

SB

188

SENATE COMMITTEE REPORT First Committee of Referral

DATE: April 10, 2001

FURTHER: Resources
Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 04/23/01

Health, Education and Social Services Committee considered SENATE BILL NO. 188

EDUCATION FUND/LAND ENDOWMENT

"An Act establishing an education fund and a land endowment for public education; and providing for an effective date."

and recommends:

- be replaced with CS SB 188 (HES)
- adopt previous CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Educ. & Early Dev	4/20/01	X		1
Natural Resources ^{Minerals}	4/17/01	X		2
Natural Resources ^{Oil & Gas}	4/17/01	X		3
Revenue	4/17/01		X	4

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Gary Williams</i>	✓			
<i>Anthony...</i>	✓			
<i>Be...</i>			X	
<i>...</i>	✓			



VICE
CHAIR:

**SENATE COMMITTEE REPORT
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Senate Bill:

same title

new title

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NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Educ. & Early Dev	4/20/01	X		1
Natural Resources	4/17/01	X		2
Natural Resources	4/17/01	X		3
Revenue	4/17/01	X	X	4

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Gary L. ...</i>	✓			
<i>...</i>	✓			
<i>Beth ...</i>			X	
<i>...</i>	✓			
CHAIR:				

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 188
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title: EUDCATION FUND/LAND DEVELOPMENT BRU: Education Fund/Land Development
 Component: Education Fund/Land Development
 Sponsor: Senator Ward
 Requester: (S) HES Component Number: NEW

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services		277.2	1,343.9	1,343.9	1,343.9	1,343.9
Travel		37.5	75.0	75.0	75.0	75.0
Contractual		150.0	750.0	750.0	750.0	750.0
Supplies		10.0	32.0	32.0	32.0	32.0
Equipment		20.0	35.0	35.0	35.0	35.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	494.7	2,235.9	2,235.9	2,235.9	2,235.9

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		494.7	2,235.9	2,235.9	2,235.9	2,235.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	494.7	2,235.9	2,235.9	2,235.9	2,235.9

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time		5	21			
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note assumes passage of a constitutional amendment in November 2002 and enactment of SB188 beginning in January of 2003. First year costs include establishing the Education Fund Board and staff to set up and operate a land management program including creating land status plats, computerized land records, application forms, conveyance instruments, land title records, accounting, survey, appraisal, policies and procedures for various types of disposals, leases, permits, and mineral entry. Staff proposed in year one include an Executive Director, Natural Resource Manager, two Natural Resource Technicians, and a board secretary. Staff to be added in year two include two Natural Resource Officer II (R16), twelve Natural Resource Office I (14), four Natural Resource Technician II (R12), and three Natural Resource Technician I (R10). Additional costs represent estimates for board and staff travel, contracting for specialized land management/development expertise, public notice/advertising, printing, phones, fax, copying, supplies, and equipment.

Prepared by: Karen J. Rehfeld, Director Phone 465-8650
 Division: Education Support Services Date/Time 4/20/01 12:00 AM
 Approved by: Bruce Johnson, Deputy Commissioner of Education Date 4/20/01
 Agency: Education & Early Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 188
() Publish Date: _____

Revision Date/Time (Note if correction): _____
Title: EDUCATION FUND/ LAND ENDOWMENT

Dept. Affected: Natural Resources
BRU: Minerals, Land & Water Dev.
Component: Land Sales & Muni. Ent.

Sponsor: Sen. WARD
Requester: (S) HES

Component Number: 2456

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services		313.1	600.8	600.8	600.8	600.8
Travel		25.0	25.0	25.0	25.0	25.0
Contractual		30.0	12,030.0	12,030.0	12,030.0	12,030.0
Supplies						
Equipment		15.0	10.0			
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	383.1	12,665.8	12,655.8	12,655.8	12,655.8

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

1002 Federal Receipts						
1003 GF Match						
1004 GF		383.1	12,665.8	12,655.8	12,655.8	12,655.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	383.1	12,665.8	12,655.8	12,655.8	12,655.8

Estimate of any current year (FY2001) cost: None

Check this box if funding for this bill is included in the Governor's FY2002 budget proposal: []

