

SCCOLM 9: HOUSE SPEC. COMM. PERMANENT FUND 977-8

If we dedicate part of that oil money which we will begin receiving in late 1977 to a permanent fund, many taxes would have to be raised or the budget lowered. Since this legislature does not intend to cut back on the budget and the governor himself introduced the budget with a 13% increase over the previous year, it would be foolhardy to expect that this legislature will cut the budget rather than raise taxes to solve the shortage of money caused by the permanent fund.

The hypocrisy of the permanent fund concept is that the strongest supporters in the legislature and in the administration are the same people who will not vote against any appropriation and the same people who refuse to red line the budget to the levels where it ought to be. So on the one hand these promoters spend money like it's going out of style, and on the other hand they say they are fiscally responsible because they are going to create a permanent fund.

Many states in the nation have permanent funds. When our constitution was drafted it prohibited dedication of license fees and taxes so that we would never have problems like the other states that had permanent funds. Our constitutional framers gained from the experience of other states and prohibited the formation of any permanent funds. It was a wise move.

GOVERNMENT OUGHT NOT EVER HAVE MORE MONEY THAN IT NEEDS TO BE FINANCIALLY SOUND. It should have enough money to meet the requirements of its budget and an adequate reserve for annual fluctuation of income. It has been and is a maxim of our form of government that we must always closely scrutinize our government and we must not give it any more money than it absolutely needs to carry on the required governmental services. We ought to adhere to that axiom. A permanent fund will simply dangle a large slush fund for misuse.

I would suggest to those who want to save some of our oil revenues for future generations that a better way to save money is to pay off the existing bonded indebtedness that we now have and to use any surplus funds for capital improvements rather than issuing more bonds.

In 1977 we should spend about 10 million dollars on preliminary design for the new capital city. From 1978 through 1982 we should be appropriating annually about 50 million in cash to build that capital and not through the issuance of bonds.

Now or in the future surplus monies should be used in the following order:

1. We ought to pay for capital improvements on a cash basis rather than going to the bond market
2. We ought to pay off our existing debt
3. We ought to reduce state taxes
4. We ought to reduce local government taxes through revenue sharing
5. If per chance we still have money left, we ought to give it back to the people.

Somewhere after 1979 we will have some surpluses. Somewhere after January 1, 1979 we will have an administration that will allow the development of some of our resources and large surpluses will accrue. But in the meantime don't be beguiled into believing that a creation of a permanent fund will make our legislature and governor any more fiscally responsible than they are presently.

INTRODUCTION

The last session of the Ninth State Legislature passed House Joint Resolution No. 39 proposing to Alaska voters an amendment to the Alaska Constitution creating an Alaska Permanent Fund into which a portion of the proceeds from development of Alaska's non-renewable resources would be deposited.

Aside from a constitutional convention the only way to amend our state constitution is for the legislature to pass by a two thirds vote of each house a resolution setting out the proposed amendment for approval by a majority of the Alaskans voting on the proposition. HJR 39 passed the House 36 to 1 (3 absent) and the Senate 18 to 1 (1 absent) thus placing this important issue before Alaskan voters on the general election ballot this November 2nd.

WHAT IS THE ALASKA PERMANENT FUND

The proposed amendment, ballot proposition , if approved, calls for the setting aside of 25 percent of all "mineral lease rentals, royalties, royalty sale proceeds, federal mineral sharing payments and bonuses received by the State" into a fund the principal of which shall be used only for income producing investments specifically designated by the legislature.

For example, if this proposed amendment had been in effect at the time of the 1969 Prudhoe Bay Bonus Lease Sale, 25 percent of the \$900 million or \$225 million would have been then placed in the Permanent Fund to earn income but not to be spent on the day to day operations of state government.

In addition to the bonus money the state may receive in future competitive bonus lease sales of its oil and gas, the major source of

potential money for the fund are royalties from oil and gas. When the pipeline is in operation the state is entitled to receive from the Prudhoe Bay leases a 12½ percent "royalty share" of all the oil flowing through the pipeline. Twenty-five percent of the proceeds from this royalty share would be deposited in the Permanent Fund.

The state presently receives money from oil and gas royalties but these amounts are small compared to the one billion plus dollars projected by the State Department of Revenue to accumulate in the Permanent Fund by 1982 from state royalties alone.

The plan for how and where the income producing investments will be made shall be established by the legislature after public hearings.

HOW WILL A PERMANENT FUND BENEFIT ALASKANS?

Wise individuals in their personal financial affairs usually set aside some of their income for future needs or to generate other income. If a business sells the equipment or assets by which its income is derived, common sense tells us that the owners of this business will no longer realize any income unless the proceeds from the sale of these assets are invested in another business or income-producing investment.

The same principles guiding wise individuals and business persons should be applicable to the state's management of its assets. The State of Alaska through its government is charged with the constitutional duty of providing for the utilization, development and conservation of all natural resources belonging to the State "for the maximum benefit of its people." The Permanent Fund will be a helpful tool in obtaining the maximum benefit for the people of this state. Like the sale of a business asset, the benefits from non-renewable resources will quickly evaporate once the money they generated is spent unless the money is re-invested.

When the state receives money from the sale or development of its non-renewable resources, such as oil and gas, it only makes good sense not to spend it all on running or expanding state government, but instead to place some of these one time only revenues in a fund for both short and long-term investments in Alaska's future.

State government should be minding the store - the great store of Alaska's resources instead of selling off the store to expand government.

← The Permanent Fund means less money from the sale of the people's assets will be available for imprudent spending by or for expansion of state government.

The Permanent Fund in making money available on a reasonable loan basis to the private sector will promote and diversify Alaska's economy even when private or outside (non-Alaskan) sources of financing dwindle. This will help to smooth out the boom and bust cycles.

The Permanent Fund by providing a sizable Alaskan source of investment capital will give the state a certain measure of financial independence. Business enterprise - even those in renewable resources such as fishing - could, for example, do business with the Japanese without being owned by Japan.

The fund will also multiply the benefits of resource development not only in re-circulating in Alaska money that might otherwise flow outside Alaska but by making capital available to enhance Alaska's renewable resources.

The size and existence of the Permanent Fund will allow for a more flexible state resource and economic policy.

Revenue from future bonus leases, royalties and fair taxation of multi-state and national corporations should exceed in the next decade

any reasonable level of state spending needs. By saving a portion of the proceeds from our non-renewable resources in the Permanent Fund, this money is reserved to assist the state in making a shift from its heavy economic dependence on oil and gas.

The investment approach of the Permanent Fund can be changed from time to time by the legislature but the oil and gas money once spent unwisely cannot be retrieved. Money spent unwisely in excess of today's needs is likely to make tomorrow's "wants" excessive.

Finally, the overriding question of finding environmentally sound energy alternatives must be addressed. The Permanent Fund may be critical in helping ^{to} finance development of needed energy alternatives. The federal government must take a more meaningful role in developing an energy conservation policy and safe energy alternatives before the last drop of oil goes up in smoke. Unless all beneficiaries of oil and gas development take the final depletion of fossil fuels seriously, there won't be much of an economy in which the Alaska Permanent Fund could operate.

by Rep. Clark Greening

Alaska State Chamber of Commerce

From the desk of Don Dickey

September 3, 1976

Dear Jim;

Here is the statement in support of the "Permanent Fund" that we at the Alaska State Chamber prepared and submitted to the Lt. Governor at his request.

We have purposely tried to avoid speaking of the technicalities, but tried to sell the 'sizzle' rather than the steak to the statewide voters.

I'll be happy to see Clark Gruening's comments on the subject.

Cordially,

A handwritten signature in dark ink, appearing to read "Don", with a stylized, looping flourish extending from the end.

Don Dickey
General Manager

#164
AUGUST 17, 1976

VIEWS IN SUPPORT OF A "PERMANENT FUND"
AS PRESENTED BY THE ALASKA STATE CHAMBER OF COMMERCE

ALASKANS SHOULD STRONGLY SUPPORT THE ESTABLISHMENT OF A
"PERMANENT FUND".

JUST AS A WISE AND PRUDENT FAMILY SETS ASIDE MONEY IN A SAVINGS ACCOUNT FOR THE FUTURE, SO SHOULD ALASKA'S STATE GOVERNMENT SET ASIDE A RAINY DAY FUND TO BENEFIT THIS AND FUTURE GENERATIONS OF ALASKANS. IN A "PERMANENT FUND", YOU, THE VOTER, CAN PREVENT A MAJOR SOURCE OF INCOME FROM BEING DOLED OUT FOR DAY TO DAY NEEDS OR DESIRES OF STATE GOVERNMENT BY PLACING UP TO 25% OF ALL REVENUE GENERATED FROM NON-RENEWABLE RESOURCES SUCH AS MINERAL LEASES, RENTALS, ROYALTIES, AND FEDERAL MINERAL REVENUE SHARING PAYMENTS AND BONUSES INTO SUCH A FUND.

IN RECENT YEARS THE STATE LEGISLATURE HAS BEEN SPENDING \$2.00 FOR EVERY \$1.00 TAKEN IN. AUTHORITIES ESTIMATE THAT IF THE PRESENT RATE OF SPENDING CONTINUES, ALASKA WILL REQUIRE A BUDGET IN EXCESS OF ONE BILLION DOLLARS BY OR BEFORE 1980. ESTABLISHMENT OF THIS "PERMANENT FUND" WILL PROVIDE FOR THE USE OF THE PRINCIPAL FOR INCOME PRODUCING INVESTMENTS ONLY AND PROVIDES A BUSINESS LIKE APPROACH OF PERMITTING THE STATE TO MEET COUNTLESS COMMUNITY NEEDS.

"PERMANENT FUND"
AUGUST 17, 1976

TODAY, AS THE RESULT OF ANTICIPATED OIL AND GAS REVENUES, ALASKA STANDS ON THE BRINK OF UNPRECEDENTED PROSPERITY. NO ONE, BUT NO ONE ARGUES THAT THESE NON-RENEWABLE RESOURCES WILL LAST BUT FOR A FEW DECADES. SIMILARLY, NO ONE SHOULD FAIL TO RECOGNIZE THAT IN THOSE YEARS AHEAD THE COST OF STATE GOVERNMENT WILL CONTINUE TO SPIRAL UPWARDS. NOW IS THE TIME TO ASK OURSELVES THE QUESTION: "WHEN THE OIL AND GAS IS DEPLETED, WHERE WILL THE FUNDS TO FEED OUR GIANT GOVERNMENT COME FROM?" THE ANSWER IS, THE "PERMANENT FUND".

WHILE IT IS TO BE HOPED THAT SUCH A FUND MAY CONTRIBUTE TO CUTTING COST, OR AT LEAST, HOLDING THE LINE ON STATE SPENDING, ITS MAJOR VALUE WOULD BE THAT IT WOULD REQUIRE OUR ELECTED OFFICIALS TO PAUSE, REFLECT, AND RESEARCH ANY PROPOSAL BEFORE BLINDLY AUTHORIZING EXPENDITURE OF TAXPAYERS MONIES. THIS WOULD PROVIDE NEEDED TIME FOR THE PRESS AND THE PUBLIC TO ALSO BE AWARE OF THE PENDING PROJECT AND ITS MERIT, INSTEAD OF BEING OUT OF PUBLIC VIEW AND HIDDEN IN THE SPENDING PATTERN OF NORMAL DAY TO DAY OPERATIONS. PROJECTS INVESTED IN WITH SOURCES FROM THE "PERMANENT FUND" COULD HELP BROADEN ALASKA'S NARROW BASED ECONOMY AND BRING MORE STABILITY TO OUR STATE.

WE WOULD CAUTION THE PUBLIC THAT WHILE A "PERMANENT FUND" COULD PROVIDE A TOOL FOR ACCOMPLISHING REAL NEEDS FOR

"PERMANENT FUND"
AUGUST 17, 1976

COMMUNITY IMPROVEMENTS, IN THE FINAL ANALYSIS, IT WILL NOT REPLACE OUR COLLECTIVE RESPONSIBILITY TO ELECT STATE ADMINISTRATORS AND LEGISLATORS WHO WILL USE THE SAME REASON AND RESTRAINT IN SPENDING THE PUBLIC MONEY AS THEY WOULD THEIR OWN FUNDS.

ESTABLISHMENT OF A "PERMANENT FUND" IS AN EXCITING CONCEPT AND WHEN APPROVED AND PROPERLY USED CAN SERVE LONG AND WELL THE BEST PUBLIC INTEREST OF ALASKANS.

VOTE "YES" ON THE ESTABLISHMENT OF A "PERMANENT FUND".

John Will you
please look
this over.
Jue

3 PM
SATURDAY
6 March

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act implementing a permanent fund for certain
7 proceeds derived from non-renewable resources; and
8 providing for an effective date."

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

10 * Section 1. AS 37.11 is amended by adding new sections to read:

11 CHAPTER 11. PERMANENT [RENEWABLE RESOURCES] FUNDS.

12 ARTICLE 2. ALASKA MINERAL PROCEEDS PERMANENT FUND.

13 Sec. 37.11.100. PURPOSE. The legislature finds and declares that
14 it is essential to implement the provisions of art. IX, sec. 15,
15 Constitution of the State of Alaska, establishing a permanent fund for
16 certain proceeds derived from non-renewable resources.

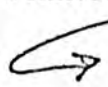
17 Sec. 37.11.110. ALASKA MINERAL PROCEEDS PERMANENT FUND. That
18 proportion of the proceeds ^{derived} from the non-renewable resources specified in
19 art. IX, sec. 15, Constitution of the State of Alaska, determined annually
20 by the legislature for deposit in the permanent fund shall be held
21 ~~perpetually~~ perpetually in trust for the benefit of both present and future
22 generations of Alaskans. ~~_____~~

23 ~~_____~~
24 Sec. 37.11.120. FUND PRINCIPAL. _____ per cent of the
25 proceeds ~~_____~~ paid the state from the non-renewable resource revenue
26 sources specified in art. IX, sec. 15, Constitution of the State of Alaska
27 shall be deposited annually in the permanent fund. The legislature may
28 appropriate additional amounts to the perman^{ent} fund which shall become
29 a part of the principal of the fund. The principal of this fund shall be

1 used only for income investments. These deposits shall be considered fund
2 principal and shall be invested in perpetuity in accordance with AS 37.10.-
3 070 (investment of surplus state funds) or in state loan programs that are
4 designated by law as eligible for permanent fund investment; however, no
5 funds may be invested in common or preferred stocks.

6 ~~Section 37.11.130. FUND INCOME.~~
7 ~~Section 37.11.130. FUND INCOME.~~
8 Sec. 37.11.130. FUND INCOME. All income from the permanent fund
9 shall be deposited in the general fund.

10 Sec. 37.11.140. PROTECTION OF PRINCIPAL.)

11  An investment transaction
12 involving fund principal which results in an actual dollar loss of principal
13 shall be reimbursed in full from fund income before additional income is
14 expended.

15 (a resolution proposing a
*Sec. 2. This Act takes effect on the effective date of a constitutional
16 amendment establishing a permanent fund for certain proceeds derived from
17 non-renewable resources submitted to the electorate at the November, 1976,
18 General Election and approved by a majority of the qualified voters voting
19 on the question.
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PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

FROM: A. R. Latham
Research Analyst

REVENUE AND EXPENDITURE PROJECTION
ANALYSIS FOR 1976-1985
AND ANALYSIS OF SCSSSHJR 39

The objectives set for this analysis were: review the revenue and expenditure projections prepared by the Department of Revenue, identify the basic assumptions, reconcile the projections with current information on Cook Inlet and Prudhoe Bay, isolate and examine non-oil related revenue, and prepare projections addressing a possible delay in completion of the Trans-Alaskan Pipeline.

Subsequent to establishing the above objectives, we were also requested to determine whether sizable increases in corporate income tax revenues were anticipated and reflected in the Department of Revenue's projections.

Revenues

In analyzing the Departments projections, we rather arbitrarily divided its revenue into two categories: oil related and non-oil related. Oil revenue sources include: oil and gas royalty income, oil and gas severance taxes, oil and gas property taxes, oil and gas reserves taxes, and the conservation tax. Non-oil related revenues include all other object classifications used by the Department of Revenue in its revenue source publications.

