

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

1444

ANALYSIS (cont.):

Line 200 - \$15.0 is allotted in travel for death scene investigations, and for recruiting and training local and regional Medical Examiners and lay investigators.

Line 300 - \$45.2 will be need in the contractual for the lease of three venicles for use on the road system @ \$6.0/year/vehicle. \$27.2 will be used to contract with attorneys for the disposition of the deceased's estate and contracting with regional Medical Examiners and lay investigators.

Line 400 - \$5.0 in general office supplies.

Line 500 - \$35.0 will be needed for 5 computers, software and a LAN system, and office furniture.

Position Title Investigator I		No. of Positions 3	Range/Step 14A	Bargaining Unit GGU
Time Status PFT	Staff Months 36.0	Location Juneau/Anchorage/Fairbanks		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		95.6		
Benefits		39.7		
Premium Pay				
Other				
Total Personal Services		136.3		
Travel		15.0		
Contractual		18.0		
Commodities		3.0		
Equipment		15.0		
Other				
Total Cost		186.3		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GP Match			
1004	General Fund	186.3		
1005	GP/Program Receipts			
1007	I/A Receipts			
1037	GP/MI			
1061	CIP Receipts			
Other	()			
<p>Justification</p> <p>The Investigator positions will conduct death scene investigations in place of the coroner. This position will secure the death scene, evaluate whether an autopsy should take place. An investigator will be located in Juneau, Anchorage and Fairbanks.</p>				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services

BRU: State Health Services

COMPONENT: State Medical Examiner

FY97

Page: 3 of 6

Revised Date:

Position Title Investigator II		No. of Positions 1	Range/Step 16A	Bargaining Unit GGU
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		33.3		
Benefits		16.7		
Premium Pay				
Other				
Total Personal Services		50.0		
Travel				
Contractual		27.2		
Commodities		1.0		
Equipment		15.0		
Other				
Total Cost		93.2		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GP Match			
1004	General Fund	93.2		
1005	GP/Program Receipts			
1007	I/A Receipts			
1037	GP/MII			
1061	CIP Receipts			
Other ()				
Justification This position will serve as the lead death scene investigator. It will also be responsible for the training of lay investigators in the local communities.				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services
 BRU: State Health Services
 COMPONENT: State Medical Examiner

FY97

Page: 4 of 6
 Revised Date: _____

Position Title Administrative Clerk II		No. of Positions 1	Range/Step 8A	Bargaining Unit GGU
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		23.0		
Benefits		11.5		
Premium Pay				
Other				
Total Personal Services		34.5		
Travel				
Contractual				
Commodities		1.0		
Equipment		5.0		
Other				
Total Cost		40.5		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts			
1003	GF Match			
1004	General Fund	40.5		
1005	GF/Program Receipts			
1007	I/A Receipts			
1037	GF/MI			
1061	CIP Receipts			
Other ()				
Justification This position will give clerical support to the four professional positions. It will arrange travel, type forms, do transcription of the death scene investigation reports, perform filing and general clerical functions.				

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services

BRU: State Health Services

COMPONENT: State Medical Examiner

FY97

Page: 5 of 5

Revised Date:

FISCAL NOTE

No. 2
 Bill Number: HB 520
 (H) Publish Date: 3/6/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Alaska Court System
 Title: Inquests, Coroners, Post Mortems, etc. BRU: Trial Courts
 Component: _____
 Sponsor: House Finance
 Requestor: House Judiciary COMPONENT SERIAL NO. 768

Expnditures/Revenues (Thousands of Dollars)

EXPENDITURES/REVENUES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING EXPENDITURES						
PERSONAL SERVICES	(320.0)	(320.0)	(320.0)	(320.0)	(320.0)	(320.0)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANECUS						
TOTAL OPERATING	(320.0)	(320.0)	(320.0)	(320.0)	(320.0)	(320.0)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

Fund Source (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(320.0)	(320.0)	(320.0)	(320.0)	(320.0)	(320.0)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	(320.0)	(320.0)	(320.0)	(320.0)	(320.0)	(320.0)

Estimate of any current year (FY 96) cost: None

Positions

Full-Time	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation will transfer coroner and public administrator duties to Department of Health & Social Services.

Prepared by: C. S. Christensen III, Staff Counsel *CSC*
 Agency: Alaska Court System

Approved by: Arthur H. Snowden, II, Administrative Director *R7 CSC*
 Agency: Alaska Court System

Phone: 284-8228
 Date: 02/27/96
 Date: 02/27/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

Rev 1/96

COMMITTEE COPY

Attachment #3
3/13/96
95LS1678C.1 ✓
Lauerbach
3/13/96

adopted NO/OBJ

AMENDMENT #1

OFFERED IN THE HOUSE

TO: CSHB 520(FIN), draft, version "C"

1 Page 4, line 2, following "to":

2 Insert "perform or"

3 Page 5, line 29:

4 Delete "is"

5 Insert "and individuals who perform or assist the state medical examiner in performing
6 the duties of the state medical examiner under this section are"

9-LS16781C
Lauterbach
3/12/96

*with
amendment #1*

CS FOR HOUSE BILL NO. 520(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to death investigations and inquests, coroners, public
2 administrators, and medical examiners, including the state medical examiner;
3 relating to the jurisdiction of district court judges and magistrates in certain cases
4 involving death."

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

6 * Section 1. AS 09.55 is amended by adding new sections to read:

7 ARTICLE 2A. INQUESTS.

8 Sec. 09.55.062. DEATH INQUESTS. Upon petition by the state medical
9 examiner or a state prosecutor, a judicial officer shall conduct proceedings under
10 AS 09.55.062 - 09.55.069 to determine the cause and manner of a person's death. The
11 prosecutor shall present the evidence in the death inquest and assist the court in
12 instructing the jury and conducting the inquest only when the inquest is based on a
13 petition filed by the prosecutor or when the prosecutor requests to participate in the
14 proceedings.

1 Sec. 09.55.064. JURORS FOR INQUEST. (a) When a death inquest is to be
2 held under AS 09.55.062 - 09.55.069, the judicial officer shall promptly summon six
3 persons qualified by law to serve as jurors to appear before the court.

4 (b) When six jurors attend as required under (a) of this section, they shall be
5 sworn by the court to

6 (1) inquire into the identity of the deceased, and when, where, and by
7 what means the person died;

8 (2) inquire into the circumstances attending the death; and

9 (3) give a true verdict according to the evidence.

10 Sec. 09.55.066. SUBPOENA AND EXAMINATION OF WITNESSES. The
11 judicial officer or a prosecuting attorney may, when necessary to determine the material
12 facts relating to the death, subpoena and examine witnesses for a proceeding under
13 AS 09.55.062 - 09.55.069.

14 Sec. 09.55.068. VERDICT OF INQUEST JURY. After hearing the testimony,
15 the jury or two thirds of its number shall give its written verdict, signed and setting out

16 (1) the name of the deceased and when, where, and by what means the
17 deceased died; and

18 (2) whether the deceased was killed or the death was occasioned by the
19 act of another by criminal means.

20 Sec. 09.55.069. COMPENSATION AND EXPENSES ALLOWED. The
21 members of the jury and witnesses in an inquest under AS 09.55.062 - 09.55.069 are
22 entitled to the same compensation as in civil actions in a district court, and the
23 compensation and other incidental expenses shall be audited and allowed as in the case
24 of other similar expenses. When the judicial officer has submitted the petition to a jury
25 in compliance with AS 09.55.062 and there is no interested party or an estate from which
26 the costs of the proceedings can be audited and allowed, then the costs shall be paid
27 from the "relief fund" created by the laws dealing with lost persons, upon vouchers made
28 out, signed, and sworn to by the judicial officer.

29 * Sec. 2. AS 12.65 is amended by adding a new section to read:

30 Sec. 12.65.005. DUTY TO NOTIFY STATE MEDICAL EXAMINER. (a)
31 Unless the person has reasonable grounds to believe that notice has already been given,
32 a person who attends a death or has knowledge of a death, in addition to notifying a

1 peace officer, shall immediately notify the state medical examiner when the death
2 appears to have

3 (1) been caused by unknown or criminal means, during the commission
4 of a crime, or by suicide, accident, or poisoning;

5 (2) occurred under suspicious or unusual circumstances or occurred
6 suddenly when the decedent was in apparent good health;

7 (3) been unattended by a practicing physician or occurred less than 24
8 hours after the deceased was admitted to a medical facility;

9 (4) been associated with a diagnostic or therapeutic procedure;

10 (5) resulted from a disease that constitutes a threat to public health;

11 (6) been caused by a disease, injury, or toxic agent resulting from
12 employment;

13 (7) occurred in a jail or corrections facility owned or operated by the
14 state or a political subdivision of the state or in a facility for the placement of persons
15 in the custody or under the supervision of the state;

16 (8) occurred in a foster home;

17 (9) occurred in a mental institution or mental health treatment facility; or

18 (10) occurred while the deceased was in the custody of, or was being
19 taken into the custody of, the state or a political subdivision of the state or a public
20 officer or agent of the state or a political subdivision of the state.

21 (b) A person who attends a death or has knowledge of a death occurring in
22 circumstances other than those enumerated in (a) of this section may notify the state
23 medical examiners of the death if, in the person's opinion, a death investigation under
24 AS 12.65.020 - 12.65.025 may be appropriate.

25 (c) The body of a person whose death has been or should be reported to the state
26 medical examiner under this section may not be moved or otherwise disturbed without
27 the permission of the state medical examiner.

28 * Sec. 3. AS 12.65.015(a) is amended to read:

29 (a) The [IN ADDITION TO APPOINTING MEDICAL EXAMINERS UNDER
30 AS 12.65.010, THE] commissioner of health and social services shall appoint a
31 [ESTABLISH IN THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES THE
32 POSITION OF] state medical examiner to perform the duties set out in AS 12.65.015 -

1 12.65.025. The commissioner may also appoint a deputy medical examiner and
2 assistant medical examiners to assist the state medical examiner in performing these
3 duties. To be eligible for the position of medical examiner, deputy medical
4 examiner, or assistant medical examiner, a person must be a physician licensed to
5 practice in this state or, if the physician is licensed in another jurisdiction, the
6 physician must be employed by the state or by an agency of the United States
7 government within the state. The state medical examiner, deputy medical examiner,
8 and assistant medical examiners are [IS] in the exempt service under AS 39.25.110.

9 * Sec. 4. AS 12.65.015 is amended by adding a new subsection to read:

10 (d) The state medical examiner may, through contracts for services, appoint
11 local, regional, and district medical examiners throughout the state to perform or assist
12 in performing the duties assigned to the state medical examiner. To be eligible for
13 appointment as a local, regional, or district medical examiner, a person must be a
14 physician licensed to practice in this state or, if the physician is licensed in another
15 jurisdiction, the physician must be employed by the state or by an agency of the United
16 States government within the state. An appointment under this subsection may be for
17 a term of up to two years.

18 * Sec. 5. AS 12.65.020 is repealed and reenacted to read:

19 Sec. 12.65.020. MEDICAL DEATH INVESTIGATIONS. (a) When a death
20 is reported to the state medical examiner under AS 12.65.005, or when a person dies
21 under circumstances that, in the opinion of the state medical examiner, warrant an
22 investigation, the state medical examiner may perform a medical death investigation. In
23 performing the investigation, the state medical examiner may

24 (1) order that the body of the person who has died not be moved or
25 otherwise disturbed without the permission of the medical examiner;

26 (2) request a peace officer to secure the scene and perform an on-scene
27 investigation;

28 (3) view the remains of the deceased person;

29 (4) order the remains of the deceased to be transported to another
30 location;

31 (5) perform a post mortem examination;

32 (6) perform an autopsy;

- 1 (7) take possession of property considered necessary for the investigation;
2 (8) subpoena and examine a person or record necessary in the opinion
3 of the medical examiner to determine the material facts relating to the death; and
4 (9) take other actions appropriate under the circumstances to determine
5 the cause and manner of death.

6 (b) When the state medical examiner has completed an investigation or made the
7 inquiry considered appropriate by the examiner, the examiner shall prepare a report of
8 the examiner's findings and conclusions. If the findings and conclusions indicate that
9 the death may have been caused by criminal means, the state medical examiner shall
10 submit a copy of the report to the district attorney responsible for prosecutions in the
11 location where the death occurred. The state medical examiner's investigative report is
12 a privileged and confidential document, not subject to public disclosure under AS 09.25.
13 It may be disclosed to public officers and employees for a public purpose and, when
14 doing so will not interfere with an ongoing investigation or prosecution, to a person who
15 is related to the deceased or who has a financial or personal interest in the estate of the
16 deceased person.

17 (c) The state medical examiner or a prosecuting attorney may petition the court
18 to hold a death inquest under AS 09.55.062 if the findings and conclusions of the state
19 medical examiner, in the opinion of the state medical examiner or prosecuting attorney,
20 warrant the inquest. Otherwise, the state medical examiner shall cause a certificate of
21 death for the deceased person to be completed and filed as prescribed by law.

22 (d) The state medical examiner may direct the state registrar of vital statistics to
23 amend a death certificate when, in the opinion of the state medical examiner, the death
24 certificate is incomplete or inaccurate.

25 (e) The state medical examiner may enter into agreements for services to be
26 performed by persons in the course of medical investigations and may call upon public
27 employees, including a peace officer or a village public safety officer, to perform or
28 assist in performing the duties specified in this section.

29 (f) The state medical examiner is immune from civil liability based on
30 determining the cause and manner of a person's death.

31 (g) The Department of Health and Social Services shall adopt regulations to
32 implement this section.

1 * Sec. 6. AS 12.65.025(a) is amended to read:

2 (a) The state medical examiner [COMMISSIONER OF HEALTH AND
3 SOCIAL SERVICES] shall designate the facilities at which post mortem examinations
4 and autopsies ordered under this chapter may be performed. The Department of Health
5 and Social Services shall pay the costs of

6 (1) post mortem examinations and autopsies ordered under this chapter;

7 (2) related transportation to the location where the post mortem
8 examination is conducted and then to the community closest to where the death
9 occurred, except that transportation costs to another requested location may be paid
10 to the extent that the costs do not exceed the costs of returning the body to the
11 community closest to where the death occurred;

12 (3) embalming required by law; and

13 (4) cosmetology necessary to make the head, face, neck, and hands of
14 the deceased presentable if those parts of the body are disfigured by the post mortem
15 examination [AUTOPSY].

16 * Sec. 7. AS 12.65.100 is amended to read:

17 Sec. 12.65.100. UNCLAIMED BODIES. When a person dies and no person
18 appears to claim the body for burial, and no provision is made for the body under
19 AS 13.50, the [CORONER SHALL NOTIFY THE] Department of Health and Social
20 Services, upon notification, [WHICH] shall request a court order authorizing
21 [CAUSE] the body to be plainly and decently buried or cremated and the remains
22 decently interred. A judicial officer shall issue the requested order upon the sworn
23 testimony or statement of a representative of the Department of Health and Social
24 Services that a person has not appeared to claim the body for burial and provision
25 is not made for the body under AS 13.50.

26 * Sec. 8. AS 12.65 is amended by adding a new section to read:

27 Sec. 12.65.105. RELEASE OF PROPERTY TO TEMPORARY CUSTODIAN.
28 A person having possession of tangible personal property of a decedent may release the
29 property to a temporary custodian willing to take custody of and preserve the property
30 pending the appointment of a personal representative or other transfer under AS 13.16.
31 Upon execution of an affidavit that meets the requirements of court rules adopted to
32 implement this section, the person delivering possession of the property is discharged

1 from further obligation as though the person had dealt with the personal representative
2 of the estate, and the temporary custodian is answerable and accountable for the property
3 to any personal representative of the estate or to another person having a superior right.

4 * Sec. 9. AS 12.65.110 is amended to read:

5 Sec. 12.65.110. INVENTORY AND DISPOSITION OF PROPERTY. If a body
6 is unclaimed as described in AS 12.65.100 and money or other property belonging to the
7 deceased is found, the public administrator [CORONER] shall inventory it [FOR THE
8 CORONER'S RECORDS] and take it into possession [. THE CORONER SHALL,
9 WITHIN 30 DAYS AFTER INTERMENT, TRANSMIT A CERTIFIED COPY OF THE
10 INVENTORY AND THE MONEY OR PROPERTY TO THE PUBLIC
11 ADMINISTRATOR OF THAT JUDICIAL DISTRICT] for disposition under AS 13.16
12 [AS 22.15.320].

13 * Sec. 10. AS 18.50.230(d) is amended to read:

14 (d) When a death occurs without medical attendance, or when official inquiry
15 is required, the department shall provide by regulation, in accordance with law, the
16 responsibility for completing and signing the medical certification. This subsection is
17 intended to include, among others, cases involving a medical examiner [OR A
18 CORONER.] and cases involving presumption of death.

19 * Sec. 11. AS 22.15.030(a) is amended to read:

20 (a) The district court has jurisdiction of civil cases, including foreign judgments
21 filed under AS 09.30.200 and arbitration proceedings under AS 09.43.170, as follows:

22 (1) for the recovery of money or damages when the amount claimed
23 exclusive of costs, interest, and attorney fees does not exceed \$50,000;

24 (2) for the recovery of specific personal property, when the value of the
25 property claimed and the damages for the detention do not exceed \$50,000;

26 (3) for the recovery of a penalty or forfeiture, whether given by statute
27 or arising out of contract, not exceeding \$50,000;

28 (4) to give judgment without action upon the confession of the defendant
29 for any of the cases specified in this section, except for a penalty or forfeiture imposed
30 by statute;

31 (5) for establishing the fact of death or cause and manner of death of
32 any person in the manner prescribed in AS 09.55.020 - 09.55.069 [AS 09.55.020 -

1 09.55.060];

2 (6) for the recovery of the possession of premises in the manner provided
3 under AS 09.45.070 - 09.45.160 when the value of the arrears and damage to the
4 property does not exceed \$50,000;

5 (7) for the foreclosure of a lien when the amount in controversy does not
6 exceed \$50,000;

7 (8) for the recovery of money or damages in motor vehicle tort cases
8 when the amount claimed exclusive of costs, interest, and attorney fees does not exceed
9 \$50,000;

10 (9) over civil actions for taking utility service and for damages to or
11 interference with a utility line filed under AS 42.20.030;

12 (10) over cases involving injunctive relief for domestic violence under
13 AS 25.35.010 and 25.35.020.