POSITIONS

Full-time		5	9	9	9	9
Part-time			1	1	1	1
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note is the minimum necessary for DNR to process land selections and conveyances to the Education Fund Board. It does not cover any expenditures by the Education Fund Board to set up and operate a land management program similar to DNR's existing functions: creating land status plats, computerized land records, application forms, conveyance instruments, land title records, accounting, survey, appraisal, policies and procedures for various types of disposals, leases, permits, and mineral entry. Those costs would probably be at least \$2 million annually, twice what DNR's Mental Health Trust Land Unit spends each year to manage mental health trust lands (a smaller endowment). (CONTINUED)

Prepared by: Bob Loeffler
Division: Mining, Land and Water
Approved by: Pat Pourchot
Agency: Natural Resources

Phone: 269-8600
Date/Time: 17-Apr-01
Date: 17-Apr-01

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

SB 188 requires DNR to transfer five million acres of state land to the School Land Fund in the Department of Education and Early Development. Assuming it goes into effect by January 2002, DNR would have 11 years during which to transfer the land, or 455,000 acres per year. Most of the fiscal cost is associated with land surveys (shown as contractual services), which the legislation requires DNR to complete within one year after the legislature's approval of the annual list of lands. A major factor in this high survey cost is that more than half of state-owned land has not yet been surveyed by the federal government. To meet the bill's requirements, DNR will need to issue contracts for cadastral surveys that would otherwise be a federal responsibility.

Non-survey costs could be higher depending on what lands are selected and the level of controversy relating to individual parcels. As the new School Land Fund would have no existing endowment, land conveyance costs would have to come from the General Fund rather than Interagency Receipts.

This analysis assumes that the legislation takes effect early in calendar 2002 and that the Fund Board is ready to consider potential selections early in FY 03. For FY 03, staff will include a fulltime Natural Resource Manager II, a fulltime Natural Resource Officer (NRO) II, three fulltime NRO I's, and a fulltime Natural Resource Technician II who will help identify parcels for Fund Board selection, check land status and land records, identify and notify third-party interests, provide public notice, respond to public inquiries, negotiate with the Fund Board, reserve easements to and along public waters under AS 38.05.127, update state land records, and perform other tasks to prepare land lists. Beginning in FY 04, the staff also includes four Land Survey Assistant I's to prepare survey instructions and issue/manage survey contracts, and a half-time NRO II to prepare and record conveyance documents. Large contractual expenditures beginning FY 04 reflect the cost to survey parcels. Survey costs assume a minimum parcel size of 640 acres and that some of the selections do not require survey.

* Note: It is impossible to project how much revenue these conveyances will generate for the Fund Board, and will be lost to the state, without knowing exactly what lands will be transferred. However, it can be assumed the Fund Board will select the most valuable parcels it can find. The effect is to divert revenues out of the general fund, where they would have been available for those public purposes the Legislature deemed most important in a given year, to the Fund Board for strictly educational purposes. Also, by removing the most valuable parcels from the state's asset base, the bill reduces one of the most important incentives for local government to incorporate: the opportunity to select top-quality commercial, residential, and industrial land for municipal ownership under AS 29.65.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB186
 () Publish Date: _____
 Dept. Affected: Natural Resources
 BRU: Oil & Gas Development
 Component: Oil & Gas Development
 Component Number: 439

Revision Date/Time (Note if correction): _____
 Title: Education Fund/Land Endowment
 Sponsor: Senator Ward
 Requester: (S) HES

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	18.7	19.1	19.5	19.8	20.2	20.6
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	18.7	19.1	19.5	19.8	20.2	20.6

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						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Receipts **	18.7	19.1	19.5	19.8	20.2	20.6
TOTAL	18.7	19.1	19.5	19.8	20.2	20.6

Estimate of any current year (FY2001) cost: none
 Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

**SB 188 provides that the Education Fund Board ("Board") will reimburse DNR for "all costs of selection." (SB0188A, Se. 37.14.650(i)).

The division expects that staff will be required to evaluate the potential that land selected by the Board may be part of an oil and gas exploration license. Furthermore, the division will have to determine whether or not the land selected by the Board is included in a five-year proposed oil and gas leasing program. This fiscal note addresses the personal services required by the division to make these determinations. No estimate of revenues associated with oil and gas development on lands selected by the Board can be made at this time with any precision. At present, there are no oil and gas revenues associated with the lands that might be available for selection by the Board.