Review of the Department's oil revenue projections, indicate that its Cook Inlet forecasts are extremely cautious whereas its Prudhoe Bay estimates are somewhat optimistic. To take account of this matter we have chosen to reshape the expected oil revenues by using Division of Oil and Gas figures for Cook Inlet and by using hybrid estimates consolidated from the Department, Legislative Affairs Agency, and industry forecasts for the Prudhoe Bay projections. These figures appear in Tables 1-5. Thruput forecasts, annual production, and wellhead prices used in generating these estimates are found in Tables 6-8, respectively.

The analysis of the non-oil related revenue has been a more difficult task; and any conclusions based upon it must be viewed with more caution. The obvious stumbling block here has been the Department of Revenue's apparent unwillingness to voluntarily share its assumptions in direct contrast to the generosity it has shown with the petroleum estimates. In most cases the Department has been very responsive to direct requests; however, a degree of reticence has been shown in volunteering the assumptions behind the non-oil revenue projections. This may be due to the fact that these assumptions are not based upon the same degree of substantive detail as were those for the oil estimates. In conversations with the Department, we learned that the non-oil revenue forecasts were obtained from projections of historical trends, estimates of population fluctuations, real growth of approximately 6% and inflationary growth of 6%. The Department indicated that it was in the process of developing a computerized revenue model for the state and promised to share the model assumptions and output with this Agency when the model was completed. Comparisons of similar estimates with actual experience from 1972-1975, indicate that previous Department projections for non-oil revenue show a variance of $\pm$ 2.5%.

Expenditures

Our review of the Department's expenditure data indicates that it is undoubtedly the least precise of all. The assumptions behind these data are based upon historical extrapolation, estimated rates of inflation, and best guess. Since planned program or formula based budgeting is only in its infancy within the state, we feel the Department's projections are as good as any. Thus we have used them unaltered within this analysis. In addition, throughout this analysis we have considered general fund expenditures for the Operating Budget only and not the Capital Budget.

Pipeline Delays

Because of the growing concern that extensive construction delays may occur on the Trans-Alaskan Pipeline, we have prepared four scenarios projecting the effects of different start up dates. At this time we have chosen only to investigate the effects upon accrued revenue, expenditures, and general fund balance. No attempt is made to study State cash flow since common opinion holds that cash flow difficulties will be handled through the issuance of revenue anticipation notes. Tables 1-5 illustrate accrued revenue-expenditure patterns based upon the following assumptions: Start up in March 1977, in July 1977, in September 1977, in March 1978, and in September 1978.

Additionally, Tables 4 and 5 clearly indicate that revenue difficulties will begin for the state if pipeline delays extend from one year to eighteen months. With a one year delay, operating deficits are predicted for FY 1976, FY 1977, and FY 1978 decreasing the general fund balance to dangerously low levels in FY 1978 and FY 1979. Cash flow problems may prove severe with a need to issue revenue anticipation notes in January or February of 1978. With an eighteen month delay even larger deficits are predicted resulting in a negative swing in the general fund balance in FY 1978 and continuing through FY 1979. Managing the cash flow through two consecutive years of negative general fund balance may prove

to be extremely complicated since floating and redeeming revenue anticipation notes under these conditions may prove difficult. In any event, cash difficulties should become evident in October or November of 1977 and necessitate issuing revenue anticipation notes or instituting some other cash generating mechanism.

Certainly anything which adversely effects the revenue stream during the period 1977-1978 will place a significant strain on the general fund balance. Closer study of this particular period is therefore warranted. Oil revenues and delay impacts have already been presented, therefore let us focus upon any trends in the non-oil related income.

The obvious approach to use here, of course, would be to obtain the Department of Revenue's model or assumptions for its non-oil related revenue and judge its validity. As noted above, this has not been possible, therefore, the following procedure is used.

Historical Trends

Historical trends in the non-oil related revenue from 1972-1975 were obtained by backing out all oil revenues from the total experienced revenue during these years. An object profile for each year was developed and is summarized in Table 9. From this profile, we discover that $63 \pm 5\%$ of all non-oil related income arises from two sources: income taxes and investment income. The income tax revenue is additionally composed of three components: corporate income tax, fiduciary taxes, and individual income taxes. Presently fiduciary taxes make a negligible contribution to this revenue, whereas the corporate and individual income taxes comprise 20% and 80%, respectively. During this period the total income tax revenue has grown steadily with rather dramatic increases in 1975 due both to increased enforcement of the income tax laws and the inception of pipeline construction. As construction ends upon the pipeline, individual income tax revenue is expected to decrease for approximately a two year period with increases in corporate income taxes either offsetting this decrease or at least slowing it considerably. Of interest is the magnitude of the expected corporate taxes in FY 1978 and FY 1979. However, before we may obtain a measure of these, we must study the behavior and size of the expected investment income.

Referring to Figure 1, we observe that in the period 1972-1977 the investment income is a linear function of the general fund balance. Projections based on this observation should be used with some care, however, since at both ends of the range of the general fund balance, the investment income should show asymptotic behavior. At what year the inflections become important is yet unknown. Therefore, as long as we remain within the range of linear behavior we may obtain the size of the expected investment income from a knowledge of the general fund balance. We will assume we are in this range during FY 1978 and FY 1979.

Income Tax Revenue

With this result and the fact that all revenue, except income taxes and investment income constitutes approximately 43% of the total non-oil related revenue, we may determine the total expected corporate income

taxes for FY 1978 and FY 1979 to be 97 and 80 million dollars, respectively. To test both the reliability of these values and the credibility of the approach, we have compared calculated income tax values with actual data from 1972-1975 and with Department estimates for 1976 and 1977 in Table 10. The average percentage error encountered was 9% with a standard deviation of 6%. Assuming our calculated values are 15% low will set the expected total income taxes in 1978-1979 at 90-110 million dollars with approximately \$70 million arising from individual income taxes and \$30 million from corporate taxes. These values do not significantly differ from those expected in 1976 and 1977.

Thus the question as to whether significant increases were expected in corporate taxes in the period 1978-1979 by the Department and reflected in their projections is answered. No sizable increases at all were expected. This final conclusion was additionally confirmed in conversation with Department personnel.

In conclusion, therefore, except for relatively minor alterations in oil revenue projections, we find the Department of Revenue's projections of revenue and expenditures to be creditable. We have found that a six month delay in pipeline start up to be tolerable, but a one year or larger delay would place severe hardship on the State. It is clear that additional revenues would need to be sought. Finally, it seems highly unlikely to this investigator that corporate income taxes in 1978-80 will show the dramatic growth that has been suggested to our agency. ^{1/} An example of a strain upon the income stream may be seen by investigating the impact that SCSSSHJR 39 would have on the general fund balance under the conditions of the differing start up dates. As seen in Tables 11-15 the impact is significant in the eventuality of a one year to eighteen month delay and severe with a six month delay. The conclusions illustrated in Table 15 indicate that an eighteen month delay in pipeline start up in conjunction with permanent fund dedications of the size suggested in the Bill would prove totally unmanageable without additional revenues beyond those expected. A one year delay would necessitate issuing revenue anticipation notes early in FY 1978 and whether the market would consider the permanent fund a viable asset or collateral is open to question. If only a six month delay were to be experienced, the establishment of the permanent fund, though decreasing the general fund balance to very low levels, would appear to be a manageable situation.

ARL:cw

^{1/} Memorandum of April 22, 1976 from Frederick P. Boetsch, Deputy Commissioner of Taxation, to the House Finance Committee.

Table I

REVENUE - EXPENSE ANALYSIS 1975-1985 (MILLIONS) NO DELAY*

Fiscal Year	OIL & GAS ROYALTIES		OIL & GAS SEVERANCE TAX		RESERVES TAX	FEDERAL ROYALTIES	CONSERVATION TAX	PROPERTY TAX	OTHER REVENUES	TOTAL REVENUES	TOTAL EXPEND.	GEN. FUND SUR/(DEF)	GEN. FUND BALANCE
	Prudhoe** Bay	Cook Inlet	Prudhoe Bay	Cook Inlet									
													(74) 535.9
1975	-0-	40.0	-0-	26.6		1.9		6.5	258.4	333.4	490.0	(156.6)	379.9
1976	-0-	49.2	-0-	24.7	220.0	1.9		86.4	272.6	654.8	626.4	28.4	407.7
1977	47.5	51.0	12.7	23.3	256.4	1.8		128.2	266.2	787.1	705.9	81.2	438.9
1978	463.3	52.2	115.8	21.5		1.0	.5	152.1	252.8	1,066.7	871.6	195.1	684.0
1979	543.8	54.2	144.7	20.3		1.0	.5	154.4	292.8	1,211.7	990.8	220.9	904.9
1980	746.3	59.0	198.5	21.4		1.0	.5	154.4	336.1	1,520.0	1,124.6	395.4	1,300.3
1981	812.9	63.7	427.8	22.5		1.0	.5	154.4	379.4	1,866.9	1,240.9	626.0	1,926.3
1982	812.9	67.3	432.5	23.2		1.0	.5	148.2	435.1	1,920.7	1,249.8	660.9	2,587.2
1983	812.9	69.3	432.5	23.5		1.0	.5	142.3	502.4	1,984.4	1,300.0	684.4	3,271.6
1984	812.9	72.5	432.5	24.2		1.0	.5	136.6	582.1	2,062.3	1,400.0	662.3	3,933.9
1985	863.1	76.0	459.2	24.9		-0-	.5	131.1	669.2	2,224.0	1,500.0	724.0	4,657.9

* Production Begins March 1977 at 300,000 bbl/day
 July 1977 600,000 bbl/day
 November 1977 1,200,000 bbl/day
 July 1978 1,200,000 bbl/day
 July 1979 1,570,000 bbl/day

** Production build up is assumed to be independent of pipeline start up date.

Table 2

REVENUE - EXPENSE ANALYSIS 1975-1976 (MILLIONS) JULY 1, 1977*

Fiscal Year	OIL & GAS ROYALTIES		OIL & GAS SEVERANCE TAX		RESERVES TAX	FEDERAL ROYALTIES	CONSERVATION TAX	PROPERTY TAX	OTHER REVENUES	TOTAL REVENUES	TOTAL EXPEND.	GEN. FUND SUR/(DEF)	GEN. FUND BALANCE
	Prudhoe** Bay	Cook Inlet	Prudhoe Bay	Cook Inlet									
													(74) 535.9
1975	-0-	40.0	-0-	26.6		1.9		6.5	258.4	333.4	490.0	(156.6)	379.3
1976	-0-	49.2	-0-	24.7	220.0	1.9		86.4	272.6	654.8	626.4	28.4	407.7
1977	-0-	51.0	-0-	23.3	269.0	1.8		128.2	266.2	739.5	705.9	33.6	441.3
1978	435.5	52.2	115.8	21.5		1.0	0.5	152.1	252.8	1,031.5	871.6	159.9	601.2
1979	543.8	54.2	144.7	20.3		1.0	0.5	154.4	292.8	1,211.7	990.8	220.9	822.1
1980	746.3	59.0	198.5	21.4		1.0	0.5	154.4	336.1	1,517.2	1,124.6	392.6	1,214.7
1981	812.9	63.7	402.5	22.5		1.0	0.5	154.4	379.4	1,836.9	1,240.9	596.0	1,810.7
1982	812.9	67.3	432.5	23.2		1.0	0.5	148.2	435.1	1,920.7	1,259.8	660.9	2,471.6
1983	812.9	69.0	432.5	23.5		1.0	0.5	142.3	502.4	1,984.4	1,300.0	684.4	3,156.0
1984	812.9	72.5	432.5	24.2		1.0	0.5	136.6	582.1	2,062.3	1,400.0	662.3	3,818.3
1985	863.1	76.0	459.2	24.9		-0-	0.5	131.1	669.2	2,224.0	1,500.0	724.0	4,542.3

* Production Begins July 1977 at 600,000 bbl/day
 November 1977 1,200,000 bbl/day
 July 1978 1,200,000 bbl/day
 July 1979 1,570,000 bbl/day

** Production build up is assumed to be independent of pipeline start up date.

Table 3

REVENUE - EXPENSE ANALYSIS 1975-1985 (MILLIONS) 6 MONTH DELAY*

Fiscal Year	OIL & GAS ROYALTIES		OIL & GAS SEVERANCE TAX		RESERVES TAX	FEDERAL ROYALTIES	CONSERVATION TAX	PROPERTY TAX	OTHER REVENUES	TOTAL REVENUES	TOTAL EXPEND.	GEN. FUND SUR/(DEF)	GEN. FUND BALANCE
	Prudhoe** Bay	Cook Inlet	Prudhoe Bay	Cook Inlet									
													(74) 535.9
1975	-0-	40.0	-0-	26.6		1.9		5.5	258.4	333.4	490.0	(156.6)	379.3
1976	-0-	49.2	-0-	24.7	220.0	1.9		59.2	272.6	627.6	626.4	1.2	380.5
1977	-0-	51.0	-0-	23.3	269.0	1.8		98.9	277.5	721.5	705.9	15.6	396.1
1978	383.8	52.2	102.1	21.5		1.0	.5	139.9	267.2	968.2	871.6	96.6	492.7
1979	543.8	54.2	144.7	20.3		1.0	.5	153.0	279.8	1,197.3	990.8	206.5	699.2
1980	746.3	59.0	198.5	21.4		1.0	.5	154.2	321.3	1,502.2	1,124.6	377.6	1,076.8
1981	812.9	63.7	388.7	22.5		1.0	.5	151.1	369.2	1,809.6	1,240.9	568.7	1,645.5
1982	812.9	67.3	432.5	23.2		1.0	.5	150.5	424.3	1,912.2	1,259.8	652.4	2,297.9
1983	812.9	69.3	432.5	23.5		1.0	.5	144.6	487.5	1,971.8	1,300.0	671.8	2,969.7
1984	812.9	72.5	432.5	24.2		1.0	.5	138.8	560.7	2,043.1	1,400.0	643.1	3,612.8
1985	863.1	76.0	459.2	24.9		-0-	.5	133.2	644.4	2,201.3	1,500.0	701.3	4,314.1

* Production Begins September 1977 at 1,100,000 bbl/day
 November 1977 1,200,000 bbl/day
 July 1978 1,200,000 bbl/day
 July 1979 1,570,000 bbl/day

** Production build up is assumed to be independent of pipeline start up date.

Table 4

REVENUE - EXPENSE ANALYSIS 1975-1985 MILLIONS) 1 YEAR DELAY*

Fiscal Year	OIL & GAS ROYALTIES		OIL & GAS SEVERANCE TAX		RESERVES TAX	FEDERAL ROYALTIES	CONSERVATION TAX	PROPERTY TAX	OTHER REVENUES	TOTAL REVENUES	TOTAL EXPEND.	GEN. FUND SUR/(DEF)	GEN. FUND BALANCE
	Prudhoe** Bay	Cook Inlet	Prudhoe Bay	Cook Inlet									
													(74) 535.9
1975	-0-	40.0	-0-	26.6		1.9		6.5	258.4	333.4	490.0	(156.6)	379.3
1976	-0-	49.2	-0-	24.7	220.0	1.9		31.9	272.6	600.3	626.4	(26.1)	353.2
1977	-0-	51.0	-0-	23.3	269.0	1.8		69.5	289.2	703.8	705.9	(2.1)	351.1
1978	155.5	52.2	41.3	21.5		1.0	0.5	127.6	282.5	682.1	871.6	(189.5)	161.6
1979	543.8	54.2	144.7	20.3		1.0	0.5	151.5	265.4	1,181.4	990.8	190.6	352.2
1980	746.3	59.0	198.5	21.4		1.0	0.5	153.9	304.8	1,485.4	1,124.6	360.8	713.0
1981	812.9	63.7	328.0	22.5		1.0	0.5	153.9	350.2	1,732.7	1,240.9	491.8	1,204.8
1982	812.9	67.3	432.5	23.2		1.0	0.5	147.6	402.5	1,887.5	1,259.8	627.7	1,832.5
1983	812.9	69.3	432.5	23.5		1.0	0.5	141.9	462.4	1,944.0	1,300.0	644.0	2,476.5
1984	812.9	72.5	432.5	24.2		1.0	0.5	136.1	532.0	2,011.7	1,400.0	611.7	3,088.2
1985	863.1	76.0	459.2	24.9		-0-	0.5	130.6	611.4	2,165.7	1,500.0	665.7	3,753.9

* Production Begins March 1978 at 1,200,000 bbl/day
 July 1978 1,200,000 bbl/day
 July 1979 1,570,000 bbl/day

