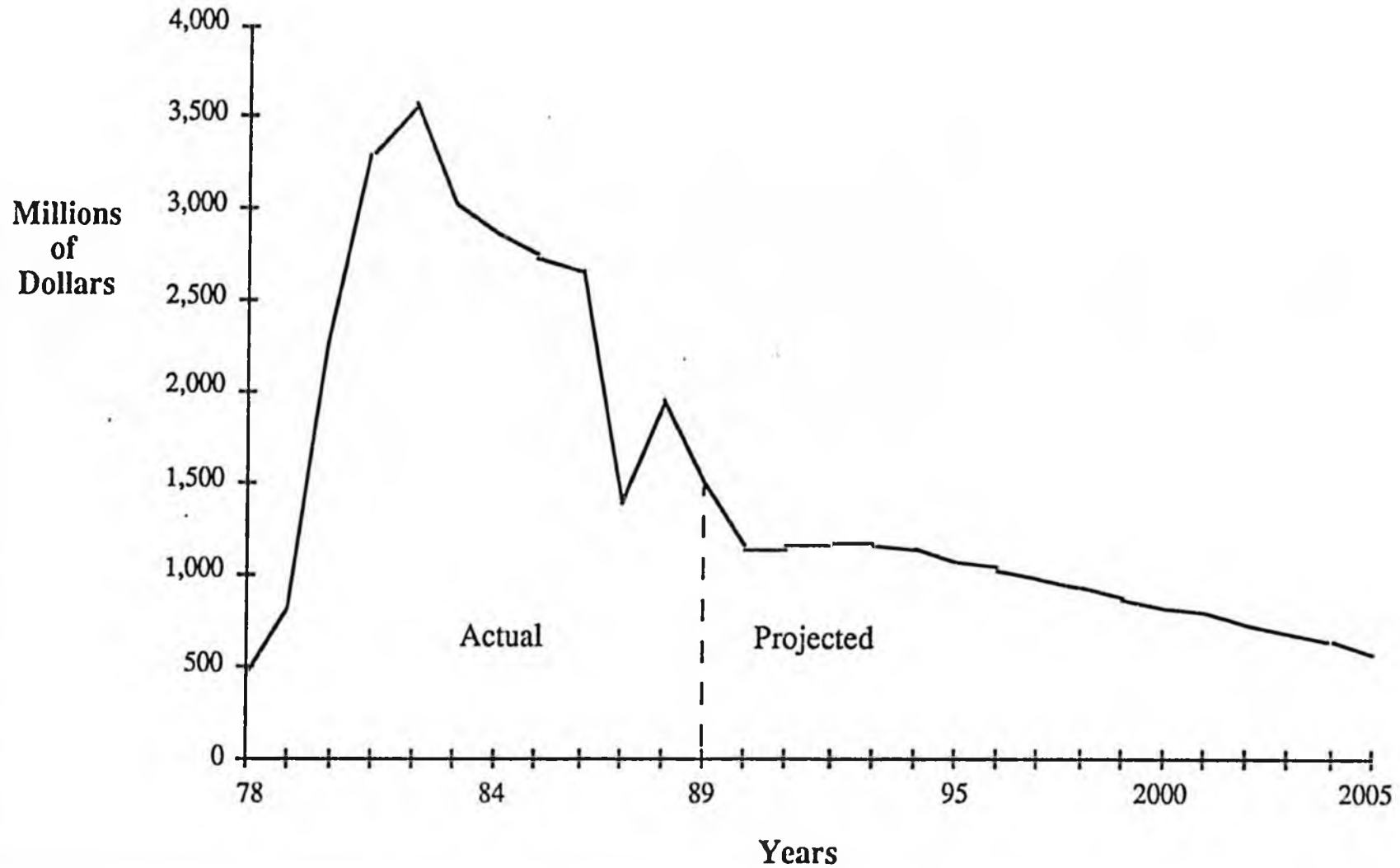
8-G/DINKUM SANDS PAYMENT	\$ 150.9
TAPS SETTLEMENT PAYMENT	\$ 2.1
CAPITAL PROJECT CLEAN-UP	\$ 22.3
LEASE BONUSES	\$ 5.5
OTHER BACK TAX PAYMENTS	\$ 10.9
<b>TOTAL ONE-TIME MEASURES</b>	<b>\$ 200.7</b>