14 * Sec. 12. AS 22.15.100 is amended to read:

15 Sec. 22.15.100. FUNCTIONS AND POWERS OF DISTRICT JUDGE AND
16 MAGISTRATE. Each district judge and magistrate has the power

17 (1) to issue writs of habeas corpus for the purpose of inquiring into the
18 cause of restraint of liberty, returnable before a judge of the superior court, and the same
19 proceedings shall be had on the writ as if it had been granted by the superior court judge
20 under the laws of the state in such cases;

21 (2) of a notary public;

22 (3) to issue marriage licenses and to solemnize marriages;

23 (4) to issue warrants of arrest, summons, and search warrants according
24 to manner and procedure prescribed by law and the supreme court;

25 (5) to act as an examining judge or magistrate in preliminary
26 examinations in criminal proceedings; to set, receive, and forfeit bail and to order the
27 release of defendants under bail;

28 (6) to act as a referee in matters and actions referred to the judge or
29 magistrate by the superior court, with all powers conferred upon referees by laws;

30 (7) of the superior court in all respects including but not limited to
31 contempts, attendance of witnesses, and bench warrants;

32 (8) to order the temporary detention of a minor, or take other action

1 authorized by law or rules of procedure, in cases arising under AS 47.10, when the
 2 minor is in a condition or surrounding dangerous or injurious to the welfare of the minor
 3 or others that requires immediate action; the action may be continued in effect until
 4 reviewed by the superior court in accordance with rules of procedure governing these
 5 cases;

6 (9) to issue a temporary order for injunctive relief in cases involving
 7 domestic violence as provided in AS 25.35.010 and 25.35.020;

8 (10) to review an administrative revocation of a person's driver's license
 9 or nonresident privilege to drive, and an administrative refusal to issue an original
 10 license, when designated as a hearing officer by the commissioner of public safety and
 11 with the consent of the administrative director of the state court system;

12 (11) to establish the fact of death or inquire into the death of a
 13 person in the manner prescribed under AS 09.55.020 - 09.55.069.

14 * Sec. 13. AS 22.15.110(a) is amended to read:

15 (a) Each district judge and magistrate shall

16 (1) [PERFORM THE DUTIES AND EXERCISE THE AUTHORITY
 17 OF CORONER AS PRESCRIBED BY LAW;

18 (2)] record birth, death, and marriage certificates presented to them for
 19 record in the manner prescribed by law;

20 (2) authorize the burial or disposition of bodies under AS 12.65.100;

21 and

22 (3) upon application by an appropriate person, appoint the person
 23 to assume temporary custody [TAKE CUSTODY AND CONTROL] of and preserve
 24 the property and estate of deceased persons until disposition of the property is made
 25 under AS 13.16 or further order is made by the court [A LEGAL CUSTODIAN IS
 26 APPOINTED;

27 (4) REPEALED].

28 * Sec. 14. AS 22.15.310 is amended to read:

29 Sec. 22.15.310. APPOINTMENT. When authorized by the supreme court, the
 30 presiding judge in each judicial district shall appoint a person to act as public
 31 administrator of the estates of deceased persons [AND AS CORONER].

32 * Sec. 15. AS 22.15.320 is amended to read:

1 Sec. 22.15.320. ADMINISTRATION OF DECEDENTS' ESTATES. When
2 letters of administration are issued to a public administrator by the superior court in the
3 district, the public administrator is the legal custodian of and shall administer the estates
4 of deceased persons who leave property within the district. Letters of administration
5 shall be issued to the public administrator when (1) administration of a decedent's estate
6 is required by law, and (2) a period of 30 days has elapsed from the date of death with
7 no letters testamentary or letters of administration having been applied for and issued to
8 any other person entitled by law to administer the estate of the deceased person. Except
9 as otherwise provided in AS 22.15.310 - 22.15.340 [AS 22.15.310 - 22.15.350], a public
10 administrator shall administer estates as other administrators, and has all the rights and
11 authority, and is subject to all the duties and liabilities of other administrators.

12 * Sec. 16. AS 36.30.850(b) is amended to read:

13 (b) This chapter applies to every expenditure of state money by the state, acting
14 through an agency, under a contract, except that this chapter does not apply to

15 (1) grants;

16 (2) contracts for professional witnesses to provide for professional
17 services or testimony relating to existing or probable lawsuits in which the state is or
18 may become a party;

19 (3) contracts of the University of Alaska where the work is to be
20 performed substantially by students enrolled in the university;

21 (4) contracts for medical doctors and dentists;

22 (5) acquisitions or disposals of real property or interest in real property,
23 except as provided in AS 36.30.080 and 36.30.085;

24 (6) disposals under AS 38.05;

25 (7) contracts for the preparation of ballots under AS 15.15.030;

26 (8) acquisitions or disposals of property and other contracts relating to
27 airports under AS 02.15.070, 02.15.090, 02.15.091, and AS 44.88;

28 (9) disposals of obsolete property under AS 19.05.060;

29 (10) disposals of obsolete material or equipment under AS 35.20.060;

30 (11) agreements with providers of services under AS ~~44.47.250~~;
31 AS 47.07; AS 47.08; AS 47.10; AS 47.17; AS 47.24; AS 47.25.195, and 47.25.310;

32 (12) contracts of the Department of Fish and Game for flights that

1 involve specialized flying and piloting skills and are not point-to-point;

2 (13) purchases of income-producing assets for the state treasury or a
3 public corporation of the state;

4 (14) operation of the state boarding school established under AS 14.16
5 [,] if the State Board of Education or the commissioner of education adopts regulations
6 for use by the state boarding school in procurement and contracting;

7 (15) a contract that is a delegation, in whole or in part, of investment
8 powers held by the commissioner of revenue under AS 14.40.400, AS 14.42.200,
9 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14:

10 (16) a contract that is a delegation, in whole or in part, of investment
11 powers or fiduciary duties of

12 (A) the Board of Trustees of the Alaska Permanent Fund
13 Corporation under AS 37.13:

14 (B) the Alaska Mental Health Trust Authority under
15 AS 37.14.001 - 37.14.099:

16 (17) the purchase of books, book binding services, newspapers,
17 periodicals, audio-visual materials, network information services access, approval plans,
18 professional memberships, archival materials, objects of art, and items for museum or
19 archival acquisition having cultural, historical, or archaeological significance; in this
20 paragraph,

21 (A) "approval plans" means book selection services in which
22 current book titles meeting an agency's customized specifications are provided
23 to the agency subject to the right of the agency to return those books that do not
24 meet with the agency's approval;

25 (B) "archival materials" means the noncurrent records of an
26 agency that are preserved after appraisal because of their value;

27 (C) "audio-visual materials" means nonbook prerecorded
28 materials, including records, tapes, slides, transparencies, films, filmstrips,
29 cassettes, videos, compact discs, laser discs, and items that require the use of
30 equipment to render them usable;

31 (D) "network information services" means a group of resources
32 from which cataloging information, holdings records, inter-library loans,

- 1 acquisitions information, and other reference resources can be obtained;
- 2 (18) contracts for the purchase of standardized examinations for licensure
- 3 under AS 08;
- 4 (19) contracts for home health care provided under regulations adopted
- 5 by the Department of Health and Social Services and for adult residential care services
- 6 provided under regulations adopted by the Department of Health and Social Services or
- 7 by the Department of Administration;
- 8 (20) contracts for supplies or services for research projects funded by
- 9 money received from the federal government or private grants;
- 10 (21) guest speakers or performers for an educational or cultural activity;
- 11 (22) contracts of the Alaska Industrial Development and Export Authority
- 12 for a clean coal technology demonstration project that
- 13 (A) is attempting to develop a coal-fired electric generation
- 14 project;
- 15 (B) uses technology that is capable of commercialization during
- 16 the 1990's; and
- 17 (C) qualifies for federal financial participation under P.L. 99 -190,
- 18 as amended;
- 19 (23) disposals of supplies acquired through foreclosure of loans issued
- 20 under AS 03.10;
- 21 (24) purchases of curatorial and conservation services to maintain,
- 22 preserve, and interpret
- 23 (A) objects of art; and
- 24 (B) items having cultural, historical, or archaeological significance
- 25 to the state;
- 26 (25) acquisition of confidential seismic survey data necessary for pre-sale
- 27 oil and gas lease analyses under AS 38.05.180;
- 28 (26) contracts for village public safety officers;
- 29 (27) purchases of supplies and services to support the operations of the
- 30 Alaska state troopers or the division of fish and wildlife protection if the procurement
- 31 officer for the Department of Public Safety makes a written determination that publicity
- 32 of the purchases would jeopardize the safety of personnel or the success of a covert

1 operation;

2 (28) expenditures when rates are set by law or ordinance;

3 (29) construction of new vessels by the Department of Transportation and
4 Public Facilities for the Alaska marine highway system;

5 (30) contracts entered into with a regional development organization; in
6 this paragraph, "regional development organization" has the meaning given in
7 AS 44.33.026;

8 (31) contracts that are to be performed in an area outside of the country
9 and that require a knowledge of the customs, procedures, rules, or laws of the area; or

10 (32) contracts that are between the Department of Law and attorneys who
11 are not employed by the state and that are for the review or prosecution of possible
12 violations of the criminal law of the state in situations where the attorney general
13 concludes that an actual or potential conflict of interest makes it inappropriate for the
14 Department of Law to review or prosecute the possible violations;

15 (33) contracts between the Department of Natural Resources and
16 contractors qualified to evaluate hydrocarbon development, production, transportation,
17 and economics, to assist the commissioner of natural resources in evaluating applications
18 for oil and gas royalty increases or decreases or other oil and gas royalty adjustments,
19 and evaluating the related financial and technical data entered into under
20 AS 38.05.180(j);

21 (34) contracts between the state medical examiner and a provider of
22 medical services to perform or assist in performing the duties assigned to the state
23 medical examiner in AS 12.65.020.

24 * Sec. 17. AS 39.25.110(13) is amended to read:

25 (13) the state medical examiner, deputy medical examiner, and
26 assistant medical examiners appointed under AS 12.65.015 and physicians licensed to
27 practice in this state and employed by the division of mental health and developmental
28 disabilities in the Department of Health and Social Services or by the Department of
29 Corrections;

30 * Sec. 18. AS 12.65.010, 12.65.030, 12.65.040, 12.65.050, 12.65.060, 12.65.070, 12.65.080,
31 12.65.090; AS 22.15.120(a)(10), and 22.15.350 are repealed.

LEGAL SERVICES

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

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

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 12, 1996

SUBJECT: Coroners, Public Administrators, etc. (CSHB 520(FIN); draft 9-LS1678\C)

TO: Representative Richard Foster
Attn: John Walsh

FROM: Terri Lutterbach
Legislative Counsel *TLutterbach*

Enclosed is the draft CS you requested for this bill. It is based on the material you submitted, but I have the following comments and questions:

(1) I have added sec. 15, which is not a section you asked for. It is necessary because the material you submitted removed a number of section citations from the repealer, but retained AS 22.15.350 in the repealer. Therefore, the reference to AS 22.15.350 that occurs in AS 22.15.320 needs to be amended. That's what sec. 15 does. However, I wonder if maybe AS 22.15.350 should be removed from the repealer instead. Maybe it should just be amended to remove the references to sections in AS 12.65, but to retain the reference to AS 22.15.110. Please review this matter and let me know if you would prefer to amend AS 22.15.350 rather than repeal it.

(2) The submitted material added several types of medical examiners: deputy, assistant, local, regional, and district medical examiners. In light of these additions, I recommend that you review sec. 5 of the bill carefully as to which duties are delegable and as to whether the immunity granted to the state medical examiner under AS 12.65.020(f) should be expanded to include the other medical examiners.

I would also note for your consideration that sec. 3 provides that the deputy and assistant medical examiners may "assist" the state medical examiner. However, sec. 4 provides that the local, regional, and district medical examiners may "perform or assist in performing the duties assigned to the state medical examiner." Is the difference intentional? One type may only assist, while the other type may perform or assist in performing? This difference in language is part of what makes me wonder which duties are delegable and whether the immunity needs to be expanded.

Please let me know if I can be of further assistance on this matter.

TML:glc
96-159.glc
Enclosure

Sectional Analysis for draft CS for HB 520(FIN) version 9-LS1678\C

This bill establishes a unified state medical examiner system in Alaska and abolishes the position of coroners. Alaska is one of only 18 states that still utilizes both medical examiners (in the executive branch) and coroners (in the judiciary) for death investigations. A hybrid system such as this can result in a duplication of efforts and expense and, in Alaska, has generated some confusion as to the responsibilities and authority of each.

Section 1 of the bill is essentially a housekeeping measure, renaming "coroners' inquests" as "death inquests" and moving the authorizing statutes from AS 12.65 to AS 09.55, where the presumptive death statutes are already located. A death inquest can be initiated at the request of the medical examiner or a district attorney.

Section 2 sets out the circumstances in which the state medical investigator must be notified of a death. These are essentially unanticipated deaths caused by other than natural means. If the state medical examiner concludes that it is appropriate to do so, the examiner will perform a medical death investigation under AS 12.65.020.

The Committee Substitute contains an amendment that requires the state medical examiner to be notified when a person dies while in the custody of a municipality or a municipal employee, as well as when the person dies in the custody of the state or an agent of the state. There is no reason to limit the duty of notification to instances when a death occurs in state custody and not require notification when a death occurs while a person is in the custody of a municipality.

Section 3 amends the state medical examiner statute to authorize the commissioner of Health & Social Services to appoint local, regional, or district medical examiners to assist in performing the duties of the medical examiner. The deputy and assistant state medical examiners are in the exempt service. This is also set out in section 17 of the bill.

Section 4 gives the state medical examiner authority to contract with physicians around the state for assistance in performing the duties of his office.

Section 5, amending AS 12.65.020, represents the core of this bill. It transfers jurisdiction over the bodies of those who die unattended by a physician from coroners to the state medical examiner. The state medical examiner is authorized to view the remains of the deceased person, perform a post mortem examination, and take any other action necessary to make a proper determination of the cause of death, including taking possession of any property deemed necessary to the investigation. The state medical examiner is authorized to call upon public employees, including peace officers and village public safety officers, to provide assistance necessary to complete the medical death investigation. If the examiner concludes that death may have been caused by criminal means, a copy of the report of the medical examiner's findings and conclusions is to be submitted to the district attorney, who is authorized to initiate criminal proceedings.

An amendment to the bill extends the medical examiner's immunity to those who assist him in performing the duties of office.

Section 6 clarifies that the state will pay the costs of transporting a body to the location where a post mortem examination is to be conducted, and then the costs of returning the body to the community where the death occurred or to such other location as relatives may request to the extent that the costs of such transportation do not exceed the costs of returning the body to the place of death.

Section 7 authorizes the Department of Health and Social Services to provide burial or cremation services for unclaimed bodies.

Sections 8 and 13 relate to the tangible property of a decedent. This bill originally transferred the functions of public administrators from the judiciary to the Department of Health & Social Services. It has been determined, however, that the transfer of these functions presents complications that will require additional time to resolve. Accordingly, under this Committee Substitute, the judiciary will continue to provide the functions of the public administrator.

Section 8 codifies the existing practices of persons who act as temporary custodians of property before a personal representative is appointed. At the same time, it clarifies the legal obligations of the respective parties to minimize issues of liability in these situations. The court system anticipates adopting and making available forms for temporary property custodians to use.

Section 9 changes a reference from the coroner to the public administrator.

Section 13 addresses liability concerns raised by law enforcement officials regarding their release of property following a person's death. This section authorizes district court judges and magistrates to appoint a person to take temporary custody of some or all of a deceased person's property. A person who is seeking the release of property from a law enforcement agency can be required by the agency to obtain this court order/appointment; law enforcement agencies will then be immune for actions taken in response to the court order. The judiciary expects to adopt forms that will make this process easy and quick to use.

Section 16 of the bill exempts from the procurement code contracts entered into by the medical examiner with health care providers to assist in medical examiner functions -- such as a contract with a physician or a hospital in an area outside of Anchorage to determine the cause of death in certain cases public administrator with law firms to handle the probate proceedings. This replaces a provision in the original bill that related to public administrators' contracts for legal services, which is no longer needed in view of the judiciary retaining the public administrator functions.

The remaining sections of the bill -- 9, 10, 11, 12, 14, 15, and 18 -- amend statutes in the criminal and judicial codes to delete references to coroners that are no longer necessary.

3/6/96

(7) HOUSE COMMITTEE REPORT
Date Referred to Committee: February 16, 1996

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/4/96

The JUDICIARY Committee considered:

HB 520

HOUSE BILL NO. 520

INQUESTS, CORONERS, POST MORTEMES, ETC.

"An Act relating to death investigations and inquests, coroners, public administrators, and medical examiners, including the state medical examiner; relating to the jurisdiction of district court judges and magistrates in certain cases involving death."

recommends it be replaced with the following committee substitute _____ [] the same title [] a new title

[] additional referral to _____ Committee
[] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
(2) [X] fiscal note(s) MISS, courts [] fiscal note(s) _____

[X] zero fiscal note(s) P.S. [] zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Brian Porter</i>	Porter	<input checked="" type="checkbox"/>			
<i>Con Bunde</i>	Bunde	<input checked="" type="checkbox"/>			
<i>John Tooley</i>	Tooley	<input checked="" type="checkbox"/>			
<i>John Vezen</i>	Vezen	<input checked="" type="checkbox"/>			
<i>John Finkelstein</i>	Finkelstein	<input checked="" type="checkbox"/>			
		(5)			

CHAIR'S SIGNATURE *Brian Porter*

HB

520

SFIN

FILE

REPORTED OUT OF
SFC 4/27/96

SENATE FINANCE COMMITTEE REPORT

DATE: 4/4/96

DATE TURNED INTO OFFICE: 4-27-96

The Finance Committee considered CS FOR HOUSE BILL NO. 520(FIN)

Relating to death investigations and inquests.

and recommends:

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

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
#1 DPS	7/28/90	0	
#2 DHSS	3/7/96		287.6
#5 Courts	3/7/96		(287.6)

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No. 55FC 4/27/96

Bill Version: CSHB 520(FIN)

(H) Publish Date: 3/18/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: 03/12/96

Title: Inquests, Coroners, Post Mortems, etc.