** Production build up is assumed to be independent of pipeline start up date.

Table 5

REVENUE - EXPENSE ANALYSIS 1975-1976 (MILLIONS) 18 MONTH DELAY*

Fiscal Year	OIL & GAS ROYALTIES		OIL & GAS SEVERANCE TAX		RESERVES TAX	FEDERAL ROYALTIES	CONSERVATION TAX	PROPERTY TAX	OTHER REVENUES	TOTAL REVENUES	TOTAL EXPEND.	GEN. FUND SUR/(DEF)	GEN. FUND BALANCE
	Prudhoe** Bay	Cook Inlet	Prudhoe Bay	Cook Inlet									
												(74)	535.9
1975	-0-	40.0	-0-	26.6		1.9		6.5	258.4	333.4	490.0	(156.6)	379.3
1976	-0-	49.2	-0-	24.7	220.0	1.9		31.9	272.6	600.3	626.4	(26.1)	353.2
1977	-0-	51.0	-0-	23.3	269.0	1.8		15.0	289.2	649.3	705.9	(56.6)	296.6
1978	-0-	52.2	-0-	21.5		1.0	0.5	41.7	294.6	411.5	871.6	(460.1)	(163.5)
1979	388.7	54.2	121.3	20.3		1.0	0.5	97.7	283.6	967.3	990.8	(23.5)	(187.0)
1980	746.3	59.0	198.5	21.4		1.0	0.5	138.8	296.5	1,462.0	1,124.6	337.4	150.4
1981	812.9	63.7	263.3	22.5		1.0	0.5	152.0	340.7	1,656.6	1,240.9	415.7	566.1
1982	812.9	67.3	432.5	23.2		1.0	0.5	153.1	391.5	1,882.0	1,259.8	622.2	1,188.3
1983	812.9	69.3	432.5	23.5		1.0	0.5	150.1	449.9	1,939.7	1,300.0	639.7	1,828.0
1984	812.9	72.5	432.5	23.2		1.0	0.5	144.1	517.6	2,005.3	1,400.0	605.3	2,433.3
1985	863.1	76.0	459.2	24.9		-0-	0.5	138.3	594.8	2,156.8	1,500.0	656.8	3,090.1

* Production Begins September 1978 at 1,200,000 bbl/day
 July 1979 1,570,000 bbl/day

** Production build up is assumed to be independent of pipeline start up date.

Table 6

PRUDHOE BAY PRODUCTION FORECASTS
(Daily Thruput By Month)

<u>Year</u>	<u>Month</u>	<u>Thurput (Barrels)</u>
1977	March	300,000*
	April	375,000
	May	450,000
	June	525,000
	July	600,000*
	August	1,000,000
	September	1,100,000
	October	1,150,000
	November	1,200,000
	December	1,200,000
	January	1,200,000
	February	1,200,000
1978	March	1,200,000
	April	1,200,000
	May	1,200,000
	June	1,200,000
	June thru July	1,200,000*
	July	1,570,000*

* Industry Figures (All other values linear extrapolations)

Table 7

PRUDHOE BAY PRODUCTION FORECASTS
(Millions of Barrels Per Year)

<u>Fiscal Year</u>	<u>No Delay</u>	<u>6 Month Delay</u>	<u>12 Month Delay</u>	<u>18 Month Delay</u>	<u>July 1 Start-up</u>
1977	50.2	-0-	-0-	-0-	-0-
1978	409.0	360.4	146.0	-0-	409.0
1979	435.0	435.0	435.0	365.0	435.0
1980	573.0	573.0	573.0	573.0	573.0
1981	573.0	"	"	"	"
1982	573.0	"	"	"	"
1983	573.0	"	"	"	"
1984	573.0	"	"	"	"
1985	573.0	"	"	"	"

Table 8
WELLHEAD VALUES FOR
PRUDHOE BAY OIL
(Dollars Per Barrel)

<u>YEAR</u>	<u>PRICE</u>
1977	7.58
1978	8.52
1979	10.00
1980	10.42
1981	11.35
1982	11.35
1983	11.35
1984	11.35
1985	12.05

Table 9

REVENUE PROFILE FROM NON-OIL AND
INDIRECT OIL RELATED SOURCES

<u>SOURCE</u>	<u>1972</u> (%)	<u>1973</u> (%)	<u>1974</u> (%)	<u>1975</u> (%)	<u>1976</u> (%)	<u>1977</u> (%)
<u>Income Taxes</u>						
Corporate	3.6	4.0	4.4	7.0	9.7	11.4
Fiduciary						
Individual	22.0	25.9	26.6	33.3	42.8	36.6
<u>Gross Receipts Tax</u>	7.5	8.1	8.0	7.3	7.7	8.8
<u>Severance Tax</u>						
<u>Property Tax</u>						
<u>Sale/Use Tax</u>	9.8	11.3	11.3	10.0	11.9	14.3
<u>Other Tax</u>	1.0	1.0	1.0	1.0	1.0	1.0
<u>License + Permits</u>	1.5	1.9	2.2	1.5	1.6	1.7
<u>Non-Business</u>	3.5	3.9	3.7	3.6	3.9	4.4
<u>Inter-Gov. Receipts</u>	4.0	3.4	3.4	3.9	1.0	1.6
<u>Sale/Use</u>						
Investment	37.9	25.9	22.2	14.9	8.1	6.8
Sale of Property	.5	.6	.8	4.7	.6	.7
Rents	2.0	2.3	2.2	1.7	2.2	2.3
Other		.1		.4		
<u>Facilities Charges</u>	6.6	9.3	8.3	6.1	6.5	7.5
<u>Service Charges</u>	1.1	1.1	1.2	1.7	1.8	2.0
<u>Miscellaneous</u>	<u>6.5</u>	<u>0.7</u>	<u>4.6</u>	<u>2.8</u>	<u>.8</u>	<u>.4</u>
TOTAL	101.5	99.5	99.9	99.9	99.6	99.5

Table 10

COMPARISON OF ACTUAL TOTAL INCOME
TAXES TO CALCULATED TOTAL INCOME TAXES

<u>YEAR</u>	<u>ACTUAL (MILLIONS)</u>	<u>CALCULATED (MILLIONS)</u>	<u>PERCENT ERROR</u>
1972	45.6	38	16
1973	47.2	48	2
1974	57.5	67	17
1975	104	111	7
1976	145*	131	10
1977	130*	134	3
Mean:		9%	$\pm$ 6% S.D.

* Estimate

$$S.D. = \sqrt{\frac{\sum x^2 - \frac{(\sum x)^2}{n}}{n - 1}}$$

Where x represents each datum and n
represents the number of data.

Table 12

PERMANENT FUND IMPACT UPON GENERAL FUND BALANCE

3 MONTH DELAY

FISCAL YEAR	TOTAL GENERAL FUND REVENUE	REVENUE SUBJECT TO PERMANENT FUND	FUNDS DEDICATED TO PERMANENT FUND	PERMANENT FUND BALANCE	NET GENERAL FUND REVENUE	GENERAL FUND EXPENDITURES	GENERAL FUND SUR/(DEF)	GENERAL FUND BALANCE
1975	333.4	-0-	-0-	-0-	333.4	490.0	(156.6)	379.3
1976	654.8	-0-	-0-	-0-	654.8	626.4	28.4	407.7
1977	739.5	26.8	13.2	13.2	726.3	705.9	20.4	428.1
1978	1,031.5	496.9	245.4	258.6	786.1	871.6	(85.5)	342.6
1979	1,211.7	623.5	302.0	560.6	909.7	990.8	(81.1)	261.5
1980	1,517.2	852.0	407.8	968.4	1,109.4	1,124.6	(15.2)	246.3
1981	1,836.9	948.9	445.9	1,414.3	1,391.0	1,240.9	150.1	396.4
1982	1,920.7	979.3	450.4	1,864.7	1,470.3	1,259.8	210.5	606.9
1983	1,984.4	1,008.3	454.1	2,318.8	1,530.3	1,300.0	230.3	837.2
1984	2,062.3	1,038.8	458.4	2,777.2	1,603.9	1,400.0	203.9	1,041.1
1985	2,224.0	1,119.8	487.7	3,264.9	1,736.3	1,500.0	236.3	1,277.4

Table 13

PERMANENT FUND IMPACT UPON GENERAL FUND BALANCE

6 MONTH DELAY

FISCAL YEAR	TOTAL GENERAL FUND REVENUE	REVENUE SUBJECT TO PERMANENT FUND	FUNDS DEDICATED TO PERMANENT FUND	PERMANENT FUND BALANCE	NET GENERAL FUND REVENUE	GENERAL FUND EXPENDITURES	GENERAL FUND SUR/(DEF)	GENERAL FUND BALANCE
1975	333.4	-0-	-0-	-0-	333.4	490.0	(156.6)	379.3
1976	627.6	-0-	-0-	-0-	627.6	626.4	1.2	380.5
1977	721.5	26.8	13.2	13.2	708.3	705.9	2.4	382.9
1978	968.2	444.3	219.2	232.4	749.0	871.6	(122.6)	260.3
1979	1,197.3	621.9	301.8	534.2	895.5	990.8	(95.3)	165.0
1980	1,502.2	850.4	407.6	941.8	1,094.6	1,124.6	(30.0)	135.0
1981	1,809.6	947.3	445.8	1,387.6	1,363.8	1,240.9	122.9	257.9
1982	1,912.2	977.7	450.2	1,837.8	1,462.0	1,259.8	202.2	460.1
1983	1,971.8	1,006.7	454.0	2,291.8	1,517.8	1,300.0	217.8	677.9
1984	2,043.1	1,037.2	458.3	2,750.1	1,584.8	1,400.0	184.8	862.7
1985	2,201.3	1,118.2	487.5	3,237.6	1,713.8	1,500.0	213.8	1,076.5

Table 14

PERMANENT FUND IMPACT UPON GENERAL FUND BALANCE

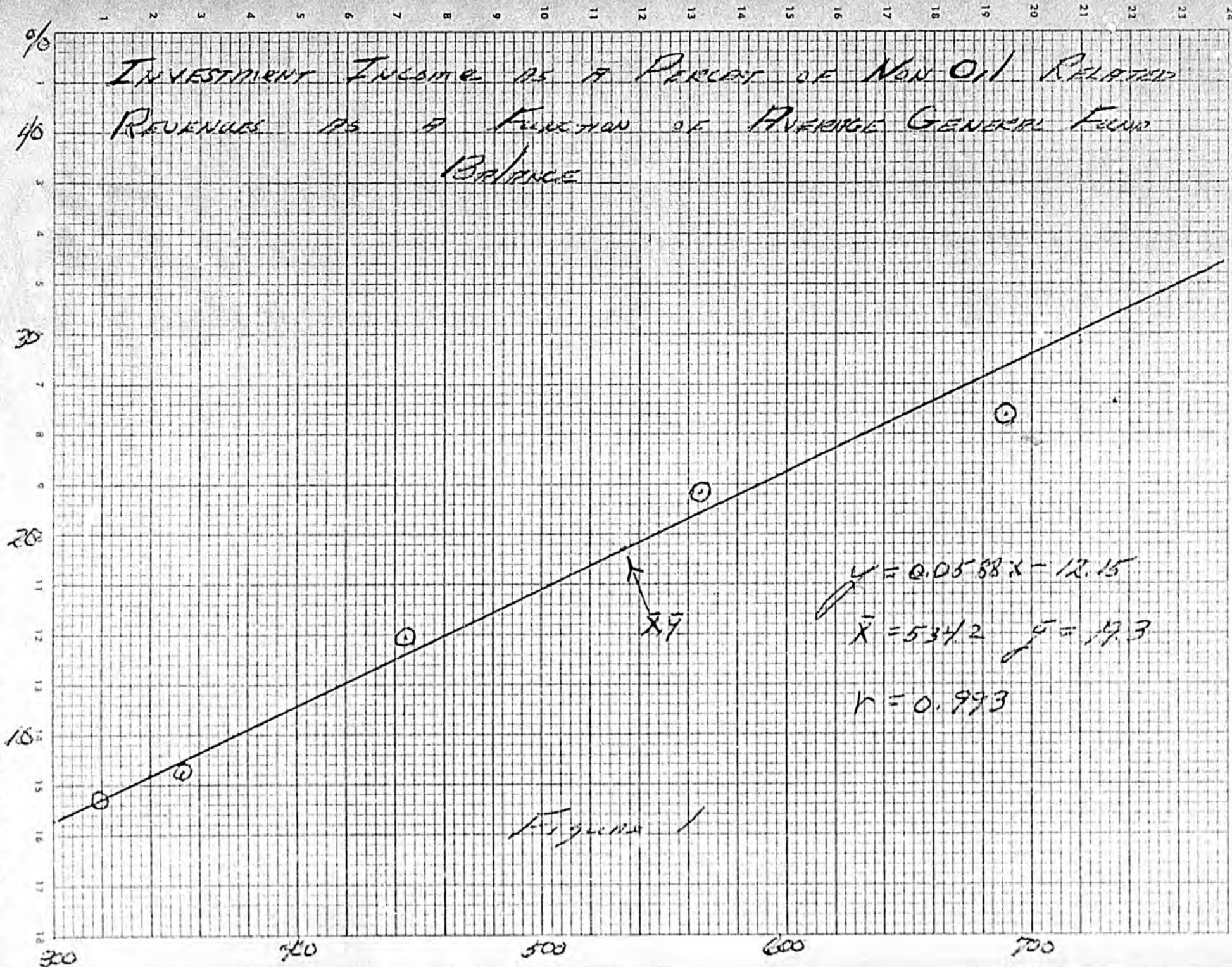
1 YEAR DELAY

FISCAL YEAR	TOTAL GENERAL FUND REVENUE	REVENUE SUBJECT TO PERMANENT FUND	FUNDS DEDICATED TO PERMANENT FUND	PERMANENT FUND BALANCE	NET GENERAL FUND REVENUE	GENERAL FUND EXPENDITURES	GENERAL FUND SUR/(DEF)	GENERAL FUND BALANCE
1975	333.4	-0-	-0-	-0-	333.4	490.0	(156.6)	379.3
1976	600.3	-0-	-0-	-0-	600.3	626.4	(26.1)	353.2
1977	703.8	26.8	13.2	13.2	690.6	705.9	(15.3)	337.9
1978	682.1	212.6	104.8	118.0	577.3	871.6	(294.3)	43.6
1979	1,181.4	615.1	301.1	419.1	880.3	990.8	(110.5)	(66.9)
1980	1,485.4	843.5	406.9	826.0	1,078.5	1,124.6	(46.1)	(113.0)
1981	1,732.7	940.3	445.1	1,271.1	1,287.6	1,240.9	46.7	(66.3)
1982	1,887.5	970.7	449.5	1,720.6	1,438.0	1,259.8	178.2	111.9
1983	1,944.0	999.7	453.2	2,173.8	1,490.8	1,300.0	190.8	302.7
1984	2,011.7	1,030.1	457.6	2,631.4	1,554.1	1,400.0	154.1	456.8
1985	2,165.7	1,111.1	486.8	3,118.2	1,678.9	1,500.0	178.9	635.7

