

LEG. FINANCE - BILLS 1979 - 1980 1289

SB 161am thru SB 161

1289



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/23/90
Date

COMMITTEE REPORT HOUSE

Rubin
5/4/79

FURTHER:

4/18/79

Date: 5-2-79

Mr. Speaker:

The Committee on FINANCE has had SB 161am

"An Act requiring state agencies intending to submit grant applications to the federal government to notify certain committees of the legislature in advance."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s) *Chairman's copy*
- replace with ^{HOUSE} CS for SB 161 same title
 new title
- and recommends it is passed
- AND attaches a "Letter of Intent" New Fiscal Notes *5/2/79*
- reports it back without recommendation *Heppner*
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

Rogers DO PASS PERMANENTLY

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

Original sponsors: Kelly, Hohman,
Colletta and Sackett

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nonrenewable resource revenues; to
7 legislative oversight; and providing for an effective
8 date."

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

10 * Section 1. FINDINGS. The legislature finds that there is a substantial
11 need for oversight of the performance of those agencies of the state which
12 perform lending or investment functions since those functions do not receive
13 the detailed review to which other expenditures of public money are subject,
14 and therefore the knowledge necessary for sound legislation in this area is
15 not readily available. There is a need for legislative oversight which will
16 provide information on the policy and performance of these agencies, the
17 extent to which the agencies conform to statutory intent, and the impact of
18 their performance on the economy and the state treasury.

19 * Sec. 2. AS 24.20 is amended by adding new sections to read:

20 Sec. 24.20.156. PURPOSES. The purposes of the Legislative Budget
21 and Audit Committee include

22 (1) monitoring and reporting

23 (A) the performance of the agencies of the state which
24 perform lending or investment functions,

25 (B) the extent to which the performance of these agen-
26 cies has contributed to the fiscal, financial, economic and social
27 improvement of the state and its citizens,

28 (C) the extent to which these agencies and the executive
29 have prepared and coordinated short and long term economic, fiscal,

1 investment and financial planning;

2 (2) holding these agencies accountable to statutory intent in
3 their performance by recommending, where appropriate, changes in policy
4 to the agencies or changes in legislation to the legislature;

5 (3) annually reviewing the extent of capitalization of the
6 investment funds of the state and alternative investment policy for the
7 general fund surplus and recommending needed legislation.

8 Sec. 24.20.206. DUTIES. The Legislative Budget and Audit Commit-
9 tee shall

10 (1) report to the legislature its recommendations relating to
11 the confirmation of suggested appointees to the Board of Trustees of the
12 Alaska Permanent Fund Corporation and the Board of Trustees of the
13 Alaska Renewable Resources Corporation;

14 (2) annually review the long-range operating plans of all
15 agencies of the state which perform lending or investment functions;

16 (3) review periodic reports from all agencies of the state
17 which perform lending or investment functions;

18 (4) present a complete report of investment programs, plans,
19 performance, and policies of all agencies of the state which perform
20 lending or investment functions to the legislature within 30 days after
21 the convening of each regular session;

22 (5) present to the legislature within 30 days after the con-
23 vening of each regular session a review of the report of the governor
24 under AS 37.07.020(d) with recommendations for any needed legislation;

25 (6) in conjunction with the finance committee of each house
26 recommend annually to the legislature the investment policy for the
27 general fund surplus and for the income from the permanent fund;

28 (7) provide for an annual post audit and annual operational
29 and performance evaluation of the Alaska Permanent Fund Corporation in-

1 vestments and investment programs.

2 Sec. 24.20.209. RECORDS. The Legislative Budget and Audit Commit-
3 tee shall keep a complete file of all reports presented to it and all
4 reports presented by it to the legislature or to a legislative commit-
5 tee.

6 * Sec. 3. AS 24.20.201(a) is amended by adding new paragraphs to read:

7 (8) hold public hearings on the confirmation of the members
8 of the Board of Trustees of the Alaska Permanent Fund Corporation, and
9 the members of the Board of Trustees of the Alaska Renewable Resources
10 Corporation;

11 (9) make recommendations concerning the structure and operat-
12 ing practices of all agencies of the state which perform lending or
13 investment functions;

14 (10) enter into and enforce all contracts necessary or desira-
15 ble for the functions of the committee.

16 * Sec. 4. AS 37.07.020 is amended by adding a new subsection to read:

17 (d) The governor shall annually, before the convening of the
18 legislature, report to the legislature through the Legislative Budget
19 and Audit Committee the long-range fiscal and economic consequences of

20 (1) alternate levels of capitalization of the investment
21 funds of the state; and

22 (2) alternative investment policy for the general fund sur-
23 plus.

24 * Sec. 5. AS 37 is amended by adding a new chapter to read:

25 CHAPTER 13. ALASKA PERMANENT FUND.

26 Sec. 37.13.010. ALASKA PERMANENT FUND. (a) Under art IX, sec. 15
27 of the state constitution, there is established as a separate fund the
28 Alaska permanent fund. The Alaska permanent fund consists of

29 (1) 50 per cent of mineral lease bonuses remaining after

1 deduction of any amounts allocated

2 (A) to the Alaska Native Fund under the Alaska Native
3 Claims Settlement Act and implementing state legislation; and

4 (B) in AS 37.11.020 to the Alaska renewable resources
5 development fund;

6 (2) 25 per cent of all mineral lease rentals, royalties,
7 royalty sale proceeds, and federal mineral revenue sharing payments
8 received by the state from mineral leases issued on or before July 1,
9 1979;

10 (3) 50 per cent of all mineral lease rentals, royalties,
11 royalty sale proceeds, and federal mineral revenue sharing payments
12 received by the state from mineral leases issued after July 1, 1979; and

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

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

17 (c) The Alaska permanent fund shall be managed by the Alaska
18 Permanent Fund Corporation established in this chapter.

19 Sec. 37.13.020. FINDINGS. The people of the state, by constitu-
20 tional amendment, have required the placement of at least 25 per cent of
21 all mineral lease rentals, royalties, royalty sale proceeds, and federal
22 mineral revenue sharing payments and bonuses received by the state into
23 a permanent fund. The legislature finds with respect to the Alaska
24 Permanent Fund Corporation that

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

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

1 (3) the corporation should be used as a savings device
2 managed to allow the maximum use of disposable income from the corpora-
3 tion as needed for purposes designated by law.

4 Sec. 37.13.030. PURPOSE. It is the purpose of this chapter to
5 provide a mechanism for the management and investment of those permanent
6 fund assets allocated to the Alaska Permanent Fund Corporation in a
7 manner consistent with the findings established in AS 37.13.020.

8 Sec. 37.13.040. ALASKA PERMANENT FUND CORPORATION. There is
9 established the Alaska Permanent Fund Corporation. The corporation is a
10 public corporation and government instrumentality in the Department of
11 Revenue managed by a board of trustees but has a legal existence inde-
12 pendent of and separate from the state. The purpose of the board is to
13 manage and invest the assets of the corporation in accordance with this
14 chapter.

15 Sec. 37.13.050. COMPOSITION OF BOARD OF TRUSTEES. (a) The Board
16 of Trustees of the Alaska Permanent Fund Corporation consists of five
17 members appointed by the governor and confirmed by a majority of the
18 members of the legislature in joint session.

19 (b) The board shall annually elect a chairman from among its
20 members.

21 Sec. 37.13.060. TERM OF OFFICE. The members of the board shall be
22 appointed for terms of three years, and they may be reappointed subject
23 to reconfirmation by a majority of the members of the legislature in
24 joint session. Terms shall be staggered. Initial terms shall be two
25 members serving for one year, two members serving for two years, and one
26 member serving for three years.

27 Sec. 37.13.070. REMOVAL AND VACANCIES. (a) The governor may
28 remove a member of the board from office by and with the consent of a
29 majority of the members of the legislature in joint session. A removal

1 by the governor shall be in writing and state the reason for removal.
2 If the legislature is not in session, the governor may suspend a member
3 of the board. Upon suspension, a vacancy is not created but the board
4 member may not participate in board business and may not be counted for
5 purposes of establishing a quorum. The joint session shall be held
6 within 30 days from the date of removal if the removal occurs while the
7 legislature is in session or within 30 days of convening of the legis-
8 lature if the legislature is not in session. If the legislature refuses
9 to consent to his removal, the board member shall be reinstated to his
10 position.

11 (b) A vacancy on the board shall be promptly filled by appointment
12 by the governor and confirmation by a majority of the members of the
13 legislature in joint session, and an appointee to fill a vacancy shall
14 hold office for the balance of the term for which his predecessor on the
15 board was appointed. If a vacancy arises on the board while the legis-
16 lature is not in session, the governor may appoint an interim board
17 member who shall exercise all powers of a permanent board member until
18 such time as the legislature in joint session fails to confirm the
19 appointment of the interim board member.

20 (c) A vacancy on the board does not impair the authority of a
21 quorum of the board to exercise all the powers and perform all the
22 duties of the board.

23 Sec. 37.13.080. QUALIFICATIONS OF BOARD OF TRUSTEES. (a) No
24 individual may be appointed to the board who has not been a resident of
25 the state for at least three years.

26 (b) No member of the board may hold any other state or federal
27 office, position or employment, either elective or appointive, except as
28 a member of the armed forces of the United States or of this state.

29 (c) At least three members of the board shall have recognized

1 competence and wide experience in finance, investments, or other busi-
2 ness management-related field.

3 Sec. 37.13.090. QUORUM. Three members of the board constitute a
4 quorum for the transaction of business and the exercise of the powers
5 and duties of the board.

6 Sec. 37.13.100. COMPENSATION OF TRUSTEES. Members of the board
7 receive an honorarium of \$250 for each meeting day if they attend the
8 meeting and are entitled to per diem and travel allowances as provided
9 by law for members of state boards and commissions.

10 Sec. 37.13.110. EMPLOYMENT OF PERSONNEL. The board may employ and
11 determine the salary of an executive director. The executive director
12 may, with the approval of the board, select and employ additional staff
13 as necessary. No employee of the corporation, including the executive
14 director, may be a member of the board. The executive director and all
15 other employees of the board are in the exempt service under AS 39.25.

16 Sec. 37.13.120. CONFLICTS OF INTEREST. (a) Members of the board
17 and the executive director are subject to the provisions of AS 39.50.

18 (b) If a member or employee acquires, owns or controls an in-
19 terest, direct or indirect, in an entity or project in which corporation
20 assets are invested, he shall immediately disclose the interest to the
21 board. The disclosure is a matter of public record and shall be in-
22 cluded in the minutes of the board meeting next following the disclo-
23 sure.

24 Sec. 37.13.130. POWERS AND DUTIES. (a) The prudent-man rule
25 shall be applied by the board in the management and investment of per-
26 manent fund assets. The prudent-man rule as applied to investments of
27 the corporation means that in making investments the board shall exer-
28 cise the judgment and care under the circumstances then prevailing which
29 an institutional investor of ordinary prudence, discretion, and intel-

1 ligence exercises in the management of large investments entrusted to it
2 not in regard to speculation but in regard to the permanent disposition
3 of funds, considering probable safety of capital as well as probable
4 income.