Dept. Affectec: Alaska Court System

SRU: Trial Courts

Component: _____

Sponsor: House Finance

Requestor: House Finance

COMPONENT SERIAL NO. 768

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES:	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	(287.5)	(287.5)	(287.5)	(287.5)	(287.5)	(287.5)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(287.5)	(287.5)	(287.5)	(287.5)	(287.5)	(287.5)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

Fund Sources

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(287.5)	(287.5)	(287.5)	(287.5)	(287.5)	(287.5)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	(287.5)	(287.5)	(287.5)	(287.5)	(287.5)	(287.5)

Estimate of any current year (FY 96) cost: None

Positions

Full-Time	(4.75)	(4.75)	(4.75)	(4.75)	(4.75)	(4.75)
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation will transfer coroner duties to the Department of Health & Social Services.

Prepared by: C. S. Christensen III, Staff Counsel

Agency: Alaska Court System

Phone: 264-3229

Date: 03/12/96

Approved by: Arthur H. Snowden, II, Administrative Director

Agency: Alaska Court System

Date: 03/12/96

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03-02 PM

Rev 1/96

Page 1 of 1

COMMITTEE COPY

STATE OF ALASKA
1996 LEGISLATIVE SESSION

REPORTED OUT OF
SFC 4/27/96

No. 4
Version: CSHB 520(FIN)
(H) Publish Date: 3/18/96

Revision Date: 03/07/96 Dept. Affected: Health and Social Services
Title: An act relating to death investigations and BRU: State Health Services
inquests, coroners, public administrators, etc. Component: State Medical Examiner
Sponsor: House Finance COMPONENT SERIAL NO. 293
Requestor: House Finance See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES	219.3	225.3	230.9	236.7	242.6	248.7
TRAVEL	15.0	15.0	15.0	15.0	15.0	15.0
CONTRACTUAL	18.0	18.0	18.0	18.0	18.0	18.0
SUPPLIES	4.8	4.8	4.8	4.8	4.8	4.3
EQUIPMENT	30.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	287.6	263.1	268.7	274.5	280.4	286.5

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES						
---------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	287.6	263.1	268.7	274.5	280.4	286.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	287.6	263.1	268.7	274.5	280.4	286.5

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

FULL-TIME	51	51	51	51	51	51
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note is a funding transfer between the Alaska Court System and the Department of Health and Social Services to accommodate the transfer of responsibilities associated with HB 520.

The Court System is transferring \$287.6 GF for the following Lines:

Line 100 - \$219.8 in Personal Services

- Investigator I, range 14, PFT, GGU, Anchorage
- Investigator I, range 14, PFT, GGU, Anchorage
- Investigator I, range 14, PFT, GGU, Anchorage
- Investigator II, range 16, PFT, GGU, Anchorage
- Administrative Clerk II, range 8, PFT, GGU, Anchorage

Inflation factor of 2.5% is built in for FY98 and later years

Prepared by: Peter M. Nakamura, MD, MPH
Division: Public Health
Approved by Com: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: (907) 465-3090
Date: 03/07/96
Date: 2/7/96

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ANALYSIS (cont.):

Line 200 - \$15.0 is allotted in travel for death scene investigations, and for recruiting and training local and regional Medical Examiners and lay investigators.

Line 300 - \$18.0 will be need in the contractual for the lease of three vehicles for use on the road system @ \$6.0/year/vehicle.

Line 400 - \$4.8 in general office supplies.

Line 500 - \$30.0 will be needed for 5 computers, software, LAN system, and office furniture.

Position Title Investigator I		No. of Positions 3	Range/Step 14A	Bargaining Unit GGU	Bill No. CSHB 520
Time Status PFT	Staff Months 36.0	Location Juneau/Anchorage/Fairbanks		Election District	
TYPE of EXPENDITURE		AMOUNT			
Salary		96.6			
Benefits		39.7			
Premium Pay					
Other					
Total Personal Services		136.3			
Travel		15.0			
Contractual		18.0			
Commodities		3.0			
Equipment		15.0			
Other					
Total Cost		186.3			
FUNDING SOURCE for TOTAL COST					
1002 Federal Receipts					
1003 GP Match					
1004 General Fund		186.3			
1005 GP/Program Receipts					
1007 I/A Receipts					
1037 GP/MII					
1061 CIP Receipts					
Other ()					
<p>Justification</p> <p>The investigator positions will conduct death scene investigations in place of the coroner. This position will secure the death scene, evaluate whether an autopsy should take place. These positions will be located in Anchorage.</p>					

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services

BRU: State Health Services

COMPONENT: State Medical Examiner

FY97

Page: 3 of 6

Revised Date:

Position Title Investigator II		No. of Positions 1	Range/Step 16A	Bargaining Unit GGU	Bill No. CSHB 520
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District	
TYPE of EXPENDITURE		AMOUNT			
Salary		33.3			
Benefits		16.7			
Premium Pay					
Other					
Total Personal Services		50.0			
Travel					
Contractual		27.2			
Commodities		1.0			
Equipment		15.0			
Other					
Total Cost		93.2			
FUNDING SOURCE for TOTAL COST					
1002	Federal Receipts				
1003	GP Match				
1004	General Fund	93.2			
1005	GP/Program Receipts				
1007	I/A Receipts				
1037	GP/MII				
1061	CIP Receipts				
Other ()					
<p>Justification</p> <p>This position will serve as the lead death scene investigator. It will also be responsible for the training of lay investigators in the local communities.</p>					

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services

BRU: State Health Services

COMPONENT: State Medical Examiner

FY97

Page: 4 of 6

Revised Date: _____

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

REPORTED OUT OF
4/27/96

Bill Version: BB 520
 (H) Publish Date: 3/6/96

Revision Date: _____ Dept. Affected: Public Safety
 Title: Inquests, Coroners, Post Mortems, etc. BRU: Alaska State Troopers
 Component: Detachments and CIB
 Sponsor: House Finance Committee
 Requestor: H. Judiciary COMPONENT SERIAL NO. 0799 and 0830

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES () Revenue Code	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 96) impact: \$ _____

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Lt. Dan Lowden Phone: 465-5505
 Division: Alaska State Troopers Date: February 27, 1996
 Approved by Commissioner: *Del Smith* Date: 2/28/96
 Agency: Ronald L. Otte, Department of Public Safety

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SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 3/20/96

FURTHER: Finance

DATE TURNED INTO OFFICE: 4-3-96

The Judiciary Committee considered CS FOR HOUSE BILL NO. 520(FIN)

Relating to death investigations and inquests, coroners, public administrators, and medical examiners, including the state medical examiner, relating to the jurisdiction of district court judges and magistrates in certain cases involving death.

PH 0 + 45

and recommends:

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

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Linda Green</i>	✓				
<i>Mike Miller</i>	✓				
<i>Al Adams</i>	✓				
<i>Chair: Jeffrey Taylor</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>Trial Courts</i>	<i>7/2/91</i>		<i>(287.1)</i>
<i>Social Services</i>	<i>3/7/91</i>		<i>287.1</i>
<i>Public Safety</i>	<i>2/25/91</i>	✓	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

3/25/96 S(Jud) Fin

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSHB 520 (FIN)

Revision Date: 03/12/96 Dept. Affected: Alaska Court System
 Title: Inquests, Coroners, Post Mortems, etc. BRU: Trial Courts
 Sponsor: House Finance Component: _____
 Requestor: House Finance COMPONENT SERIAL NO. 788

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 89	FY 00	FY 01	FY 02
PERSONAL SERVICES	(287.6)	(287.6)	(287.6)	(287.6)	(287.6)	(287.6)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(287.6)	(287.6)	(287.6)	(287.6)	(287.6)	(287.6)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

Fund Sources (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(287.6)	(287.6)	(287.6)	(287.6)	(287.6)	(287.6)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	(287.6)	(287.6)	(287.6)	(287.6)	(287.6)	(287.6)

Estimate of any current year (FY 96) cost: None

Positions

Full-Time	(4.75)	(4.75)	(4.75)	(4.75)	(4.75)	(4.75)
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation will transfer coroner duties to the Department of Health & Social Services.

Prepared by: C. S. Christensen III, Staff Counsel Phone: 264-8228
 Agency: Alaska Court System Date: 03/12/96

Approved by: Arthur H. Snowden, II, Administrative Director Date: 03/12/96
 Agency: Alaska Court System

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H/S 520

HB

525

HFIN

FILE

GREENWICH ASSOCIATES

Public Pension Funds Flash Report January 1996

Thank you most sincerely for participating in our recent research on the largest public pension funds in the United States. Here is a preliminary release of our findings, based on 325 personal interviews with fund officials across the country. You will receive your personal copy of the complete Greenwich Report in the near future.

Public fund investments in domestic common stocks increased from 40.1% of assets in 1994 to 42.0% in 1995. These funds expect a decline to 40.9% of assets by the end of 1998. International investments fell slightly last year, from 11.1% to 10.6%, as domestic security prices advanced sharply, but are expected to resume growth, reaching nearly 14% of assets by the end of 1998.

Domestic fixed-income investments bounced back last year, but are expected to resume their downward trend over the next three years.

Real estate equities have declined in recent years but are expected to bounce back sharply over the next several years.

Public funds' expected rates of return for international equities declined (from 11.3% to 10.2%), while those for domestic stocks (S&P 500) rose (from 9.2% to 9.8%). Return expectations for actively managed bonds (at 7.5%) and equity real estate (at 7.2%) rose modestly, while those for 90-day Treasury bills were unchanged at 4.7%. Inflation is expected to average 3.4% over this period.

Change in Projected Asset Mix

Type of Investment	1992 Actual	1993 Actual	1994 Actual	1995 Actual	1998 Estimated	1995-1998 Change
<i>Common stocks</i>						
Active	24.4%	22.2%	22.8%	25.3%	23.2%	-2.1
Passive	15.7	19.1	17.3	16.7	17.7	1.0
Total	40.1	41.2	40.1	42.0	40.9	-1.1
<i>International</i>						
Active stocks	3.2	3.5	6.5	6.4	7.9	1.5
Passive stocks	1.2	1.7	2.1	2.2	3.6	1.4
Bonds	1.2	1.5	2.5	1.9	2.2	0.2
Total	5.6	6.8	11.1	10.6	13.7	3.1
<i>Bonds</i>						
Active	33.6	31.6	29.3	32.3	28.7	-3.6
Immunized or dedicated	2.6	1.7	0.8	0.9	2.3	1.5
Other passive	4.4	6.3	4.1	2.4	2.7	0.2
Total	40.6	39.6	34.1	35.6	33.7	-1.9
Equity real estate	4.2	3.8	3.8	3.4	4.4	1.0
Real estate mortgages	—	—	3.2	2.8	2.5	-0.3
Guaranteed investment contracts	0.4	0.4	0.7	0.3	0.3	*
Cash and short-term securities	4.2	4.2	3.3	3.1	1.7	-1.5
Other	5.0	3.9	3.6	2.2	2.8	0.6

Note: Percents are dollar-weighted and projected to the Greenwich Associates universe of public funds.

Rate of Return and Inflation Expectations, by Plan Assets

Type of Investment	Public Funds				Over \$1,000 Million	\$251- 1,000 Million	\$101-250 Million	\$100 Million and Under
	1992	1993	1994	1995				
Base	(151)	(123)	(161)	(161)	(57)	(43)	(37)	(24)
90-day Treasury bills	5.0%	4.2%	4.7%	4.7%	4.4%	4.8%	5.1%	5.2%
Actively managed bonds	8.0	7.4	7.3	7.5	7.2	7.4	7.6	8.0
S&P 500 stock average	10.0	9.0	9.2	9.8	9.7	9.6	9.9	10.5
Equity real estate	6.1	6.6	7.1	7.2	8.4	6.8	6.4	5.8
International equities	11.0	10.7	11.3	10.2	10.4	10.2	9.5	10.2
Expected rate of inflation	—	—	—	3.4	3.2	3.6	3.5	3.4

Note: Mean percents for average annual rate of return and inflation expectations over the next five years.

Public funds' use of value stocks and growth stocks bounced back and is now over 80% for both types of investments. The proportion of funds using active international stocks has jumped sharply, from 40% in 1992 to 62% currently. Use of passive international stocks, international bonds, and small cap stocks has also risen. Half of public funds continue to use equity real estate. Looking ahead, one fifth of public funds plan to start using active international stocks, significantly more than any other investment type.

Actuarial assumptions have declined modestly. Expected returns on assets are down from 8.2% to 8.1%, and salary increase assumptions are off slightly more, from 5.7% in 1993 to 5.4% in 1995.

Monthly benefits paid to *all* retirees rose 7% last year, to \$977 per month. The typical public fund is 91% funded—up from 87% in each of the past two years. Funded pension assets of \$1,445 billion are available to meet total obligations of \$1,585 billion, with \$140 billion still *unfunded*.

Public Fund Demand for Different Types of Investments

Type of Investment	Now Use					Will Start Using				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Active core equity	—	—	52%	56%	44%	—	—	1%	1%	1%
Value stocks—Total	89%	88%	79	78	83	*%	2%	3	1	6
Large cap	—	—	—	—	75	—	—	—	—	*
Mid-cap	—	—	—	—	39	—	—	—	—	2
Small cap	—	—	—	—	44	—	—	—	—	5
Growth stocks—Total	79	82	79	75	81	2	4	2	2	6
Large cap	—	—	—	—	71	—	—	—	—	1
Mid-cap	—	—	—	—	41	—	—	—	—	2
Small cap	—	—	—	—	50	—	—	—	—	2
Small cap stocks—Total	56	57	62	60	63	6	8	6	2	6
Passive domestic stocks	37	38	41	35	37	5	1	2	2	2
International stocks—Total	43	44	52	58	68	25	24	28	27	22
Active	42	40	48	54	62	23	22	26	23	20
Passive	16	20	20	20	25	7	8	7	6	4
Active or passive bonds—Total	95	95	93	95	92	14	12	17	13	8
Domestic	94	94	93	93	92	6	2	2	2	*
International	18	22	23	25	29	10	10	15	11	8
Balanced funds	—	28	28	26	17	—	1	1	1	0
Equity real estate	50	50	52	50	52	3	2	2	2	2
Tactical asset allocation	13	14	13	11	12	2	1	3	3	2

Actuarial Assumptions and Funding

	1993	1994	1995
Return on plan assets	8.2%	8.2%	8.1%
Salary increase assumptions	5.7	5.6	5.4
Monthly benefits paid to all participants	\$ 798	\$ 913	\$ 977
Unfunded obligation*	180	191	140
Funded assets*	1,222	1,252	1,445
Total obligation*	1,402	1,443	1,585
Funding ratio	87%	87%	91%

*In billions.

Mean fees paid by public funds to outside managers continue to rise modestly, from 32.4 basis points in 1993, to 34.0 in 1994, and to 35.1 in 1995, but remain nearly 20% below the 43 basis points paid by corporate and endowment funds.

Fees paid to domestic *stock* managers are only 11% higher, at 39 basis points, while fees paid to domestic *bond* managers are 18% lower, at 29 basis points.

The proportion of public entities offering retiree healthcare programs to employees continues to decline steadily, from 50% in 1993 to 48% in 1994 and to 46% in 1995.

However, 24% of public funds are prefunding benefits (up from 21%), and 33% plan to transfer surplus pension assets to accomplish this funding, up from 30% last year.

Change in Mean Fees Paid to Outside Managers

	All Outside Managers					Domestic Stock Manager		Domestic Bond Manager	
	1991	1992	1993	1994	1995	1994	1995	1994	1995
Corporate Funds	41.1	44.2	45.4	44.7	43.1	52.6	50.0	34.9	32.0
Over \$1 billion	35.8	38.2	37.3	33.3	40.4	42.9	46.4	25.5	28.9
\$101-1,000 million	44.0	42.6	47.1	47.2	44.2	56.0	52.5	36.4	34.0
\$100 million and under	40.2	51.3	50.4	50.3	43.4	54.9	48.6	43.6	31.6
Public Funds	31.0	33.3	32.4	34.0	35.1	37.2	38.9	25.3	28.8
State	26.0	29.0	30.5	28.8	26.8	30.2	31.1	18.9	20.5
Municipal	33.1	34.3	32.7	35.8	38.1	39.8	41.5	27.1	31.1
Over \$1 billion	24.8	28.8	31.5	29.7	27.3	33.4	31.2	20.0	19.6
\$101-1,000 million	34.7	35.1	33.7	35.8	38.0	39.8	42.7	25.9	31.3
\$100 million and under	31.1	35.4	30.9	36.7	40.6	37.4	41.7	31.5	35.4
Endowments	43.9	44.4	44.5	45.2	43.3	49.3	48.3	31.1	29.8
Over \$1 billion	42.4	39.3	37.5	39.7	42.8	42.3	39.9	27.8	23.0
\$251-1,000 million	41.2	41.6	44.5	44.0	42.1	46.1	47.6	29.0	27.7
\$250 million and under	47.7	48.6	46.8	47.4	44.8	54.2	51.5	34.3	33.6
Total Funds	37.6	39.6	39.5	40.1	39.7	44.9	44.8	29.7	30.0

Note: Excluding none and expressed in basis points.

Retiree Healthcare

Plan Assets	Have Program			Prefund Benefits for Program		Transferable Surplus Pension Assets	
	1993	1994	1995	1994	1995	1994	1995
Over \$1 billion	44%	42%	40%	31	40	29	41
\$251-1,000 million	46	46	42	17	22	57	50
\$250 million and under	57	55	54	17	16	17	9
Total Public Funds	50%	48%	46%	21%	24%	30%	33%

Public fund officials receive an average salary of \$65,200, up 0.6% from 1994. State fund officials receive an average salary of \$69,200, while municipal fund officials receive \$63,300. For the 9% of officials eligible to receive a bonus, it averages \$9,900 (15% of base salary)—up from \$8,200 last year.

Public funds are increasing internal *investment* staff. Total professional staff is up from 4.1 to 4.9—due to a big jump in staff managing internal investments (from 3.0 to 5.0). At the same time, *administrative* staff is down: Staff monitoring and evaluating managers is down from 2.9 to 2.3, while staff performing administrative functions is down from 2.6 to 2.2.