FY 89

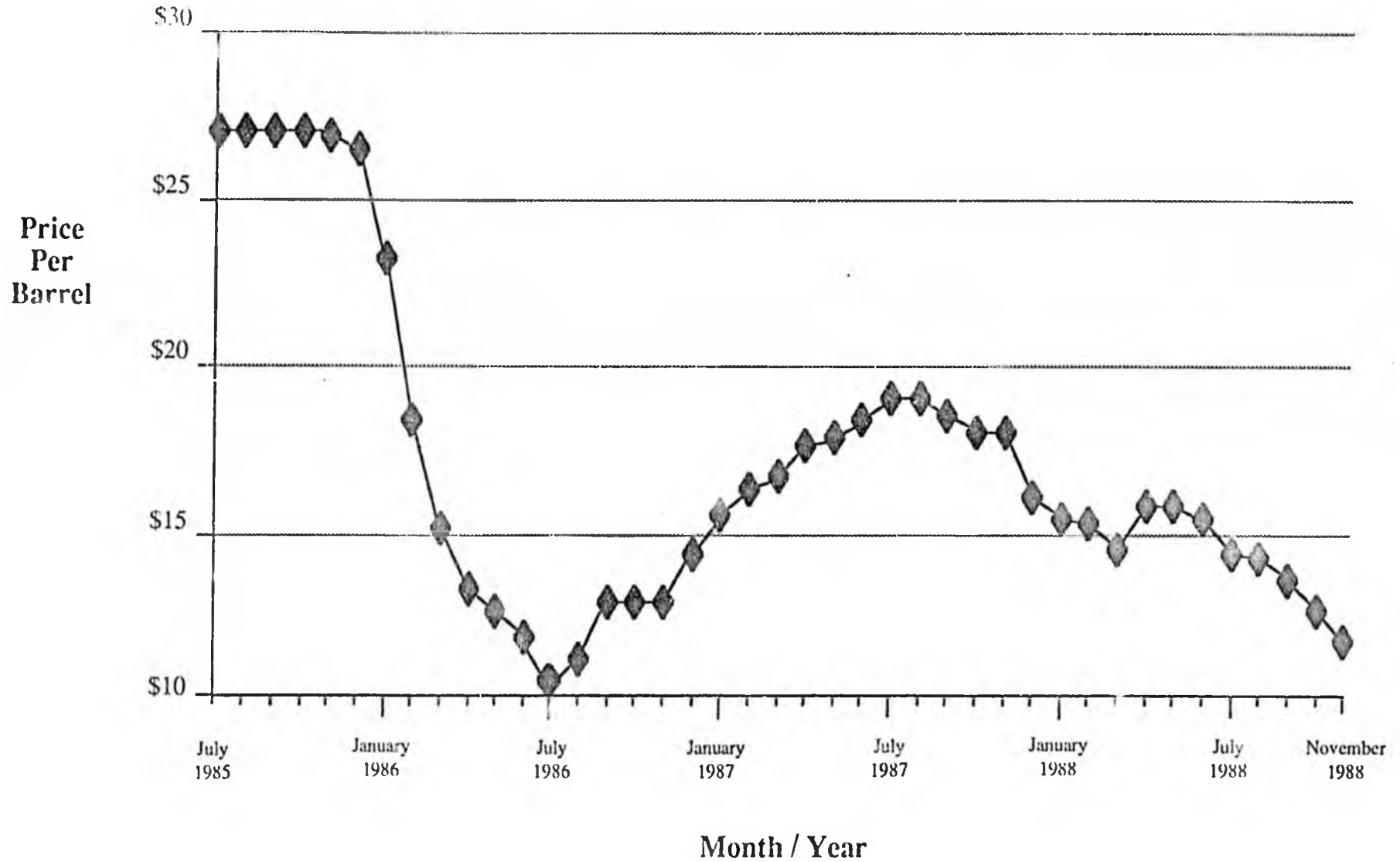
ARCO TAX SETTLEMENT	\$ 172.3
BOND FUND CLEAN-UP	\$ 4.7
LEASE BONUSES	\$ 20.7
OTHER BACK TAX PAYMENTS TO DATE	\$ 57.8
<b>TOTAL ONE-TIME MEASURES YEAR-TO-DATE</b>	<b>\$ 255.5</b>

# Total State Oil Revenues

## FY 1978 - FY 2005



# ANS Gulf Contract Prices, 1985-1988





**Alaska Permanent Fund Corporation**

P.O. Box 4-1000 Juneau, Alaska 99802-4100

(907) 465-2047 Telecopy (907) 586-2057

RECEIVED

M E M O R A N D U M

FEB 1 1989

DATE: January 31, 1989

TO: Senator Rick Halford  
Majority Leader

FROM: Jim Kelly *JK*  
Research & Liaison Officer

OFFICE OF  
SENATOR RICK HALFORD

SUBJECT: Analysis (In Nominal and Real Dollars) of Proposal to Establish an Education Endowment, Appropriate \$575 Million From the Earnings Reserve Account to the General Fund in FY 89, and Appropriate 20% of Net Income to the General Fund Each Year After FY 89 (Second Revision)

Attached are four financial projections prepared by the Alaska Permanent Fund Corporation at your request.

**Financial Projection #1:** This is the status quo case as of December 31, 1988. It provides the benchmark against which to compare and contrast any changes to current law.

**Financial Projection #2:** This projection makes four changes to the status quo: (1) it assumes passage of the Governor's Education Endowment as proposed in HJR 13; (2) it appropriates \$575 million from the Earnings Reserve Account to the General Fund in fiscal 1989; (3) it appropriates 20% of the Fund's non-Education-Endowment net income to the General Fund each year beginning in fiscal 90; and (4) it revises the dividend formula to exclude Education Endowment income from the annual calculation.