Prepared by: Kevin Banks Phone 269-8781
 Division: Oil and Gas Date/Time 17-Apr-01
 Approved by: Pat Pourchot Date 17-Apr-01
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 188
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Education Fund / Land Endowment BRU: Revenue Operations
 Component: Treasury
 Sponsor: Senator Ward
 Requester: Senate Health, Education & Social Services Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	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						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill as written includes no appropriations to the new fund, so at this time there would be no cost for the department to fulfill its duties in Sec 37.14.610.

When Treasury begins to manage a new fund, the fund is charged a share of the Treasury Division's existing costs as well as any incremental costs directly associated with the new fund. Generally, custody, accounting, audit and overhead costs = 1 basis point on total assets (0.01%); fixed-income investment management fee = 1 basis point (0.01%) of assets invested in fixed-income securities; domestic equity management fee = approximately 1 basis point (0.01%) of assets invested in domestic equities; and international equity investment management fee = approximately 15 basis points (0.15%) of assets invested in international equities.

Prepared by: Betty Martin, Comptroller Phone 465-2352
 Division: Treasury Division Date/Time 4/17/01 12:40 PM
 Approved by: Larry Persily, Deputy Commissioner Date 04/17/2001
 Agency: Department of Revenue

Department of Revenue Fiscal Note and Analysis
SB 188 – April 17, 2001

Bill analysis of investment-related provisions (Section 1).

This bill would create an endowment to be managed by the Department of Revenue. The investment provisions of the bill raise the following concerns:

- Contrary to current endowment practice, this bill would create an endowment that preserves the distinction between principal and income. More modern statutes do not follow this practice but instead recognize that endowments should be managed for both capital appreciation and interest income. For example, AS 14.25.180 provides that "the Alaska State Pension Investment Board may invest the fund on the basis of probable total rate of return without regard to the distinction between principal and income or the generation of income." Over the long term, this approach yields more income for the endowment than the approach that would be adopted under this bill.
- The bill does not incorporate the prudent investor rule. The statute should incorporate AS 37.10.070, which sets out the prudent investor rule.
- By incorporating AS 37.14.170, the bill would require that the fund be invested for "increasing net income over long-term period to the funds beneficiaries." This provides confusing direction to the fiduciary investing fund regarding the long-term return objectives. It is better to express investment objectives in real terms, such as specifying an after-inflation return objective (5 percent is common), or allowing the fiduciary to determine what objective is appropriate under the circumstances.
- The bill makes available for appropriation only the net income of the fund. This makes the annual pay-out unnecessarily volatile and ties it to short-term investment performance. A better approach is to pay out a fixed percent of the market value of the fund, which will fluctuate much less than year-to-year market performance.

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR WARD

TO: SB 188

1 Page 2, following line 31:

2 Insert a new paragraph to read:

3 "(2) a member of the Board of Regents of the University of Alaska
4 appointed by the governor;"

5

6 Renumber the following paragraphs accordingly.

SB 188 EDUCATION FUND/LAND ENDOWMENT

By Senator Ward

Sectional Analysis

Sec.	Statute	Description
1	AS 37.14.600 Public Finance Trust Funds Education Fund Education fund established	This bill creates a new Article 7 to set up the Education Fund, the principal of which consists of legislative appropriations and gifts, bequests, and contributions from private persons. A distinction between principal and income will be maintained.
	AS 37.14.610 Public Finance Trust Funds Education Fund Powers and duties of the commissioner of revenue	The commissioner of revenue is the treasurer of the fund and has the following duties and powers: (1) act as custodian; (2) receive items belonging to the fund; (3) collect principal and income from investments; (4) invest and reinvest assets; (5) power of ownership of assets; (6) keep records; (7) hire an independent CPA firm to do an annual audit; (8) enter into and enforce contracts necessary for investment purposes; (9) report to the board; and (10) do anything they consider necessary or proper in administering the assets.
	AS 37.14.620 Public Finance Trust Funds Education Fund Administration of the fund; fund board established	The fund will be administered by the Education Fund Board in DEED composed of the governor and the commissioners of DNR and DEED or their designees and four public members appointed by the governor with preference to those who have experience in education or private sector resource development.
	AS 37.14.630 Public Finance Trust Funds Education Fund Powers and duties of the board	The board will (1) hold meetings; (2) have care, control, and management of the land conveyed to the fund by DNR; (3) keep recordings of meetings; (4) prepare an annual report describing expenditures derived from sales, leases, exchanges, or transfers of land or interests in land and the level of contributions to, income of, and expenses of the fund.
	AS 37.14.640 Public Finance Trust Funds Education Fund Uses of fund principal and net income	The principal will be retained perpetually for investment. The net income may be appropriated by the legislature for support of public education and the University of Alaska.