Change in Mean Total Compensation

	Salary				Bonus*			
	1992	1993	1994	1995	1992	1993	1994	1995
Corporate Funds	\$ 89.4	\$ 93.0	\$ 87.3	\$ 92.8	\$17.2	\$22.7	\$16.9	\$20.2
Over \$1 billion	104.9	101.7	94.3	106.0	22.5	25.6	19.2	25.8
\$501-1,000 million	92.8	92.5	92.7	96.5	17.9	19.1	22.2	20.1
\$251- 500 million	84.1	88.7	82.6	86.5	12.8	21.2	16.0	16.1
\$101- 250 million	84.5	90.8	83.5	89.7	15.8	21.7	14.1	19.5
\$ 51- 100 million	85.3	92.6	83.1	84.9	15.9	27.4	14.0	18.7
\$50 million and under	84.6	89.3	98.3	86.3	17.2	19.3	19.9	15.6
Public Funds	\$ 61.7	\$ 63.3	\$ 64.8	\$ 65.2	\$ 5.9	\$ 5.0	\$ 8.2	\$ 9.9
State	68.7	72.8	70.8	69.2	9.9	10.6	13.9	21.1
Municipal	58.6	59.7	61.6	63.3	1.8	1.8	2.9	5.0
Over \$1 billion	71.6	75.2	75.6	75.4	9.0	8.4	18.4	15.8
\$251-1,000 million	62.3	62.6	64.4	65.3	1.3	1.9	3.0	2.1
\$101- 250 million	56.4	56.6	61.1	56.9	2.8	2.5	1.5	1.5
\$ 51- 100 million	52.1	51.7	54.0	55.2	6.8	1.8	1.8	0.8
\$50 million and under	52.8	47.7	47.5	52.9	0.8	—	3.1	—
Endowments	\$ 91.1	\$ 91.3	94.6	\$100.4	\$18.0	\$17.0	\$ 16.1	\$13.5
Over \$1 billion	110.3	122.0	118.8	123.4	17.8	32.1	27.9	27.4
\$251-1,000 million	94.5	91.4	96.0	96.4	19.0	11.1	5.2	8.8
\$250 million and under	79.8	81.7	84.9	98.2	14.5	15.0	12.3	11.5
Total Funds	\$ 80.8	\$ 83.1	\$ 80.8	\$ 85.4	\$16.5	\$21.3	\$16.1	\$18.9

Note: In thousands and excluding none.

*Based on respondents eligible for a bonus.

Mean Number of Professionals Within Sponsor Organization

	Monitor Current Managers and Evaluate Prospective Firms		Perform Administrative Functions		Manage Internal Investments		Total Professionals	
	1994	1995	1994	1995	1994	1995	1994	1995
Public Funds								
State	3.5	2.8	3.1	2.7	3.8	5.6	5.5	6.8
Municipal	2.5	2.0	2.3	2.0	2.0	1.7	3.2	3.3
Over \$1 billion	3.5	3.0	3.4	2.8	4.2	7.1	7.4	8.6
\$251-1,000 million	2.7	2.2	2.3	2.4	2.0	2.0	3.0	3.7
\$101- 250 million	2.8	1.7	2.2	5	2.0	1.2	2.5	2.7
\$ 51- 100 million	2.3	2.1	2.3	2.1	2.0	1.0	2.3	2.5
\$50 million and under	3.5	1.4	2.0	1.6	—	—	3.5	2.4
Total Public Funds	2.9	2.3	2.6	2.2	3.0	5.0	4.1	4.9

Note: Excluding none.

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 21, 1996

FURTHER REFERRALS:

Date of Committee Action: 3/1/96

The FINANCE Committee considered:

HB 525

HOUSE BILL NO. 525

PERMANENT FUND INVESTMENTS

"An Act designating certain permissible investments by the Alaska Permanent Fund Corporation in taxable municipal or state debt securities and corporate debt securities; changing the allocation limits on domestic and nondomestic government and corporate securities, nondomestic corporate promissory notes, domestic and nondomestic corporate stocks, and taxable government debt securities; and providing for an effective date."

recommends it be replaced with the following committee substitute [] the same title [] a new title

[] additional referral to _____ Committee [] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date) [] fiscal note(s) [] fiscal note(s)

[X] zero fiscal note(s) Rev. [] zero fiscal note(s)

Table with columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Rows include signatures and names like Hankey, Brown, Mulder, Martin, Parnell, Kohring, Grussendorf, and Foster.

CHAIR'S SIGNATURE Mark Hanley Richard Foster

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act designating certain permissible investments BRU: APFC
by the Alaska Permanent Fund Corporation... Component: APFC
 Sponsor: House Finance
 Recusor: House Finance COMPONENT SERIAL NO. 109

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	III					
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See attached memorandum dated February 27, 1996 from Byron I. Mallott to the members, House Finance Committee.)

Prepared by: Byron I. Mallott, Executive Director Phone: (907) 465-2047
 Division: Alaska Permanent Fund Corporation Date: 2/27/96
 Approved by Commissioner: [Signature] Date: 2/28/96
 Agency: Department of Revenue

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Alaska Permanent Fund Corporation
P.O. Box 25500 Juneau, Alaska 99802-5500
(907) 465-2047

MEMORANDUM

DATE: February 27, 1996

TO: Members, House Finance Committee

FROM: Byron I. Mallott
Executive Director

SUBJECT: **Projected Effects of Passage of HB 525, Relating
to Permanent Fund Investments**

The purpose of the bill is straight forward: to give the Board of Trustees an opportunity to earn more income for the Permanent Fund over the long term by allowing the Board to allocate a higher percentage of the Fund's assets to equities and to lower-level investment-grade debt securities.

The benefits of the bill, hopefully, will be expressed in increased dollars earned by your Permanent Fund in future years. Exactly how much additional income will be generated by these proposed changes is dependent on how the financial markets perform in the future, but the following analysis provides an illustrative example.

Permanent Fund Equities at Market Value

<u>Current Holdings</u>	<u>Maximum under HB 525</u>	<u>Difference</u>
\$8.665 billion	\$9.336 billion	\$671 million

If the Trustees were to allocate the maximum 50% to equities (given the Fund's current \$18.7 billion market value), they would be increasing the Fund's percentage holdings of an asset class which has an expected total return over the next five years ranging from 9.5% for U.S. large cap stocks, to 10.2% for non-U.S. stocks to 10.5% for U.S. small cap stocks. Simultaneously, the Fund would be decreasing its percentage holdings in an asset class with an expected total return over the next five years of 6.8% (fixed income). The difference in annual return for \$671 million earning 9.5% instead of 6.8% is \$2,300,000.

Impact of Increasing Permanent Fund Holdings of A- and Baa-Rated Corporate Debt Securities

Given the \$8.2 billion market value of the Fund's fixed-income portfolio as of January 31, 1996, the Trustees would have to increase the Permanent Fund's holdings in A-rated paper by \$240 million and Baa-rated paper by \$480 million to equal the percentage weighting in these investment-grade securities held in the corporate component of the Lehman Brothers Government/Corporate Index.

(Note: This is very much the type of flexibility being sought in this legislation. The Trustees would like to be able, through the Fund's in-house investment staff and/or the new external fixed-income managers, to take advantage of investment opportunities in this component of the investment-grade corporate universe, if and when they arise.)

In any event, if the Fund were to purchase the A-and Baa-rated paper as indicated above, and if future fixed-income returns were to equal the average historical returns for the period 1991-1995, the Fund would earn an additional 39 basis points on the increased A-rated securities (11.14% for A vs. 10.75% for AA) and an additional 111 basis points on the Baa-rated securities (11.86% for Baa vs. 10.75% for AA).

Increase in "A"	\$240 million	x	39 bp	=	\$936,000
Increase in "Baa"	\$480 million	x	111 bp	=	<u>\$5,328,000</u>
					\$6,264,000

The combined potential increase in income from increased holdings of equities and lower-rated investment grade corporate debt securities, given the above assumptions, would thus total \$8,564,000 (\$2,300,000 in stocks plus \$6,264,000 in bonds). Over five years, that total increase in income would amount to more than \$40 million.

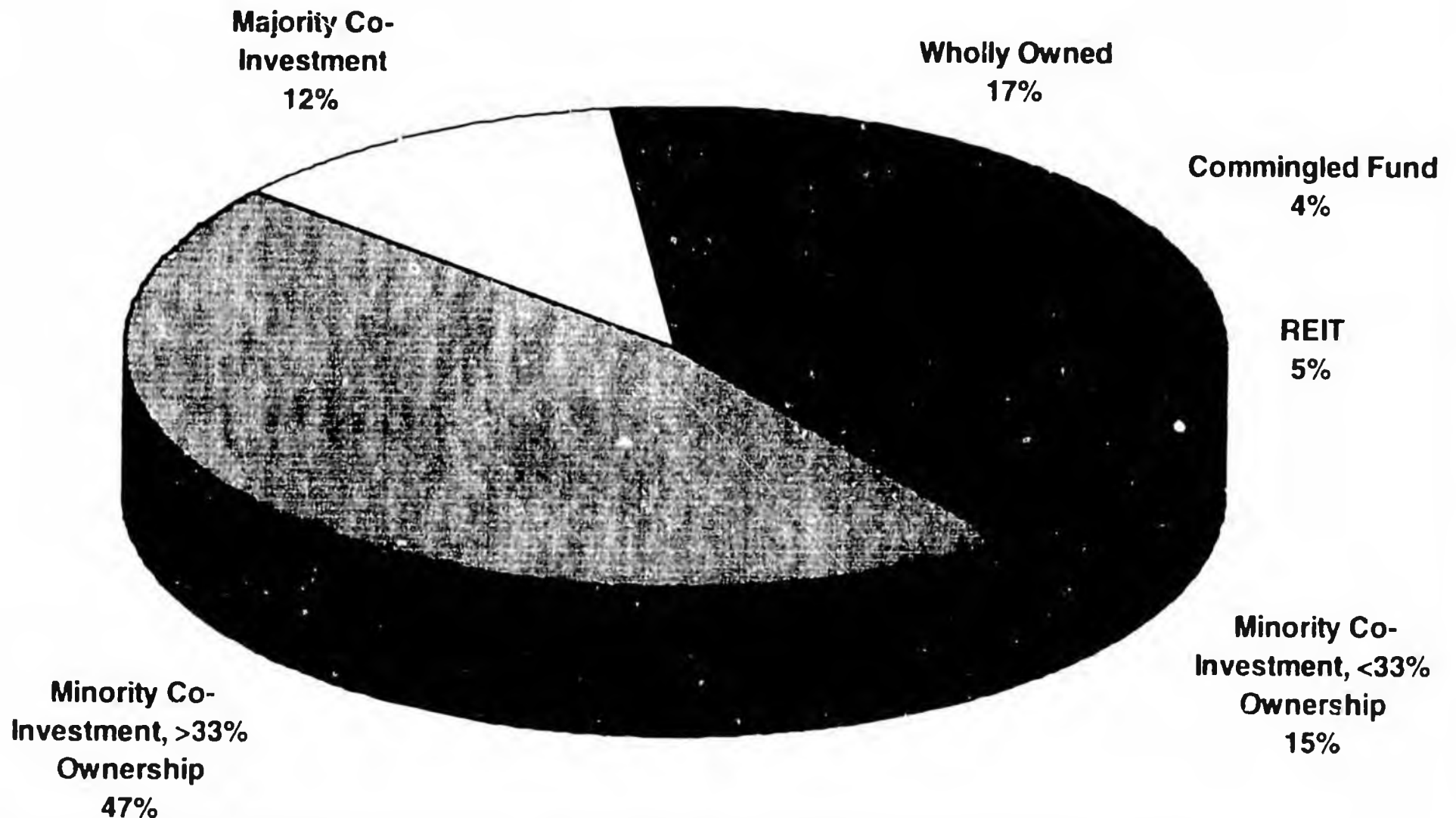
It should be noted, of course, that increased opportunities for return also bring increased risks. Increased percentage holdings of equities and debt securities in investment grades below AA could lead to more volatile annual returns in the short term. The Trustees believe, however, that the slight increase in risk is manageable in the short term, and will provide meaningful returns in the long term

House Bill 525
February 27, 1996
Page 3

Finally, it should also be noted that the Trustees view this legislation as remedial because, even with these changes in investment authorization, the allowable asset allocation of the Fund essentially tracks the current median of the plan sponsor universe. In order to compete effectively in the financial markets of the 21st century, it may be necessary to seek additional legislative authorization to optimize future Permanent Fund risk and returns.

Permanent Fund Real Estate

Ownership Interests as of December 31, 1995



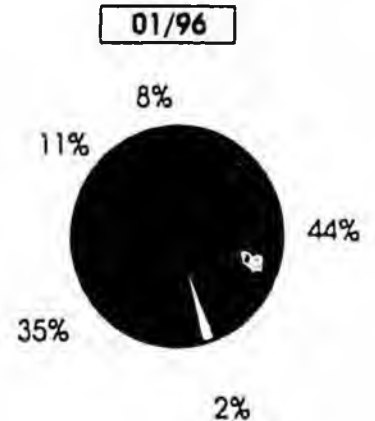
ALASKA PERMANENT FUND CORPORATION
INVESTED FUNDS SUMMARY
January 31, 1996

	<u>COST</u>	<u>%</u>	<u>MARKET</u>	<u>%</u>	<u>UNREALIZED GAINS(LOSSES)</u>	<u>YIELD</u>
CASH & PENDINGS	\$ 404,747,000	2.48%	\$ 404,747,000	2.16%	\$ -	5.19%
FIXED INCOME SECURITIES	7,829,548,000	48.03%	8,223,997,000	43.90%	394,449,000	6.94%
DOMESTIC EQUITIES	4,862,493,000	29.83%	6,664,345,000	35.58%	1,801,852,000	2.40%
NON-DOMESTIC EQUITIES	1,742,506,000	10.69%	2,001,006,000	10.68%	258,500,000	3.08%
REAL ESTATE	1,461,445,000	8.97%	1,438,304,000	7.68%	(23,141,000)	6.98%

INVESTED FUNDS	<u>\$ 16,300,739,000</u>	<u>100.00%</u>	<u>\$ 18,732,399,000</u>	<u>100.00%</u>	<u>\$ 2,431,660,000</u>	<u>5.13%</u>
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INVESTED FUNDS
ACTUAL & TARGET ALLOCATIONS

	01/95	06/95	06/98 TARGET	01/96
□ CASH	5%	5%	0%	2%
■ FIXED INCOME	47%	44%	45%	44%
■ DOMESTIC EQUITY	29%	33%	35%	35%
■ NON-DOM EQUITY	11%	10%	10%	11%
■ REAL ESTATE	8%	8%	10%	8%
TOTAL	100%	100%	100%	100%



ALASKA PERMANENT FUND CORPORATION
FIXED INCOME SECURITIES
January 31, 1996

	COST	%	MARKET	%	UNREALIZED GAINS(LOSSES)	YIELD
TREASURY NOTES/BONDS	\$ -	-	\$ -	-	\$ -	-
CORP. NOTES/BONDS	124,454,000	1.59%	126,121,000	1.53%	1,667,000	7.88%
TOTAL SHORT TERM MARKETABLE DEBT	124,454,000	1.59%	126,121,000	1.53%	1,667,000	7.88%
TREASURY NOTES/BONDS	4,003,943,000	51.12%	4,163,911,000	50.63%	159,968,000	6.72%
CORPORATE NOTES/BONDS	946,513,000	12.09%	993,261,000	12.08%	46,748,000	7.22%
OTHER US AGENCY	268,209,000	3.43%	274,685,000	3.34%	6,476,000	6.36%
YANKEE BONDS	78,847,000	1.01%	87,788,000	1.07%	8,941,000	8.57%
TOTAL INTERMEDIATE MARKETABLE DEBT	5,297,512,000	67.65%	5,519,645,000	67.12%	222,133,000	6.82%
TREASURY NOTES/BONDS	1,305,800,000	16.68%	1,410,213,000	17.15%	104,413,000	6.83%
CORPORATE NOTES/BONDS	632,304,000	8.08%	678,514,000	8.25%	46,211,000	7.26%
GNMA POOLS	128,137,000	1.64%	133,838,000	1.63%	5,701,000	8.11%
OTHER US AGENCY	171,403,000	2.19%	179,153,000	2.18%	7,750,000	6.82%
YANKEE BONDS	93,938,000	1.20%	100,513,000	1.22%	6,575,000	8.16%
TOTAL LONG TERM MARKETABLE DEBT	2,331,582,000	29.79%	2,502,231,000	30.43%	170,650,000	7.07%
TOTAL MARKETABLE DEBT SECURITIES	7,753,548,000	99.03%	8,147,997,000	99.08%	394,449,000	6.95%
ALASKA CD's	76,000,000	97%	76,000,000	.92%	-	5.44%
TOTAL FIXED INCOME SECURITIES	\$ 7,829,548,000	100.00%	\$ 8,223,997,000	100.00%	\$ 394,449,000	6.94%

ALASKA PERMANENT FUND CORPORATION
REAL ESTATE HOLDINGS
January 31, 1996

	<u>COST</u>	<u>%</u>	<u>MARKET</u>	<u>%</u>	<u>UNREALIZED GAIN(LOSS)</u>	<u>YIELD</u>
REIT	\$ 62,162,000	4.25%	\$ 68,115,000	4.74%	\$ 5,954,000	7.08%
COMMINGLED FUNDS	70,090,000	4.80%	58,045,000	4.04%	(12,045,000)	4.42%
RETAIL	463,840,000	31.74%	471,348,000	32.76%	7,508,000	6.38%
OFFICE	362,896,000	24.83%	342,838,000	23.84%	(20,058,000)	6.15%
INDUSTRIAL	179,932,000	12.31%	169,720,000	11.80%	(10,213,000)	8.19%
RESIDENTIAL	<u>322,078,000</u>	<u>22.04%</u>	<u>327,791,000</u>	<u>22.79%</u>	<u>5,714,000</u>	<u>8.67%</u>
TOTAL COMMERCIAL REAL ESTATE	\$ 1,460,998,000	99.97%	\$ 1,437,857,000	99.97%	\$ (23,141,000)	6.98%
MORTGAGES	447,000	.03%	447,000	.03%	-	-
TOTAL REAL ESTATE	<u>\$ 1,461,445,000</u>	<u>100.00%</u>	<u>\$ 1,438,304,000</u>	<u>100.00%</u>	<u>\$ (23,141,000)</u>	<u>6.98%</u>