Regarding HJR 13, it is the Corporation's understanding that the Education Endowment would work as follows:

- \* 40% of the Fund's annual net income is transferred to the Education Endowment (an account within the principal of the Permanent Fund) each June 30, beginning in 1992 (20% of the net income is transferred on June 30, 1991);

- \* 100% of the Education Endowment's income is transferred to the Education Endowment from fiscal 1992-1999;

\* 100% of the Education Endowment's income after 1999 is appropriated to fund elementary and secondary education in Alaska.

Financial Projection #3: This is the status quo case as of December 31, 1988 - but presented in real dollars; that is, all data shown for future years is presented in inflation-adjusted 1989 dollars. Please note the January 31, 1989 date at the bottom of the revised sheet.

Financial Projection #4: This projection is identical to #2 above, except it also is presented in real, inflation-adjusted, 1989 dollars. Please note the January 31, 1989 date at the bottom of the revised sheet.

This analysis concerns itself with the following impacts on the Permanent Fund:

- \* How would the changes affect the growth of Fund principal, including the unrestricted principal of the Permanent Fund as well as the combined total unrestricted and Education Endowment principal?
- \* How would they affect the level of Fund net income produced in the future?
- \* How would they affect total dividend distributions (in millions), and the amounts of annual per capita dividends?
- \* How would they affect inflation-proofing transfers?
- \* How would they affect amounts available for distribution to the General Fund and to fund education?

To provide analysis-at-a-glance of the nominal dollar impacts of Projections #1-2, data for the fiscal years 1989, 2000 and 2005 is pulled off the projection sheets and juxtaposed below (in millions of dollars).

	Status Quo (Nominal \$)	Projection #2 (Nominal \$)
<u>Fund Unrestricted Principal Balance</u>		
June 30, 1989:	9,086	9,086
June 30, 2000:	17,448	10,142
June 30, 2005:	22,504	10,396

Fund Combined Principal Balance

June 30, 1989:	9,086	9,086
June 30, 2000:	17,448	14,966
June 30, 2005:	22,504	17,205

Annual Net Income

Fiscal 1989:	818	818
Fiscal 2000:	1,564	1,371
Fiscal 2005:	2,019	1,582

Dividend Distributions

June 30, 1989:	457	457
June 30, 2000:	741	389
June 30, 2005:	960	402

Per Capita Dividend Payments

Calendar 1989:	\$ 835.17	\$835.17
Calendar 2000:	1,225.64	627.04
Calendar 2005:	1,518.75	612.17

Inflation-Proofing Transfers

June 30, 1989:	349	349
June 30, 2000:	823	-0-
June 30, 2005:	1,059	-0-

Distributions to the General Fund

June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	194
June 30, 2005:	-0-	201

Distributions to Fund Education

June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	399
June 30, 2005:	-0-	577

Compared to the status quo, the most noticeable effects of adoption of the changes depicted in Projection #2 would be as follows:

Unrestricted Fund principal would be \$7.306 billion smaller in 2000, and \$12.108 billion smaller in 2005.

Fund combined principal would be \$2.482 billion smaller in 2000, and \$5.299 billion smaller in 2005.

Net income would be \$193 million smaller in 2000, and \$437 million smaller in 2005.

The dividend distribution would be \$352 million smaller in 2000, and \$558 million smaller in 2005.

Per capita dividends would be \$598.60 smaller in 2000, and \$906.58 smaller in 2005.

The inflation-proofing transfer would be \$823 million smaller in 2000, and \$1,059 million smaller in 2005.

The distribution to the General Fund would be \$194 million larger in 2000, and \$201 million larger in 2005.

The distribution to fund education would be \$399 million larger in 2000, and \$577 million larger in 2005.

To provide analysis-at-a-glance of the real dollar impacts of Projections #3-4, data for the fiscal years 1989, 2000 and 2005 is pulled off the projection sheets and juxtaposed below (in millions of dollars).

	Status Quo (Real \$)	Projection #4 (Real \$)
<u>Fund Unrestricted Principal Balance</u>		
June 30, 1989:	9,086	9,086
June 30, 2000:	9,279	5,394
June 30, 2005:	8,944	4,131
<u>Fund Combined Principal Balance</u>		
June 30, 1989:	9,086	9,086
June 30, 2000:	9,279	7,959
June 30, 2005:	8,944	6,837

Annual Net Income

Fiscal 1989:	818	818
Fiscal 2000:	832	729
Fiscal 2005:	802	628

Dividend Distributions

June 30, 1989:	457	457
June 30, 2000:	394	207
June 30, 2005:	382	160

Per Capita Dividend Payments

Calendar 1989:	\$835.17	\$835.17
Calendar 2000:	651.80	333.47
Calendar 2005:	603.61	243.27

Inflation-Proofing Transfers

June 30, 1989:	350	350
June 30, 2000:	438	-0-
June 30, 2005:	421	-0-

Distributions to the General Fund

June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	103
June 30, 2005:	-0-	80

Distributions to Fund Education

June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	212
June 30, 2005:	-0-	229

In real dollars, compared to the status quo, the most noticeable effects of adoption of the changes depicted in Projection #4 would be as follows:

Unrestricted Fund principal would be \$3.885 billion smaller in 2000, and \$4.813 billion smaller in 2005.

