

BILLS 1981 - 1982

HB 770 - SSHB 804

1575

1575

COMMITTEE REPORT

HOUSE

4/17/82

(11)

FURTHER:

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 770

"An Act relating to the Alaska permanent fund."

under consideration and reports it back as follows:

- 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
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

4/16

HOUSE

(5)

FURTHER: FINANCE

2/12/82

Date: 4-15-82

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 770

"An Act relating to the Alaska permanent fund."

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)

[X] replace with CS for HB 770 (SA) [X] same title [X] new title and recommends

[] AND attaches a "Letter of Intent" [X] New Fiscal Note Sup # 43

[X] reports it back without recommendation as follows:

[] referred to the _____ Committee

MEMBERS SIGNING DO PASS

Ray Delcalle

MEMBERS HAVING OTHER RECOMMENDATIONS:

Mike Chast No Rec
Ken Fanning No Rec
W. Oler No REC

Ray Delcalle
CHAIRMAN

Boswell

Original sponsor: Metcalfe

Offered: 4/16/82
Referred: Finance

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 770 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment and management of
7 the Alaska permanent fund and to the computation of the
8 income of the fund available for distribution; and
9 providing for an effective date."

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

11 * Section 1. AS 37.13.050 is amended to read:

12 Sec. 37.13.050. COMPOSITION AND QUALIFICATIONS OF BOARD OF TRUST-
13 EES. (a) The Board of Trustees of the Alaska Permanent Fund Corpora-
14 tion consists of six members appointed by the governor. Two [THREE] of
15 the members shall be heads of principal departments of state government,
16 one of whom shall be the commissioner of revenue. Four [THREE] members
17 shall be appointed by the governor from the public and may not hold any
18 other state or federal office, position or employment, either elective
19 or appointive, except as a member of the armed forces of either the
20 United States or of this state. [MEMBERS OTHER THAN THE COMMISSIONER OF
21 REVENUE SHALL BE SEPARATELY CONFIRMED BY A MAJORITY OF THE MEMBERS OF
22 THE LEGISLATURE IN JOINT SESSION.]

23 (b) The four [THREE] public members of the board shall have recog-
24 nized competence and wide experience in finance, investments, or other
25 business management-related fields.

26 (c) The board shall annually elect a chairman from among its
27 members.

28 * Sec. 2. AS 37.13.060 is amended to read:

29 Sec. 37.13.060. TERM OF OFFICE. The public members of the

~~_____~~
Wolfe

1 board shall be appointed for terms of four [THREE] years, and they may
2 be reappointed [SUBJECT TO CONFIRMATION BY A MAJORITY OF THE MEMBERS OF
3 THE LEGISLATURE IN JOINT SESSION]. The terms of the public members
4 [TERMS] shall be staggered so that no more than one term of a public
5 member expires each year. [INITIAL TERMS FOR MEMBER. OTHER THAN THE
6 COMMISSIONER OF REVENUE SHALL BE TWO MEMBERS SERVING FOR ONE YEAR, TWO
7 MEMBERS SERVING FOR TWO YEARS, AND ONE MEMBER SERVING FOR THREE YEARS.]

8 * Sec. 3. AS 37.13.070 is amended to read:

9 Sec. 37.13.070. REMOVAL AND VACANCIES. (a) The governor may
10 for good cause remove a member of the board from office. [HOWEVER, THE
11 REMOVAL OF A MEMBER OF THE BOARD IS SUBJECT TO DISAPPROVAL BY A VOTE OF
12 A MAJORITY OF THE MEMBERS OF THE LEGISLATURE AT THE FIRST JOINT SESSION
13 HELD 10 OR MORE DAYS AFTER THE LEGISLATURE RECEIVES NOTICE OF THE REMOVAL
14 FROM THE GOVERNOR.] A removal by the governor shall be in writing and
15 shall state the reason for the removal. A member who is removed by the
16 governor may not participate in board business and may not be counted
17 for purposes of establishing a quorum after [BETWEEN THE TIME] he
18 receives written notice of his removal from the governor [AND THE TIME
19 THAT THE LEGISLATURE'S POWER TO DISAPPROVE THE REMOVAL UNDER THIS SUB-
20 SECTION EXPIRES. IF THE LEGISLATURE DISAPPROVES THE REMOVAL OF A BOARD
21 MEMBER, THE BOARD MEMBER SHALL BE REINSTATED].

22 (b) A vacancy on the board shall be promptly filled by appointment
23 by the governor [AND CONFIRMATION BY A MAJORITY OF THE MEMBERS OF THE
24 LEGISLATURE IN JOINT SESSION]. An appointee to a vacancy shall hold
25 office for the balance of the term for which his predecessor on the
26 board was appointed. [IF A VACANCY ARISES ON THE BOARD WHILE THE LEGIS-
27 LATURE IS NOT IN SESSION, THE GOVERNOR MAY APPOINT AN INTERIM BOARD
28 MEMBER WHO SHALL EXERCISE THE POWERS OF A BOARD MEMBER UNTIL THE LEGIS-
29 LATURE FAILS TO CONFIRM THE APPOINTMENT OF THE INTERIM BOARD MEMBER.]

1 (c) A vacancy on the board does not impair the authority of a
2 quorum of the board to exercise all the powers and perform all the
3 duties of the board.

4 * Sec. 4. AS 37.13.090 is amended to read:

5 Sec. 37.13.090. COMPENSATION OF BOARD MEMBERS. The board shall
6 determine the compensation of the public members of the board subject
7 to approval by the legislature in accordance with AS 37.07. Compensa-
8 tion for public members of the board shall be requested as part of the
9 operating budget of the board (AS 37.13.150). Members [PUBLIC MEMBERS
10 OF THE BOARD RECEIVE AN HONORARIUM OF \$400 FOR EACH MEETING DAY IF THEY
11 ATTEND THE MEETING. ALL MEMBERS] of the board are entitled to per diem
12 and travel allowances as provided by law for members of state boards and
13 commissions.

14 * Sec. 5. AS 37.13.120(g) is amended to read:

15 (g) Subject to the limitations contained in [(h) AND (i) OF] this
16 section, the board may invest corporation assets at competitive national
17 market rates or prices applicable to each investment 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 and term deposits of [ISSUED BY]
26 United States domestic banks which are members of the Federal Deposit
27 Insurance Corporation and [FOR] which may be readily sold in a [GENERALLY
28 RECOGNIZED] secondary market at prices reflecting fair value [EXISTS] or
29 which are fully secured at all times as to payment of principal and

1 interest as [BY INVESTMENTS] described in (m) [(1), (2), (8) OR (12) -
2 (16)] of this section [SUBSECTION; THE SECURITY PLEDGED UNDER THIS
3 PARAGRAPH SHALL BE AT LEAST EQUAL TO THE FACE VALUE OF THE DEPOSIT AND
4 THE BOARD MAY REQUIRE SUBSTITUTION OF COLLATERAL];

5 (4) certificates of deposit and term deposits [SHARES] of
6 federally chartered savings and loan [LOANS] associations in Alaska
7 which may be readily sold in a secondary market at prices reflecting
8 fair value or which are fully secured at all times as to payments of
9 principal and interest as [BY INVESTMENTS] described in (m) [(1), (2)]
10 of this section [SUBSECTION];

11 (5) [SAVINGS] certificates of deposit and term deposits of
12 [ISSUED BY] state chartered savings and loan associations in Alaska
13 which may be readily sold in a secondary market at prices reflecting
14 fair value or which are fully secured at all times as to payments of
15 principal and interest as [BY INVESTMENTS] described in (m) [(1), (2)]
16 of this section [SUBSECTION];

17 (6) certificates of deposit and term deposits of [DEPOSITS
18 WITH] mutual savings banks in Alaska which may be readily sold in a sec-
19 ondary market at prices reflecting fair value or which are fully secured
20 at all times as to payments of principal and interest as [BY INVESTMENTS]
21 described in (m) [(1), (2)] of this section [SUBSECTION];

22 (7) fixed-term certificates of indebtedness of federally in-
23 sured credit unions in Alaska which may be readily sold in a market at
24 prices reflecting fair value or which are fully secured at all times as
25 to payments of principal and interest as [BY INVESTMENTS] described in
26 (m) [(1), (2)] of this section [SUBSECTION];

27 (8) corporate debt securities which are rated AA or better by
28 a nationally recognized rating service;

29 (9) short-term corporate promissory notes of the highest

1 ratings assigned by a nationally recognized rating service;

2 (10) bankers' acceptances drawn on and accepted by United
3 States banks each of which have a combined capital and surplus aggregat-
4 ing at least \$200,000,000;

5 (11) repurchase agreements, the securities underlying the
6 agreements being any of the items in (1) - (3) and (8) - (10) of this
7 subsection;

8 (12) the guaranteed portion of Federal Small Business Admin-
9 istration loans;

10 (13) the portion of first lien real estate mortgages guaran-
11 teed by the Federal Veterans Administration [ASSOCIATION];

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

15 (15) the guaranteed portion of Farmer's Home Administration
16 loans;

17 (16) notes secured by mortgages granting a first lien on com-
18 mercial or [OF] residential real estate improved by completed buildings
19 if the mortgages are insured by a private mortgage insurance corporation
20 which is authorized to do business in Alaska and has combined capital,
21 surplus and reserves aggregating at least \$20,000,000, and if loan-to-
22 value ratios do not exceed 75 percent for commercial mortgages and 90
23 percent for residential mortgages; however, [THE MINIMUM COVERAGE SHALL
24 BE 10 PERCENT FOR LOANS HAVING A LOAN-TO-VALUE RATIO OF LESS THAN 90
25 PERCENT, AND THE MINIMUM COVERAGE SHALL BE 20 PERCENT FOR LOANS HAVING A
26 LOAN-TO-VALUE RATIO OF 90 PERCENT OR MORE.]

27 (A) no mortgage insurance is necessary for commercial
28 loans having loan-to-value ratios of less than 50 percent and the
29 minimum coverage of other commercial loans shall be 10 percent for

1 those having a loan-to-value ratio of 50-60 percent and 15 percent
2 for those having a loan-to-value ratio greater than 60 percent but
3 no more than 75 percent, and

4 (B) no mortgage insurance is necessary for residential
5 loans having a loan-to-value ratio of less than 70 percent and the
6 minimum coverage of other residential loans shall be 10 percent for
7 those having a loan-to-value ratio greater than 70 percent but less
8 than 90 percent and 20 percent for those having a loan-to-value
9 ratio of 90 percent;

10 (17) notes secured by mortgages granting a first lien on com-
11 mercial real estate improved by completed buildings if the originating
12 financial institution retains at least 25 percent of the mortgage until
13 maturity;

14 (18) preferred and common stock of corporations incorporated
15 in the United States, on which dividends have been paid in each of the
16 three years immediately preceding the investment;

17 (19) debt securities of foreign governments or corporations
18 and preferred and common stock of foreign corporations which are of sub-
19 stantially equivalent quality as those domestic securities permitted
20 under this section;

21 (20) certificates of deposit, term deposits, bankers' accep-
22 tances, or equivalent instruments, which are issued by a United States
23 or foreign bank or trust company located in a foreign country and are
24 denominated in either United States or foreign currency, if either (A)
25 they may be readily sold in a secondary market at prices reflecting fair
26 value, or (B) the issuing bank or trust company has capital and surplus
27 at the date of issue equalling at least \$500,000,000; investments made
28 under this paragraph are not subject to the collateral requirements for
29 domestic certificates under (m) of this section;

CORRECTION

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

1 those having a loan-to-value ratio of 50-60 percent and 15 percent
2 for those havi. . a loan-to-value ratio greater than 60 percent but
3 no more than 75 percent, and

4 (B) no mortgage insurance is necessary for residential
5 loans having a loan-to-value ratio of less than 70 percent and the
6 minimum coverage of other residential loans shall be 10 percent for
7 those having a loan-to-value ratio greater than 70 percent but less
8 than 90 percent and 20 percent for those having a loan-to-value
9 ratio of 90 percent;

10 (17) notes secured by mortgages granting a first lien on com-
11 mercial real estate improved by completed buildings if the originating
12 financial institution retains at least 25 percent of the mortgage until
13 maturity;

14 (18) preferred and common stock of corporations incorporated
15 in the United States, on which dividends have been paid in each of the
16 three years immediately preceding the investment;

17 (19) debt securities of foreign governments or corporations
18 and preferred and common stock of foreign corporations which are of sub-
19 stantially equivalent quality as those domestic securities permitted
20 under this section;

21 (20) certificates of deposit, term deposits, bankers' accep-
22 tances, or equivalent instruments, which are issued by a United States
23 or foreign bank or trust company located in a foreign country and are
24 denominated in either United States or foreign currency, if either (A)
25 they may be readily sold in a secondary market at prices reflecting fair
26 value, or (B) the issuing bank or trust company has capital and surplus
27 at the date of issue equalling at least \$500,000,000; investments made
28 under this paragraph are not subject to the collateral requirements for
29 domestic certificates under (m) of this section;

1 (21) equity interests in, and debt obligations secured by
2 mortgages granting a first lien on, real property improved by completed
3 and substantially rented buildings and located in the United States, if
4 these investments are made

5 (A) in a corporation, partnership, trust, or other
6 entity in which, at the conclusion of each investment transaction,
7 at least 60 percent of the beneficial ownership interests are
8 held by other institutional investors, and which is organized and
9 operated for the purpose of making real estate investments by a
10 bank, insurance company, or other manager of institutional funds
11 which has had at least five years of experience in the management
12 of real estate investments of institutional investors; or

13 (B) in conjunction with and on substantially the same
14 terms as an entity described in (A) of this paragraph;

15 (22) limited partnership interest in venture capital funds,
16 if these investments are made

17 (A) in a partnership in which, at the conclusion of
18 each investment transaction, at least 60 percent of the beneficial
19 ownership interests are held by other institutional investors and
20 which is organized and operated for the purpose of making venture
21 capital investments by a manager of institutional funds who has
22 had at least five years of experience in the management of venture
23 capital investments of institutional investors; and

24 (B) in a partnership that agrees to make venture capital
25 investments in the state equal to the investment of the Alaska
26 permanent fund in the partnership to the extent that in-state in-
27 vestments that have a risk level and expected yield comparable to
28 alternate investment opportunities are available.

29 (23) obligations issued by an agency of the state if the

1 obligations and the interest on them are taxable under federal law.

2 * Sec. 6. AS 37.13.120(i) is repealed and reenacted to read:

3 (i) At the time of each investment, the aggregate investment of
4 the Alaska permanent fund in each stated category of investment may not
5 exceed the following stated percentage of the total investments of the
6 fund: mortgages under (g)(16) of this section, 15 percent; real estate
7 investments under (g)(21) of this section, 15 percent; venture capital
8 limited partnerships under (g)(22) of this section, 15 percent; foreign
9 securities under (g)(19) of this section, 10 percent; foreign certifi-
10 cates of deposit or the equivalent under (g)(20) of this section, 20
11 percent; corporate stocks and debt securities under (g)(8), (9), and
12 (18) of this section, 50 percent. The Alaska permanent fund may at no
13 time own more than five percent of the voting stock of a corporation.
14 Domestic stocks, except for bank and insurance company stocks, must be
15 listed at the date of purchase on an exchange registered with the
16 Securities and Exchange Commission.