EQUITIES
UNREALIZED GAINS AND LOSSES
January 31, 1996

	COST	%	MARKET	%	UNREALIZED GAINS(LOSSES)
DOMESTIC (INDEX)	\$ 1,000,623,000	15.15%	\$ 1,493,860,000	17.24%	\$ 493,236,000
DOMESTIC (ACTIVE)	2,311,132,000	34.99%	3,256,208,000	37.57%	945,076,000
NON-DOMESTIC (ACTIVE)	454,531,000	6.88%	568,073,000	6.56%	113,543,000
GLOBAL DOMESTIC (ACTIVE)	1,550,737,000	23.48%	1,914,278,000	22.09%	363,540,000
GLOBAL NON-DOMESTIC (ACTIVE)	<u>1,287,975,000</u>	<u>19.50%</u>	<u>1,432,933,000</u>	<u>16.54%</u>	<u>144,958,000</u>
TOTAL EQUITIES	<u>\$ 6,604,998,000</u>	<u>100.00%</u>	<u>\$ 8,665,352,000</u>	<u>100.00%</u>	<u>\$ 2,060,353,000</u>

DOMESTIC EQUITIES SECURITY GAIN (LOSS)	\$ 1,801,852,000
NON-DOMESTIC EQUITIES SECURITY GAIN (LOSS)	288,979,000
NON-DOMESTIC EQUITIES CURRENCY GAIN (LOSS)	(30,478,000)
	<u><u>2,060,353,000</u></u>

EQUITIES
CASH AND MARKET VALUE SUMMARY
January 31, 1996

	CASH & PENDINGS		EQUITIES		PORTFOLIO TOTALS		% OF TOTAL
	MARKET	%	MARKET	%	MARKET	%	
DOMESTIC PORTFOLIOS							
ALLIANCE	\$ 2,226,000	0.68%	\$ 323,216,000	99.32%	\$ 325,442,000	100.00%	3.61%
ARK	29,864,000	4.66%	611,295,000	95.34%	641,160,000	100.00%	7.11%
BANKERS TRUST	4,803,000	0.32%	1,493,860,000	99.68%	1,498,663,000	100.00%	16.61%
BRINSON	6,052,000	1.95%	304,917,000	98.05%	310,968,000	100.00%	3.45%
CHANCELLOR	14,044,000	1.71%	806,236,000	98.29%	820,280,000	100.00%	9.09%
CAPITAL GUARDIAN	18,027,000	5.45%	312,501,000	94.55%	330,528,000	100.00%	3.66%
GOLDMAN SACHS	7,239,000	2.89%	242,848,000	97.11%	250,087,000	100.00%	2.77%
INVESCO	35,989,000	5.02%	681,354,000	94.98%	717,343,000	100.00%	7.95%
LAZARD	12,462,000	3.32%	362,349,000	96.68%	374,811,000	100.00%	4.15%
RCM	89,487,000	6.50%	1,287,072,000	93.50%	1,376,558,000	100.00%	15.26%
SOCIETY	7,622,000	3.09%	238,698,000	96.91%	246,320,000	100.00%	2.73%
TOTAL DOMESTIC	\$ 227,815,000	3.31%	\$ 6,664,346,000	96.69%	\$ 6,892,160,000	100.00%	76.38%
NON-DOMESTIC PORTFOLIOS							
ALLIANCE	\$ 16,050,000	6.46%	\$ 232,282,000	93.54%	\$ 248,332,000	100.00%	2.75%
ARK	6,865,000	1.34%	503,614,000	98.56%	510,479,000	100.00%	5.66%
BRINSON	59,887,000	20.78%	228,341,000	79.22%	288,228,000	100.00%	3.19%
CAPITAL GUARDIAN	13,756,000	5.48%	237,483,000	94.52%	251,238,000	100.00%	2.78%
CLAY FINLAY	8,713,000	4.22%	197,633,000	95.78%	206,346,000	100.00%	2.29%
LAZARD	14,943,000	6.07%	231,213,000	93.93%	246,156,000	100.00%	2.73%
SCHRODER	4,676,000	1.86%	246,681,000	98.14%	251,357,000	100.00%	2.79%
UBS	5,310,000	4.11%	123,759,000	95.89%	129,069,000	100.00%	1.43%
TOTAL NON-DOMESTIC	\$ 130,200,000	6.11%	\$ 2,001,006,000	93.89%	\$ 2,131,205,000	100.00%	23.62%
TOTAL EQUITIES MGRS	\$ 358,015,000	3.97%	\$ 8,665,352,000	96.03%	\$ 9,023,365,000	100.00%	100.00%

DOMESTIC EQUITIES DETAIL
January 31, 1996

	COST	%	MARKET	%	UNREALIZED GAINS(LOSSES)	YIELD
INDEX DOMESTIC - BANKERS TRUST - S & P 500						
Cash and Pendings	\$ -	-	\$ -	-	\$ -	-
Cash Managed by APFC	4,803,000	0.48%	4,803,000	0.32%	-	5.28%
Domestic Equities	<u>1,000,623,000</u>	<u>99.52%</u>	<u>1,493,860,000</u>	<u>99.68%</u>	<u>493,236,000</u>	<u>3.53%</u>
Total	<u>\$ 1,005,426,000</u>	<u>100.00%</u>	<u>\$ 1,498,663,000</u>	<u>100.00%</u>	<u>\$ 493,236,000</u>	<u>3.54%</u>

TOTAL ACTIVE DOMESTIC MANAGERS

Cash and Pendings	\$ (5,990,000)	-0.24%	\$ (5,990,000)	-0.18%	\$ -	-
Cash Managed by APFC	150,371,000	6.50%	160,371,000	4.70%	-	5.28%
Domestic Equities	<u>2,311,132,000</u>	<u>93.74%</u>	<u>3,256,208,000</u>	<u>95.48%</u>	<u>945,076,000</u>	<u>2.16%</u>
Total	<u>\$ 2,465,513,000</u>	<u>100.00%</u>	<u>\$ 3,410,589,000</u>	<u>100.00%</u>	<u>\$ 945,076,000</u>	<u>2.37%</u>

ACTIVE DOMESTIC - RCM

Cash and Pendings	\$ 2,832,000	0.28%	\$ 2,832,000	0.21%	\$ -	5.28%
Cash Managed by APFC	86,655,000	8.63%	86,655,000	6.30%	-	5.28%
Domestic Equities	<u>914,872,000</u>	<u>91.09%</u>	<u>1,287,072,000</u>	<u>93.49%</u>	<u>372,200,000</u>	<u>2.02%</u>
Total	<u>\$ 1,004,359,000</u>	<u>100.00%</u>	<u>\$ 1,376,559,000</u>	<u>100.00%</u>	<u>\$ 372,200,000</u>	<u>2.31%</u>

ACTIVE DOMESTIC - INVESCO

Cash and Pendings	\$ -	-	\$ -	-	\$ -	-
Cash Managed by APFC	35,989,000	8.90%	35,989,000	5.02%	-	5.28%
Domestic Equities	<u>368,583,000</u>	<u>91.10%</u>	<u>681,354,000</u>	<u>94.98%</u>	<u>312,771,000</u>	<u>3.53%</u>
Total	<u>\$ 404,572,000</u>	<u>100.00%</u>	<u>\$ 717,343,000</u>	<u>100.00%</u>	<u>\$ 312,771,000</u>	<u>3.69%</u>

ACTIVE DOMESTIC - CHANCELLOR

Cash and Pendings	\$ (7,237,000)	-1.17%	\$ (7,237,000)	-0.88%	\$ -	-
Cash Managed by APFC	21,281,000	3.43%	21,281,000	2.59%	-	5.28%
Domestic Equities	<u>606,559,000</u>	<u>97.74%</u>	<u>806,236,000</u>	<u>98.29%</u>	<u>199,377,000</u>	<u>1.26%</u>
Total	<u>\$ 620,903,000</u>	<u>100.00%</u>	<u>\$ 820,280,000</u>	<u>100.00%</u>	<u>\$ 199,377,000</u>	<u>1.35%</u>

DOMESTIC EQUITIES DETAIL
January 31, 1996

	COST	%	MARKET	%	UNREALIZED GAINS(LOSSES)	YIELD
ACTIVE DOMESTIC - SOCIETY ASSET MANAGEMENT						
Cash and Pendings	\$ (1,608,000)	-0.75%	\$ (1,608,000)	-0.65%	\$ -	-
Cash Managed by APFC	9,230,000	4.28%	9,230,000	3.75%	-	5.28%
Domestic Equities	<u>208,068,000</u>	<u>96.47%</u>	<u>238,698,000</u>	<u>96.90%</u>	<u>30,630,000</u>	<u>2.34%</u>
Total	<u>\$ 215,690,000</u>	<u>100.00%</u>	<u>\$ 246,320,000</u>	<u>100.00%</u>	<u>\$ 30,630,000</u>	<u>2.44%</u>

ACTIVE DOMESTIC - GOLDMAN SACHS ASSET MANAGEMENT

Cash and Pendings	\$ 24,000	0.01%	\$ 24,000	0.01%	\$ -	5.28%
Cash Managed by APFC	7,215,000	3.28%	7,215,000	2.89%	-	5.28%
Domestic Equities	<u>212,750,000</u>	<u>96.71%</u>	<u>242,848,000</u>	<u>97.10%</u>	<u>30,098,000</u>	<u>2.74%</u>
Total	<u>\$ 219,989,000</u>	<u>100.00%</u>	<u>\$ 250,087,000</u>	<u>100.00%</u>	<u>\$ 30,098,000</u>	<u>2.82%</u>

NON-DOMESTIC EQUITIES DETAIL
January 31, 1996

	COST	%	MARKET	%	UNREALIZED GAINS(LOSSES)	YIELD
TOTAL ACTIVE NON-DOMESTIC MANAGERS						
Cash and Pending	\$ 18,699,000	3.95%	\$ 18,699,000	3.19%	\$ -	4.28%
Non-Domestic Equities	<u>454,531,000</u>	<u>96.05%</u>	<u>568,073,000</u>	<u>96.81%</u>	<u>113,543,000</u>	<u>2.81%</u>
Total	<u>\$ 473,230,000</u>	<u>100.00%</u>	<u>\$ 586,772,000</u>	<u>100.00%</u>	<u>\$ 113,543,000</u>	<u>2.87%</u>

ACTIVE NON-DOMESTIC - CLAY FINLAY INCORPORATED

Cash and Pendings	\$ 8,713,000	5.01%	\$ 8,713,000	4.22%	\$ -	3.14%
Non-Domestic Equities	<u>165,068,000</u>	<u>94.99%</u>	<u>197,633,000</u>	<u>95.78%</u>	<u>32,565,000</u>	<u>-</u>
Total	<u>\$ 173,781,000</u>	<u>100.00%</u>	<u>\$ 206,346,000</u>	<u>100.00%</u>	<u>\$ 32,565,000</u>	<u>-</u>

ACTIVE NON-DOMESTIC - SCHRODERS INTERNATIONAL CAPITAL MANAGEMENT

Cash and Pendings	\$ 4,676,000	2.58%	\$ 4,676,000	1.86%	\$ -	4.83%
Non-Domestic Equities	<u>176,517,000</u>	<u>97.42%</u>	<u>246,681,000</u>	<u>98.14%</u>	<u>70,164,000</u>	<u>2.52%</u>
Total	<u>\$ 181,193,000</u>	<u>100.00%</u>	<u>\$ 251,357,000</u>	<u>100.00%</u>	<u>\$ 70,164,000</u>	<u>2.58%</u>

ACTIVE NON-DOMESTIC - UBS INTERNATIONAL INVESTMENT

Cash and Pendings	\$ 5,310,000	4.49%	\$ 5,310,000	4.11%	\$ -	5.65%
Non-Domestic Equities	<u>112,946,000</u>	<u>95.51%</u>	<u>123,759,000</u>	<u>95.89%</u>	<u>10,813,000</u>	<u>3.27%</u>
Total	<u>\$ 118,256,000</u>	<u>100.00%</u>	<u>\$ 129,069,000</u>	<u>100.00%</u>	<u>\$ 10,813,000</u>	<u>3.38%</u>

GLOBAL EQUITIES DETAIL

January 31, 1996

	COST	%	MARKET	%	UNREALIZED GAINS(LOSSES)	YIELD
GLOBAL MANAGERS SUMMARY						
Cash and Pendings-Dom	\$ 10,666,000	0.35%	\$ 10,666,000	0.30%	\$ -	5.28%
Cash and Pendings-Int'l	111,500,000	3.69%	111,500,000	3.16%	-	4.84%
Cash Managed by APFC	57,965,000	1.92%	57,965,000	1.64%	-	5.28%
Domestic Equities	1,550,737,000	51.38%	1,914,278,000	54.28%	363,540,000	2.37%
Non-Domestic Equities	1,287,975,000	42.66%	1,432,933,000	40.62%	144,958,000	3.17%
	<u>\$ 3,018,843,000</u>	<u>100.00%</u>	<u>\$ 3,527,342,000</u>	<u>100.00%</u>	<u>\$ 508,498,000</u>	<u>2.87%</u>

GLOBAL - ALLIANCE CAPITAL MANAGEMENT

Cash and Pendings-Dom	\$ -	-	\$ -	-	\$ -	-
Cash and Pendings-Int'l	16,050,000	3.18%	16,050,000	2.80%	-	4.98%
Cash Managed by APFC	2,226,000	0.44%	2,226,000	0.39%	-	5.28%
Domestic Equities	269,302,000	53.40%	323,216,000	56.33%	53,913,000	2.10%
Non-Domestic Equities	216,771,000	42.98%	232,282,000	40.48%	15,511,000	4.02%
	<u>\$ 504,349,000</u>	<u>100.00%</u>	<u>\$ 573,774,000</u>	<u>100.00%</u>	<u>\$ 69,424,000</u>	<u>3.03%</u>

GLOBAL - ARK ASSET MANAGEMENT

Cash and Pendings-Dom	\$ 14,594,000	1.43%	\$ 14,594,000	1.27%	\$ -	5.28%
Cash and Pendings-Int'l	6,865,000	0.67%	6,865,000	0.60%	-	3.73%
Cash Managed by APFC	15,270,000	1.50%	15,270,000	1.33%	-	5.28%
Domestic Equities	520,574,000	51.14%	611,295,000	53.08%	90,722,000	2.50%
Non-Domestic Equities	460,655,000	45.26%	503,614,000	43.72%	42,959,000	-
	<u>\$ 1,017,958,000</u>	<u>100.00%</u>	<u>\$ 1,151,638,000</u>	<u>100.00%</u>	<u>\$ 133,681,000</u>	<u>2.66%</u>

GLOBAL - CAPITAL GUARDIAN TRUST

Cash and Pendings-Dom	\$ 9,108,000	1.91%	\$ 9,108,000	1.57%	\$ -	5.28%
Cash and Pendings-Int'l	13,756,000	2.88%	13,756,000	2.36%	-	4.88%
Cash Managed by APFC	8,919,000	1.87%	8,919,000	1.53%	-	5.28%
Domestic Equities	250,514,000	52.40%	312,501,000	53.72%	61,987,000	2.13%
Non-Domestic Equities	195,777,000	40.94%	237,483,000	40.82%	41,706,000	2.23%
	<u>\$ 478,074,000</u>	<u>100.00%</u>	<u>\$ 581,767,000</u>	<u>100.00%</u>	<u>\$ 103,693,000</u>	<u>2.37%</u>

GLOBAL EQUITIES DETAIL

January 31, 1986

	COST	%	MARKET	%	UNREALIZED GAINS(LOSSES)	YIELD
GLOBAL - BRINSON PARTNERS						
Cash and Pendings-Dom	\$ (46,000)	-0.01%	\$ (46,000)	-0.01%	\$ -	-
Cash and Pendings-Int'l	59,887,000	11.85%	59,887,000	9.99%	-	4.82%
Cash Managed by APFC	6,098,000	1.21%	6,098,000	1.02%	-	5.28%
Domestic Equities	229,530,000	45.44%	304,917,000	50.89%	75,387,000	2.68%
Non-Domestic Equities	209,708,000	41.51%	228,341,000	38.11%	18,633,000	-
Total	\$ 505,177,000	100.00%	\$ 599,197,000	100.00%	\$ 94,020,000	3.17%

GLOBAL - LAZARD FRERES ASSET MANAGEMENT

Cash and Pendings-Dom	\$ (12,990,000)	-2.53%	\$ (12,990,000)	-2.09%	\$ -	-
Cash and Pendings-Int'l	14,943,000	2.91%	14,943,000	2.41%	-	5.24%
Cash Managed by APFC	25,453,000	4.96%	25,453,000	4.10%	-	5.28%
Domestic Equities	280,817,000	54.71%	362,349,000	58.35%	81,531,000	2.37%
Non-Domestic Equities	205,064,000	39.95%	231,213,000	37.23%	26,149,000	-
Total	\$ 513,287,000	100.00%	\$ 620,968,000	100.00%	\$ 107,680,000	2.63%

ALASKA PERMANENT FUND CORPORATION
UNREALIZED GAIN(LOSS) ANALYSIS
January 31, 1996

CURRENT MONTH

	December 31, 1995			January 31, 1996
	Unrealized Gain(Loss)	Less: Realized Gains(Losses)	Appreciation (Depreciation)	Unrealized Gain(Loss)
FIXED INCOME SECURITIES	\$ 425,084,000	\$ 35,378,000	\$ 4,743,000	\$ 394,449,000
DOMESTIC EQUITIES	1,615,693,000	37,153,000	223,312,000	1,801,852,000
NON-DOMESTIC EQUITIES	231,432,000	9,610,000	36,678,000	258,500,000
REAL ESTATE	<u>(22,954,000)</u>	<u>660,000</u>	<u>473,000</u>	<u>(23,141,000)</u>
TOTAL	<u>\$ 2,249,255,000</u>	<u>\$ 82,801,000</u>	<u>\$ 265,206,000</u>	<u>\$ 2,431,660,000</u>

FISCAL YEAR TO DATE

	June 30, 1995			January 31, 1996
	Unrealized Gain(Loss)	Less: Realized Gains(Losses)	Appreciation (Depreciation)	Unrealized Gain(Loss)
FIXED INCOME SECURITIES	\$ 262,726,000	\$ 108,977,000	\$ 240,700,000	\$ 394,449,000
DOMESTIC EQUITIES	1,292,543,000	524,367,000	1,033,676,000	1,801,852,000
NON-DOMESTIC EQUITIES	175,224,000	45,858,000	129,134,000	258,500,000
REAL ESTATE	<u>(23,866,000)</u>	<u>(2,115,000)</u>	<u>(1,390,000)</u>	<u>(23,141,000)</u>
TOTAL	<u>\$ 1,706,627,000</u>	<u>\$ 677,087,000</u>	<u>\$ 1,402,120,000</u>	<u>\$ 2,431,660,000</u>

ALASKA PERMANENT FUND

A Public Trust Investing For Alaska's Future



Monthly Financial Report
January 1996

TRUSTEES' REPORT TO ALASKANS

Permanent Fund Earned \$151 Million in January, \$1.146 Billion Fiscal Year-to-Date

During the month of January, the Fund earned \$151 million in net income. That compares to \$60 million for the same month one year ago. For the first seven months of this fiscal year, the net income totals \$1.146 billion, compared to \$511 million for the same period in fiscal 1995.