Combined Fund principal would be \$1.32 billion smaller in 2000, and \$2.107 billion smaller in 2005.

Net income would be \$103 million smaller in 2000, and \$174 million smaller in 2005.

The dividend distribution would be \$187 million smaller in 2000, and \$222 million smaller in 2005.

Per capita dividends would be \$418.33 smaller in 2000, and \$360.34 smaller in 2005.

The inflation-proofing transfer would be \$438 million smaller in 2000, and \$421 million smaller in 2005.

The distribution to the General Fund would be \$103 million larger in 2000, and \$80 million larger in 2005.

The distribution to fund education would be \$212 million larger in 2000, and \$229 million larger in 2005.

For Your Information: These projections are based on a certain set of basic assumptions; the numbers shown on these sheets would change if different assumptions were used. The assumptions used in the preparation of each projection are listed at the bottom of each projection sheet, and explained herein.

It is the Corporation's policy to use conservative assumptions wherever possible. Thus, the Fund's long-term rate of return is projected to average 3% per year after inflation; long-term inflation is projected to average 6% per year; and the assumptions for numbers of future dividend recipients and amounts of future dedicated State oil revenues are taken from the Department of Revenue's most recent "low case" forecast.

PLEASE NOTE THAT THE CORPORATION NEITHER SUPPORTS NOR OPPOSES ANY PROPOSED CHANGES TO THE CURRENT USE OF FUND EARNINGS, EXCEPT AS THEY MAY RELATE TO THE PROPER EXERCISE OF THE TRUSTEES' FIDUCIARY RESPONSIBILITIES AS REQUIRED UNDER THE PRUDENT INVESTOR RULE.



## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS

(in millions)

as of December 31, 1988

**PRINCIPAL**

**INCOME**

FY	PRINCIPAL					INCOME					Reserves		FY	
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Per Capita Dividends	Inflation Proofing	General Fund	Add (Delete)	FY End Balance		
78			54		54									78
79	54		84		139									79
80	139		344		483									80
81	483	900	385		1,769						59	59		81
82	1,769	800	401		2,969						185	244		82
83	2,969	400	421	231	4,021						110	354		83
84	4,021	300	366	151	4,838						203	557		84
85	4,838	300	368	235	5,741						206	763		85
86	5,741		323	216	6,281						501	1,264		86
87	6,281	1,264	171	148	7,864						529	529		87
88	7,864		418	303	8,585						62	591		88
89	8,585		152	349	9,086						11	602		89
90	9,086		72	458	9,616						( 121)	481		90
91	9,616		83	582	10,280						( 94)	386		91
92	10,280		89	622	10,991						( 75)	311		92
93	10,991		88	665	11,743						( 85)	226		93
94	11,743		85	710	12,538						( 100)	126		94
95	12,538		81	757	13,376						( 123)	3		95
96	13,376		77	672	14,125	135					( 3)			96
97	14,125		74	705	14,904	147								97
98	14,904		69	743	15,716	156								98
99	15,716		65	782	16,563	165								99
0	16,563		62	823	17,448	174								0
1	17,448		58	866	18,372	184								1
2	18,372		55	911	19,339	195								2
3	19,339		51	958	20,348	205								3
4	20,348		47	1,007	21,403	216								4
5	21,403		43	1,059	22,504	228								5
<b>Cumulative Totals:</b>														
	3,964		4,586	13,953	22,504	1,806	28,289	12,843	\$22,903.89	13,953	229			

**ASSUMPTIONS:**

4.00% Inflation Rate FY 89  
9.01% 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

**STATUS QVO**

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

#2

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS  
(in millions)