5 (b) The corporation assets shall only be used for income-producing
6 investments.

7 (c) The board shall maintain a reasonable diversification among
8 corporation investments unless under the circumstances it is clearly
9 prudent not to do so.

10 (d) The board shall submit long-range and quarterly investment
11 reports to the Legislative Budget and Audit Committee.

12 (e) The corporation may not borrow funds or guarantee from princi-
13 pal of the fund the obligations of others.

14 (f) The board may enter into and enforce all contracts necessary,
15 convenient or desirable for purposes of the corporation.

16 (g) Subject to the limitations in (h) and (i) of this section, the
17 board may invest corporation assets in

18 (1) obligations of, or obligations insured by or guaranteed
19 by, the United States or agencies or instrumentalities of the United
20 States;

21 (2) obligations secured by reserves paid in by the United
22 States or agencies or instrumentalities of the United States or obliga-
23 tions of corporations in which the United States is a shareholder or
24 member;

25 (3) certificates of deposit issued by United States domestic
26 banks which are members of the Federal Deposit Insurance Corporation and
27 which are secured as to the payment of principal and interest in accor-
28 dance with Alaska law and for which a generally recognized secondary
29 market exists;

1 (4) corporate debt securities which are rated AA or better by
2 a nationally recognized rating service;

3 (5) short-term corporate promissory notes of the highest
4 rating assigned by a nationally recognized rating service;

5 (6) bankers' acceptances drawn on and accepted by United
6 States banks each of which have a combined capital and surplus aggrega-
7 ting at least \$200,000,000;

8 (7) repurchase agreements, the securities underlying the
9 agreements being any of the items in (1) - (5) of this subsection;

10 (8) the guaranteed portion of Federal Small Business Admini-
11 stration loans;

12 (9) the portion of first lien real estate mortgages guaran-
13 teed by the Federal Veterans Administration;

14 (10) the portions of business and industrial loans made under
15 the Rural Development Act of 1972 which are guaranteed by the Farmer's
16 Home Administration;

17 (11) the guaranteed portion of Farmer's Home Administration
18 loans.

19 (h) Investments under (g)(4) of this section may not exceed 25 per
20 cent of the total investments of the fund. Investments under (g)(8) -
21 (11) of this section may not exceed in the aggregate 25 per cent of the
22 total investments of the fund.

23 (i) No portion of the assets of the fund may be used for the pur-
24 chase of bonds of a corporation, upon which any regular interest payment
25 has been defaulted within five years before purchase, except bonds never
26 in default but which have been outstanding for less than five years.

27 (j) The board shall establish and from time to time as necessary
28 modify guidelines for the investment of the assets of the corporation.
29 Before adoption of any guidelines the guidelines shall be reported to

1 the Legislative Budget and Audit Committee for review and comment.

2 (k) The board may invest corporation assets in in-state invest-
3 ments if the in-state investments

4 (1) have a risk level and expected yield comparable to
5 alternate investment opportunities; and

6 (2) are included in the list of permissible investments in
7 (g) of this section.

8 Sec. 37.13.140. GAINS AND LOSSES. At the end of each fiscal year,
9 the total amount of losses on the sales of securities, not offset by
10 gains on the sales of securities during that year, shall be computed,
11 with a portion of these losses to be deducted each fiscal year from the
12 income and the resulting amount of income added to the principal of the
13 fund. Losses taken on the sales of securities shall be accumulated over
14 a period equal to the average remaining life of the securities sold,
15 unless these losses are offset by gains on future sales of securities.
16 In any fiscal year in which the gains on the sales of securities exceed
17 the losses on the sales of securities, the excess shall be added to the
18 principal of the fund.

19 Sec. 37.13.150. INCOME. The interest received in a year is the
20 income of the corporation for that year. The income available for
21 disbursement shall be determined on an averaging basis. For the first
22 five years, income will be the simple averaging of the annual current
23 return at cost. Subsequently, there will be a moving average current
24 return, in which the latest fiscal year will replace the oldest year.
25 The income available for disbursement will be the lesser of the latest
26 fiscal year's income, or the average annual current income for the past
27 five fiscal years of the fund at cost, and after adjustment for capital
28 losses charged to that fiscal year.

29 Sec. 37.13.160. BOARD BUDGET. The board's operating budget is

1 from the general fund and is subject to the Executive Budget Act (AS
2 37.07).

3 Sec. 37.13.170. AUDITS. The Legislative Budget and Audit Commit-
4 tee shall provide for an annual post audit and annual operational and
5 performance evaluations of the corporation's investments and investment
6 programs.

7 Sec. 37.13.180. REPORTS AND PUBLICATIONS. No later than Septem-
8 ber 30 of each year, the board shall publish a report of the corporation
9 for distribution to the governor, legislature, and the public. The
10 report shall be written in easily understandable language. The report
11 must include financial statements audited by independent outside audi-
12 tors, a statement of the amount of money received by the permanent fund
13 from each investment during the period covered, a statement of corpora-
14 tion investments including an appraisal at market value, a description
15 of corporation investment activity during the period covered by the
16 report, a comparison of the corporation performance with the intended
17 goals contained in AS 37.13.020, an examination of the impact of the
18 investment criteria of this chapter on the corporation portfolio with
19 recommendations of any needed changes and any other information the
20 board believes would be of interest to the governor, the legislature,
21 and the public. The annual income statement and balance sheet of the
22 corporation shall be published in at least one newspaper in each judi-
23 cial district. The income statement and balance sheet for the two
24 fiscal years preceding the publication of the election pamphlet under
25 AS 15.57 shall be included in that pamphlet. The board may also publish
26 other reports it considers desirable to carry out its purpose.

27 Sec. 37.13.190. TAX EXEMPTION. The corporation is exempt from all
28 taxes and assessments in the state. All security instruments issued by
29 the corporation, their transfer, and their income are exempt from all

1 taxes and assessments in the state.

2 Sec. 37.13.200. POLITICAL ACTIVITIES. The resources of the cor-
3 poration may not be used to finance or influence any political activi-
4 ties.

5 Sec. 37.13.210. PUBLIC ACCESS TO INFORMATION. Information in the
6 possession of the corporation is a public record, except that infor-
7 mation which discloses the particulars of the business or affairs of a
8 private enterprise or investor is confidential and is not a public
9 record. Confidential information may be disclosed only for the purposes
10 of an official law enforcement investigation or when its production is
11 required in a court proceeding. These restrictions do not prohibit the
12 publication of statistics presented in a manner that prevents the iden-
13 tification of particular reports, items, persons, or enterprises.

14 Sec. 37.13.220. DEFINITIONS. In this chapter,

15 (1) "board" means the Board of Trustees of the Alaska Per-
16 manent Fund Corporation;

17 (2) "corporation" means the Alaska Permanent Fund Corpora-
18 tion.

19 * Sec. 6. AS 39.25.110 is amended by adding a new paragraph to read:

20 (22) members of the board of trustees, the executive director,
21 and staff of the Alaska Permanent Fund Corporation.

22 * Sec. 7. AS 39.50.200(9) is amended by adding a new subparagraph to
23 read:

24 (QQ) Board of Trustees and executive director of the
25 Alaska Permanent Fund Corporation.

26 * Sec. 8. TRANSITION. The commissioner of revenue shall transfer all
27 funds of the Alaska permanent fund to the Alaska Permanent Fund Corporation
28 established by this Act after request for transfer is made by the board of
29 trustees of the corporation.

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* Sec. 9. AS 37.10.065(c) is repealed.

* Sec. 10. AS 37.10.065(a) and (b) are repealed.

* Sec. 11. Section 10 of this Act takes effect upon transfer of the funds of the Alaska permanent fund to the Alaska Permanent Fund Corporation as provided in sec. 8 of this Act. The remainder of this Act takes effect July 1, 1979.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

FCCSSB 161

I. REQUEST

Bill/Resolution No. FREE CONFERENCE CS FOR SENATE BILL NO. 161
 Title "An Act relating to the Alaska permanent fund; to nonrenewable resource revenues; to legislative oversight; and providing for an effective date.
 Requested by 2d Free Conference Committee on the Permanent Fund Date April 1, 1980

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Treasury Management
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL		37.8	40.8	44.1	47.6	51.4
300 CONTRACTUAL	30.0	237.0	308.1	375.9	437.9	499.2
400 COMMODITIES						
500 EQUIPMENT		2.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	30.0	276.8	348.9	420.0	485.5	550.6

FUNDING (Thousands of Dollars)

GENERAL FUND	30.0	276.8	348.9	420.0	485.5	550.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

FY80 Contractual for initial professional services necessary to institute sections of the bill which is effective immediately.

See attached for FY81 base services necessary to carry out functions in first full year. Bulk of contractual for services which fluctuate with size of Permanent Fund. Increase in fund balance is projected at 60%, 44%, 33.8% and 28% for fiscal years FY82-FY85 respectively. Cost increases projected at one-half of fund balance increase; 30%, 22%, 16.5% and 14% respectively.

Additional safekeeping costs due to separately appropriated amounts such as the possible \$900 million transfer to the fund contained in CSHB509, will be included in the fiscal note accompanying that bill.

Anselm C. Staack

IV. DATE April 15, 1980 PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Department of Revenue/Treasury Division

Original: Legislative Finance
 cc: Budget and Management

PHONE 465-2351

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 281

Title Relating to Renewable Resource Revenues

Requested by Rep. Jim Duncan

Date 5/3/79

II. FISCAL DETAIL

Agency Affected Legislative Budget & Audit Committee

Program Category Affected General Government

BRU, Program, or Subprogram(s) Affected Legislative Finance Division & Legislative Audit

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section IID)

The duties imposed upon the Budget and Audit Committee and its staff can range anywhere from light to extensive depending upon the extent to which the committee chooses to accomplish the oversight responsibilities. Since the bill envisions that the Committee's role may be a temporary one, essentially transitional in nature, it seems unwise to staff up in order to cover the new responsibilities. With this in mind, it would seem appropriate to begin the permanent fund oversight responsibilities under the assumption that the committee and its staff can provide effective permanent fund oversight within the existing levels of its budget.

IV. DATE 5/3/79

PREPARED BY *Ken W. Wilkerson*
AGENCY Legislative Audit & Legislative Finance
PHONE 465-3830 - Audit; 465-3795 - Finance

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Original sponsors: Kelly, Hohman,
Colletta and Sackett

Offered: 5/4/79
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nonrenewable resource revenues; to
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6 * Sec. 3. AS 24.20.201(a) is amended by adding new paragraphs to read:

7 (8) hold public hearings on the confirmation of the members
8 of the Board of Trustees of the Alaska Permanent Fund Corporation, and
9 the members of the Board of Trustees of the Alaska Renewable Resources
10 Corporation;

11 (9) make recommendations concerning the structure and operat-
12 ion practices of all agencies of the state which perform lending or
13 investment functions;

14 (10) enter into and enforce all contracts necessary or desira-
15 ble for the functions of the committee.