As of January 31, the cost value of funds under management totaled \$16.3 billion and the market value totaled \$18.7 billion. Unrealized gains totaled \$2.4 billion.

The extremely high returns the Fund has enjoyed this year (seven consecutive months of earnings in excess of \$100 million) are primarily

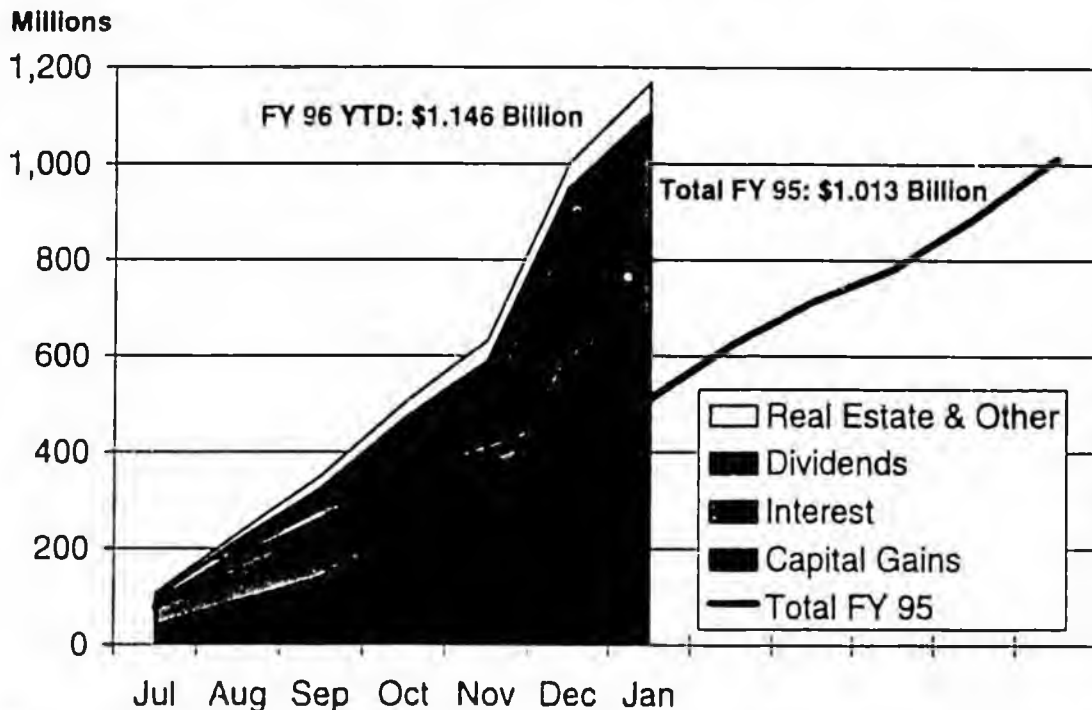
due to the extraordinary performance of the U.S. stock and bond markets. As a consequence, the Fund has already earned more net income in the first seven months of fiscal 1996 than was earned in all of fiscal 1995.

Board of Trustees Seek Passage of House Bill 525 to Expand the Permanent Fund's Investment Powers

On February 21, the House Finance Committee introduced House Bill 525 at the request of the Board of Trustees. The proposed changes are consistent with the prudent investor standard and would increase the power of the Corporation to invest in U.S. and non-U.S. stocks and in debt securities rated as investment grade by nationally recognized rating services. If the Fund is to keep

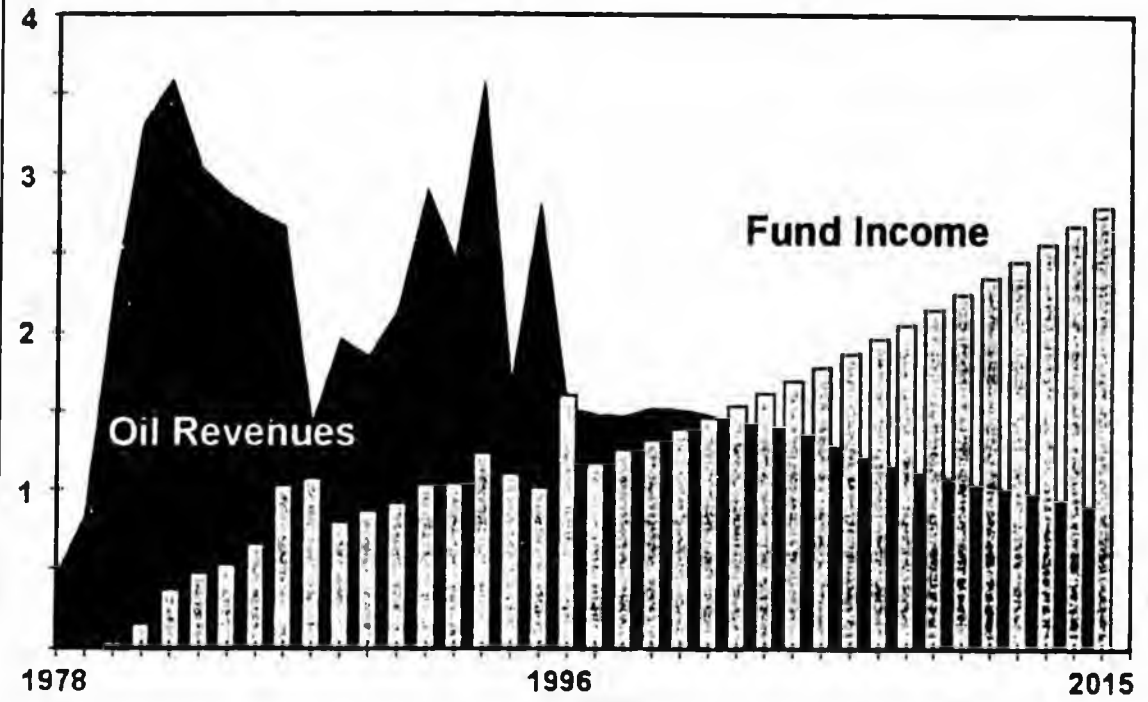
Cumulative Fund Net Income

Fiscal 1996 Year-to-Date Compared to Total Fiscal 1995



Permanent Fund Net Income and State Oil Revenues

Billions of \$



achieving returns that meet or exceed those available to other institutional investors, the Trustees must have the ability to allocate more to equities and to invest in a broader range of debt securities. This change will help the Trustees strike a prudent balance between slightly higher future returns and slightly higher risk.

1996 Inflation-Proofing Rate Set at 2.82 Percent

In accordance with AS 37.13.145 which requires the Corporation to compute annual inflation-proofing based on the calendar-year average change in the Consumer Price Index, the 1996 rate has been set at 2.82%. On June 30, 1996, the Corporation will multiply the cost value of Fund principal on that date by that 2.82% to determine how much of this year's net income to transfer to principal to offset the effect of inflation. That amount is projected at \$405 million.

Permanent Fund Net Income Projected to Exceed Unrestricted State Oil Revenues This Year

As illustrated in the chart above, for the first time in the State's history, annual Permanent Fund net income is projected this year to exceed the amount of unrestricted oil revenues flowing into the State's General Fund. Although this is not expected to occur again for six years, 1996 does give evidence of the long-term trend.

Next Meeting of the Trustees

The Trustees' next meeting will be in Juneau on March 14-15, 1996. The main item on the agenda will be asset allocation.

Respectfully submitted,

Grace Berg Schaible, Chair, Board of Trustees and **Byron I. Mallott**, Executive Director

ALASKA PERMANENT FUND

Statements of Assets, Liabilities, Principal and Earnings Reserve

Unaudited (Millions of Dollars)	January 31, 1996	June 30, 1995	January 31, 1995
Assets			
Cash and temporary investments ⁽¹⁾	\$ 487.3	967.8	855.8
Receivables, prepaid expenses and other assets ⁽⁴⁾	289.1	336.0	424.8
Investments —			
Marketable debt securities ⁽³⁾	7,753.6	7,152.4	7,137.6
Preferred and common stock ⁽⁶⁾	6,605.0	5,762.3	5,374.0
Real estate ⁽⁷⁾	1,461.4	1,433.8	1,315.8
Alaska certificates of deposit ⁽⁸⁾	76.0	116.2	116.2
Total investments	15,896.0	14,464.7	13,943.6
TOTAL ASSETS	\$ 16,672.4	15,768.5	15,224.2
Liabilities			
Accounts payable ⁽⁹⁾	\$ 215.9	214.3	339.8
Science and Technology Endowment Fund ⁽¹⁰⁾	110.1	106.6	106.1
Alaska Mental Health Trust Fund ⁽¹¹⁾	218.5	—	—
Income distributable to the State of Alaska ⁽¹²⁾	3.2	572.7	3.8
TOTAL LIABILITIES	547.7	893.6	449.7
Principal and Earnings Reserve			
Principal ⁽¹³⁾	14,248.3	13,644.7	13,120.1
Principal held in escrow ⁽¹⁴⁾	29.5	27.6	27.5
Earnings reserve ⁽¹⁵⁾	1,846.9	1,202.6	1,626.9
TOTAL PRINCIPAL AND EARNINGS RESERVE	16,124.7	14,874.9	14,774.5
TOTAL LIABILITIES, PRINCIPAL AND EARNINGS RESERVE	\$ 16,672.4	15,768.5	15,224.2

See notes to financial statements

ALASKA PERMANENT FUND

Statements of Revenues and Expenses

Unaudited (Millions of Dollars)	Month ended January 31,		Seven months ended January 31,		Year-end projected/actual June 30,	
	1996	1995	1996	1995	1996	1995
Revenues						
Investment income — ⁽¹⁶⁾						
Interest	\$ 47.4	41.0	335.0	338.6	573.2	591.1
Dividends	8.9	7.3	82.6	67.3	153.5	136.6
Real estate and other income	8.3	6.3	60.4	40.1	106.0	89.4
Total investment income	<u>64.6</u>	<u>54.6</u>	<u>478.0</u>	<u>446.0</u>	<u>832.7</u>	<u>817.1</u>
Realized gains (losses) on —						
Marketable debt securities	35.4	(0.2)	109.0	(0.8)	128.5	7.5
Preferred and common stock	45.8	(1.2)	557.4	46.7	656.9	170.3
Real estate	0.7	1.7	(2.1)	9.1	(2.1)	(37.5)
Foreign exchange contracts	18.8	(0.9)	12.8	(7.7)	12.8	(12.5)
Currency ⁽¹⁷⁾	0.3	9.3	12.1	29.8	12.1	105.6
Total realized gains	<u>101.0</u>	<u>8.7</u>	<u>689.2</u>	<u>77.1</u>	<u>808.2</u>	<u>233.4</u>
Unrealized gains (losses) on foreign exchange contracts ⁽¹⁸⁾	(9.7)	(0.9)	17.5	4.8	17.5	(6.1)
TOTAL REVENUES	<u>155.9</u>	<u>62.4</u>	<u>1,184.7</u>	<u>527.9</u>	<u>1,658.4</u>	<u>1,044.4</u>
Expenses						
Operating expenses ⁽¹⁹⁾	(2.3)	(2.1)	(15.7)	(13.4)	(28.3)	(24.2)
Income before other items Science and Technology	153.6	60.3	1,169.0	514.5	1,630.1	1,020.2
Endowment Fund Earnings ⁽²⁰⁾	(1.0)	(0.4)	(7.8)	(3.8)	(10.9)	(7.3)
Alaska Mental Health						
Trust Fund Earnings ⁽²¹⁾	(2.0)	—	(15.0)	—	(21.7)	—
NET INCOME	<u>\$ 150.6</u>	<u>59.9</u>	<u>1,146.2</u>	<u>510.7</u>	<u>1,597.5</u>	<u>1,012.9</u>

See notes to financial statements

ALASKA PERMANENT FUND

Statements of Changes in Principal and Earnings Reserve

Unaudited (Millions of Dollars)	Month ended January 31,		Seven months ended January 31,	
	1996	1995	1996	1995
Principal				
Balance, beginning of period	\$ 14,229.6	13,098.4	13,644.7	12,972.9
Dedicated state revenues	18.7	21.7	103.6	147.2
Appropriation from the State	—	—	500.0	—
BALANCE, JANUARY 31,	\$ 14,248.3	13,120.1	14,248.3	13,120.1
Principal Held in Escrow				
Balance, beginning of period	\$ 29.5	27.5	27.6	25.5
Escrow earnings	—	—	1.9	2.0
BALANCE, JANUARY 31,	\$ 29.5	27.5	29.5	27.5
Earnings Reserve				
Balance, beginning of period	\$ 1,696.3	1,567.0	1,202.6	1,116.7
Escrow earnings	—	—	(1.9)	(2.0)
Appropriation from the State	—	—	(500.0)	—
Net income	150.6	59.9	1,146.2	510.7
BALANCE, JANUARY 31,	\$ 1,846.9	1,626.9	1,846.9	1,626.9
Total				
Balance, beginning of period	\$ 15,955.4	14,692.9	14,874.9	14,115.1
Dedicated state revenues	18.7	21.7	103.6	147.2
Net income	150.6	59.9	1,146.2	510.7
BALANCE, JANUARY 31,	\$ 16,124.7	14,774.5	16,124.7	14,774.5

See notes to financial statements

ALASKA PERMANENT FUND

Statements of Cash Flows

Unaudited (Millions of Dollars)	Month ended January 31,		Seven months ended January 31,	
	1996	1995	1996	1995
Cash Flows from Investments				
Net (purchases), sales and maturities of investments —				
Marketable debt securities	\$ (251.7)	44.8	(608.3)	485.9
Preferred and common stock	(57.5)	(61.3)	(842.8)	(354.1)
Real estate	(1.1)	17.0	(23.8)	(247.8)
Alaska certificates of deposit	—	(9.5)	40.2	(7.4)
Net change in unsettled trades	72.3	71.7	21.5	(30.8)
	(238.0)	62.7	(1,413.2)	(154.2)
Total net (purchases), sales and maturities				
Investment income received	167.8	70.2	1,174.3	540.8
Amortization	1.5	—	7.2	0.8
Undistributed real estate income	(0.4)	—	(3.8)	(3.3)
NET CASH PROVIDED (USED) BY INVESTMENTS	(69.1)	132.9	(235.5)	384.1
Cash Flows from Non-capital Financing				
Contributions from the State	19.7	22.0	138.8	156.3
Income distributions	—	—	(569.6)	(564.0)
Alaska Mental Health Trust Fund contributions	—	—	203.5	—
Science and Technology Endowment Fund distributions	(1.3)	(1.6)	(4.4)	(6.9)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING	18.4	20.4	(231.7)	(414.6)
Cash Flows from Operations	(0.6)	(1.4)	(13.3)	(11.8)
Cash Flows from Capital and Related Financing	—	—	—	—
Net increase (decrease) in cash and temporary investments	(51.3)	151.9	(480.5)	(42.3)
Cash and temporary investments at beginning of period	538.1	703.9	967.8	898.1
CASH AND TEMPORARY INVESTMENTS AT JANUARY 31,	\$ 487.3	855.8	487.3	855.8
Reconciliation of Net Income to Net Cash Flows From Operations				
Net income	\$ 150.6	59.9	1,146.2	510.7
Adjustments to reconcile net income to net cash used by operations —				
Investment earnings	(155.9)	(62.4)	(1,184.7)	(527.9)
Net change in operating assets and liabilities	1.7	0.7	2.4	1.6
ASTE & AMHT earnings	3.0	0.4	22.8	3.8
NET CASH USED BY OPERATIONS	\$ (0.6)	(1.4)	(13.3)	(11.8)

See notes to financial statements

ALASKA PERMANENT FUND

Notes to Financial Statements

January 31, 1996

1. ENTITY

The Constitution of the State of Alaska (the "State") was amended by public referendum in 1976 to dedicate a portion of certain natural resource revenues to the Alaska Permanent Fund (the "Fund"). The principal of the Fund is to be invested in perpetuity. The Alaska State legislature (the "Legislature") created the Alaska Permanent Fund Corporation (the "Corporation"), a government instrumentality of the State that is administered by a board of trustees (the "Trustees"), to manage the investments of the Fund. By statute, (i) a portion of annual earnings is transferred to the State's dividend fund, and (ii) a portion of the earnings reserve account sufficient to offset the impact of inflation is transferred to the principal of the Fund. The balance of earnings is held by the Fund in the earnings reserve account and is subject to appropriation by the Legislature.

2. SIGNIFICANT ACCOUNTING POLICIES

Contributions

Contributions from dedicated State revenues are recorded when certain revenues defined by statute are received by the Alaska Department of Natural Resources. Contributions from appropriations and other sources are recorded when received.

Dividend Appropriations

Current statutes require that one-half of twenty-one percent of the Fund's net income for the last five fiscal years, excluding earnings from contributions made in the North Slope royalty case (*State v. Amerada Hess, et al.*) settlements and unrealized gains and losses, be made available for the payment of dividends and other appropriations each year.

Dollar Amounts

All dollar amounts are displayed in millions of dollars, unless otherwise noted.

Forward Exchange Contracts

The Fund is party to a variety of forward contracts in its trading activities and in the management of its foreign exchange rate exposure. These contracts are speculative in nature and the contract amounts do not appear on the balance sheet. Realized and unrealized gains and losses are currently included in income, and are determined on the maturity date of the contracts. Unrealized gains and losses are calculated using foreign currency forward rates at the balance sheet date.

Inflation Impact

The impact of inflation is measured by the change in the prior calendar year average of the United States consumer price index for all urban consumers, applied against the balance of contributed equity at the end of the fiscal year.

Interest Income

Interest income is accrued monthly as earned, and is shown net of amortization of premiums and accretion of discounts on marketable debt securities.

Investment Valuation

By resolution, the Trustees have adopted the following accounting policies for the valuation of investments:

Type	Basis
Marketable debt securities	Cost adjusted for amortization of premiums and accretion of discounts
Real estate	Equity
Preferred and common stock	Lower of cost or market
Alaska certificates of deposit	Cost

If, in the opinion of management, a permanent impairment of value has occurred, the investment is written down to fair market value by a charge to operations.