17 * Sec. 7. AS 37.13.120 is amended by adding new subsections to read:

18 (m) Certificates of deposit or the equivalent instruments which
19 are not of a quality that may be readily sold in a secondary market at
20 prices reflecting fair value must be secured by a pledge as collateral
21 of investments authorized for the Alaska permanent fund under (g)(1),
22 (2), (8) or (12) - (17) of this section, which investments have value at
23 least equal to the face value of the certificate of deposit. The board
24 may require substitution of collateral in order to ensure continued
25 satisfaction of the requirements set out in this subsection.

26 (n) Certificates of deposit or the equivalent instruments may not
27 be purchased from a bank doing business in Alaska unless the in-state
28 loan-to-deposit ratio of that bank as determined by the division of
29 banking of the Department of Commerce and Economic Development for the

1 last full quarter preceding the purchase is not more than five percent
2 less than the in-state loan-to-deposit average ratio for all banks doing
3 business in Alaska for that quarter.

4 (o) Certificates of deposits or the equivalent instrument may not
5 be purchased from a bank doing business in Alaska if state and state
6 agency deposits in the bank are in excess of 400 percent of the bank's
7 combined capital and surplus.

8 * Sec. 8. AS 37.13 is amended by adding a new section to read:

9 Sec. 37.13.145. DISPOSITION OF INCOME. At the end of each fiscal
10 year, an amount equal to 50 percent of net income as defined in AS 37.-
11 13.140, excluding any income on the undistributed income account in the
12 Alaska permanent fund, shall be transferred to principal of the fund for
13 reinvestment. The other 50 percent of the net income shall be trans-
14 ferred to the undistributed income account. Money in the undistributed
15 income account shall be invested in investments authorized under AS 37.-
16 13.120. Income from the investment of the undistributed income account
17 shall be treated as an addition to that account.

18 * Sec. 9. AS 37.13.150 is amended to read:

19 Sec. 37.13.150. CORPORATION [BOARD] BUDGET. The revenues genera-
20 ted by the corporation's investments must be identified as the source
21 of the operating budget of the corporation in the state's operating
22 budget under [BOARD IS FROM THE GENERAL FUND AND IS SUBJECT TO] the
23 Executive Budget Act (AS 37.07.010 - 37.07.130). The unexpended bal-
24 ance of the corporation's annual operating budget does not lapse at
25 the end of the fiscal year but shall be treated as income under AS 37.
26 13.140.

27 * Sec. 10. AS 37.13.160 is amended to read:

28 Sec. 37.13.160. AUDITS. The Legislative Budget and Audit Commit-
29 tee may [SHALL] provide for an annual post audit and annual operational

1 and performance evaluations of the corporation's investments and invest-
2 ment programs.

3 * Sec. 11. AS 37.13 is amended by adding a new section to read:

4 Sec. 37.13.205. REGULATIONS. The board may adopt regulations
5 under the Administrative Procedure Act (AS 44.62) to interpret and
6 implement this chapter.

7 * Sec. 12. Transition to four-year terms for members of the Board of
8 Trustees of the Alaska Permanent Fund Corporation as provided in AS 37.13.060
9 as amended in sec. 2 of this Act shall be implemented as follows: at the
10 expiration of the present term of each public member, the governor shall
11 appoint a replacement, or reappoint the present member, for a term of four
12 years. Within 90 days after the effective date of this Act, the governor
13 shall appoint a public member to replace one of the two present heads of
14 principal departments other than the commissioner of revenue, to serve for a
15 term of four years or less which term expires in a year when no other public
16 member's term expires. The head of a principal department who is to be
17 replaced shall continue to serve on the board until the appointment of a
18 replacement.

19 * Sec. 13. This Act takes effect July 1, 1982.
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Introduced: 2/12/82
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY METCALFE

2 HOUSE BILL NO. 770

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska permanent fund."

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

8 * Section 1. AS 37.13.010(a) is repealed and reenacted to read:

9 (a) Under art. IX, sec. 15 of the state constitution, there is
10 established as a separate fund the Alaska permanent fund. The Alaska
11 permanent fund consists of

12 (1) one hundred percent of mineral lease bonuses after deduc-
13 tion of amounts allocated

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

16 (B) in AS 37.11.020 to the Alaska renewable resources
17 development fund;

18 (2) twenty-five percent of all mineral lease rentals, royalti-
19 ties, royalty sale proceeds, and federal mineral revenue sharing payments
20 received by the state; and

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

23 * Sec. 2. AS 37.13.040 is amended to read:

24 Sec. 37.13.040. ALASKA PERMANENT FUND CORPORATION. There is
25 established the Alaska Permanent Fund Corporation. The corporation is a
26 public corporation and government instrumentality in the Department of
27 Revenue managed by the board of trustees but has a legal existence inde-
28 pendent of and separate from the state. The purpose of the board is to
29 manage and invest the assets of the corporation in accordance with this

COMMITTEE COPY

1 chapter.

2 * Sec. 3. AS 37.13.050 is repealed and reenacted to read:

3 Sec. 37.13.050. COMPOSITION OF BOARD OF TRUSTEES. (a) The board
4 of trustees consists of three members appointed by the governor and
5 confirmed by a majority of the members of the legislature in joint
6 session.

7 (b) The board shall annually elect a chair from among its members.

8 * Sec. 4. AS 37.13.060 is amended to read:

9 Sec. 37.13.060. TERM OF OFFICE. The members of the board shall be
10 appointed for terms of three years, and they may be reappointed subject
11 to confirmation by a majority of the members of the legislature in joint
12 session. Terms shall be staggered. [INITIAL TERMS FOR MEMBERS OTHER
13 THAN THE COMMISSIONER OF REVENUE SHALL BE TWO MEMBERS SERVING FOR ONE
14 YEAR, TWO MEMBERS SERVING FOR TWO YEARS, AND ONE MEMBER SERVING FOR
15 THREE YEARS.]

16 * Sec. 5. AS 37.13.070(a) is repealed and reenacted to read:

17 (a) The governor may remove a member of the board from office by
18 and with the consent of a majority of the members of the legislature in
19 joint session. A removal by the governor shall be in writing and state
20 the reason for removal. If the legislature is not in session, the
21 governor may suspend a member of the board. Upon suspension, a vacancy
22 is not created but the member of the board may not participate in board
23 business and may not be counted for purposes of establishing a quorum.
24 The joint session of the legislature shall be held within 30 days from
25 the date of removal if the removal occurs while the legislature is in
26 session or within 30 days of convening of the legislature if the legis-
27 lature is not in session. If the legislature refuses to consent to his
28 removal, the member of the board shall be reinstated to his position.

29 * Sec. 6. AS 37.13 is amended by adding a new section to read:

1 Sec. 37.13.075. QUALIFICATIONS OF BOARD MEMBERS. (a) A person
2 may not be appointed to the board unless that person has been a resident
3 of the state for at least three years.

4 (b) A member of the board may not hold any other state or federal
5 office, position or employment, either elective or appointive, except as
6 a member of the armed forces of the United States or of this state.

7 (c) At least one member of the board shall have recognized compe-
8 tence and wide experience in finance, investments, or other business
9 management-related field. Persons who share substantially similar
10 professional or occupational backgrounds may not be appointed to the
11 board to serve at the same time.

12 * Sec. 7. AS 37.13.120 is repealed and reenacted to read:

13 Sec. 37.13.120. POWERS AND DUTIES. (a) The prudent-man rule is
14 applicable to the board in the management and investment of permanent
15 fund assets. The prudent-man rule as applied to investments of the
16 corporation means that in making investments the board shall exercise
17 the judgment and care under the circumstances then prevailing that an
18 institutional investor of ordinary prudence, discretion, and intelligence
19 exercises in the management of large investments entrusted to it not in
20 regard to speculation but in regard to the permanent disposition of
21 funds, considering the probable income from them as well as probable
22 safety of capital.

23 (b) The corporation assets may only be used for income-producing
24 investments.

25 (c) The board shall seek to maintain a reasonable diversification
26 among corporation investments unless under the circumstances it is
27 clearly prudent not to do so.

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

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

3 (f) The board may enter into and enforce all contracts necessary,
4 convenient, or desirable for purposes of the corporation. It may con-
5 tract with the division of treasury of the Department of Revenue for
6 services.

7 (g) Subject to (a) and (b) of this section, the board may invest
8 corporation assets in obligations of, or obligations insured or guaran-
9 teed by, the United States or agencies or instrumentalities of the
10 United States; corporate securities that under the Securities Act of
11 1933 are freely marketable; and short-term investments that meet the
12 requirements of (a) and (b) of this section except for the term of the
13 investments.

14 (1) The assets of the fund may not be used for the purchase
15 of stock of a corporation that is not paying dividends on that stock in
16 cash at the time of purchase; nor in the purchase of bonds of a corpora-
17 tion, upon which any regular interest payment has been defaulted within
18 five years before purchase, except bonds never in default but which have
19 been outstanding for less than five years.

20 (2) The assets of the corporation may not be used for the
21 purchase of stock if immediately following the purchase the proportionate
22 market value of all stocks held by the corporation would exceed 30
23 percent of the assets of the corporation.

24 (h) Subject to (a) and (b) of this section, the board may invest
25 corporation assets in

26 (1) Federal Housing Administration mortgages;

27 (2) Federal Veterans Administration mortgages;

28 (3) conventional residential mortgages if the offering finan-
29 cial institution retains at least 25 percent of the mortgage.

1 (i) To qualify as a mortgage or secured loan that may be purchased
2 by the board under (h) of this section, the mortgage or secured loan
3 shall

4 (1) be secured by real estate in the state;

5 (2) have as a mortgagor an Alaska resident or a corporation
6 in which at least 60 percent of the stock is owned by Alaska residents;

7 (3) be certified by the originating financial institution
8 that the loan being sold has been made in compliance with law and that
9 liens supporting the loan have been perfected;

10 (4) have no initial closing fees or service fees that exceed
11 one-half of one percent, excluding closing costs.

12 (j) The board may purchase loans provided for in (h) of this
13 section only with the approval of each purchase by the Department of
14 Commerce and Economic Development, and the loans may be purchased only
15 from financial institutions that are operating under the national banking
16 laws, federal savings and loan laws, or under the provisions of AS 06.05,
17 AS 06.15, AS 06.25 or AS 06.30.

18 (k) The board shall establish and from time to time as necessary
19 modify guidelines for the investment of the corporation's assets.
20 Before adoption of any investment guidelines, the guidelines shall be
21 reported to the Legislative Budget and Audit Committee for review and
22 comment.

23 (l) Nothing in this section may be interpreted to preclude in-state
24 investments that have a risk level and expected yield comparable to
25 alternative investment opportunities.

26 * Sec. 8. AS 37.13.130 is repealed and reenacted to read:

27 Sec. 37.13.130. GAINS AND LOSSES. At the end of each fiscal year,
28 the total amount of losses on the sales of securities, not offset by
29 gains on the sales of securities during that year, shall be computed,

1 with a portion of these losses to be deducted each fiscal year from the
2 interest and dividend income and the resulting amount of interest and
3 dividend income added to the principal of the fund. Losses taken on the
4 sales of bonds shall be accumulated over a period equal to the average
5 remaining life of the bonds sold, and losses taken on the sales of
6 stocks shall be accumulated within a period of five years, unless these
7 losses are offset by gains on future sales of securities. In any fiscal
8 year in which the gains on the sales of securities exceed the losses on
9 the sales of securities, the excess shall be added to the principal of
10 the fund.

11 * Sec. 9. AS 37.13 is amended by adding a new section to read:

12 Sec. 37.13.145. MORTGAGE LOSS RESERVE ACCOUNT. The board may
13 establish a mortgage loss reserve account for the purpose of protecting
14 the financial integrity of the fund.

15 * Sec. 10. AS 37.13.190 is amended to read:

16 Sec. 37.13.190. POLITICAL ACTIVITIES. The members of the board of
17 trustees and employees of the corporation may not engage in partisan
18 political activities. The resources of the corporation may not be used
19 to finance or influence political activities.
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HOUSE JOURNAL

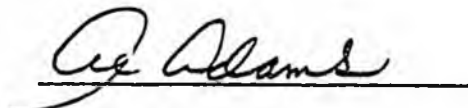
HOUSE FINANCE COMMITTEE
Letter of Intent
for
CSHB 101 (Finance)

It is the intent of the Finance Committee that the "certificate of use" provision in *Section 1 of CSHB 101 (Finance) be interpreted in accordance with the following:

Section 1 of CSHB 101 (Finance) states that a motor fuel dealer need not collect the motor fuel tax if the dealer has a reasonable belief that the fuel that is sold or transferred is not to be used as "motor fuel" within the meaning of AS 43.40.100 (2). In addition the dealer must obtain a certificate of use from the recipient of the fuel if the tax is not collected. The certificate is a statement by the recipient that the fuel has not been and will not be used in a manner that would make it "motor fuel", subject to the motor fuel tax. The Department of Revenue is to prescribe the form of the certificate of use by regulation.

It is the intent of the Finance Committee that a certificate of use may be a short statement printed on a fuel delivery invoice to be signed by the recipient of fuel at the time of delivery. To avoid unnecessary recordkeeping and duplication of forms the certificate of use should be printed on the delivery invoice or the fuel billing form whenever possible. The regulations adopted by the Department of Revenue to implement this section of the Act should allow the certificate of use to be printed on forms used by fuel dealers except in cases where a separate certificate of use is absolutely necessary.

Sincerely,



Al Adams, Chairman
House Finance Committee

DO NOT
COPY.
Attached to
bill when it
came from
Chief Clerk's
Office ???

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CSHB 770 (SA) (4/14/82)
 Title: Relating to Investment & Management of the Alaska Permanent Fund
 Requested by: House State Affairs Committee Date: 4/15/82

II. FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Permanent Fund Corp.
 BRU, Program, or Subprogram(s) Affected: Permanent Fund Corp.
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	(28.8)	-	-	-	-
300 CONTRACTUAL	-	4,145.0	9,210.0	11,078.0	12,567.0	14,132.0
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	4,116.2	9,210.0	11,078.0	12,567.0	14,132.0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
PERMANENT FUND INCOME	-	4,116.2	9,210.0	11,078.0	12,567.0	14,132.0

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

Compensation level of Public Members of Board of Trustees to be determined by Board. Reduction in Travel for deletion of \$400/meeting day honorarium budgeted for present public members.

Contractual Services is for associated outside management and safekeeping costs of new allowable investments were applicable. Assumes, based on average fund balance for a fiscal year; 25% in preferred and common stock, 5% real estate equity, 5% foreign securities and certificates of deposit, 5% venture capital. Stock is at one-half of maximum allowed, others at one-third of maximum allowed. Fee rate level for FY 83 and FY 84; 10% fee increase assumed starting FY 85 and after (not per year). Brokerage fee on preferred and common stock not included as it is part of base securities cost.

FY 83 assumes above percentages for one-half year only as transition time to new investment categories. Net effect of above scenerio places 40% of all corporate assets with outside managers, the balance 60% remains for internal management.