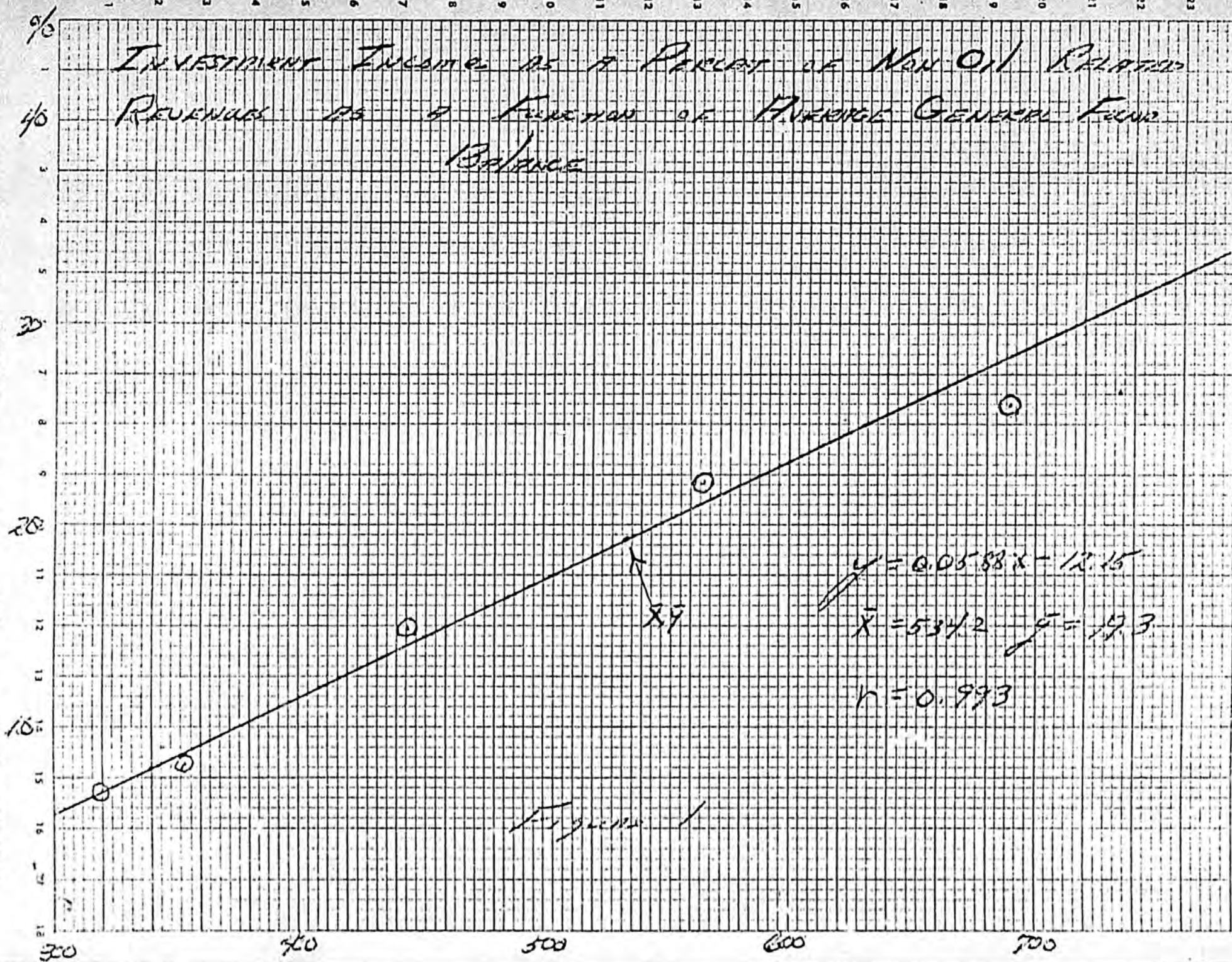
Table 15
PERMANENT FUND IMPACT UPON GENERAL FUND BALANCE
18 MONTH DELAY

FISCAL YEAR	TOTAL GENERAL FUND REVENUE	REVENUE SUBJECT TO PERMANENT FUND	FUNDS DEDICATED TO PERMANENT FUND	PERMANENT FUND BALANCE	NET GENERAL FUND REVENUE	GENERAL FUND EXPENDITURES	GENERAL FUND SUR/(DEF)	GENERAL FUND BALANCE
1975	333.4	-0-	-0-	-0-	333.4	490.0	(156.6)	379.3
1976	600.3	-0-	-0-	-0-	600.3	626.4	(26.1)	353.2
1977	649.3	26.8	13.2	13.2	636.1	705.9	(69.8)	283.4
1978	411.5	54.8	26.8	40.0	384.7	871.6	(486.9)	(203.5)
1979	967.3	453.0	222.9	262.9	744.4	990.8	(246.4)	(449.9)
1980	1,462.0	834.2	406.0	668.9	1,056.0	1,124.6	(68.6)	(518.5)
1981	1,656.6	930.9	444.1	1,113.0	1,212.5	1,240.9	(28.4)	(546.9)
1982	1,882.0	961.2	448.6	1,561.6	1,433.4	1,259.8	173.6	(373.3)
1983	1,939.7	990.1	452.3	2,013.9	1,487.4	1,300.0	187.4	(185.9)
1984	2,005.3	1,020.5	456.6	2,470.5	1,548.7	1,400.0	148.7	(37.2)
1985	2,156.8	1,101.4	485.8	2,956.3	1,671.0	1,500.0	171.0	133.8

INVESTMENT INCOME AS A PERCENT OF NON-OIL REVENUE



INVESTMENT INCOME AS A PERCENT OF NON-OIL REVENUE



PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

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Alaska Statutes relating to Renewable Resources and Renewable
Resources Permanent Fund



Alaska State Legislature

1976

Source:

SCS CSSS HJR 39(Resources) am S

HOUSE JOINT RESOLUTION NO. 39

Proposing an amendment to the Alaska Constitution, establishing an Alaska Permanent Fund for certain proceeds derived from non-renewable resources.

and the election laws of the state.

* Sec. 4. The amendments proposed by this resolution if adopted by the voters at the next general election shall become effective 90 days after the certification of the election returns by the lieutenant governor.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. Article IX, sec. 7, Constitution of the State of Alaska, is amended to read:

SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

* Sec. 2. Article IX, Constitution of the State of Alaska, is amended by adding a new section to read:

SECTION 15. ALASKA PERMANENT FUND. At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

* Sec. 3. The amendments proposed by this resolution shall be placed before the voters at the next general election in conformity with art. XIII, sec. 1, Constitution of the State of Alaska,

Introduced: 1/15/76
Referred: Finance and
Judiciary

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the
6 Alaska Constitution, establishing
7 a permanent fund for certain pro-
8 ceeds derived from non-renewable
9 resources.

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

11 * Section 1. Article IX, Section 7, Constitution of the State of Alaska,
12 is amended to read:

13 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
14 license shall not be dedicated to any special purpose, except as pro-
15 vided in section 15 and except when required by the federal government
16 for state participation in federal programs. This provision shall not
17 prohibit the continuance of any dedication for special purposes exist-
18 ing upon the date of ratification of this constitution by the people
19 of Alaska.

20 * Sec. 2. Article IX, Constitution of the State of Alaska, is amended
21 by adding a new section to read:

22 SECTION 15. PERMANENT FUND. Ten per cent of all mineral lease
23 rentals, royalties, royalty sale proceeds, revenue sharing payments,
24 bonuses, and mineral production taxes received by the state shall be
25 placed in a permanent fund, the principal of which shall be used only
26 for income investments. The legislature may appropriate additional
27 amounts to the permanent fund which shall become a part of the principal
28 of the fund. All income from the permanent fund shall be deposited in
29 the general fund.

1 * Sec. 3. The amendments proposed by this resolution shall be placed
2 before the voters at the next general election in conformity with art.
3 XIII, sec. 1, Constitution of the State of Alaska, and the election laws of
4 the state.

Original sponsor: Rules Committee by
request of the Governor

Offered: 3/24/76
Referred: Rules

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the Alaska Con-
6 stitution, establishing an Alaska Permanent
7 Fund for certain proceeds derived from non-
8 renewable resources.

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

10 * Section 1. Article IX, Section 7, Constitution of the State of Alaska,
11 is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
13 license shall not be dedicated to any special purpose, except as pro-
14 vided in section 15 of this article or when required by the federal
15 government for state participation in federal programs. This provision
16 shall not prohibit the continuance of any dedication for special pur-
17 poses existing upon the date of ratification of this constitution by the
18 people of Alaska.

19 * Sec. 2. Article IX, Constitution of the State of Alaska, is amended by
20 adding a new section to read:

21 SECTION 15. ALASKA PERMANENT FUND. At least twenty-five per cent
22 of all mineral lease rentals, royalties, royalty sale proceeds, federal
23 mineral revenue sharing payments, bonuses, and all mineral production
24 taxes received by the state shall be placed in a permanent fund, the
25 principal of which shall be used only for those income producing invest-
26 ments specifically designated by law as eligible for permanent fund
27 investments. The legislature may appropriate additional amounts to the
28 permanent fund which shall become a part of the principal of the fund.
29 All income from the permanent fund shall be deposited in the general

1 fund unless otherwise provided by law.

2 * Sec. 3. The amendments proposed by this resolution shall be placed
3 before the voters at the next general election in conformity with art. XIII,
4 sec. 1, Constitution of the State of Alaska, and the election laws of the
5 state.

6 * Sec. 4. The amendments proposed by this resolution if adopted by the
7 voters at the next general election shall become effective 90 days after the
8 certification of the election returns by the lieutenant governor.

Original sponsor: Rules Committee by Offered: 4/7/76
request of the Governor Referred: Resources

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the Alaska Con-
6 stitution, establishing an Alaska Perma-
7 nent Fund for certain proceeds derived
8 from nonrenewable resources.

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

10 * Section 1. Article IX, Section 7, Constitution of the State of Alaska,
11 is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
13 license shall not be dedicated to any special purpose, except as pro-
14 vided in section 15 of this article or when required by the federal
15 government for state participation in federal programs. This provision
16 shall not prohibit the continuance of any dedication for special pur-
17 poses existing upon the date of ratification of this constitution by the
18 people of Alaska.

19 * Sec. 2. Article IX, Constitution of the State of Alaska, is amended by
20 adding a new section to read:

21 SECTION 15. ALASKA PERMANENT FUND. Fifty per cent of all the pro-
22 ceeds from mineral lease rentals, royalties, royalty sales, revenue
23 sharing payments and bonuses received by the state and ten per cent of
24 the income from the permanent fund shall be placed in a permanent fund,
25 the principal of which shall be used only for those income producing
26 investments specifically designated by law as eligible for permanent
27 fund investments. The legislature may dedicate additional proceeds both
28 as to source and percentage which shall become a part of the principal
29 of the fund. Any additional dedication may be revoked by the legisla-

1 ture, but revocation may not make the principal amount in the permanent
2 fund subject to appropriation. Other income from the permanent fund
3 shall be deposited in the general fund.

4 * Sec. 3. The amendments proposed by this resolution shall be placed
5 before the voters at the next general election in conformity with art. XIII,
6 sec. 1, Constitution of the State of Alaska, and the election laws of the
7 state.

8 * Sec. 4. The amendments proposed by this resolution if adopted by the
9 voters at the next general election shall become effective 90 days after the
10 certification of the election returns by the lieutenant governor.

Original sponsor: Rules Committee by
request of the Governor

Offered: 5/21/76
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 SENATE CS FOR CS FOR SS FOR HOUSE JOINT RESOLUTION NO. 39 (Res) am S

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 Proposing an amendment to the Alaska Con-
6 stitution, establishing an Alaska Permanent
7 Fund for certain proceeds derived from non-
8 renewable resources.

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

10 * Section 1. Article IX, Section 7, Constitution of the State of Alaska,
11 is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
13 license shall not be dedicated to any special purpose, except as pro-
14 vided in section 15 of this article or when required by the federal
15 government for state participation in federal programs. This provision
16 shall not prohibit the continuance of any dedication for special pur-
17 poses existing upon the date of ratification of this section [CONSTITUTION]
18 by the people of Alaska.

19 * Sec. 2. Article IX, Constitution of the State of Alaska, is amended by
20 adding a new section to read:

21 SECTION 15. ALASKA PERMANENT FUND. At least twenty-five per cent
22 of all mineral lease rentals, royalties, royalty sale proceeds, federal
23 mineral revenue sharing payments and bonuses received by the state shall
24 be placed in a permanent fund, the principal of which shall be used only
25 for those income producing investments specifically designated by law as
26 eligible for permanent fund investments. [THE LEGISLATURE MAY APPROPRIATE
27 ADDITIONAL AMOUNTS TO THE PERMANENT FUND WHICH SHALL BECOME A PART
28 OF THE PRINCIPAL OF THE FUND.] All income from the permanent fund shall
29 be deposited in the general fund unless otherwise provided by law.

1 * Sec. 3. The amendments proposed by this resolution shall be placed
2 before the voters at the next general election in conformity with art. XIII,
3 sec. 1, Constitution of the State of Alaska, and the election laws of the
4 state.

5 * Sec. 4. The amendments proposed by this resolution if adopted by the
6 voters at the next general election shall become effective 90 days after the
7 certification of the election returns by the lieutenant governor.
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Introduced: 6/6/75
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE JOINT RESOLUTION NO. 39

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 Proposing an amendment to the Constitution
6 of the State of Alaska to authorize an
7 additional exception for a dedication of
8 revenues.

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

10 * Section 1. Article IX, sec. 7, Constitution of the State of Alaska,
11 is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
13 license shall not be dedicated to any special purpose, except when required
14 by the federal government for state participation in federal programs. This
15 provision shall not prohibit the continuance of any dedication for special
16 purposes existing upon the date of ratification of this constitution by the
17 people of Alaska or the dedication of the proceeds of mineral lease bonuses.

18 * Sec. 2. The amendment proposed by this resolution shall be placed
19 before the voters of the state at the next general election in conformity
20 with art. XIII, sec. 1, Constitution of the State of Alaska, and the election
21 laws of the state.

07/16/76

HISTORY OF LEGISLATION

R01-33F-3040

PAGE 0216

HJR 38 RELATING TO THE PROPOSED MOVE OF THE VETERANS ADMINISTRATION TO ANCHORAGE

PRIME SPONSOR: MILLER, M.

CO-SPONSOR: DUNCAN

HAUGEN ELIASON

FREEMAN

GARDNER

DATE	SEQ. JOURNAL NO.	HOUSE ACTION	DATE	SEQ. JOURNAL NO.	SENATE ACTION
------	------------------	--------------	------	------------------	---------------

05/30/75 01 1497 FIRST READING -- COMMITTEE REPORTS

** 01/12/76 02 0001 EXPIRED AT END OF FIRST SESSION

HJR 32 PROPOSING AN AMENDMENT TO THE ALASKA CONSTITUTION, ESTABLISHING AN ALASKA PERMANENT FUND FOR CERTAIN PROCEEDS DERIVED FROM NON-RENEWABLE RESOURCES

AMENDED TITLE: SCS C555 * (RES) AM S

PRIME SPONSOR: RULES

BY REQUEST OF: GOVERNOR

DATE	SEQ. JOURNAL NO.	HOUSE ACTION	DATE	SEQ. JOURNAL NO.	SENATE ACTION
06/06/75 01 1652	FIRST READING -- COMMITTEE REPORTS	03/26/76 18 0644	FIRST READING -- COMMITTEE REPORTS		
07/15/76 03 0038	JUD COMM REFERRAL ADDED BY UNAN CONSENT	04/07/76 19 0735	S.A. -- DNP01, CS01, NR01, OTHER02		
03/10/76 04 0541	FIN -- DFIAM106, NR01	05/21/76 20 1287	RES -- CS02, NR04		
03/24/76 05 0683	JUD -- CS07	05/26/76 21 1387	FIN -- RES CS02, NR04		
03/25/76 07 0698	SECOND READING	05/31/76 22 1590	SECOND READING		
03/25/76 08 0698	JUD CS ADAPTED BY UNAN CONSENT	05/31/76 23 1590	RES CS ADAPTED BY DIV 18-01-01		
03/25/76 09 0698	AM01 ADAPTED BY UNAN CONSENT	05/31/76 24 1590	AM01 ADAPTED BY UNAN CONSENT		
03/25/76 10 0698	AM02 ADAPTED BY UNAN CONSENT	05/31/76 25 1591	AM02 ADAPTED BY DIV 12-06-01		
03/25/76 11 0699	AM03 NOT ADOPTED BY VOICE VOTE	05/31/76 26 1591	ADVANCED TO 3RD READING BY UNAN CONSENT		
03/25/76 12 0699	AM04 NOT ADOPTED BY VOICE VOTE				
03/25/76 13 0699	AM05 NOT ADOPTED BY VOICE VOTE				
03/25/76 14 0699	AM06 NOT ADOPTED BY VOICE VOTE				
03/25/76 15 0700	ADVANCED TO 3RD READING BY UNAN CONSENT	05/31/76 27 1591	THIRD READING		
		05/31/76 28 1591	PASSED BY DIV 18-01-01		
		05/31/76 29 1591	NOTICE OF RECONSIDERATION GIVEN		
		05/31/76 30 1591	PASSED ON RECONSIDERATION BY DIV 18-01-01		

THIRD READING

PASSED BY DIV 36-01-03

SPONSOR SUBS INTRODUCED
JUDICIARY JOINT CHAIR RPT
CONCURRED IN SENATE AMS BY VOICE VOTE
TRANSMITTED TO GOVERNOR
READ BY GOVERNOR -- SENT TO LT GOVERNOR

** 07/02/76 33 1917

HJR HOUSE JOINT RESOLUTION NO. 39 by the Rules Committee by request of the Governor

Proposing an amendment to the Constitution of the State of Alaska to authorize an additional exception for a dedication of revenues

was introduced, read the first time and referred to the Committee on Finance.