as of December 31, 1988

PRINCIPAL

INCOME

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	-----FY Ending Balance-----				Inflation Proofing Shortfall	Dividend Shortfall	-----Net Income-----					Distributions			Reserves		
				Education Endowment	Inflation Proofing	Education Endowment	Non-Ed PF Total			Combined Total	PF Total Endowment	Education Endowment	Education Dividends	Per Capita Dividends**	Inflation Proofing	General Fund	Education Fund	Add (Dedate)	FY End Balance	
78			54				54			2										
79	54		84				139			8										78
80	139		314				483			32										79
81	483	900	305				1,769			150										80
82	1,769	800	401				2,969			368			12						59	59
83	2,969	400	421			231	4,021			471			71	\$1,000.00					185	244
84	4,021	300	366			151	4,838			530			108	\$386.15	231		110		110	354
85	4,838	300	368			235	5,741			658			175	\$331.29	151				203	557
86	5,741		323			216	6,281			1,071			217	\$404.00	235				206	763
87	6,281	1,264	171			188	7,864			1,069			303	\$556.26	216				501	1,264
88	7,864		418			303	8,585			789			424	\$826.93	303				62	591
89	8,585		152			349	9,086			818			457	\$835.17	349				( 564)	27
90	9,086		72			135	9,293	323		715			464	\$838.38	135				( 27)	
91	9,293		83	176	78	177	9,452	9,629	484	880		176	450	\$804.34	78	176				
92	9,629		89	374		552	9,541	10,092	583	912	16	358	358	\$628.86		179				
93	10,092		88	412		964	9,628	10,592	611	955	50	362	362	\$629.25		181				
94	10,592		85	453		1,416	9,714	11,130	641	1,002	87	365	366	\$529.61		183				
95	11,130		81	498		1,914	9,794	11,708	673	1,053	127	370	370	\$629.72		185				
96	11,708		77	546		2,460	9,872	12,332	707	1,107	177	374	374	\$629.53		187				
97	12,332		74	599		3,059	9,946	13,005	744	1,166	221	378	378	\$629.20		189				
98	13,005		69	657		3,716	10,015	13,731	785	1,229	275	381	381	\$628.71		191				
99	13,731		65	720		4,435	10,080	14,516	828	1,297	334	385	385	\$627.93		193				
0	14,516		62	389		4,824	10,142	14,966	875	1,371	399	389	389	\$627.04		194	399			0
1	14,966		58	392		5,216	10,200	15,416	902	1,413	434	392	392	\$624.93		196	434			1
2	15,416		55	394		5,610	10,255	15,865	928	1,455	469	394	394	\$622.49		197	469			2
3	15,865		51	397		6,007	10,306	16,314	955	1,498	505	397	397	\$619.82		199	505			3
4	16,314		47	400		6,407	10,354	16,760	982	1,540	541	402	400	\$615.41		200	541			4
5	16,760		43	402		6,809	10,396	17,205	1,008	1,582	577	402	402	\$612.17		201	577			5
Cumulative Totals:		3,964	4,586	6,407	1,847	6,809	10,396	17,205	12,028	1,474	25,088	4,208	5,524	8,448	\$15,445.36	1,847	6,722	2,925		

ASSUMPTIONS:  
 GOVERNOR'S EDUCATION ENDOWMENT PLUS \$575 MILLION APPROPRIATED FROM ERA TO GF ON JUNE 30, 1989, AND 20% OF NON-EDUCATION-ENDOWMENT PF NET INCOME APPROPRIATED TO GF EACH YEAR BEGINNING JUNE 30, 1990  
 20% of PF Net Income to Education Endowment in FY 91  
 40% of Non-Education Endowment PF Net Income to Education Endowment FY 92-2005  
 100% of Education Endowment Income Transferred to Education Endowment FY 92-1999  
 100% of Education Endowment Income Appropriated to Fund Education FY 2000-2005  
 Only Education Endowment Income Excluded From Status Quo Dividend Calculations

\* SOURCE: Alaska Department of Revenue  
 Low Case Forecast - November 1988

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

4.00% Inflation Rate FY 89  
 9.00% Rate of Return FY 89

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

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

1/31/89



#3

## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS

(in millions)

as of December 31, 1988

PRINCIPAL

INCOME

FY	PRINCIPAL					INCOME					Reserves		FY	
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Per Capita Dividends	Inflation Proofing	General Fund	Distributions	Add (Delete)		FY End Balance
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	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		558	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	7,863		1,069	391	\$708.19	148	529	529		87
88	7,863		418	303	8,584		789	424	\$826.93	303	62	591		88
89	8,585		152	350	9,086		818	457	\$835.17	350	11	602		89
90	8,653		69	436	9,158		772	451	\$816.37	436	( 115)	458		90
91	8,640		74	523	9,237		858	420	\$752.53	523	( 85)	347		91
92	8,714		75	527	9,317		856	392	\$694.75	527	( 64)	264		92
93	8,789		70	532	9,391		855	391	\$687.65	532	( 68)	181		93
94	8,859		64	535	9,459		854	394	\$686.75	535	( 76)	95		94
95	8,924		57	539	9,520		852	401	\$692.75	539	( 88)	2		95
96	8,981		52	451	9,484	91	849	400	\$685.28	451	( 2)			96
97	8,947		47	447	9,441	93	845	399	\$677.58	447				97
98	8,907		41	444	9,392	93	841	398	\$669.48	444				98
99	8,860		37	441	9,338	93	837	396	\$660.88	441				99
0	8,809		33	438	9,280	93	832	394	\$651.80	438				0
1	8,754		29	435	9,218	92	826	392	\$642.60	435				1
2	8,696		26	431	9,154	92	821	389	\$633.13	431				2
3	8,635		23	428	9,086	92	815	387	\$623.53	428				3
4	8,572		20	424	9,016	91	809	384	\$613.27	424				4
5	8,506		17	421	8,944	91	802	382	\$603.61	421				5
-----														
Cumulative Totals:		3,964	4,222	9,085	8,944	921	19,239	8,557	\$15,839.96	9,085	229			
-----														