A. Staack

IV. DATE: April 15, 1982

PREPARED BY: Anselm C. Staack, Treasury Comptroller

AGENCY: Dept. of Revenue/Treasury Division

PHONE: 465-2350

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

ALASKA STATE LEGISLATURE

TWELFTH Legislature SECOND Session

HOUSE BILL NO. 770

By METCALFE

"An Act relating to the Alaska permanent fund."

Alaska permanent fund

Introduced in the House 2/12, 1982

HISTORY IN THE HOUSE

19 82

Feb 12

Read first time and referred to Committee on State Affairs and Finance
Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

Failed to concur in Senate amendment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Original sponsor: Metcalfe

Offered: 4/16/82
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 770 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment and management of
7 the Alaska permanent fund and to the computation of the
8 income of the fund available for distribution; and
9 providing for an effective date."

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

11 * Section 1. AS 37.13.050 is amended to read:

12 Sec. 37.13.050. COMPOSITION AND QUALIFICATIONS OF BOARD OF TRUST-
13 EES. (a) The Board of Trustees of the Alaska Permanent Fund Corpora-
14 tion consists of six members appointed by the governor. Two [THREE] of
15 the members shall be heads of principal departments of state government,
16 one of whom shall be the commissioner of revenue. Four [THREE] members
17 shall be appointed by the governor from the public and may not hold any
18 other state or federal office, position or employment, either elective
19 or appointive, except as a member of the armed forces of either the
20 United States or of this state. [MEMBERS OTHER THAN THE COMMISSIONER OF
21 REVENUE SHALL BE SEPARATELY CONFIRMED BY A MAJORITY OF THE MEMBERS OF
22 THE LEGISLATURE IN JOINT SESSION.]

23 (b) The four [THREE] public members of the board shall have recog-
24 nized competence and wide experience in finance, investments, or other
25 business management-related fields.

26 (c) The board shall annually elect a chairman from among its
27 members.

28 * Sec. 2. AS 37.13.060 is amended to read:

29 Sec. 37.13.060. TERM OF OFFICE. The public members of the

1 board shall be appointed for terms of four [THREE] years, and they may
2 be reappointed [SUBJECT TO CONFIRMATION BY A MAJORITY OF THE MEMBERS OF
3 THE LEGISLATURE IN JOINT SESSION]. The terms of the public members
4 [TERMS] shall be staggered so that no more than one term of a public
5 member expires each year. [INITIAL TERMS FOR MEMBERS OTHER THAN THE
6 COMMISSIONER OF REVENUE SHALL BE TWO MEMBERS SERVING FOR ONE YEAR, TWO
7 MEMBERS SERVING FOR TWO YEARS, AND ONE MEMBER SERVING FOR THREE YEARS.]

8 * Sec. 3. AS 37.13.070 is amended to read:

9 Sec. 37.13.070. REMOVAL AND VACANCIES. (a) The governor may
10 for good cause remove a member of the board from office. [HOWEVER, THE
11 REMOVAL OF A MEMBER OF THE BOARD IS SUBJECT TO DISAPPROVAL BY A VOTE OF
12 A MAJORITY OF THE MEMBERS OF THE LEGISLATURE AT THE FIRST JOINT SESSION
13 HELD 10 OR MORE DAYS AFTER THE LEGISLATURE RECEIVES NOTICE OF THE REMOVAL
14 FROM THE GOVERNOR.] A removal by the governor shall be in writing and
15 shall state the reason for the removal. A member who is removed by the
16 governor may not participate in board business and may not be counted
17 for purposes of establishing a quorum after [BETWEEN THE TIME] he
18 receives written notice of his removal from the governor [AND THE TIME
19 THAT THE LEGISLATURE'S POWER TO DISAPPROVE THE REMOVAL UNDER THIS SUB-
20 SECTION EXPIRES. IF THE LEGISLATURE DISAPPROVES THE REMOVAL OF A BOARD
21 MEMBER, THE BOARD MEMBER SHALL BE REINSTATED].

22 (b) A vacancy on the board shall be promptly filled by appointment
23 by the governor [AND CONFIRMATION BY A MAJORITY OF THE MEMBERS OF THE
24 LEGISLATURE IN JOINT SESSION]. An appointee to a vacancy shall hold
25 office for the balance of the term for which his predecessor on the
26 board was appointed. [IF A VACANCY ARISES ON THE BOARD WHILE THE LEGIS-
27 LATURE IS NOT IN SESSION, THE GOVERNOR MAY APPOINT AN INTERIM BOARD
28 MEMBER WHO SHALL EXERCISE THE POWERS OF A BOARD MEMBER UNTIL THE LEGIS-
29 LATURE FAILS TO CONFIRM THE APPOINTMENT OF THE INTERIM BOARD MEMBER.]

1 (c) A vacancy on the board does not impair the authority of a
2 quorum of the board to exercise all the powers and perform all the
3 duties of the board.

4 * Sec. 4. AS 37.13.090 is amended to read:

5 Sec. 37.13.090. COMPENSATION OF BOARD MEMBERS. The board shall
6 determine the compensation of the public members of the board subject
7 to approval by the legislature in accordance with AS 37.07. Compensa-
8 tion for public members of the board shall be requested as part of the
9 operating budget of the board (AS 37.13.150). Members [PUBLIC MEMBERS
10 OF THE BOARD RECEIVE AN HONORARIUM OF \$400 FOR EACH MEETING DAY IF THEY
11 ATTEND THE MEETING. ALL MEMBERS] of the board are entitled to per diem
12 and travel allowances as provided by law for members of state boards and
13 commissions.

14 * Sec. 5. AS 37.13.120(g) is amended to read:

15 (g) Subject to the limitations contained in [(h) AND (i) OF] this
16 section, the board may invest corporation assets at competitive national
17 market rates or prices applicable to each investment 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 and term deposits of [ISSUED BY]
26 United States domestic banks which are members of the Federal Deposit
27 Insurance Corporation and [FOR] which may be readily sold in a [GENERALIY
28 RECOGNIZED] secondary market at prices reflecting fair value [EXISTS] or
29 which are fully secured at all times as to payment of principal and

1 interest as [BY INVESTMENTS] described in (m) [(1), (2), (8) OR (12) -
2 (16)] of this section [SUBSECTION; THE SECURITY PLEDGED UNDER THIS
3 PARAGRAPH SHALL BE AT LEAST EQUAL TO THE FACE VALUE OF THE DEPOSIT AND
4 THE BOARD MAY REQUIRE SUBSTITUTION OF COLLATERAL];

5 (4) certificates of deposit and term deposits [SHARES] of
6 federally chartered savings and loan [LOANS] associations in Alaska
7 which may be readily sold in a secondary market at prices reflecting
8 fair value or which are fully secured at all times as to payments of
9 principal and interest as [BY INVESTMENTS] described in (m) [(1), (2)]
10 of this section [SUBSECTION];

11 (5) [SAVINGS] certificates of deposit and term deposits of
12 [ISSUED BY] state chartered savings and loan associations in Alaska
13 which may be readily sold in a secondary market at prices reflecting
14 fair value or which are fully secured at all times as to payments of
15 principal and interest as [BY INVESTMENTS] described in (m) [(1), (2)]
16 of this section [SUBSECTION];

17 (6) certificates of deposit and term deposits of [DEPOSITS
18 WITH] mutual savings banks in Alaska which may be readily sold in a sec-
19 ondary market at prices reflecting fair value or which are fully secured
20 at all times as to payments of principal and interest as [BY INVESTMENTS]
21 described in (m) [(1), (2)] of this section [SUBSECTION];

22 (7) fixed-term certificates of indebtedness of federally in-
23 sured credit unions in Alaska which may be readily sold in a market at
24 prices reflecting fair value or which are fully secured at all times as
25 to payments of principal and interest as [BY INVESTMENTS] described in
26 (m) [(1), (2)] of this section [SUBSECTION];

27 (8) corporate debt securities which are rated AA or better by
28 a nationally recognized rating service;

29 (9) short-term corporate promissory notes of the highest

1 ratings assigned by a nationally recognized rating service;

2 (10) bankers' acceptances drawn on and accepted by United
3 States banks each of which have a combined capital and surplus aggregat-
4 ing at least \$200,000,000;

5 (11) repurchase agreements, the securities underlying the
6 agreements being any of the items in (1) - (3) and (8) - (10) of this
7 subsection;

8 (12) the guaranteed portion of Federal Small Business Admin-
9 istration loans;

10 (13) the portion of first lien real estate mortgages guaran-
11 teed by the Federal Veterans Administration [ASSOCIATION];

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

15 (15) the guaranteed portion of Farmer's Home Administration
16 loans;

17 (16) notes secured by mortgages granting a first lien on com-
18 mercial or [OF] residential real estate improved by completed buildings
19 if the mortgages are insured by a private mortgage insurance corporation
20 which is authorized to do business in Alaska and has combined capital,
21 surplus and reserves aggregating at least \$20,000,000, and if loan-to-
22 value ratios do not exceed 75 percent for commercial mortgages and 90
23 percent for residential mortgages; however, [THE MINIMUM COVERAGE SHALL
24 BE 10 PERCENT FOR LOANS HAVING A LOAN-TO-VALUE RATIO OF LESS THAN 90
25 PERCENT, AND THE MINIMUM COVERAGE SHALL BE 20 PERCENT FOR LOANS HAVING A
26 LOAN-TO-VALUE RATIO OF 90 PERCENT OR MORE.]

27 (A) no mortgage insurance is necessary for commercial
28 loans having loan-to-value ratios of less than 50 percent and the
29 minimum coverage of other commercial loans shall be 10 percent for

1 those having a loan-to-value ratio of 50-60 percent and 15 percent
2 for those having a loan-to-value ratio greater than 60 percent but
3 no more than 75 percent, and

4 (B) no mortgage insurance is necessary for residential
5 loans having a loan-to-value ratio of less than 70 percent and the
6 minimum coverage of other residential loans shall be 10 percent for
7 those having a loan-to-value ratio greater than 70 percent but less
8 than 90 percent and 20 percent for those having a loan-to-value
9 ratio of 90 percent;

10 (17) notes secured by mortgages granting a first lien on com-
11 mercial real estate improved by completed buildings if the originating
12 financial institution retains at least 25 percent of the mortgage until
13 maturity;

14 (18) preferred and common stock of corporations incorporated
15 in the United States, on which dividends have been paid in each of the
16 three years immediately preceding the investment;

17 (19) debt securities of foreign governments or corporations
18 and preferred and common stock of foreign corporations which are of sub-
19 stantially equivalent quality as those domestic securities permitted
20 under this section;

21 (20) certificates of deposit, term deposits, bankers' accep-
22 tances, or equivalent instruments, which are issued by a United States
23 or foreign bank or trust company located in a foreign country and are
24 denominated in either United States or foreign currency, if either (A)
25 they may be readily sold in a secondary market at prices reflecting fair
26 value, or (B) the issuing bank or trust company has capital and surplus
27 at the date of issue equalling at least \$500,000,000; investments made
28 under this paragraph are not subject to the collateral requirements for
29 domestic certificates under (m) of this section;

1 (21) equity interests in, and debt obligations secured by
2 mortgages granting a first lien on, real property improved by completed
3 and substantially rented buildings and located in the United States, if
4 these investments are made

5 (A) in a corporation, partnership, trust, or other
6 entity in which, at the conclusion of each investment transaction,
7 at least 60 percent of the beneficial ownership interests are
8 held by other institutional investors, and which is organized and
9 operated for the purpose of making real estate investments by a
10 bank, insurance company, or other manager of institutional funds
11 which has had at least five years of experience in the management
12 of real estate investments of institutional investors; or

13 (B) in conjunction with and on substantially the same
14 terms as an entity described in (A) of this paragraph;

15 (22) limited partnership interest in venture capital funds,
16 if these investments are made

17 (A) in a partnership in which, at the conclusion of
18 each investment transaction, at least 60 percent of the beneficial
19 ownership interests are held by other institutional investors and
20 which is organized and operated for the purpose of making venture
21 capital investments by a manager of institutional funds who has
22 had at least five years of experience in the management of venture
23 capital investments of institutional investors; and

24 (B) in a partnership that agrees to make venture capital
25 investments in the state equal to the investment of the Alaska
26 permanent fund in the partnership to the extent that in-state in-
27 vestments that have a risk level and expected yield comparable to
28 alternate investment opportunities are available.

29 (23) obligations issued by an agency of the state if the

1 obligations and the interest on them are taxable under federal law.

2 * Sec. 6. AS 37.13.120(i) is repealed and reenacted to read:

3 (i) At the time of each investment, the aggregate investment of
4 the Alaska permanent fund in each stated category of investment may not
5 exceed the following stated percentage of the total investments of the
6 fund: mortgages under (g)(16) of this section, 15 percent; real estate
7 investments under (g)(21) of this section, 15 percent; venture capital
8 limited partnerships under (g)(22) of this section, 15 percent; foreign
9 securities under (g)(19) of this section, 10 percent; foreign certifi-
10 cates of deposit or the equivalent under (g)(20) of this section, 20
11 percent; corporate stocks and debt securities under (g)(8), (9), and
12 (18) of this section, 50 percent. The Alaska permanent fund may at no
13 time own more than five percent of the voting stock of a corporation.
14 Domestic stocks, except for bank and insurance company stocks, must be
15 listed at the date of purchase on an exchange registered with the
16 Securities and Exchange Commission.

17 * Sec. 7. AS 37.13.120 is amended by adding new subsections to read:

18 (m) Certificates of deposit or the equivalent instruments which
19 are not of a quality that may be readily sold in a secondary market at
20 prices reflecting fair value must be secured by a pledge as collateral
21 of investments authorized for the Alaska permanent fund under (g)(1),
22 (2), (8) or (12) - (17) of this section, which investments have value at
23 least equal to the face value of the certificate of deposit. The board
24 may require substitution of collateral in order to ensure continued
25 satisfaction of the requirements set out in this subsection.

26 (n) Certificates of deposit or the equivalent instruments may not
27 be purchased from a bank doing business in Alaska unless the in-state
28 loan-to-deposit ratio of that bank as determined by the division of
29 banking of the Department of Commerce and Economic Development for the

1 last full quarter preceding the purchase is not more than five percent
2 less than the in-state loan-to-deposit average ratio for all banks doing
3 business in Alaska for that quarter.

4 (o) Certificates of deposits or the equivalent instrument may not
5 be purchased from a bank doing business in Alaska if state and state
6 agency deposits in the bank are in excess of 400 percent of the bank's
7 combined capital and surplus.

8 * Sec. 8. AS 37.13 is amended by adding a new section to read:

9 Sec. 37.13.145. DISPOSITION OF INCOME. At the end of each fiscal
10 year, an amount equal to 50 percent of net income as defined in AS 37.-
11 13.140, excluding any income on the undistributed income account in the
12 Alaska permanent fund, shall be transferred to principal of the fund for
13 reinvestment. The other 50 percent of the net income shall be trans-
14 ferred to the undistributed income account. Money in the undistributed
15 income account shall be invested in investments authorized under AS 37.-
16 13.120. Income from the investment of the undistributed income account
17 shall be treated as an addition to that account.