The Governor's transmittal letter on HOUSE JOINT RESOLUTION NO. 39 appears as follows:

"June 5, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

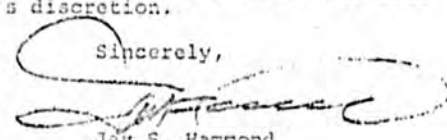
Dear Mr. Speaker:

Pursuant to the Uniform Rules of the Legislature, I am transmitting a joint resolution for an amendment to the State Constitution.

The proposed amendment would change Article IX, Section 7, of the Constitution to provide an additional exception from the prohibition against dedicated funds to allow the dedication of proceeds from mineral lease bonuses or so-called royalty bonuses.

The effect of the proposed amendment would be to allow the legislature to provide for the dedication of a single source of revenue. It will give the legislature a free hand to establish special funds and provide for their administration. Subsequent legislatures will, of course, be able to alter the funds' administration or purposes as new needs arise or old needs disappear. The per cent of the proceeds to be dedicated is left to the legislature's discretion.

Sincerely,


Jay S. Hammond
Governor

CONSIDERATION OF THE DAILY CALENDAR

SECOND READING OF HOUSE RESOLUTIONS

HOUSE CONCURRENT RESOLUTION NO. 61 (paving of a certain portion of the Denali Highway) was read the second time with the State Affairs Committee report (page 1178 of the journal) and the Finance Committee report (page 1630 of the journal).

HCR
61

The question being: "Shall HOUSE CONCURRENT RESOLUTION NO. 61 pass the House?" On voice vote, it passed the House and was referred to the Chief Clerk for engrossment.

HOUSE JOINT RESOLUTION NO. 34 (state and federal fishery management arrangements) was read the second time with the Resources Committee report (page 1318 of the journal).

HJR
34

Mr. Miller moved and asked unanimous consent that HOUSE JOINT RESOLUTION NO. 34 be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered and the resolution was read the third time.

The question being: "Shall HOUSE JOINT RESOLUTION NO. 34 pass the House?" The roll was taken with the following result:

Yeas: 33 Anderson, H. Beirne, M. Beirne, Bowman, Bradner, Brown, Buchholdt, Cotten, Cowper, Davis, Duncan, Eliason, Gardiner, Gruening, Guy, Hackney, Herschberger, Itta, McKinnon, Malone, Miller, Naughton, Osterback, Ostrosky, Parker, Parr, Rhode, Smith, Specking, Sullivan, Swanson, Union, Wallis.

Nays: 0

Excused: 7 Bradley, Fischer, Freeman, Haugen, Huntington, Kelley, Ose.

And so, it passed the House and was referred to the Chief Clerk for engrossment.

HOUSE JOINT RESOLUTION NO. 35 (child support programs under P.L. 93-647) was read the second time with the Finance Committee report (page 1283 of the journal) and the Judiciary Committee report (page 1626 of the journal).

HJR
35

Mr. Miller moved and asked unanimous consent that HOUSE JOINT RESOLUTION NO. 35 be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered and the resolution was read the third time.

FIRST READING AND REFERENCE OF SENATE RESOLUTIONS

SJR SENATE JOINT RESOLUTION NO. 41 amended, by Ray, Ziegler
41 and Meland
am

Requesting amendment of the Organic Act of 1897 to permit management of the national forests in Alaska according to modern silvicultural techniques

was read the first time and referred to the Resources Committee.

COMMUNICATIONS

A letter dated January 13, 1976 to Speaker Bradner from Commissioner Brooks, Department of Fish and Game, was read, enclosing the 1975 Annual Report of activities of the Alaska King Crab Marketing and Quality Control Board. Copies of this report were distributed to each member of the House.

REPORTS OF STANDING COMMITTEES

HJR The State Affairs Committee has had HOUSE JOINT RESOLUTION NO. 47 (commending the United States Forest Service for its Alaska Marine Highway Visitor Information Service program) under consideration and a majority of the members of the Committee recommends it do pass. The report was signed by Mr. McKinnon, Chairman, and concurred in by McKinnon, Wallin, Vischer, H. Belme, E. Belme, Miller and Parker.

HOUSE JOINT RESOLUTION NO. 47 appears on today's calendar.

INTRODUCTION, FIRST READING AND REFERENCE OF HOUSE RESOLUTIONS

The Governor's transmittal letters appear following the resolution or bill to which each pertains.

SENATOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 by
39 the Rules Committee by Request of the Governor

Proposing an amendment to the Alaska Constitution, establishing a permanent fund for certain proceeds derived from non-renewable resources

was introduced, read the first time and referred to the Committee on Finance and Judiciary.

"January 15, 1976

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

SSHJR
39

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a sponsor substitute for House Joint Resolution 39, proposing an amendment to the Constitution of the State of Alaska establishing a permanent fund for mineral leasing revenues.

The resolution proposes a constitutional amendment establishing a constitutional permanent fund into which 10 percent of all mineral lease rentals, royalties, royalty sale proceeds, revenue sharing payments, bonuses, and mineral production taxes would automatically be dedicated. The resolution also provides that the legislature may appropriate additional amounts to the permanent fund.

With respect to mineral leasing, the dedication of revenues would be 10 percent of the amount of money initially received by the State. For example, 10 percent of the amount equivalent to the rentals, royalties, and bonuses which must be paid into the Alaska Native Fund would be dedicated to the permanent fund even though it must be paid into the Alaska Native Fund. Also an amount equivalent to the value of royalties taken in kind would not be dedicated, but 10 percent of the proceeds from the sale of royalty taken in kind would be dedicated to the fund. Also, revenue sharing payments which the State receives from federal mineral leasing would be dedicated.

With respect to taxes, 10 percent of all mineral production taxes would be dedicated to the permanent fund. This would include the State's oil and gas properties production tax under AS 43.55 (severance tax), the State's mining license tax under AS 43.65, and the State's oil and gas regulation and conservation tax under AS 43.57 (conservation tax). These taxes would be dedicated to the fund regardless of how they are amended or changed in the future. The fund would not include the oil and gas exploration, production and pipeline transportation property tax under AS 43.56 (20 mil property tax) or the oil and gas reserves ad valorem tax under AS 43.58 (reserve tax).

The amount to be dedicated would be based upon the gross amount of tax to be received by the State. For example, 10 percent of an amount equivalent to the tax revenue required to be paid into the Alaska Native Fund would be dedicated even though it must be paid into the fund. Also 10 percent of the amount of production taxes not received in cash by the State because of the application of reserve tax credit would be dedicated to the fund.

The principal of the fund would be used only for investment in income-producing investments which the legislature would establish and change to meet current investment needs of the State. The fund could not be used to fund the general operating expenditures or capital improvements of the

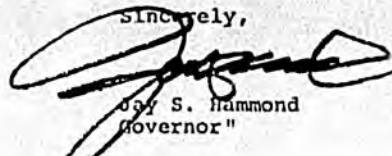
SS

HJR

39 State. The principal of the fund could not finance capital expenditures either directly or by purchasing State obligations, but the fund could purchase obligations of separate State authorities. The income of the fund would be deposited into the general fund without any permanent fund restrictions.

I have introduced this resolution proposing a constitutional amendment because I believe strongly that the revenues from our non-renewable resources belong to future generations of Alaskans as well as ourselves. A permanent fund as I have proposed will set aside a modest portion of the proceeds from the exploitation of our non-renewable resources for investment in our future while leaving sufficient revenues for our present needs. I urge your immediate and favorable consideration of this proposed constitutional amendment so that it may be placed before the voters at the next general election.

Sincerely,



Jay S. Hammond
Governor

HJR HOUSE JOINT RESOLUTION NO. 48 by the Rules Committee by
48 request of the Governor

Proposing an amendment to the Alaska
Constitution relating to the right to
trial by jury

was introduced, read the first time and referred to the
Judiciary Committee.

HJR The following Governor's letter pertains to the above
48 resolution as well as HOUSE BILL NOS. 574 and 575.
HB
574
HB
575

"January 15, 1976

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a package of legislation recommended by the Medical Malpractice Insurance Commission. This package consists of two bills and one joint resolution which proposes a constitutional amendment. The longer of the two bills would take effect immediately, while the shorter (creating the Medical Injury Adjudication Board) would take effect upon the effective date of the constitutional amendment removing the jury trial requirement for medical malpractice cases.

The commission's report was submitted to me October 1, 1975, and was supplemented on October 31st. The supplement contains the legislation which I am now submitting as well as commentary on the various provisions of the bills involved. That material has been made public and was furnished to the Legislative Council for study in advance of this legislative session.

That report defines various problems involved in this general area, describes the commission's approach to those problems, and explains the various solutions and recommendations offered by the commission. I commend both the report and the supplement to your attention for a better understanding of the legislation I am submitting today.

Here is a brief outline of the basic concepts in this legislation:

I. PROFESSIONAL REGULATION AND DISCIPLINE.

A. Give the Department of Commerce and Economic Development (in its Division of Occupational Licensing) authority to provide investigative services to the health-care professions.

B. Give health-care licensing boards more disciplinary options than they presently have, so that professional discipline can be more appropriately tailored to the particular individual's problem.

C. Provide procedure for gathering confidential information relating to the practice of the health-care professions.

II. CLAIMS PROCEDURE.

A. Establish a system for using expert advisory panels for evidentiary and standard-of-care matters in medical malpractice proceedings.

B. Establish a Medical Injury Adjudication Board to replace the jury and trial court in handling medical malpractice claims, after adoption of the Alaska Constitutional amendment eliminating the jury requirement in this type of case.

C. Establish a flat three-year limit on a health-care provider's liability but not on an injured party's right to collect.

D. Establish a Late Claims Fund, financed by fees paid by health-care providers and by the State, to pay awards to injured parties in cases in which the injury was not discovered in time for the claim to be filed within three years after the performance of the health services.

E. Eliminate causes of action based on oral contracts to provide a cure or achieve a specific medical result.

F. Clarify the "good Samaritan" statute.

G. Clarify the standard of care required of health-care providers.

MESSAGES FROM THE GOVERNOR

A message dated March 10, 1976 to Speaker Bradner was read, stating the Governor had read the following resolutions and has transmitted the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

SCR 86 SENATE CONCURRENT RESOLUTION NO. 86
 SCR 87 SENATE CONCURRENT RESOLUTION NO. 87
 HCR 87 HOUSE CONCURRENT RESOLUTION NO. 87

MESSAGES FROM THE SENATE

A message dated March 9, 1976 was read, stating the Senate has passed the following and the same are transmitted herewith for consideration:

FIRST READING AND REFERENCE OF SENATE RESOLUTIONS

CSSCR COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 62 as 62 amended, by the State Affairs Committee

Delaying the implementation of a periodic motor vehicle inspection program in the state by annulling certain administrative regulations adopted by the Department of Public Safety.

was read the first time and referred to the Committees on State Affairs and Judiciary.

SCR 89 SENATE CONCURRENT RESOLUTION NO. 89 by all members of the Senate

Congratulating the Dimond High School L. x.

was read the first time and referred to the Rules Committee for placement on the calendar.

FIRST READING AND REFERENCE OF SENATE BILLS

SB 685 SENATE BILL NO. 685 amended, by the Rules Committee by request of the Joint Gas Pipeline Impact Committee, entitled:

"An Act making a special appropriation to the Department of Natural Resources for the purpose of conducting negotiations with prospective purchasers of North Slope natural gas; and providing for an effective date."

was read the first time and referred to the Finance Committee.

REPORTS OF STANDING COMMITTEES

The Commerce Committee has had COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 66 (North Slope natural gas) under consideration and a majority of the members of the Committee recommends it do pass. The report was signed by Mr. Bradley, Chairman, and concurred in by Bradley, Kelley, Urion, Rudd, McKinnon, Freeman and Fischer. CSSCR 66

The Speaker gave a further referral to the Finance Committee on COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 66.

The Commerce Committee has had COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 85 (Impact on Alaska of a trans-Canada gas transportation system) under consideration and a majority of the members of the Committee recommends it do pass. The report was signed by Mr. Bradley, Chairman, and concurred in by Bradley, Kelley, Urion, Rudd, McKinnon, Freeman and Fischer. CSSCR 85

COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 85 was referred to the Rules Committee for placement on the calendar.

The Finance Committee has had SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (proposing an amendment to the Alaska Constitution, establishing a permanent fund for certain proceeds derived from non-renewable resources) under consideration and a majority of the members of the Committee recommends it do pass with the following amendment: SSUR 39

Amendment No. 1 by the Finance Committee:

Page 1, line 6: After "establishing" insert "an ALASKA PERMANENT FUND"

line 22: Before "PERMANENT FUND" insert "ALASKA"

Before "per cent" delete "Ten" and insert "Twenty-five"

line 23: Before "revenue" insert "federal mineral"

line 26: After "investments" insert "which shall be established by law"

line 29: After "fund" add "unless otherwise provided by law"

Page 2, line 5: Add another section:

* Sec. 4. The amendments proposed by this resolution if adopted by the voters at the next general election shall become effective 90 days after the certification of the election returns by the lieutenant governor.

CSHB
159
(Jud.)

(2) the horns or antlers were acquired by gift from another person after the associated meat was salvaged;

(3) the meat was lost due to circumstances beyond the possessor's control, including loss in the field to another animal, weather or other acts of God, or theft.

(b) If a person who possesses raw horns or antlers without its being accompanied by most of its edible meat raises a justification specified in (a) (1) - (3) of this section, additional corroborating evidence of that justification may be required by the department. In this section, "

Page 2, line 18: Delete "department" and insert "board"

and so, COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 159 (Judiciary) amended Senate is transmitted herewith for consideration.

The above bill will be considered at a later time.

A message dated March 23, 1976 was read, stating the Senate has passed the following bill and is transmitting it herewith for consideration:

FIRST READING AND REFERENCE OF SENATE BILLS

CSSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 157 (Labor and Management) by the Labor and Management Committee, entitled:

"An Act relating to the Public Employment Relations Act; and providing for an effective date."

was read the first time and referred to the Judiciary Committee.

REPORTS OF STANDING COMMITTEES

SCR 77 The Commerce Committee has had SENATE CONCURRENT RESOLUTION NO. 77 (establishment of a comprehensive and meaningful agricultural policy for the State of Alaska) under consideration and four of the members of the Committee recommend it do pass. The report was signed by Mr. Bradley, Chairman, and concurred in by Bradley, Wallis, Fischer and McKinnon. Not concurring were Urion and Freeman who have no recommendation.

SENATE CONCURRENT RESOLUTION NO. 77 was referred to the Rules Committee for placement on the calendar.

The State Affairs Committee has had SENATE CONCURRENT RESOLUTION NO. 90 (timely completion of the highway link between the Yukon Territory and Skagway, Alaska) under consideration and a majority of the members of the Committee recommends it be replaced with HOUSE COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 90:

Urging the federal government of Canada to authorize and direct that Canada's portion of the Skagway-Carcross Highway be completed at the same time the United States portion is completed.

and that it do pass. The report was signed by Mr. McKinnon, Chairman and concurred in by McKinnon, Miller, Parker and M. Bell.

SENATE CONCURRENT RESOLUTION NO. 90 was referred to the Rules Committee for placement on the calendar.

The Commerce Committee has had COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 526 amended (relating to safety provisions in elevators; effective date) under consideration and a majority of the members of the Committee recommends it do pass. The report was signed by Mr. Bradley, Chairman, and concurred in by Bradley, Wallis, Freeman, Fischer and McKinnon. Not concurring was Urion who recommends "up or down".

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 526 amended was referred to the Rules Committee for placement on the calendar.

The Labor and Management Committee has had SENATE BILL NO. 641 (wage rates) under consideration and a majority of the members of the Committee recommends it do pass. The report was signed by Mr. Smith, Chairman, and concurred in by Smith, Urion, Huntington and M. Seirne.

SENATE BILL NO. 641 was referred to the Judiciary Committee.

The Judiciary Committee has had SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (Proposing an amendment to the Alaska Constitution, establishing a permanent fund for certain proceeds derived from non-renewable resources) under consideration and a majority of the members of the Committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (same title) and that it do pass. The report was signed by Mr. Gardiner, Chairman, and concurred in by Gardiner, Eliason, Bradley, Cotton, Parr, Brown and Specking.

SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 was referred to the Rules Committee for placement on the calendar.

The Chairmen of the Judiciary Committee and the Finance Committee offer the following joint report on the above resolution:

SSHJR
39"JOINT CHAIRMANS' REPORT ON
CS SSHJR 39

The Finance and Judiciary Committees of the House have each considered individually SS HJR 39, transmitted to the House by the Governor on January 15, 1976. The House Judiciary Committee, in unanimously adopting and reporting out a Judiciary Committee Substitute, incorporated amendments adopted by both the Finance and Judiciary Committees. CS SSHJR 39 is addressed in this joint report so that the intent of the constitutional amendment proposed by the resolution is clear.

The proposed constitutional amendment, which both committees view as of vital importance to the state, would establish an Alaska Permanent Fund into which 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, bonuses and all mineral production taxes would automatically be placed.

The committee substitute raises from 15 to 25 the percentage of nonrenewable resource revenue to be dedicated. This change was made after the committees' concurrence with the Governor that the 25 percent level of funding would allow flexibility in future budgeting of state expenditures even if the most conservative case for future state revenue projections proves true. On the other hand, sufficient income would be accumulated in the Alaska Permanent Fund to allow diversification of Alaska's economy and to insure that future generations receive benefits from development of the State's nonrenewable resources.

The word "all" has been added before the words "mineral production taxes" in sec. 15 of the proposed constitutional amendment so that it is clear that all future taxes measured by mineral production or severance are included in this provision of the Constitution. The addition of the word "all" does not include property taxes. Examples of taxes included under sec. 15 include Oil and Gas Property Production Tax, AS 43.55 and the Oil and Gas Regulation and Conservation Tax, AS 43.57. Taxes which are not included are Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes, AS 43.56 and Oil and Gas Reserves Ad Valorem Tax, AS 43.58.

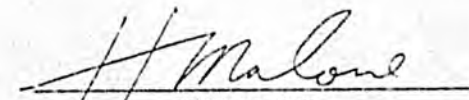
In regard to both mineral leasing and mineral production taxes, the amount to be placed in the Fund would be based upon the gross amount to be received by the state. Accordingly, twenty-five percent of the gross amount of these revenues would be paid into the fund even though a portion of these revenues will be paid into the Alaska Native Fund as required by law.

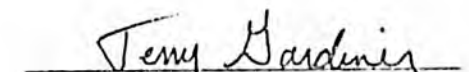
In the event royalties are taken in kind, 25 percent of the proceeds from their sale would be placed in the fund. Also, revenue sharing payments which the state receives from federal mineral leasing would be dedicated.

The principal of the Fund would be used only for investment in income-producing investments which the legislative would establish and change from time to time to meet the needs of the state. The Fund would come into existence and accumulate 25 percent of all nonrenewable source revenues received by the state 90 days after the certification of the 1976 election returns by the lieutenant governor. It is the purpose of the delayed effective date to allow the legislature to provide by law for an investment structure for the Alaska Permanent Fund.

The purpose of the language in the last sentence of the resolution is to give future legislatures the maximum flexibility in using the Fund's earnings -- ranging from adding to Fund principal to paying out a dividend to resident Alaskans.

The fiscal note provides for an interim study and development of alternative investment goals and structures for the Fund to be performed jointly by executive and legislative staff under the direction of the State Investment Advisory Committee.


HUGH MALONE
Chairman House Finance Committee


TERRY GARDINER
Chairman House Judiciary Committee

The State Affairs Committee has had HOUSE JOINT RESOLUTION NO. 41 (Requesting the Secretary of the United States Department of Transportation to transfer Southeast Alaska from the Pacific Standard Time Zone to the Yukon Standard Time Zone) under consideration and a majority of the members of the Committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 41 (Requesting the Secretary of the United States Department of Transportation to revise the standard time zones in which Alaska is located) and that it do pass. The report was signed by Mr. McKinnon, Chairman, and concurred in by Parker, Wallis, Fischer and Miller. Not concurring was McKinnon who has no recommendation.

Mr. Malone moved and asked unanimous consent that the Finance Committee referral on HOUSE JOINT RESOLUTION NO. 41 be waived. There being no objection, it was so ordered and the resolution was referred to the Rules Committee for placement on the calendar.

CONSIDERATION OF THE DAILY CALENDARSECOND READING OF HOUSE RESOLUTIONS

SSHJR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (proposing an amendment to the Alaska Constitution, establishing a permanent fund for certain proceeds derived from non-renewable resources) was read the second time with the Finance Committee report (pages 541 - 542 of the Journal) and the Judiciary Committee report (pages 683 - 685 of the Journal).

Mr. Miller moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (same title) be adopted in lieu of SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39. There being no objection, it was so ordered.

CSSS
HJR
39

Amendment No. 1 by Smith and Gardiner:

Page 1, line 14: After "or" insert old material
"when required"

Mr. Smith moved and asked unanimous consent that amendment No. 1 be adopted.

Mr. Swanson objected and withdrew his objection.

CSSS There being no further objection, amendment No. 1 was
HJR adopted.
39
am

Amendment No. 2 by Specking:

Page 1, line 21: After "FUND." insert the words
"At least" and change "T" to "t".

Mr. Specking moved and asked unanimous consent that amendment No. 2 be adopted.

Mr. Malone objected and withdrew his objection.

There being no further objection, amendment No. 2 was adopted.

Amendment No. 3 by Urion:

Page 1, line 25: After "income producing investments" insert "which have a guaranteed rate of return and are"

Mr. Urion moved and asked unanimous consent that amendment No. 3 be adopted.

Mr. Malone objected.

CSSS
HJR
39
am

The question being: "Shall amendment No. 3 be adopted?"
On voice vote, amendment No. 3 was not adopted.

Amendment No. 4 by Urion:

Page 1, line 29: After "general fund" insert a period;
delete "unless otherwise provided
by law." (page 2, line 1)

Mr. Urion moved and asked unanimous consent that amendment No. 4 be adopted.

Mr. Gruening objected.

The question being: "Shall amendment No. 4 be adopted?"
On voice vote, amendment No. 4 was not adopted.

Amendment No. 5 by Smith:

Page 1, line 21: Delete "twenty-five"; substitute
"seventy-five"

line 23: Insert "and" before "bonuses" and
delete all after "bonuses".

Mr. Smith moved and asked unanimous consent that amendment No. 5 be adopted.

Mr. Specking objected.

The question being: "Shall amendment No. 5 be adopted?"
On voice vote, amendment No. 5 was not adopted.

Amendment No. 6 by Anderson:

Page 2, line 7: Delete all after "effective" and add
"June 30, 1979"

Mr. Anderson moved and asked unanimous consent that amendment No. 6 be adopted.

Mr. Miller objected.

The question being: "Shall amendment No. 6 be adopted?"
On voice vote, amendment No. 6 was not adopted.

CSSS Mr. Miller moved and asked unanimous consent that COMMITTEE
HJR SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLU-
39 TION NO. 39 amended be considered engrossed, advanced to
am third reading and placed on final passage. There being
no objection, it was so ordered and the resolution was
read the third time.

The question being: "Shall COMMITTEE SUBSTITUTE FOR SPON-
SOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 amended
pass the House?" The roll was taken with the following
result:

Yeas: 36 H. Beirne, M. Beirne, Bradley, Bradner,
Brown, Buchholdt, Cotten, Cowper, Davis,
Duncan, Fischer, Freeman, Gardiner,
Gruening, Guy, Hackney, Haugen,
Hershberger, Itta, McKinnon, Malone,
Miller, Naughton, Ose, Osterback,
Ostrosky, Parker, Parr, Rhode, Rudd,
Smith, Specking, Sullivan, Swanson,
Urion, Wallis.

Nays: 1 Anderson.

Excused: 3 Eliason, Huntington, Kelley.

And so, COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR
HOUSE JOINT RESOLUTION NO. 39 amended passed the House and
was referred to the Chief Clerk for engrossment.

HJR HOUSE JOINT RESOLUTION NO. 41 (requesting the Secretary of
41 the United States Department of Transportation to transfer
Southeast Alaska from the Pacific Standard Time Zone to
the Yukon Standard Time Zone) was read the second time with
the State Affairs Committee report (page 685 of the
journal).

Mr. Miller moved and asked unanimous consent that COMMITTEE
SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 41 (requesting
the Secretary of the United States Department of Transpor-
tation to revise the standard time zones in which Alaska
is located) be adopted in lieu of HOUSE JOINT RESOLUTION
NO. 41.

Mr. Brown objected.

The question being: "Shall COMMITTEE SUBSTITUTE FOR HOUSE
JOINT RESOLUTION NO. 41 be adopted in lieu of HOUSE JOINT
CENJR RESOLUTION NO. 41?" On voice vote, the motion passed.
41

Amendment No. 1 by Urion:

Page 2, line 12: After "Pacific Standard Time Zone"
insert: ", and by shifting those por-
tions of it located in the Bering
Sea Standard Time Zone into the
Alaska Standard Time Zone"

Mr. Urion moved and asked unanimous consent that amendment
No. 1 be adopted. CENJR
41

Mr. Brown objected and withdrew his objection.

There being no further objection, amendment No. 1 was
adopted. CENJR
41 am

Amendment No. 2 by Parr:

Page 2, line 7: Insert:

"BE IT RESOLVED that the Alaska Legislature
requests the governor to place on the next
general election ballot the question of time
zone revision. If the time zone revision is
approved by a majority of those voting in the
affected area, the remainder of this resolu-
tion becomes effective."

Mr. Parr moved and asked unanimous consent that amendment
No. 2 be adopted.

Mr. Miller objected.

The question being: "Shall amendment No. 2 be adopted?"
On voice vote, amendment No. 2 was not adopted.

Amendment No. 3 by McKinnon and Cooper:

Page 1, line 9: Delete all material through end of
resolution. Insert new material
to read:

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS, alone among the 50 states, Alaska spans four time zones; there
is a three-hour time differential between Ketchikan and Nome; and

WHEREAS, historically, the location of Southeast Alaska in the Pacific
Standard Time Zone stems from territorial days when Southeastern's orienta-
tion--commerce and finance, transportation, government and other social and
economic contacts--was primarily with Seattle; and

WHEREAS from the standpoint of geography most of Southeast Alaska
actually is located between or adjacent to those meridians of longitude west
of Greenwich designated as the Yukon Standard Time Zone rather than in those
designated as the Pacific Standard Time Zone; and

CSHB COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 763 (Finance)
763 (Instructional unit allotments under the
(Fin) public school foundation program)

The above bill was referred to the Chief Clerk for enrollment.

FCCS A message dated May 31, 1976 was read stating the Senate
CSHB has adopted the Free Conference Committee report on
877 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 877 amended and
COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 877 amended Senate,
thus adopting:

FREE CONFERENCE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 877
(new salary schedule and cost-of-living increase
for certain employees of state; effective date)

The above bill was referred to the Chief Clerk for engrossment and enrollment.

SSSS A message dated June 1, 1976 was read stating the Senate
HJR has passed COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR
39 HOUSE JOINT RESOLUTION NO. 39 amended (proposing amendment
am to Alaska Constitution, establishing an Alaska Permanent
Fund) with the following amendment:

SENATE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR
HOUSE JOINT RESOLUTION NO. 39 (Resources) amended
Senate (same title)

and transmitting same for consideration.

CSHB A message dated May 31, 1976 was read stating the Senate
665 has receded from all of its amendments to COMMITTEE SUBSTITU-
am S TUTE FOR HOUSE BILL NO. 665 amended (re-engrossed) except
Sections 4 and 5, thus adopting COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 665 amended Senate (statewide coordination
of health planning; effective date).

The above bill was signed by the Speaker and the Chief Clerk
and referred to the Chief Clerk for enrollment.

CSHB A message dated May 31, 1976 was read stating the Senate
763 receded from its amendment to COMMITTEE SUBSTITUTE FOR
(Fin) HOUSE BILL NO. 763 (Finance), namely, COMMITTEE SUBSTITUTE
FOR HOUSE BILL NO. 763 (Finance) amended Senate, thus
adopting:

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 763 (Finance)
(Instructional unit allotments under the public
school foundation program)

The above bill was referred to the Chief Clerk for enrollment.

A message dated May 31, 1976 was read stating
the Senate has concurred in the effective date clause
amendment to SPONSOR SUBSTITUTE FOR SENATE BILL NO. 267
amended (Department of Environmental Conservation), thus
adopting:

SSSB
267
am H
(e.d.
add)

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 267
amended House (effective date added)

and the bill is returned herewith for re-engrossment.

A message dated June 1, 1976 was read stating the Senate
has passed COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 873
(summary dissolution of marriage) with the following
amendment:

CSHB
873

SENATE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 873 (same
title)

and transmitting same for consideration.

A message dated June 1, 1976 was read stating the Senate
has failed to concur in the House amendment to SENATE BILL
NO. 613 amended (regional Native Housing authorities),
namely:

HCS
SH
613
am H

HOUSE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 613 amended House
(housing and regional electrical authorities)

and respectfully requests the House to recede from its amendment.

UNFINISHED BUSINESS

COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE
JOINT RESOLUTION NO. 39 amended and the Senate amendment,
namely, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITU-
TUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO.
39 (Resources) amended Senate (page 1834 of the Journal)
were before the House at this time.

CSHB
HJR
39
am

Mr. Miller moved that the House concur in the Senate
amendment to COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE
FOR HOUSE JOINT RESOLUTION NO. 39 amended.

The question being: "Shall the House concur in the Senate
amendment to COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE
FOR HOUSE JOINT RESOLUTION NO. 39 amended?" On unanimous
voice vote, the House concurred, thus adopting:

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE
FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION
NO. 39 (Resources) amended Senate

SCS
SSSB
HJR
39

The Chief Clerk was instructed to so notify the Senate.

(Res)
am C

The above resolution was signed by the Speaker and the
Chief Clerk and referred to the Chief Clerk for enrollment.

The Chief Clerk notes the following corrections to the journal for the 141st day:

Pages 1789 & 1801: the reference to SENATE BILL NO. 654 amended FCC should be changed to the following in the text and margin reference:

SB 654
am (FCC) SENATE BILL NO. 654 amended (FCC)

HCS Page 1811, add Parker to the Yea votes on the effective
SB 529 date clauses roll call on HOUSE COMMITTEE
(R's) SUBSTITUTE FOR SENATE BILL NO. 529 (R's)
am H amended House

HCS Page 1820, add Haugen to the Nay votes on passage of
SB 453 HOUSE COMMITTEE SUBSTITUTE FOR SENATE
BILL NO. 453.

HCS Page 1821, add M. Beirne and Haugen to the Nay votes on
SB 453 the question to rescind previous action
in failing to adopt HOUSE COMMITTEE
SUBSTITUTE FOR SENATE BILL NO. 453

ADJOURNMENT

Mr. Miller moved and asked unanimous consent that the Second Session of the Ninth Legislature adjourn sine die. There being no objection, the House adjourned at 8:14 a.m.