16 * Sec. 4. AS 37.07.020 is amended by adding a new subsection to read:

17 (d) The governor shall annually, before the convening of the
18 legislature, report to the legislature through the Legislative Budget
19 and Audit Committee the long-range fiscal and economic consequences of

20 (1) alternate levels of capitalization of the investment
21 funds of the state; and

22 (2) alternative investment policy for the general fund sur-
23 plus.

24 * Sec. 5. AS 37 is amended by adding a new chapter to read:

25 CHAPTER 13. ALASKA PERMANENT FUND.

26 Sec. 37.13.010. ALASKA PERMANENT FUND. (a) Under art IX, sec. 15
27 of the state constitution, there is established as a separate fund the
28 Alaska permanent fund. The Alaska permanent fund consists of

29 (1) 50 per cent of mineral lease bonuses remaining after

1 deduction of any amounts allocated

2 (A) to the Alaska Native Fund under the Alaska Native
3 Claims Settlement Act and implementing state legislation; and

4 (B) in AS 37.11.020 to the Alaska renewable resources
5 development fund;

6 (2) 25 per cent of all mineral lease rentals, royalties,
7 royalty sale proceeds, and federal mineral revenue sharing payments
8 received by the state from mineral leases issued on or before July 1,
9 1979;

10 (3) 50 per cent of all mineral lease rentals, royalties,
11 royalty sale proceeds, and federal mineral revenue sharing payments
12 received by the state from mineral leases issued after July 1, 1979; and

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

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

17 (c) The Alaska permanent fund shall be managed by the Alaska
18 Permanent Fund Corporation established in this chapter.

19 Sec. 37.13.020. FINDINGS. The people of the state, by constitu-
20 tional amendment, have required the placement of at least 25 per cent of
21 all mineral lease rentals, royalties, royalty sale proceeds, and federal
22 mineral revenue sharing payments and bonuses received by the state into
23 a permanent fund. The legislature finds with respect to the Alaska
24 Permanent Fund Corporation that

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

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

1 (3) the corporation should be used as a savings device
2 managed to allow the maximum use of disposable income from the corpora-
3 tion as needed for purposes designated by law.

4 Sec. 37.13.030. PURPOSE. It is the purpose of this chapter to
5 provide a mechanism for the management and investment of those permanent
6 fund assets allocated to the Alaska Permanent Fund Corporation in a
7 manner consistent with the findings established in AS 37.13.020.

8 Sec. 37.13.040. ALASKA PERMANENT FUND CORPORATION. There is
9 established the Alaska Permanent Fund Corporation. The corporation is a
10 public corporation and government instrumentality in the Department of
11 Revenue managed by a board of trustees but has a legal existence inde-
12 pendent of and separate from the state. The purpose of the board is to
13 manage and invest the assets of the corporation in accordance with this
14 chapter.

15 Sec. 37.13.050. COMPOSITION OF BOARD OF TRUSTEES. (a) The Board
16 of Trustees of the Alaska Permanent Fund Corporation consists of five
17 members appointed by the governor and confirmed by a majority of the
18 members of the legislature in joint session.

19 (b) The board shall annually elect a chairman from among its
20 members.

21 Sec. 37.13.060. TERM OF OFFICE. The members of the board shall be
22 appointed for terms of three years, and they may be reappointed subject
23 to reconfirmation by a majority of the members of the legislature in
24 joint session. Terms shall be staggered. Initial terms shall be two
25 members serving for one year, two members serving for two years, and one
26 member serving for three years.

27 Sec. 37.13.070. REMOVAL AND VACANCIES. (a) The governor may
28 remove a member of the board from office by and with the consent of a
29 majority of the members of the legislature in joint session. A removal

1 by the governor shall be in writing and state the reason for removal.
2 If the legislature is not in session, the governor may suspend a member
3 of the board. Upon suspension, a vacancy is not created but the board
4 member may not participate in board business and may not be counted for
5 purposes of establishing a quorum. The joint session shall be held
6 within 30 days from the date of removal if the removal occurs while the
7 legislature is in session or within 30 days of convening of the legis-
8 lature if the legislature is not in session. If the legislature refuses
9 to consent to his removal, the board member shall be reinstated to his
10 position.

11 (b) A vacancy on the board shall be promptly filled by appointment
12 by the governor and confirmation by a majority of the members of the
13 legislature in joint session, and an appointee to fill a vacancy shall
14 hold office for the balance of the term for which his predecessor on the
15 board was appointed. If a vacancy arises on the board while the legis-
16 lature is not in session, the governor may appoint an interim board
17 member who shall exercise all powers of a permanent board member until
18 such time as the legislature in joint session fails to confirm the
19 appointment of the interim board member.

20 (c) A vacancy on the board does not impair the authority of a
21 quorum of the board to exercise all the powers and perform all the
22 duties of the board.

23 Sec. 37.13.080. QUALIFICATIONS OF BOARD OF TRUSTEES. (a) No
24 individual may be appointed to the board who has not been a resident of
25 the state for at least three years.

26 (b) No member of the board may hold any other state or federal
27 office, position or employment, either elective or appointive, except as
28 a member of the armed forces of the United States or of this state.

29 (c) At least three members of the board shall have recognized

1 competence and wide experience in finance, investments, or other busi-
2 ness management-related field.

3 Sec. 37.13.090. QUORUM. Three members of the board constitute a
4 quorum for the transaction of business and the exercise of the powers
5 and duties of the board.

6 Sec. 37.13.100. COMPENSATION OF TRUSTEES. Members of the board
7 receive an honorarium of \$250 for each meeting day if they attend the
8 meeting and are entitled to per diem and travel allowances as provided
9 by law for members of state boards and commissions.

10 Sec. 37.13.110. EMPLOYMENT OF PERSONNEL. The board may employ and
11 determine the salary of an executive director. The executive director
12 may, with the approval of the board, select and employ additional staff
13 as necessary. No employee of the corporation, including the executive
14 director, may be a member of the board. The executive director and all
15 other employees of the board are in the exempt service under AS 39.25.

16 Sec. 37.13.120. CONFLICTS OF INTEREST. (a) Members of the board
17 and the executive director are subject to the provisions of AS 39.50.

18 (b) If a member or employee acquires, owns or controls an in-
19 terest, direct or indirect, in an entity or project in which corporation
20 assets are invested, he shall immediately disclose the interest to the
21 board. The disclosure is a matter of public record and shall be in-
22 cluded in the minutes of the board meeting next following the disclo-
23 sure.

24 Sec. 37.13.130. POWERS AND DUTIES. (a) The prudent-man rule
25 shall be applied by the board in the management and investment of per-
26 manent fund assets. The prudent-man rule as applied to investments of
27 the corporation means that in making investments the board shall exer-
28 cise the judgment and care under the circumstances then prevailing which
29 an institutional investor of ordinary prudence, discretion, and intel-

1 ligence exercises in the management of large investments entrusted to it
2 not in regard to speculation but in regard to the permanent disposition
3 of funds, considering probable safety of capital as well as probable
4 income.

5 (b) The corporation assets shall only be used for income-producing
6 investments.

7 (c) The board shall maintain a reasonable diversification among
8 corporation investments unless under the circumstances it is clearly
9 prudent not to do so.

10 (d) The board shall submit long-range and quarterly investment
11 reports to the Legislative Budget and Audit Committee.

12 (e) The corporation may not borrow funds or guarantee from princi-
13 pal of the fund the obligations of others.

14 (f) The board may enter into and enforce all contracts necessary,
15 convenient or desirable for purposes of the corporation.

16 (g) Subject to the limitations in (h) and (i) of this section, the
17 board may invest corporation assets in

18 (1) obligations of, or obligations insured by or guaranteed
19 by, the United States or agencies or instrumentalities of the United
20 States;

21 (2) obligations secured by reserves paid in by the United
22 States or agencies or instrumentalities of the United States or obliga-
23 tions of corporat'ons in which the United States is a shareholder or
24 member;

25 (3) certificates of deposit issued by United States domestic
26 banks which are members of the Federal Deposit Insurance Corporation and
27 which are secured as to the payment of principal and interest in accor-
28 dance with Alaska law and for which a generally recognized secondary
29 market exists;

1 (4) corporate debt securities which are rated AA or better by
2 a nationally recognized rating service;

3 (5) short-term corporate promissory notes of the highest
4 rating assigned by a nationally recognized rating service;

5 (6) bankers' acceptances drawn on and accepted by United
6 States banks each of which have a combined capital and surplus aggrega-
7 ting at least \$200,000,000;

8 (7) repurchase agreements, the securities underlying the
9 agreements being any of the items in (1) - (5) of this subsection;

10 (8) the guaranteed portion of Federal Small Business Admini-
11 stration loans;

12 (9) the portion of first lien real estate mortgages guaran-
13 teed by the Federal Veterans Administration;

14 (10) the portions of business and industrial loans made under
15 the Rural Development Act of 1972 which are guaranteed by the Farmer's
16 Home Administration;

17 (11) the guaranteed portion of Farmer's Home Administration
18 loans.

19 (h) Investments under (g)(4) of this section may not exceed 25 per
20 cent of the total investments of the fund. Investments under (g)(8) -
21 (11) of this section may not exceed in the aggregate 25 per cent of the
22 total investments of the fund.

23 (i) No portion of the assets of the fund may be used for the pur-
24 chase of bonds of a corporation, upon which any regular interest payment
25 has been defaulted within five years before purchase, except bonds never
26 in default but which have been outstanding for less than five years.

27 (j) The board shall establish and from time to time as necessary
28 modify guidelines for the investment of the assets of the corporation.
29 Before adoption of any guidelines the guidelines shall be reported to

1 the Legislative Budget and Audit Committee for review and comment.

2 (k) The board may invest corporation assets in in-state invest-
3 ments if the in-state investments

4 (1) have a risk level and expected yield comparable to
5 alternate investment opportunities; and

6 (2) are included in the list of permissible investments in
7 (g) of this section.

8 Sec. 37.13.140. GAINS AND LOSSES. At the end of each fiscal year,
9 the total amount of losses on the sales of securities, not offset by
10 gains on the sales of securities during that year, shall be computed,
11 with a portion of these losses to be deducted each fiscal year from the
12 income and the resulting amount of income added to the principal of the
13 fund. Losses taken on the sales of securities shall be accumulated over
14 a period equal to the average remaining life of the securities sold,
15 unless these losses are offset by gains on future sales of securities.
16 In any fiscal year in which the gains on the sales of securities exceed
17 the losses on the sales of securities, the excess shall be added to the
18 principal of the fund.