18 * Sec. 9. AS 37.13.150 is amended to read:

19 Sec. 37.13.150. CORPORATION [BOARD] BUDGET. The revenues genera-
20 ted by the corporation's investments must be identified as the source
21 of the operating budget of the corporation in the state's operating
22 budget under [BOARD IS FROM THE GENERAL FUND AND IS SUBJECT TO] the
23 Executive Budget Act (AS 37.07.010 - 37.07.130). The unexpended bal-
24 ance of the corporation's annual operating budget does not lapse at
25 the end of the fiscal year but shall be treated as income under AS 37.
26 13.140.

27 * Sec. 10. AS 37.13.160 is amended to read:

28 Sec. 37.13.160. AUDITS. The Legislative Budget and Audit Commit-
29 tee may [SHALL] provide for an annual post audit and annual operational

1 and performance evaluations of the corporation's investments and invest-
2 ment programs.

3 * Sec. 11. AS 37.13 is amended by adding a new section to read:

4 Sec. 37.13.205. REGULATIONS. The board may adopt regulations
5 under the Administrative Procedure Act (AS 44.62) to interpret and
6 implement this chapter.

7 * Sec. 12. Transition to four-year terms for members of the Board of
8 Trustees of the Alaska Permanent Fund Corporation as provided in AS 37.13.060
9 as amended in sec. 2 of this Act shall be implemented as follows: at the
10 expiration of the present term of each public member, the governor shall
11 appoint a replacement, or reappoint the present member, for a term of four
12 years. Within 90 days after the effective date of this Act, the governor
13 shall appoint a public member to replace one of the two present heads of
14 principal departments other than the commissioner of revenue, to serve for a
15 term of four years or less which term expires in a year when no other public
16 member's term expires. The head of a principal department who is to be
17 replaced shall continue to serve on the board until the appointment of a
18 replacement.

19 * Sec. 13. This Act takes effect July 1, 1982.
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Introduced: 2/12/82
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY METCALFE

2 HOUSE BILL NO. 770

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska permanent fund."

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

8 * Section 1. AS 37.13.010(a) is repealed and reenacted to read:

9 (a) Under art. IX sec. 15 of the state constitution, there is
10 established as a separate fund the Alaska permanent fund. The Alaska
11 permanent fund consists of

12 (1) one hundred percent of mineral lease bonuses after deduc-
13 tion of amounts allocated

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

16 (B) in AS 37.11.020 to the Alaska renewable resources
17 development fund;

18 (2) twenty-five percent of all mineral lease rentals, royal-
19 ties, royalty sale proceeds, and federal mineral revenue sharing payments
20 received by the state; and

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

23 * Sec. 2. AS 37.13.040 is amended to read:

24 Sec. 37.13.040. ALASKA PERMANENT FUND CORPORATION. There is
25 established the Alaska Permanent Fund Corporation. The corporation is a
26 public corporation and government instrumentality in the Department of
27 Revenue managed by the board of trustees but has a legal existence inde-
28 pendent of and separate from the state. The purpose of the board is to
29 manage and invest the assets of the corporation in accordance with this

1 chapter.

2 * Sec. 3. AS 37.13.050 is repealed and reenacted to read:

3 Sec. 37.13.050. COMPOSITION OF BOARD OF TRUSTEES. (a) The board
4 of trustees consists of three members appointed by the governor and
5 confirmed by a majority of the members of the legislature in joint
6 session.

7 (b) The board shall annually elect a chair from among its members.

8 * Sec. 4. AS 37.13.060 is amended to read:

9 Sec. 37.13.060. TERM OF OFFICE. The members of the board shall be
10 appointed for terms of three years, and they may be reappointed subject
11 to confirmation by a majority of the members of the legislature in joint
12 session. Terms shall be staggered. [INITIAL TERMS FOR MEMBERS OTHER
13 THAN THE COMMISSIONER OF REVENUE SHALL BE TWO MEMBERS SERVING FOR ONE
14 YEAR, TWO MEMBERS SERVING FOR TWO YEARS, AND ONE MEMBER SERVING FOR
15 THREE YEARS.]

16 * Sec. 5. AS 37.13.070(a) is repealed and reenacted to read:

17 (a) The governor may remove a member of the board from office by
18 and with the consent of a majority of the members of the legislature in
19 joint session. A removal by the governor shall be in writing and state
20 the reason for removal. If the legislature is not in session, the
21 governor may suspend a member of the board. Upon suspension, a vacancy
22 is not created but the member of the board may not participate in board
23 business and may not be counted for purposes of establishing a quorum.
24 The joint session of the legislature shall be held within 30 days from
25 the date of removal if the removal occurs while the legislature is in
26 session or within 30 days of convening of the legislature if the legis-
27 lature is not in session. If the legislature refuses to consent to his
28 removal, the member of the board shall be reinstated to his position.

29 * Sec. 6. AS 37.13 is amended by adding a new section to read:

1 Sec. 37.13.075. QUALIFICATIONS OF BOARD MEMBERS. (a) A person
2 may not be appointed to the board unless that person has been a resident
3 of the state for at least three years.

4 (b) A member of the board may not hold any other state or federal
5 office, position or employment, either elective or appointive, except as
6 a member of the armed forces of the United States or of this state.

7 (c) At least one member of the board shall have recognized compe-
8 tence and wide experience in finance, investments, or other business
9 management-related field. Persons who share substantially similar
10 professional or occupational backgrounds may not be appointed to the
11 board to serve at the same time.

12 * Sec. 7. AS 37.13.120 is repealed and reenacted to read:

13 Sec. 37.13.120. POWERS AND DUTIES. (a) The prudent-man rule is
14 applicable to the board in the management and investment of permanent
15 fund assets. The prudent-man rule as applied to investments of the
16 corporation means that in making investments the board shall exercise
17 the judgment and care under the circumstances then prevailing that an
18 institutional investor of ordinary prudence, discretion, and intelligence
19 exercises in the management of large investments entrusted to it not in
20 regard to speculation but in regard to the permanent disposition of
21 funds, considering the probable income from them as well as probable
22 safety of capital.

23 (b) The corporation assets may only be used for income-producing
24 investments.

25 (c) The board shall seek to maintain a reasonable diversification
26 among corporation investments unless under the circumstances it is
27 clearly prudent not to do so.

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

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

3 (f) The board may enter into and enforce all contracts necessary,
4 convenient, or desirable for purposes of the corporation. It may con-
5 tract with the division of treasury of the Department of Revenue for
6 services.

7 (g) Subject to (a) and (b) of this section, the board may invest
8 corporation assets in obligations of, or obligations insured or guaran-
9 teed by, the United States or agencies or instrumentalities of the
10 United States; corporate securities that under the Securities Act of
11 1933 are freely marketable; and short-term investments that meet the
12 requirements of (a) and (b) of this section except for the term of the
13 investments.

14 (1) The assets of the fund may not be used for the purchase
15 of stock of a corporation that is not paying dividends on that stock in
16 cash at the time of purchase; nor in the purchase of bonds of a corpora-
17 tion, upon which any regular interest payment has been defaulted within
18 five years before purchase, except bonds never in default but which have
19 been outstanding for less than five years.

20 (2) The assets of the corporation may not be used for the
21 purchase of stock if immediately following the purchase the proportionate
22 market value of all stocks held by the corporation would exceed 30
23 percent of the assets of the corporation.

24 (h) Subject to (a) and (b) of this section, the board may invest
25 corporation assets in

26 (1) Federal Housing Administration mortgages;

27 (2) Federal Veterans Administration mortgages;

28 (3) conventional residential mortgages if the offering finan-
29 cial institution retains at least 25 percent of the mortgage.

1 (i) To qualify as a mortgage or secured loan that may be purchased
2 by the board under (h) of this section, the mortgage or secured loan
3 shall

4 (1) be secured by real estate in the state;

5 (2) have as a mortgagor an Alaska resident or a corporation
6 in which at least 60 percent of the stock is owned by Alaska residents;

7 (3) be certified by the originating financial institution
8 that the loan being sold has been made in compliance with law and that
9 liens supporting the loan have been perfected;

10 (4) have no initial closing fees or service fees that exceed
11 one-half of one percent, excluding closing costs.

12 (j) The board may purchase loans provided for in (h) of this
13 section only with the approval of each purchase by the Department of
14 Commerce and Economic Development, and the loans may be purchased only
15 from financial institutions that are operating under the national banking
16 laws, federal savings and loan laws, or under the provisions of AS 06.05,
17 AS 06.15, AS 06.25 or AS 06.30.

18 (k) The board shall establish and from time to time as necessary
19 modify guidelines for the investment of the corporation's assets.
20 Before adoption of any investment guidelines, the guidelines shall be
21 reported to the Legislative Budget and Audit Committee for review and
22 comment.

23 (l) Nothing in this section may be interpreted to preclude in-state
24 investments that have a risk level and expected yield comparable to
25 alternative investment opportunities.

26 * Sec. 8. AS 37.13.130 is repealed and reenacted to read:

27 Sec. 37.13.130. GAINS AND LOSSES. At the end of each fiscal year,
28 the total amount of losses on the sales of securities, not offset by
29 gains on the sales of securities during that year, shall be computed,

1 with a portion of these losses to be deducted each fiscal year from the
2 interest and dividend income and the resulting amount of interest and
3 dividend income added to the principal of the fund. Losses taken on the
4 sales of bonds shall be accumulated over a period equal to the average
5 remaining life of the bonds sold, and losses taken on the sales of
6 stocks shall be accumulated within a period of five years, unless these
7 losses are offset by gains on future sales of securities. In any fiscal
8 year in which the gains on the sales of securities exceed the losses on
9 the sales of securities, the excess shall be added to the principal of
10 the fund.

11 * Sec. 9. AS 37.13 is amended by adding a new section to read:

12 Sec. 37.13.145. MORTGAGE LOSS RESERVE ACCOUNT. The board may
13 establish a mortgage loss reserve account for the purpose of protecting
14 the financial integrity of the fund.

15 * Sec. 10. AS 37.13.190 is amended to read:

16 Sec. 37.13.190. POLITICAL ACTIVITIES. The members of the board of
17 trustees and employees of the corporation may not engage in partisan
18 political activities. The resources of the corporation may not be used
19 to finance or influence political activities.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CSHB 770 (SA) (4/14/82)
Title: Relating to Investment & Management of the Alaska Permanent Fund
Requested by: House State Affairs Committee Date: 4/15/82

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Permanent Fund Corp.
BRU, Program, or Subprogram(s) Affected: Permanent Fund Corp.
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	(28.8)	-	-	-	-
300 CONTRACTUAL	-	4,145.0	9,210.0	11,078.0	12,567.0	14,132.0
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	4,116.2	9,210.0	11,078.0	12,567.0	14,132.0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
PERMANENT FUND INCOME	-	4,116.2	9,210.0	11,078.0	12,567.0	14,132.0

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

Compensation level of Public Members of Board of Trustees to be determined by Board. Reduction in Travel for deletion of \$400/meeting day honorarium budgeted for present public members.

Contractual Services is for associated outside management and safekeeping costs of new allowable investments were applicable. Assumes, based on average fund balance for a fiscal year; 25% in preferred and common stock, 5% real estate equity, 5% foreign securities and certificates of deposit, 5% venture capital. Stock is at one-half of maximum allowed, others at one-third of maximum allowed. Fee rate level for FY 83 and FY 84; 10% fee increase assumed starting FY 85 and after (not per year). Brokerage fee on preferred and common stock not included as it is part of base securities cost.

FY 83 assumes above percentages for one-half year only as transition time to new investment categories. Net effect of above scenerio places 40% of all corporate assets with outside managers, the balance 60% remains for internal management.

A. Staack

IV. DATE: April 15, 1982

PREPARED BY: Anselm C. Staack, Treasury Comptroller

AGENCY: Dept. of Revenue/Treasury Division

PHONE: 465-2350

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

Original sponsor: Metcalfe

Offered: 4/16/82
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 770 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment and management of
7 the Alaska permanent fund and to the computation of the
8 income of the fund available for distribution; and
9 providing for an effective date."

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

11 * Section 1. AS 37.13.050 is amended to read:

12 Sec. 37.13.050. COMPOSITION AND QUALIFICATIONS OF BOARD OF TRUST-
13 EES. (a) The Board of Trustees of the Alaska Permanent Fund Corpora-
14 tion consists of six members appointed by the governor. Two [THREE] of
15 the members shall be heads of principal departments of state government,
16 one of whom shall be the commissioner of revenue. Four [THREE] members
17 shall be appointed by the governor from the public and may not hold any
18 other state or federal office, position or employment, either elective
19 or appointive, except as a member of the armed forces of either the
20 United States or of this state. [MEMBERS OTHER THAN THE COMMISSIONER OF
21 REVENUE SHALL BE SEPARATELY CONFIRMED BY A MAJORITY OF THE MEMBERS OF
22 THE LEGISLATURE IN JOINT SESSION.]

23 (b) The four [THREE] public members of the board shall have recog-
24 nized competence and wide experience in finance, investments, or other
25 business management-related fields.

26 (c) The board shall annually elect a chairman from among its
27 members.

28 * Sec. 2. AS 37.13.060 is amended to read:

29 Sec. 37.13.060. TERM OF OFFICE. The public members of the

1 board shall be appointed for terms of four [THREE] years, and they may
2 be reappointed [SUBJECT TO CONFIRMATION BY A MAJORITY OF THE MEMBERS OF
3 THE LEGISLATURE IN JOINT SESSION]. The terms of the public members
4 [TERMS] shall be staggered so that no more than one term of a public
5 member expires each year. [INITIAL TERMS FOR MEMBERS OTHER THAN THE
6 COMMISSIONER OF REVENUE SHALL BE TWO MEMBERS SERVING FOR ONE YEAR, TWO
7 MEMBERS SERVING FOR TWO YEARS, AND ONE MEMBER SERVING FOR THREE YEARS.]

8 * Sec. 3. AS 37.13.070 is amended to read:

9 Sec. 37.13.070. REMOVAL AND VACANCIES. (a) The governor may
10 for good cause remove a member of the board from office. [HOWEVER, THE
11 REMOVAL OF A MEMBER OF THE BOARD IS SUBJECT TO DISAPPROVAL BY A VOTE OF
12 A MAJORITY OF THE MEMBERS OF THE LEGISLATURE AT THE FIRST JOINT SESSION
13 HELD 10 OR MORE DAYS AFTER THE LEGISLATURE RECEIVES NOTICE OF THE REMOVAL
14 FROM THE GOVERNOR.] A removal by the governor shall be in writing and
15 shall state the reason for the removal. A member who is removed by the
16 governor may not participate in board business and may not be counted
17 for purposes of establishing a quorum after [BETWEEN THE TIME] he
18 receives written notice of his removal from the governor [AND THE TIME
19 THAT THE LEGISLATURE'S POWER TO DISAPPROVE THE REMOVAL UNDER THIS SUB-
20 SECTION EXPIRES. IF THE LEGISLATURE DISAPPROVES THE REMOVAL OF A BOARD
21 MEMBER, THE BOARD MEMBER SHALL BE REINSTATED].