ASSUMPTIONS: 4.00% Inflation Rate FY 89  
 ----- 9.01% Rate of Return FY 89

5.00% Inflation Rate FY 90  
 9.00% Rate of Return FY 90

\* SOURCE: Alaska Department of Revenue  
 Revenue Low Case Forecast - November 1988

STATUS QUO IN REAL 1989 DOLLARS  
 (ADJUSTED FOR INFLATION)  
 2/31/89

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

#4

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS  
(in millions)

as of December 31, 1988

PRINCIPAL

INCOME

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*		-----FY Ending Balance-----			Inflation Proofing Dividend		-----Net Income----- PF Total	Distributions					Reserves					
			Education Endowment	Inflation Proofing	Education Endowment	Non-Ed PF Total	Combined Total	Shortfall	Shortfall		Education Endowment	Dividends	Per Capita Dividends**	Inflation Proofing	General Education Fund	Education Fund	Add (Delete)	FY End Balance	FY		
88			54				54			2					1			78			
89	54		84				139			8					7			79			
90	139		344				483			32					12			80			
91	483	900	385				1,769			150					28		59	81			
92	1,769	800	401				2,969			368					71	\$1,000.00	105	244	82		
93	2,969	400	421		231		4,021			471			108		108	\$386.15	231	110	83		
94	4,021	300	366		151		4,838			530			175		175	\$331.29	151		84		
95	4,838	300	368		235		5,741			658			217		217	\$404.00	235		85		
96	5,741		323		216		6,281			1,021			303		303	\$556.26	216		86		
97	6,281	1,264	171		148		7,863			1,069			391		391	\$708.19	148	1,264	87		
98	7,863		418		303		8,584			789			424		424	\$826.93	303	62	591	88	
99	8,585		152		349		9,086			818			457		457	\$835.17	349	575	( 564)	27	89
00	8,653		69		129		8,850	308		680			441		441	\$798.45	129	136	( 26)		90
01	8,349		74	158	70	159	8,492	8,652	435	790		158	404		404	\$722.68	70	158			91
02	8,162		75	317		468	8,087	8,555	494	63		304	304		304	\$533.03		152			92
03	8,070		70	329		770	7,699	8,470	488	64		290	290		290	\$503.17		145			93
04	7,990		64	342		1,069	7,328	8,396	483	65		276	276		276	\$474.96		138			94
05	7,921		57	354		1,362	6,970	8,333	479	75		263	263		263	\$448.15		132			95
06	7,861		52	367		1,652	6,628	8,279	475	72		251	251		251	\$422.66		126			96
07	7,811		47	379		1,938	6,300	8,237	471	68		239	239		239	\$398.53		120			97
08	7,771		41	392		2,220	5,984	8,205	469	65		228	228		228	\$375.68		114			98
09	7,740		37	406		2,500	5,682	8,183	467	62		217	217		217	\$353.97		109			99
10	7,720		33	207		2,566	5,394	7,959	465	59		207	207		207	\$333.47		103	212		0
11	7,509		29	196		2,617	5,117	7,734	452	57		196	196		196	\$313.53		98	218		1
12	7,296		26	187		2,655	4,854	7,509	439	55		187	187		187	\$294.62		93	222		2
13	7,084		23	177		2,682	4,602	7,284	426	52		177	177		177	\$276.76		89	225		3
14	6,872		20	168		2,699	4,361	7,060	414	50		168	168		168	\$259.24		84	228		4
15	6,661		17	160		2,706	4,131	6,837	401	47		160	160		160	\$243.27		80	229		5
Cumulative Totals:		3,964	4,222	4,140	1,833	2,706	4,131	6,837	7,166	855	17,447	2,153	3,321	6,195	\$11,800.15	1,833	4,015	1,335			

ASSUMPTIONS:  
 -----  
 REAL 1989 GOVERNOR'S EDUCATION ENDOWMENT PLUS \$575 MILLION APPROPRIATED FROM ERA TO GF  
 ON JUNE 30, 1989, AND 70% OF NON-EDUCATION-ENDOWMENT PF NET INCOME APPROPRIATED  
 TO GF EACH YEAR BEGINNING JUNE 30, 1990  
 ADJUSTED 20% of PF Net Income to Education Endowment in FY 91  
 INFLATION) 40% of Non-Education-Endowment PF Net Income to Education Endowment FY 92-2005  
 100% of Education Endowment Income Transferred to Education Endowment FY 92-1999  
 100% of Education Endowment Income Appropriated to Fund Education FY 2000-2005  
 31/89 Only Education Endowment Income Excluded From Status Quo Dividend Calculations

\* SOURCE: Alaska Department of Revenue  
 Low Case Forecast - November 1988

.00% Inflation Rate FY 89  
 .00% Rate of Return FY 89

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

5.00% Inflation Rate FY 90  
 0.00% Rate of Return FY 90

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

# Alaska State Legislature

Sen. Pat Pourchot, Chairman

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



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.