19 Sec. 37.13.150. INCOME. The interest received in a year is the
20 income of the corporation for that year. The income available for
21 disbursement shall be determined on an averaging basis. For the first
22 five years, income will be the simple averaging of the annual current
23 return at cost. Subsequently, there will be a moving average current
24 return, in which the latest fiscal year will replace the oldest year.
25 The income available for disbursement will be the lesser of the latest
26 fiscal year's income, or the average annual current income for the past
27 five fiscal years of the fund at cost, and after adjustment for capital
28 losses charged to that fiscal year.

29 Sec. 37.13.160. BOARD BUDGET. The board's operating budget is

1 from the general fund and is subject to the Executive Budget Act (AS
2 37.07).

3 Sec. 37.13.170. AUDITS. The Legislative Budget and Audit Commit-
4 tee shall provide for an annual post audit and annual operational and
5 performance evaluations of the corporation's investments and investment
6 programs.

7 Sec. 37.13.180. REPORTS AND PUBLICATIONS. No later than Septem-
8 ber 30 of each year, the board shall publish a report of the corporation
9 for distribution to the governor, legislature, and the public. The
10 report shall be written in easily understandable language. The report
11 must include financial statements audited by independent outside audi-
12 tors, a statement of the amount of money received by the permanent fund
13 from each investment during the period covered, a statement of corpora-
14 tion investments including an appraisal at market value, a description
15 of corporation investment activity during the period covered by the
16 report, a comparison of the corporation performance with the intended
17 goals contained in AS 37.13.020, an examination of the impact of the
18 investment criteria of this chapter on the corporation portfolio with
19 recommendations of any needed changes and any other information the
20 board believes would be of interest to the governor, the legislature,
21 and the public. The annual income statement and balance sheet of the
22 corporation shall be published in at least one newspaper in each judi-
23 cial district. The income statement and balance sheet for the two
24 fiscal years preceding the publication of the election pamphlet under
25 AS 15.57 shall be included in that pamphlet. The board may also publish
26 other reports it considers desirable to carry out its purpose.

27 Sec. 37.13.190. TAX EXEMPTION. The corporation is exempt from all
28 taxes and assessments in the state. All security instruments issued by
29 the corporation, their transfer, and their income are exempt from all

1 taxes and assessments in the state.

2 Sec. 37.13.200. POLITICAL ACTIVITIES. The resources of the cor-
3 poration may not be used to finance or influence any political activi-
4 ties.

5 Sec. 37.13.210. PUBLIC ACCESS TO INFORMATION. Information in the
6 possession of the corporation is a public record, except that infor-
7 mation which discloses the particulars of the business or affairs of a
8 private enterprise or investor is confidential and is not a public
9 record. Confidential information may be disclosed only for the purposes
10 of an official law enforcement investigation or when its production is
11 required in a court proceeding. These restrictions do not prohibit the
12 publication of statistics presented in a manner that prevents the iden-
13 tification of particular reports, items, persons, or enterprises.

14 Sec. 37.13.220. DEFINITIONS. In this chapter,

15 (1) "board" means the Board of Trustees of the Alaska Per-
16 manent Fund Corporation;

17 (2) "corporation" means the Alaska Permanent Fund Corpora-
18 tion.

19 * Sec. 6. AS 39.25.110 is amended by adding a new paragraph to read:

20 (22) members of the board of trustees, the executive director,
21 and staff of the Alaska Permanent Fund Corporation.

22 * Sec. 7. AS 39.50.200(9) is amended by adding a new subparagraph to
23 read:

24 (QQ) Board of Trustees and executive director of the
25 Alaska Permanent Fund Corporation.

26 * Sec. 8. TRANSITION. The commissioner of revenue shall transfer all
27 funds of the Alaska permanent fund to the Alaska Permanent Fund Corporation
28 established by this Act after request for transfer is made by the board of
29 trustees of the corporation.

1 * Sec. 9. AS 37.10.065(c) is repealed.
2 * Sec. 10. AS 37.10.065(a) and (b) are repealed.
3 * Sec. 11. Section 10 of this Act takes effect upon transfer of the funds
4 of the Alaska permanent fund to the Alaska Permanent Fund Corporation as
5 provided in sec. 8 of this Act. The remainder of this Act takes effect
6 July 1, 1979.

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 281 - "An Act Relating to Renewable Resource Revenues;
Title and providing for an effective date."
 Requested by HOUSE PERMANENT FUND COMMITTEE Date April 30, 1979

II. FISCAL DETAIL

Agency Affected DEPARTMENT OF REVENUE
 Program Category Affected GENERAL GOVERNMENT
 BRU, Program, or Subprogram(s) Affected PERMANENT FUND
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		-0-	318.9	318.9	368.9	368.9
200 TRAVEL		50.0	79.6	79.6	79.6	79.6
300 CONTRACTUAL		150.0	321.6	321.6	321.6	321.6
400 COMMODITIES		-0-	16.0	7.0	7.0	7.0
500 EQUIPMENT		-0-	20.0	3.0	3.0	2.0
600 LAND & STRUCTURES		-0-	46.1	46.1	46.1	46.1
700 GRANTS, CLAIMS, ETC.						
TOTAL		200.0	802.2	776.2	826.2	825.2

FUNDING (Thousands of Dollars)

<u>GENERAL FUND</u>						
<u>FEDERAL FUNDS</u>						
<u>OTHER (Specify Fund Source)</u>						

POSITIONS

<u>FULL TIME</u>		-0-	9	9	10	10
<u>PART TIME</u>						
<u>TEMPORARY</u>						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached for cost analysis. FY80 figures represent transition costs. Travel provides for ten (10) organizational and policy board meetings. Contractual provides sufficient funds for management of Permanent Fund investments by the Division of Treasury for the year and organizational monies necessary for recruitment of professional staff. Treasury management costs amount to 60.0 in FY80.

IV. DATE April 30, 1979 PREPARED BY *Peter A. Bushre*
Peter A. Bushre, Deputy Commissioner
 AGENCY Division of Treasury
 PHONE 465-2350
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

PERMANENT FUND CORPORATION

100 - PERSONAL SERVICES

(1) Director - Range 27	\$3,940	\$ 47,280
(1) Secretary II - Range 11	1,339	16,068
(1) Comptroller - Range 24	3,401	40,812
(1) Accountant III - Range 16	1,888	22,656
(1) Investment Officer III - Range 24	3,401	40,812
(1) Accounting Technician II - Range 14	1,629	19,548
(1) Account Clerk III - Range 10	1,254	15,048
(1) Clerk Typist II - Range 7	1,045	12,540
(1) Loan Examiner III - Range 19	2,355	28,260
		<u>\$243,024</u>
	BENEFITS	75,945
		<u>\$318,969</u>

200 - TRAVEL

BOARD MEETINGS IN STATE: 10 MEETINGS X 2 DAYS

Travel/Board Members	\$ 8,750
Travel/Director and Staff	6,300
Per Diem	7,200
Honorarium	25,000

FIELD/ADMINISTRATIVE TRAVEL IN STATE:

Travel	4,300
Per Diem	2,400

FIELD/ADMINISTRATIVE TRAVEL-OUT OF STATE:

Travel	5,920
Per Diem	2,400

CONVENTIONS/MEETINGS OUT OF STATE:

Travel	12,500
Per Diem	4,800
	<u>\$ 79,570</u>

300 - CONTRACTUAL

Communications	\$ 49,200
Printing and Advertisements	16,500
Repairs/Maintenance	2,600
Equipment Rental - Word Processing	8,700
Equipment Rental - Computer	65,000
Safekeeping	50,000
Consulting	104,600
Other Fees and Expenses	25,000
	<u>\$321,600</u>

400 - COMMODITIES

\$ 16,000

500 - EQUIPMENT

\$ 20,000

600 - OFFICE SPACE

\$ 46,100

TOTAL

\$802,239

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 281 / 52161
 Title Relating to Renewable Resource Revenues
 Requested by Rep. Jim Duncan Date 5/3/79

II. FISCAL DETAIL
 Agency Affected Legislative Budget & Audit Committee
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Legislative Finance Division & Legislative Audit
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The duties imposed upon the Budget and Audit Committee and its staff can range anywhere from light to extensive depending upon the extent to which the committee chooses to accomplish the oversight responsibilities. Since the bill envisions that the Committee's role may be a temporary one, essentially transitional in nature, it seems unwise to staff up in order to cover the new responsibilities. With this in mind, it would seem appropriate to begin the permanent fund oversight responsibilities under the assumption that the committee and its staff can provide effective permanent fund oversight within the existing levels of its budget.

IV. DATE 5/3/79 PREPARED BY Kenneth H. Williamson J. Hagan
 AGENCY Legislative Audit & Legislative Finance
 PHONE 465-3830 - Audit; 465-3795 - Finance
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Introduced: 2/13/79
Referred: Finance

1 IN THE SENATE

BY KELLY, HOHMAN, COLLETTA
AND SACKETT

2 SENATE BILL NO. 161 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring state agencies intending to submit
7 grant applications to the federal government to notify
8 certain committees of the legislature in advance."

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

10 * Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.315. NOTICE OF GRANT APPLICATIONS. A state agency may
12 not submit an application for federal financial assistance if state
13 participation in the federal program would require the appropriation of
14 money from the general fund unless the agency, 30 days before submission
15 of the application, notifies the finance committee of each house of the
16 legislature and the Legislative Budget and Audit Committee, of the
17 agency's intention to submit the application for federal financial
18 assistance. In this section, a "state agency" does not include the
19 University of Alaska. The provisions of this section apply only to
20 new programs started after the effective date of this Act.

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Original sponsors: Kelly, Hohman,
Colletta and Sackett

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nonrenewable resource revenues; to
7 legislative oversight; and providing for an effective
8 date."

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

10 * Section 1. FINDINGS. The legislature finds that there is a substantial
11 need for oversight of the performance of those agencies of the state which
12 perform lending or investment functions since those functions do not receive
13 the detailed review to which other expenditures of public money are subject,
14 and therefore the knowledge necessary for sound legislation in this area is
15 not readily available. There is a need for legislative oversight which will
16 provide information on the policy and performance of these agencies, the
17 extent to which the agencies conform to statutory intent, and the impact of
18 their performance on the economy and the state treasury.

19 * Sec. 2. AS 24.20 is amended by adding new sections to read:

20 Sec. 24.20.156. PURPOSES. The purposes of the Legislative Budget
21 and Audit Committee include

22 (1) monitoring and reporting

23 (A) the performance of the agencies of the state which
24 perform lending or investment functions,

25 (B) the extent to which the performance of these agen-
26 cies has contributed to the fiscal, financial, economic and social
27 improvement of the state and its citizens,

28 (C) the extent to which these agencies and the executive
29 have prepared and coordinated short and long term economic, fiscal,
30

1 investment and financial planning;

2 (2) holding these agencies accountable to statutory intent in
3 their performance by recommending, where appropriate, changes in policy
4 to the agencies or changes in legislation to the legislature;

5 (3) annually reviewing the extent of capitalization of the
6 investment funds of the state and alternative investment policy for the
7 general fund surplus and recommending needed legislation.