22 (b) A vacancy on the board shall be promptly filled by appointment
23 by the governor [AND CONFIRMATION BY A MAJORITY OF THE MEMBERS OF THE
24 LEGISLATURE IN JOINT SESSION]. An appointee to a vacancy shall hold
25 office for the balance of the term for which his predecessor on the
26 board was appointed. [IF A VACANCY ARISES ON THE BOARD WHILE THE LEGIS-
27 LATURE IS NOT IN SESSION, THE GOVERNOR MAY APPOINT AN INTERIM BOARD
28 MEMBER WHO SHALL EXERCISE THE POWERS OF A BOARD MEMBER UNTIL THE LEGIS-
29 LATURE FAILS TO CONFIRM THE APPOINTMENT OF THE INTERIM BOARD MEMBER.]

1 (c) A vacancy on the board does not impair the authority of a
2 quorum of the board to exercise all the powers and perform all the
3 duties of the board.

4 * Sec. 4. AS 37.13.090 is amended to read:

5 Sec. 37.13.090. COMPENSATION OF BOARD MEMBERS. The board shall
6 determine the compensation of the public members of the board subject
7 to approval by the legislature in accordance with AS 37.07. Compensa-
8 tion for public members of the board shall be requested as part of the
9 operating budget of the board (AS 37.13.150). Members [PUBLIC MEMBERS
10 OF THE BOARD RECEIVE AN HONORARIUM OF \$400 FOR EACH MEETING DAY IF THEY
11 ATTEND THE MEETING. ALL MEMBERS] of the board are entitled to per diem
12 and travel allowances as provided by law for members of state boards and
13 commissions.

14 * Sec. 5. AS 37.13.120(g) is amended to read:

15 (g) Subject to the limitations contained in [(h) AND (i) OF] this
16 section, the board may invest corporation assets at competitive national
17 market rates or prices applicable to each investment 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 and term deposits of [ISSUED BY]
26 United States domestic banks which are members of the Federal Deposit
27 Insurance Corporation and [FOR] which may be readily sold in a [GENERALLY
28 RECOGNIZED] secondary market at prices reflecting fair value [EXISTS] or
29 which are fully secured at all times as to pay ment of principal and

1 interest as [BY INVESTMENTS] described in (m) [(1), (2), (8) OR (12) -
2 (16)] of this section [SUBSECTION; THE SECURITY PLEDGED UNDER THIS
3 PARAGRAPH SHALL BE AT LEAST EQUAL TO THE FACE VALUE OF THE DEPOSIT AND
4 THE BOARD MAY REQUIRE SUBSTITUTION OF COLLATERAL];

5 (4) certificates of deposit and term deposits [SHARES] of
6 federally chartered savings and loan [LOANS] associations in Alaska
7 which may be readily sold in a secondary market at prices reflecting
8 fair value or which are fully secured at all times as to payments of
9 principal and interest as [BY INVESTMENTS] described in (m) [(1), (2)]
10 of this section [SUBSECTION];

11 (5) [SAVINGS] certificates of deposit and term deposits of
12 [ISSUED BY] state chartered savings and loan associations in Alaska
13 which may be readily sold in a secondary market at prices reflecting
14 fair value or which are fully secured at all times as to payments of
15 principal and interest as [BY INVESTMENTS] described in (m) [(1), (2)]
16 of this section [SUBSECTION];

17 (6) certificates of deposit and term deposits of [DEPOSITS
18 WITH] mutual savings banks in Alaska which may be readily sold in a sec-
19 ondary market at prices reflecting fair value or which are fully secured
20 at all times as to payments of principal and interest as [BY INVESTMENTS]
21 described in (m) [(1), (2)] of this section [SUBSECTION];

22 (7) fixed-term certificates of indebtedness of federally in-
23 sured credit unions in Alaska which may be readily sold in a market at
24 prices reflecting fair value or which are fully secured at all times as
25 to payments of principal and interest as [BY INVESTMENTS] described in
26 (m) [(1), (2)] of this section [SUBSECTION];

27 (8) corporate debt securities which are rated AA or better by
28 a nationally recognized rating service;

29 (9) short-term corporate promissory notes of the highest

1 ratings assigned by a nationally recognized rating service;

2 (10) bankers' acceptances drawn on and accepted by United
3 States banks each of which have a combined capital and surplus aggregat-
4 ing at least \$200,000,000;

5 (11) repurchase agreements, the securities underlying the
6 agreements being any of the items in (1) - (3) and (8) - (10) of this
7 subsection;

8 (12) the guaranteed portion of Federal Small Business Admin-
9 istration loans;

10 (13) the portion of first lien real estate mortgages guaran-
11 teed by the Federal Veterans Administration [ASSOCIATION];

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

15 (15) the guaranteed portion of Farmer's Home Administration
16 loans;

17 (16) notes secured by mortgages granting a first lien on com-
18 mmercial or [OF] residential real estate improved by completed buildings
19 if the mortgages are insured by a private mortgage insurance corporation
20 which is authorized to do business in Alaska and has combined capital,
21 surplus and reserves aggregating at least \$20,000,000, and if loan-to-
22 value ratios do not exceed 75 percent for commercial mortgages and 90
23 percent for residential mortgages; however, [THE MINIMUM COVERAGE SHALL
24 BE 10 PERCENT FOR LOANS HAVING A LOAN-TO-VALUE RATIO OF LESS THAN 90
25 PERCENT, AND THE MINIMUM COVERAGE SHALL BE 20 PERCENT FOR LOANS HAVING A
26 LOAN-TO-VALUE RATIO OF 90 PERCENT OR MORE.]

27 (A) no mortgage insurance is necessary for commercial
28 loans having loan-to-value ratios of less than 50 percent and the
29 minimum coverage of other commercial loans shall be 10 percent for

1 those having a loan-to-value ratio of 50-60 percent and 15 percent
2 for those having a loan-to-value ratio greater than 60 percent but
3 no more than 75 percent, and

4 (B) no mortgage insurance is necessary for residential
5 loans having a loan-to-value ratio of less than 70 percent and the
6 minimum coverage of other residential loans shall be 10 percent for
7 those having a loan-to-value ratio greater than 70 percent but less
8 than 90 percent and 20 percent for those having a loan-to-value
9 ratio of 90 percent;

10 (17) notes secured by mortgages granting a first lien on com-
11 mercial real estate improved by completed buildings if the originating
12 financial institution retains at least 25 percent of the mortgage until
13 maturity;

14 (18) preferred and common stock of corporations incorporated
15 in the United States, on which dividends have been paid in each of the
16 three years immediately preceding the investment;

17 (19) debt securities of foreign governments or corporations
18 and preferred and common stock of foreign corporations which are of sub-
19 stantially equivalent quality as those domestic securities permitted
20 under this section;

21 (20) certificates of deposit, term deposits, bankers' accep-
22 tances, or equivalent instruments, which are issued by a United States
23 or foreign bank or trust company located in a foreign country and are
24 denominated in either United States or foreign currency, if either (A)
25 they may be readily sold in a secondary market at prices reflecting fair
26 value, or (B) the issuing bank or trust company has capital and surplus
27 at the date of issue equalling at least \$500,000,000; investments made
28 under this paragraph are not subject to the collateral requirements for
29 domestic certificates under (m) of this section;

1 (21) equity interests in, and debt obligations secured by
2 mortgages granting a first lien on, real property improved by completed
3 and substantially rented buildings and located in the United States, if
4 these investments are made

5 (A) in a corporation, partnership, trust, or other
6 entity in which, at the conclusion of each investment transaction,
7 at least 60 percent of the beneficial ownership interests are
8 held by other institutional investors, and which is organized and
9 operated for the purpose of making real estate investments by a
10 bank, insurance company, or other manager of institutional funds
11 which has had at least five years of experience in the management
12 of real estate investments of institutional investors; or

13 (B) in conjunction with and on substantially the same
14 terms as an entity described in (A) of this paragraph;

15 (22) limited partnership interest in venture capital funds,
16 if these investments are made

17 (A) in a partnership in which, at the conclusion of
18 each investment transaction, at least 60 percent of the beneficial
19 ownership interests are held by other institutional investors and
20 which is organized and operated for the purpose of making venture
21 capital investments by a manager of institutional funds who has
22 had at least five years of experience in the management of venture
23 capital investments of institutional investors; and

24 (B) in a partnership that agrees to make venture capital
25 investments in the state equal to the investment of the Alaska
26 permanent fund in the partnership to the extent that in-state in-
27 vestments that have a risk level and expected yield comparable to
28 alternate investment opportunities are available.

29 (23) obligations issued by an agency of the state if the

1 obligations and the interest on them are taxable under federal law.

2 * Sec. 6. AS 37.13.120(i) is repealed and reenacted to read:

3 (i) At the time of each investment, the aggregate investment of
4 the Alaska permanent fund in each stated category of investment may not
5 exceed the following stated percentage of the total investments of the
6 fund: mortgages under (g)(16) of this section, 15 percent; real estate
7 investments under (g)(21) of this section, 15 percent; venture capital
8 limited partnerships under (g)(22) of this section, 15 percent; foreign
9 securities under (g)(19) of this section, 10 percent; foreign certifi-
10 cates of deposit or the equivalent under (g)(20) of this section, 20
11 percent; corporate stocks and debt securities under (g)(8), (9), and
12 (18) of this section, 50 percent. The Alaska permanent fund may at no
13 time own more than five percent of the voting stock of a corporation.
14 Domestic stocks, except for bank and insurance company stocks, must be
15 listed at the date of purchase on an exchange registered with the
16 Securities and Exchange Commission.

17 * Sec. 7. AS 37.13.120 is amended by adding new subsections to read:

18 (m) Certificates of deposit or the equivalent instruments which
19 are not of a quality that may be readily sold in a secondary market at
20 prices reflecting fair value must be secured by a pledge as collateral
21 of investments authorized for the Alaska permanent fund under (g)(1),
22 (2), (8) or (12) - (17) of this section, which investments have value at
23 least equal to the face value of the certificate of deposit. The board
24 may require substitution of collateral in order to ensure continued
25 satisfaction of the requirements set out in this subsection.

26 (n) Certificates of deposit or the equivalent instruments may not
27 be purchased from a bank doing business in Alaska unless the in-state
28 loan-to-deposit ratio of that bank as determined by the division of
29 banking of the Department of Commerce and Economic Development for the

1 last full quarter preceding the purchase is not more than five percent
2 less than the in-state loan-to-deposit average ratio for all banks doing
3 business in Alaska for that quarter.

4 (o) Certificates of deposits or the equivalent instrument may not
5 be purchased from a bank doing business in Alaska if state and state
6 agency deposits in the bank are in excess of 400 percent of the bank's
7 combined capital and surplus.

8 * Sec. 8. AS 37.13 is amended by adding a new section to read:

9 Sec. 37.13.145. DISPOSITION OF INCOME. At the end of each fiscal
10 year, an amount equal to 50 percent of net income as defined in AS 37.-
11 13.140, excluding any income on the undistributed income account in the
12 Alaska permanent fund, shall be transferred to principal of the fund for
13 reinvestment. The other 50 percent of the net income shall be trans-
14 ferred to the undistributed income account. Money in the undistributed
15 income account shall be invested in investments authorized under AS 37.-
16 13.120. Income from the investment of the undistributed income account
17 shall be treated as an addition to that account.

18 * Sec. 9. AS 37.13.150 is amended to read:

19 Sec. 37.13.150. CORPORATION [BOARD] BUDGET. The revenues genera-
20 ted by the corporation's investments must be identified as the source
21 of the operating budget of the corporation in the state's operating
22 budget under [BOARD IS FROM THE GENERAL FUND AND IS SUBJECT TO] the
23 Executive Budget Act (AS 37.07.010 - 37.07.130). The unexpended bal-
24 ance of the corporation's annual operating budget does not lapse at
25 the end of the fiscal year but shall be treated as income under AS 37.
26 13.140.

27 * Sec. 10. AS 37.13.160 is amended to read:

28 Sec. 37.13.160. AUDITS. The Legislative Budget and Audit Commit-
29 tee may [SHALL] provide for an annual post audit and annual operational

1 and performance evaluations of the corporation's investments and invest-
2 ment programs.

3 * Sec. 11. AS 37.13 is amended by adding a new section to read:

4 Sec. 37.13.205. REGULATIONS. The board may adopt regulations
5 under the Administrative Procedure Act (AS 44.62) to interpret and
6 implement this chapter.

7 * Sec. 12. Transition to four-year terms for members of the Board of
8 Trustees of the Alaska Permanent Fund Corporation as provided in AS 37.13.060
9 as amended in sec. 2 of this Act shall be implemented as follows: at the
10 expiration of the present term of each public member, the governor shall
11 appoint a replacement, or reappoint the present member, for a term of four
12 years. Within 90 days after the effective date of this Act, the governor
13 shall appoint a public member to replace one of the two present heads of
14 principal departments other than the commissioner of revenue, to serve for a
15 term of four years or less which term expires in a year when no other public
16 member's term expires. The head of a principal department who is to be
17 replaced shall continue to serve on the board until the appointment of a
18 replacement.

19 * Sec. 13. This Act takes effect July 1, 1982.
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COMMITTEE REPORT

HOUSE

FURTHER:

(11)

3/22/82

Date: 4/1/82

Mr. Speaker:

The Committee on FINANCE has had HB 800

"An Act relating to the residency requirement for exemption from sport fishing, hunting or trapping licensing."

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 HB 800 (FIN) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CS House Bill No. 800
Title: An Act req. for exemption from sport fishing/hunt license
Requested by: House Finance Date: 4/9/82

II. FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: Revenue Collection & Management
BRU, Program, or Subprogram(s) Affected: Public Service
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)						
Sport Fish Mgt Fund	-	(15.0)	(10.0)	(10.0)	(10.0)	(10.0)
Game Mgt. Fund	-	(22.5)	(15.0)	(15.0)	(15.0)	(15.0)

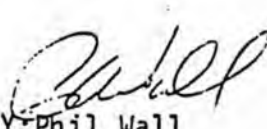
POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

Estimated that this would increase issuance of Permanent Identification Cards by 300 % with resultant loss to Sport Fish and Game Management Funds. FY 1983 decrease reflects initial issuance to current 15 year residents. This estimate is based on a comparison of 1980 and 1970 census figures of Alaskan residents over 60 years of age.

IV. DATE: April 9, 1982

PREPARED BY:  Phil Wall

AGENCY: Revenue
PHONE: 465-2392

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CS House Bill No. 800
Title: An act rel to res. req. for exemption-spt fish/hunt license
Requested by: House Finance Date: 4/12/82

II. FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: Revenue Collection & Management
BRU, Program, or Subprogram(s) Affected: Public Services
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	35.3	24.1	27.0	28.8	30.8
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	3.0	2.1	2.2	2.4	2.5
400 COMMODITIES	-	2.5	1.3	1.6	1.9	2.2
500 EQUIPMENT	-	2.5	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	43.3	27.5	30.8	33.1	35.6

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	1	1	1	1	1
PART TIME	-	.5	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

There are approximately 20,000 Alaskans who are age 60 and over. It is estimated that approximately 15,000 have resided in the state over 15 years and that about 4,800 of these will be requesting Permanent Identification Cards.