# Alaska State Legislature

Sen. Pat Pourchot, Chairman

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



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: March 3 Committee Meeting  
DATE: March 2, 1989

On Friday, March 3 at 2:00 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

#### SJR 30, Relating to location of a job corps center within the Matanuska-Susitna Borough

SJR 30 calls for the establishment of a Job Corps center within the Mat-Su Borough. Congress has appropriated funds for the development of six new centers throughout the country and the U.S. Department of Labor is accepting applications from the states. Alaska's application, submitted in December 1988, proposes use of the Goose Bay Correctional Center in Wasilla or Colony High School in Palmer.

The Job Corps program was established by the federal government in 1964 to provide intensive educational and vocational training to economically disadvantaged youth. Alaska does not have a Job Corps center and Alaskans who participate must go out of state.

THE FOLLOWING BILLS PROPOSE VARIOUS USES OF THE PERMANENT FUND EARNINGS RESERVE AND ADDRESS THE SIZE OF THE STATE'S BUDGET. IT IS NOT MY INTENT TO MOVE THESE BILLS TODAY.

#### SSSJR 5, Proposing amendments to the Constitution of the State of Alaska amending provisions relating to the Alaska permanent fund; establishing temporary provisions relating to dedicated funds, the Alaska permanent fund, the expenditure limit, and the budget stabilization fund; and suspending the operation of provisions relating to dedicated funds, the Alaska permanent fund, and the appropriation limit

SSSJR 5 would constitutionally dedicate permanent fund earnings:  
50% dividends  
30% inflation proofing  
20% budget stabilization fund

March 3, 1989

Page 2

It would constitutionally establish a 1996 appropriation limit of \$1.4 billion. Limits for the preceding years would be established by law. Revenues in excess of the limit would be deposited as follows:

50% permanent fund

50% budget stabilization fund

Up to 25% of the budget stabilization fund could be spent in any year in which revenues were less than the expenditure limit.

The constitutional provisions would be repealed July 1, 1996.

SB 79, An Act relating to reductions in state budget levels for certain fiscal years

SB 79 is a companion bill to SSSJR 5 which calls for a 1996 appropriation limit of \$1.4 billion. SB 79 heads the state in that direction by calling for a 6.5% reduction in the state's budget in FY 90 and again in FY 91. It is assumed that this scheme will be continued once the appropriation limit is approved by the voters in November 1990.

A 6.5% reduction in FY 90 would be a reduction of \$144.8 million (from \$2228.1 million to \$2083.3 million).

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 be appropriated for dividends, to the fund principal, for administrative costs of the fund, and for other purposes that the voters approve.

SB 69, An Act providing for an advisory vote on the use of the earnings reserve account

SB 69 would provide for an advisory vote on distributing the balance in the earnings reserve account of the permanent fund as follows:

50% to the general fund

25% to the principal of the permanent fund

25% for a special dividend

SJR 18      CONSTITUTIONAL AMENDMENT RELATING TO INCOME FROM THE  
             PERMANENT FUND

NOTIFIED

SENATOR HALFORD, SPONSOR      (THERESA MASER)

MARY HALLORAN, O.M.B.

JIM KELLY, PERMANENT FUND

LINDA EDGEWORTH, ELECTIONS

F.Y.I.

ESSENTIALLY PUTS INTO CONSTITUTION WHAT WE'RE DOING NOW AND THAT  
A PUBLIC VOTE IS REQUIRED TO DO ANYTHING ELSE.

WE INCLUDED BACK-UP AT HALFORD'S REQUEST THAT SHOWS THE IMPACT ON  
THE FUND, INFLATION PROOFING, ETC. OF SPENDING THE EARNINGS.  
(THIS IS THE PINK HANDOUT HE HAD AT OUR ANCHORAGE HEARING.)

S18POOP.TXT  
4/21/89

SJR 18      CONSTITUTIONAL AMENDMENTS REGARDING PERMANENT FUND

TO TESTIFY

SEN. HALFORD, SPONSOR

MARY HALLORAN, O.M.B.

F.Y.I.

C.S. MAKES 2 CHANGES:

PAGE 1, LINE 24                      2/3 [3/4] LEGISLATIVE VOTE (PLUS  
PUBLIC VOTE) TO SPEND FOR ANOTHER PURPOSE

PAGE 1, LINE 26 ON                      VOTERS MUST REAPPROVE THE  
CONSTITUTIONAL AMENDMENT EVERY 6 YEARS

AT LAST HEARING (MARCH 6) HALLORAN TESTIFIED:

NEED TO DEFINE "INCOME"    (PAGE 1, LINE 18)

CHANGE "OR" TO "AND" ON LINE 20, TO CLARIFY THAT EARNINGS  
CAN BE USED FOR ALL OF THOSE PURPOSES

GENERAL OBJECTION TO SO SEVERELY RESTRICTING THE USE OF  
THE EARNINGS

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2-23-89  
IN ACCORDANCE WITH UNIFORM RULE 23