8 Sec. 24.20.206. DUTIES. The Legislative Budget and Audit Commit-
9 tee shall

10 (1) report to the legislature its recommendations relating to
11 the confirmation of suggested appointees to the Board of Trustees of the
12 Alaska Permanent Fund Corporation and the Board of Trustees of the
13 Alaska Renewable Resources Corporation;

14 (2) annually review the long-range operating plans of all
15 agencies of the state which perform lending or investment functions;

16 (3) review periodic reports from all agencies of the state
17 which perform lending or investment functions;

18 (4) present a complete report of investment programs, plans,
19 performance, and policies of all agencies of the state which perform
20 lending or investment functions to the legislature within 30 days after
21 the convening of each regular session;

22 (5) present to the legislature within 30 days after the con-
23 vening of each regular session a review of the report of the governor
24 under AS 37.07.020(d) with recommendations for any needed legislation;

25 (6) in conjunction with the finance committee of each house
26 recommend annually to the legislature the investment policy for the
27 general fund surplus and for the income from the permanent fund;

28 (7) provide for an annual post audit and annual operational
29 and performance evaluation of the Alaska Permanent Fund Corporation in-

1 vestments and investment programs.

2 Sec. 24.20.209. RECORDS. The Legislative Budget and Audit Commit-
3 tee shall keep a complete file of all reports presented to it and all
4 reports presented by it to the legislature or to a legislative commit-
5 tee.

6 * Sec. 3. AS 24.20.201(a) is amended by adding new paragraphs to read:

7 (8) hold public hearings on the confirmation of the members
8 of the Board of Trustees of the Alaska Permanent Fund Corporation, and
9 the members of the Board of Trustees of the Alaska Renewable Resources
10 Corporation;

11 (9) make recommendations concerning the structure and operat-
12 ing practices of all agencies of the state which perform lending or
13 investment functions;

14 (10) enter into and enforce all contracts necessary or desira-
15 ble for the functions of the committee.

16 * Sec. 4. AS 37.07.020 is amended by adding a new subsection to read:

17 (d) The governor shall annually, before the convening of the
18 legislature, report to the legislature through the Legislative Budget
19 and Audit Committee the long-range fiscal and economic consequences of

20 (1) alternate levels of capitalization of the investment
21 funds of the state; and

22 (2) alternative investment policy for the general fund sur-
23 plus.

24 * Sec. 5. AS 37 is amended by adding a new chapter to read:

25 CHAPTER 13. ALASKA PERMANENT FUND.

26 Sec. 37.13.010. ALASKA PERMANENT FUND. (a) Under art IX, sec. 15
27 of the state constitution, there is established as a separate fund the
28 Alaska permanent fund. The Alaska permanent fund consists of

29 (1) 50 per cent of mineral lease bonuses remaining after

1 deduction of any amounts allocated

2 (A) to the Alaska Native Fund under the Alaska Native
3 Claims Settlement Act and implementing state legislation; and

4 (B) in AS 37.11.020 to the Alaska renewable resources
5 development fund;

6 (2) 25 per cent of all mineral lease rentals, royalties,
7 royalty sale proceeds, and federal mineral revenue sharing payments
8 received by the state from mineral leases issued on or before July 1,
9 1979;

10 (3) 50 per cent of all mineral lease rentals, royalties,
11 royalty sale proceeds, and federal mineral revenue sharing payments
12 received by the state from mineral leases issued after July 1, 1979; and

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

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

17 (c) The Alaska permanent fund shall be managed by the Alaska
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21 all mineral lease rentals, royalties, royalty sale proceeds, and federal
22 mineral revenue sharing payments and bonuses received by the state into
23 a permanent fund. The legislature finds with respect to the Alaska
24 Permanent Fund Corporation that

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27 generations of Alaskans;

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2 managed to allow the maximum use of disposable income from the corpora-
3 tion as needed for purposes designated by law.

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6 fund assets allocated to the Alaska Permanent Fund Corporation in a
7 manner consistent with the findings established in AS 37.13.020.

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11 Revenue managed by a board of trustees but has a legal existence inde-
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13 manage and invest the assets of the corporation in accordance with this
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15 Sec. 37.13.050. COMPOSITION OF BOARD OF TRUSTEES. (a) The Board
16 of Trustees of the Alaska Permanent Fund Corporation consists of five
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3 of the board. Upon suspension, a vacancy is not created but the board
4 member may not participate in board business and may not be counted for
5 purposes of establishing a quorum. The joint session shall be held
6 within 30 days from the date of removal if the removal occurs while the
7 legislature is in session or within 30 days of convening of the legis-
8 lature if the legislature is not in session. If the legislature refuses
9 to consent to his removal, the board member shall be reinstated to his
10 position.

11 (b) A vacancy on the board shall be promptly filled by appointment
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15 board was appointed. If a vacancy arises on the board while the legis-
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18 such time as the legislature in joint session fails to confirm the
19 appointment of the interim board member.

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21 quorum of the board to exercise all the powers and perform all the
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25 the state for at least three years.

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27 office, position or employment, either elective or appointive, except as
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12 may, with the approval of the board, select and employ additional staff
13 as necessary. No employee of the corporation, including the executive
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15 other employees of the board are in the exempt service under AS 39.25.

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2 not in regard to speculation but in regard to the permanent disposition
3 of funds, considering probable safety of capital as well as probable
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6 investments.

7 (c) The board shall maintain a reasonable diversification among
8 corporation investments unless under the circumstances it is clearly
9 prudent not to do so.

10 (d) The board shall submit long-range and quarterly investment
11 reports to the Legislative Budget and Audit Committee.

12 (e) The corporation may not borrow funds or guarantee from princi-
13 pal of the fund the obligations of others.

14 (f) The board may enter into and enforce all contracts necessary,
15 convenient or desirable for purposes of the corporation.

16 (g) Subject to the limitations in (h) and (i) of this section, the
17 board may invest corporation assets in

18 (1) obligations of, or obligations insured by or guaranteed
19 by, the United States or agencies or instrumentalities of the United
20 States;

21 (2) obligations secured by reserves paid in by the United
22 States or agencies or instrumentalities of the United States or obliga-
23 tions of corporations in which the United States is a shareholder or
24 member;

25 (3) certificates of deposit issued by United States domestic
26 banks which are members of the Federal Deposit Insurance Corporation and
27 which are secured as to the payment of principal and interest in accor-
28 dance with Alaska law and for which a generally recognized secondary
29 market exists;

1 (4) corporate debt securities which are rated AA or better by
2 a nationally recognized rating service;

3 (5) short-term corporate promissory notes of the highest
4 rating assigned by a nationally recognized rating service;

5 (6) bankers' acceptances drawn on and accepted by United
6 States banks each of which have a combined capital and surplus aggrega-
7 ting at least \$200,000,000;

8 (7) repurchase agreements, the securities underlying the
9 agreements being any of the items in (1) - (5) of this subsection;

10 (8) the guaranteed portion of Federal Small Business Admini-
11 stration loans;

12 (9) the portion of first lien real estate mortgages guaran-
13 teed by the Federal Veterans Administration;

14 (10) the portions of business and industrial loans made under
15 the Rural Development Act of 1972 which are guaranteed by the Farmer's
16 Home Administration;

17 (11) the guaranteed portion of Farmer's Home Administration
18 loans.

19 (h) Investments under (g)(4) of this section may not exceed 25 per
20 cent of the total investments of the fund. Investments under (g)(8) -
21 (11) of this section may not exceed in the aggregate 25 per cent of the
22 total investments of the fund.

23 (i) No portion of the assets of the fund may be used for the pur-
24 chase of bonds of a corporation, upon which any regular interest payment
25 has been defaulted within five years before purchase, except bonds never
26 in default but which have been outstanding for less than five years.

27 (j) The board shall establish and from time to time as necessary
28 modify guidelines for the investment of the assets of the corporation.
29 Before adoption of any guidelines the guidelines shall be reported to

1 the Legislative Budget and Audit Committee for review and comment.

2 (k) The board may invest corporation assets in in-state invest-
3 ments if the in-state investments

4 (1) have a risk level and expected yield comparable to
5 alternate investment opportunities; and

6 (2) are included in the list of permissible investments in
7 (g) of this section.

8 Sec. 37.13.140. GAINS AND LOSSES. At the end of each fiscal year,
9 the total amount of losses on the sales of securities, not offset by
10 gains on the sales of securities during that year, shall be computed,
11 with a portion of these losses to be deducted each fiscal year from the
12 income and the resulting amount of income added to the principal of the
13 fund. Losses taken on the sales of securities shall be accumulated over
14 a period equal to the average remaining life of the securities sold,
15 unless these losses are offset by gains on future sales of securities.
16 In any fiscal year in which the gains on the sales of securities exceed
17 the losses on the sales of securities, the excess shall be added to the
18 principal of the fund.

19 Sec. 37.13.150. INCOME. The interest received in a year is the
20 income of the corporation for that year. The income available for
21 disbursement shall be determined on an averaging basis. For the first
22 five years, income will be the simple averaging of the annual current
23 return at cost. Subsequently, there will be a moving average current
24 return, in which the latest fiscal year will replace the oldest year.
25 The income available for disbursement will be the lesser of the latest
26 fiscal year's income, or the average annual current income for the past
27 five fiscal years of the fund at cost, and after adjustment for capital
28 losses charged to that fiscal year.

29 Sec. 37.13.160. BOARD BUDGET. The board's operating budget is

1 from the general fund and is subject to the Executive Budget Act (AS
2 37.07).

3 Sec. 37.13.170. AUDITS. The Legislative Budget and Audit Commit-
4 tee shall provide for an annual post audit and annual operational and
5 performance evaluations of the corporation's investments and investment
6 programs.

7 Sec. 37.13.180. REPORTS AND PUBLICATIONS. No later than Septem-
8 ber 30 of each year, the board shall publish a report of the corporation
9 for distribution to the governor, legislature, and the public. The
10 report shall be written in easily understandable language. The report
11 must include financial statements audited by independent outside audi-
12 tors, a statement of the amount of money received by the permanent fund
13 from each investment during the period covered, a statement of corpora-
14 tion investments including an appraisal at market value, a description
15 of corporation investment activity during the period covered by the
16 report, a comparison of the corporation performance with the intended
17 goals contained in AS 37.13.020, an examination of the impact of the
18 investment criteria of this chapter on the corporation portfolio with
19 recommendations of any needed changes and any other information the
20 board believes would be of interest to the governor, the legislature,
21 and the public. The annual income statement and balance sheet of the
22 corporation shall be published in at least one newspaper in each judi-
23 cial district. The income statement and balance sheet for the two
24 fiscal years preceding the publication of the election pamphlet under
25 AS 15.57 shall be included in that pamphlet. The board may also publish
26 other reports it considers desirable to carry out its purpose.

27 Sec. 37.13.190. TAX EXEMPTION. The corporation is exempt from all
28 taxes and assessments in the state. All security instruments issued by
29 the corporation, their transfer, and their income are exempt from all

1 taxes and assessments in the state.