Expenditures reflect anticipated personal services, printing costs and purchase of laminating machines and plastic jackets for use at our Public Assistance counters in Anchorage, Fairbanks and Juneau. The majority of the requests for Identification Cards are received by mail and the first year will see a greater number of requests to become current on the change from 30 to 15 years residency.

IV. DATE:

PREPARED BY: Phil Wall
AGENCY: Revenue
PHONE: 465-2392

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

Colvin

Original sponsor: Hayes

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 800 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the residency requirement for
7 exemption from sport fishing, hunting or trapping
8 licensing."

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

10 *Section 1. AS 16.05.400(b) is amended to read:

11 (b) A sport fishing, hunting or trapping license is not required
12 of a resident who is 60 years of age or more and has been a resident for
13 15 [30 CONSECUTIVE] years or more. The commissioner of revenue shall
14 issue a permanent identification card without charge to persons who
15 qualify by age and residence and who complete the forms required by the
16 commissioner for implementation of this subsection. To qualify under
17 this subsection a person must have resided in the state for a total of
18 15 years or more but residency need not be continuous. A person
19 who is issued a permanent identification card under this subsection
20 shall have it in his possession while sport fishing, hunting or trapping.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill No. 800
 Title An Act re. to res. req. for exemption from sport fish/hunt lic.
 Requested by Hayes Date 2/15/82

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, Or Subprogram(s) Affected Administration & Support
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Sport Fish Mgt. Fund	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Game Mgt. Fund	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 2/21/82

PREPARED BY Linda Gene Lockridge
 AGENCY Revenue
 PHONE 465-2376

Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 800
 Title An Act rel. to res. req. for exemption from sport fish/hunt lic.
 Requested by Hayes Date 2/15/82

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, Or Subprogram(s) Affected Administration & Support
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES	.3	.3	.4	.4	.5	.5
500 EQUIPMENT	1.5					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	1.8	.3	.4	.4	.5	.5

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 2/21/82 PREPARED BY Linda Gene Lockridge
 AGENCY Revenue
 PHONE 465-2376

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Introduced: 2/15/82
Referred: Resources and Finance

1 IN THE HOUSE

BY HAYES

2 HOUSE BILL NO. 800

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the residency requirement for
7 exemption from sport fishing, hunting or trapping
8 licensing."

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

10 * Section 1. AS 16.05.400(b) is amended to read:

11 (b) A sport fishing, hunting or trapping license is not required
12 of a resident who is 60 years of age or more and has been a resident for
13 30 [CONSECUTIVE] years or more. The commissioner of revenue shall issue
14 a permanent identification card without charge to persons who qualify by
15 age and residence and who complete the forms required by the commis-
16 sioner for implementation of this subsection. To qualify under this
17 subsection a person must have resided in the state for a total of 30
18 years or more but residency need not be continuous. A person who is
19 issued a permanent identification card under this subsection shall have
20 it in his possession while sport fishing, hunting or trapping.
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Funding Information
General Fund \$750,000
Other Funds -0-
\$750,000

Introduced: 2/15/82
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY ZHAROFF

2 HOUSE BILL NO. 801

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for payment as a
7 grant to the City of Kodiak for a day care center; and
8 providing for an effective date."

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

10 * Section 1. The sum of \$750,000 is appropriated from the general fund
11 for payment as a grant to the City of Kodiak for the purchase or construction
12 of a building to serve as a day care center.

13 * Sec. 2. The appropriation made by this Act shall be disbursed in accor-
14 dance with AS 37.05.315 - 37.05.319.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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COMMITTEE REPORT

HOUSE

FURTHER:

(11)

Date: _____

3/29/82

Mr. Speaker:

The Committee on FINANCE has had HB 801

"An Act making a special appropriation for payment as a grant to the City of Kodiak for a day care center; and providing for an effective date."

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
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

HOUSE

3/29

(5)

FURTHER: FINANCE

2/15/82

Date: 3/26/82

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 801

"An Act making a special appropriation for payment as a grant to the City of Kodiak for a day care center; and providing for an effective date."

under consideration and reports it back with the following recommendations:

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

MEMBERS SIGNING DO PASS

Bothe, Oate

MEMBERS HAVING OTHER RECOMMENDATIONS:

Terry Martin - No Rec.
Pike & Ben - Ch. no rec

CHAIRMAN

12-2587
Colver

Funding Information
General Fund \$750,000
Other Funds -0-
\$750,000

Introduced: 2/15/82
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY ZHAROFF

2 HOUSE BILL NO. 801

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for payment as a
7 grant to the City of Kodiak for a day care center; and
8 providing for an effective date."

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

10 * Section 1. The sum of \$750,000 is appropriated from the general fund
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12 of a building to serve as a day care center.

13 * Sec. 2. The appropriation made by this Act shall be disbursed in accor-
14 dance with AS 37.05.315 - 37.05.319.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

ALASKA STATE LEGISLATURE

TWELFTH Legislature SECOND... Session

HOUSE BILL NO. 801

By ..Zharoff.....

"An Act making a special appropriation for payment as a grant to the City of Kodiak for a day care center; and providing for an effective date."

day care center/City of Kodiak

Introduced in the House ...2/15..., 19.82

HISTORY IN THE HOUSE

19 82

2 15

Read first time and referred to Committee on HESS and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

Failed to concur in Senate amendment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

COMMITTEE REPORT

HOUSE

FURTHER:

(11)

3/18/82

Date: 4-7-82

Mr. Speaker:

The Committee on FINANCE has had SSHB 804

"An Act making a special appropriation for payment as a grant to the City of Cordova for a feasibility study of the Bering River coal field port and transportation system; and providing for an effective date."

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
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Robert Adams

Young

Joe

...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Robert Adams

...

...

...

Robert Adams
CHAIRMAN

Funding Information
General Fund \$456,500
Other Funds -0-
\$456,500

Introduced: 3/17/82
Referred: Transportation and
Finance

1 IN THE HOUSE

BY CATO

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 804

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for payment as a
7 grant to the City of Cordova for a feasibility study of
8 the Bering River coal field port and transportation
9 system; and providing for an effective date."

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

11 * Section 1. The sum of \$456,500 is appropriated from the general fund
12 for payment as a grant to the City of Cordova for a feasibility study of the
13 Bering River coal field port and transportation system.

14 * Sec. 2. The appropriation made by this Act shall be disbursed in accor-
15 dance with AS 37.05.315 - 37.05.319.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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HB 804

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 804
 Title Bering River Coal Field Port & Transportation Feasibility Study
 Requested by Representative Cato Date February 24, 1982

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
 Program Category Affected Development
 BRU, Program, Or Subprogram(s) Affected Office of Mineral Development or O.S.I.P.
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	0	0			
200 TRAVEL	0	0	0			
300 CONTRACTUAL	0	465.5	0			
400 COMMODITIES	0	0	0			
500 EQUIPMENT	0	0	0			
600 LAND & STRUCTURES	0	0	0			
700 GRANTS, CLAIMS, ETC.	0	0	0			
TOTAL	0	465.5	0			

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	465.5	0			
FEDERAL FUNDS	0	0	0			
OTHER (Specify Source)	0	0	0			

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	0	0	0			
PART TIME	0	0	0			
TEMPORARY	0	0	0			

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

The study(ies) will determine the feasibility of a potential coal development at Bering River (near Cordova) and the transportation system required.

The funding, up to \$465,500 will be entirely contractual and be administered in joint agreement with the City of Cordova and the Nonprofit Native Association for the Region involved, the North Pacific Rim Regional Native Association.

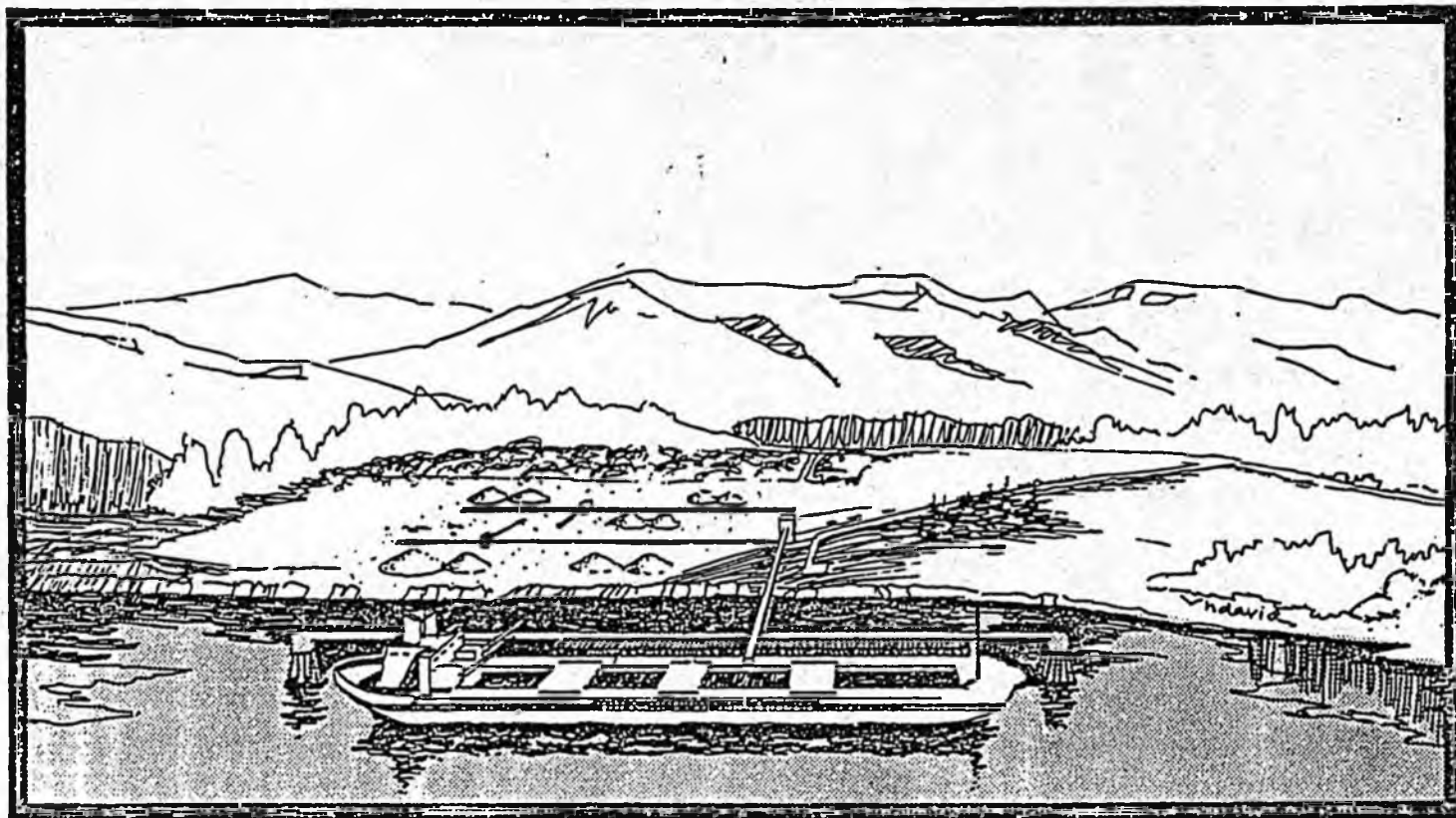
IV. DATE February 24, 1982 PREPARED BY J. R. Deagan
 AGENCY Office of Mineral/Development
 Original: Legislative Finance PHONE 465-2022
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

FEB 12 1982

Proposal

To the Twelfth Alaska Legislature

BERING RIVER COAL FIELD PORT AND TRANSPORTATION STUDY



Prepared by
Chugach Natives, Inc./KADCO

February 1982



CHUGACH NATIVES, INC.

903 WEST NORTHERN LIGHTS, SUITE 201 • ANCHORAGE, ALASKA 99503
(907) 276-1080 TELEX 26-497

February 10, 1982

Jalmar M. Kerttula, President
Alaska Senate
Pouch V
Juneau, Alaska 99811

Joe L. Hayes, Speaker
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Gentlemen:

The attached proposal requests an appropriation of \$456,500 from the Alaska Legislature for a Prefeasibility Study of the Bering River Coal Field Port and Transportation System.

Chugach Natives, Inc., expended over \$1 million in exploration and drilling work in the Bering River Field in 1981, and a similar investment is scheduled for this year. The attached proposal details how the requested State funds fit into the overall development plan for this Coal Field.

Chugach believes that it is appropriate for the State to fund this portion of the project because it will serve to promote the development of Alaskan natural resources other than oil and natural gas. Moreover, benefits from the production of Bering River coal will accrue not only to Chugach's 2,100 shareholders, but also to Cordova through the diversification of that community's economic base and through the possibility of an alternative source of electric power. The revenue sharing requirements of the Alaska Native Claims Settlement Act will further guarantee that the profits from this mine will be distributed all over the State of Alaska.

This appropriation request was not included in the Governor's proposed capital budget because at the time that that was compiled we had not yet received the positive results of last summer's drilling program.

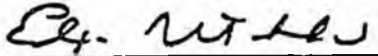
We should make clear that Chugach is not asking for this appropriation for itself to perform the requisite work. We do not even intend to bid on any of the work authorized by this appropriation, if it is authorized. We would prefer to see the funds channeled to the City of Cordova as the contract administrator, assuming that municipalities are awarded extraterritorial jurisdiction for port projects in pending legislation.

Our second preference for a funding entity would be the Department of Commerce and Economic Development, which has agreed to administer the project if the Legislature so decides.

Your favorable consideration of this proposal would be most appreciated. Please call us if you have any questions concerning it.

Sincerely,

CHUGACH NATIVES, INC.


Edgar Blatchford
Chairman of the Board


Lionel L. Drage
President

CONTENTS

	Page
Executive Summary	1
Introduction	2
Bering River Coal Field Development Plan	4
Port and Transportation Study	5
Summary of Funds Requested	7

EXECUTIVE SUMMARY

The high quality of Bering River coal has been known for 75 years. Drilling tests in 1981 reconfirmed this remarkably high quality and refuted the stereotype of Alaska coal as having high moisture content and low heating value. Probable recoverable reserves in the Bering River Coal Field have been identified in excess of 62 million tons; "possible" reserves are millions more. The precise extent of economically recoverable reserves, however, is currently undetermined. This uncertainty about the costs of Bering River Coal Field development is the reason for this proposal.