SB 188 EDUCATION FUND/LAND ENDOWMENT

By Senator Ward

Sectional Analysis

Sec.	Statute	Description
	<p>AS 37.14.650(a) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances</p>	<p>The board is entitled to receive the conveyance of 5 million acres of the Alaska Statehood Act land. The board will submit a list of selections to DNR annually. If there is a disagreement, it must be submitted to the governor to make a final decision. The board and the governor will submit the list to the legislature. The legislature can approve or disapprove the list and lack of disapproval will be taken as approval. Each list must contain up to 25 percent of the total acres of the total land entitled after subtracting previous conveyances and not less than 25,000 acres or remaining entitlement. If the amount of land on the list exceeds the balance due to the fund, land will be conveyed in priority order. Land can't be selected if it (1) is reserved from the public domain; (2) is included in 5-year proposed oil and gas leasing program or leased or has an application for lease for an oil, gas, or coal leasing program; (3) is subject to a resource-based lease or claim; (4) is necessary to carry out the purpose of an interagency land management agreement; or (5) is subject to conveyance under a land exchange or land settlement agreement.</p>
	<p>AS 37.14.650(b) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances</p>	<p>The transfer of ownership and management of land from the DNR to the fund includes the interest in natural resources. The land is also subject to oil and gas that may be in or on the land for five years after the effective date of this bill.</p>
	<p>AS 37.14.650(c) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances</p>	<p>Selections must be at least 640 acres unless it is an isolated tract or DNR deems it to be in the best interest of the state. When the fund becomes entitled to the land, DNR will convey a document of interim conveyance or a patent to the land.</p>
	<p>AS 37.14.650(d) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances</p>	<p>DNR can enter into contracts and grant leases, licenses, prospecting sites, claims, permits, rights-of-way, or easements on any land selected but not yet conveyed with the concurrence of the fund. The land is thereafter subject to these contracts. Income from and management of the land is subject to encumbrances and trespasses as described in this bill.</p>
	<p>AS 37.14.650(e) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances</p>	<p>Unless the governor decides otherwise, land on the list may not include land which a municipality has selected, unless the selection is rejected by DNR or relinquished by the municipality, or is likely to be selected within 3 years of incorporation. The list may not include land that is subject to oil and gas exploration license or is likely to be included (up to three years after the selection is made).</p>

SB 188 EDUCATION FUND/LAND ENDOWMENT
By Senator Ward

Sectional Analysis

Sec.	Statute	Description
	AS 37.14.650(f) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	When land is conveyed, it is subject to any possessory interest held by another person.
	AS 37.14.650(g) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	Public notice will be given for any land to be conveyed and the land must provide access to navigable and public water.
	AS 37.14.650(h) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	Land conveyed to the fund is subject to the Alaska Statehood Act, the state constitution, public highways, payment requirements to the permanent fund, and the rights of the state. Land conveyed excludes any interest transferred to the state by the Alaska Omnibus Act. For five years after the effective date, the land is subject to DNR in perpetuity of oil and gas and the exploration and removal rights.
	AS 37.14.650(i) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	The fund will bear all costs of selection, platting, surveying, and conveyance of the land it selects. It will also reimburse DNR for costs incurred. If the land has been surveyed, the boundaries of the land must conform to public land subdivisions. If the land is unsurveyed, DNR will survey the exterior boundaries and issue patent within one year of approval by the legislature.
	AS 37.14.650(j) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	If land that is due to the fund is unsurveyed, DNR has one year after approval by the legislature to issue a document of interim conveyance.
	AS 37.14.650(k) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	Except as provided in AS 37.14.680 of this bill, management of the land conveyed to the fund vests with the fund from the date of recording of the conveyance. DNR pays the costs of recording the patents and documents of interim conveyance.
	AS 37.14.650(l) Public Finance Trust Funds Education Fund Fund land from Statehood Act land selection conveyances	Land selections may not be made after December 31, 2012.