Market Value

Fair market values are obtained from independent sources for debt and equity securities and by independent appraisals for real estate. Market value for all other assets approximates cost.

Real Estate

Investments in real estate are carried at cost plus undistributed equity from the results of operations. Income from commingled real estate funds and pools is recognized as distributions are declared. Income from other real estate is recognized as earned. Unrealized losses that are deemed to be other than temporary are charged to current income as realized losses.

Realized Gains and Losses

Realized gains or losses on the sale of investments are determined on the transaction date by average cost for investments in preferred and common stock, and by specific identification for all other investments.

Securities Transactions

Securities transactions are recorded on the date that securities are purchased or sold.

3. CASH AND TEMPORARY INVESTMENTS

All cash and temporary investments bear interest at competitive rates, and are summarized as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Operating account ^(a)	\$ —	0.1	0.1
Cash management accounts ^{(a)(b)}	104.1	214.2	213.3
Repurchase agreements ^(c)	60.0	57.9	158.9
Treasury bills ^(d)	66.9	143.4	80.4
U.S. agencies ^(d)	73.5	389.4	191.2
Commercial paper ^(e)	182.8	162.8	211.9
Certificates of Deposit ^(g)	—	—	—
Bankers acceptances ^(f)	—	—	—
TOTAL CASH AND TEMPORARY INVESTMENTS	\$ 487.3	967.8	855.8

(a) Insured by the Federal Deposit Insurance Corporation (FDIC) to \$100,000 per account. Remaining balance uninsured and uncollateralized.

(b) Share ownership in a money market fund, payable on demand. Collateralized by underlying securities held by the fund in the name of the custodian. Not considered an investment nor assigned a specific risk category.

(c) Uninsured and unregistered. Underlying collateral securities generally comprised of debt obligations of the U.S. government and held by the counterparty bank.

(d) Debt obligation guaranteed by the U.S. government.

(e) Commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's, or the foreign equivalent.

(f) Bankers acceptances drawn on and accepted by United States or non-domestic banks, each of which have a combined capital, surplus and retained earnings aggregating at least \$500,000,000.

(g) Certificates of deposit of financial institutions which may be readily sold in a secondary market at prices reflecting fair value.

4. RECEIVABLES AND PREPAID EXPENSES

Receivables and prepaid expenses are as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Interest receivable	\$ 148.6	151.1	144.8
State dedicated revenues receivable	0.6	35.8	3.0
Securities sold	123.2	132.9	265.7
Dividends receivable	10.8	16.1	11.2
Foreign exchange contracts	5.5	—	—
Other receivables	0.3	—	—
Prepaid expenses	0.1	0.1	0.1
TOTAL RECEIVABLES AND PREPAID EXPENSES	\$ 289.1	336.0	424.8

5. MARKETABLE DEBT SECURITIES

The Corporation is authorized by statute to invest Fund assets in (i) corporate bonds rated A or better by Standard & Poor's or Moody's, or the foreign equivalent; (ii) obligations of the United States Treasury, its agencies and instrumentalities; and (iii) obligations of foreign governments. All marketable debt securities are held by custodian banks in the name of the Corporation on behalf of the Fund.

Marketable debt securities are summarized as follows:

January 31, 1996	Amortized Cost	Market	Unrealized Gains (Losses)	Yield
Treasury notes/bonds	\$ 5,309.8	5,574.1	264.3	6.75%
GNMA pools	128.1	133.8	5.7	8.11%
Other federal agencies	439.6	453.8	14.2	6.54%
Corporate bonds	1,703.3	1,797.9	94.6	7.28%
Yankee bonds	172.8	188.3	15.5	8.34%
TOTAL MARKETABLE DEBT SECURITIES	\$ 7,753.6	8,147.9	394.3	6.95%

June 30, 1995

Treasury notes/bonds	\$ 5,186.5	5,381.2	194.7	7.17%
GNMA pools	103.0	106.9	3.9	8.60%
Other federal agencies	109.7	113.0	8.3	7.93%
Corporate bonds	1,684.8	1,733.8	49.0	7.63%
Yankee bonds	68.4	75.1	6.7	8.82%
TOTAL MARKETABLE DEBT SECURITIES	\$ 7,157.4	7,415.0	262.6	7.32%

January 31, 1995

Treasury notes/bonds	\$ 5,281.9	5,140.0	(141.9)	7.24%
GNMA pools	107.4	107.4	—	8.56%
Other federal agencies	24.8	25.6	0.8	8.20%
Corporate bonds	1,644.8	1,584.3	(60.0)	7.64%
Yankee bonds	78.7	81.1	2.4	8.84%
TOTAL MARKETABLE DEBT SECURITIES	\$ 7,137.6	6,938.9	(198.7)	7.37%

6. PREFERRED AND COMMON STOCK

The Corporation is authorized by statute to invest Fund assets in the preferred and common stock of United States and non-domestic corporations. All preferred and common stock investments are held by custodial banks in the name of the Corporation on behalf of the Fund.

Preferred and common stock are summarized as follows:

<u>January 31, 1996</u>	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gains (Losses)</u>
Domestic	\$ 4,862.5	6,664.4	1,801.9
Non-domestic	1,742.5	2,001.0	258.5
TOTAL PREFERRED AND COMMON STOCK	\$ 6,605.0	8,665.4	2,060.4
Domestic security gains			\$ 1,801.9
Non-domestic security gains			289.0
Foreign currency losses			(30.5)
TOTAL UNREALIZED GAINS			\$ 2,060.4
 <u>June 30, 1995</u>			
Domestic	\$ 4,252.2	5,544.8	1,292.6
Non-domestic	1,510.1	1,685.3	175.2
TOTAL PREFERRED AND COMMON STOCK	\$ 5,762.3	7,230.1	1,467.8
Domestic security gains			\$ 1,292.6
Non-domestic security gains			50.1
Foreign currency gains			125.1
TOTAL UNREALIZED GAINS			\$ 1,467.8
 <u>January 31, 1995</u>			
Domestic	\$ 3,764.9	4,429.3	664.4
Non-domestic	1,609.1	1,710.9	101.8
TOTAL PREFERRED AND COMMON STOCK	\$ 5,374.0	6,140.2	766.2
Domestic security gains			\$ 664.4
Non-domestic security losses			(1.7)
Foreign currency gains			103.5
TOTAL UNREALIZED GAINS			\$ 766.2

7. REAL ESTATE

The Corporation is authorized by statute to invest Fund assets in real estate improved by substantially rented buildings, located in the United States. Improved real estate investments may take the form of equity interests or debt obligations secured by a first lien on the real estate. By statute, the Fund may hold up to one-hundred percent (100%), of the beneficial ownership interest in real estate investments not exceeding \$150,000,000 and may hold up to sixty-seven percent (67%), of the beneficial ownership interest in real estate investments exceeding \$150,000,000. All real estate investments are held by the Corporation in its own name on behalf of the Fund, and are managed by professional real estate management firms.

Real estate investments are summarized as follows:

<u>January 31, 1996</u>	<u>Book Value</u>	<u>Market</u>	<u>Unrealized Gains (Losses)</u>
Commingled funds	\$ 70.1	58.0	(12.1)
Real estate investment trusts	62.2	68.1	5.9
Alaska residential mortgages	0.4	0.4	—
Joint participations —			
Retail	463.8	471.5	7.7
Office	362.9	342.8	(20.1)
Industrial	179.9	169.7	(10.2)
Residential	322.1	327.8	5.7
TOTAL REAL ESTATE	\$ 1,461.4	1,438.3	(23.1)
<hr/>			
<u>June 30, 1995</u>			
Commingled funds	\$ 70.5	60.5	(10.0)
Real estate investment trusts	62.2	68.1	5.9
Alaska residential mortgages	0.5	0.5	—
Joint participations —			
Retail	458.9	467.5	8.6
Office	297.2	279.7	(17.5)
Industrial	190.1	178.1	(12.0)
Residential	354.4	355.6	1.2
TOTAL REAL ESTATE	\$ 1,433.8	1,410.0	(23.8)
<hr/>			
<u>January 31, 1995</u>			
Commingled funds	\$ 77.2	59.2	(18.0)
Real estate investment trusts	62.2	68.3	6.1
Alaska residential mortgages	0.5	0.5	—
Joint participations —			
Retail	428.3	445.7	17.4
Office	264.8	233.7	(31.1)
Industrial	168.5	142.7	(25.8)
Residential	314.3	315.6	1.3
TOTAL REAL ESTATE	\$ 1,315.8	1,265.7	(50.1)

8. ALASKA CERTIFICATES OF DEPOSIT

The Corporation is authorized by statute to invest Fund assets in certificates of deposit or the equivalent instruments of banks, savings and loan associations, mutual savings banks, and credit unions doing business in Alaska. These investments are guaranteed by the Federal Home Loan Bank. All certificates and collateral are held by a trustee bank in the name of the Corporation on behalf of the Fund.

9. ACCOUNTS PAYABLE

Accounts payable are summarized as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Accrued liabilities	\$ 9.6	7.2	7.3
Service fees payable	0.5	1.1	0.1
Foreign exchange contracts	—	12.0	1.1
Securities purchased	205.8	194.0	331.3
TOTAL ACCOUNTS PAYABLE	\$ 215.9	214.3	339.8

10. SCIENCE AND TECHNOLOGY ENDOWMENT FUND

The Alaska Science and Technology Endowment Fund (the "Endowment") was created by an act of the 1989 Legislature to provide financial support for the Alaska Science and Technology Foundation (the "Foundation"). By statute, the Endowment is to be held and invested by the Corporation under the same investment authority as the Fund is managed. Net income from the Endowment is distributed to the Foundation after appropriation by the Legislature and is not included in the computation of Fund dividends.

The assets of the Endowment have been commingled with the assets of the Fund for investment purposes. Earnings are allocated to the Endowment on the basis of unit shares and fractional shares. Each unit share or fractional unit share has an undivided beneficial interest in the commingled assets equal to the proportion that it bears to the total units outstanding. Unit shares are credited to the Endowment on the basis of total funds contributed to the investment pool.

Principal and undistributed earnings of the Endowment are summarized as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Principal	\$ 101.1	101.0	101.0
Undistributed earnings	9.0	5.6	5.1
TOTAL SCIENCE AND TECHNOLOGY ENDOWMENT FUND	\$ 110.1	106.6	106.1

Distributions to the Foundation are made by liquidation of unit shares valued at cost. Current earnings of the Endowment are reflected on the Statement of Revenues and Expenses as a reduction of Fund income to insure that Fund net income is not overstated.

11. ALASKA MENTAL HEALTH TRUST FUND

The Alaska Mental Health Trust Fund (the "Trust") was created by an act of the State legislature as the result of the settlement of mental health land trust litigation (*Weiss v. State*). The act authorized the Alaska Mental Health Trust Authority (the "Authority"), to use income from the Trust to assist it in fulfilling its purpose of ensuring an integrated comprehensive mental health program for the State. By statute and memorandum of agreement with the Authority, the Trust is to be held and invested by the Corporation under the same investment authority as the Fund is managed. By statute, net income from the Trust is distributed to the Mental Health Trust Income Account at the end of each fiscal year and is not included in the computation of Fund dividends.

The assets of the Trust have been commingled with the assets of the Fund for investment purposes. Earnings are allocated to the Trust on the basis of unit shares and fractional shares. Each unit share or fractional unit share has an undivided beneficial interest in the commingled assets equal to the proportion that it bears to the total units outstanding. Unit shares are credited to the Trust on the basis of total funds contributed to the investment pool.

Principal and undistributed earnings of the Trust are summarized as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Principal	\$ 203.5	—	—
Undistributed earnings	15.0	—	—
TOTAL ALASKA MENTAL HEALTH TRUST FUND	\$ 218.5	—	—

12. INCOME DISTRIBUTABLE TO THE STATE OF ALASKA

The Legislature appropriated a portion of the Fund's net income for various purposes, including the payment of dividends to qualified residents of the State of Alaska. In addition, the Legislature appropriated a portion of the Fund's earnings reserves for the cost of oil and gas revenue litigation. Incomes distributable to the State of Alaska are summarized as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Dividends	\$ —	536.1	—
Appropriations to the Departments of —			
Corrections	—	0.8	—
Health and Social Services	—	21.9	—
Public Safety	—	4.4	—
Revenue	—	2.0	—
Total to dividend fund	—	565.2	—
Department of Law	3.2	7.5	3.8
TOTAL INCOME DISTRIBUTABLE	\$ 3.2	572.7	3.8

13. PRINCIPAL

The principal balances of the Fund are as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Dedicated State revenues	\$ 5,550.6	5,447.0	5,276.1
Appropriations from the state	4,464.4	3,964.4	3,964.4
Inflation-proofing	4,216.9	4,216.9	3,869.3
Settlement earnings	16.4	16.4	10.3
Citizen contributions	—	—	—
TOTAL PRINCIPAL	\$ 14,248.3	13,644.7	13,120.1

The Fund received dedicated State revenues from North Slope royalty case (*State v. Amerada Hess, et al.*) settlements. By statute, earnings from these settlements are to be treated in the same manner as other Fund income, except that earnings on settlements are excluded from the dividend calculation. Accumulated settlement related activity which is included in the principal balance of the Fund is as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Settlement —			
Principal	\$ 175.6	173.5	135.6
Earnings	16.4	16.4	10.3
Inflation-proofing	15.2	15.2	10.2
TOTAL SETTLEMENT PRINCIPAL	\$ 207.2	205.1	156.1

14. PRINCIPAL HELD IN ESCROW

Certain bonus payments, rent and interest from the joint State-Federal Beaufort Sea lease sale of 1979 were deposited in a federally managed escrow account because ownership of the tracts is in dispute. In December 1987, Congress amended the law to provide for the distribution of twenty-seven percent (27%) of the balance in the account, plus accrued interest, to the State. This distribution represents the total amount which would be due as federal mineral revenue sharing in the event that the Supreme Court awards the ownership of all disputed tracts to the Federal government.

Under State law, the final allocation of this 1987 distribution between the Fund and the State depends upon which party -- the State or the Federal government -- prevails in Court. If the State wins the dispute, fifty percent (50%) of the 1987 distribution would be allocated to the Fund, except for the bonus and interest on the lease of four tracts for which only twenty-five percent (25%) would be allocated to the Fund. If the Federal government wins the dispute, fifty percent (50%) of the 1987 distribution would be allocated to the Fund.

An amount equal to the bonus and interest in dispute on these four tracts has been placed in escrow by the Corporation on behalf of the Fund under a memorandum of understanding between the Corporation and the State, pending final settlement of the litigation between the State and the Federal government. Interest is accrued thereon each year at the rate of return earned by the Fund.

The balances of the escrow account are summarized as follows:

	January 31, 1996	June 30, 1995	January 31, 1995
Federal deposit	\$ 15.8	15.8	15.8
Accrued interest	13.7	11.8	11.7
TOTAL PRINCIPAL HELD IN ESCROW	\$ 29.5	27.6	27.5

15. EARNINGS RESERVE

By statute, the balance of Fund net income remaining after the payment of dividends and the appropriation for inflation-proofing is held in the earnings reserve account. The balance of the earnings reserve account consists of the following elements:

	Months ended January 31,		Seven months ended January 31,		Year ended June 30, 1995
	1996	1995	1996	1995	
Provision for inflation-proofing	\$ 37.3	27.7	236.3	200.7	—
Provision for dividend payment	57.3	45.4	362.8	324.9	—
Provision for escrow earnings	0.3	0.1	1.8	1.1	1.9
Provision for settlement earnings	2.4	0.8	12.6	5.6	—
Unencumbered balance of reserve	53.3	(14.1)	1,233.4	1,094.6	1,200.7
TOTAL EARNINGS RESERVE	\$ 150.6	59.9	1,846.9	1,626.9	1,202.6

16. INVESTMENT INCOME BY SOURCE

Investment income of the Fund is summarized as follows:

	Months ended January 31,		Seven months ended January 31,		Year ended June 30, 1995
	1996	1995	1996	1995	
INTEREST					
Marketable debt securities	\$ 44.6	36.4	308.7	315.9	544.0
Alaska certificates of deposit	0.4	0.6	2.9	3.4	6.4
Cash and other interest	2.4	4.0	23.4	19.3	40.7
TOTAL INTEREST	\$ 47.4	41.0	335.0	338.6	591.1
DIVIDENDS					
Domestic preferred and common stock	\$ 7.1	5.6	66.8	53.2	102.0
Non-domestic preferred and common stock	1.8	1.7	15.8	14.1	34.6
TOTAL DIVIDENDS	\$ 8.9	7.3	82.6	67.3	136.6
REAL ESTATE AND OTHER INCOME					
Real estate interest	\$ 0.5	0.9	5.1	5.4	10.1
Other real estate income	7.6	5.3	53.7	33.5	77.6
Fees on loaned securities	0.2	0.1	1.6	1.2	1.7
TOTAL REAL ESTATE AND OTHER INCOME	\$ 8.3	6.3	60.4	40.1	89.4

17. REALIZED GAIN (LOSS) ON CURRENCY

Realized gains and losses on foreign currency consisted of the following elements:

	Months ended January 31,		Seven months ended January 31,		Year ended June 30, 1995
	1996	1995	1996	1995	
Preferred and common stock	\$ 0.8	9.5	12.7	28.3	104.6
Dividends	—	—	—	0.2	0.2
Currency inventory	(0.5)	(0.2)	(0.6)	1.3	0.8
TOTAL GAIN ON CURRENCY	\$ 0.3	9.3	12.1	29.8	105.6

18. FOREIGN EXCHANGE CONTRACTS AND OFF BALANCE SHEET RISK

The Fund entered into foreign currency forward exchange contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing cash positions in these currencies. The maturity periods for these contracts range from one to five months. The Fund had outstanding foreign exchange contracts with net unrealized gains and losses, calculated as follows:

	January 31, 1996	January 31, 1995	June 30, 1995
Contracted amount	\$ 238.8	113.4	179.8
Market value	233.4	114.6	191.9
Unrealized gain (loss) on contracts	5.4	(1.2)	(12.1)
Unrealized loss recognized in prior year	12.1	6.0	6.0
UNREALIZED GAIN (LOSS) ON CONTRACTS	\$ 17.5	4.8	(6.1)

The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. The Fund is exposed to credit risk to the extent of non-performance by these counterparties; however the Fund has established procedures in place to monitor such risk and considers the risk of default to be remote. The Fund's market risk is limited to the difference between contractual rates and forward rates at the balance sheet date.

