

HJR

50

HFIN

FILE

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

PLEASE REPLY TO:

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February 11, 1998

Hon. Jeanette James
Chair, House State Affairs Committee
State Capitol, Room 102
Juneau, Alaska 99801-1182

Re: HJR 50 (Alaska Permanent Fund)

Dear Representative James:

At the last hearing of HJR 50 by the State Affairs Committee, you requested that I provide to you a copy of a letter sent by the governor under AS 37.13.070(a). Please find enclosed the letter of Governor Knowles. I am still searching for a version of the letter sent by former Governor Hickel. These letters were archived, so it will take some time before a version is located.

Your aide Patrick Lounsberry asked if I could provide a compromise version of a removal for cause provision. The following approach might be considered by the committee

AMENDMENT

TO: HB 81

"Page 2, lines 8 - 20 : delete all material and insert the following new material to read:

*Sec. 4. AS 37.13.070(a) The governor may remove a member of the board from office when in the governor's judgment it is in the best financial interests of the Alaska Permanent Fund and the citizens of the state. A removal by the governor must be in writing and must state the reason for the removal. [rest of section unchanged]."

Please do not consider this letter to constitute an endorsement of the amendment set out above. I am merely describing an amendment that would fall somewhere between removal at pleasure and removal for cause. Consistent with my prior testimony, the administration believes that existing

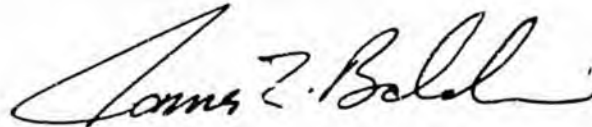
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law provides accountability for the actions of the board of trustees by requiring the governor to formally exercise his removal powers. I hope this will assist the committee in its deliberations.

Sincerely,

BRUCE M. BOTELHO
ATTORNEY GENERAL



By: James L. Baldwin
Assistant Attorney General

JLB:jn
Enclosure

cc: Pat Pourchot, Legislative Director
Office of the Governor

Chrystal Smith, Legal Administrator
Deborah E. Behr, Assistant Attorney General
Department of Law

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HJR50

Revision Date (Note if correction) _____ Dep: Affected _____ Office of the Governor
 Title Const Amend Relating to a public BRU Elective Operations
corporation to manage the permanent fund Component Elect ons
 Sponsor Representative James
 Requester House State Affairs Committee Component Serial No #21

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual	3.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	3.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	3.0					
1005 GF/Program Receipts						
1037 GF/Menta Health						
Other (Specify Type)						
TOTAL	3.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58, and the programming costs for counting votes cast on the measure. However, only four measures can be printed on a single ballot card. If this measure requires printing an additional ballot card, the costs will increase by \$56.0

Prepared by Gail Ferrera Phone 465-3935
 Division Division of Elections Date 1/23/98
 Approved by Governor Fran Ulmer Date 1/23/98
 Agency Office of the Lieutenant Governor

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House Of Representatives

House District 34

Statement of Intent

HJR 50, "Proposing amendments to the Constitution of the State of Alaska relating to a public corporation established to manage the permanent fund."

HJR 50 is in direct response to the Administration's constitutional concerns regarding HB 81, "An Act relating to the board and staff of the Alaska Permanent Fund Corporation."

The Department of Law explained that the Permanent Fund Board was created by statute to administer a constitutionally established fund, thus the only way to provide removal for cause would be through a constitutional amendment.

HJR 50 addresses this matter on point while striving for the goal of continuity, a reasonable practice to pursue when dealing with the State of Alaska's largest and most important asset.