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

FURTHER

JUD  
FIN

DATE TURNED INTO OFFICE 4-22-89

1/25/89

Mr. President:

STATE AFFARIS

Committee considered

SJR 18

amendment to the Constitution of the State of Alaska relating to income from the permanent fund

and recommended:

replace with CS SJR 18 (St Aff)  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  
 appropriation no FN attached

fiscal impact  
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan. Feb  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All Adas - no Rec  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_

Pat [Signature] no rec  
Chairman signature and recommendation

Committee backup attached

*req. Tam Cook  
3-10-89 3:30pm*

BY HALFORD, KERTTULA,  
COGHILL, FAIKS AND  
FISCHER

1 IN THE SENATE

2

*CS* SENATE JOINT RESOLUTION NO. 18 *(SJR 016)*

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Proposing an amendment to the Constitu-

6

tion of the State of Alaska relating to

7

income from the permanent fund.

8

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

9

\* Section 1. Article IX, sec. 15, Constitution of the State of Alaska,

10

is amended to read:

11

SECTION 15. ALASKA PERMANENT FUND. At least twenty-five percent

12

of all mineral lease rentals, royalties, royalty sale proceeds, feder-

13

al mineral revenue sharing payments and bonuses received by the State

14

shall be placed in a permanent fund, the principal of which shall be

15

used only for those income-producing investments specifically desig-

16

nated by law as eligible for permanent fund investments. Income [ALL

17

INCOME] from the permanent fund shall be appropriated to the principal

18

of the fund, appropriated for distribution as dividends to state

19

residents as provided by law, or appropriated for costs of administer-

20

ing the permanent fund and the dividend program. However, notwith-

21

standing Sections 1 and 14 of Article II and Article XI, an appro-

22

priation of income for other purposes may be made if [approved by

23

three-fourths of the members of each house and approved by a majority

24

of those voting in a statewide election [SHALL BE DEPOSITED IN THE

25

GENERAL FUND UNLESS OTHERWISE PROVIDED BY LAW].

26

\* Sec. 2. The amendment proposed by this resolution shall be placed

27

before the voters of the state at the next general election in conformity

28

with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-

29

tion laws of the state.

*amendment  
bill  
subject  
to  
vote by  
assembly  
to  
draft  
state  
constitution  
use  
resolution*

Original sponsors: Halford, Kerttula,  
Coghill, et al.

*adopted*

*Changes in C.S.  
noted.*

1 IN THE SENATE

2 CS FOR SENATE JOINT RESOLUTION NO. 18 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska relating to the  
7 permanent fund.

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

9 \* Section 1. Article IX, Constitution of the State of Alaska, is amend-  
10 ed by adding new sections to read:

11 SECTION 17. ALASKA PERMANENT FUND. (a) This section applies in  
12 lieu of Section 15 of this article.

13 (b) At least twenty-five percent of all mineral lease rentals,  
14 royalties, royalty sale proceeds, federal mineral revenue sharing  
15 payments and bonuses received by the State shall be placed in a perma-  
16 nent fund, the principal of which shall be used only for those income-  
17 producing investments specifically designated by law as eligible for  
18 permanent fund investments. Income from the permanent fund may only  
19 be appropriated to the principal of the fund, appropriated for distri-  
20 bution as dividends to state residents as provided by law, or appro-  
21 priated for costs of administering the permanent fund and the dividend  
22 program. However, notwithstanding Article XI and Sections 1 and 14 of  
23 Article II, an appropriation of income for other purposes may be made  
24 if approved by <sup>[3/4]</sup> two-thirds of the members of each house and approved by  
25 a majority of those voting in a statewide election.

26 SECTION 18. VOTER APPROVAL. Notwithstanding Article XIII,  
27 Section 17 of this article shall be placed before the voters every six  
28 years. If it is not approved by a majority of those voting, Sec-  
29 tion 15 of this article applies until the next election is held on

1           Section 17.

2           \* Sec. 2. The amendments proposed by this resolution shall be placed  
3 before the voters of the state at the next general election in conformity  
4 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
5 tion laws of the state.

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FISCAL NOTE

REQUEST:

Revision Date: 3/1/89  
Title: Proposing an amendment relating  
to income from permanent fund  
Sponsor: Halford  
Requestor: Halford

Agency Affected: Office of the Governor  
BRU: Division of Elections  
Components: I Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-0-	-0-	2.2*	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	2.2*	-0-	-0-	-0-

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	2.2*	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	2.2*	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

\* Costs included cover 2 to 3 pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer program-ing requirements for vote (Continued)

Prepared by: Linda Edgeworth Phone: 465-4611  
Division: Elections Date: \_\_\_\_\_

Approved by Commissioner: *[Signature]* Date: 3/1/89  
Agency: Division of Elections

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SJR-18

counting purposes. However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2.

Under these circumstances the fiscal note would be:

53.4