2 Sec. 37.13.200. POLITICAL ACTIVITIES. The resources of the cor-
3 poration may not be used to finance or influence any political activi-
4 ties.

5 Sec. 37.13.210. PUBLIC ACCESS TO INFORMATION. Information in the
6 possession of the corporation is a public record, except that infor-
7 mation which discloses the particulars of the business or affairs of a
8 private enterprise or investor is confidential and is not a public
9 record. Confidential information may be disclosed only for the purposes
10 of an official law enforcement investigation or when its production is
11 required in a court proceeding. These restrictions do not prohibit the
12 publication of statistics presented in a manner that prevents the iden-
13 tification of particular reports, items, persons, or enterprises.

14 Sec. 37.13.220. DEFINITIONS. In this chapter,

15 (1) "board" means the Board of Trustees of the Alaska Per-
16 manent Fund Corporation;

17 (2) "corporation" means the Alaska Permanent Fund Corpora-
18 tion.

19 * Sec. 6. AS 39.25.110 is amended by adding a new paragraph to read:

20 (22) members of the board of trustees, the executive director,
21 and staff of the Alaska Permanent Fund Corporation.

22 * Sec. 7. AS 39.50.200(9) is amended by adding a new subparagraph to
23 read:

24 (QQ) Board of Trustees and executive director of the
25 Alaska Permanent Fund Corporation.

26 * Sec. 8. TRANSITION. The commissioner of revenue shall transfer all
27 funds of the Alaska permanent fund to the Alaska Permanent Fund Corporation
28 established by this Act after request for transfer is made by the board of
29 trustees of the corporation.

1 * Sec. 9. AS 37.10.065(c) is repealed.
2 * Sec. 10. AS 37.10.065(a) and (b) are repealed.
3 * Sec. 11. Section 10 of this Act takes effect upon transfer of the funds
4 of the Alaska permanent fund to the Alaska Permanent Fund Corporation as
5 provided in sec. 8 of this Act. The remainder of this Act takes effect
6 July 1, 1979.

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Introduced: 2/13/79
Referred: Finance

BY KELLY, HOHMAN, COLLETTA
AND SACKETT

1 IN THE SENATE

2 SENATE BILL NO. 161 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring state agencies intending to submit
7 grant applications to the federal government to notify
8 certain committees of the legislature in advance."

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

10 * Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.315. NOTICE OF GRANT APPLICATIONS. A state agency may
12 not submit an application for federal financial assistance if state
13 participation in the federal program would require the appropriation of
14 money from the general fund unless the agency, 30 days before submission
15 of the application, notifies the finance committee of each house of the
16 legislature and the Legislative Budget and Audit Committee, of the
17 agency's intention to submit the application for federal financial
18 assistance. In this section, a "state agency" does not include the
19 University of Alaska. The provisions of this section apply only to
20 new programs started after the effective date of this Act.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 161
 Title _____
 Requested by Senate Finance Date 3/15/79

II. FISCAL DETAIL All which apply for Federal Financial Assistance
 Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 There is no fiscal impact associated with this proposal, beyond additional paperwork burden.

IV. DATE 3/13/79 PREPARED BY John Halterman
 AGENCY DPDP
 PHONE 465-3577
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

RETURN TO
SFC file

Original sponsor: Special Permanent
Fund Committee

Offered: 4/26/79
Referred: Finance

1 IN THE HOUSE

BY THE SPECIAL PERMANENT
FUND COMMITTEE

2 CS FOR HOUSE BILL NO. 281

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nonrenewable resource revenues; to
7 legislative oversight; and providing for an effective
8 date."

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

10 * Section 1. FINDINGS. The legislature finds that there is a substantial
11 need for oversight of the performance of those agencies of the state which
12 perform lending or investment functions since those functions do not receive
13 the detailed review to which other expenditures of public money are subject,
14 and therefore the knowledge necessary for sound legislation in this area is
15 not readily available. There is a need for legislative oversight which will
16 provide information on the policy and performance of these agencies, the
17 extent to which the agencies conform to statutory intent, and the impact of
18 their performance on the economy and the state treasury.

19 * Sec. 2. AS 24.20 is amended by adding new sections to read:

20 Sec. 24.20.156. PURPOSES. The purposes of the Legislative Budget
21 and Audit Committee include

22 (1) monitoring and reporting

23 (A) the performance of the agencies of the state which
24 perform lending or investment functions,

25 (B) the extent to which the performance of these agen-
26 cies has contributed to the fiscal, financial, economic and social
27 improvement of the state and its citizens,

28 (C) the extent to which these agencies and the executive
29 have prepared and coordinated short and long term economic, fiscal,

1 investment and financial planning;

2 (2) holding these agencies accountable to statutory intent in
3 their performance by recommending, where appropriate, changes in policy
4 to the agencies or changes in legislation to the legislature;

5 (3) annually reviewing the extent of capitalization of the
6 investment funds of the state and alternative investment policy for the
7 general fund surplus and recommending needed legislation.

8 Sec. 24.20.206. DUTIES. The Legislative Budget and Audit Commit-
9 tee shall

10 (1) report to the legislature its recommendations relating to
11 the confirmation of suggested appointees to the Board of Trustees of the
12 Alaska Permanent Fund Corporation and the Board of Trustees of the
13 Alaska Renewable Resources Corporation;

14 (2) annually review the long-range operating plans of all
15 agencies of the state which perform lending or investment functions;

16 (3) review periodic reports from all agencies of the state
17 which perform lending or investment functions;

18 (4) present a complete report of investment programs, plans,
19 performance, and policies of all agencies of the state which perform
20 lending or investment functions to the legislature within 30 days after
21 the convening of each regular session;

22 (5) present to the legislature within 30 days after the con-
23 vening of each regular session a review of the report of the governor
24 under AS 37.07.020(b) with recommendations for any needed legislation;

25 (6) in conjunction with the finance committee of each house
26 recommend annually to the legislature the investment policy for the
27 general fund surplus and for the income from the permanent fund;

28 (7) provide for an annual post audit and annual operational
29 and performance evaluation of the Alaska Permanent Fund Corporation in-

1 vestments and investment programs.

2 Sec. 24.20.209. RECORDS. The Legislative Budget and Audit Commit-
3 tee shall keep a complete file of all reports presented to it and all
4 reports presented by it to the legislature or to a legislative commit-
5 tee.

6 * Sec. 3. AS 24.20.201(a) is amended by adding new paragraphs to read:

7 (8) hold public hearings on the confirmation of the members
8 of the Board of Trustees of the Alaska Permanent Fund Corporation, and
9 the members of the Board of Trustees of the Alaska Renewable Resources
10 Corporation;

11 (9) make recommendations concerning the structure and operat-
12 ing practices of all agencies of the state which perform lending or
13 investment functions;

14 (10) enter into and enforce all contracts necessary or desira-
15 ble for the functions of the committee.

16 * Sec. 4. AS 37.07.020 is amended by adding a new subsection to read:

17 (b) The governor shall annually, before the convening of the
18 legislature, report to the legislature through the Legislative Budget
19 and Audit Committee the long-range fiscal and economic consequences of

20 (1) alternate levels of capitalization of the investment
21 funds of the state; and

22 (2) alternative investment policy for the general fund sur-
23 plus.

24 * Sec. 5. AS 37 is amended by adding a new chapter to read:

25 CHAPTER 13. ALASKA PERMANENT FUND.

26 Sec. 37.13.010. ALASKA PERMANENT FUND. (a) Under art IX, sec. 15
27 of the state constitution, there is established as a separate fund the
28 Alaska permanent fund. The Alaska permanent fund consists of

29 (1) 50 per cent of mineral lease bonuses remaining after

1 deduction of any amounts allocated

2 (A) to the Alaska Native Fund under the Alaska Native
3 Claims Settlement Act and implementing state legislation; and

4 (B) in AS 37.11.020 to the Alaska renewable resources
5 development fund;

6 (2) 25 per cent of all mineral lease rentals, royalties,
7 royalty sale proceeds, and federal mineral revenue sharing payments
8 received by the state from mineral leases issued on or before July 1,
9 1979;

10 (3) 50 per cent of all mineral lease rentals, royalties,
11 royalty sale proceeds, and federal mineral revenue sharing payments
12 received by the state from mineral leases issued after July 1, 1979; and

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

15 (b) Payments due the Alaska permanent fund under (a) of this
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18 Permanent Fund Corporation established in this chapter.

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3 of the board. Upon suspension, a vacancy is not created but the board
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5 purposes of establishing a quorum. The joint session shall be held
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7 legislature is in session or within 30 days of convening of the legis-
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9 to consent to his removal, the board member shall be reinstated to his
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15 board was appointed. If a vacancy arises on the board while the legis-
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18 such time as the legislature in joint session fails to confirm the
19 appointment of the interim board member.

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23 Sec. 37.13.080. QUALIFICATIONS OF BOARD OF TRUSTEES. (a) No
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25 the state for at least three years.

26 (b) No member of the board may hold any other state or federal
27 office, position or employment, either elective or appointive, except as
28 a member of the armed forces of the United States or of this state.

29 (c) At least three members of the board shall have recognized

1 competence and wide experience in finance, investments, or other busi-
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2 not in regard to speculation but in regard to the permanent disposition
3 of funds, considering probable safety of capital as well as probable
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14 (f) The board may enter into and enforce all contracts necessary,
15 convenient or desirable for purposes of the corporation.

16 (g) Subject to the limitations in (h) and (i) of this section, the
17 board may invest corporation assets in

18 (1) obligations of, or obligations insured by or guaranteed
19 by, the United States or agencies or instrumentalities of the United
20 States;

21 (2) obligations secured by reserves paid in by the United
22 States or agencies or instrumentalities of the United States or obliga-
23 tions of corporations in which the United States is a shareholder or
24 member;

25 (3) certificates of deposit issued by United States domestic
26 banks which are members of the Federal Deposit Insurance Corporation and
27 which are secured as to the payment of principal and interest in accor-
28 dance with Alaska law and for which a generally recognized secondary
29 market exists;

1 (4) corporate debt securities which are rated AA or better by
2 a nationally recognized rating service;

3 (5) short-term corporate promissory notes of the highest
4 rating assigned by a nationally recognized rating service;

5 (6) bankers' acceptances drawn on and accepted by United
6 States banks each of which have a combined capital and surplus aggrega-
7 ting at least \$200,000,000;

8 (7) repurchase agreements, the securities underlying the
9 agreements being any of the items in (1) - (5) of this subsection;

10 (8) the guaranteed portion of Federal Small Business Admini-
11 stration loans;

12 (9) the portion of first lien real estate mortgages guaran-
13 teed by the Federal Veterans Administration;

14 (10) the portions of business and industrial loans made under
15 the Rural Development Act of 1972 which are guaranteed by the Farmer's
16 Home Administration;

17 (11) the guaranteed portion of Farmer's Home Administration
18 loans.