SB 188 EDUCATION FUND/LAND ENDOWMENT

By Senator Ward

Sectional Analysis

Sec.	Statute	Description
	<p>AS 37.14.660 Public Finance Trust Funds Education Fund Management and disposition of land</p>	<p>The board establishes procedures for mineral entry or location and mineral leasing on selections. Public comment will be sought on proposals from the board for development, exchange, or sale of land. The fund will prepare an annual plan for management and disposition of the fund with copies available at LIOs and other locations, notice published in newspapers, notice given to legislators and local governments with jurisdiction, and public comment sought.</p>
	<p>AS 37.14.670 Public Finance Trust Funds Education Fund Confidential records</p>	<p>Information that may be kept confidential by the board includes (1) name of a person applying for a sale, lease, etc.; (2) names of participants and terms of offers to purchase, lease, etc. before the announced time of opening of an offer; (3) financial information relating to land considered for disposal or currently subject to a contract; (4) financial information submitted in support of applications for bonds, leases, or other information in offerings and ongoing operations relating to management; (5) applications for rights-of-way or easements; and (6) requests for information about or applications by public agencies for land that is being considered for use for a public purpose.</p>
	<p>AS 37.14.680 Public Finance Trust Funds Education Fund Land subject to encumbrances and trespasses</p>	<p>If the lease license, contract, prospecting site, claim, sale, permit, right-of-way, easement, or trespass existed before the selection of the land, the state is entitled to receive the income obtained from it for the duration of the term of the lease, license, etc. If the lease, license, etc. did not exist the general fund or permanent fund is entitled to receive the income before the conveyance and the fund is entitled to the income after the conveyance. The fund has the responsibility of management of the land upon conclusion of the term of the lease, license, etc. If the lease, license, etc. was entered into after selection, the fund has the responsibility for management on the date of conveyance.</p>
	<p>AS 37.14.690 Public Finance Trust Funds Education Fund Customary and traditional uses to be continued</p>	<p>The fund will manage the land in a manner which permits customary and traditional uses of the resources of that land to the maximum extent possible.</p>
	<p>AS 37.14.699 Public Finance Trust Funds Education Fund Definitions</p>	<p>"Board" means the Education Fund Board and "fund" means the education fund as established in the constitution by SJR 25.</p>

SB 188 EDUCATION FUND/LAND ENDOWMENT

By Senator Ward

Sectional Analysis

Sec.	Statute	Description
2	AS 29.45.030(a) Municipal Government Municipal Taxation Municipal Property Tax Required exemptions	Property of the education fund is exempt from general taxation.
3	effective date	This act takes effect on the effective date of an amendment of the constitution by SJR25.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 18, 2001

SUBJECT: Sectional Summary of SB 188 (education fund)

TO: Senator Jerry Ward
Attn: Sandy

FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1.

Sec. 37.14.600 - Establishes the education fund as a separate fund of the state. Describes the principal of the fund and requires the commissioner of revenue to determine the net income of the fund.

Sec. 37.14.610 - Establishes the commissioner of revenue as the treasurer of the education fund and establishes certain powers and duties.

Sec. 37.14.620 - Provides the fund is administered by a board and provides for the composition of the board.

Sec. 37.14.630 - Provides for the powers and duties of the board.

Sec. 37.14.640 - Requires that the principal of the fund be retained for investment and that net income of the fund may be annually appropriated for support of public schools and the University of Alaska.

Sec. 37.14.650 - Authorizes the board to select and receive conveyance of 5,000,000 acres of land conveyed to the state. Imposes limitations on the land that may be selected, requires that the transfer of ownership include certain interests, and provides that land selections must be made in parcels of 640 acres or larger, unless not in the best interest of the state. Requires the fund to bear costs of selection. Provides that the board may not make a land selection after December 31, 2012.

Sec. 37.14.660 - Provides for management and disposition of land selected by the board.

Sec. 37.14.670 - Provides that certain records of the board may be kept confidential.

Sec. 37.14.680 - Adds provisions relating to encumbrances and trespasses applicable to land selected by the board.

Sec. 37.14.680 - Requires the fund to manage land in a manner that permits customary and traditional uses of the resources to the maximum extent possible.

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Sec. 37.14.699 - Definitions.

Section 2. Provides that property of the education fund is exempt from municipal taxation.

Section 3. Contingent effective date.

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