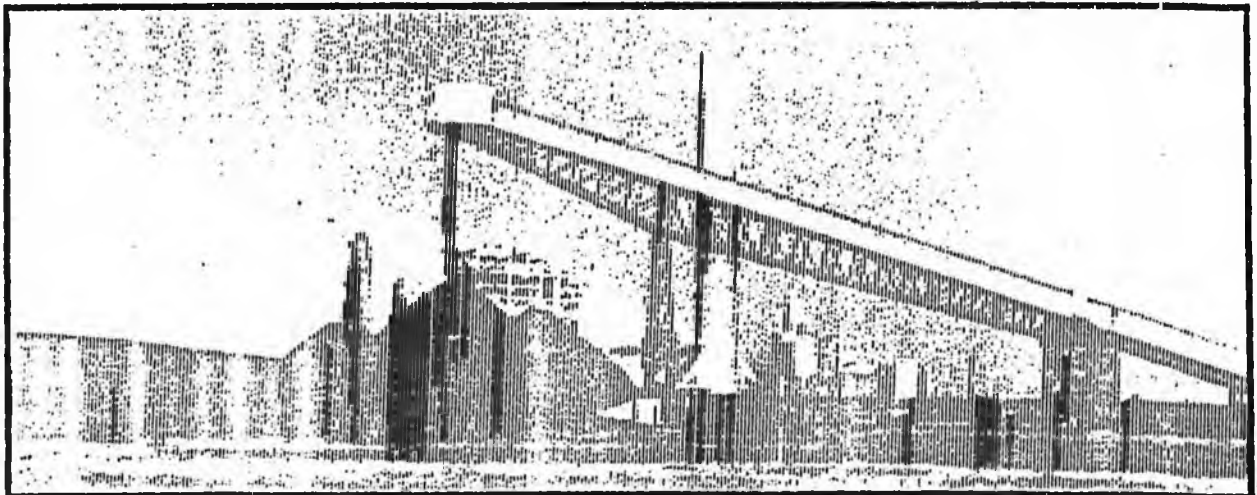
If the coal can be marketed profitably to Pacific Rim countries, the benefits to all Alaskans will be immense. Chugach Natives, Inc., has worked very hard for over a year to find compatible partners and to carry out preliminary studies and test drillings. All results have been positive, but a number of questions remain.

Our proposed Coal Port and Transportation Study will answer many, but not all, of these questions. It will provide information on whether more detailed engi-

neering and environmental analyses are potentially worthwhile, or whether mining and transporting the coal will simply be too costly.

This proposal requests funding for \$456,500 for this essential study. Chugach Natives, Inc., and KADCO, its joint venture partner, have already spend \$1 million and are committed to spending another million dollars in the coming year. This request represents a relatively small, although vital, part (15 percent) of the initial planning and conceptual phase budget of roughly \$3 million for 1981 through 1984.

For this investment, the state of Alaska will receive a straight answer to a question with potentially great significance to the state as a whole: Are the port and transportation concepts for the development of the Bering River Coal Field technically and economically viable, and are the requirements compatible with the high environmental standards of the state and Chugach Natives, Inc.?



INTRODUCTION

The Chugach region is located along 450 miles of the Alaska coast from lower Cook Inlet on the west to Icy Bay on the east. As the map below shows, the region includes the cities of Cordova, Seward, Valdez, and Whittier.

There are approximately 2,100 shareholders of Chugach Natives, Incorporated (CNI), one of the 12 Alaska Native regional corporations created under the Alaska Native Claims Settlement Act (ANCSA). Five village corporations, also created by this act, are located within this region. They are the Chenega, English Bay, Eyak, Port Graham, and Tatitlek village corporations.

The Chugach Region is a "melting pot" of Alaska Native cultures. The ancestry of the shareholders includes Aleut, Chugach Eskimo, and Eyak Indians. The Chugach people have occupied the Prince William Sound area for thousands of years.

The continued existence and livelihood of the Chugach people depends on a diversified economy as well as a clean environment. Many shareholders of CNI and other Chugach region residents are fishermen who depend on the continuing prosperity of the commercial salmon harvest. CNI's largest investment to date, the Orca seafood processing plant in Cordova, supports the region's involvement with this important industry.

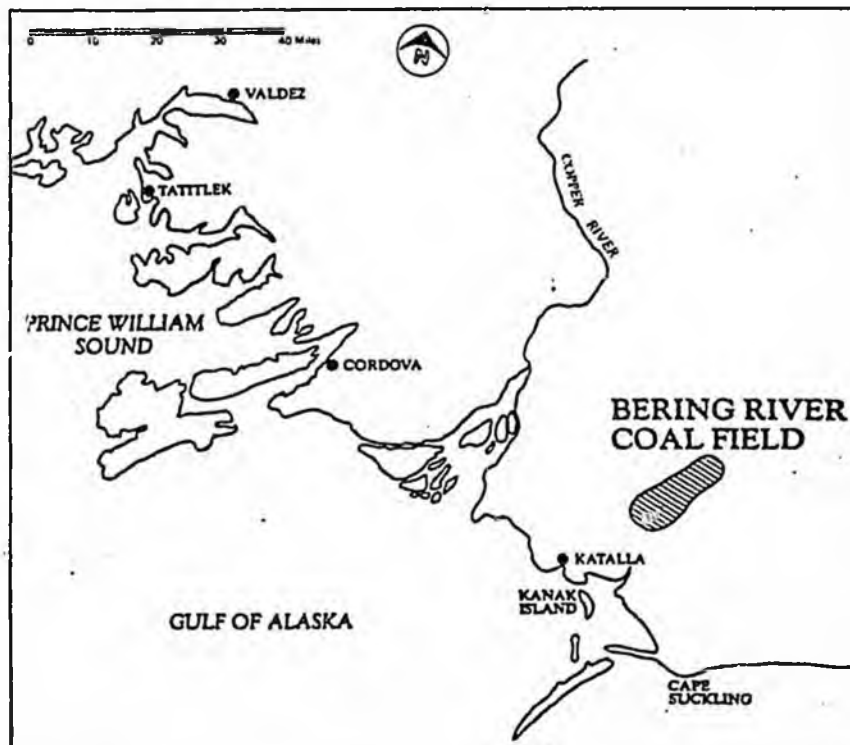
CNI promotes development that will broaden and stabilize the economic base while not jeopardizing the seafood industry.

The Bering River Coal Field Port and Transportation Study will be a major step toward diversifying and strengthening the economic base of the Chugach region. Development of the Bering River Coal Field will benefit:

- The 2,100 shareholders of Chugach Natives, Inc., through investment of their capital in a profitable venture
- The Cordova area economy, through the creation of hundreds of job opportunities and the diversification of the economic base
- The residents of Cordova, through the possible availability of electrical power from a mine-mouth power plant
- All Alaska Natives, through the revenue-sharing provision of the ANCSA
- The state of Alaska, through industrial growth and reduced regional dependence on state aid

Objective

The development of the Bering River Coal Field, like any other major project, will be expensive. For development to occur, many very difficult technical and economic questions must be answered and environmental concerns must be addressed. The proposed



Site Map

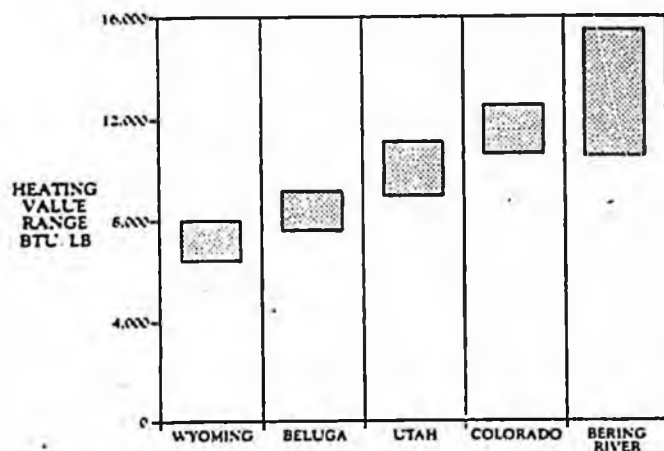
study will provide many, although admittedly not all, of the needed answers. It will attempt to answer enough questions about the potential port sites and transportation routing alternatives so that reasoned decisions can be made on whether or not to proceed with the next phase of preliminary engineering and permitting.

History

The commercial success of the Bering River Coal Field development seems probable based on the history of the field, the quality of the coal resource, and the interest already shown by potential buyers. The Katalla-Bering River area possessed the most valuable known fuel resources in Alaska until the development of the Cook Inlet oil and gas fields in the late 1950's and the North Slope discoveries in the late 1960's. The Bering River Coal Field was the first coal field discovered in Alaska, and 4 out of every 5 of the mining claims in the 1905 "coal rush" were made in this field. Regional development ceased in about 1916, however, for political reasons.

Coal Quality

The coal found in the Bering River field has long been recognized for its high quality. Alaska coal is, unfortunately, widely thought to be of lower quality than most other coals. This is a definite misconception in the case of Bering River coal, as the figure below demonstrates. Bering River coal compares very favorably with coal from Colorado, Utah, and Wyoming, as well as with coal from the Beluga fields. This fact is very encouraging because the Pacific Rim buyers of these other coals would compare Bering River coal against them.



Comparison of
Typical Coal Heating Values

Coal Reserves

Alaska may actually have more coal resources than the rest of the western United States, although actual mineral reserves are still anybody's guess due to limited drilling information. Over 62 million tons of recoverable reserves were identified in the Bering River Coal Field following a drilling program conducted in the summer of 1981. Another 28 million tons are estimated as possibly recoverable reserves. Additional coal reserves will be better defined in 1982 and thereafter. Estimates of "recoverable" and "potential" reserves have invariably proven low throughout the country.

The size of CNI's land selection in the Bering field, the amount of land under coal exploration license, is slightly under 70,000 acres.

Markets

Far East countries are developing into good markets for Alaska coal. These countries are expected to use nearly 200 million tons of thermal coal by the year 2000. The United States is forecast to export over 50 million tons of steam coal annually to Asian countries by the year 2000.

Chugach Natives, Inc. and KADCO Agreement

The proposed Coal Port and Transportation Study follows more than a year of planning activity by CNI. In April of 1981, CNI executed an agreement for exploration and development in the Bering River Coal Field with a consortium of four major Korean companies (KADCO). The consortium includes the two largest Korean trading companies, Hyundai Corporation and Samsung Company, Ltd.; and the two largest Korean coal mining companies, Daesung Consolidated Coal Mining Company, Ltd., and Samchok Consolidated Coal Mining Company, Ltd.

In May of 1981, this joint venture began an aggressive core drilling program under the first Federal coal exploration license ever issued in Alaska. CNI and KADCO are pleased with the results of the 1981 program, and in January of 1982 the partners signed an agreement to continue with a similar drilling program during 1982.

CNI has valid land selection rights to the eastern third of the Bering River Coal Field, in the Carbon Mountain area, under the ANCSA. CNI was offered title to the two thirds of the field now in the Chugach National Forest by the Federal government as part of its land settlement in the Chugach Region Study (Section 1430 of the Alaska National Interest Lands Conservation Act of December 2, 1980.)

BERING RIVER COAL FIELD DEVELOPMENT PLAN

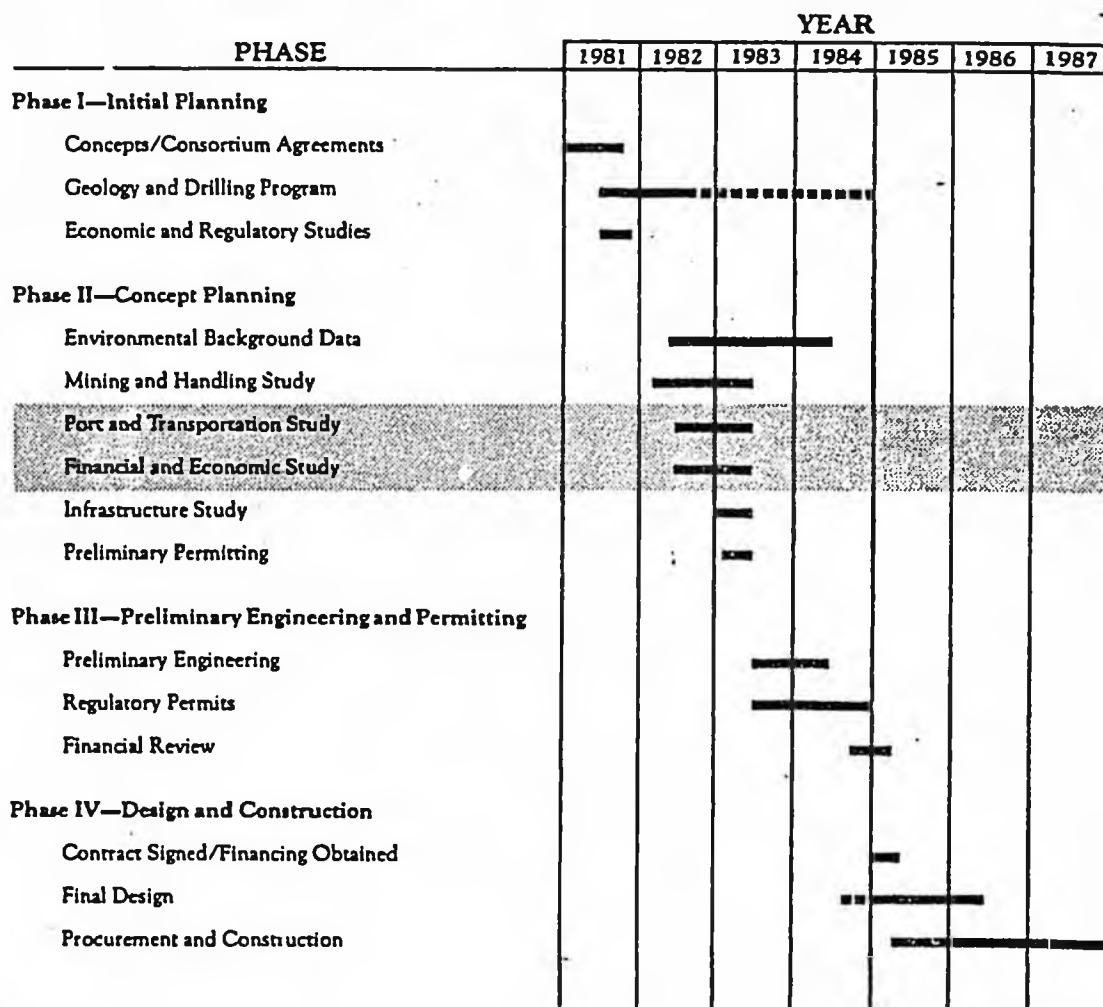
An Overview

The proposed Coal Port and Transportation Study follows more than a year of preliminary studies, test drilling, and consortium negotiations. A preliminary economic analysis, completed by KADCO in September 1981, concluded that economically recoverable coal resources are located in the Bering River field.

On the basis of these preliminary studies, Chugach Natives, Inc., and KADCO will continue development planning during 1982. A detailed market study is underway that will provide necessary baseline information for the Coal Port and Transportation Study. A number of technical, economic, and environmental issues were identified in the previous studies. The proposed study will provide many of the needed answers.

By following the development plan shown below, CNI can bring the Bering River Coal Field into production in a cost-effective manner. The development plan allows for periodic reappraisals of viability and a fast answer to the question of whether development of the coal field can or cannot be accomplished in a technically, environmentally, and economically sound manner.

As shown below, the Coal Port and Transportation Study follows initial studies that clearly indicated that further analysis of port and transportation alternatives is now warranted. This study will determine the advisability of proceeding with the remaining, more expensive, development phases. Although shown below as a separate analysis, the financial and economic analysis is considered in this proposal to be part of the Coal Port and Transportation Study.



Bering River Coal Field Development Plan

PORT AND TRANSPORTATION SYSTEM STUDY

The Coal Port and Transportation Study will provide many of the answers to key questions such as: Are port sites adequate? Can transportation corridors be created and maintained? What is the most cost-effective handling and transport system from mine to port?