19 (h) Investments under (g)(4) of this section may not exceed 25 per
20 cent of the fund's total investments. Investments under (g)(8) - (11)
21 of this section may not exceed in the aggregate 25 per cent of the
22 fund's total investments.

23 (i) No portion of the assets of the fund may be used in the pur-
24 chase of bonds of any corporation, upon which any regular interest
25 payment has been defaulted within five years before purchase, except
26 bonds never in default but which have been outstanding for less than
27 five years.

28 (j) The board shall establish and from time to time as necessary
29 modify guidelines for the investment of the assets of the corporation.

1 Before adoption of any guidelines the guidelines shall be reported to
2 the Legislative Budget and Audit Committee for review and comment.

3 (k) Nothing in this section may be interpreted to preclude in-
4 state investments that have a risk level and expected yield comparable
5 to alternative investment opportunities.

6 Sec. 37.13.140. GAINS AND LOSSES. At the end of each fiscal year,
7 the total amount of losses on the sales of securities, not offset by
8 gains on the sales of securities during that year, shall be computed,
9 with a portion of these losses to be deducted each fiscal year from the
10 income and the resulting amount of income added to the principal of the
11 fund. Losses taken on the sales of securities shall be accumulated over
12 a period equal to the average remaining life of the securities sold,
13 unless these losses are offset by gains on future sales of securities.
14 In any fiscal year in which the gains on the sales of securities exceed
15 the losses on the sales of securities, the excess shall be added to the
16 principal of the fund.

17 Sec. 37.13.150. INCOME. The interest received in a year is the
18 income of the corporation for that year. The income available for
19 disbursement shall be determined on an averaging basis. For the first
20 five years, income will be the simple averaging of the annual current
21 return at cost. Subsequently, there will be a moving average current
22 return, in which the latest fiscal year will replace the oldest year.
23 The income available for disbursement will be the lesser of the latest
24 fiscal year's income, or the average annual current income for the past
25 five fiscal years of the fund at cost, and after adjustment for capital
26 losses charged to that fiscal year.

27 Sec. 37.13.160. BOARD BUDGET. The board's operating budget is
28 from the general fund and is subject to the Executive Budget Act (AS
29 37.07).

1 Sec. 37.13.170. AUDITS. The Legislative Budget and Audit Commit-
2 tee shall provide for an annual post audit and annual operational and
3 performance evaluations of the corporation's investments and investment
4 programs.

5 Sec. 37.13.180. REPORTS AND PUBLICATIONS. No later than Septem-
6 ber 30 of each year, the board shall publish a report of the corporation
7 for distribution to the governor, legislature, and the public. The
8 report shall be written in easily understandable language. The report
9 must include financial statements audited by independent outside audi-
10 tors, a statement of the amount of money received by the permanent fund
11 from each investment during the period covered, a statement of corpora-
12 tion investments including an appraisal at market value, a description
13 of corporation investment activity during the period covered by the
14 report, a comparison of the corporation performance with the intended
15 goals contained in AS 37.13.020, an examination of the impact of the
16 investment criteria of this chapter on the corporation portfolio with
17 recommendations of any needed changes and any other information the
18 board believes would be of interest to the governor, the legislature,
19 and the public. The annual income statement and balance sheet of the
20 corporation shall be published in at least one newspaper in each judi-
21 cial district. The income statement and balance sheet for the two
22 fiscal years preceding the publication of the election pamphlet under
23 AS 15.57 shall be included in that pamphlet. The board may also publish
24 other reports it considers desirable to carry out its purpose.

25 Sec. 37.13.190. TAX EXEMPTION. The corporation is exempt from all
26 taxes and assessments in the state. All security instruments issued by
27 the corporation, their transfer, and their income are exempt from all
28 taxes and assessments in the state.

29 Sec. 37.13.200. POLITICAL ACTIVITIES. The resources of the cor-

1 poration may not be used to finance or influence any political activi-
2 ties.

3 Sec. 37.13.210. PUBLIC ACCESS TO INFORMATION. Information in the
4 possession of the corporation is a public record, except that infor-
5 mation which discloses the particulars of the business or affairs of a
6 private enterprise or investor is confidential and is not a public
7 record. Confidential information may be disclosed only for the purposes
8 of an official law enforcement investigation or when its production is
9 required in a court proceeding. These restrictions do not prohibit the
10 publication of statistics presented in a manner that prevents the iden-
11 tification of particular reports, items, persons, or enterprises.

12 Sec. 37.13.220. DEFINITIONS. In this chapter,

13 (1) "board" means the Board of Trustees of the Alaska Per-
14 manent Fund Corporation;

15 (2) "corporation" means the Alaska Permanent Fund Corpora-
16 tion.

17 * Sec. 6. AS 39.25.110 is amended by adding a new paragraph to read:

18 (22) members of the board of trustees, the executive director,
19 and staff of the Alaska Permanent Fund Corporation.

20 * Sec. 7. AS 39.50.200(9) is amended by adding a new subparagraph to
21 read:

22 (QQ) Board of Trustees and executive director of the
23 Alaska Permanent Fund Corporation.

24 * Sec. 8. TRANSITION. The commissioner of revenue shall transfer all
25 funds of the Alaska permanent fund to the Alaska Permanent Fund Corporation
26 established by this Act after request for transfer is made by the board of
27 trustees of the corporation.

28 * Sec. 9. AS 37.10.065(c) is repealed.

29 * Sec. 10. AS 37.10.065(a) and (b) are repealed.

1 * Sec. 11. Section 10 of this Act takes effect upon transfer of the funds
2 of the Alaska permanent fund to the Alaska Permanent Fund Corporation as
3 provided in sec. 8 of this Act. The remainder of this Act takes effect
4 July 1, 1979.

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RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/23/90
Date

COMMITTEE REPORT
SENATE

2/13/79

FURTHER: None

Date: March 15, 1979

Mr. President:

The Committee on Finance has had SB 161

requiring state agencies intending to submit grant applications to federal government to notify certain committees of legislature in advance

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation *as amended*
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Joe Ray
Allen Hackney

John Luskitt
CHAIRMAN
Do Pass

AMENDMENT

OFFERED IN THE SENATE:

BY: FINANCE COMMITTEE

TO: _____ SENATE BILL No. SB 161

HOUSE BILL No. _____

PAGE: 1

LINE: _____

Line 14: Change "10" to "30"

Add the following sentence at the end of the bill:

"The provisions of this section apply only to new programs started after the effective date of this act."

Introduced: 2/13/79
Referred: Finance

BY KELLY, HOHMAN, COLLETTA
AND SACKETT

1 IN THE SENATE

2 SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring state agencies intending to submit
7 grant applications to the federal government to notify
8 certain committees of the legislature in advance."

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

10 * Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.315. NOTICE OF GRANT APPLICATIONS. A state agency may
12 not submit an application for federal financial assistance/³⁰if state
13 participation in the federal program would require the appropriation of
14 money from the general fund unless the agency, ~~10~~³⁰ days before submission
15 of the application, notifies the finance committee of each house of the
16 legislature or, if the legislature is not in session, the Legislative
17 Budget and Audit Committee, of the agency's intention to submit the
18 application for federal financial assistance.

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 161
 Title _____
 Requested by Senate Finance Date 3/15/79

II. FISCAL DETAIL
 Agency Affected All which apply for Federal Financial Assistance
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 There is no fiscal impact associated with this proposal, beyond additional paperwork burden.

IV. DATE 3/13/79 PREPARED BY John Halterman
 AGENCY DPDP
 PHONE 465-3577
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

*Returned to
3/20/79 file*

Introduced: 2/13/79
Referred: Finance

BY KELLY, HOHMAN, COLLETTA
AND SACKETT

1 IN THE SENATE

2 SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring state agencies intending to submit
7 grant applications to the federal government to notify
8 certain committees of the legislature in advance."

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11 Sec. 37.05.315. NOTICE OF GRANT APPLICATIONS. A state agency may
12 not submit an application for federal financial assistance if state
13 participation in the federal program would require the appropriation of
14 money from the general fund unless the agency, ³⁰~~10~~ days before submission
15 of the application, notifies the finance committee of each house of the
16 legislature or, if the legislature is not in session, the Legislative
17 Budget and Audit Committee, of the agency's intention to submit the
18 application for federal financial assistance. The provisions of this
19 section apply only to new programs started after the effective date of
20 this act.

~~CS~~
Amended

Introduced: 2/13/79
Referred: Finance

BY KELLY, HOHMAN, COLLETTA
AND SACKETT

1 IN THE SENATE

2 SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring state agencies intending to submit
7 grant applications to the federal government to notify
8 certain committees of the legislature in advance."

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

10 * Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.315. NOTICE OF GRANT APPLICATIONS. A state agency may
12 not submit an application for federal financial assistance, if state
13 participation in the federal program would require the appropriation of
14 money from the general fund unless the agency, ³⁰~~10~~ days before submission
15 of the application, notifies the finance committee of each house of the
16 legislature or, if the legislature is not in session, the Legislative
17 Budget and Audit Committee, of the agency's intention to submit the
18 application for federal financial assistance.

19 *The provisions of this section apply only to*
20 *started after*
21 *New programs*
22 *date of this act.*
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Introduced: 2/13/79
Referred: Finance

BY KELLY, HOHMAN, COLLETTA
AND SACKETT

1 IN THE SENATE

2 SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring state agencies intending to submit
7 grant applications to the federal government to notify
8 certain committees of the legislature in advance."

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

10 * Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.315. NOTICE OF GRANT APPLICATIONS. A state agency may
12 not submit an application for federal financial assistance if state
13 participation in the federal program would require the appropriation of
14 money from the general fund unless the agency, 10 days before submission
15 of the application, notifies the finance committee of each house of the
16 legislature or, if the legislature is not in session, the Legislative
17 Budget and Audit Committee, of the agency's intention to submit the
18 application for federal financial assistance.

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RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/23/90
Date

2d FREE CONFERENCE COMMITTEE REPORT

DATE: _____

Mr. President:
Mr. Speaker:

The 2d FREE Conference Committee which has had
SENATE BILL NO. 161 amended (requiring state agencies
intending to submit grant applications to the federal
government to notify certain committees of the legislature
in advance) and HOUSE CS FOR SENATE BILL NO. 161 (non-
renewable resource revenues; to legislative oversight;
eff date)

under consideration, recommends that

be adopted.

Senate Members:

House Members:

Senator Sackett, Chairman

Representative Gardiner, Chairman

Senator Ray

Representative Cotten

Senator Tillion

Representative Haugen

2d FREE CONFERENCE COMMITTEE REPORT

DATE: _____

Mr. President:

Mr. Speaker:

The 2d FREE Conference Committee which has had SENATE BILL NO. 161 amended (requiring state agencies intending to submit grant applications to the federal government to notify certain committees of the legislature in advance) and HOUSE CS FOR SENATE BILL NO. 161 (non-renewable resource revenues; to legislative oversight; eff date)

under consideration, recommends that

be adopted.