19. OPERATING EXPENSES

Operating expenses of the Corporation are summarized as follows:

(Thousands of Dollars)	Months ended January 31,		Seven months ended January 31,		Year ended June 30, 1995
	1996	1995	1996	1995	
Salaries and benefits	\$ 160	178	1,099	1,184	2,024
Department of Revenue support	—	—	—	32	32
Travel	10	5	77	108	179
Communications	49	73	277	257	494
Consulting fees	53	16	161	158	410
Custody and safekeeping fees	300	279	1,675	1,933	3,309
Investment management fees	1,663	1,363	11,857	9,224	16,570
Legal and audit	1	110	49	199	367
Public information and subscriptions	20	16	73	71	183
Rent	17	18	129	135	203
Property and equipment	3	—	55	7	122
Other expenses	21	18	194	131	271
TOTAL OPERATING EXPENSES	\$ 2,297	2,076	15,646	13,439	24,164

20. NET INCOME

By statute, net income is computed in accordance with generally accepted accounting principles (GAAP), excluding settlement income and any unrealized gains or losses. Net income is required by GAAP, however, to include unrealized currency valuation gains and losses on non-domestic marketable debt securities and foreign exchange contracts and all other income, regardless of source. Consequently, GAAP net income and statutory net income will not always agree. It is statutory net income that is used to compute the Permanent Fund dividend.

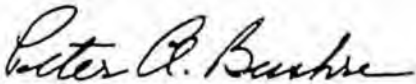
	Months ended January 31,		Seven months ended January 31,		Year ended
	1996	1995	1996	1995	June 30, 1995
Net income	\$ 150.6	59.9	1,146.2	510.7	1,012.9
Unrealized (gains) losses on foreign exchange contracts	9.7	0.9	(17.5)	(4.8)	6.1
Provision for Settlement earnings	(2.4)	(0.8)	(12.6)	(5.6)	11.2
STATUTORY NET INCOME	\$ 157.9	60.0	1,116.1	500.3	1,030.2

.....

The Board of Trustees
Alaska Permanent Fund Corporation

The financial statements and footnotes presented herein were prepared from the books of account without audit, and no independent opinion of the fairness of these statements and footnotes has been rendered.

Sincerely,



Peter A. Bushre
Chief Financial Officer



Alaska Permanent Fund

FINANCIAL PROJECTIONS

(in millions)

as of January 31, 1996

GROWTH OF FUND PRINCIPAL						
FY	FY Begin Balance	Appro- priations	Dedicated State Revenues ⁽¹⁾	Inflation- Proofing	FY End Balance	Inflation- Proofing Shortfall
78						
to						
85	0	2,700	2,424	617	5,741	
86	5,741		323	218	6,281	
87	6,281	1,264 ⁽²⁾	171	148	7,864	
88	7,864		418	303	8,585	
89	8,585		228	360	9,173	
90	9,173		267	454	9,894	
91	9,894		435	559	10,888	
92	10,888		338	477	11,703	
93	11,703	5 ⁽³⁾	315	362	12,385	
94	12,385	6	210	372	12,973	
95	12,973	6	318	348	13,645	
96	13,645	515 ⁽²⁾	218	405	14,783	
97	14,783	9	216	449	15,457	
98	15,457	10	217	499	16,182	
99	16,182	10	229	522	16,943	
00	16,943	11	231	546	17,732	
01	17,732	12	233	572	18,549	
02	18,549	13	239	598	19,398	
03	19,398	14	238	625	20,275	
04	20,275	15	237	653	21,180	
05	21,180	16	223	681	22,106	
06	22,106	17	218	710	23,051	
07	23,051	18	209	740	24,019	
08	24,019	19	203	771	25,012	
09	25,012	21	202	802	26,038	
10	26,038	22	198	835	27,092	
11	27,092	24	195	868	28,179	
12	28,179	25	191	903	29,299	
13	29,299	27	184	938	30,448	
14	30,448	29	178	975	31,630	
15	31,630	31	169	1,012	32,842	
Cumulative Totals Projected						
For FY 1996 - 2015:			4,233	14,106		

USES OF FUND INCOME						
Net Income	Distributions			Reserves		FY End Balance
	Dividends	Inflation- Proofing	General Fund	Add (Delete)	FY End Balance	
78						
to						
85	2,219	653	617	186	763	763
86	1,021	303	216		501	1,264
87	1,069	391	148		529	529
88	789	424	303		62	591
89	868	460	360	4	45	635
90	916	487	454	4	(29)	605
91	1,030	489	559	4	(22)	581
92	1,036	488	477	5	66	645
93	1,226	532	362	5	322	965
94	1,098	556	372	11	153	1,117
95	1,013	565	348	6	88	1,203
96	1,598	621	405	1	555	1,257
97	1,170	632	449		80	1,338
98	1,260	636	499		116	1,453
99	1,323	658	522		132	1,586
00	1,389	696	548		135	1,721
01	1,458	683	572		191	1,913
02	1,534	721	598		202	2,115
03	1,612	757	625		216	2,331
04	1,694	795	653		232	2,563
05	1,778	835	681		246	2,809
06	1,865	877	710		281	3,070
07	1,955	920	740		277	3,347
08	2,048	965	771		293	3,639
09	2,144	1,011	802		310	3,949
10	2,243	1,058	835		328	4,277
11	2,346	1,108	868		346	4,623
12	2,453	1,159	903		366	4,988
13	2,564	1,211	938		387	5,376
14	2,679	1,266	975		409	5,785
15	2,797	1,322	1,012		431	6,216
Cumulative Totals Projected						
37,910		17,931	14,106	1		

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 96:	10.35%	2.82%	7.53%
FY 97: ⁽¹⁾	6.98%	2.99%	3.99%
FY 98 - 2015: ⁽¹⁾	7.17%	3.18%	3.99%

⁽¹⁾ Department of Revenue Fall 1995 Mid-Case Revenue Forecast.

⁽²⁾ Earnings reserve appropriated to principal July 1, '87 and '95.

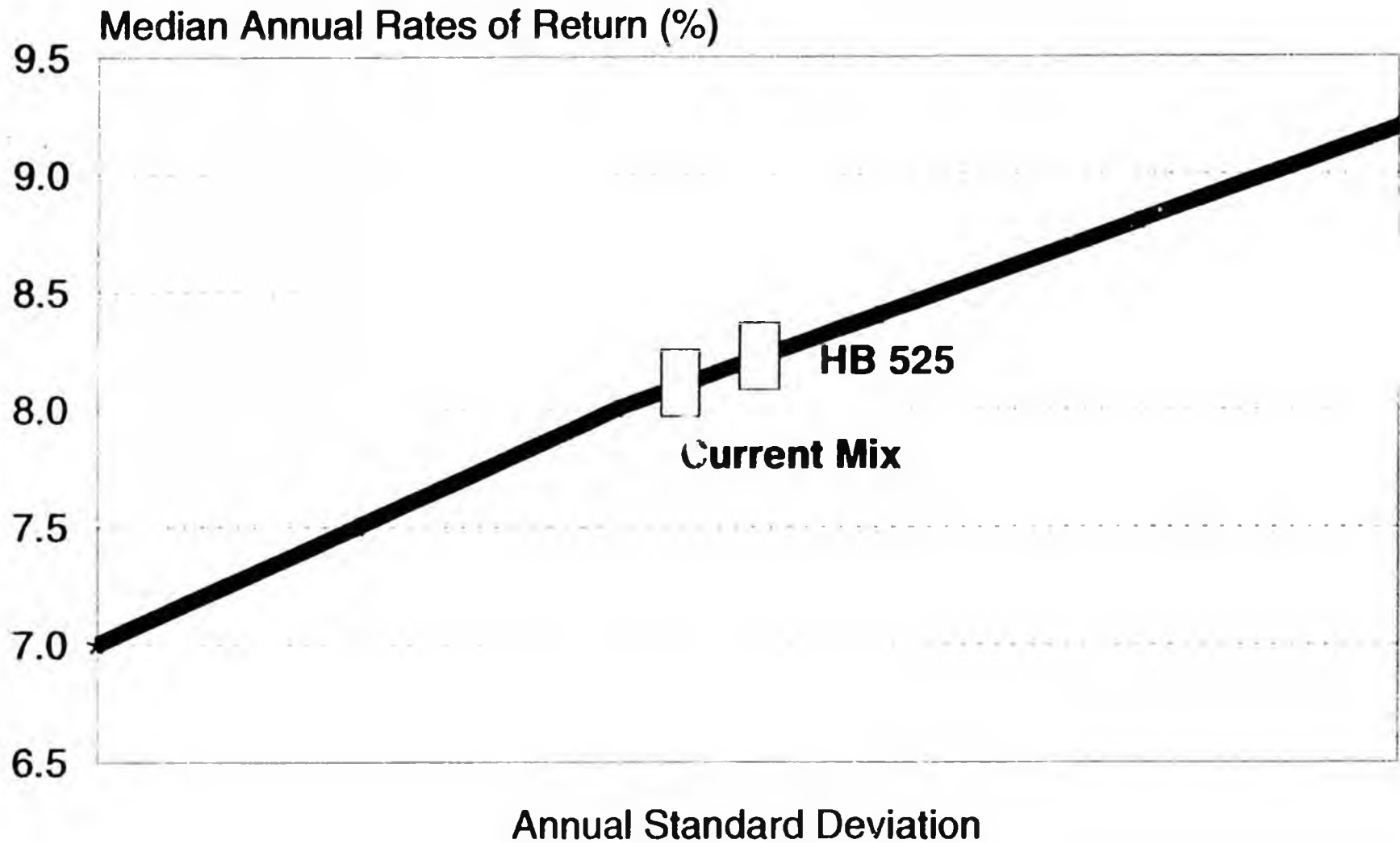
⁽³⁾ Transferred to principal from earnings reserve account per AS 37.13.145(d), 1993-20

⁽⁴⁾ Based on 1995 Callan capital market assumptions.

Current

Impact of House Bill 525

Efficient Frontier/Asset Mix Risk & Return





Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500

(907) 465-2047

February 15, 1996

Representative Terry Martin, Chairman
Legislative Budget and Audit Committee
State Capitol Room 502
Juneau, Alaska 99801-1182

Dear Chairman Martin:

At the request of the Board of Trustees (the Trustees) of the Alaska Permanent Fund Corporation (the Corporation), I am transmitting to you a draft bill that would amend the enabling Act of the Corporation to authorize changes in the investment powers. The trustees took this action formally at its regular meeting February 8, 1996 by unanimous vote.

After a careful review of the asset allocations set out in AS 37.13.120 (i), the trustees determined that it would be consistent with the prudent investor standard to increase the power of the corporation to invest in preferred and common stock of domestic and nondomestic corporations and in other securities that were rated as investment grade by nationally recognized rating services. Under existing law, the corporation may not allocate more than 50 per cent of the total investments of the Fund to certain investment instruments which include domestic and nondomestic preferred and common stocks. Existing law also limits the Corporation from investing in domestic and nondomestic corporate debt securities unless those instruments are "A" rated.

At present, the investments of the fund are approaching the allocation limits set out in AS 37.13.120 (i). Research performed for the Board confirms that other public trust funds of similar size and purpose, subject to the prudent investor standard, are allocating more than 50 per cent of their assets to equity investments and are investing in domestic and nondomestic debt securities that are rated investment grade or better. Investment grade covers securities that are rated Baa or better by Moody's Investors Service, Inc. or comparable service. With proper diversification of asset classes, the change in investment powers proposed in the bill affords the Corporation a safe way of balancing expected return against risk of loss so that assets are invested prudently.

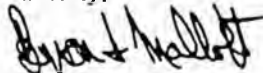
If the fund is to keep achieving returns that meet or exceed those available to other institutional investors, the Board of Trustees must have the ability to allocate more to equities and to invest in a broader range of debt securities. The Corporation is requesting this change in the law so that it has sufficient authorization to allocate investments when it determines that conditions are optimum to increase returns to the Fund. The Board requested that I make it clear that any change in specific asset classes or allocations will occur only after a thorough study of specific asset classes and market conditions is complete.

I would point out the Trustees view these recommended changes as remedial. A comprehensive review of the Corporation's investment powers will be undertaken and in a succeeding legislature further changes may be recommended.

Ltr Representative Martin
February 15, 1996
page 2

On behalf of the Board, I urge you to favorably consider the enclosed draft bill and take steps necessary for the committee to sponsor and introduce the bill.

Sincerely,

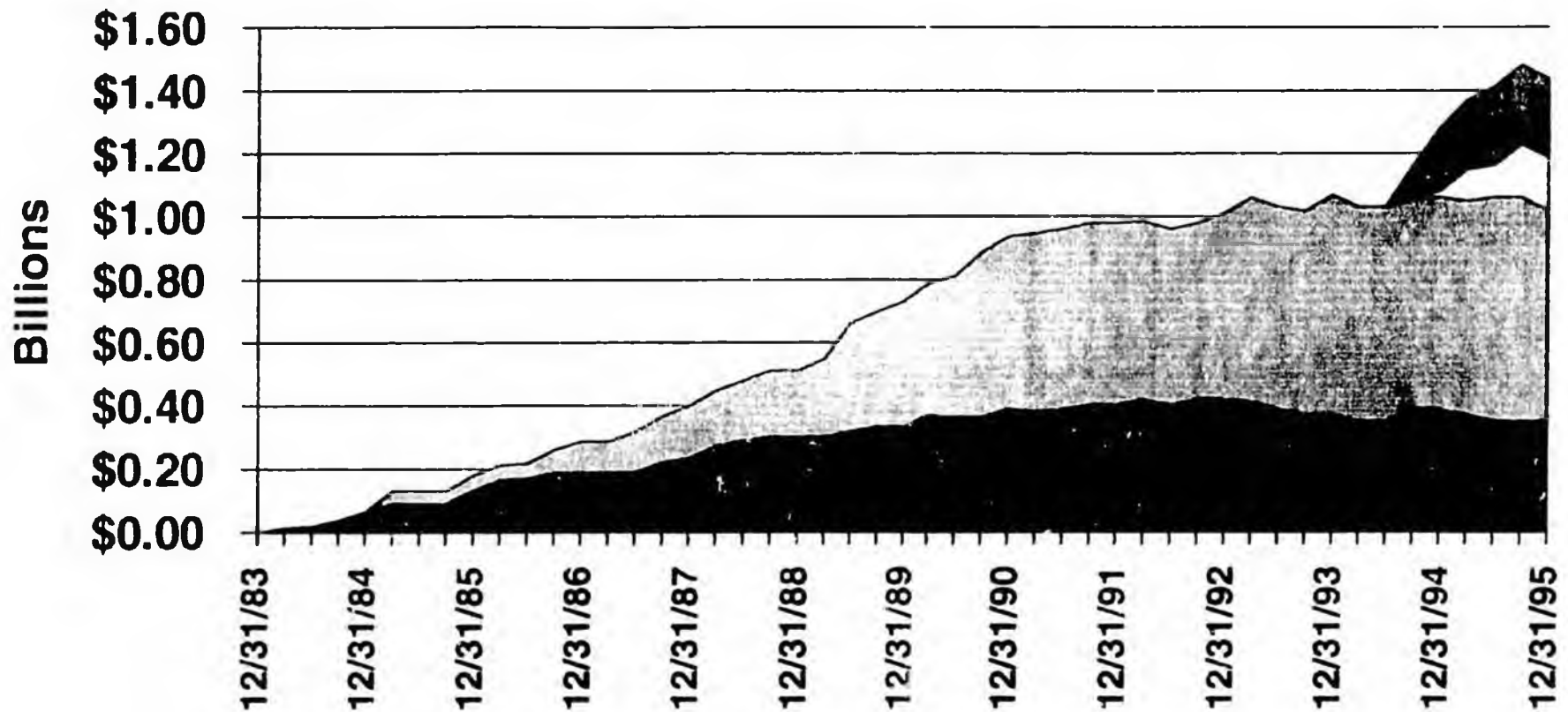


Byron J. Mallott
Executive Director

Attachment.

Permanent Fund Real Estate

Portfolio Construction



- | | |
|--|--|
| ■ Commingled Fund (IRR = 2.05%) | ■ REIT (IRR = 11.96%) |
| ■ Minority Co-Investment, <33% Ownership (IRR = 4.03%) | ■ Minority Co-Investment, >33% Ownership (IRR = 5.01%) |
| □ Majority Co-Investment (IRR = 9.22%) | ■ Wholly Owned (IRR = 9.30%) |

REPRESENTATIVE
TERRY MARTIN
CHAIRMAN
BUDGET & AUDIT COMMITTEE
MEMBER
HOUSE FINANCE COMMITTEE

Alaska State Legislature



MAY 15 - JAN 15 258-8169
716 W. 4TH, SUITE 650
ANCHORAGE, AK 99504

JAN 15 - MAY 15 465-3783
STATE CAPITOL
JUNEAU, AK 99801-1182

HOME 333-6990
355 DONNA DRIVE, #11
ANCHORAGE, AK 99504

SPONSOR STATEMENT HB 525

An Act designating certain permissible investments by the Alaska Permanent Fund Corporation in taxable municipal or state debt securities and corporate debt securities; changing the allocation limits on domestic and nondomestic government and corporate securities, nondomestic corporate promissory notes, domestic and nondomestic corporate stocks, and taxable government debt securities; and providing for an effective date.

A joint meeting of the Legislative Budget and Audit Committee and the Revenue Subcommittee of the House Finance Committee was held on February 7 to examine why the state's PERS, TRS and SBS funds were performing better than the Permanent Fund. It was revealed at the hearing that 90 percent of the performance difference was due to the difference in portfolio makeup between the funds. While the state's retirement funds have to follow only the prudent investor rule in their investment decisions, the Permanent Fund is bound by statutes which restrict types of investments purchased, and amounts which can be invested in specific areas. Consequently, the retirement funds have the flexibility to take advantage of market changes, where the Permanent Fund does not. Specifically, the Permanent Fund is restricted in the amount of equities it may purchase. Also, the Permanent Fund must hold very high ratings of fixed income investments, further reducing the possible return on those investments. The equities market has been performing very well recently and the retirement funds have taken advantage of the situation by increasing their equity holdings. The Permanent Fund currently cannot do this.

At the February 7 joint hearing, Chairman Terry Martin told the Permanent Fund's Executive Director and members of the Board of Trustees that his committee would be happy to present legislation providing more flexibility in