Irene Cashen
Chief Clerk

June 1976

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

NINTH LEGISLATURE - SECOND SESSION

JUNEAU, ALASKA

July 2, 1976

FINAL SUPPLEMENT

As Chief Clerk I certify as to the correctness of the journals for the 141st day, May 31, 1976 (as corrected on page 1862 of the journal) and the 142nd day, June 1, 1976, in accordance with the rules. I would also like to note corrections to the journals for the 139th and 140th days as follows:

Page 1731, after the vote on the passage of HOUSE
CS FOR SPONSOR SUBSTITUTE FOR SENATE
BILL NO. 267 (Rules) amended House,
add:

HCS
SSSB

"Mr. Miller moved and asked unanimous consent that
the roll call on the passage of the above bill be
considered the roll call on the effective date clause.
There being no objection, it was so ordered." am H

Page 1777, Change title in the conference committee
report and the question to read:

"COMMITTEE SUBSTITUTE FOR HOUSE BILL
NO. 588 amended FREE CONFERENCE COMMITTEE" am FCC

ENGROSSMENT AND ENROLLMENT

The following were enrolled, signed by the Speaker, Chief Clerk, President and Secretary of the Senate and the engrossed and enrolled copies were transmitted to the Office of the Governor at 2:37 p.m., June 2, 1976:

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE
FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION
NO. 39 (Resources) amended Senate (Proposing an
amendment to the Alaska Constitution, establishing
an Alaska Permanent Fund for certain proceeds derived
from nonrenewable resources) am S

HOUSE BILL NO. 700 (making a special appropriation to
the water resources revolving loan fund and providing
for an effective date) HB 700

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 746
(making a special appropriation to the Department of
Education for community schools; eff. date) CSBP 746

1916

HOUSE JOURNAL
Final Supplement

July 2, 1976

June 28, 1976

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

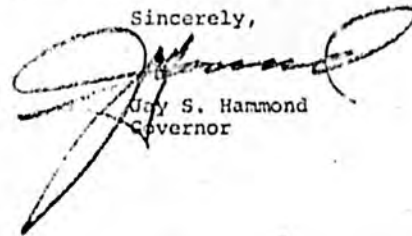
I have allowed the following bill to become law without my signature and am transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

SB 654
am
(FCC)

SENATE BILL NO. 654
amended (Free Conference Committee)
(Statewide social services planning)
(Chapter 273, SLA 1976)

I do so not because I quarrel with the intent of the bill but rather because I feel it is important to indicate my concern over the absence of any funds to accomplish the intended results. No money was added to the budget to fund this planning and assessment program. Hence, it will be impossible to comply with the requirements of this bill. However, to the extent we are able to do so with appropriated funds, we will.

Sincerely,



Jay S. Hammond
Governor

Messages dated June 28, 1976 were received stating that the Governor had signed the following bills and was transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

SB 732
am FCC

SENATE BILL NO. 732
amended Free Conference Committee
(general obligation bonds for water supply
and sewage construction)
(Chapter 271, SLA 1976)

July 2, 1976

HOUSE JOURNAL
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HOUSE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 744
(Rules)
amended House

HCS
CSSB
744
(Rls)
am H

(general obligation bonds for constructing and remodeling justice facilities)
(Chapter 270, SLA 1976)

Messages dated June 29, 1976 were received stating that the Governor had signed the following bills and was transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 588
amended Free Conference Committee
(clarifications and additions to Alaska
OSHA statutes)
(Chapter 276, SLA 1976)

CSHB
588
am FCC

COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 665
amended Senate
(statewide health planning)
(Chapter 275, SLA 1976)

CSHB
665
am S

HOUSE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 613
(regional Native housing and
electrical authorities)
(Chapter 274, SLA 1976)

HCSB
613

A message dated June 29, 1976 was received stating the Governor had signed the following resolutions and was transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

SENATE JOINT RESOLUTION NO. 45
amended House
(amendment to the resources article
to the Constitution)

SJR 45
am H

SENATE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR
SPONSOR SUBSTITUTE FOR
HOUSE JOINT RESOLUTION NO. 39
(Resources)
amended Senate
(amending the Alaska Constitution to
provide for a permanent fund)

SCSCS
SSHR
39
(Res)
am S

FIRST READING AND REFERENCE OF HOUSE RESOLUTIONS

CS COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE
 SS JOINT RESOLUTION NO. 39 amended, by the Judiciary Com-
 HJR mittee,
 39
 am

Proposing an amendment to the Alaska Constitution,
 establishing an Alaska Permanent Fund for certain
 proceeds derived from non-renewable resources,

was read the first time and referred to the Resources
 Committee and the Finance Committee.

STANDING COMMITTEE REPORTS

SB The State Affairs Committee has had SENATE BILL NO. 282
 282 (authorizing construction of the Devil's Canyon dam)
 under consideration and a majority of the committee
 recommends it do pass. The report was signed by Senator
 Huber, Chairman, and concurred in by Senators Miller,
 Colletta and Meland. Senator Ferguson signed "no recom-
 mendation."

SENATE BILL NO. 282 was referred to the Finance Committee.

SB The Commerce Committee has had SENATE BILL NO. 556
 556 (creating a renewable resources development bank) under
 consideration and a majority of the committee recommends
 it be replaced with COMMITTEE SUBSTITUTE FOR SENATE BILL
 NO. 556, entitled:

"An Act creating the Renewable Resources
 Development Bank; and providing for an
 effective date."

and that the committee substitute do pass. The report
 was signed by Senator Kerttula, Chairman, and concurred
 in by Senators Willis, Colletta and Bradley. Senator
 Ziegler signed "no recommendation."

SENATE BILL NO. 556 was referred to the Finance Committee.

SB The Finance Committee has had SENATE BILL NO. 587 (issu-
 587 ance of bonds for capital improvements to community
 colleges) under consideration and the committee recommends
 it be replaced with the Health, Education and Social
 Services Committee substitute offered on page 635 and that
 the committee substitute do pass. The report was signed

by Senator Ray, Chairman, and concurred in by Senators
 Butrovich, Sackett and Poland.

SB
 587

SENATE BILL NO. 587 was referred to the Rules Committee.

The State Affairs Committee has had SENATE BILL NO. 666
 (motorcycle and motor scooter safety) under consideration
 and a majority of the committee recommends it be replaced
 with COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 666, en-
 titled:

SB
 666

"An Act relating to motorcycle safety; and
 providing for an effective date."

and that the committee substitute do pass. The report was
 signed by Senator Huber, Chairman, and concurred in by
 Senators Miller and Ferguson. Senators Colletta and
 Meland signed "no recommendation."

SENATE BILL NO. 666 was referred to the Rules Committee.

The State Affairs Committee has had SENATE BILL NO. 693
 (personal possession of weapons) under consideration and
 a majority of the committee recommends it be replaced with
 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 693 and that the
 committee substitute do pass. The report was signed by
 Senator Huber, Chairman, and concurred in by Senators
 Ferguson and Colletta. Senator Meland signed "no recom-
 mendation."

SB
 693

SENATE BILL NO. 693 was referred to the Judiciary Com-
 mittee.

The Commerce Committee has had COMMITTEE SUBSTITUTE FOR
 HOUSE BILL NO. 63 (Finance) amended (creating the Depart-
 ment of Transportation) under consideration and a majority
 of the committee recommends it be replaced with SENATE
 COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE
 BILL NO. 63, entitled:

CS
 HB
 63
 (Fin)
 am

"An Act relating to the organization of trans-
 portation related functions; creating the Depart-
 ment of Transportation; and providing for an
 effective date."

and that the Senate committee substitute do pass with the
 following amendment:

HCS Senator Kerttula moved and asked unanimous consent that
SCR the Senate concur in the House amendment to SENATE CON-
90 CURRENT RESOLUTION NO. 90. Senator Miller objected, then
withdrew his objection. There being no further objection,
the Senate concurred in the House amendment.

HOUSE COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLU-
TION NO. 90 was referred to the Secretary for enrollment.

HCS Message of April 6 was read stating the House has failed
SB to recede from its amendment to SENATE BILL NO. 272
272 amended (operation of food service and concession
(Fin) stands by blind and handicapped persons) namely, HOUSE
am COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 272 (Finance)
H amended by the House, and the Speaker has appointed the
following members to a conference committee (with powers
of free conference) to meet with a like committee from
the Senate to consider the above bills:

Representative Itta, Chairman
Representative Sullivan
Representative H. Beirne

The President appointed the following Senate members to
the above free conference committee:

Senator Chance, Chairman
Senator Ferguson
Senator Colletta

The Secretary was requested to so notify the House.

Message of April 6 was read stating the House has passed
the following and transmitting same for consideration:

FIRST READING AND REFERENCE OF HOUSE BILLS

CS COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 442 (Judiciary)
HB by the Judiciary Committee, entitled:

442 "An Act relating to game refuges and
(Jud) sanctuaries."

was read the first time and referred to the Resources
Committee.

CS COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 725 by the Com-
HB munity and Regional Affairs Committee, entitled:

725 "An Act relating to exemptions from municipal
property tax; and providing for an effective
date."

was read the first time and referred to the Community and
Regional Affairs Committee.

CS
HB
725

STANDING COMMITTEE REPORTS

The State Affairs Committee has had COMMITTEE SUBSTITUTE
FOR HOUSE JOINT RESOLUTION NO. 1 amended (proposing
amendments to the Constitution of the State of Alaska
providing for a unicameral legislature) under considera-
tion and a majority of the committee recommends it do
not pass. The report was signed as follows: Senator
Huber, Chairman, signed "do pass", Senators Ferguson,
Miller, Meland and Colletta signed "do not pass."

CS
HJR
1
am

COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 1
amended was referred to the Judiciary Committee.

The State Affairs Committee has had COMMITTEE SUBSTITUTE FOR
SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39
amended (amending Alaska Constitution, establishing Alaska
Permanent Fund) under consideration and the committee
recommends it be replaced with SENATE COMMITTEE SUBSTITUTE
FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR
HOUSE JOINT RESOLUTION NO. 39. The report was signed as
follows: Senator Huber, Chairman, signed "do pass";
Senator Colletta signed "do pass if amended"; Senator
Ferguson signed "do not pass unless amended"; Senator
Miller signed "do not pass" and Senator Meland signed
"no recommendation."

CS
SS
HJR
39
am

COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE
JOINT RESOLUTION NO. 39 amended was referred to the
Resources Committee.

The Community and Regional Affairs Committee has had
COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL
NO. 65 amended (assessment of real property for local
taxation) under consideration and a majority of the com-
mittee recommends it be replaced with SENATE COMMITTEE
SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE
FOR HOUSE BILL NO. 65 and that the Senate committee sub-
stitute do pass. The committee further recommends the
bill be referred to the Finance Committee. The report
was signed by Senator Rodey, Chairman, and concurred in
by Senator Tillion. Senator Orsini signed "do not pass
unless amended."

CS
SS
HB
65
am

The Chair stated that COMMITTEE SUBSTITUTE FOR SPONSOR
SUBSTITUTE FOR HOUSE BILL NO. 65 would be referred to
the Finance Committee.

SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL
NO. 487 (Finance) (Chapter 76, SLA 1976)

HOUSE BILL NO. 483 amended Senate
(Chapter 77, SLA 1976)

MESSAGES FROM THE HOUSE

FCCS Message of May 20 was read stating the House has adopted
HCS the report of the free conference committee which has
SB been considering SENATE BILL NO. 302 (possession of
302 weapons by convicts) and HOUSE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 302 amended House, thus adopting FREE
CONFERENCE COMMITTEE SUBSTITUTE FOR HOUSE COMMITTEE SUB-
STITUTE FOR SENATE BILL NO. 302.

The Senate adopted the above free conference committee
report on May 13.

FREE CONFERENCE COMMITTEE SUBSTITUTE FOR HOUSE COMMITTEE
SUBSTITUTE FOR SENATE BILL NO. 302 was referred to the
Secretary for engrossment and enrollment.

FCCS Message of May 20 was read stating the House has adopted
HCS the report of the free conference committee which has
SB been considering SENATE BILL NO. 731 (bonds for parks
731 and recreation) and HOUSE COMMITTEE SUBSTITUTE FOR SENATE
BILL NO. 731 (Rules), thus adopting FREE CONFERENCE COM-
MITTEE SUBSTITUTE FOR HOUSE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 731 (bonds in the amount of \$6,660,000
for the purpose of paying the cost of capital improvements
to parks and recreation areas, and outdoor recreational,
open space and historic properties projects).

The Senate adopted the above free conference committee
report on May 18.

FREE CONFERENCE COMMITTEE SUBSTITUTE FOR HOUSE COMMITTEE
SUBSTITUTE FOR SENATE BILL NO. 731 was referred to the
Secretary for engrossment and enrollment.

Message of May 20 was read stating the House has passed
the following and returning same:

JCR SENATE CONCURRENT RESOLUTION NO. 106 (taking of
106 state-owned royalty oil or gas in-kind)

SENATE CONCURRENT RESOLUTION NO. 106 was referred to
the Secretary for enrollment.

Message of May 20 was read stating the House has passed
COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 804 (Rules)
amended and transmitting same for consideration.

CSSB
804
(R1s)
am

FIRST READING AND REFERENCE OF HOUSE BILLS

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 804 (Rules)
amended, by the Rules Committee, entitled:

"An Act relating to subsistence hunting areas."

was read the first time and referred to the Resources
Committee.

STANDING COMMITTEE REPORTS

The Resources Committee has had COMMITTEE SUBSTITUTE FOR
SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39
amended (amending the Alaska Constitution, establishing
Alaska Permanent Fund) under consideration and the commit-
tee recommends it be replaced with SENATE COMMITTEE SUB-
STITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE
FOR HOUSE JOINT RESOLUTION NO. 39 (Resources). The
report was signed as follows: Senator Poland, Chairman,
and Senators Meland, Rader and Butrovich signed "no
recommendation" and Senators Rodey and Croft signed "do
pass" and the committee further recommends the resolution
be referred to the Finance Committee.

CSSS
HJR
39
am

Senator Ray moved and asked unanimous consent that COM-
MITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT
RESOLUTION NO. 39 amended be referred to the Finance
Committee. Without objection, the resolution was referred
to the Finance Committee.

The Resources Committee has had HOUSE BILL NO. 139
(periodic rental adjustment on land leases) under con-
sideration and the committee recommends it be replaced
with SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 139,
entitled:

HB
139

"An Act relating to the rental and leasing
of state land; and providing for an effec-
tive date."

The report was signed as follows: Senator Poland, Chair-
man, and Senators Rader, Meland and Butrovich signed "no
recommendation" and Senator Croft signed "do pass."

HOUSE BILL NO. 139 was referred to the Rules Committee.

SCS Yeas: 11 Croft, Ferguson, Huber, Kerttula,
CS Meland, Miller, Ray, Sackett,
HB Tillion, Willis, Ziegler
583

Nays: 7 Bradley, Butrovich, Chance,
Colletta, Orsini, Poland, Rodey

Excused: 2 Hohman, Rader

And so, the Senate rescinded its previous action.

Senator Kerttula moved and asked unanimous consent to withdraw his motion to recede from the Senate amendment to COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 583 amended. Senators Orsini and Ray objected, then withdrew their objections. There being no further objection, the motion was withdrawn.

Senator Kerttula moved and asked unanimous consent that the Senate recess until 1:30 p.m. today. Without objection, the Senate recessed at 11:58 a.m.

AFTER RECESS

The Senate reconvened at 1:47 p.m.

HCS Message of May 25 was read, stating the House has failed
SB to recede from its amendment to SENATE BILL NO. 474
474 amended (municipal revenue sharing), namely:
am
H HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL
NO. 474 amended by the House (municipalities,
municipal revenue sharing, and the Alaska
Business License Act)

and the Speaker has appointed the following members to a conference committee (with powers of free conference) to meet with a like committee from the Senate on the above bills:

Representative Cotten, Chairman
Representative Miller
Representative Specking

HCR Message of May 25 was read, stating the House has passed
144 HOUSE CONCURRENT RESOLUTION NO. 144 and transmitting same for consideration.

FIRST READING AND REFERENCE OF HOUSE RESOLUTIONS

HOUSE CONCURRENT RESOLUTION NO. 144 by the Rules Committee, HCR
144
Relating to the reconstruction of the road
between Sand Point and Sand Point Airport,

was read the first time and referred to the Finance Committee.

Senator Ray moved and asked unanimous consent that the Finance Committee referral be waived. Without objection, it was so ordered and HOUSE CONCURRENT RESOLUTION NO. 144 was referred to the Rules Committee.

STANDING COMMITTEE REPORTS

The Finance Committee has had COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 amended (amending the Alaska Constitution, establishing the Alaska Permanent Fund) under consideration and a majority of the committee reports it back without recommendation. The report was signed by Senator Ray, Chairman, and concurred in by Senators Sackett, Ferguson and Poland. Senators Butrovich and Chance signed "do pass Resources Senate committee substitute." CS
SS
HJR
39
am

COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 amended was referred to the Rules Committee.

The Finance Committee has had COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 144 (Finance) (revising the Community College Act) under consideration and reports it back as follows: Senator Ray, Chairman, and Senator Poland signed "no recommendation"; Senators Sackett, Ferguson and Chance signed "do pass" and Senator Butrovich signed "do not pass." CS
HB
144
(Fin)

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 144 (Finance) was referred to the Rules Committee.