Senate Members:

Senator Sackett, Chairman

Senator Ray

Senator Tillion

House Members:

Representative Gardiner, Chairman

Representative Cotten

Representative Haugen

Introduced: 2/13/79
Referred: Finance

BY KELLY, HOHMAN, COLLETTA
AND SACKETT

1 IN THE SENATE

2 SENATE BILL NO. 161 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring state agencies intending to submit
7 grant applications to the federal government to notify
8 certain committees of the legislature in advance."

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

10 * Section 1. AS 37.05 is amended by adding a new section to read:

11 Sec. 37.05.315. NOTICE OF GRANT APPLICATIONS. A state agency may
12 not submit an application for federal financial assistance if state
13 participation in the federal program would require the appropriation of
14 money from the general fund unless the agency, 30 days before submission
15 of the application, notifies the finance committee of each house of the
16 legislature and the Legislative Budget and Audit Committee, of the
17 agency's intention to submit the application for federal financial
18 assistance. In this section, a "state agency" does not include the
19 University of Alaska. The provisions of this section apply only to
20 new programs started after the effective date of this Act.

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Original sponsors: Kelly, Hohman,
Colletta and Sackett

Offered: 5/4/79
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nonrenewable resource revenues; to
7 legislative oversight; and providing for an effective
8 date."

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

10 * Section 1. FINDINGS. The legislature finds that there is a substantial
11 need for oversight of the performance of those agencies of the state which
12 perform lending or investment functions since those functions do not receive
13 the detailed review to which other expenditures of public money are subject,
14 and therefore the knowledge necessary for sound legislation in this area is
15 not readily available. There is a need for legislative oversight which will
16 provide information on the policy and performance of these agencies, the
17 extent to which the agencies conform to statutory intent, and the impact of
18 their performance on the economy and the state treasury.

19 * Sec. 2. AS 24.20 is amended by adding new sections to read:

20 Sec. 24.20.156. PURPOSES. The purposes of the Legislative Budget
21 and Audit Committee include

22 (1) monitoring and reporting

23 (A) the performance of the agencies of the state which
24 perform lending or investment functions,

25 (B) the extent to which the performance of these agen-
26 cies has contributed to the fiscal, financial, economic and social
27 improvement of the state and its citizens,

28 (C) the extent to which these agencies and the executive
29 have prepared and coordinated short and long term economic, fiscal,

1 vestments and investment programs.

2 Sec. 24.20.209. RECORDS. The Legislative Budget and Audit Commit-
3 tee shall keep a complete file of all reports presented to it and all
4 reports presented by it to the legislature or to a legislative commit-
5 tee.

6 * Sec. 3. AS 24.20.201(a) is amended by adding new paragraphs to read:

7 (8) hold public hearings on the confirmation of the members
8 of the Board of Trustees of the Alaska Permanent Fund Corporation, and
9 the members of the Board of Trustees of the Alaska Renewable Resources
10 Corporation;

11 (9) make recommendations concerning the structure and operat-
12 ing practices of all agencies of the state which perform lending or
13 investment functions;

14 (10) enter into and enforce all contracts necessary or desira-
15 ble for the functions of the committee.

16 * Sec. 4. AS 37.07.020 is amended by adding a new subsection to read:

17 (d) The governor shall annually, before the convening of the
18 legislature, report to the legislature through the Legislative Budget
19 and Audit Committee the long-range fiscal and economic consequences of

20 (1) alternate levels of capitalization of the investment
21 funds of the state; and

22 (2) alternative investment policy for the general fund sur-
23 plus.

24 * Sec. 5. AS 37 is amended by adding a new chapter to read:

25 CHAPTER 13. ALASKA PERMANENT FUND.

26 Sec. 37.13.010. ALASKA PERMANENT FUND. (a) Under art IX, sec. 15
27 of the state constitution, there is established as a separate fund the
28 Alaska permanent fund. The Alaska permanent fund consists of

29 (1) 50 per cent of mineral lease bonuses remaining after

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Original sponsors: Kelly, Hohman,
Colletta and Sackett

Offered: 5/4/79
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nonrenewable resource revenues; to
7 legislative oversight; and providing for an effective
8 date."

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

10 * Section 1. FINDINGS. The legislature finds that there is a substantial
11 need for oversight of the performance of those agencies of the state which
12 perform lending or investment functions since those functions do not receive
13 the detailed review to which other expenditures of public money are subject,
14 and therefore the knowledge necessary for sound legislation in this area is
15 not readily available. There is a need for legislative oversight which will
16 provide information on the policy and performance of these agencies, the
17 extent to which the agencies conform to statutory intent, and the impact of
18 their performance on the economy and the state treasury.

19 * Sec. 2. AS 24.20 is amended by adding new sections to read:

20 Sec. 24.20.156. PURPOSES. The purposes of the Legislative Budget
21 and Audit Committee include

22 (1) monitoring and reporting

23 (A) the performance of the agencies of the state which
24 perform lending or investment functions,

25 (B) the extent to which the performance of these agen-
26 cies has contributed to the fiscal, financial, economic and social
27 improvement of the state and its citizens,

28 (C) the extent to which these agencies and the executive
29 have prepared and coordinated short and long term economic, fiscal,

1 investment and financial planning;

2 (2) holding these agencies accountable to statutory intent in
3 their performance by recommending, where appropriate, changes in policy
4 to the agencies or changes in legislation to the legislature;

5 (3) annually reviewing the extent of capitalization of the
6 investment funds of the state and alternative investment policy for the
7 general fund surplus and recommending needed legislation.

8 Sec. 24.20.206. DUTIES. The Legislative Budget and Audit Commit-
9 tee shall

10 (1) report to the legislature its recommendations relating to
11 the confirmation of suggested appointees to the Board of Trustees of the
12 Alaska Permanent Fund Corporation and the Board of Trustees of the
13 Alaska Renewable Resources Corporation;

14 (2) annually review the long-range operating plans of all
15 agencies of the state which perform lending or investment functions;

16 (3) review periodic reports from all agencies of the state
17 which perform lending or investment functions;

18 (4) present a complete report of investment programs, plans,
19 performance, and policies of all agencies of the state which perform
20 lending or investment functions to the legislature within 30 days after
21 the convening of each regular session;

22 (5) present to the legislature within 30 days after the con-
23 vening of each regular session a review of the report of the governor
24 under AS 37.07.020(d) with recommendations for any needed legislation;

25 (6) in conjunction with the finance committee of each house
26 recommend annually to the legislature the investment policy for the
27 general fund surplus and for the income from the permanent fund;

28 (7) provide for an annual post audit and annual operational
29 and performance evaluation of the Alaska Permanent Fund Corporation in-

1 vestments and investment programs.

2 Sec. 24.20.209. RECORDS. The Legislative Budget and Audit Commit-
3 tee shall keep a complete file of all reports presented to it and all
4 reports presented by it to the legislature or to a legislative commit-
5 tee.

6 * Sec. 3. AS 24.20.201(a) is amended by adding new paragraphs to read:

7 (8) hold public hearings on the confirmation of the members
8 of the Board of Trustees of the Alaska Permanent Fund Corporation, and
9 the members of the Board of Trustees of the Alaska Renewable Resources
10 Corporation;

11 (9) make recommendations concerning the structure and operat-
12 ing practices of all agencies of the state which perform lending or
13 investment functions;

14 (10) enter into and enforce all contracts necessary or desira-
15 ble for the functions of the committee.

16 * Sec. 4. AS 37.07.020 is amended by adding a new subsection to read:

17 (d) The governor shall annually, before the convening of the
18 legislature, report to the legislature through the Legislative Budget
19 and Audit Committee the long-range fiscal and economic consequences of

20 (1) alternate levels of capitalization of the investment
21 funds of the state; and

22 (2) alternative investment policy for the general fund sur-
23 plus.

24 * Sec. 5. AS 37 is amended by adding a new chapter to read:

25 CHAPTER 13. ALASKA PERMANENT FUND.

26 Sec. 37.13.010. ALASKA PERMANENT FUND. (a) Under art IX, sec. 15
27 of the state constitution, there is established as a separate fund the
28 Alaska permanent fund. The Alaska permanent fund consists of

29 (1) 50 per cent of mineral lease bonuses remaining after

1 deduction of any amounts allocated

2 (A) to the Alaska Native Fund under the Alaska Native
3 Claims Settlement Act and implementing state legislation; and

4 (B) in AS 37.11.020 to the Alaska renewable resources
5 development fund;

6 (2) 25 per cent of all mineral lease rentals, royalties,
7 royalty sale proceeds, and federal mineral revenue sharing payments
8 received by the state from mineral leases issued on or before July 1,
9 1979;

10 (3) 50 per cent of all mineral lease rentals, royalties,
11 royalty sale proceeds, and federal mineral revenue sharing payments
12 received by the state from mineral leases issued after July 1, 1979; and

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

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

17 (c) The Alaska permanent fund shall be managed by the Alaska
18 Permanent Fund Corporation established in this chapter.

19 Sec. 37.13.020. FINDINGS. The people of the state, by constitu-
20 tional amendment, have required the placement of at least 25 per cent of
21 all mineral lease rentals, royalties, royalty sale proceeds, and federal
22 mineral revenue sharing payments and bonuses received by the state into
23 a permanent fund. The legislature finds with respect to the Alaska
24 Permanent Fund Corporation that

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

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

1 (3) the corporation should be used as a savings device
2 managed to allow the maximum use of disposable income from the corpora-
3 tion as needed for purposes designated by law.

4 Sec. 37.13.030. PURPOSE. It is the purpose of this chapter to
5 provide a mechanism for the management and investment of those permanent
6 fund assets allocated to the Alaska Permanent Fund Corporation in a
7 manner consistent with the findings established in AS 37.13.020.

8 Sec. 37.13.040. ALASKA PERMANENT FUND CORPORATION. There is
9 established the Alaska Permanent Fund Corporation. The corporation is a
10 public corporation and government instrumentality in the Department of
11 Revenue managed by a board of trustees but has a legal existence inde-
12 pendent of and separate from the state. The purpose of the board is to
13 manage and invest the assets of the corporation in accordance with this
14 chapter.

15 Sec. 37.13.050. COMPOSITION OF BOARD OF TRUSTEES. (a) The Board
16 of Trustees of the Alaska Permanent Fund Corporation consists of five
17 members appointed by the governor and confirmed by a majority of the
18 members of the legislature in joint session.

19 (b) The board shall annually elect a chairman from among its
20 members.

21 Sec. 37.13.060. TERM OF OFFICE. The members of the board shall be
22 appointed for terms of three years, and they may be reappointed subject
23 to reconfirmation by a majority of the members of the legislature in
24 joint session. Terms shall be staggered. Initial terms shall be two
25 members serving for one year, two members serving for two years, and one
26 member serving for three years.

27 Sec. 37.13.070. REMOVAL AND VACANCIES. (a) The governor may
28 remove a member of the board from office by and with the consent of a
29 majority of the members of the legislature in joint session. A removal