The study has three main elements: a marine terminal investigation, a transportation systems investigation, and a financial and economic analysis. The terminal investigation includes three parts:

- A preliminary identification and assessment of terminal sites
- A marine geophysical and limited landside survey
- A detailed evaluation of conceptual layouts at the most promising sites

The transportation systems investigation will include:

- A preliminary mode and route evaluation
- A selection and detailed evaluation of a route plan
- A storage handling and loading evaluation

The financial and economic analysis of the overall development concept will be performed concurrent with the study. It will include:

- A market study to identify coal quantities, qualities, and likely vessel size
- A financial study to identify the ability of Bering River coal to compete with other world coal sources (such as Utah and Colorado) in the Asian markets, in terms of delivered cost per million Btu
- An economic study to identify the economic benefits and costs of coal field development

Transportation System Investigation

Objective

The transportation system investigation will address the technical, economic, and environmental aspects of transporting coal from the Bering River Coal Field to terminal sites in Katalla and Cordova.

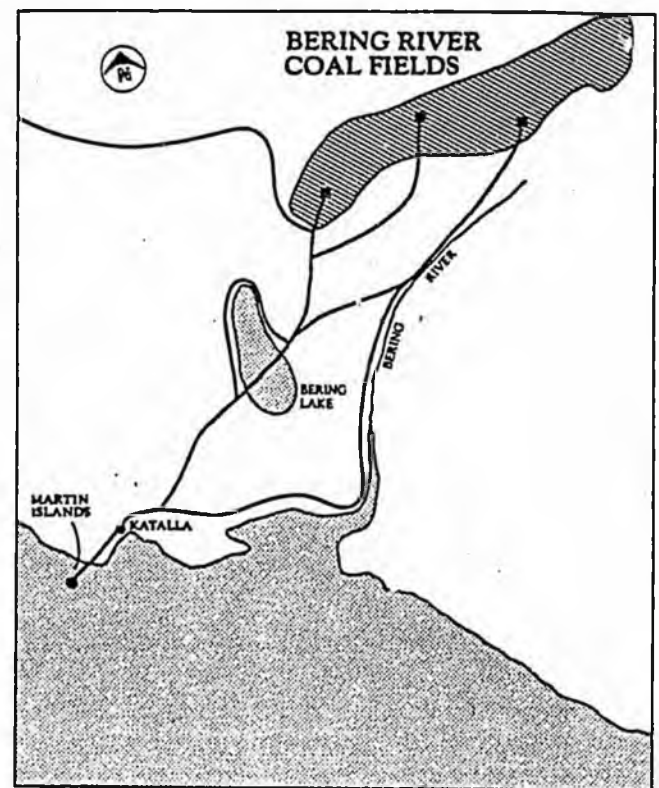
Scope

Design criteria for transporting coal via the modes of rail, truck, conveyor, and slurry will be defined first. These criteria will then be applied to those routes identified in preliminary studies conducted in 1981, shown on the figure at right. The selection of route and mode will require: (1) a reconnaissance survey of soil, drainage, relief, and geology; (2) a comparison

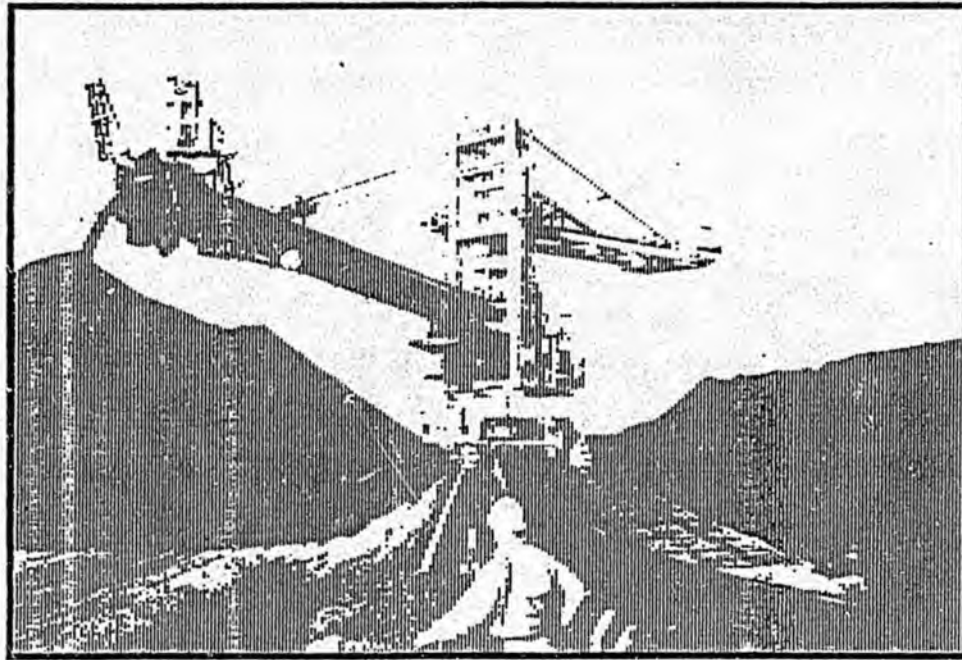
of construction, operation, and maintenance costs for each mode and route; and (3) a comparison of environmental impacts. This element of the study will evaluate: whether grades identified in the design criteria for each mode can be created and maintained; adequacy of soil conditions along the identified routes; effects on flora and fauna; energy requirements and sources; borrow material quantities and sources; effects of weather; and drainage characteristics for each mode and route alternative.

The location and layout of the coal terminal, including a storage and reclamation system, will also be analyzed. Topography, soil conditions, geologic hazards, waste material disposal requirements, storage requirements, power access, site rehabilitation requirements, cost, and environmental effects will be considered.

The optimal mode and route will be selected on the basis of technical, economic, and environmental criteria and conceptual plans and cost estimates will be prepared for them.



Transportation Routes



Marine Terminal Investigation

Objective

The marine terminal investigation will evaluate the location and developmental requirements of ship moorage and loading sites in the Katalla-Cordova region.

Scope

A preliminary analysis of available terminal sites in the Katalla-Cordova region will identify the most likely sites for detailed evaluation. Criteria will be identified for: receiving coal via rail, road, conveyor, and slurry; storing and preparing coal upland from the terminal; and loading barges and deep draft vessels. These criteria will be used to evaluate the available sites regarding their size and topography, drainage, flora and fauna, soils, geology, bathymetry, currents, waves, tides, sedimentation, and navigation.

More detailed evaluations and site plans will be prepared for the most likely sites. The decision criteria will be further refined for the transportation, storage, and preparation systems identified as most cost-effective in the transportation study. A marine geophysical survey will be conducted to provide necessary data on subsurface contours and depth to bedrock. This survey will show whether the sites will support piling and other port structures, and whether dredging will be required. Site-specific climatological and current data will be acquired using an automatic weather station and current meters.

Conceptual layouts, cost estimates, and maps of topography, soil conditions, geologic hazards, and envi-

ronmentally sensitive locations will be prepared for selected terminal sites. A final terminal site recommendation will be made on the basis of these considerations.

Financial and Economic Analysis

Objective

The financial and economic analysis will provide basic data, such as the required annual throughput, that are needed to optimize the port and transportation system design.

Scope

The analysis will be based on available published data verified through interviews with exporters, trading companies and shipping companies. It will provide an answer to the key question of whether Bering River coal reserves are economically recoverable.

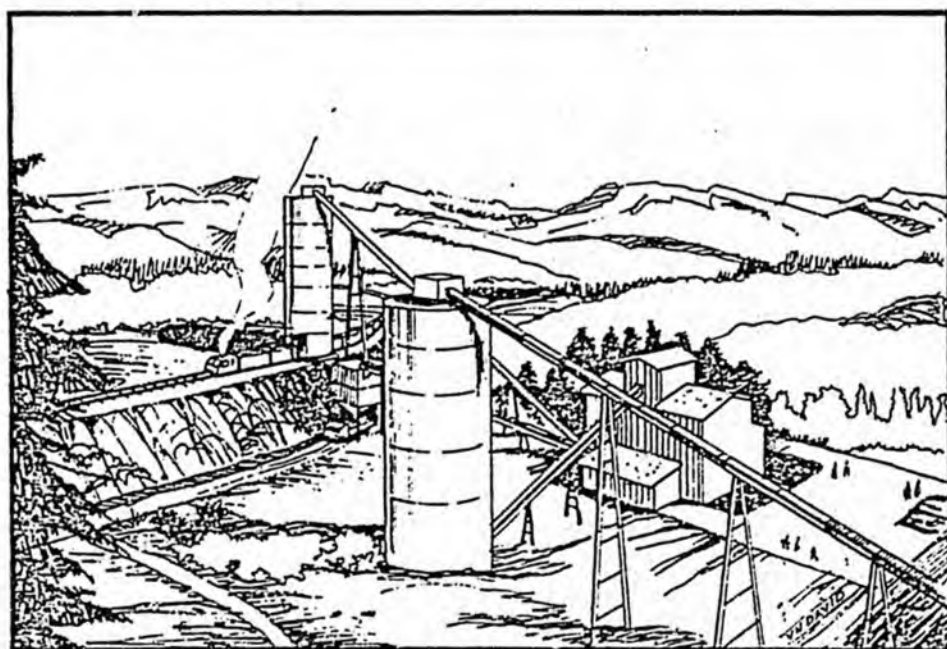
The financial and economic analysis will project the cost of Bering River coal in dollars per million Btu. Ocean transport and receiving facility handling costs will be provided by KADCO. The delivered cost of Bering River coal will then be compared with the projected costs of coal delivered from other West Coast states and Australia.

The economic evaluation of the development will include a comparison of net benefits and costs to the state of Alaska, all Alaska Natives, the residents of the Chugach region, and the shareholders of Chugach Natives, Inc. A discounted cash flow analysis will be used to compare benefits and costs.

SUMMARY OF FUNDS REQUESTED

Funding of \$456,500 is requested for this study. Actual funding for administrative support may change depending upon the requirements of the sponsoring agency. Chugach Natives, Inc., and KADCO have already spent \$1 million, and are committed to spending another million dollars in the coming year.

Study Element	Cost
Port and Transportation Study	
Transportation Systems Investigation	
Preliminary Mode and Route Investigation	\$ 25,000
Detailed Evaluation and Route Concepts	65,000
Handling, Storage, and Loading	
Evaluation	<u>55,000</u>
Subtotal	145,000
Marine Terminal Investigation	
Preliminary Terminal Site Evaluation	30,000
Marine Geophysical Survey	65,000
Detailed Evaluation and Site Concepts	<u>110,000</u>
Subtotal	205,000
Financial and Economic Analysis	
Market Identification	25,000
Economic Evaluations	20,000
Financial Projections	<u>20,000</u>
Subtotal	65,000
Total Port and Transportation Study	415,000
Administration (10 Percent)	41,500
TOTAL FUNDS REQUESTED	\$456,500





Box 1210 602 Railroad Avenue
Cordova, Alaska 99574
Phone: (907) 424-3237
or 424-3238

FEB 12 1982

"The Friendly City"

February 9, 1982

James A. Poor
Mayor

Perry D. Lovett,
Manager

Donna M. Sherby,
Clerk / Treasurer

Council Members
Don Narrance
Jay Bynum
Richard Groff
R.J. Kopchak
Garry Purvis
Joe Gunderson

Mr. Lionel L. Drage, President
Chguach Natives, Inc.
903 W. Northern Lights Blvd., Suite 201
Anchorage, AK 99503

Dear Mr. Drage:

The City of Cordova has been informed of your corporation's proposal to the Legislature to fund a Preliminary Feasibility Study of the necessary coal port and related transportation system for the Bering River Coal Field.

Cordova will be the community most directly affected by the development of the Bering River field. We have much to gain by the sound and prudent development of the fields including the diversification of our economic base, increased employment, and the possibility of an alternate source of electric power.

I believe that the proposal which you have submitted to the Legislature for the Prefeasibility Study is appropriate at this time and a legitimate means of State involvement in this project. We look forward to working with your corporation in the development of the project.

Very truly yours,

Perry D. Lovett
City Manager

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE

Chugach National Forest
2221 E. Northern Lights Blvd. Suite 238
Anchorage, Alaska 99508

FEB 12 1982

1920
February 8, 1982



Carl A. Propes, Jr., Director
Lands and Natural Resources
Chugach Natives, Inc.
903 W. Northern Lights Blvd., Suite 201
Anchorage, Alaska 99503

Dear Carl:

In response to your February 8 letter to Walt Sheridan the Forest Service would be pleased to participate with the State, the City of Cordova, Chugach Natives, Inc., and others in the proposed study of Bering River coal fields transportation options should such a study be undertaken. We would not be able to provide any funds for the study, but would make available appropriate personnel. As you know, the Copper River Delta contains extremely high wildlife and fisheries values. The Alaska Lands Act at Section 501(b) recognized the importance of these resources and provided that the Copper River/Bering River/Rude River area be managed for the primary purpose of conserving fish and wildlife and their habitats.

A study such as you propose is an excellent way to begin examining options for development of the Bering River coal deposits in an environmentally sound manner--with specific emphasis on the fish and wildlife resources. We would welcome the opportunity to be a part of this effort.

Sincerely,

CLAY G. BEAL
Forest Supervisor

Funding Information
General Fund \$456,500
Other Funds -0-
\$456,500

Introduced: 3/17/82
Referred: Transportation and
Finance

1 IN THE HOUSE

BY CATO

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 804

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation for payment as a
7 grant to the City of Cordova for a feasibility study of
8 the Bering River coal field port and transportation
9 system; and providing for an effective date."

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

11 * Section 1. The sum of \$456,500 is appropriated from the general fund
12 for payment as a grant to the City of Cordova for a feasibility study of the
13 Bering River coal field port and transportation system.

14 * Sec. 2. The appropriation made by this Act shall be disbursed in accor-
15 dance with AS 37.05.315 - 37.05.319.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 804

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 804
 Title Bering River Coal Field Port & Transportation Feasibility Study
 Requested by Representative Cato Date February 24, 1982

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
 Program Category Affected Development
 BRU, Program, Or Subprogram(s) Affected Office of Mineral Development or O.S.I.P.
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	0	0			
200 TRAVEL	0	0	0			
300 CONTRACTUAL	0	465.5	0			
400 COMMODITIES	0	0	0			
500 EQUIPMENT	0	0	0			
600 LAND & STRUCTURES	0	0	0			
700 GRANTS, CLAIMS, ETC.	0	0	0			
TOTAL	0	465.5	0			

FUNDING (Thousands of Dollars)

GENERAL FUND	0	465.5	0			
FEDERAL FUNDS	0	0	0			
OTHER (Specify Source)	0	0	0			

POSITIONS

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

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

The study(ies) will determine the feasibility of a potential coal development at Bering River (near Cordova) and the transportation system required.

The funding, up to \$465,500 will be entirely contractual and be administered in joint agreement with the City of Cordova and the Nonprofit Native Association for the Region involved, the North Pacific Rim Regional Native Association.

IV. DATE February 24, 1982 PREPARED BY J. R. Deagan
 AGENCY Office of Mineral Development
 Original: Legislative Finance PHONE 465-2022
 cc: Budget and Management

Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)