The Finance Committee has had HOUSE BILL NO. 170 (payments for judicial services by political subdivisions) under consideration and a majority of the committee recommend it do pass. The report was signed by Senator Ray, Chairman, and concurred in by Senators Butrovich, Chance and Poland. Senators Sackett and Ferguson signed "no recommendation." HB
170

HOUSE BILL NO. 170 was referred to the Rules Committee.

SECOND READING OF HOUSE RESOLUTIONS

CS COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT
 SS RESOLUTION NO. 39 (Judiciary) (Alaska permanent fund) was
 HJR read the second time.
 39
 (Jud)

Senator Ray moved and asked unanimous consent for adoption of the Resources Committee substitute offered on page 1287. Senator Huber objected.

The question being: "Shall the Resources Committee substitute be adopted?" A roll call was requested and appears as follows:

Yeas:	18	Bradley, Butrovich, Chance, Colletta, Croft, Ferguson, Hohman, Kerttula, Meland, Miller, Orsini, Poland, Ray, Rodey, Sackett, Tillion, Willis, Ziegler
Nays:	1	Huber
Excused:	1	Rader

And so, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (Resources) was adopted.

SCS SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR
 CS SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39
 SS (Resources) was read the second time.
 HJR
 39
 (Res) The following amendment No. 1 by the Rules Committee was offered:

Page 1, line 17: After "this" delete "constitution" and insert "section"

Senator Ray moved and asked unanimous consent for adoption of amendment No. 1. Senator Chance objected, then withdrew her objection. There being no further objection, amendment No. 1 was adopted.

SCS Senator Miller offered the following amendment No. 2:
 CSSS
 HJR
 39
 (Res) Page 1, line 26: Delete sentence beginning "The legislature may ..."
 am
 S Senator Miller moved for adoption of amendment No. 2.

The question being: "Shall amendment No. 2 be adopted?"
 A roll call was requested and appears as follows:

SCS
 CSSS
 HJR
 39
 (Res)
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 S

Yeas:	13	Butrovich, Chance, Croft, Ferguson, Kerttula, Meland, Miller, Poland, Ray, Rodey, Sackett, Willis, Ziegler
Nays:	6	Bradley, Colletta, Hohman, Huber, Orsini, Tillion
Excused:	1	Rader

And so, amendment No. 2 was adopted.

Senator Kerttula moved and asked unanimous consent that SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (Resources) amended Senate be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (Resources) amended Senate was read the third time.

The question being: "Shall SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (Resources) amended Senate (Alaska permanent fund) pass the Senate?" The roll was taken with the following result:

Yeas:	18	Bradley, Butrovich, Chance, Colletta, Croft, Ferguson, Hohman, Huber, Kerttula, Meland, Orsini, Poland, Ray, Rodey, Sackett, Tillion, Willis, Ziegler
Nays:	1	Miller
Excused:	1	Rader

And so, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (Resources) amended Senate passed the Senate.

SCS Senator Miller gave notice of reconsideration of his vote
 CSSS on the passage of SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE
 HJR SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLU-
 39 TION NO. 39 (Resources) amended Senate and moved and asked
 (Res) unanimous consent that the reconsideration be taken up at
 am this time. Without objection, it was so ordered.
 S

HOUSE RESOLUTIONS IN THIRD READING

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR
 SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39
 (Resources) amended Senate was before the Senate in third
 reading for reconsideration.

The question to be reconsidered is: "Shall SENATE COM-
 MITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR
 SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 39 (Resources)
 amended Senate (Alaska permanent fund) pass the Senate?"
 The roll was taken with the following result:

Yeas:	18	Bradley, Butrovich, Chance, Colletta, Croft, Ferguson, Hohman, Huber, Kerttula, Meland, Orsini, Poland, Ray, Rodey, Sackett, Tillion, Willis, Ziegler
Nays:	1	Miller
Excused:	1	Rader

And so, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUB-
 STITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION
 NO. 39 (Resources) amended Senate passed the Senate on
 reconsideration and was referred to the Secretary for
 engrossment.

SECOND READING OF HOUSE BILLS

CS COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 873 (summary dis-
 HB solution of marriage) was read the second time.
 873

Senator Ziegler moved and asked unanimous consent for
 adoption of the Judiciary Committee substitute offered
 on page 1520. Without objection, SENATE COMMITTEE SUB-
 STITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 873
 was adopted.

SCS SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR
 CS HB HOUSE BILL NO. 873 (relating to dissolution of marriage)
 873 was read the second time.

Senator Kerttula moved and asked unanimous consent that
 SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR
 HOUSE BILL NO. 873 be considered engrossed, advanced to
 third reading and placed on final passage. Without ob-
 jection, it was so ordered.

SCS
 CS
 HB
 873

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR
 HOUSE BILL NO. 873 was read the third time.

The question being: "Shall SENATE COMMITTEE SUBSTITUTE FOR
 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 873 (relating to
 dissolution of marriage) pass the Senate?" The roll was
 taken with the following result:

Yeas:	15	Butrovich, Chance, Croft, Ferguson, Hohman, Huber, Kerttula, Meland, Miller, Poland, Ray, Sackett, Tillion, Willis, Ziegler
Nays:	4	Bradley, Colletta, Orsini, Rodey
Excused:	1	Rader

And so, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUB-
 STITUTE FOR HOUSE BILL NO. 873 passed the Senate.

Senator Kerttula moved and asked unanimous consent that
 the vote on the passage of SENATE COMMITTEE SUBSTITUTE FOR
 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 873 be considered
 the roll call on section 2. Without objection, it was so
 ordered.

Senator Kerttula gave notice of reconsideration of his vote
 on the passage of SENATE COMMITTEE SUBSTITUTE FOR COM-
 MITTEE SUBSTITUTE FOR HOUSE BILL NO. 873 and moved and
 asked unanimous consent that the reconsideration be taken
 up at this time. Without objection, it was so ordered.

HOUSE BILLS IN THIRD READING

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR
 HOUSE BILL NO. 873 was before the Senate in third reading
 for consideration.

The question to be reconsidered is: "Shall SENATE COM-
 MITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL
 NO. 873 (relating to dissolution of marriage) pass the
 Senate?" The roll was taken with the following result:

Introduced: 2/11/77
Referred: Special Committee on
the Alaska Permanent Fund and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 210

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for interim management of the
7 Alaska Permanent Fund; and providing for an effective
8 date."

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

10 * Section 1. AS 37.10 is amended by adding a new section in art. 3 to
11 read:

12 Sec. 37.10.065. INVESTMENT OF THE ALASKA PERMANENT FUND. (a)

13 The Alaska Permanent Fund consists of 25 per cent of all mineral lease
14 rentals, royalties, royalty sale proceeds, federal mineral revenue
15 sharing payments and bonuses received by the state. The commissioner
16 of revenue shall deposit in the Alaska Permanent Fund 25 per cent of
17 the receipts from these sources at least once each month. The commis-
18 sioner of revenue shall invest the money in the Alaska Permanent Fund
19 in income-producing investments of the following types:

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

23 (2) obligations secured by reserves paid in by the United
24 States or agencies or instrumentalities of the United States or obli-
25 gations of corporations in which the United States is a shareholder or
26 member;

27 (3) certificates of deposits issued by United States domestic
28 banks which are members of the Federal Deposit Insurance Corporation
29 and secured as to the payment of principal and interest in accordance

1 with Alaska law;

2 (4) corporate investment-grade securities;

3 (5) bankers acceptances drawn on and accepted by United
4 States banks which each have a combined capital and surplus aggregating
5 at least \$100,000,000;

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

8 (7) deposits of federally insured savings and loan associa-
9 tions not to exceed 10 per cent of each savings and loan association's
10 deposits exclusive of federal, state, and municipal deposits;

11 (8) fixed-term certificates of debentures of federally
12 insured credit unions not to exceed 10 per cent of each credit union's
13 shares.

14 (b) The commissioner of revenue may enter into contracts provid-
15 ing for custody of securities and execution of transactions.

16 (c) The commissioner of revenue shall transfer to whatever
17 agency is established for the express purpose of managing and investing
18 the Alaska Permanent Fund all or part of the securities and money in
19 the Alaska Permanent Fund in accordance with Alaska law no later than
20 two weeks after receipt of written notice from that agency.

21 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
22 10.070(c).
23
24
25
26
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29

Article 4. Recovery of Money or Property Illegally Paid or Diverted.

Section

90. Action by attorney general
100. Costs of action and disposition of amount recovered

Sec. 37.10.090. Action by attorney general. Whenever money, funds, or property of a city, school district, municipal government, or the state are illegally paid or are diverted for an illegal purpose, or paid to a person not authorized by law to receive them, they may be recovered by an action instituted by the attorney general. When it appears to the attorney general that it is more advantageous to begin or conduct the action with additional counsel, he may choose and authorize additional counsel to bring the suit in the name of the proper party. (§ 12-5-1 ACLA 1949)

Am. Jur. reference. — 42 Am. Jur., Public Funds, § 83 et seq.

Sec. 37.10.100. Costs of action and disposition of amount recovered. (a) The necessary and reasonable costs of the suit and of the additional counsel shall be advanced by the state, and a sum recovered in the suit shall be deposited in the state treasury.

(b) However if the sum recovered belongs to a city, school district, or municipal government, the sum shall be transferred to it, less sums advanced by the state in the suit, and not already repaid to it. The Department of Administration may pay to the city, school district or municipal corporation the sums belonging to it, upon warrants drawn as provided by law. The warrants shall be based upon vouchers approved by the attorney general. (§ 12-5-2 ACLA 1949)

Chapter 11. Renewable Resources Funds.

Article

1. Alaska Renewable Resources Development Fund (§§ 37.11.010 — 37.11.040)
2. Alaska Renewable Resources Permanent Fund (§§ 37.11.050 — 37.11.080)
3. Alaska Economic Disaster Impact Fund (§ 37.11.100)

Article 1. Alaska Renewable Resources Development Fund.

Section

10. Alaska renewable resources development fund
20. Fund authorization level

Section

30. Fund utilization
40. Fund balances

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Effective date of article. — Section 3, ch. 130, SLA 1974, provides: "This Act takes effect July 1, 1978 with respect to rentals and royalties, and July 1, 1975 with respect to lease bonuses."

Sec. 37.11.010. Alaska renewable resources development fund. There is established as a separate fund the Alaska renewable resources development fund. Funds apportioned by § 20 of this chapter for deposit in the Alaska renewable resources development fund are to guarantee the enhancement and development of the state's renewable resources. (§ 1 ch 130 SLA 1974)

Editor's note. — Section 2, ch. 130, SLA 1974, provides: "On June 30 of the fiscal year in which the balance in the Alaska renewable resources permanent fund (AS 37.11.050) reaches the sum of \$250,000,000, AS 37.11.010 — 37.11.040 are repealed and the unexpended and unobligated balance in the Alaska renewable resources development fund (AS 37.11.010) lapses into the general fund."

Sec. 37.11.020. Fund authorization level. Not less than five per cent of the receipts paid the state from mineral lease bonuses and rentals for state land and royalties derived from minerals produced on state land shall be deposited in the Alaska renewable resources development fund. These deposits shall be invested in accordance with AS 37.10.070 (investment of surplus state funds) and the resulting interest shall accrue to the fund. (§ 1 ch 130 SLA 1974)

Editor's note. — Section 2, ch. 130, SLA 1974, provides: "On June 30 of the fiscal year in which the balance in the Alaska renewable resources permanent fund (AS 37.11.050) reaches the sum of \$250,000,000, AS 37.11.010 — 37.11.040 are repealed and the unexpended and unobligated balance in the Alaska renewable resources development fund (AS 37.11.010) lapses into the general fund."

Sec. 37.11.030. Fund utilization. Appropriations from this fund shall provide funding for capital and operating expenditures for the rehabilitation, enhancement and development of renewable resources programs. Plans for expenditures from this fund shall be submitted by the governor in accordance with the Executive Budget Act (AS 37.07) as part of his annual budget presentation to the legislature. (§ 1 ch 130 SLA 1974)

Editor's note. — Section 2, ch. 130, SLA 1974, provides: "On June 30 of the fiscal year in which the balance in the Alaska renewable resources permanent fund (AS 37.11.050) reaches the sum of \$250,000,000, AS 37.11.010 — 37.11.040 are repealed and the unexpended and unobligated balance in the Alaska renewable resources development fund (AS 37.11.010) lapses into the general fund."

Sec. 37.11.040. Fund balances. Unappropriated or otherwise unencumbered balances remaining in the Alaska renewable resources development fund at the close of each fiscal year shall be transferred to the Alaska renewable resources permanent fund. (§ 1 ch 130 SLA 1974)

Editor's note. — Section 2, ch. 130, SLA 1974, provides: "On June 30 of the fiscal year in which the balance in the Alaska renewable resources permanent fund (AS 37.11.050) reaches the sum of \$250,000,000,

AS 37.11.010 — 37.11.040 are repealed and the unexpended and unobligated balance in the Alaska renewable resources development fund (AS 37.11.010) lapses into the general fund."

Article 2. Alaska Renewable Resources Permanent Fund.

Section

50. Alaska renewable resources permanent fund
60. Fund principal

Section

70. Utilization of fund income
80. Protection of principal

Effective date of article. — Section 3, ch. 130, SLA 1974, provides: "This Act takes effect July 1, 1978 with respect to rentals

and royalties, and July 1, 1975 with respect to lease bonuses."

Sec. 37.11.050. Alaska renewable resources permanent fund. There is established as a separate fund the Alaska renewable resources permanent fund. Funds apportioned by § 60 of this chapter for deposit in the permanent fund are to be held perpetually in trust for the benefit of both present and future generations of Alaskans. (§ 1 ch 130 SLA 1974)

Sec. 37.11.060. Fund principal. Unappropriated or otherwise unencumbered balances remaining in the Alaska renewable resources development fund at the close of each fiscal year shall be deposited in the permanent fund. These deposits shall be considered fund principal and shall be invested in perpetuity in accordance with AS 37.10.070 (investment of surplus state funds). (§ 1 ch 130 SLA 1974)

Sec. 37.11.070. Utilization of fund income. Income received from investment of permanent fund principal shall not be held in trust, but shall be used to provide funding for capital and operating appropriations for the rehabilitation, enhancement and development of renewable resources programs. Plans for expenditures from fund income shall be prepared in detail by the appropriate state department or agency and shall be submitted by the governor in accordance with the Executive Budget Act (AS 37.07) as part of his annual budget presentation to the legislature. (§ 1 ch 130 SLA 1974)

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Sec. 37.11.080. Protection of principal. A transaction involving permanent fund principal which results in an actual dollar loss of principal shall be reimbursed in full from fund income before any additional income is expended. (§ 1 ch 130 SLA 1974)

Article 3. Alaska Economic Disaster Impact Fund.

Section

100. Alaska economic disaster impact fund

Sec. 37.11.100. Alaska economic disaster impact fund. (a) There is established a separate fund known as the Alaska economic disaster impact fund which shall be administered by the Department of Commerce and Economic Development. Funds designated in this section and apportioned by statute for deposit in the Alaska economic disaster impact fund are for grants or loans to assist economically impacted communities within areas designated by a proclamation under AS 44.33.285. The Department of Community and Regional Affairs, in consultation with the Department of Fish and Game, shall determine which communities are economically impacted fishing communities.

(b) If the economic disaster is due to a fisheries failure based on consideration of need, the legislature may appropriate to the Alaska economic disaster impact fund from the renewable resource fund (ch. 130, SLA 1974). If there is an insufficient balance in the renewable resource fund to meet emergency needs that may be determined under the provisions of AS 44.33.285, the legislature may appropriate from the general fund. The Alaska economic disaster impact fund balance may not exceed \$5,000,000. The commissioner of revenue, after determining that there is in the Alaska economic disaster impact fund a surplus above an amount sufficient to meet anticipated demands, may invest the surplus as provided in ch. 10 of this title. Interest derived from investment of these surplus funds shall be deposited to the renewable resource fund. If the economic disaster is due to other than a fisheries failure, the legislature may appropriate from the general fund to the Alaska economic disaster fund to meet emergency needs.

(c) Unappropriated or otherwise unencumbered balances remaining in the Alaska economic disaster impact fund at the close of each fiscal year shall not lapse as provided in AS 37.25.010 but shall be available in perpetuity for fund purposes.

(d) Within the first 10 days of each legislative session the commissioner of commerce and economic development shall submit to the legislature a detailed report of all expenditures from the fund and all actions taken under AS 44.33.285. (§ 9 ch 277 SLA 1976)